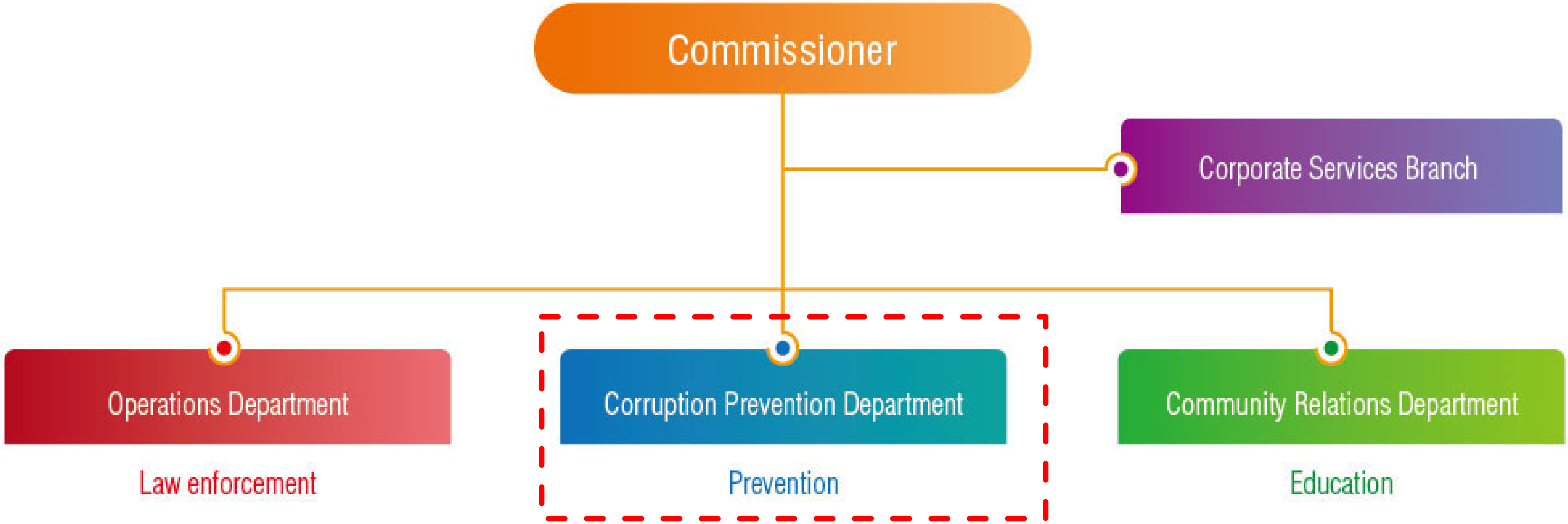
Sharing on Governance and Internal Control of Schools

Corruption Prevention Department, ICAC
23 October 2025

ICAC Organisation Chart



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Contents

✓ **Integrity Management**

- "Prevention of Bribery Ordinance"
- Conflict of Interest

✓ **Internal Controls**

- Procurement
- Staff Administration
- Student Admission

✓ **Corruption Prevention Resources and Services**

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Integrity Management

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Prevention of Bribery Ordinance

Prevention of Bribery Ordinance: Sections 9(1) & 9(2)

Section 9(1)

Agent (e.g. Staff)

Unless with the Permission of his principal

Section 9(2)

Any Person

Without lawful authority or reasonable excuse

Solicits or accepts

Offers

Any **advantage** as an inducement to or reward for

Doing or not doing any act, favouring or disfavouring any person in relation to the affairs of his principal

An offence

Maximum Penalty：
$500,000 fine &
7 years' imprisonment

Offering or accepting a bribe is an offence in law

Principal & Agent

Principal

(Employer –
e.g. School Management Committee)

Agent

(Any person employed by or acting for another – e.g. Director, staff, volunteer)

Advantages

Gift, loan, fee, reward or commission

Office, employment or contract

Service or Favour (Other than Entertainment)

Advantages

Payment, release, discharge of loan or other liability

Exercise of any right or any power or duty

Entertainment: Provision of food or drink for *consumption on the occasion when it is provided*, and of any other entertainment provided at the same time

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Prevention of Bribery Ordinance: Advantage

What is the threshold value of advantage specified in the “Prevention of Bribery Ordinance”?

A. $500

B. $200

C. Not Specified

D. $1,000

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Prevention of Bribery Ordinance: Principal's Approval

- Prior permission given by the advantage acceptor's principal
  - E.g. School Management Committee; Not the direct supervisor

- Retrospective approval to be applied for and given as soon as reasonably possible

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NOT a Defence

"Prevention of Bribery Ordinance" Section 11

- Did not actually have the power, right or opportunity to do so
- Did not intend to do so
- Did not in fact do so

"Prevention of Bribery Ordinance" Section 19

- **Customary** in any profession, trade, vocation or calling

Prevention of Bribery Ordinance: Section 9(3)

Agent (e.g. Staff),
with intent to deceive his principal, uses:

the principal is interested + false, erroneous or defective + Intended to mislead the principal

Receipt / account / other documents

An offence

Maximum Penalty: $500,000 fine and 7 years' imprisonment

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Conflict of Interest

Conflict of Interest

"…when the "private interests" of a staff compete or conflict with the interests of the School…"

Examples of Conflict of Interest

- Being responsible for approving a procurement exercise involving a supplier which you or your family members have pecuniary interests
- Taking up part-time job in a supplier's company
- Interviewing or recruiting a relative or friend who is applying for a job at the school
- Accepting frequent / lavish entertainment from supplier

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Does a Conflict of Interest Exist?

- Conduct a "**Sunshine Test**":
  - Do you feel comfortable to let your School, colleagues, friends, family members know your decision?
  - Will you be alleged for not being able to handle the issue with just and fairness?
- Consider the public perception

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Is Conflict of Interest an Offence?

YES

No

Is Conflict of Interest an Offence in Law?

Yes

Conflict of Interest → Abuse of power for personal gains → Bogus documents / Fraud → Offence

No

Handling of Conflict of Interest

- Alert
- **Avoid**

School Staff

School Staff

- Unavoidable
- **Declare**

- Prudent assessment
- **Proper arrangement**

School

- Record declared conflict of interest and the decision/action
- School staff have duties to avoid and declare conflict of interest

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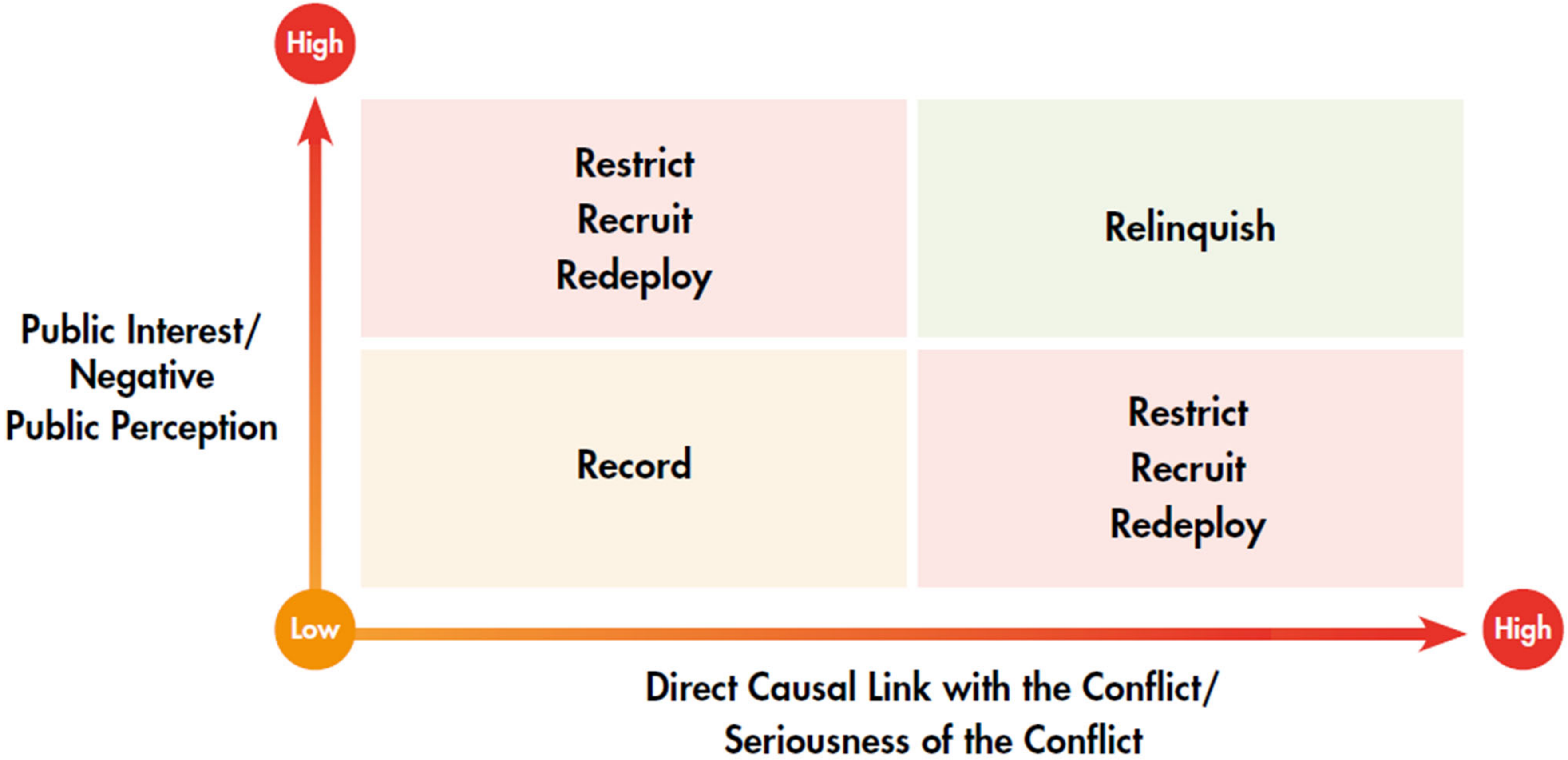
Decision Matrix on Mitigating Actions



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Corruption Prevention Measure:
Code of Conduct

- Stipulate the required ethical standards and practices
- Covering three key integrity requirements

1. Prohibit the solicitation and acceptance of any advantage from any persons or companies having official dealings with the School
2. Avoid conflict of interest situations; if unavoidable, declare to the Incorporated Management Committee and handle it according to the management's decision
3. Prohibit the disclosure of any restricted information of the School without authorisation

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Internal Controls

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Procurement

Corruption Risks &
Corruption Prevention Measures

Key Procurement Procedures

- Initiating Purchase Requisitions
- Preparing Quotation/Tender Documents
- Receiving and Opening Quotations/Tenders
- Evaluating Quotations/Tenders
- Receiving Goods/Services
- Processing Payment

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Initiating Purchase Requisition

Principle: Strict Compliance

Corruption Risks	Corruption Prevention Measures
Unnecessary / excessive orders [increased expenditures]	*Before* ✓ Clearly understand and review the details when granting approval, so as to ensure: ✓ the purchase is necessary ✓ the purchase is suitable ✓ there are no split orders in repeating purchases *After* ✓ Compile management information & exception reports regularly
Split high value purchase into various small value purchases [to circumvent strict monitoring]	

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Preparing Quotation/Tender Documents

Corruption Risks	Corruption Prevention Measures
Unclear specifications/provisions [Manipulation of evaluation]	✓ Tender/quotation invitation documents: ✓ Clear specifications/provisions ✓ Specify the required functions/standards only ✓ Avoid specific brand ✓ Include probity provisions
Unnecessary additional criteria [Weakened competition]	

Principles: Competitiveness, Clarity

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Receiving and Opening Quotations/Tenders

Corruption Risks	Corruption Prevention Measures
💣 Leakage/destruction of quotation/tender information 💣 Submission of bogus quotations [Weakened competition & fairness]	✓ Avoid tampering or leakage of quotation/tender – Restricted access of quotation/tender – Tender Box: Double-locked with two keys kept by different staff ✓ Prohibit opening of tender/quotation before the submission deadline

Principles: Confidentiality, Security, Accountability

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Evaluating Quotations/Tenders

Corruption Risks	Corruption Prevention Measures
Lack of objective evaluation criteria [Subject to manipulation]	✓ Before the invitation of quotation/tender: – Pre-determine objective evaluation criteria: ○ The lowest conforming quotation/tender
Moving goalposts [Unfair evaluation results]	

Evaluating Quotations/Tenders (Cont'd)

Corruption Risks	Corruption Prevention Measures
Lack of objective evaluation criteria [Subject to manipulation]	– If price is not the only selection criteria ○ State the evaluation criteria and their relative weightings on the quotation invitation/tender documents ○ Pre-determine detailed marking scheme ✓ Disallow the modification of the criteria, weightings and marking schemes after the opening of bids.
Moving goalposts [Unfair evaluation results]	

Principles: Fairness, Objectivity, Independency

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Receiving Goods/Services

Corruption Risks	Corruption Prevention Measures
Discrepancies between the quantities or specifications of goods Substandard services [Connivance at underperforming supplier causing losses to School]	✓ Receipt of Goods/Services： – Assign a staff not involved in the procurement process, as far as practicable – For high-value purchase: assign a supervisor to monitor the receiving process and counter-sign the receipt ✓ Set a timeframe to certify acceptance upon receipt – Record any defective or substandard conditions, follow up with the supplier/contract

Principles: Satisfactory quantity and quality of goods/service; Accountability

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Processing Payment

Corruption Risks	Corruption Prevention Measures
Exaggerating work progress to expedite contract payment	✓ Require contractor to submit invoice and other supporting documents (e.g. photos showing the works progress) upon requesting for payment
Early release of payment before works completion	✓ Sign to certify the invoice and other supporting documents ✓ Before effecting payment, review again the payment request and supporting documents

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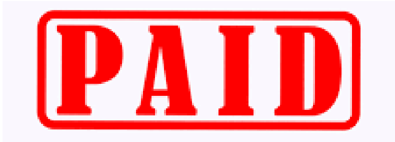
Processing Payment (Cont'd)



Corruption Risks	Corruption Prevention Measures
Double Payments [Causing losses to School]	✓ Stamp "PAID" on the receipt/invoice to prevent staff from double claim of reimbursement ✓ Require the submission of receipt/invoice upon claiming reimbursement ✓ If the receipt/invoice cannot be provided, specify and certify the reasons

Principles: Accuracy, Authenticity

Staff Administration

Corruption Risks &
Corruption Prevention Measures

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Staff Administration

Staff Recruitment → Performance Appraisal → Staff Promotion → Handling of Complaints against Staff

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Corruption Risks

Lack of transparency

- Staff having access to privileged information exploiting individuals' ignorance

Inadequacies in managing conflict of interest

- Staff abusing his authority to favour particular individuals

Unclear policies and procedures

- Risk of abuse of authority of the staff involved in the process of staff administration

Staff Recruitment

Corruption Risks	Corruption Prevention Measures
Unclear guidelines Cronyism Conflict of Interest	✓ Set out clear staff recruitment procedures ✓ Conduct an open recruitment ✓ Require staff involving in the assessment to declare conflict of interest, and put in place a handling mechanism

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Staff Recruitment

Corruption Risks	Corruption Prevention Measures
• Inadequate transparency of the entry requirements of the post • Lack of a standardised evaluation criteria • Poor documentation of the recruitment process	✓ Clearly define the entry requirements of the post ✓ Pre-determine objective assessment criteria and the corresponding weightings ✓ Conduct interviews by the selection panel ✓ Use of the standard assessment form ✓ Clearly record the comments of each selection panel member ✓ Compile a priority list for candidates found suitable for employment

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Staff Recruitment

Conflict of Interest

Common example**:**
An applicant for a School's position is actually a family member or a friend of the School's panel member who is responsible for the assessment

- ✓ Declare in accordance with the School's guidelines
- ✓ School management to consider the suitable mitigating measures
- ✓ Document the declaration and the decision made

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Performance Appraisal

Corruption Risks	Corruption Prevention Measures
• Lack of a performance appraisal mechanism • Unclear performance standards	✓ Pre-determine the core duties, competencies and performance standards of each rank and post ✓ Make known to all staff the performance standards ✓ Use of the standard appraisal form ✓ Put in place a moderation mechanism to ensure a consistent benchmark

Performance Appraisal (Cont'd)

Corruption Risks	Corruption Prevention Measures
Lack of a channel for handling requests for review	✓ Clearly define the duties of the appraisee, appraising officer, counter-signing officer and reviewing officer ✓ Allow the appraisees to read and respond to the comments made in their appraisal reports, properly record their responses ✓ Establish a channel for handling appraisees' requests for review of the performance appraisal.

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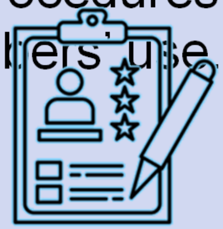
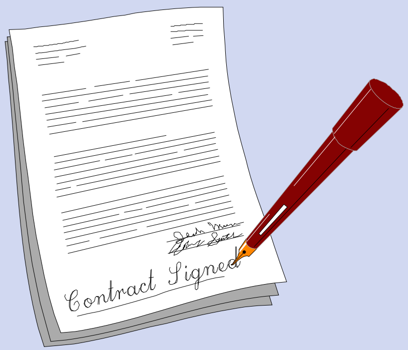
Staff Promotion

Corruption Risks	Corruption Prevention Measures
Lack of transparency in eligibility requirements and promotion procedures 	✓ Lay down and announce the promotion policy and procedures ✓ Make known to all staff the timing of a promotion exercise ✓ Appoint a promotion board to assess candidates based on the pre-determined criteria, with reference to their performance appraisal reports ✓ Declare conflict of interest ✓ If there is a need to conduct promotion board interview, set out the interview procedures, devise an assessment form for board members' use 

Handling of Staff Complaints

Corruption Risks	Corruption Prevention Measures
Lack of complaints handling policy and procedures Did not set out the respective ranks of staff to handle complaints	✓ Open complaint channels and procedures ✓ Record and follow up on all complaints promptly ✓ Assign an independent staff at the appropriate rank who is not involved in the complaint to carry out the investigation ✓ Submit the report to an appropriate authority ✓ Set out procures to have proper documentation ✓ Inform the complainant of the outcome ✓ Handle with confidentiality ✓ Put in place a mechanism to handle repeated complaints



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Student Admission

Corruption Risks & Corruption Prevention Measures

Corruption Risks and Recommended Measures

Corruption Risks	Corruption Prevention Measures
Lack of guidelines	✓ Lay down assessment criteria and scoring guidelines ✓ Maintain proper documentation of assessment results ➢ Accord scores under each criterion ➢ Require assessors to sign against their assessment and the admission results in a standard assessment form
Lack of documentation	

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Corruption Risks and Recommended Measures

Corruption Risks	Corruption Prevention Measures
Lack of transparency	✓ Publicise critical application information (e.g. through website)
Lack of checks and balances in the decision-making process	✓ Task more than one assessor as far as practicable to assess each applicant
Inadequacies in managing conflict of interest	✓ Declare and manage conflict of interest
Deficiencies in the verification of applicants' supporting documents	✓ Set out procedures on verification of different types of supporting documents (e.g. verifying with the issuing authorities directly, adopting two-tier checking mechanism)

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Corruption Risks and Recommended Measures

Student Admission Talk

- Clearly state the school's **policy**: "managers / staff are not allowed to solicit / accept advantages in their official dealings (including student admission)"
- Appeal parents' support to the policy and remind them **not** to offer any advantage to the managers / staff

Student Admission Application Form

- Provide a reminder to parents **not** to offer any advantage to the school's managers / staff regarding the student admission

Corruption Prevention Resources and Services

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Corruption Prevention Resources and Services

Best Practice Checklist
"Governance and Internal Control in Schools"

- *Governance*
- *Integrity Management*
- *Internal Control*
- *Procurement*
- *Trading Operations*
- *Staff Administration*
- *Admission of Students*
- *Fund-raising, donations and sponsorships*
- *Building Maintenance*

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Best Practice Checklist
"Governance and Internal Control in Schools"

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Best Practice Checklist
“Governance and Internal Control in Schools”

4. Governance and Internal Control in Schools

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CPAS 防貪諮詢服務 Corruption Prevention Advisory Service

- Advisory services for private organisations
  - Advice on Code of Conduct, corruption prevention system and control measures
  - Corruption prevention training for teaching and administrative staff

Telephone：2526 6363

Email：cpas@cpd.icac.org.hk

Website：http://www.cpas.icac.hk

E-alert Subscription：

https://subscription.icac.org.hk/subscribe/

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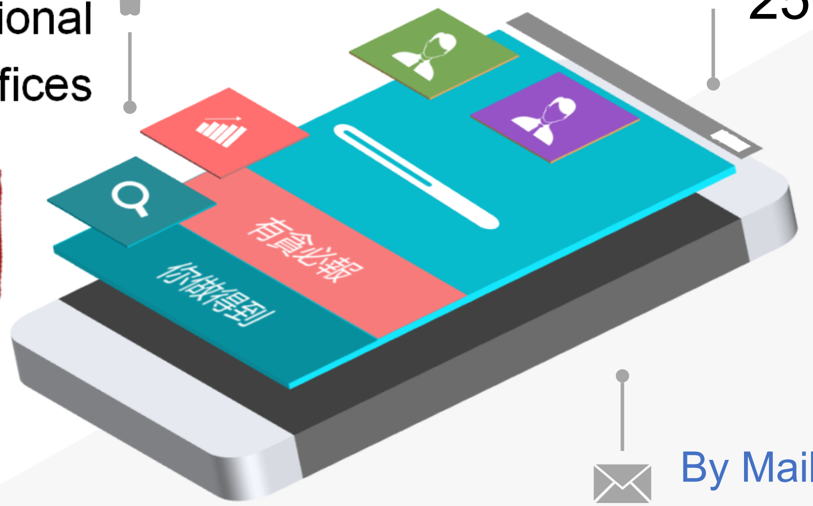
Report Corruption

In Person
Report Centre / 7 Regional Offices

24-hour Hotline
25 266 366



By Mail
G.P.O. Box 1000, Hong Kong

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THANK YOU

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Descriptions and explanation of legal requirements under the Prevention of Bribery Ordinance and other relevant ordinances/laws in this sharing session are necessarily general and abbreviated for ease of understanding. Participants of the sharing session are advised to refer to the original text of the relevant ordinances/laws or seek legal advice on particular issues where necessary. The ICAC and the speakers will not accept any responsibility, legal or otherwise, for any loss occasioned to any person acting or refraining from action as a result of any material in this sharing session. The advice and safeguards suggested in the sharing session are by no means prescriptive or exhaustive, and are not intended to substitute any legal, regulatory or contractual requirements. The ICAC and the speakers take no responsibility for any errors or omissions in, or for the loss incurred by individuals or organisations due to the use of the materials of this sharing session. Interested parties are welcome to contact the Corruption Prevention Department of ICAC (www.icac.org.hk) for further information.