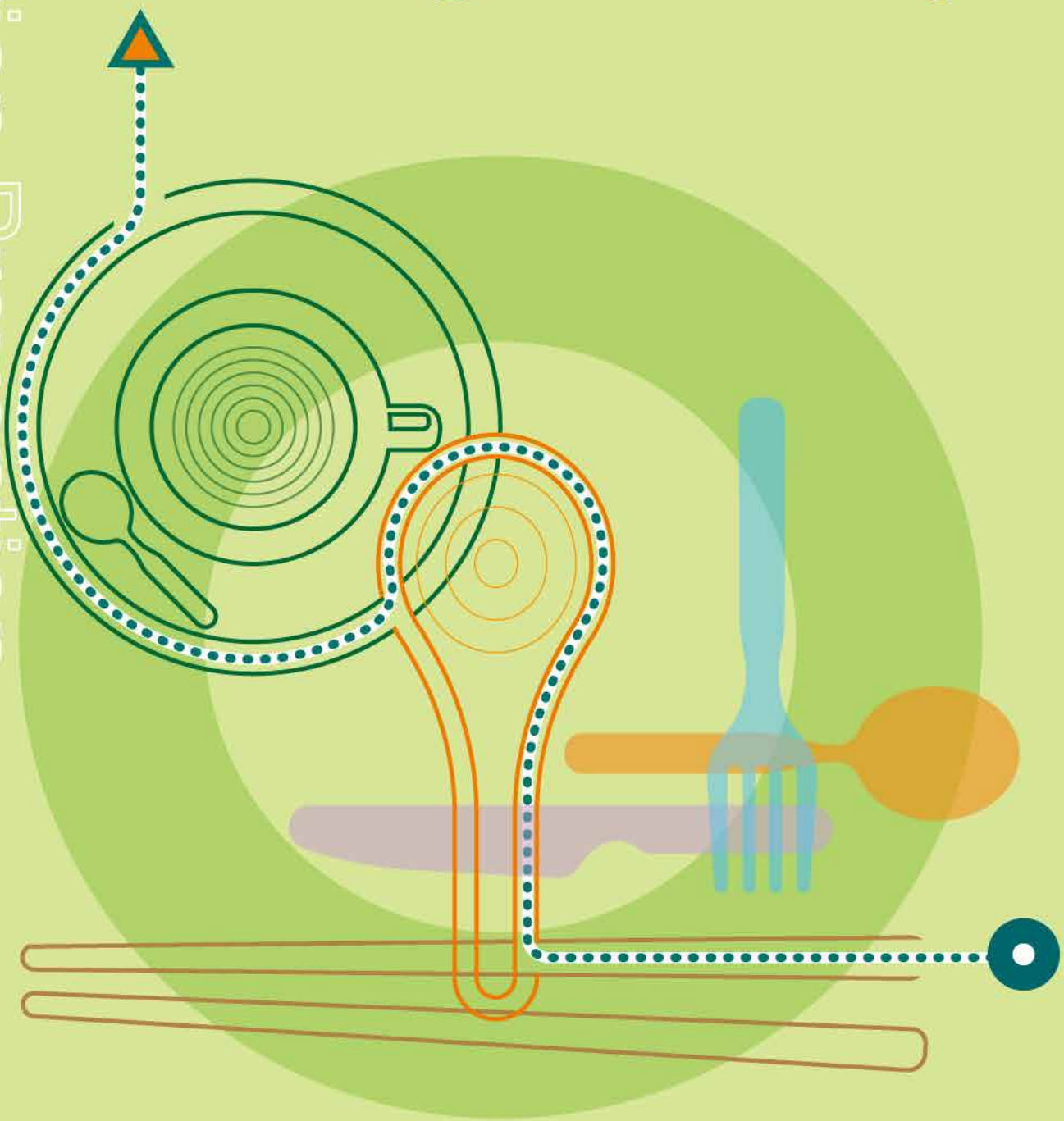
Corruption Prevention

Corruption Prevention Toolkit for Catering Industry



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Addendum

Corruption Prevention Services for the Private Sector

Please note that with effect from 10 September 2026, the Corruption Prevention Advisory Service (CPAS) and the Hong Kong Business Ethics Development Centre (HKBEDC) of the Independent Commission Against Corruption (ICAC) have been restructured as the Private Sector Integrity Centre (PSIC).

Accordingly, any references to the CPAS and HKBEDC in this publication are to be read as referring to the PSIC from that date onwards.

As a one-stop service and knowledge hub, PSIC continues to provide free, confidential, and tailor-made corruption prevention and integrity services to private-sector organisations.

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- E-form: eform.cefs.gov.hk/form/ica004/en/
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Descriptions and explanations of the legal and regulatory requirements under the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and any other ordinances, subsidiary legislation, orders, rules, regulations and case law (collectively, "Laws and Regulations") in this publication are intended to be general and abbreviated for ease of understanding. Users of this publication are advised to refer to the original text of the Laws and Regulations if considered necessary. Case scenarios are used in this publication to illustrate the legal and regulatory requirements and corruption risks. These case scenarios should be taken as hypothetical and not referring to any particular real case or any particular organisation or person. Moreover, the advice and recommendations given in this publication are by no means prescriptive or exhaustive, and are not intended to substitute any legal, regulatory or contractual requirements. Users should refer to the relevant instructions, codes and guidelines issued by the relevant authorities, and adopt the appropriate measures that best suit their operational needs and risk exposure.

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Private Sector Integrity Centre
Independent Commission Against Corruption
10 September 2026

廉政公署 ICAC

PSIC 私營機構誠信建設中心 Private Sector Integrity Centre

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Foreword

Renowned as the culinary capital of Asia, Hong Kong's quality cuisine attracts not only local people but also tourists worldwide. This success stems from the catering industry's efforts in brand building and winning customers' confidence in food and service quality.

"A rotten apple spoils the barrel". It is therefore imperative for catering operators to be the vanguard of corruption prevention and ethical practices, in order to sustain and develop their restaurants' profit, hard-earned reputation and competitiveness in the industry.

This **Corruption Prevention Toolkit for Catering Industry (the Toolkit)** aims to provide catering operators guidance on the key legal and probity requirements, and practical tips for corruption prevention in their daily operations. Individual restaurants may need to make adaptations to suit their operational needs while adhering to the principles of recommended practices. The Corruption Prevention Advisory Service of the Independent Commission Against Corruption (ICAC) will provide tailor-made advice on individual organisations' request.

Acknowledgement

The ICAC's Corruption Prevention Department has collaborated with the Hong Kong Federation of Restaurants & Related Trades Limited, Association of Restaurant Managers, The Association for Hong Kong Catering Services Management Ltd. and Institution of Dining Art in developing the Toolkit and their input is gratefully acknowledged.

香港餐飲聯業協會
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How to use this Toolkit

For quick and easy reference, users will find the following icons throughout this Toolkit which lead them to the following information:

Case Study – hypothetical case scenarios in perspective

Checklist – useful tips for corruption prevention

Corruption Risks – major corruption risks and malpractice

Frequently Asked Questions – frequently asked questions with corresponding guidance given

Pointer – cross reference to other Chapters/Sections of the Toolkit

Red Flags – indicators of areas where more management oversight is required to safeguard against possible fraud and corruption

Sample Document and Form – sample documents and forms for easy adoption where applicable

Disclaimer

Descriptions and explanation of legal requirements under the Prevention of Bribery Ordinance and other relevant ordinances/laws in this Toolkit are necessarily general and abbreviated for ease of understanding. Users of the Toolkit are advised to refer to the original text of the relevant ordinances/laws or seek legal advice on particular issues where necessary. The ICAC 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 Toolkit.

Case scenarios are used in this Toolkit to illustrate the legal requirements and corruption risks and to highlight the lessons learnt. While they are drawn up based on actual corrupt practices, each case scenario is hypothetical and does not mean to refer to any particular case or relate to any particular company or person. The advice and tips given in the Toolkit are by no means prescriptive or exhaustive, and are not intended to substitute any legal, regulatory or contractual requirements.

Throughout this Toolkit, the male pronoun is used to cover references to both the male and female. No gender preference is intended.

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Chapter 1 Legislation and Integrity Management

1.1 Introduction

Good governance is the key to prevent corruption and deter malpractice. To foster an ethical culture in a company, it is important that all level of staff, the business partners as well as the customers have a clear understanding of the relevant legal and probity requirements. This Chapter provides an overview of the anti-bribery law and a checklist of integrity management for the company directors and staff.

1.2 Legal Requirements

1.2.1 Prevention of Bribery Ordinance (Cap. 201)

The Prevention of Bribery Ordinance (POBO) criminalises bribery and corrupt transactions. The following is a gist of the relevant sections of the Ordinance (For the actual provisions of the Ordinance, please refer to Annex 1 of Appendix 1).

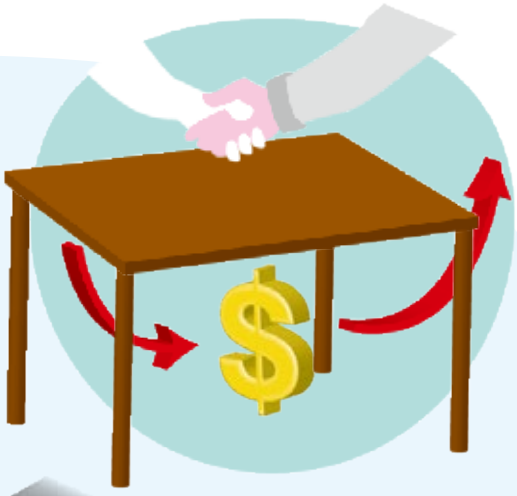
Section 9(1)&(2) – Corrupt Transaction with Agents

- **Section 9(1)** – It is an offence for any agent (e.g. an employee, a director) to, without the permission of his principal (e.g. employer) or reasonable excuse, solicit or accept any advantage as an inducement to or reward for his doing or forbearing to do any act in relation to his principal's affairs or business.
- **Section 9(2)** – Any person who offers an advantage to an agent under the above circumstances also commits an offence.

Case Study 1

1. Two chefs of a restaurant were responsible for placing food orders for the restaurant. The restaurant was an important customer to a seafood supplier's business and the seafood supplier offered rebates to the two chefs.

2. Without the company's consent, the two chefs accepted rebates from the seafood supplier as rewards for placing food orders with him.



3. The two chefs were convicted of accepting advantages, contrary to Section 9(1) of the POBO while the seafood supplier was convicted of offering advantages to agent, contrary to Section 9(2) of the POBO.

Section 9(3) – Use of Misleading/False/Defective Document to Deceive Principal

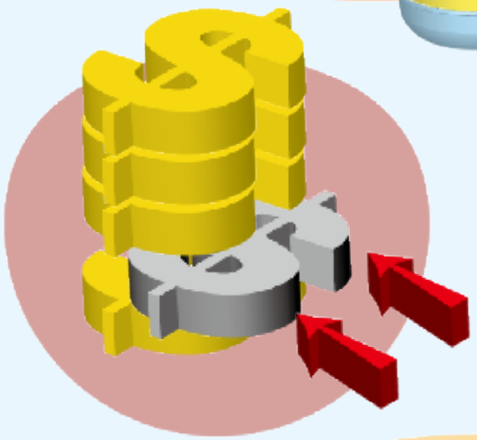
- **Section 9(3)** – It is an offence for any agent to, with an intent to deceive his principal, use any receipt, account or other document which contains any statement which is misleading, false or defective in any material particular in respect of which the principal is interested.

Case Study 2

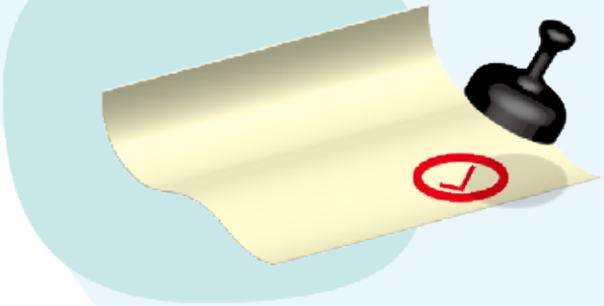
1. A purchasing officer of a catering group was responsible for the procurement of kitchen utensils, including placing purchase orders and processing invoices issued by the suppliers.

2. The spouse of the purchasing officer owned a trading company which supplied kitchen utensils and submitted a quotation to the catering group.

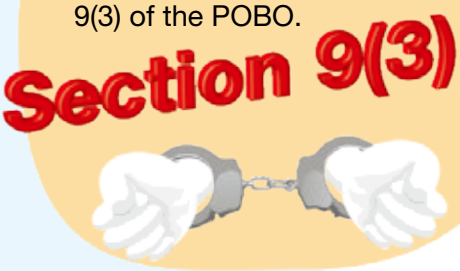
3. In order to help his spouse's company secure the contract, the purchasing officer made up bogus quotations with higher bidding prices.



4. The purchasing officer also used inflated invoices of his spouse's company to deceive the catering group's payment.



5. The purchasing officer was convicted of using false documents to deceive his principal, contrary to Section 9(3) of the POBO.



Some important definitions in the POBO

- **Principal** – Generally, the principal of the staff of a company refers to the employer (i.e. the owner or the board of directors of the company) or any person authorised to act on the employer's behalf.

- **Agent** – An agent is a person acting for, or employed by, the principal. If a company appoints a person to act for it in business dealings, that person becomes the company's agent whether the appointment is full-time or part-time, and whether or not the agent receives a salary or a fee from the company. For example, an employee or a director of a restaurant is the latter's agent.

- **Advantage** – An advantage generally refers to anything that is of value such as money, gift, discount, commission, loan, employment, service or favour (except entertainment).

- **Entertainment** – Entertainment means the provision of food or drink (e.g. a meal), for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions (e.g. a show provided at the venue where the meal is provided) (➲ Section 1.3.2).

Q Is there a value threshold (e.g. $500) for "advantage" in the POBO?

A No. Some people misunderstand that the POBO sets out a limit on the value of the advantage, below which acceptance is allowed. In fact, the POBO has ***not*** specified any threshold or ceiling of allowable advantages. The receiver/offeror will commit an offence if he accepts/offers an advantage of any value without the permission of the receiver's principal or reasonable excuse as set out in the POBO.

A private company may permit its employees to accept advantages from other persons related to the company's business up to a specified limit and under certain circumstances. This is the company's own policy and must not be confused with the provisions of the POBO.

- **Principal's Permission** – An agent may accept an advantage in his official capacity if his principal so permits.

Q When should I obtain principal's permission with regard to the acceptance of advantage?

A According to Section 9(5) of the POBO, one should obtain his principal's permission before the acceptance of an advantage. In any case where an advantage has been accepted without prior permission, one should apply for a permission ***as soon as reasonably possible*** after such acceptance. For such permission to be effective, the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

For the actual provision of Section 9 of the POBO, please refer to the Hong Kong e-Legislation at http://www.elegislation.gov.hk.

Q Can I accept a gift without obtaining principal's permission if the acceptance of gifts is customary in my industry?

A No. According to Section 19 of the POBO, it is ***not*** a defence to claim that an advantage accepted or offered is customary in any profession, trade, vocation or calling.

For the actual provision of Section 19 of the POBO, please refer to the Hong Kong e-Legislation at http://www.elegislation.gov.hk.

1.2.2 Other Legal Concerns

Fraud, Section 16A of the Theft Ordinance (Cap. 210)

- It is an offence for any person, by any deceit and with intent to defraud, to induce another person to commit an act or make an omission, which results in benefiting any person, or in prejudice or a substantial risk of prejudice to any person.

Personal Data (Privacy) Ordinance (Cap. 486)

- This Ordinance protects privacy with respect to personal data. As catering staff often collect and maintain a large amount of customers' personal data (e.g. credit card data, personal data for maintaining membership scheme) which may have commercial value to other parties, they should observe the restrictions in using such personal data and resist any corrupt or undue requests for the data.

Red Flags

1. Frequent and lavish entertainment with suppliers/service providers

Staff responsible for purchasing having too close relationship with the suppliers/service providers (e.g. accepting frequent and lavish entertainment such as wine and dine from the suppliers/service providers).

2. Gambling with suppliers/service providers

Staff engaging in frequent gambling activities (e.g. mahjong) with persons having business dealings with the company.

1.3 Checklist for Integrity Management

1.3.1 Establishing an Ethical Business Culture

- ❑ Develop ***ethical leadership,*** i.e. top-level commitment to business ethics and integrity, with leaders being role models in ethical decision-making.
- ❑ Promote ethical culture among directors and staff by:
  - issuing a ***Code of Conduct*** (📖 Sample at Appendix 1), endorsed by the Board of Directors (or the operator), to all directors and staff;
  - ***circulating the relevant guidelines regularly*** and before major festivals to remind directors/staff of the company rules relating to acceptance of advantages (e.g. "lai see", hampers) from persons having business dealings with the company (e.g. suppliers, customers); and
  - organising ***capacity building seminars/training*** to directors/staff on the anti-bribery law, corruption prevention controls, etc.
- ❑ Engage customers and business partners through making ***transparent*** the company policies and procedures, such as procurement policy and rules on acceptance of advantages. (📖 A Sample ***Letter to Business Partners*** is at Appendix 2)

1.3.2 Key Probity Requirements in a Code of Conduct

Acceptance of Advantages and Entertainment

- ❑ Prohibit directors and staff from accepting advantages from subordinates, as well as soliciting or accepting advantages from persons having business dealings with the company, except accepting certain advantages within specified permissible natures, values and circumstances where no improper influence is involved.
- ❑ Prohibit supervisors from soliciting advantages from subordinates.
- ❑ Restrict directors and staff from accepting excessive (e.g. frequent or lavish) entertainment from persons having business dealings with the company or from their subordinates to avoid placing himself in a position of obligation.

Offer of Advantages

- ❑ Prohibit directors and staff from offering advantages to agents of others (e.g. a director or staff member of another company) to improperly influence them in business dealings.

- ❑ Remind directors and staff to ascertain the intended recipient is permitted by his employer/principal to accept the advantage under the relevant circumstances before the advantage is offered.

Conflict of Interest

- ❑ Remind directors and staff to avoid any conflict of interest (i.e. situations where their personal interests conflict or compete with the interests of the company).
- ❑ Use a standard form for Declaration of Conflict of Interest (📖 Sample at Annex 3 of Appendix 1) if the conflict is unavoidable.

Misuse of Official Position

- ❑ Prohibit directors and staff from misusing their official position in the company to pursue their own private interests, which include both financial and personal interests and those of their family members, relatives or close personal friends, etc.

Handling of Records, Accounts, etc. and Other Restricted Information

- ❑ Require directors and staff to ensure that all records, receipts, accounts, etc. they submit to the company give a true representation of the facts, events or business transactions as shown in the documents.
- ❑ Remind directors and staff to safeguard, and not to disclose to others without proper authority, any restricted information (e.g. the customers' data).

Relationship with Suppliers, Contractors and Customers

- ❑ Remind directors and staff to avoid engaging in frequent gambling activities (e.g. mahjong) with persons having business dealings with the company (e.g. the suppliers).
- ❑ Remind directors and staff to avoid accepting any loan from, or with the assistance of, any person having business dealings with the company (except for normal bank loans).

Outside Work

- ❑ Lay down clear policy for outside work and remind staff to seek prior approval of the designated authority if outside employment is allowed.
- ❑ Remind the approving authority to consider whether the outside employment would give rise to a conflict of interest with the staff member's duties in the company or the interest of the company.

Chapter 2 Internal Control System

2.1 Introduction

Effective internal control is imperative for an organisation as it provides the framework for plugging the corruption loopholes from the outset. This Chapter highlights the key elements of a sound internal control system.

Q Does my company require anti-corruption control?

A Corruption, fraud and other malpractice erode profits, damage the company's reputation and jeopardise the business in the long-run. Management of any company, large or small, should instigate anti-corruption measures as early as possible.

Q I am a small-scale eatery operator. Would anti-corruption control incur large cost?

A Companies can adopt corruption prevention measures that are suitable to their operational needs, with regard to their scale, resource capability, risk exposure, etc. In view of their resource constraints, small-scale eateries (e.g. family-run businesses) may need to adopt a flexible approach in setting up their own internal control system, while adhering to the principles of the recommended best practices. The Corruption Prevention Advisory Service (CPAS) of the Corruption Prevention Department (Section 8.2) will provide free, confidential and tailor-made corruption prevention advice on request.

Red Flags

1. Lack of segregation of duties

One staff member performs the entire business process (e.g. procurement process from sourcing of suppliers, evaluation of bids to receipt of goods ordered) without any checks and balances, giving rise to possible abuse of authority by the staff for personal gain.

2. Improper documentation

Staff not keeping proper documentation and records for business transactions or are unable to provide the documents/records for supervisory checks.

2.2 Key Elements of Internal Control

2.2.1 Clear Policies, Work Procedures and Guidelines

- ❑ Lay down clear policy and procedures for the company's various business processes such as procurement, sales operations, and inventory management.
- ❑ Define clearly the roles and responsibilities of each level of staff or post and the authorities for making decisions in various functions.

For example:

- In procurement, specify the procurement methods for different types and values of purchases and the respective approving authority for different financial limits, and require higher approval for special purchases (➲ Section 3.5.4).

2.2.2 Checks and Balances

- ❑ Segregate and assign business functions with risks of malpractice to different staff members/units as far as practicable.

For example:

- In procurement, segregate duties of sourcing suppliers, evaluating bids, accepting goods/services, certifying payments, etc.

- In sales and frontline operations, segregate duties of taking and recording customer orders, collecting payments, cancelling orders, etc.

- ❑ Ensure important processes performed by a single staff member are counter-checked at random (or in full) and audited as resources permit.
- ❑ For small-scale eateries which cannot implement the above due to resource constraints, this can be compensated by the operator's personal observation and closer monitoring of the day-to-day important processes.

2.2.3 Record-keeping

- ❑ Require business processes/transactions to be properly documented and promptly recorded, in particular decisions for exceptional cases or any deviation from the normal procedure (e.g. urgent purchases) with justifications.

2.2.4 Information Security

- ❑ Limit access to restricted or sensitive information to authorised staff only and require them to protect the information from leakage.
- ❑ Build in security safeguards to protect data and records in the computer system (e.g. login with unique user ID and password, audit trail function).
- ❑ Protect credit card information and members' personal information from leakage (➲ Section 5.5.4).

2.2.5 Supervision

- ❑ Require managers or supervisors to make spot checks on the operations and business transactions.
- ❑ Put in place an information management system which can generate management reports to facilitate monitoring of important operations.
- ❑ Remind supervisors to remain alert to potential risk of malpractice (➲ red flags in individual chapters).

2.2.6 Communication and Training

- ❑ Ensure company's guidelines are understood by the staff through circulars, briefings or training sessions.
- ❑ Provide reliable channels for receiving feedback or complaints from customers, business partners and staff.
- ❑ Assign an independent staff member at the appropriate level to investigate into any irregularities reported.
- ❑ Remind staff to report approaches by criminal syndicates and incidents of corrupt practices through specified reporting channels.

2.2.7 Review and Audit

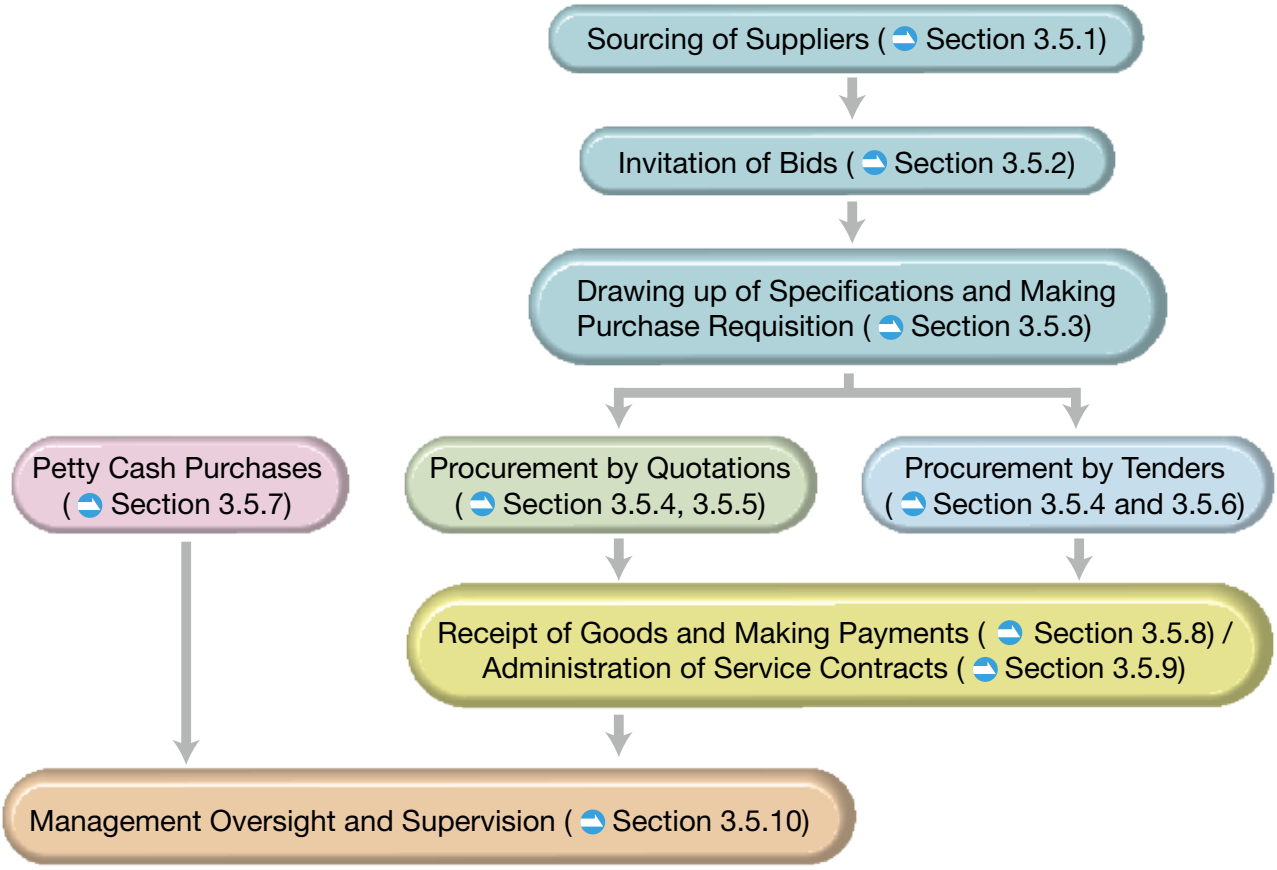
- ❑ Regularly monitor and review the risks and controls, and update the controls where necessary.
- ❑ Conduct internal/independent audits on processes that are exposed to risks of corruption or malpractice to deter and detect irregularities.

Chapter 3 General Procurement of Goods and Services

3.1 Introduction

Catering operators procure a wide range of goods (e.g. food material, kitchen utensils, tableware) and services (e.g. pest control service, cleaning service) during the daily operations. Besides ensuring that the purchases are value for money, it is important for catering operators to establish a fair and competitive procurement system with safeguards to prevent abuse by unscrupulous staff. This Chapter gives a general checklist of recommended practices for procurement[1] of goods and services, followed by Chapter 4 providing specific safeguards for food purchase.

3.2 Key Processes



[1] The ICAC has published a Corruption Prevention Best Practice Checklist on Procurement, providing more comprehensive recommendations on corruption prevention safeguards in procurement procedures. It can be downloaded from the webpage http://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=199.

3.3 Major Corruption Risks

- Dishonest staff circumventing normal purchase procedures or approving authorities through splitting of orders
- Colluded staff leaking tender/quotation information so that the favoured supplier/service provider can submit a bid competitive enough to win the contract
- Corrupt staff drawing up biased specifications or favouring a supplier during the tender assessment
- Compromised staff placing orders/excessive orders or accepting substandard goods/services
- Corrupt staff making up bogus quotations with higher bidding prices to ensure that the favoured supplier/service provider can win the contract

Q As a procurement staff, I always receive business gifts (e.g. mooncakes, wine) from suppliers of my company during festive seasons when gifts are traditionally given. Can I accept such gifts?

A Under Section 9(1) of the POBO, it is an offence for any agent to, without the permission of his principal or reasonable excuse, solicit or accept any advantage as an inducement to or reward for his doing or forbearing to do any act in relation to his principal's affairs or business. Staff should pay attention to company's guidelines on acceptance of advantage and must obtain permission from his employer before accepting any advantage relating to his official duties. Under Section 19 of the POBO, custom is not a defence for accepting an advantage.

For the actual provisions of Sections 9 and 19 of the POBO, please refer to the Hong Kong e-Legislation at http://www.elegislation.gov.hk.

Red Flags

1. Winning bids just below the next lowest bids

Winning bids are often just slightly below the next lowest bids, and/or always submitted in the last minute or late, etc.

2. Frequent payments just under a certain authorisation level

Staff frequently submitting payment requests which payment value is just under a certain authorisation level.

3. Frequent use of exceptions/urgent purchases to bypass stipulated procedures

Staff frequently using exceptions or urgent purchases to bypass stipulated procedures and controls, e.g. frequent use of the single quotation/direct purchase method.

3.4 Case Study

1 A purchasing officer of a restaurant group was solely responsible for the procurement of paper products (e.g. paper cups) for the group, including raising of purchase requisitions, invitation of bids, selection of suppliers and acceptance of goods.

2 During the period, the purchasing officer awarded dozens of purchasing orders to the supplier.

3 In order to ensure the favoured supplier could win the contract, the purchasing officer leaked the price information of other bidders to the favoured supplier so that the favoured supplier could always submit the lowest bid in the last minute.

4 In return, the purchasing officer received bribes from the supplier.

5 The purchasing officer also conspired with the supplier to exaggerate the quantity when ordering products from the supplier.

6 Another supplier suspected corruption between the purchasing officer and the ured supplier, and made a report to AC. The supplier and the ing officer were found guilty of ontrary to Section 9 of the

3.5 Checklist for Corruption Prevention

3.5.1 Sourcing of Suppliers

- ❑ Clearly define the ***criteria for inclusion or deletion of suppliers in or from suppliers lists*** (e.g. inclusion criteria such as size of company and years of experience) and make known to the suppliers/service providers.
- ❑ Require the suppliers lists to be ***approved by an appropriate approving authority***.
- ❑ Where resources permit, periodically evaluate performance of the suppliers/service providers based on pre-determined attributes (e.g. quality and the feedback of the users/customers) using a standard ***Performance Evaluation Form*** (📖 Sample at Appendix 3);

  or

  Record and use a standard form to report the adverse performance of the suppliers/service providers.
- ❑ ***Review and update the lists*** periodically (e.g. to update new suppliers/service providers and remove those who have poorly performed).

3.5.2 Invitation of Bids

- ❑ ***Invite only those suppliers/service providers on the lists to bid***, and require approval with justifications from the designated authority for any deviation (e.g. additional suppliers nominated by users) from this practice.
- ❑ Establish a ***fair mechanism for shortlisting*** the approved suppliers/service providers for invitation to bid (e.g. by rotation).
- ❑ Invite at least the ***minimum required number*** of quotations and provide reasons if only one or two suppliers/service providers could be sourced.

3.5.3 Drawing up of Specifications and Making Purchase Requisition

- ❑ Draw up ***clear specifications*** of the goods/services based on the required functions/standards for approval of the designated authority.

- ***Avoid*** stipulating the ***brand names*** or over-restrictive specifications. For exceptional cases, require the designated authority to endorse with justifications.
- Use a standard ***Purchase Requisition Form*** (📖 Sample at Appendix 4) to enhance accountability and record-keeping.
- Specify on the requisition form the ***specifications of the goods/services required*** and the name of the requesting person, for approval of an appropriate authority.
- Require the ***designated authority to endorse the invoice of an urgent requisition*** before payment.

3.5.4 Procurement Methods

- Adopt ***quotation*** (➡ Section 3.5.5) for low value purchase and ***open or restricted tender*** (➡ Section 3.5.6) for high value purchase.
- Pre-determine the ***evaluation criteria*** for evaluation of quotations/tenders before opening of quotations/tenders.
- Specify the deadline for submission of quotations/tenders in the invitation documents (📖 A Sample ***Quotation Invitation Document*** for Goods is at Appendix 5) and do not accept late submission.
- Put in place ***safeguards to prevent leakage*** of quotation/tender information or tampering with the quotations/tenders received.

3.5.5 Procurement by Quotations

- ***Record*** all verbal quotations in writing if the use of requisition form (➡ Section 3.5.3) is not feasible.
- Put in place measures to ***detect and deter order splitting*** (e.g. random checks on an item purchased and the total amount over a period of time) and false quotations.
- Recommend the selected supplier/service provider on the ***Purchase Requisition Form*** (📖 Sample at Appendix 4), attaching all the quotations received, for endorsement by the approving authority.

3.5.6 Procurement by Tenders

- ❑ Provide the ***detailed specifications*** (➲ Section 3.5.3) of the goods/services required, the evaluation criteria, and relevant conditions (e.g. delivery schedules and payment terms) to all potential bidders, and ensure that all bidders are given the same information.
- ❑ Assign a tender opening team to open the tenders as soon as possible after the tender deadline and record the tenders received (📖 A Sample ***Quotation/Tender Opening Record Form*** is at Appendix 6).
- ❑ Evaluate tenders by a ***tender assessment panel*** comprising members from different units such as the user and procurement units.
- ❑ Select the supplier/service provider in accordance with the ***evaluation criteria***, or provide justifications for approval of a higher authority.

3.5.7 Petty Cash Purchases

- ❑ Only allow petty cash purchases for ***small and miscellaneous purchases***.
- ❑ Set a ***cash limit*** and the ***maximum expenditure*** on an item, and require the procurement staff to seek approval from more senior staff if such limit is exceeded.
- ❑ Only make cash payment against an invoice or a claim form duly ***certified by a supervisor***.

3.5.8 Receipt of Goods and Making Payments

- ❑ ***Inspect*** the goods delivered and check them against the quantity as specified in the delivery note, cross-referencing to the purchase order.
- ❑ Conduct ***random supervisory checks*** on the quality and quantity of goods received as frequent as necessary, especially the goods of substantial value (e.g. birds' nest).
- ❑ Handle and ***record defective or short-delivered goods*** properly in accordance with established procedures (e.g. ask the supplier to make good the shortfall or notify the finance unit to deduct payment).
- ❑ Make payments for goods only against duly ***certified invoices, purchase orders and delivery notes***.

- ❑ Set ***internal time limits*** for certifying invoices and effecting payment to avoid undue delay as suppliers who have cash flow problem may resort to corrupt means in order to expedite payments.

3.5.9 Administration of Service Contracts

- ❑ Specify the ***service standards*** in the terms of contracts (e.g. the number of cleaning workers required in pest control service contracts).
- ❑ Conduct ***random inspection*** to check compliance with the pledged standards of service and meet with the service providers regularly.
- ❑ Put in place an ***appraisal system*** to assess the service providers' performance, taking into account the feedback of the users/customers (➲ Section 3.5.1).
- ❑ Require the procurement department to assess the availability of other ***competitive alternatives*** before contract renewal, and conduct a fresh tender exercise where appropriate.

3.5.10 Management Oversight and Supervision

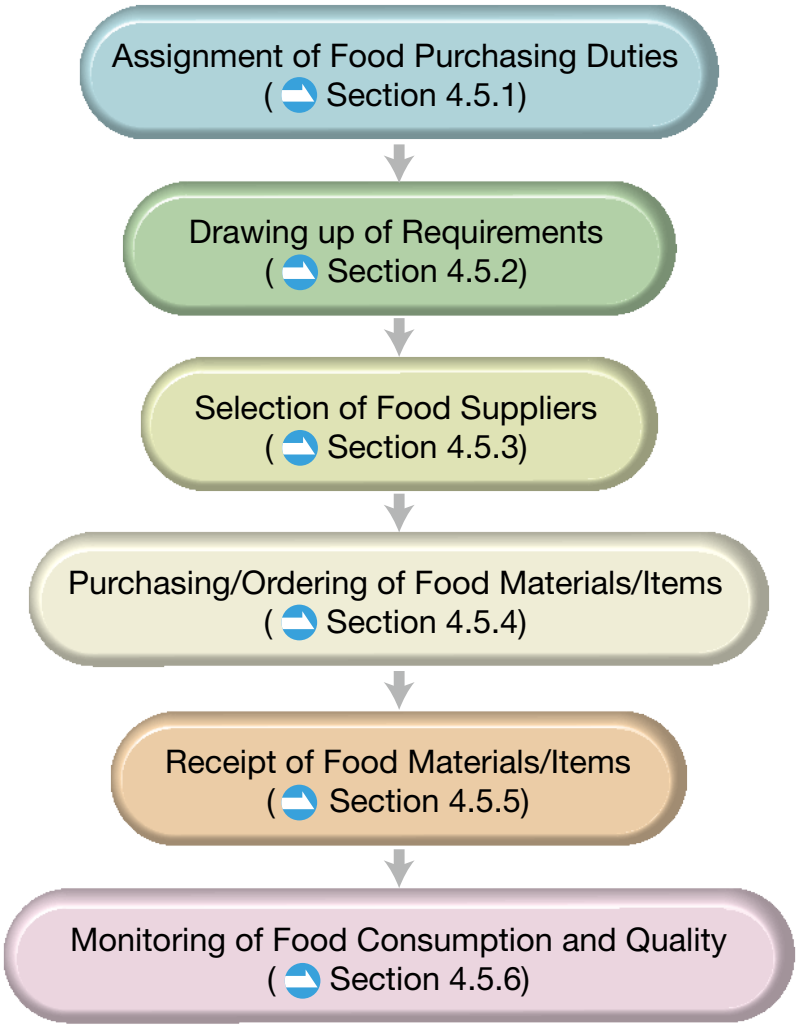
- ❑ Provide ***a channel for feedback or complaint*** from the suppliers/service providers, and attend meetings with the suppliers/service providers at least occasionally.
- ❑ Produce ***management reports*** (e.g. showing the volume of business given to each supplier/service provider) to facilitate detection of irregularities.
- ❑ ***Investigate cases of non-compliance or irregularities*** (e.g. inviting suppliers/service providers not on the approved lists or shortlist to bid, or not selecting the best price offer or the offer with the highest score, or ordering frequent contract variations involving high costs), and call the responsible staff to account.

Chapter 4 Food Purchase

4.1 Introduction

Food purchase accounts for the major expenditure item in a catering business. From ICAC's experience, it is the most vulnerable function in catering operations susceptible to corrupt practices and manipulation. This Chapter provides a checklist of recommended controls on food purchase.

4.2 Key Processes



4.3 Major Corruption Risks

- Unscrupulous kitchen or procurement staff accepting illegal rebates from food suppliers for purchasing food materials from the latter or placing excessive orders with them
- Compromised staff using unclear or sudden change of specifications of food materials/items required (e.g. origin, grade, quality, quantity) to favour particular supplier(s)
- Corrupt kitchen staff manipulating the food tasting procedures by treating the food materials/items from non-preferred suppliers poorly (e.g. over-cooking the food materials)
- Colluded staff conniving at substandard food material quality or overstated quantity of food material
- Dishonest kitchen or procurement staff conspiring with supplier(s) to inflate invoices

Q As a chef/procurement officer responsible for placing food purchase orders, many suppliers offer me free lunch/dinner to maintain good business relationship. Can I accept them?

A Entertainment is defined in the POBO as the provision of food or drink for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time.

Although the POBO does not prohibit the acceptance of entertainment, lavish or frequent treats are often prelude to corruption. The supplier may make use of the entertainment as a sweetener, which may make the recipient feel obliged to pay back (e.g. the recipient may find it difficult to turn down requests from the supplier).

Therefore, an employee should pay attention to such traps that are likely to bring about an infringement of his integrity. Company should instruct all staff to avoid over-socialising with or accepting excessive or lavish entertainment from its business partners (e.g. suppliers).

Q As a chef/procurement officer responsible for placing food purchase orders, some suppliers may offer me commission or rebate in order to secure business, although my employer has the final decision on the selection of suppliers. Will I commit an offence if I secretly accept such commission/rebate?

A Yes. Section 9(1) of the POBO states that it is an offence for any agent to, without the permission of his principal or reasonable excuse, solicit or accept any advantage as an inducement to or reward for his doing or forbearing to do any act in relation to his principal's affairs or business. In addition, under Section 11 of the POBO, as long as the offeror of bribes intends to induce the recipient to extend his favour(s), both parties commit bribery even if the recipient claims that he (i) did not actually have the power/opportunity to do so; (ii) did not intend to do so; or (iii) did not in fact do so.

For the actual provisions of Sections 9 and 11 of the POBO, please refer to the Hong Kong e-Legislation at http://www.elegislation.gov.hk.

Red Flags

1. Food materials purchased not tally with sales

Record showing that food materials purchased is far greater than the quantity sold, posing question of bogus purchase orders.

2. Staff insisting on using a particular brand or supplier

Procurement staff or chefs insisting using a particular brand or supplier although there are other alternatives in the market.

3. Surge in number of patrons' complaints against poor food quality

Increase in number of complaints about quality of food materials by staff or quality of food by customers.

4.4 Case Study

1. An executive chef and a sous chef of a restaurant group were responsible for the food purchase, including selection of suppliers, placing orders and acceptance of goods.

2. A frozen food supplier offered illegal rebates to the executive chef and the sous chef, in return for food orders.

3. To increase his profit, the supplier also used inflated invoices with overstated food quantity and the colluded chefs connived at the short delivery.

4. No random check was performed by the restaurant manager. The malpractice was not discovered until the Accounts Department conducted a food material cost comparison among individual restaurants of the group.

5. The supplier and the two chefs were found guilty of bribery, contrary to Section 9 of the POBO.

4.5 Checklist for Corruption Prevention

4.5.1 Assignment of Food Purchasing Duties

- ❑ ***Involve management and/or procurement staff*** *in the sourcing and evaluation of food suppliers, in addition to the kitchen staff.*
- ❑ For chained restaurants, ***centralise the food purchasing function*** as far as practicable, at least for expensive food items (e.g. dried seafood) and those with a high annual purchase value.
- ❑ Allow kitchen staff to purchase food materials/items directly ***only for meeting urgent or ad-hoc needs***.
- ❑ ***Assign staff of other units*** (e.g. the procurement or administrative units) to handle administrative work such as inviting bids and placing orders.

4.5.2 Drawing up of Requirements

- ❑ Adopt the ***procurement procedures*** in Chapter 3 as appropriate.
- ❑ Draw up the requirements/specifications (Section 3.5.3) for each type of menu item, as far as practicable, by a ***panel/committee*** comprising management and/or procurement staff.
- ❑ Maintain ***record of specifications and standard costs*** (reference prices) of food materials/items for reference in purchasing.
- ❑ ***Standardise the portions/quantities*** of the key food materials required for each menu item.
- ❑ Provide justifications for the use of special food materials with very limited, or sole supplier for ***approval of a higher authority***.

4.5.3 Selection of Food Suppliers

- ❑ Require potential suppliers to provide ***documentary proofs*** of the quality/specification (e.g. country of origin) of their food materials/items.

- ❑ Consider conducting "***blind tasting***" (i.e. the identities of the food suppliers are concealed from the panel members and the kitchen staff who prepare the food sample for tasting) by a panel to evaluate the quality of the food materials/items.
- ❑ Conduct ***regular reviews and price comparisons*** to ensure the prices quoted by the selected/appointed suppliers/stalls are reasonable.
- ❑ Advise food suppliers to ***approach the management or administrative office***, instead of the kitchen staff, if they have any promotional activities.

4.5.4 Purchasing/Ordering of Food Materials/Items

- ❑ If there is a need for the kitchen staff/individual restaurants to purchase food materials from suppliers or market stalls in their vicinity on a daily or ad hoc basis (e.g. to ensure freshness or cater for urgent needs), ***involve the procurement staff*** in the selection of such suppliers/stalls as far as applicable.
- ❑ For ***daily or ad hoc purchases***, require the restaurant staff or kitchen staff to place orders with the ***approved suppliers/stalls*** as far as practicable.
- ❑ Require foods purchased/ordered with prices ***far exceeding the standard costs/ reference prices*** be ***reported to or approved by*** an appropriate approving authority.

4.5.5 Receipt of Food Materials/Items

- ❑ Conduct ***random checks*** (Section 3.5.8) on food materials/items received by the kitchen or the warehouse staff.
- ❑ For food materials/items delivered directly to individual restaurants, require the restaurant managers to conduct ***random checks on the deliveries*** together with the kitchen staff.

4.5.6 Monitoring of Food Consumption and Quality

- ❑ Conduct ***surprise checks*** to check the quality of food provided at all outlets.
- ❑ Collect and analyse ***customers' feedback about food quality*** (e.g. by using customer satisfaction/suggestion forms).

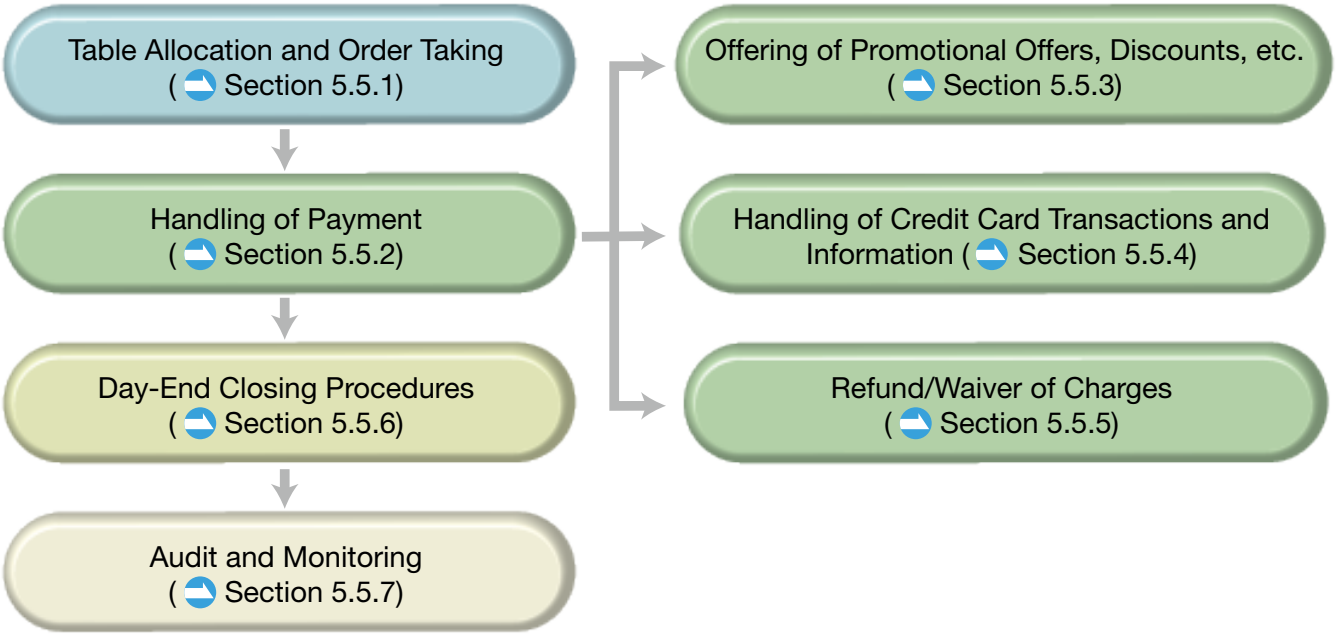
- ***Conduct periodic evaluation*** (➲ Section 3.5.1) of the service performance of food suppliers.
- Keep ***proper records*** of the food materials/items purchased (including quantities and prices) and the food items sold, with a database where resources permit, and conduct regular analysis to monitor if the quantities purchased tally with the consumption.
- Conduct ***periodic analysis of food material costs, sales volume and revenue*** to ensure a reasonable correlation (e.g. based on historical trend, standard costs, comparison among similar restaurants in the group) and to detect anomalies, if any.

Chapter 5 Sales and Frontline Operations

5.1 Introduction

Frontline staff in catering outlets are the first point of contact for customers, handling various tasks including allocation of tables, taking customer orders, collecting payments to settle bills, etc. Some of the tasks, especially the handling of payment transactions, are highly corruption-prone. This Chapter provides a checklist of control measures on sales and frontline operations.

5.2 Key Processes



5.3 Major Corruption Risks

- Compromised staff offering unauthorised discounts, under-billing or waiving charges for friends or accepting advantages in return, etc.
- Dishonest staff pilfering discounts or gifts (e.g. coupons) intended for customers
- Unscrupulous staff embezzling sales proceeds by not recording or cancelling a bill/ some of the items without authorisation
- Dishonest staff pocketing discount differences by using their own credit cards for payment to replace the cash payment by customers
- Unscrupulous staff abusing staff discount/purchase scheme for their personal gain (e.g. resell for profit)

Q As a cashier/frontline staff responsible for payment collection of a restaurant, if my credit card is entitled to a special discount for settling the bills, can I pocket such discount difference by using my own credit card for payment to replace the cash payment by customers?

A No. According to Section 9(3) of the POBO, it is an offence for any agent to use any false, erroneous or defective receipt, account or other document in respect of which his principal is interested and with an intent to deceive his principal.

In addition, under Section 16A of the Theft Ordinance, it is an offence of fraud for any person, by any deceit and with intent to defraud, to induce another person to commit an act or make an omission which results in benefiting any person, or in prejudice or a substantial risk of prejudice to any person.

For the actual provisions of Section 9 of the POBO and Section 16A of the Theft Ordinance, please refer to the Hong Kong e-Legislation at http://www.elegislation.gov.hk.

Red Flags

1. Anomaly in the use of membership card

Frequent use of the same membership card within a short period of time, giving rise to question of possible malpractice (e.g. staff using his own membership card for accumulation of bonus points intended for customers).

2. Anomaly in the use of credit card

Frequent use of the same credit card to make payment within a short period of time, posing question of possible malpractice (e.g. staff making use of his credit card to replace cash payment by customers in order to pocket the discount).

3. Exceptionally high refund cases

Exceptionally high refund cases (e.g. due to cancellation of dishes) at one outlet, or handled by one particular staff, indicating risks of staff embezzling sales proceeds by falsifying requests for refund.

5.4 Case Study 1

1. An assistant store manager at a branch of a fast food restaurant chain was responsible for the compilation of the daily sales report to the Accounts Department of the head office.

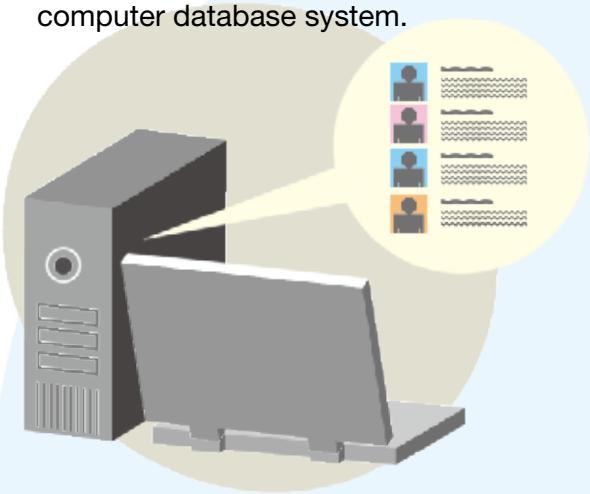
2. The assistant store manager pocketed the sales proceeds and to conceal his corrupt practice, he offered bribes to the cashier of the branch as rewards for the latter's assistance in inputting forged sales records into the cashier system.

3. The Accounts Department did not check the sales report against the sales documents (e.g. customer bills). The malpractice was not discovered until an internal audit check was conducted on the sales activities of the restaurant chain.

4. The assistant store manager and the cashier contravened Section 9 of the POBO and conspiracy to defraud, contrary to Common Law.

5.4 Case Study 2

1. A hotel restaurant maintained a membership scheme using a computer database system.



2. All frontline staff of the restaurant, including a captain and a cashier, were able to access all information (including the credit card data) of the members in the system as there was no access control.

3. The captain colluded with the cashier in stealing the credit card data from the system and sold the data to a friend of the captain for making counterfeit credit cards.

4. After his relationship with the captain turned sour, the cashier made a corruption complaint to the ICAC against the captain.

5. The captain, the cashier and the captain's friend contravened Section 9 of the POBO. The captain's friend was also found guilty of possessing equipment for making false instruments.

5.5 Checklist for Corruption Prevention

5.5.1 Table Allocation and Order Taking

- ❑ Put in place a ***system on the booking and allocation of dining tables*** (e.g. on a first-come-first-served basis).
- ❑ Use a ***Point-of-Sale system*** to electronically capture food orders placed by customers, automatically inform the kitchen of the dishes to be prepared, and generate customers' bills for billing.
- ❑ Remind kitchen staff to issue food only upon orders captured by the Point-of-Sale system and ***any handwritten orders should be authorised*** by the approving authority (e.g. the manager) on exceptional basis (e.g. special dishes not on the menu).
- ❑ Where a Point-of-Sale system is not available, use ***pre-printed*** and ***serially numbered forms*** to record customers' orders, and reconcile daily (Section 5.5.6) the orders with incomes/payments recorded in the cash register.
- ❑ In the case of buffets:
  - require staff to ***open a bill once the customers are seated***; and
  - require managers to, at least ***randomly, check the records*** in the Point-of-Sale system against the number of guests at each table to ensure accuracy.

5.5.2 Handling of Payment

- ❑ ***Allow only the cashiers*** to have access to the cash registers (preferably one designated cashier for each cash register during each shift) to minimise the risk of misappropriation and enable the tracking of losses.
- ❑ ***Place the cash registers in an open, visible area***, and install ***CCTV*** with tape recording facilities to monitor cash handling at the cashier counters.
- ❑ Attach a copy of the till receipt to the customer bills for ***verification by supervisors***.
- ❑ Establish a ***mechanism for handling tips offered*** (e.g. sharing of tips among the staff).

5.5.3 Offering of Promotional Offers, Discounts, etc.

Policy and Conditions

- Lay down the ***policy and conditions on the offering of promotional offers, discounts, etc.*** to customers (e.g. promotional discount or gifts).
- Lay down the ***policy and conditions on the use of staff purchase*** (e.g. quota, prohibition of resale for profit).

Control System

- ***Properly record*** the use of any promotional offers, discounts, etc. in the Point-of-Sale or other ordering system.
- Require the giving of special discounts (e.g. free dishes) to be ***endorsed by an appropriate approving authority*** (e.g. the manager).
- Put in place ***a control system*** to maintain the stock of gifts (e.g. cash coupons should be serially numbered) and account for every item given out (e.g. cross-reference to the bills).
- Build in ***security safeguards*** (e.g. individual passwords and access right according to different ranks) and audit trail function in the database for maintaining the customers' membership information.

Transparency

- Enhance ***transparency*** (e.g. publicising the promotional offers at each dining table or at the company's website) of all promotional offers, discounts, etc. for customers' information.
- Show all promotional offers, discounts, etc. given on the bill and request ***customers to sign*** on it.

5.5.4 Handling of Credit Card Transactions and Information

- Lay down ***procedures for the handling of credit card transactions*** (e.g. requiring handling staff to sign on the credit card payment slips to hold them accountable for the transactions).
- Adopt ***security measures*** to minimise the risk of information leakage (e.g. safekeeping of and restricted access to credit card payment slips).

5.5.5 Refund/Waiver of Charges

- ❑ Subject ***cancellation*** of items (e.g. error or item not served) to ***checking and endorsement by the approving authority*** (e.g. the manager).
- ❑ Keep ***proper records*** of all sales activities, including anomalies such as cash refund and cancellation of transactions for management/audit review.

5.5.6 Day-End Closing Procedures

- ❑ Designate staff at the appropriate level to conduct ***day-end reconciliation*** of transactions.
- ❑ If a Point-of-Sale system is used, require the cashier to:
  - print a ***daily sales report*** from the cash register or the system, and tally the sales income (in cash, by credit cards, etc.) with that shown on the daily sales report;
  - ***reconcile the opening and closing cash balances***;
  - ***batch sales documents*** (e.g. customer bills, cancelled bills) in sequential order with the credit card vouchers; and
  - dispatch the daily sales report and related sales documents to the ***accounts department for verification***.
- ❑ If a Point-of-Sale system is *not* used, require the restaurant manager to ***reconcile copies of customers' bills against food orders***, and to report any anomalies to senior managerial staff or the head office.

5.5.7 Audit and Monitoring

- ❑ Conduct ***regular audits*** (e.g. on approval for food order cancellation/refund cases, CCTV record of the floor operations especially the cashier counter).
- ❑ Generate ***management reports of food material costs, sales revenue, gross profit by business type*** (e.g. banquets), promotional offers given out, etc., and conduct analysis to ensure a ***reasonable correlation*** (e.g. based on standard costs, comparison among different outlets in the group), and to detect anomalies, if any.
- ❑ Assign head office staff to conduct ***unannounced visits*** to individual restaurants to spot check food orders, bills, receipts, stock of gift items, etc.

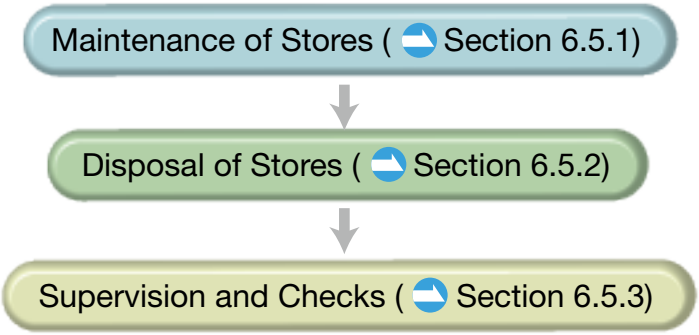
- Arrange ***"mysterious customers"*** to observe and test the floor operations and sales activities.
- Adopt user-friendly surveys to collect ***customers' feedback*** on food quality, services and staff performance, etc.

Chapter 6 Inventory Management

6.1 Introduction

In order to meet customers' demand, catering operators need to maintain an efficient supply of food materials and other non-food items. However, these stock items, especially the expensive ones (e.g. dried abalones, wine, fine-dining silverware), are exposed to risks of pilferage or other kinds of mishandling. This Chapter provides a checklist of recommended controls on inventory management[2].

6.2 Key Processes



6.3 Major Corruption Risks

- Compromised staff favouring supplier(s) by ordering excessive quantity of goods
- Colluded staff turning a blind eye in accepting substandard goods
- Corrupt staff refusing to accept goods in order to solicit bribes from suppliers
- Dishonest staff pilfering or improperly disposing expensive/usable items for personal gain
- Unscrupulous staff tampering with inventory records to cover up stolen stock items

[2] The ICAC has published a Corruption Prevention Best Practice Checklist on Stores Management, providing more comprehensive recommendations on inventory control. It can be downloaded from the webpage http://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=195.

Q As a chef who has worked in a restaurant for a long time, the restaurant manager entrusts me to maintain stock of all food items. Sometimes, I want to take home some soon-to-be-expired food items for own consumption. To cover up, I plan to submit a false disposal form stating that the food items have expired so that the restaurant manager will approve the disposal. Will I commit any offence?

A Yes, under Section 9(3) of the POBO, it is an offence for any agent to use any false, erroneous or defective receipt, account or other document in respect of which his principal is interested and with an intent to deceive his principal.

In addition, under Section 16A of the Theft Ordinance, it is an offence of fraud for any person, by any deceit and with intent to defraud, to induce another person to commit an act or make an omission which results in benefiting any person, or in prejudice or a substantial risk of prejudice to any person.

For the actual provisions of Section 9 of the POBO and Section 16A of the Theft Ordinance, please refer to the Hong Kong e-Legislation at http://www.elegislation.gov.hk.

Red Flags

1. Inventory record not tally with sales volume

Inventory record showing that quantity of food items consumed significantly exceeds the quantity sold in accordance with the sales record.

2. Missing stores

Frequent loss of stock items (especially those expensive items) against the inventory record.

3. Food is spoiling rapidly

Rapid spoilage of food in a short period after receipt, indicating risks of accepting substandard food ingredient.

6.4 Case Study

1. A dim sum supervisor of a Chinese restaurant was responsible for purchasing food ingredients for the restaurant. He was also responsible for keeping track of the stock items.

2. The dim sum supervisor deliberately made purchases of excessive food ingredients from the supplier. In return, the dim sum supervisor accepted bribes from the supplier.

3. In addition, the dim sum supervisor stole the food ingredients from the storeroom for resale.

4. The Chinese restaurant discovered the malpractice during a surprise independent inventory check.

5. Both the dim sum supervisor and the supplier were convicted of bribery, contrary to Section 9 of the POBO.

6.5 Checklist for Corruption Prevention

6.5.1 Maintenance of Stores

Receipt of Stores

- ❑ Compile a ***master inventory record*** of stock items to facilitate monitoring and stock checks. Such records may include:
  - search keys for identifying a stock item, including the item code and batch number, and data such as description of the item and its location in the store;
  - stock movement transactions, including dates, quantities of incoming or outgoing items, voucher references, the names of issuing or receiving staff, etc.; and
  - stock information such as the expiry or validity date, and stock balance of items in the store.
- ❑ ***Check the items received*** against the specification and quantity shown in the purchase orders and invoices.
- ❑ Require ***supervisors to witness*** the receiving process and counter-sign on the receipt for items ordered in large quantity or of high-value.
- ❑ Require supervisors or designated staff not involved in the placing of orders to ***conduct random checks*** on the stocks received.
- ❑ Lay down clearly the procedures for the reporting and ***handling of damaged goods, short-delivery or over-delivery*** of goods.

Storage Security

- ❑ Keep valuable stock items and food in a ***secure place with adequate safeguards*** (e.g. locked storeroom, CCTV over storage area and entrance), and restrict access to authorised staff only.

Issue of Stores

- ❑ Require the requesting staff to obtain ***approval of the designated authority*** (e.g. the manager) for issue of expensive or large quantity of stock items.

- ❑ Require the storekeeper to issue items on a ***"first-in-first-out"*** or ***"first-expire-first-out"*** basis, in particular those items with a specified consumption date or shelf life.

6.5.2 Disposal of Stores

- ❑ ***Lay down procedures for disposal*** such as the conditions for disposal (e.g. expired, damaged), disposal methods and procedures (e.g. donation to charity, disposal as waste), and the approving authority.
- ❑ Require staff to raise request for disposal of high-value or substantial quantity of stores using a standard ***Stores Disposal Form*** (📖 Sample at Appendix 7).
- ❑ Assign designated staff to ***record and certify*** the disposal on the Stores Disposal Form, and provide supporting documents if applicable (e.g. acknowledgement from the recipient).
- ❑ Require supervisors to ***inspect*** or ***conduct random checks*** on the items recommended for disposal, especially the expensive items, to verify their conditions, quantity, etc., and to spot check the disposal process.

6.5.3 Supervision and Checks

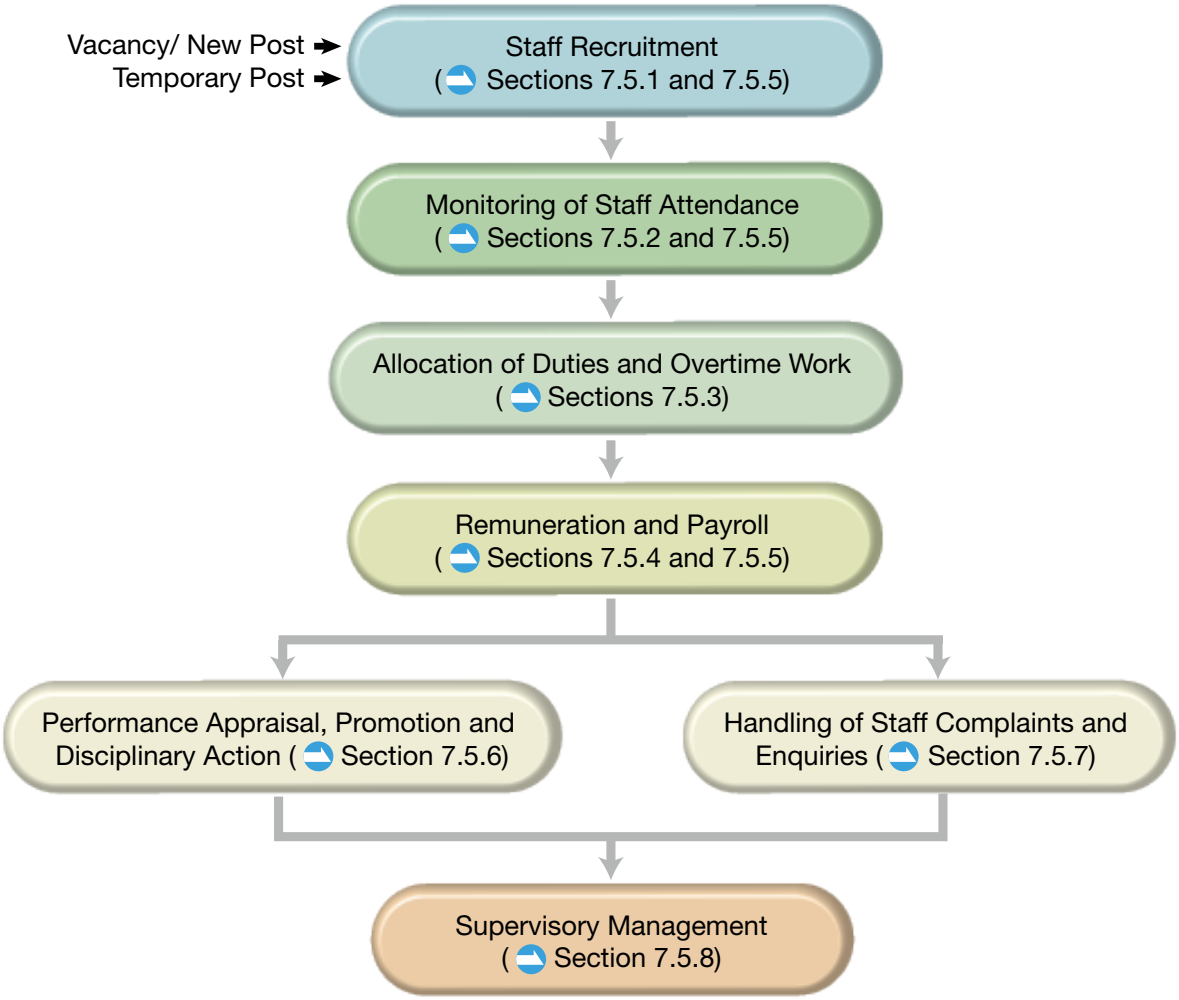
- ❑ Conduct ***regular stock checks*** and ***surprise independent inventory audit*** of stocks (where a full stock check is not practical, randomly select a lot or a batch of items for checking), in particular on the valuable items, and ***reconcile results*** of the checks with the inventory records.
- ❑ Lay down ***procedures for the handling of discrepancies/irregularities*** (e.g. abnormal stock depletion or missing items), including requirements for documentation, investigation and reporting to the appropriate authority.
- ❑ Require the designated senior staff to ***approve adjustments to inventory records*** (e.g. to align with physical count, write-offs of damaged or missing items).
- ❑ Produce ***periodic inventory reports*** (e.g. stock in-take and issue/sale, wastage/disposal/write-off) for management review.
- ❑ Regularly ***analyse consumption, wastage, sales, and the retaining stores, to ensure reasonable correlation*** (➲ Section 4.5.6).

Chapter 7 Staff Administration

7.1 Introduction

Catering operations involve a variety of staff, such as chefs, waiters and cashiers, and logistic staff. To cater for additional manpower required in light of peak seasons or large events, e.g. wedding banquets, it is also common to engage casual labour. Good human resources management brings business success by ensuring that all staff employed are well qualified, suitably deployed, and properly managed. This Chapter provides a checklist of recommended practices in staff administration[3].

7.2 Key Processes



[3] The ICAC has published a Corruption Prevention Best Practice Checklist on Staff Administration, providing more comprehensive recommendations on this function. It can be downloaded from the webpage http://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=220.

7.3 Major Corruption Risks

- Corrupt staff responsible for recruitment accepting bribes from candidate(s) as a reward for favouring the latter during the recruitment process
- Compromised supervisors accepting bribes/advantages from subordinate(s) in return for conniving at the latter's poor performance or favouring the latter in allocation of work or promotion, etc.
- Dishonest staff making false attendance record (e.g. clocking in/out for others)
- Unscrupulous supervisors deceiving wages/payment to "ghost workers" who have never performed any work for the company

Q The restaurant that I work for has a staff vacancy. A friend of mine is interested in the post and asks me for referral. As a reward, my friend offers me some kind of referral fee. Will I commit an offence if I accept such offer?

A According to Section 9(1) of the POBO, it is an offence for any agent to, without the permission of his principal or reasonable excuse, solicit or accept any advantage for performing an act in relation to the principal's affairs or business. In this case, an employee/staff will commit an offence if he accepts the advantage (i.e. the referral fee) without his company's permission.

For the actual provision of Section 9 of the POBO, please refer to the Hong Kong e-Legislation at http://www.elegislation.gov.hk.

Q As a restaurant manager, I have advised my company to install an electronic clocking machine to check staff attendance. It is working well. Can we solely rely on it to check the staff attendance?

A Despite having in place a system to record staff attendance, dishonest staff may still be able to make false attendance record such as punching time cards and clocking in for other staff. Therefore, company should put in place other reasonable safeguards (➲ Section 7.5.2) to monitor staff attendance, in addition to the attendance recording system.

Red Flags

1. Staff refusing others to handle his work

Staff refusing other colleagues to handle his work matters during his vacation leave.

2. Suspicious staff attendance record

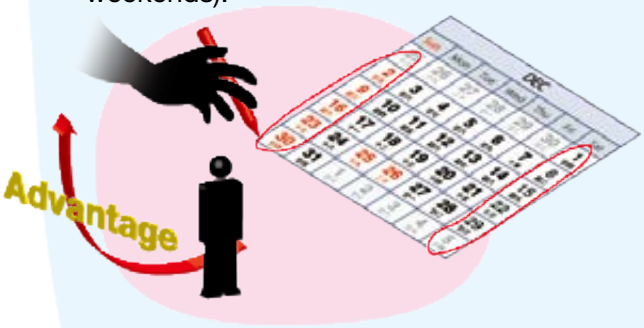
Staff attendance record showing that several staff always clocking in/out at nearly the same time, raising question of false attendance records.

7.4 Case Study 1

1 A senior chef of a hotel was solely responsible for preparing the staff roster for his subordinates.

2 However, the staff roster was not made known to all staff. The hotel also did not conduct any random checks on the staff roster prepared by the senior chef.

3 By abusing his official capacity, the senior chef favoured a cook in preparing the staff roster (e.g. always allow the cook to be duty off during weekends).



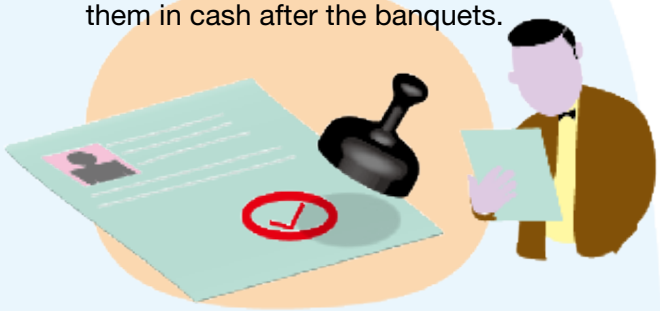
4 In return, the cook paid for prostitution services for the senior chef over several years. The corrupt dealing was not discovered until the management received staff complaints concerning the unfair work roster.

5 The senior chef and the cook were both convicted of bribery, contrary to Section 9 of the POBO.

7.4 Case Study 2

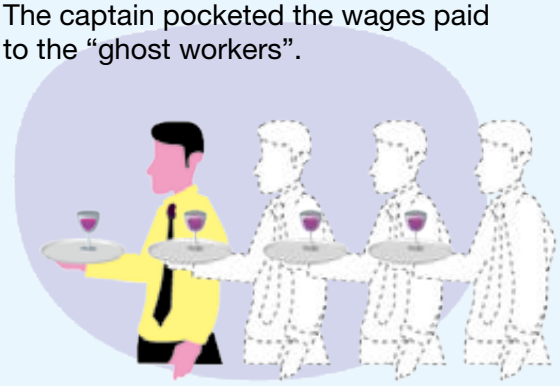
1. A restaurant often hired casual labour to cater for special events (e.g. wedding banquets).

2. A captain of the restaurant was responsible for the hiring and monitoring of casual labour, including checking their identities, overseeing their work and arranging payments to them in cash after the banquets.

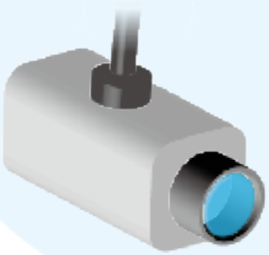


3. The manager supervising the captain, relied heavily on the captain and had never conducted any supervisory checks.

4. The captain used his friends' identity cards to register as casual labour and submitted claims for the payment of wages. In fact, his friends had never performed any work at the restaurant. The captain pocketed the wages paid to the "ghost workers".



5. Such malpractice continued over a prolonged period of time, until the restaurant checked the CCTV records after receiving several complaints lodged by customers of wedding banquets regarding inadequate waiters during the banquets.



6. The captain contravened Section 9 of the POBO.

7.5 Checklist for Corruption Prevention

7.5.1 Staff Recruitment

- ❑ State clearly the ***job description, minimum requirements*** (e.g. qualification and experience) and ***selection criteria*** for each post, which should be approved by managerial staff.
- ❑ Adopt ***open recruitment*** as far as practicable (e.g. placing advertisements outside the restaurant, at the Labour Department's job centres, or at the company's website).
- ❑ State clearly the ***company policy*** in respect of the ***referral fee*** (e.g. prohibition of the acceptance of referral fee by serving staff or any agent without the company's permission) for recruitment of permanent or temporary staff.
- ❑ If company accepts referrals from serving staff, require them to ***declare*** their relationships with the candidates from the outset.
- ❑ Assign ***at least two staff*** including the restaurant manager to conduct interview/ assessment with the candidates.
- ❑ ***Lay down all staff-related policies*** (including a Code of Conduct 📖 Sample at Appendix 1) and procedures (e.g. staff attendance, remuneration arrangement, performance management, disciplinary system) in a staff handbook and issue to all staff upon appointment.

7.5.2 Monitoring of Staff Attendance

- ❑ Use an ***electronic attendance recording system*** (e.g. smart card access system) for recording staff attendance.
- ❑ Place the attendance recording device in an ***open area***, or ***install CCTV*** above the attendance recording device, to facilitate monitoring by supervisor(s) or designated staff.
- ❑ ***Prohibit staff from making false attendance records*** for themselves or others (e.g. clocking in/out for a fellow worker).
- ❑ Require managerial staff to conduct ***surprise checks*** on staff attendance.
- ❑ Analyse and compare periodically the output of units, man-hours and overtime work with a view to identifying ***unusual trends*** for scrutiny.

7.5.3 Allocation of Duties and Overtime Work

- ❑ Establish a ***fair and transparent*** system for the allocation of duties including shift duties or overtime work that attract extra earnings.
- ❑ ***Publicise*** the ***duty roster*** and subject the roster to ***random checks*** by another staff.
- ❑ Require overtime work to be ***pre-approved*** by managerial staff at the appropriate level with justifications and an estimation of the amount of overtime work.
- ❑ Maintain ***proper record*** to facilitate monitoring and ensure fair allocation of duties.

7.5.4 Remuneration and Payroll

- ❑ Set out ***standard salary rates*** or ***range*** for each post or job, the criteria and approving authority for determining the salaries of individual employees, salary adjustments, as well as granting of non-standard remuneration (e.g. sales commission, year-end bonus).
- ❑ Arrange ***payment of salaries by autopay*** where practicable, and require the staff to acknowledge receipt if wages are received by cheque or in cash.
- ❑ Require staff responsible for processing payroll (e.g. human resources unit) to ***verify or spot check*** attendance records.

7.5.5 Hiring and Monitoring of Casual Labour

- ❑ Obtain management's ***prior approval*** with reference to the anticipated manpower requirements (e.g. wedding banquet, large-scale cocktail reception) before recruiting casual labour.
- ❑ ***Register the identities of the casual labour*** upon their report of duty, and consider installing CCTVs at locations where the casual labour sign in/off duties.
- ❑ Assign designated staff to conduct ***random counts on the number of casual labour on the spot*** while they are at work.
- ❑ Avoid paying wages by cash and instead, arrange ***payments by autopay*** to provide audit trail.

7.5.6 Performance Appraisal, Promotion and Disciplinary Action

Appraisal

- ❑ Set out the ***core competencies*** and ***performance standards*** for each post, preferably on a standard form.
- ❑ Conduct periodic (e.g. annual) staff appraisal for each employee, using standard ***Performance Appraisal Forms*** (📖 Sample at Appendix 8).
- ❑ Allow the ***appraisees to read, acknowledge and respond to the comments*** made in their appraisal reports.
- ❑ Require the appraisal report be ***timely*** made by the supervisor and ***counter-signed*** by the line manager and unit/department head.

Promotion

- ❑ When there are promotion opportunities, lay down and make known to staff the ***criteria for consideration of promotion***.
- ❑ Appoint a ***promotion panel*** comprising at least two supervisory/managerial staff, with a head office staff as far as practicable, to assess the eligible candidates for promotion.

Disciplinary Action

- ❑ Establish a ***disciplinary system*** (e.g. the actions and approving authority) for various matters (e.g. unauthorised absence, breach of the company's Code of Conduct).
- ❑ Ensure ***fairness and consistency*** in taking disciplinary actions by involving both the senior management of the operational unit concerned and the human resources unit, if applicable.

7.5.7 Handling of Staff Complaints and Enquiries

- ❑ Establish ***user-friendly channels*** for staff to enquire on the company policy and procedures.
- ❑ Provide channel(s) for staff to ***lodge complaints confidentially*** (e.g. complaints to be received by the designated staff member representing the management only).

- ❑ Assign an ***independent team/staff member***, at the appropriate rank and not the subject of the complaint, to investigate the complaint as early as possible.
- ❑ Submit an ***investigation report*** to the designated authority (e.g. the head of human resources unit) for consideration and recommendation of disciplinary action, if applicable.
- ❑ Maintain a ***proper record*** of the investigation procedures and results.

✓ 7.5.8 Supervisory Management

- ❑ Assign head office staff to conduct ***site visits*** to restaurants to ***spot check*** staff administration matters.
- ❑ ***Conduct periodic analysis*** of business activities/revenue against reported man-hours or payroll to see if they are reasonably correlated (e.g. based on standard costs and comparison among similar restaurants in the group) and to detect anomalies, if any.
- ❑ ***Conduct independent audits*** on staff attendance, overtimes, payroll, etc.

Chapter 8 ICAC Service and Other Assistance

8.1 Introduction

The ICAC stands ready to help catering operators to develop, improve and strengthen their anti-corruption systems and ethics programme that cater for their specific needs. The channels for reporting cases of suspected corruption and contact information of the partnering trade associations are also provided in this Chapter.

8.2 Advisory Services

- The Corruption Prevention Advisory Service (CPAS) of the Corruption Prevention Department of the ICAC provides the following free services:
  - confidential advisory services on corruption prevention practices and measures to private organisations and business companies on request;
  - advising private organisations and business companies in drawing up probity guidelines and Code of Conduct for their staff and members;
  - organising corruption prevention training and drawing up corruption prevention guides and training materials for trades/professions[4] in collaboration with trade associations and professional bodies; and
  - answering any enquiries about this Toolkit.

- For further information, please contact CPAS through the following channels:
  - Phone : 2526 6363
  - Fax : 2522 0505
  - E-mail : cpas@cpd.icac.org.hk
  - Website : http://cpas.icac.hk

[4] In addition to this Toolkit, the ICAC has produced a series of corruption prevention training videos featuring common corrupt acts and malpractices in the catering industry and the corresponding preventive measures. Please go to webpage http://cpas.icac.hk/EN/Info/Lib_Index?cate_id=3, and select "Catering" for Sector/Industry and "Video" for Product Category to view the videos.

Q In what areas can CPAS render advice on?

A Specific systems and procedures such as procurement, store management, sales and accounting, staff administration, contract management as well as code of conduct for employees.

Q Do I need to pay for CPAS's services (e.g. advice or training)?

A No. The CPAS service is free.

Q Is there any risk that confidential business information can be compromised when using the CPAS services?

A No. Our services are provided in strict confidence to protect clients' information unless individual clients are willing to share their experience of using the services of CPAS so as to assist in promoting the service. Your company has full discretion to decide on the information to be given to us, and how/whether to take on board our advice.

8.3 Education Services

- The Hong Kong Business Ethics Development Centre of the ICAC's Community Relations Department aims to promote business and professional ethics in Hong Kong on a long-term basis. The Centre:
  - offers educational and training services to business organisations to promote ethical corporate culture and good governance;

- organises seminars, workshops and continuing professional development (CPD) courses on business and professional ethics;
- produces tailor-made practical guides and training packages on integrity management for different trades and professions; and
- maintains a dedicated website (www.hkbedc.icac.hk) to provide ethics-related materials to the business community and the public.

- For enquiries and access to materials, please contact the Centre or access its dedicated website as follows:
  - Phone : 2587 9812
  - Fax : 2519 7762
  - E-mail : hkbedc@crd.icac.org.hk
  - Website : http://www.hkbedc.icac.hk

8.4 Reporting Corruption

- Any person encountering corruption should make a report to the ICAC through one of the following channels:
  - Phone : 25 266 366 (24-hour service)
  - Mail : G.P.O. Box 1000, Hong Kong
  - In person : ICAC Report Centre (24-hour service)
    G/F, 303 Java Road, North Point
    Hong Kong

    ICAC Regional Offices[5]
    (opening hours: 9:00 a.m. - 7:00 p.m. Monday to Friday; closed on Saturdays, Sundays and public holidays)

[5] Contact information of the ICAC Regional Offices are available at http://www.icac.org.hk/en/crd/struct/ro/index.html

8.5 Contact Information of Partnering Associations

- The partnering trade associations for this Toolkit, including the Hong Kong Federation of Restaurants & Related Trades Limited, Association of Restaurant Managers, The Association for Hong Kong Catering Services Management Ltd. and Institution of Dining Art, aim to promote the catering industry through continuous enhancement of the standard of industry practitioners and hence the food and service quality. Please refer to Appendix 9 for the partnering associations' contact information.

Ethical Commitment

1. The *(name of company)* (hereafter referred to as the Company) regards honesty, integrity and fair play as our core values that must be upheld by all directors and staff[1] of the Company at all times. This Code sets out the basic standard of conduct expected of all directors and staff, and the Company's policy on acceptance of advantage and handling of conflict of interest when dealing with the Company's business.

Prevention of Bribery

2. The Company prohibits all forms of bribery and corruption. All directors and staff are prohibited from soliciting, accepting or offering any bribe in conducting the Company's business or affairs, whether in Hong Kong or elsewhere. In conducting all business or affairs of the Company, they must comply with the Prevention of Bribery Ordinance (POBO) of Hong Kong and must not:

   (a) solicit or accept any advantage from others as a reward for or inducement to doing any act or showing favour in relation to the Company's business or affairs, or offer any advantage to an agent of another as a reward for or inducement to doing any act or showing favour in relation to his principal's business or affairs;

   (b) offer any advantage to any public servant (incl. Government / public body employee) as a reward for or inducement to his performing any act in his official capacity or his showing any favour or providing any assistance in business dealing with the Government / a public body; or

   (c) offer any advantage to any staff of a Government department or public body while they are having business dealing with the latter.

(The relevant provisions of the POBO are at **Annex 1**.)

[1] "Staff" cover full-time, part-time and temporary staff, except where specified.

Acceptance of Advantage

3. It is the Company's policy that directors and staff should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Company or any subordinate, except that they may accept (but not solicit) the following when offered on a voluntary basis:

   (a) advertising or promotional gifts or souvenirs of a nominal value; or

   (b) gifts given on festive or special occasions, subject to a maximum limit of $_____ in value; or

   (c) discounts or other special offers given by any person or company to them as customers, on terms and conditions equally applicable to other customers in general.

4. Gifts or souvenirs described in paragraph 3(a) that are presented to directors and staff in official functions are deemed as offers to the Company. The directors and staff concerned should report the acceptance to the Company and seek direction as to how to handle the gifts or souvenirs from *the approving authority*[2] using Form A (**Annex 2**). If a director or staff member wishes to accept any advantage not covered in paragraph 3, he/she should also seek permission from *the approving authority* using Form A.

5. However, a director or staff member should decline an offer of advantage if acceptance could affect his/her objectivity in conducting the Company's business or induce him/her to act against the interest of the Company, or acceptance will likely lead to perception or allegation of impropriety.

6. If a director or staff member has to act on behalf of a client in the course of carrying out the Company's business, he/she should also comply with any additional restrictions on acceptance of advantage that may be set by the client (e.g. directors and staff members performing any duties under a government or public body contract will normally be prohibited from accepting advantages in relation to that contract).

[2] Specify the post of the approving authority in the Code and the Form.

Offer of Advantage

7. Directors and staff are prohibited from offering advantages to any director, staff member or agent of another company or organisation, for the purpose of influencing such person in any dealing, or any public official, whether directly or indirectly through a third party, when conducting the Company's business. Even when an offer of advantage carries no intention of improper influence, it should be ascertained that the intended recipient is permitted by his employer/ principal to accept it under the relevant circumstance before the advantage is offered.

Entertainment

8. Although entertainment[3] is an acceptable form of business and social behaviour, a director or staff member should avoid accepting lavish or frequent entertainment from persons with whom the Company has business dealing (e.g. suppliers or contractors) or from his/her subordinates to avoid placing himself/ herself in a position of obligation.

Records, Accounts and Other Documents

9. Directors and staff should ensure that all records, receipts, accounts or other documents they submit to the Company give a true representation of the facts, events or business transactions as shown in the documents. Intentional use of documents containing false information to deceive or mislead the Company, regardless of whether there is any gain or advantage involved, may constitute an offence under the POBO.

Compliance with Laws of Hong Kong and in Other Jurisdictions

10. Directors or staff must comply with all local laws and regulations when conducting the Company's business, and also those in other jurisdictions when conducting business there[4] or where applicable[5].

[3] According to the POBO, "entertainment" means the provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with or provided at the same time as the provision of food or drink.

[4] The **'Business Success: Integrity & Legal Compliance' – Corruption Prevention Guide for SMEs in Guangdong, Hong Kong and Macao** jointly published by the ICAC, the Guangdong Provincial People's Procuratorate and the Commission Against Corruption of Macao provides guidance on the anti-bribery laws in Hong Kong, Mainland China and Macao. Directors and staff conducting the Company's business there may find it helpful.

[5] Some other countries' anti-bribery laws have provisions with extra-territorial effect, e.g. the UK's Bribery Act 2010, the USA's Foreign Corrupt Practices Act.

Conflict of Interest

11. Directors and staff should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Company) or the perception of such conflicts. When actual or potential conflict of interest arises, the director or staff member should make a declaration to *the approving authority* through the reporting channel using Form B (**Annex 3**).

12. Some common examples of conflict of interest are described below but they are by no means exhaustive:

    (a) A staff member involved in a procurement exercise is closely related to or has financial interest in the business of a supplier who is being considered for selection by the Company.

    (b) One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member involved in the process.

    (c) A director of the Company has financial interest in a company whose quotation or tender is under consideration by the Board.

    (d) A staff member (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

Misuse of Official Position, Company Assets and Information

13. Directors and staff must not misuse their official position in the Company to pursue their own private interests, which include both financial and personal interests and those of their family members, relatives or close personal friends.

14. Directors and staff in charge of or having access to any Company assets, including funds, property, information, and intellectual property, should use them solely for the purpose of conducting the Company's business. Unauthorised use, such as misuse for personal interest, is strictly prohibited.

15. Directors and staff should not disclose any classified information of the Company without authorisation or misuse any Company information (e.g. unauthorised sale of the information). Those who have access to or are in control of such information, including information in the Company's computer system, should protect the information from unauthorised disclosure or misuse. Special care should also be taken in the use of any personal data, including directors', staff's and customers' personal data, to ensure compliance with Hong Kong's Personal Data (Privacy) Ordinance.

Outside Employment

16. If a staff member wishes to take up employment outside the Company, he must seek the prior written approval of *the approving authority*. *The approving authority* should consider whether the outside employment would give rise to a conflict of interest with the staff member's duties in the Company or the interest of the Company.

Relationship with Suppliers, Contractors and Customers

Gambling

17. Directors and staff are advised not to engage in frequent gambling activities (e.g. mahjong) with persons having business dealings with the Company.

Loans

18. Directors and staff should not accept any loan from, or through the assistance of, any individual or organisation having business dealings with the Company. There is however no restriction on borrowing from licensed banks or financial institutions.

[*The Company may wish to include other guidelines on the conduct required of directors and staff in their dealings with suppliers, contractors, customers, and other business partners as appropriate to specific trades.*]

Compliance with the Code

19. It is the responsibility of every director and staff member of the Company to understand and comply with this Code, whether performing his duties of the Company in or outside Hong Kong. Managers and supervisors should also ensure that the staff under their supervision understand well and comply with this Code.

20. Any director or staff member in breach of this Code will be subject to disciplinary action, including termination of appointment. Any enquiries about this Code or reports of possible breaches of this Code should be made to *(post of a designated senior staff member)*. In cases of suspected corruption or other criminal offences, a report should be made to the appropriate authority.

_____

(*Name of Company)*

Date :

Extracts of the Prevention of Bribery Ordinance (Cap. 201)

Section 9

(1) Any agent who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his –

(a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or

(b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(2) Any person, who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's –

(a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or

(b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(3) Any agent who, with intent to deceive his principal, uses any receipt, account or other document –

(a) in respect of which the principal is interested; and

(b) which contains any statement which is false or erroneous or defective in any material particular; and

(c) which to his knowledge is intended to mislead the principal,

shall be guilty of an offence.

(4) If an agent solicits or accepts an advantage with the permission of his principal, being permission which complies with subsection (5), neither he nor the person who offered the advantage shall be guilty of an offence under subsection (1) or (2).

(5) For the purposes of subsection (4) permission shall –

(a) be given before the advantage is offered, solicited or accepted; or

(b) in any case where an advantage has been offered or accepted without prior permission, be applied for and given as soon as reasonably possible after such offer or acceptance,

and for such permission to be effective for the purposes of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

Section 4

(1) Any person who, whether in Hong Kong or elsewhere, without lawful authority or reasonable excuse, offers any advantage to a public servant as an inducement to or reward for or otherwise on account of that public servant's-

(a) performing or abstaining from performing, or having performed or abstained from performing, any act in his capacity as a public servant;

(b) expediting, delaying, hindering or preventing, or having expedited, delayed, hindered or prevented, the performance of an act, whether by that public servant or by any other public servant in his or that other public servant's capacity as a public servant; or

(c) assisting, favouring, hindering or delaying, or having assisted, favoured, hindered or delayed, any person in the transaction of any business with a public body,

shall be guilty of an offence.

(3) If a public servant other than a prescribed officer solicits or accepts an advantage with the permission of the public body of which he is an employee being permission which complies with subsection (4), neither he nor the person who offered the advantage shall be guilty of an offence under this section.

Section 8

(1) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with the Government through any department, office or establishment of the Government, offers any advantage to any prescribed officer employed in that department, office or establishment of the Government, shall be guilty of an offence.

(2) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with any other public body, offers any advantage to any public servant employed by that public body, shall be guilty of an offence.

Extracts of the Prevention of Bribery Ordinance (Cap. 201)

Section 2

"Advantage" means :

(a) any gift, loan, fee, reward or commission consisting of money or of any valuable security or of other property or interest in property of any description;

(b) any office, employment or contract;

(c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;

(d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;

(e) the exercise or forbearance from the exercise of any right or any power or duty; and

(f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e),

but does not include an election donation within the meaning of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554), particulars of which are included in an election return in accordance with that Ordinance.

"Entertainment" means :

The provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions.

Section 19

In any proceedings for an offence under this Ordinance, it shall not be a defence to show that any such advantage as is mentioned in this Ordinance is customary in any profession, trade, vocation or calling.

Annex 2
Form A

(Company Name)
REPORT ON GIFTS/ADVANTAGES RECEIVED

Part A – To be completed by Receiving Staff

To : (Approving Authority)

Description of Offeror :

Name & Title : _____

Company : _____

Relationship (Business / Personal) : _____

Occasion on which the Gift/Advantage was / is to be received : _____

Description & (assessed) value of the Gift/ Advantage: _____

Suggested Method of Disposal :	Remark
( ) Retain by the Receiving Staff	_____
( ) Retain for Display / as a Souvenir in the Office	_____
( ) Share among the Office	_____
( ) Reserve as Lucky Draw Prize at Staff Function	_____
( ) Donate to a Charitable Organization	_____
( ) Return to Offeror	_____
( ) Others (please specify) : _____	

_____
(Name of Receiving Staff)
(Title / Department)

(Date)

Part B – To be completed by Approving Authority

To : (Name of Receiving Staff)
The recommended method of disposal is ***approved / not approved***. *The gift/ advantage concerned should be disposed of by way of : _____

_____
(Name of Approving Authority)
(Title / Department)

(Date)

**Delete as appropriate*

Annex 3
Form B

(Company Name)
DECLARATION OF CONFLICT OF INTEREST

Part A – Declaration *(To be completed by Declaring Staff)*

To : (Approving Authority) via (supervisor of the Declaring Staff)

I would like to report the following actual/potential* conflict of interest situation arising during the discharge of my official duties:-

Persons/companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relative)
Relationship of the persons/companies with our Company (e.g. supplier)
Brief description of my duties which involved the persons/companies (e.g. handling of tender exercise)

_____
(Name of Declaring Staff)
(Date) (Title / Department)

Part B – Acknowledgement *(To be completed by Approving Authority)*

To : (Declaring Staff) via (supervisor of the Declaring Staff)

Acknowledgement of Declaration

The information contained in your declaration form of ___(Date)___ is noted. It has been decided that:-

- ❑ You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- ❑ You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the Company's interest without being influenced by your private interest.
- ❑ Others (please specify) : _____

_____
(Name of Approving Authority)
(Title / Department)

(Date)
**Delete as appropriate*

[Name of Company]
LETTER TO BUSINESS PARTNERS

We believe in honesty and fair play and consider that gifts in business are unnecessary and might even jeopardise a cordial and mutually beneficial business relationship. We, therefore, do not permit our directors and staff to ask for any advantage, including gifts, money or rebate, in business dealings. We have enforced a strict Code of Conduct with provisions on solicitation and acceptance of advantages and that breaches by directors and staff would result in disciplinary action. We will also report any suspected bribery to the ICAC. We therefore seek your co-operation not to offer any advantage to our staff in business dealings.

For your information, a copy of our Code of Conduct is enclosed.

Name of Supplier / Service Provider: _____

Goods / Services Provided: _____

Date of Purchase / Contract Period: _____

Purchase Amount / Contract Sum: HK$ _____

Performance Evaluation		
Rating 0 – Very Poor 1 – Poor 2 – Moderate 3 – Good 4 – Excellent		**Remarks**
1. Quality of Goods/Services		
2. Timeliness of Deliveries		
3. Responsiveness to request(s)		
4. ……		
5. Others (Please specify) :		
Overall		
Major defects (if any) :		

RECOMMENDATION
❑ Continue to invite for quotation or tender in the future
❑ Need to issue advice for improvement (please provide information on areas for improvement)
❑ Issue warning letter (please provide further information)
❑ Not recommended for future appointment (please provide further information/ evidence)

Prepared by:

Signature: _____

Name: _____

Position: _____

Date: _____

Endorsed by:

Signature: _____

Name: _____

Position: _____

Date: _____

Form No:_____

Part A

Period of Goods/Services to be Purchased for : From _____ To _____

Item	Quantity	Description of Goods/ Services	Last Purchase Price	
			Unit Price (HK$)	Total (HK$)
			TOTAL	

Budgeted Expenditure – Yes / No* Funds Available – Yes / No* *(*Delete as appropriate)*

Justifications for Purchase (if not budgeted or funds not available) :

_____

Requested by _____ Signature: _____ Date: _____

Endorsed / Not Endorsed* *(*Delete as appropriate)*

Reason(s) if not endorsed:

_____

Endorsed by _____ Signature: _____ Date: _____

Part B

Quotations Received and Opened :

Supplier / Service Provider	Date Received	Contact Person & Phone no. (for Verbal Quotations)	Price Offered (HK$)	Special Conditions / Remarks
Quotations attached ☐ / not attached ☐ (please ✔ as applicable)				

Recommended supplier / service provider:

Reason(s) if lowest bid not selected: _____

Recommened by _____ Signature: _____ Date: _____

Approved / Not Approved* *(*Delete as appropriate)*

Reason(s) if not approved: _____

Approved by _____ Signature: _____ Date: _____

[Name of Company]

To: [Name of Supplier, Address and Fax number]

Quotation Reference: _____

Quotation Issue Date: _____

Quotation Closing Date and Time: _____

Description of Goods and Quantity Required: _____

Notes to Suppliers (If any) : _____

Terms of Quotation

1. Suppliers are invited to fill in the attached quotation form and submit it in a sealed envelope marked with the quotation reference to [please fill in the address of the Company] or send it by fax to fax no. for the attention of [please fill in the name of staff responsible for the purchase].
2. Quotations must be submitted or faxed in on or before the quotation closing date and time as shown above. Quotations received after the closing date and time will not be considered.
3. Any amendments to the rates offered or description given must be signed by the person who signed the quotation.
4. The suppliers or their staff shall not offer any advantage as defined in the Prevention of Bribery Ordinance to any Board members or staff of the Company in connection with this quotation exercise or the supply of goods in question. If the suppliers or their staff are found to have offered any advantage to any Board members or staff, or committed an offence under the Prevention of Bribery Ordinance in connection with this quotation exercise, the Company may, without affecting the suppliers' liability for such act, invalidate the suppliers' quotations, or terminate the contract concerned without entitling the suppliers to any compensation.
5. The supplier shall not communicate to any person other than the Company the amount of any quotation, adjust the amount of any quotation by arrangement with any other person, make any arrangement with any other person about whether or not he or that other person should or should not bid, or otherwise collude with any other person in any manner whatsoever in the quotation process until he is notified by the Company of the outcome of the quotation exercise. Any breach of or non-compliance with this clause by the supplier shall, without affecting his liability for such breach or non-compliance, invalidate his quotation. This clause shall have no application to the supplier's communications in strict confidence with his own insurers or brokers to obtain an insurance quotation for computation of his quotation price and communications in strict confidence with his suppliers to solicit their assistance in preparation of the quotation submission.

_____

Signature, Name and Post
[Name of Company]

Sample Quotation Form for Goods

I. Supplier's Information

Company Name: _____

Address: _____

Contact Person: _____ Tel. No. _____

II. Quotation Details

Description of Goods	
Quantity	
Manufacturer/Origin	
Unit Cost	
Total Cost including Delivery	
Delivery Schedule	
Payment Terms	
Warranty and After-sale Service (if applicable)	
Other Terms and Conditions	

I/We, the undersigned, hereby agree to supply all or any portion of the goods at the price and under the terms and conditions shown above, subject to and in accordance with the Terms of Quotation shown in this Invitation Document.

_____

Authorised Signature, Name, Post and Company Chop

[Name of Company]

Quotations/Tenders for _____ have been invited and those received before the submission deadline were opened on [***date and time***]. A total of _____ quotations/tenders in respect of the above-mentioned contract were received. The bidders'/tenderers' names and their respective bid/tender prices are listed below :

Name of Bidder/Tenderer	**Bid/Tender Price**
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Signature of Witness

Name and Post	**Signature**
1. _____	_____
2. _____	_____
3. _____	_____

Date: _____

Form No. _____

Part A

Quantity	Brief Description of Stores/ Asset Items to be Disposed of	Model/Batch No.	Location/Code

Reason(s) For Disposal:

_____

Recommended Method of Disposal:

_____

Initiated by: _____ Signature: _____ Date: _____
(Name of Requesting Staff)

Endorsed by: _____ Signature: _____ Date: _____
(Supervisor of Requesting Staff)

Part B

Approved / Not Approved* *(*Delete as appropriate)*
If approved, method of disposal (if different from the recommended method) :

_____

Reason(s) if not approved:

_____

Approving Officer: _____ Signature: _____ Date: _____

Part C

Recording Officer: _____ Signature: _____ Date: _____

Disposed of on: _____ (date) by _____

Witnessing Officer: _____ Signature: _____ Date: _____

Part 1 Personal Particulars

Name of Appraisee	
Staff Number (if any)	
Post	
Section	
Date of Employment	/ / (dd/mm/yyyy)
Period under Review	From / / To / / (dd/mm/yyyy)

Part 2 Record of Assessment/Review

	Appraisee	Appraising Officer	Appraising Officer's Supervisor (Counter-signing Officer)
Name			
Signature			
Post			
Date (dd/mm/yyyy)			

Part 3 Performance Assessment

	Rating (√)				
Attendance	5 ( )	4 ( )	3 ( )	2 ( )	1 ( )
Job knowledge and skills	5 ( )	4 ( )	3 ( )	2 ( )	1 ( )
Quality of work	5 ( )	4 ( )	3 ( )	2 ( )	1 ( )
Initiative and motivation	5 ( )	4 ( )	3 ( )	2 ( )	1 ( )
Team work	5 ( )	4 ( )	3 ( )	2 ( )	1 ( )
General conduct	5 ( )	4 ( )	3 ( )	2 ( )	1 ( )
Discipline	5 ( )	4 ( )	3 ( )	2 ( )	1 ( )

Overall Performance Rating

Substantially exceeds job requirements	Exceeds job requirements	Meets job requirements	Partially meets job requirements	Does not meet most job requirements
5 ( )	4 ( )	3 ( )	2 ( )	1 ( )

Please indicate whether the appraisee has taken up any special task or obtained any award/commendation (to be filled by the appraising officer).

_____

_____

_____

Overall comments on performance (to be filled by the appraising officer and/or counter-signing officer).

_____

_____

_____

Assessment Areas	Rating (√)
1. Attendance	5 = No disciplinary record, always follow supervisor's and working instructions 4 = No disciplinary record 3 = Less than 3 times of disciplinary record 2 = 3 times of disciplinary record 1 = More than 3 times of disciplinary record
2. Job knowledge and skills	5 = Substantially exceeds job requirements 4 = Exceeds job requirements 3 = Meets job requirements 2 = Partially meets job requirements 1 = Does not meet most job requirements
3. Quality of work	
4.Initiative and motivation	
5. Team work	
6. General conduct	
7. Discipline	5 = No disciplinary record, always follow supervisor's and working instructions 4 = No disciplinary record 3 = Less than 3 times of disciplinary record 2 = 3 times of disciplinary record 1 = More than 3 times of disciplinary record

Hong Kong Federation of Restaurants and Related Trades Limited

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- Website : http://www.hkfort.org.hk

Association of Restaurant Managers

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- E-mail : arm@arm.com.hk
- Website : http://www.arm.com.hk

The Association for Hong Kong Catering Services Management Ltd

- Phone : 3464 0319
- Fax : 3171 1283
- E-mail : admin@hkcsm.com
- Website : http://hkcsm.com

Institution of Dining Art

- Phone : 3989 7030
- Fax : 3989 7130
- E-mail : info@ida.org.hk
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