

# Ethics in Practice

A Practical Guide for  
Managers of Public Bodies

*CONFLICT  
OF  
INTEREST*

*ABUSE  
OF  
OFFICE*

*MISUSE  
OF  
INFORMATION*

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# **Chapter 2**

## **A Snapshot of ICAC Cases**

*Corruption CAN be prevented if the warning signs of corruption and malpractice have been detected at an early stage. The following past ICAC cases may give the management an insight into this aspect:*

## Case 1: Monkey Business

<b>Defendant(s):</b>	49 employees of a motor bus company including chief cashiers, drivers, labourers and clerks
<b>Facts:</b>	Several syndicates were involved in a systematic looting of the daily takings of the company: bus drivers received bribes and allowed gangs with duplicate keys to rifle the cash boxes on the buses; security staff were being paid off to allow counting house staff to leave the office with coins in specially constructed clothing; and bank staff were bribed to permit the cashiers to syphon off a percentage of the daily takings when the money was paid into the bank. At least \$5,000 was stolen per day and the estimated total theft was over \$2,600,000.
<b>Penalty:</b>	Sentence ranged from suspended to custodial sentences up to 14 months

- When passing sentence on this corruption case, the judge strongly criticised the management of the company for failing to maintain proper monitoring and control measures to prevent corruption and abuse of power by staff so that the syndicates were allowed to exist for several years without being uncovered.
- Damages done to the company were irreparable, including loss of money and reputation, poor staff morale and low standard of service. Ultimately, it was the public who suffered.
- As the management was unwilling to take a serious attitude towards tackling corruption and improving its management, the company was plagued by repeated incidences of corruption from the late 70's to early 90's until the company finally closed down in 1998. Corruption corrodes a company and spells a failing business.

## Case 2: The Fixes Do Not Fix

<b>Defendant(s):</b>	Two apprentice jockeys
<b>Facts:</b>	The two apprentice jockeys accepted \$150,000 and \$200,000 each for rigging in horse races. In return for the reward, the apprentice jockeys were requested to prevent their horses from running to the best of their natural ability and to manoeuvre them to obstruct other horses at the races. The two jockeys agreed to fix the horse races and ride in a manner as instructed and their horses finished in positions outside the first three places at the races. Subsequently, the two jockeys were charged by the ICAC and they pleaded guilty to the charges.
<b>Penalty:</b>	Sentenced to imprisonment for 6 and 12 months respectively
<ul style="list-style-type: none"><li>● The businessman who offered bribes to the apprentice jockeys was also convicted and sentenced to 3½ years' imprisonment. In convicting him for the bribery of apprentice jockeys, the judge commended the ICAC that "the evidence has made very clear the difficulties faced by investigators in cases of this sort and that such activities should be vigorously but fairly investigated for this community - and I thank them." The fairness and integrity of horse racing must be upheld lest the reputation of the sport will be tarnished both locally and internationally.</li><li>● Corruption can bring serious damage to one's career and reputation. Young and front-line employees of public bodies need to adhere to a high standard of integrity in order to resist corruption temptations faced by them in the workplace.</li></ul>	

### Case 3: Teletemptations

<b>Defendant(s):</b>	A sales supervisor of a telecommunications company
<b>Facts:</b>	The sales supervisor who worked at a retail shop of a telecommunications company could gain access to the telephone subscribers' confidential data. One day, he was asked by his wife's former classmate, whom he was acquainted with, to provide confidential data of subscribers to a debt-collecting company at a cost of \$80 to \$100 each. He accepted the offer and faxed the information to the said company. In the following 26 months, he received a total of \$32,150 by 18 deposits made into his bank account.
<b>Penalty:</b>	Sentenced to imprisonment for 3 months

- Leakage of customer information is the most common problem in the telecommunications field. People are tempted to pay for information, which, to them, is of value, in both the positive and negative sense of the word.
- It is important for public body employees to realize that some information may, on the surface, appear to have little value or interest to the public in general but is of value to the culprit. Thus they should guard themselves from falling into such corruption traps.

## Case 4: Corruption Doesn't Pay

<b>Defendant(s):</b>	A registered electrician
<b>Facts:</b>	During the course of a site inspection, an engineer and an electrician of an electric company discovered that a main switch was below the required standard. To avoid any delay to his work, the registered electrician responsible for the installation work offered \$500 to the engineer and the electrician as a reward for turning a blind eye to the substandard installation. However, the engineer refused the offer and reported the matter to the ICAC.
<b>Penalty:</b>	Sentenced to imprisonment for 3 months

- Inspectors may encounter dubious offers during installation inspections because of their authority in testing and recommending the approval of electrical installations. However, corruption can bring disastrous consequences. Turning a blind eye to substandard electrical installation may cause fire and threaten public lives and safety.
- This case is a good illustration of the proper way to do when one is being offered a bribe: refuse the bribe and report to the ICAC.

## Case 5: The Lecturers' Lesson

<b>Defendant(s):</b>	A Principal Lecturer and a Senior Lecturer of the Building and Surveying Department of a tertiary institute
<b>Facts:</b>	Through official contacts, the two lecturers got acquainted with an Australian company which specialized in producing software products for the construction industry. Subsequently, they undertook to provide consultancy services for this company. Although the two lecturers had applied to the employer for permission to take up this part-time job, they did not report all the income as required. Instead, they caused the fees to be paid to them directly through a company owned by their wives. Hence, they received over \$600,000 out of which about \$200,000 should be due to the employer.
<b>Penalty:</b>	Sentenced to imprisonment for 15 months, suspended for 18 months

- The taking up of a part-time job or involvement in private investment by staff may lead to actual or potential conflict of interest situations or even criminal acts such as deceiving the employer for personal gain.
- The recommendation from public body employees, especially the academics and professionals, may help the promotion of a new product like software, technical equipment, textbook, etc. because of their expertise and status in the field. Hence, they should be alert to dubious offers by suppliers and contractors who approach them with such requests.

## Case 6: A Dead-end Job

<b>Defendant(s):</b>	A mortuary technician of a hospital
<b>Facts:</b>	The mortuary technician accepted 'laiseses' from staff of funeral parlours on a regular basis to help them expedite the processing and issuing of dead bodies kept at the hospital. In order to carry out his plot, the mortuary technician sought assistance from other mortuary staff and paid them \$700 each month in return. The corrupt act had lasted for nearly seven years.
<b>Penalty:</b>	Sentenced to imprisonment for 3 months and pay the court cost of \$30,000

- Prevention of corruption is a management responsibility. Such incidences of corruption and malpractice should not have prevailed unnoticed if managers had exercised close supervision and proper management of their staff.
- Corruption opportunities are not self-contained areas of weaknesses which can be dealt with in isolation. Management and organisation deficiencies, although not seen to be directly relating to corruption, can produce problems which breed opportunities for corruption.

## Case 7: Playing with Fire

<b>Defendant(s):</b>	A fire protection manager of an electric company
<b>Facts:</b>	The manager recommended a company which supplied and installed fire protection equipment to be an approved contractor for the public body right after he took up the post. This company then bid for the contracts of coating the cables with fire-retardant materials within 90 stations of the public body. The manager further assisted and advised the company to secure the contracts which valued at \$11.5 million. As a reward, he solicited 5% of the value of the contracts from the two directors of this company and subsequently received a total sum of \$600,000.
<b>Penalty:</b>	Sentenced to imprisonment for 3 years

- Corruption costs. The dishonest manager who was brought to book lost his job and career because of his corrupt act. Corruption would also lower product quality and standard as no supplier or contractor could continue absorbing corrupt payments without compromising the quality of the product. Should any accident occur, the public would be at great risk.
- Strengthening control system on contracting procedures, carrying out close supervision and regular communication with contractors and staff to detect early symptoms of malpractice are keys to prevent similar problems.