

PREVENTING CORRUPTION ICAC'S STRATEGIES AND MEASURES

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INTRODUCTION

Since its inception in 1974, the Independent Commission Against Corruption (ICAC) of Hong Kong has been adopting a three-pronged strategy comprising law enforcement, prevention and education to combat corruption. In view of the ICAC's success, this strategy has been adopted by anti-corruption agencies around the world.

This paper takes a closer look at the ICAC's corruption prevention strategy, including its organisational setup to implement the strategy, ongoing and recent initiatives and measures to prevent corruption in Hong Kong, and some case studies.

I. THE ORGANISATION AND STRATEGY OF ICAC (WITH FOCUS ON PREVENTION)

A. The Three-pronged Strategy

1. The Three-pronged Strategy and Statutory Duties of the ICAC

Since its inception in 1974, the Independent Commission Against Corruption (ICAC) of Hong Kong has been adopting a three-pronged strategy comprising law enforcement, prevention and education (Figure 1) to combat corruption:

- (i) *Law enforcement* – investigate and prosecute corruption offences;

* Independent Commission against Corruption, Hong Kong Special Administrative Region of the People's Republic of China.

- (ii) *Prevention* – prevent corruption through securing the adopting of system safeguards and internal controls in organisations;
- (iii) *Education* – educate the community against corruption and enlist their support in fighting corruption.¹

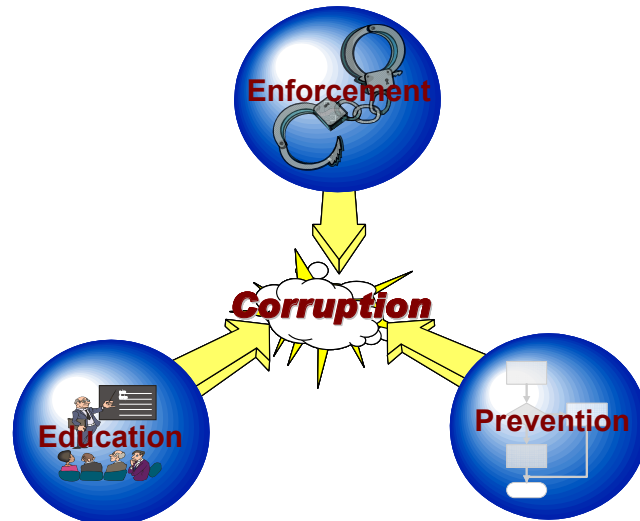


Figure 1 – ICAC’s Three-pronged Strategy

This three-pronged strategy is in fact built-in to the ICAC Ordinance (Cap. 204, Laws of Hong Kong), set out as the Duties of the Commissioner of the ICAC under Section 12 of the ordinance (Appendix A).

2. A Closer Look at How the Strategy Works

Today, the concept of the “fraud triangle”² (corruption can be regarded as a type of employee fraud) is widely adopted in the auditing and fraud prevention professions.

The concept suggests that three conditions are conducive to the occurrence of fraud:

- (i) *Incentive/Pressure*, leading to a motive to commit fraud;

¹ It is understood that some other jurisdictions regard education as part of prevention, but in the ICAC of Hong Kong the two are distinguished with the latter focusing on system controls.

² Statement on Auditing Standards No. 99: Consideration of Fraud in a Financial Statement Audit issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) in October 2002.

- (ii) *Opportunity* in the system or environment for fraud to be committed (e.g. lack of control);
- (iii) *Attitude/Rationalisation* of/by the perpetrator that makes/allows him/her to self-justify his/her commitment of the fraud.

A closer look at how the Three-pronged Strategy works shows that it reduces the three conditions in the “fraud triangle” (Figure 2).

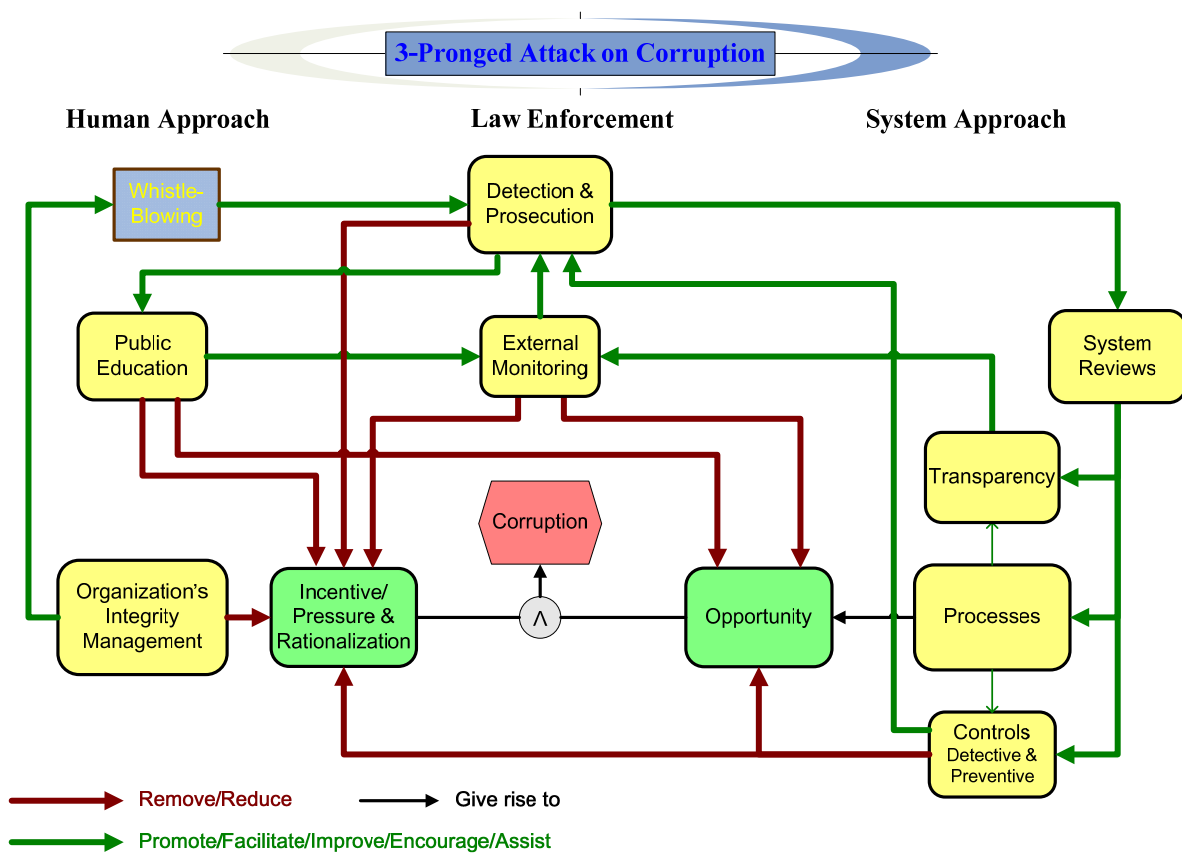


Figure 2. How the Three-pronged Strategy Works

Figure 3 provides a view of how the Three-pronged Strategy works to reduce the three conditions in the “fraud triangle” and enhances the counter-measures:

- (i) *System Approach* –

Through regular system reviews (or corruption prevention audits), corruption risks and system loopholes conducive to corrupt practices are identified, followed by

strengthening of controls and improvements to business processes. The controls/improvements remove or reduce opportunities for corruption in the system/environment. One type of control particularly highlighted is transparency, which facilitates external monitoring by customers, business partners, the public, etc. Internal detective controls and external monitoring facilitates the detection of corruption, leading to prosecution. Post-mortem of corruption that has occurred assists the system reviews to further enhance the controls if necessary.

(ii) *Human Approach* –

Public education against corruption as well as each organisation's own integrity management programme (Code of Conduct, integrity training, etc.) help to reduce employees' incentives to commit bribery, modify their attitudes and reduce their rationalisation of fraudulent behaviour. Public education also reduces the public's tolerance to corrupt behaviour and encourages them to report any corrupt behaviour observed, while an organisation's integrity management programme can encourage whistle-blowing. These facilitate the detection of corruption.

(iii) *Law Enforcement* –

Detection and prosecution provides a strong deterrent against corruption, helping to reduce incentives to commit bribery and modify attitude/rationalisation. Enforcement also serves a public education purpose, educating the public about what corruption is, the consequence of corrupt behaviour, and effectiveness of our law enforcement thereby encouraging people to report corruption. Analysis of the modes of corruption and system weaknesses in detected cases also helps us design more effective preventive measures.

B. Organisation of the ICAC

1. Independence

The ICAC's "independence" is one of its key success factors. Before the establishment of the ICAC in 1974, enforcement against corruption was the responsibility of an anti-bribery unit in then Royal Hong Kong Police Force, which proved to be ineffective as the Police Force was then one of the most corrupt government departments. It was decided that an independent anti-corruption agency had to be set up, reporting directly to the then Governor of Hong Kong, independent from any other government organisations and officials including the then Chief Secretary who was the head of the administration. This led to the formation of the ICAC, which now reports directly to the Chief Executive of the Hong Kong Special Administration Region (HKSAR).

2. Organisational Structure

The ICAC is headed by the Commissioner of ICAC. Its organisation is designed according to the Three-pronged Strategy, with one distinct Department responsible for each of the three approaches, plus an Administration Branch to deal with general administration:

- (i) Operations Department – responsible for the law enforcement strategy and duties set out in ICAC Ordinance Section 12 (a) to (c).
- (ii) Corruption Prevention Department (CPD) – responsible for the prevention strategy and duties set out in ICAC Ordinance Section 12 (d) to (f).
- (iii) Community Relations Department (CRD) – responsible for the law enforcement strategy and duties set out in ICAC Ordinance Section 12 (g) and (h).

3. The Operations Department

A simplified organisation chart of the Operations Department is at Appendix B. As this paper focuses on prevention, it will not go into further details of the organisation of Operations Department.

4. The Corruption Prevention Department

A simplified organisation chart of CPD is at Appendix C. The department is headed by the Director of Corruption Prevention (DCP) and is organised into two Divisions and a Centre for Anti-Corruption Studies (CACs). Each Division has a number of Groups each having a charter of responsibilities. Other than the Management Group (M Group), each Group is responsible for corruption prevention in a number of government departments and public bodies (duties under Section 12(d) and (f) of the ICAC Ordinance). Some of the Groups also have responsibility over one or more specialty areas in addition, e.g.:

- (i) Group C – civil service integrity policies and matters.
- (ii) Group E – corruption prevention in the construction industry and public works projects.
- (iii) Group F, also named Advisory Services Group (ASG) – corruption prevention in the private sector, including handling requests for advice from private sector entities (Section 12(e) of the ICAC Ordinance).

Also under CPD is the Centre of Anti-Corruption Studies (CACs) established in April 2009 to facilitate and conduct research and analytical studies on issues pertaining to the development of anti-corruption initiatives locally, regionally and internationally.

5. The Community Relations Department

A simplified organisation chart of CRD is at Appendix D. The department is headed by the Director of Community Relations (DCR) and is organised into two Divisions. Division 1 is comprised mainly of specialist units tasked to publicise anti-corruption messages through the mass media and territory-wide programmes. Division 2 mainly provides in-depth, face-to-face corruption prevention education

services to the public through a network of Regional Offices. The duties of the major units are:

- (iv) Regional Offices – reach out to the local communities to enlist support for ICAC’s work and receive corruption reports and answer enquiries about corruption.
- (v) Hong Kong Ethics Development Centre (EDC) – promotes business and professional ethics in the business sector and provides consultancy services on ethics programmes, including ethics training.
- (vi) Youth and Moral Education Office (YMEO) – formulates and implements strategies and programmes for preventive education for youths and students.
- (vii) Mass Communication Office (MCO) – makes use of media for publicising ICAC’s work and preventive education for the public, such as television and radio advertising campaigns, TV dramas and training videos.

C. Oversight of the Work of the ICAC

The work of the ICAC comes under the scrutiny of five independent committees comprised of responsible citizens drawn from different sectors of the community and appointed by the Chief Executive of the HKSAR. They oversee different aspects of ICAC’s work (Appendix E).

The Commissioner reports directly to the Chief Executive of the HKSAR on the work of the ICAC, and regularly attends meetings of the Executive Council and Legislative Council and their relevant committees (e.g. the Security Panel) to brief their members and answer questions on ICAC’s work.

II. EFFECTIVE WAYS TO PREVENT CORRUPTION IN HONG KONG (THE SYSTEM APPROACH)

A. Preventing Corruption in the Public Sector

1. Partnering Approach

In the prevention of corruption, the ICAC adopts a partnering approach with the government bureaus and departments (GBDs) and public bodies (PBs). The GBD/PBs are convinced to recognize that prevention of corruption and integrity management is part of good governance and hence they should assume ownership of such with the ICAC providing assistance. CPD has formed Corruption Prevention Groups with major GBD/PBs, chaired by their directorate officers. The Corruption Prevention Groups hold regular meetings to discuss and monitor collaboration to prevent corruption, including identification of areas requiring corruption prevention audits (see A.2) or corruption prevention advice (see A.3), and implementation of the Ethical Leadership Programme (see A.4).

2. Corruption Prevention Audits

The ICAC's duty to examine procedures and practices of GBD/PBs to identify risks of corruption and secure the revision of work methods to reduce the risks is done by CPD, through corruption prevention studies/audits of specific functions and processes (e.g. letting and administration of contracts, licensing) of the GBD/PBs. The study/audit subjects are selected based on inherent corruption risk, actual occurrence of corruption, importance to people's livelihoods, amount of public funds involved, etc. Reports on the findings and the recommendations, after endorsement by the Corruption Prevention Advisory Committee, are sent to the organisations' top management. CPD also monitors implementation of the agreed recommendations and provides follow-up assistance if necessary.

A corruption prevention study/audit normally involves the following:

- (i) Study of relevant laws and regulations and the organisation's relevant policies, procedures, guidelines, and relevant papers.
- (ii) Study of other information on the subject, such as media reports, Audit Reports, CPD's own records or past reports on the subject, reports of relevant past ICAC cases and/or briefing by investigators on relevant cases or trends.
- (iii) Interviews with employees of the organisation responsible for the function/operation under study.
- (iv) Examination of files and records of past cases relating to the function/operation under study.
- (v) Site observation of performance of the function/operation under study.
- (vi) Information available to the public or relevant stakeholders regarding the relevant policies, procedures and operations.
- (vii) Occasionally, if necessary, interviews with experts in the field.

Aspects and control measures examined during corruption prevention studies/audits and the recommended enhancements usually cover the following:

- (i) adequacy and clarity of policies, procedures and guidelines on integrity and conduct as well as performance of the function/ operation;
- (ii) clarity, enforceability, etc. of the relevant legislation and regulations;
- (iii) adequacy of segregation of duties, approval procedures and level of authorities, and other checks and balances;
- (iv) proper and adequate documentation for enhancing accountability;
- (v) openness and fairness, e.g. consistency in treatment of similar cases, equal opportunity for all eligible parties to participate;

- (vi) transparency, e.g. disclosure and publicity of application procedures, vetting criteria, processing time, reasons for rejection, etc.;
- (vii) simplicity and user-friendliness of the system and procedures, e.g. whether there are long waiting times or excessive barriers/procedures (which are conducive to bribery);
- (viii) adequacy and effectiveness of supervision and monitoring, e.g. conduct of adequate supervisory checks, availability of management and exception reports for senior management's review;
- (ix) independent checks and monitoring, e.g. by internal audit, independent non-executive directors;
- (x) existence and publicity of feedback/complaint channels;
- (xi) any other preventive and detective control measures applicable to the function/operation being examined;
- (xii) any existing practices that may be conducive to corruption, such as excessive discretion exercised by staff, deviation from policies or procedures, frequent overrides, lax enforcement or non-enforcement of any law or regulation, etc.

3. Corruption Prevention Advice

In addition to detailed corruption prevention audits, CPD provides quick and early/simultaneous corruption prevention advice to GBD/PBs in current initiatives/projects, such as formulation of new legislation (e.g. proposal for a new Charity Law in Hong Kong), policies and procedures (e.g. procedures for the Immigration Department's Automated Vehicle Clearance System), tendering of major contracts (design-and-build contract for the new Government Central Offices). For major projects of public concern (e.g. tendering of contract for the operation of the New Cruise Terminal at Kai Tak), CPD also sends an observer to sit on the tender

boards. The approach has proved to be effective in ensuring proper and corruption-free tendering processes in the projects.

In the event that corruption or other malpractice has occurred, CPD conducts a “post-mortem” analysis on the case. If system weakness is identified as a factor in the case, follow-up action will be taken with the GBD/PB concerned, such as review of the procedures, advice on enhanced controls, or if necessary a full-scale corruption prevention audit of the business function concerned. This does not include only prosecuted cases but also cases which have not resulted in prosecution due to lack of evidence, no criminal offence but only non-criminal misconduct involved, etc.

4. Capacity Building

Corruption cannot be prevented by the ICAC alone. Managers and supervisors in GBD/PBs play an important role in preventing corruption in their organisations by putting in place suitable controls and vigilantly exercising supervision and monitoring over their staff and day-to-day operations. CPD therefore also adopts a capacity building approach and, through training, raises their awareness and capacity in helping to prevent corruption in their GBD/PBs.

5. Preventing Corrupt Practice by Contractors or Partners

GBD/PBs frequently work with contractors or business partners in various ways, e.g. engaging a contractor to provide services to the GBD/PB, or engaging a contractor or partner (e.g. under a public-private partnership) to deliver public services to the public. It is necessary to prevent such contractors/partners from engaging in corrupt practices, including bribing the public officers, or their employees from accepting bribes in delivering the public/social service. Measures undertaken by the GBD/PBs include:

- (i) Anti-bribery clauses prohibiting tenderers/contractors/partners from offering

corrupt gifts to public officers and anti-collusion clauses in GBD/PBs' tendering documents and/or contracts.

- (ii) Probity clauses in GBD/PBs' contracts requiring the contractor/partner to adopt corruption prevention practices in performing the contract or function (e.g. prohibiting their employees from accepting advantages from third parties in relationship to their duties under the contract).
- (iii) Specifying procedures that the contractor is required to follow/perform for a control purpose (e.g. conduct of inspections, keeping of records, submission of reports/information certified by a person-in-charge).
- (iv) For certain types of government contract (e.g. works contracts), suspension of contractors convicted of bribery offences from bidding such contracts for a period of time.
- (v) Conduct of corruption prevention audits by CPD on the contractors/partners' procedures in performing the public function (e.g. private sector operated Car Testing Centres appointed by the Transport Department to conduct annual examination of private cars), or give corruption prevention advice to the contractors/partners (e.g. advising a works contractor suspended from bidding government contracts due to the occurrence of corruption on how to improve integrity management).

B. Preventing Corruption in the Business Sector

1. Corruption Prevention Advisory Service

The ICAC has a duty to advise any persons on ways to prevent corruption on request (Section 12(e) of the ICAC Ordinance). The service is free of charge and we pledge confidentiality on the requests and information received. The corruption prevention advisory service is promoted and given to private sector entities through

various channels including:

- (i) Advisory Services Hotline – A telephone hotline and mailbox is provided and publicised through various means (e.g. ICAC website) for members of the public to request corruption prevention advice or services. Requests may also be received by referral from CRD or other contacts.
- (ii) Collaboration with partners – CPD collaborates with partners such as trade associations and professional bodies to organise events/seminars for their members (see the following section on “Corruption Prevention Capacity Building”). Through such events or the partners’ newsletters or circulars, advice is given and additional, tailored service is promoted to their members.
- (iii) Victim companies – Following investigation of a private sector corruption case by the ICAC, if system weaknesses is noted, the case may be referred to the CPD for follow-up. Where considered appropriate, ASG will approach the victim company to offer corruption prevention advisory service.
- (iv) Organisations funded by GDB/PB – GDB/PBs fund a large number of organisations under various schemes to perform functions/services that achieve a desired social objective, e.g. NGOs, social enterprises, schools, residential building owners receiving government subsidies to repair their buildings. In view of the amount of public funds and the corruption risk involved, some schemes encourage the funded organisations to seek corruption prevention advice from CPD.

There are about 350 to 400 cases of advice/service provided to private sector entities each year.

2. Corruption Prevention Capacity Building

ICAC cannot prevent corruption in each and every private organisation. We

must enlist the support of senior executives, managers, supervisors and practitioners in the private sector to help prevent corruption in their own organisations. To achieve this, we need to raise their awareness to corruption risks and build up their capacity to prevent corruption. To do so, CPD again adopts a partnering strategy mainly through two approaches:

- (i) Trade (vertical) approach – collaborating with trade associations and/or trade regulators (e.g. Hong Kong Federation of Restaurants and Related Trades, Hong Kong Retail Management Association, Securities and Futures Commission) to carry out initiatives to enhance corruption prevention awareness and capacity of members/practitioners of their trades (see next paragraph). This covers preventing corruption in key business functions in a trade.
- (ii) Functional (horizontal) approach – collaborating with professional bodies/associations (e.g. Hong Kong Institute of Certified Public Accountants, Chartered Institute of Purchasing and Supply, Institute of Internal Auditors) to carry out initiatives to enhance corruption prevention awareness and capacity of members/practitioners of their profession (see next paragraph). This focuses on preventing corruption in a business function that is common to all/most trades.

The methods for corruption prevention capacity building employed include:

- (i) Publication of Corruption Prevention / Ethics Management Guides for reference by managers, practitioners, business operators of specific trades or professions.
- (ii) Development of corruption prevention training materials (e.g. training slides, videos, guides, and case studies) for use by CPD/CRD officers in providing corruption prevention training, or by other organisations' trainers who have been given train-the-trainer training or training guides.
- (iii) Conduct of corruption prevention seminars, workshops and continuous

professional education sessions for members of partners or managers/practitioners in individual organisations.

- (iv) Development of corruption prevention training courses/modules for use by educational institutions (e.g. universities, vocational training institutions) in degree, diploma or other courses of disciplines that relate to relatively more corruption-prone trades/professions (e.g. construction engineering, property management, purchasing and merchandising).

3. Corruption Prevention Audits

While prevention of corruption in the private sector is mainly through the provision of advisory services and capacity building, sometimes more in-depth corruption prevention studies/audits (as those for the public sector) may also be conducted for private sector entities with their Boards' support such as:

- (i) Major subvented NGOs/charities – in view of the considerable government subvention and public donations they receive, their procedures such as procurement and service delivery processes may be subjects of corruption prevention studies/reviews.
- (ii) Corporations fully or partially owned by the government or public bodies that are not public bodies – in view of their public ownership and the public interest involved, their relevant procedures may be subjects of corruption prevention studies/reviews.
- (iii) Private corporations – on request, and if considered worthwhile, corruption prevention reviews may be conducted on corruption-prone processes of a private corporation, but this is very uncommon.

III. EFFECTIVE WAYS TO PREVENT CORRUPTION IN HONG KONG (THE HUMAN APPROACH)

A. Public Education

1. Mass Communication

Mass media is an effective vehicle for publicising the work of the ICAC and enlisting the public's support in fighting corruption. Effective uses include:

- (i) Advertising campaigns comprising television and radio messages, complemented with posters mounted throughout the territory (Appendix F shows a few samples of ICAC posters).
- (ii) Bi-annual production and television-broadcasting of the "ICAC Investigators" drama series, each featuring five episodes on five successful ICAC cases in recent years.
- (iii) Use of the Internet to extend the reach of ICAC's messages, e.g. an "ICAC Channel" website to keep the public abreast of ICAC's latest events and activities, uploading of integrity issues onto popular social networking websites to stimulate discussion, and a youth website "iTeen Camp" targeting primary and junior secondary school students.
- (iv) Press releases on ICAC's corruption prevention work and newspaper articles on integrity issues are used to raise public awareness on corruption risks and enlist their support for ICAC's work.

2. Community Relation and Activities

To maintain a high level of ICAC's presence in the community and keep the fight against corruption on the public agenda, CRD officers attend meetings of various district consultative committees to expound on ICAC's work and gauge opinion leaders' views on anti-corruption programmes. Regular contacts are

maintained with district organisations, and district activities (e.g. workshops, roving exhibitions) conducted to reinforce the community's commitment to sustaining a probity culture. The ICAC Club was set up in 1997 to provide a channel for the public to partake in ICAC activities and demonstrate support for the anti-corruption cause, its about 1,200 members include professionals, district leaders, working youth, students, retirees, and housewives. An ICAC Club newsletter is published regularly to keep members informed of the latest developments.

B. Youth Education

It is important to educate children and youths on correct moral values and anti-corruption attitudes at an early stage. The major work in youth education in recent years is highlighted below.

1. Tertiary Education Institution (TEI) Students

- (i) ICAC Ambassador Programme – mobilizes university students to organise on-campus activities to promulgate anti-corruption and probity messages. In addition, the *i-League* was also established for the ICAC to maintain contact with former and current Ambassadors to maintain their continuous support in anti-corruption work.
- (ii) Personal Ethics Module for Tertiary Institutions – developed for adoption by TEIs for their students. Seven universities have agreed to include the module in their relevant programmes.

2. Secondary School Students

- (i) Interactive Drama – Professional drama troupes are hired to perform interactive dramas that illustrate the anti-corruption law and consequences of corruption to secondary school students. About 280 shows for some 55,000 secondary students are arranged annually.

(ii) ICAC Ambassador Programme – About 1,100 students from 135 schools have been recruited as “ICAC Ambassadors” to disseminate integrity messages to their schoolmates through activities.

(iii) Liberal Studies Teaching Package – A Liberal Studies (ICAC Investigators) Package was recently developed for senior secondary students, using two episodes of the “ICAC Investigators 2009” drama series and a variety of learning activities as teaching aids.

3. Primary School and Kindergarten Students

(i) Senior Primary General Studies Teaching Packages – Our General Studies Moral Education Package, comprising audio-visual teaching aids and materials for activities, helps inculcate self-discipline and proper attitude towards material wealth among students.

(ii) Gee-Dor-Dor Cartoon Series and Teaching Packages for Kindergartens and Primary Schools – Produced since 1999, the Gee-Dor-Dor Cartoon Series publicise moral values to children. Parent-child activities were also organised to enlist parents’ support in promoting positive values to young kids. An electronic book based on the cartoon series and other moral education stories was also produced for young kids.

C. Integrity Management in the Public Sector

1. Ethical Leadership Programme (ELP) for the Government Sector

While CRD has been providing integrity and anti-bribery briefings to government officers since its establishment, to further enhance probity culture and promote ethical leadership in the civil service, the ICAC and the Civil Service Bureau jointly launched the ELP in December 2006. Under the ELP, each GBD is requested to appoint a senior directorate officer as the organisation’s Ethics Officer, to be

responsible for developing and sustaining ethical culture in the GBD and assumes overall responsibility for all integrity management work. They have to submit to the Civil Service Bureau an annual return on the GBD's work under ELP. At present, there are some 150 Ethics Officers.

Periodic seminars on different topics concerning integrity, conduct and discipline are organised for the Ethics Officers and their assistants. A government intranet "Online Community for Ethics Officers" has been developed to facilitate communication and provide up-to-date information and reference materials related to integrity issues.

2. Integrity Training for Public Bodies

Apart from GDBs, CRD also provides integrity and anti-bribery training for staff of public bodies, which include public hospitals, public utilities companies, public transport companies, TEIs, etc.

D. Integrity Management in the Business Sector

1. Promotion of Business Ethics

To promote integrity and anti-corruption culture in the business sector, the ICAC launched a Business Ethics Campaign in 1994 jointly with the major chambers of commerce in Hong Kong. At the first conference, business leaders arrived at a consensus that long-term promotion of business ethics was of strategic importance to Hong Kong. In response, the ICAC set up the Hong Kong Ethics Development Centre (EDC) in 1995 to act as a focal point for promoting ethics in Hong Kong and advising the business sector on ethics and integrity management programmes.

EDC partners with related regulatory bodies, chambers of commerce, trade and professional associations in developing tailor-made ethics training modules and packages for specific trades and professions, and promotes the training modules and

other corruption prevention products to their members. Ethics and corruption prevention elements were also injected into the licensing and professional qualification requirements of the trades/professions and continuous professional education programmes. EDC also organises regular thematic corruption prevention seminars for small and medium enterprises.

2. Integrity Management of Contractors and Business Partners

On CPD's recommendation, it has become a standard practice for GDB/BPs to include probity clauses in their contracts with service providers, suppliers or other partners/operators requiring them to prohibit their staff from accepting advantages from third parties and to avoid/declare conflicts of interest in relation to their duties under the contract. They are also required to ensure the requirements are made known to the staff, e.g. through training.

In view of the higher corruption risk in public works projects, CPD has a standing arrangement with the Development Bureau to, on a project by project basis, give corruption prevention briefings to key staff of major works projects' consultants and contractors.

IV. CASE STUDIES

A. Public Sector

1. Corruption Prevention Audit – Enforcement of Driving-Offence Points System

In Hong Kong, driving-offence points are assigned to a driver for certain traffic offences (e.g. speeding). The Transport Department (TD) would summon a driver who has accumulated 15 or more offence points within a period of two years to appear in court, and apply for an order to disqualify him from holding and renewing a driving licence. Our study in 2008 revealed that, among other risks, many drivers who had accumulated over 15 offence points (over 100 offence points in extreme

cases) could still drive on the roads because the summonses had not been successfully served on them, mainly due to the inaccurate addresses reported by the drivers or because they avoided receiving the summonses. Apart from ineffective enforcement, this also gave rise to risk of collusion between the offending drivers and the police officers responsible for serving the summonses. TD had no legal power to serve summonses on an offending driver even when he approached TD to renew his driving licence, and also could not refuse his renewal request. CPD thus recommended legislative amendments to plug the enforcement and corruption loopholes. Subsequently, the law was amended to strengthen the powers of TD and the Police to facilitate more effective enforcement of the system.

2. Preventing Corruption in Public Infrastructure Projects

Readers may refer to Transparency International's Report titled "Hong Kong: The Airport Core Program and the Absence of Corruption"³ published in 1999 which provides a good and detailed case study.

In a more recent project involving a contract for the operation of a major public facility, CPD secured the government's agreement to include probity requirements in the agreement with the operator to ensure it adopts anti-corruption policies and measures in managing and operating the facility. CPD also assigned a representative to sit in the project's tender assessment panel as an observer to ensure fair and proper procedures were adopted.

3. Ethical Leadership Programme – Correctional Services Department

Right after the launching of the ELP, the Commissioner of the Correctional Services Department (CSD) set up a departmental Ethics Committee to strengthen ethical governance and integrity management in the department. The Ethics

³ <http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN013116.pdf>

Committee is chaired by the department's Ethics Officer who is the Deputy Commissioner, and meets quarterly. An Assistant Director of the ICAC sits on the Committee to give advice.

Among the first things the Committee did was to conduct research on potential integrity risks faced by frontline and supervisory staff. The issues identified were then featured in case studies in a lively training video used in integrity training sessions to facilitate discussion, raise awareness, and provide guidance on proper conduct. ICAC provided input during development of the video and training guide and conducted train-the-trainer workshops for CSD training officers. To enlist the support of senior staff in implementing the department's integrity management plan, the Ethics Officer personally conducted a seminar for all institution heads and superintendents.

CSD's implementation of ELP displayed strong commitment at the top to enhancing ethical culture. The programme plan was carefully thought out and vigorously implemented. Different levels of staff were involved and the progress was closely monitored by the Ethics Committee.

B. Business Sector

1. Corruption Prevention Advisory Service – Administration of Obstetric Services in Private Hospitals

For various reasons, Hong Kong has become a highly popular place for Hong Kong pregnant women in Mainland China to give birth. In both public and private hospitals, the supply of obstetric delivery service appointments was outstripped by demand, with many Mainland China customers willing to pay excessive fees to agents in order to secure an appointment. Apart from various social problems, the situation has given rise to significant risks of corruption for hospital staff, with private hospitals

more susceptible. CPD's Advisory Services Group, with the support of the Hong Kong Private Hospitals Association, quickly responded to the situation and conducted a study on the administration of obstetric delivery services in the private hospitals.

The study found that, as the risk was relatively new to the private hospitals, some did not have ready measures to prevent possible manipulation of the booking and allocation of obstetric delivery service appointment slots. Following the study, the Advisory Services Group produced a corruption prevention guide for reference by the private hospitals, and organised a seminar jointly with the Association to raise their awareness. The Group also provided follow-up, tailored advice to individual private hospitals.

2. Director's Ethics Training Programme

In the wake of local and overseas corporate failures in recent years which showed signs of malpractice in top management of corporations, EDC took the lead to spearhead a systematic training programme for company directors, "Ethics – The Core Value of Leadership" Training Programme in 2007, in collaboration with 12 partners including the Securities and Futures Commission and Hong Kong Exchanges and Clearing Limited, major chambers of commerce, and professional bodies. Work done included:

- (i) Directors' Forum in 2007 – Some 150 company directors, top and senior executives and their professional advisors attended the Forum, at which they probed into the ethical challenges they were facing and shared views on how to put ethical governance and leadership into practice.
- (ii) Conference on Corporate Governance in 2008 – Some 350 directors and senior executives of listed companies attended to examine the topical issues of ethical governance and share experience on good governance practices. At the

conference, CRD launched a “Toolkit on Directors’ Ethics” and a training video “Boardroom Agenda”, while CPD launched “A Corruption Prevention Guide for Listed Companies”.

- (iii) An ethics training module was incorporated in the accreditation training programme for company directors provided by the Hong Kong Institute of Directors.

V. CONCLUDING REMARKS

The three-pronged strategy has been an effective strategy for fighting corruption in Hong Kong, and is still an effective one for sustaining a clean government and business environment in Hong Kong. Building on the foundation, the ICAC is continuously improving its strategies and measures with new and enhanced initiatives to meet new challenges in the changing environment.

Nevertheless, it must be pointed out that the three-pronged strategy for combating corruption is only part of the “formula” in the fight against corruption. Fundamental success factors include a country’s or city’s institutions, and what is referred to by Transparency International as the “National Integrity System”. Hong Kong had in fact undergone major institutional improvements in the later part of the last century, along with the ICAC’s vigorous efforts in fighting corruption, to achieve its overall success in stamping down corruption. Any country or city committed to fighting corruption cannot rely only on a stand-alone corruption prevention strategy, but must make fundamental institutional improvements.

APPENDIX A

ICAC's Statutory Duties and Strategies

Duties of the Commissioner (ICAC Ordinance Section 12)	Corresponding Strategy
<p>(a) receive and consider complaints alleging corrupt practices and investigate such of those complaints as he considers practicable</p> <p>(b) investigate any alleged or suspected offence under the Prevention of Bribery Ordinance (Cap. 201, ICAC Ordinance (Cap. 204), etc.</p> <p>(c) investigate any conduct of a prescribed officer⁴ which in the opinion of the Commissioner is connected with or conducive to corrupt practices and to report thereon to the Chief Executive of the HKSAR</p>	Law Enforcement
<p>(d) examine the practices and procedures of government departments and public bodies⁵, in order to facilitate the discovery of corrupt practices and to secure the revision of methods of work or procedures which, in the opinion of the Commissioner, may be conducive to corrupt practices</p> <p>(e) instruct, advise and assist any person⁶, on the latter's request, on ways in which corrupt practices may be eliminated by such person</p> <p>(f) advise heads of Government departments or public bodies of changes in practices or procedures</p>	Prevention

⁴ "Prescribed officer" is defined in the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong) to include, among others, any person holding an office of emolument, whether permanent or temporary, under the Government, any judicial officer and any ICAC officer.

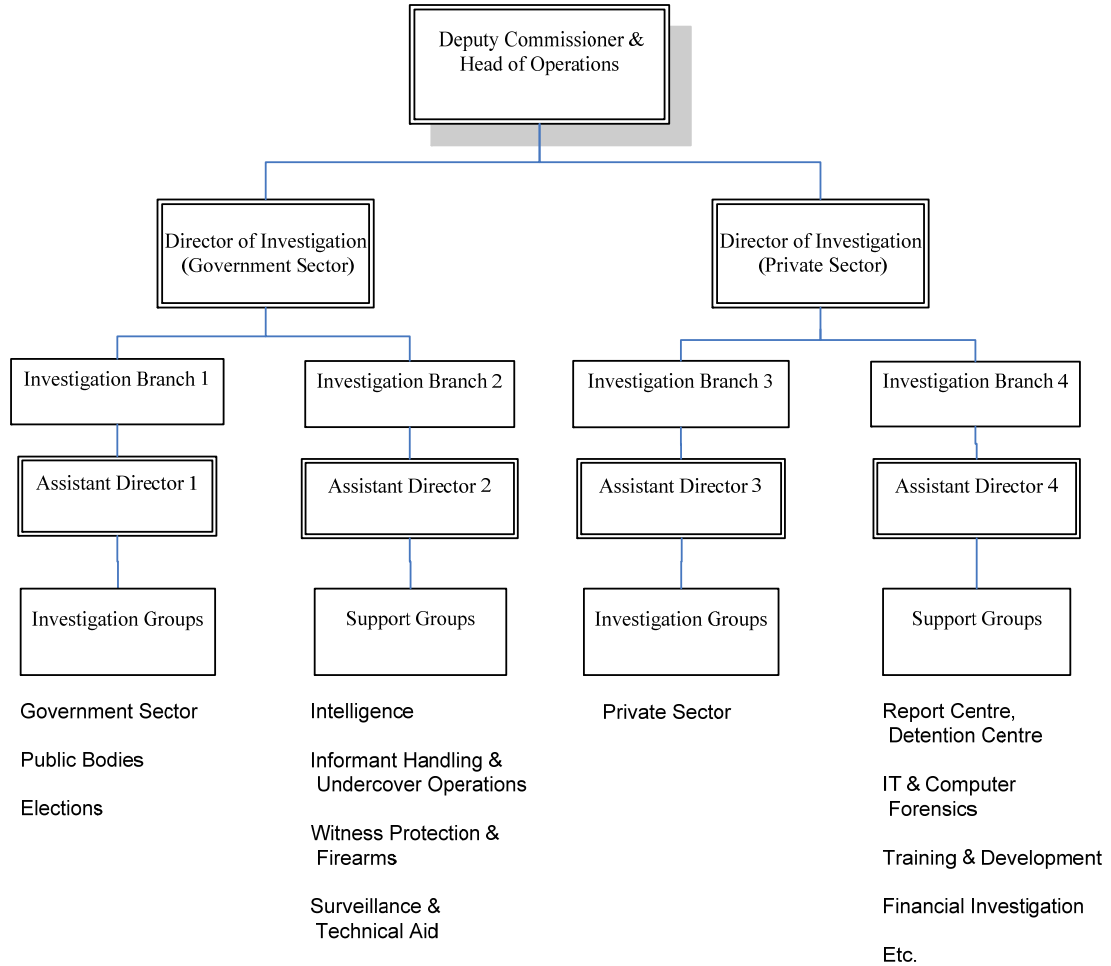
⁵ "Public body" is defined in the Prevention of Bribery Ordinance to include, among others, the Government, Legislative Council, Executive Council, etc. and any body listed in Schedule 1 to the Ordinance.

⁶ This covers any persons or entities in the private sector.

<p>compatible with the effective discharge of the duties of such departments or public bodies which the Commissioner thinks necessary to reduce the likelihood of the occurrence of corrupt practices</p>	
<p>(g) educate the public against the evils of corruption (h) enlist and foster public support in combating corruption</p>	<p>Education</p>

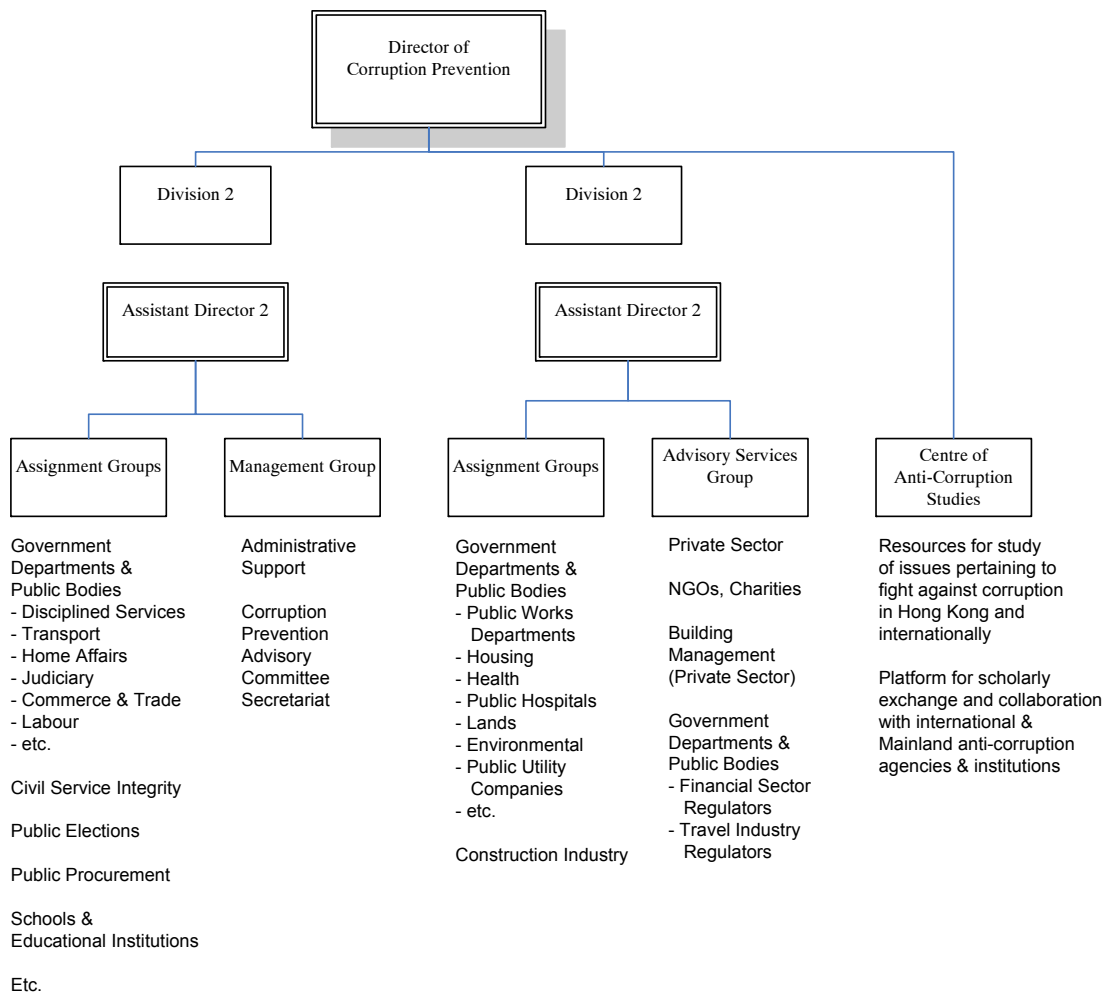
APPENDIX B

Operations Department



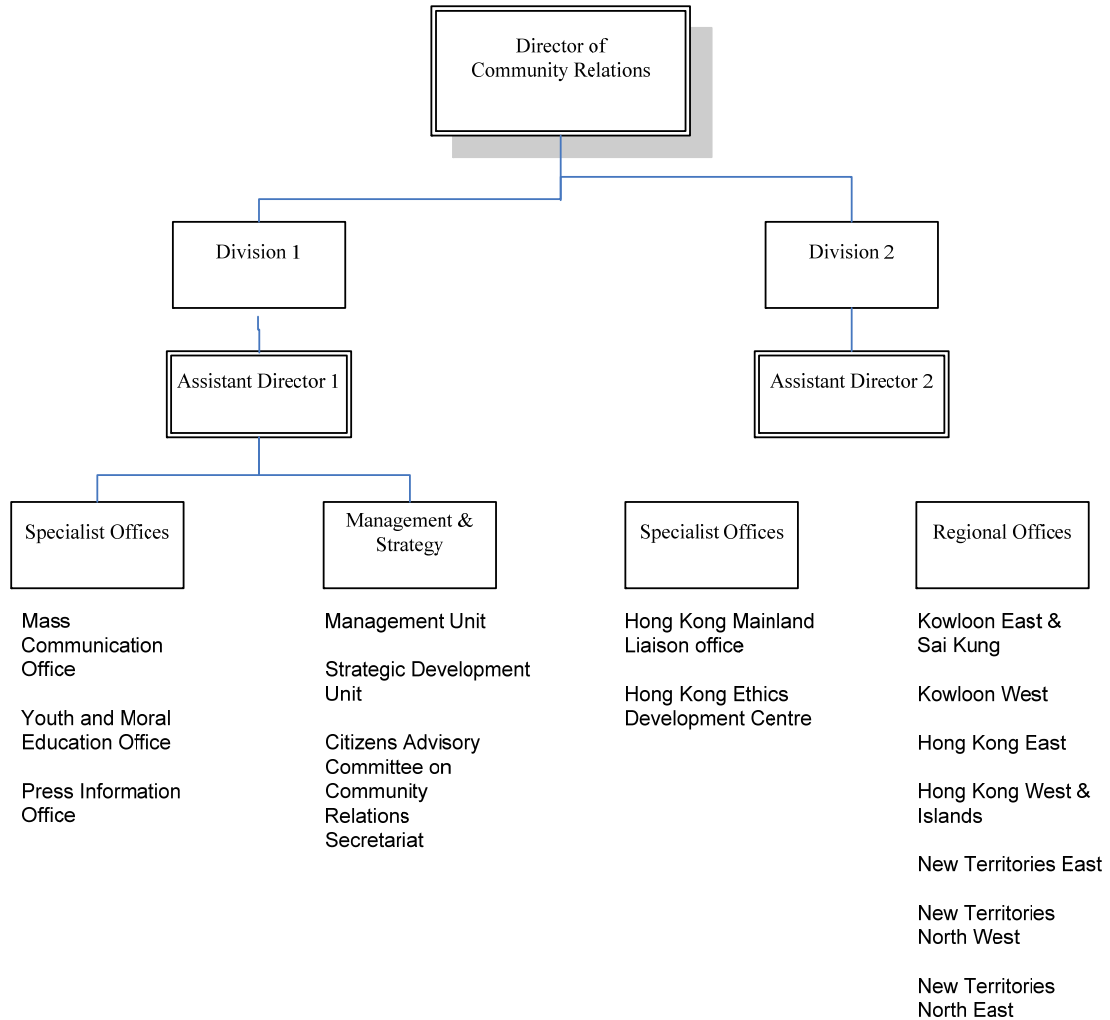
APPENDIX C

Corruption Prevention Department



APPENDIX D

Community Relations Department



APPENDIX E

ICAC Advisory Committees

1. The Advisory Committee on Corruption is the principal advisory body of ICAC and oversees all the Commission's activities and keeps its operational, staffing and administrative policies under review.
2. The Operations Review Committee, among other things, receives from the Commissioner information about all corruption complaints and reports on completed and prosecution cases, and advises on the follow up of cases not subject to prosecution or caution.
3. The Corruption Prevention Advisory Committee advises the Commissioner on the work of CPD, including considering and endorsing its corruption prevention study reports.
4. The Citizens Advisory Committee on Community Relations advises the Commissioner on the work of CRD and monitors public attitudes towards corruption in general.
5. The ICAC Complaints Committee oversees the handling of non-criminal complaints against ICAC officers.

The terms of reference of the Advisory Committee on Corruption, Operations Review Committee, Corruption Prevention Advisory Committee, and Citizens Advisory Committee on Community Relations as at 2010 can be found in the Report of ICAC Advisory Committees 2010⁷.

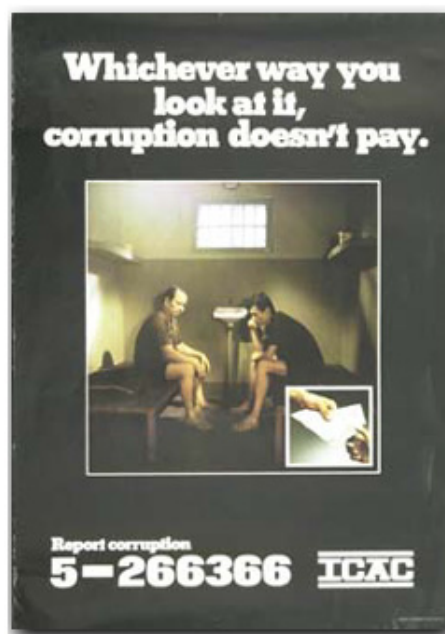
⁷ http://www.icac.org.hk/filemanager/en/Content_1020/2010.pdf

APPENDIX F

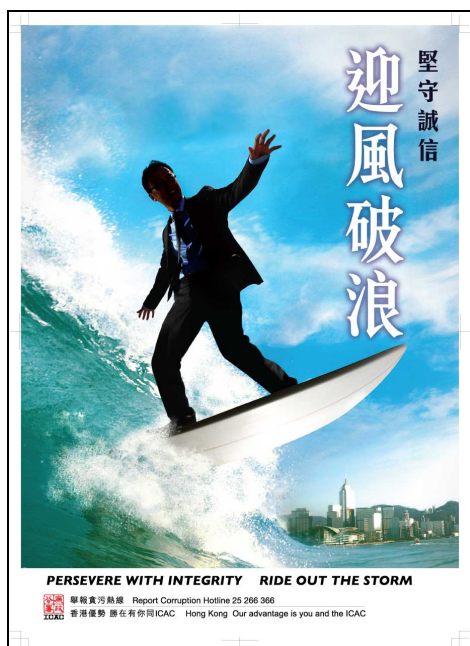
Samples of ICAC Posters



A Sample Poster in 1970s



A Sample Poster in 1980s



A Sample Poster in 2000s



A Sample Poster in 2010/11