

# Enhancing Corporate Governance in the Public and Private Sectors

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*12 May 2015*



# The Bad Old Days ....

- *Rampant Corruption*
- *Poor Governance*
- *Corruption Culture*

Public Outcry !



# Answering the Call



- **The Independent Commission Against Corruption**

- February 1974

- An independent agency - The ICAC Commissioner directly responsible to the Chief Executive (i.e. the then Governor)

**ICAC Organization**

**3-Pronged Strategy**

Commissioner

offences

Community  
Relations  
Department

Operations  
Department

Corruption  
Prevention  
Department



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# Answering the Call

- The Independent Commission Against Corruption



## Independent Committees

- *Responsible citizens from different sectors of the community*
- *Appointed by the Chief Executive*
- *The Corruption Prevention Advisory Committee oversees CPD's work*



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# Statutory Powers

## **ICAC Ordinance**

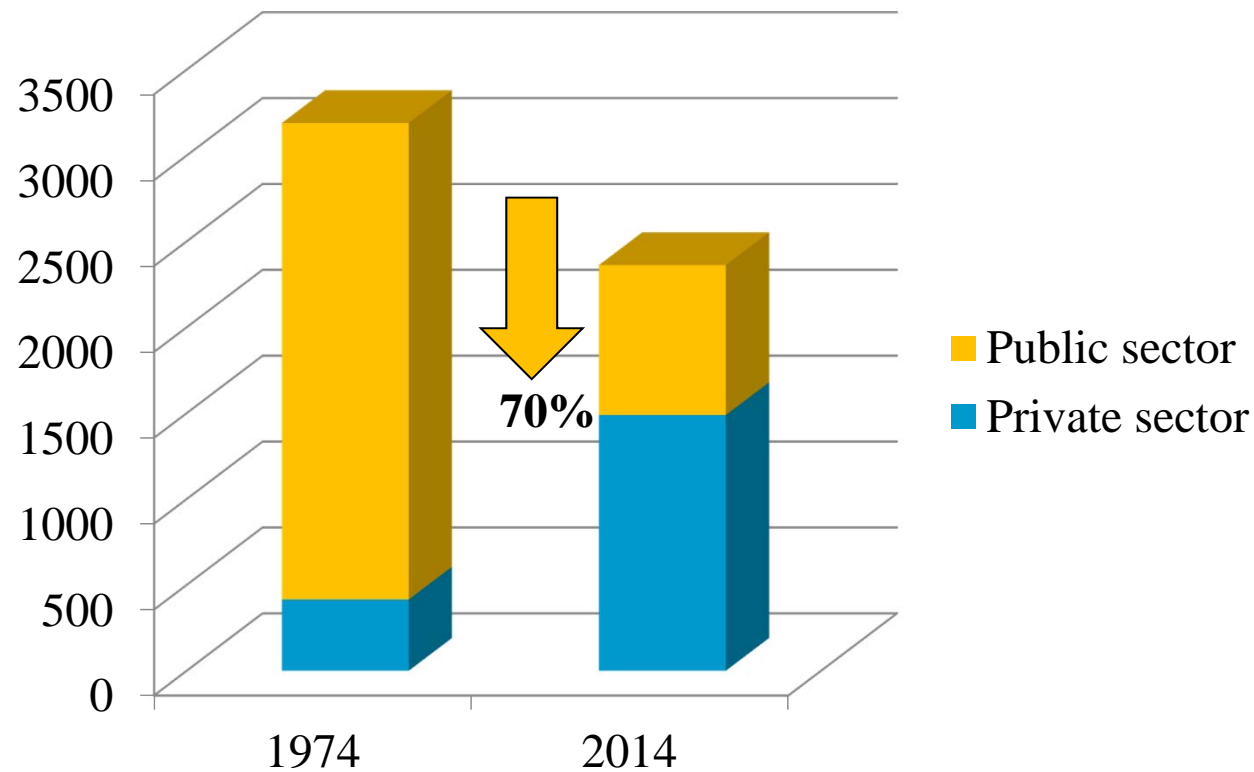


## **Section 12: Duties of the Commissioner**

- *Examine the procedures of public organizations and advise them on ways to prevent corruption.*
- *Advise any person, on his request, on ways to prevent corruption.*

# Corruption Complaints

*No. of complaints dropped in total,  
and remarkably in public sector*





# ***What we did in the public sector ...***



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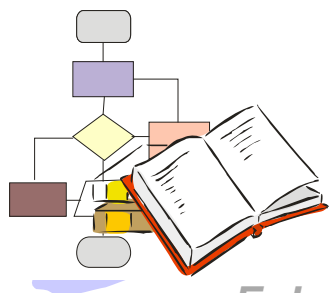
# Partnership Prevention

Partnering with Stakeholders



Enhancing System Controls

Fostering Ethical Culture





# Our Partners – Public Sector

**Government  
Departments,  
Public Bodies /  
Regulatory Bodies**

**Government Contractors,  
Suppliers and Service Providers**

**The Public**



# Corruption Prevention Group (CPG)

- Meet with senior management regularly
- Identify high corruption risk areas for study
- Map out corruption prevention strategies and workplan



*1st CPG Meeting with the Police (1981)*



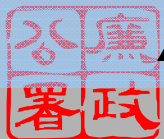
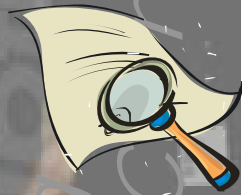
# Enhancing System Controls

- Detailed review of systems and procedures

*Over 3,600 studies*

- Management buy-in and staff participation

*Acceptance Rate over 94%*



# Fostering Ethical Culture



- **Role Model**
- **Provide Integrity Training for Staff**
- **Stay Vigilant & Adopt Zero Tolerance to Corruption**
- **Ethical Leadership Programme**





# Our Current Challenges

## Public Sector

- Upholding a culture of clean governance

## Private Sector

- Re-deploying resources to combat corruption



***How we tackle  
the public sector  
challenge ...***



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# Targets to Achieve - Clean Governance in...

*Government*

*Public Bodies*

*NGOs*

Reduced  
bureaucracy  
& simplified  
procedures

Corruption  
resistant  
systems &  
procedures

Best  
Practice  
Manuals

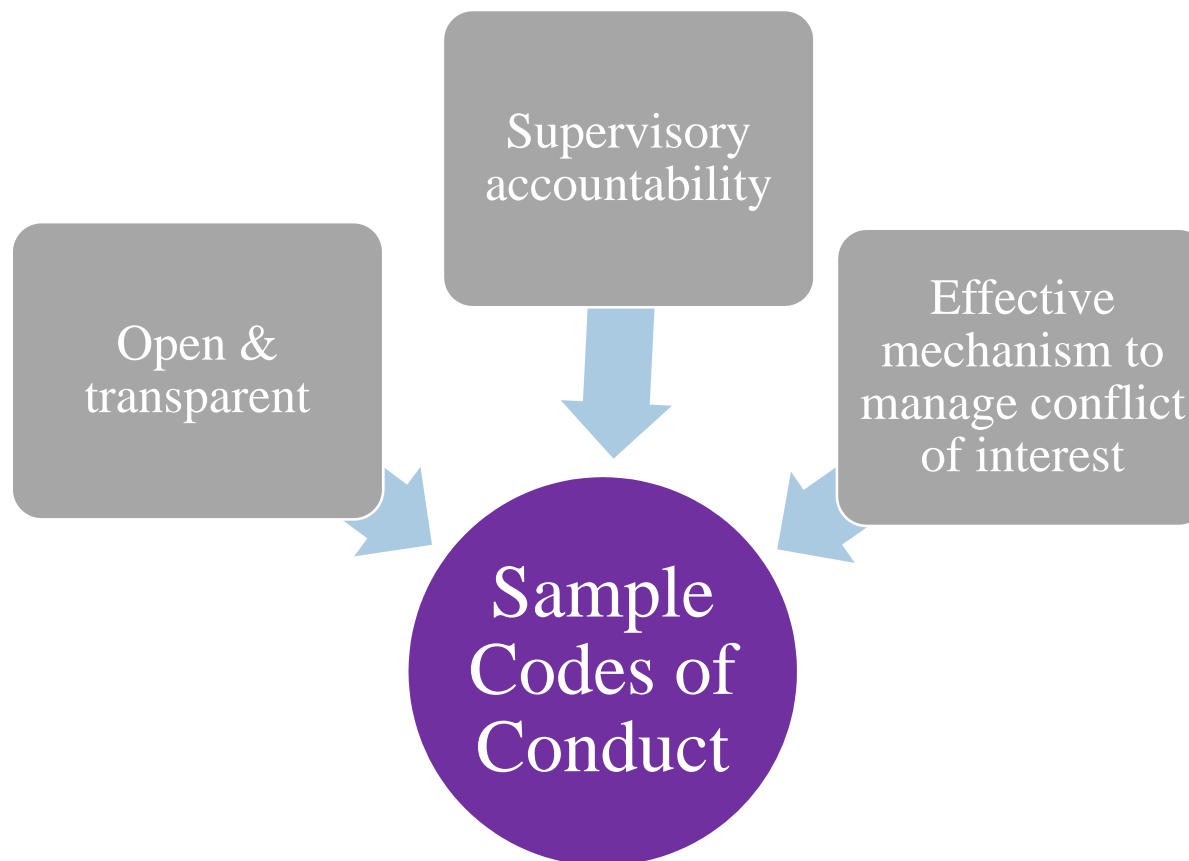


# Targets to Achieve - Clean Governance in...

*Government*

*Public Bodies*

*NGOs*





***Sample Codes of  
Conduct –  
Multi-year  
Programme***



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# Multi-Year Programme - 2013

***Government***

Public Bodies

NGOs

***Government Departments –  
Sample Guide on Conduct  
& Discipline***

Review their codes  
of conduct

On-going  
monitoring &  
education

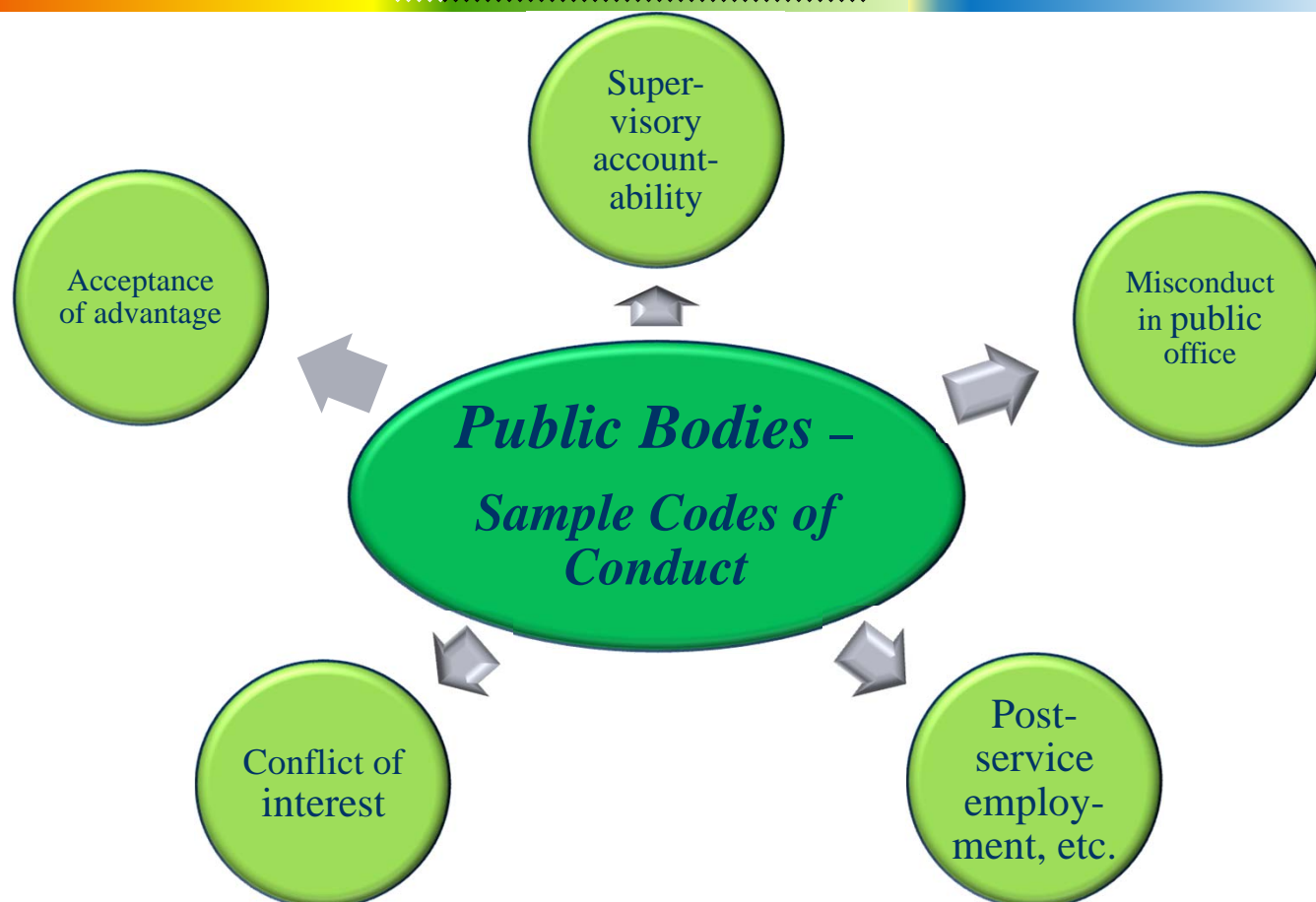


# Multi-Year Programme - 2014

Government

*Public Bodies*

NGOs



# Multi-Year Programme - 2015

Government

Public Bodies

*NGOs*

*NGO – Sample  
Codes of  
Conduct*

Tailored-  
advice

Seminars,  
workshops

Raise awareness of directors & staff  
on good governance





# *How we tackle the private sector challenge ...*



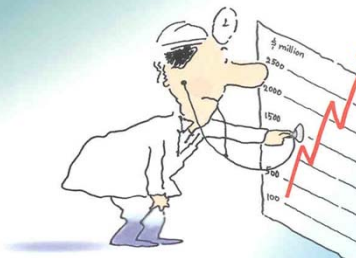
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# ICAC Advisory Services



# 問

公司'健康'  
就是財富



私營機構顧問組  
廉政公署防止貪污處  
香港中環紅棉路8號東區大廈24樓  
電話：2526 6363



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# ICAC Advisory Services



25 266 363

- ***Free advice***
- ***Strictly confidential***
- ***Tailor-made***
- ***Hotline service***
- ***Respond within 2 working days***





# ICAC Advisory Services

## Seminars for Specific Trades

**Banking**

**Insurance**

**Securities**

**Tourism**



**Construction**

**Hotel**

**Private Hospitals**



# ICAC Advisory Services

## Best Practice Modules & Training Packages



**2015:**  
*Guidelines in Dealing with  
Public Officials*

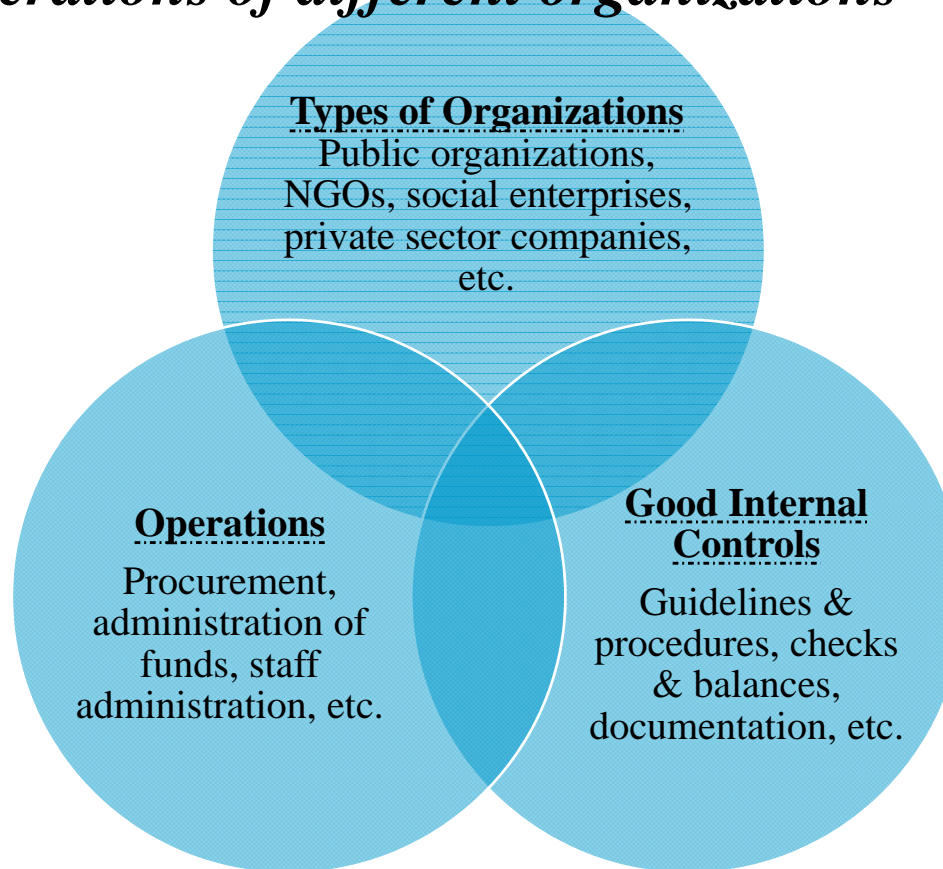


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# Best Practice Manuals & Training Packages

*Comprehensive control measures for various corruption prone operations of different organizations*



# Best Practice Manuals & Training Packages

## Best Practice Manuals

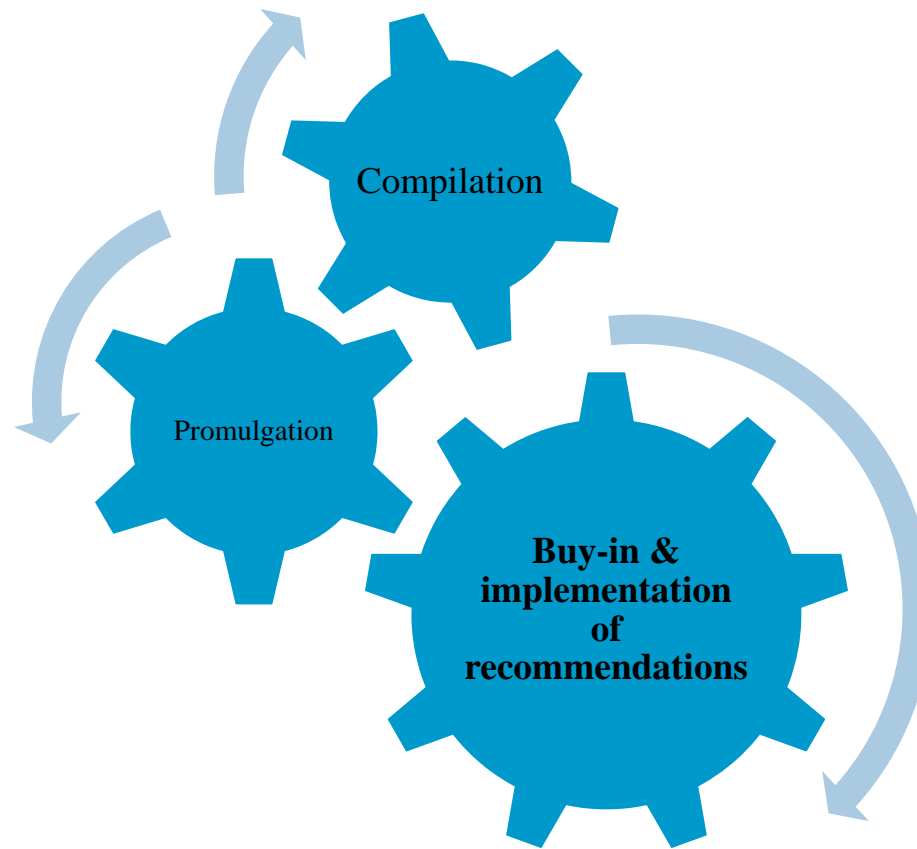
- Corporate governance & internal control
- Administration of government funds
- Food assistance service operations, etc.

## Training Packages

- Procurement
- Legal & ethical requirements

# Best Practice Manuals – Enlist Support is Key

*Engage stakeholders in the process to enlist support*



# ***Proactive Approach – Challenges Ahead***

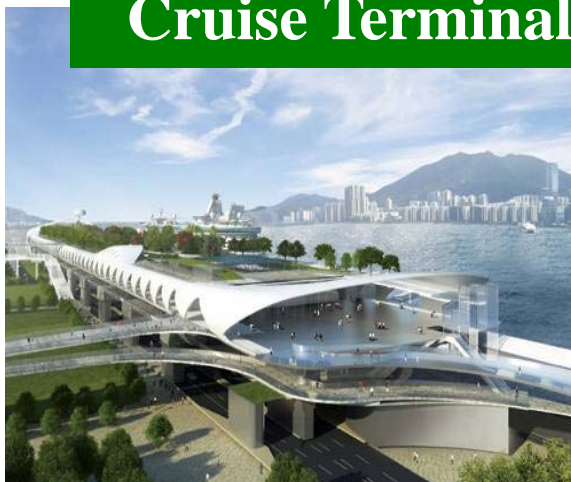


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# Synchronic Prevention

Providing synchronic prevention advice in areas of great public concern/interest to government departments

**Cruise Terminal**



**International Airport**





# Synchronic Prevention

**Project  
Planning**

**Contract  
Letting**

**Contract  
Administration**

- **Sit on tender assessment panel as an observer**

# Risk-Based Prevention

Providing prevention to areas of great public concerns

E.g. NGOs which receive substantial government funds



E.g. Car testing procedures where public safety is a concern

# Post-investigation Prevention

- **Cases referred from the Operations Department**
- **Provide corruption prevention advice to subject parties**
- **Prevent recurrence**



# Factors for Success

- 📌 ***Strong & Independent Legal Framework***
- 📌 ***Support from Partners***
- 📌 ***System Approach***
  - 📌 ***Sample codes of conduct***
  - 📌 ***Best practice manuals***



# System Approach

Prevent corruption through improved systems and procedures to ensure they are :

***Fair,***

***Accountable,***

***Simple, &***

***Transparent***



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# System Approach

## **Be “Fair”**

- ***equal opportunities***
- ***declaration of conflict of interest***
- ***laid-down assessment criteria/ standards, requirements***
- ***unbiased individual assessment***
- ***complaint/appeal mechanism***



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# System Approach

## **Be “Accountable”**

- ***promulgated probity requirements***
- ***segregation of duties***
- ***clear delegation of authorities***
- ***laid-down workflow***
- ***proper documentation***



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# System Approach

## **Be “Simple”**

- **risk management – risk assessment, random checking**
- **streamlining of procedures**
- **sufficient but not excessive checks and balances**
- **clear instructions and guidelines**
- **performance pledges**



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# System Approach

## **Be “Transparent”**

- ***public accessibility***
- ***proper announcement***
- ***declaration of financial interests***
- ***internal/external audit***
- ***clear internal circulars/guidelines***



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# *Corruption Prevention :*

## *Be **FAST***



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***Thank You***



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