防貪錦囊 Best Practice Module

Travel Agent Operation

廉政公署 ICAC
防止貪污處
Corruption Prevention Department

Addendum

Corruption Prevention Services for the Private Sector

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Private Sector Integrity Centre
Independent Commission Against Corruption
10 September 2026

廉政公署 ICAC

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CHAPTER 1 INTRODUCTION AND THE LAW

Introduction

Hong Kong has been renowned as an international tourist centre. The travel and tourism industry, as one of Hong Kong's top foreign exchange earners, is crucial to Hong Kong's economy. In the midst of intensified competitions from other tourist centres in the world, maintaining our enviable reputation is not easy. Travel agents, as one of the important industry practitioners receiving tourists and dealing with other practitioners like the airlines and hotels, are important in taking the lead to make improvement in order to maintain our winning edge. The operators of travel agents themselves could benefit from observing the law and regulations, and adopting ethical practices because a single incident of corruption or crime involving their employees could ruin a hard-earned business, their profits and reputation as well as competitiveness in the industry, and could also result in the loss of trust in the tourists as well as loss of revenue for Hong Kong's economy. Thus the industry's collaborative efforts to enhance service quality and professional integrity can ultimately contribute to better financial performance in the companies, and benefit the travel and tourism industry as a whole and the entire Hong Kong economy in the long run.

The recommendations made in this ***Best Practice Module*** aim to reduce opportunities for corruption and malpractice in the core functions of travel agents (e.g. *air passage booking, organising inbound and outbound package tours*) and to strengthen the travel agent operators' administrative systems (e.g. *procurement and staff administration*).

The Prevention of Bribery Ordinance (PBO) (Laws of Hong Kong Cap. 201)

Section 9 of the PBO sanctions corruption offences in the private sector. In essence, it is an offence for an agent to solicit or accept an advantage, without the permission of his principal, as an inducement to, or reward for, his doing or forbearing to do any act in relation to his principal's affairs. Any person who offers an advantage to an agent under such circumstances is also guilty of an offence.

The key components of Section 9 and other relevant Sections of the PBO are listed below for reference. Any person who requires an interpretation of the PBO provisions should seek professional legal advice.

Principal

A principal generally refers to an employer. In a private organisation, "employer" means the proprietor or the board of directors.

Agent

An agent is a person acting for, or employed by, the principal. If a company appoints another person to act for it in the course of business, that person becomes the agent, whether the appointment is full-time or part-time and whether or not the agent receives a fixed salary or a fee from the company. In a travel agent, any individual director or employee or a self-employed person acting for the travel agent is an agent of the company.

Advantage

Advantage refers to anything that is of value such as money, gift, commission, employment, service or favour, etc., but does not include entertainment, which is defined as food or drink provided for immediate consumption on the occasion.

Principal's permission

It is lawful for an agent to accept an advantage in relation to his official duties with his principal's permission. The permission must be given by the recipient's principal, NOT the offeror's principal, before the advantage is offered, solicited or accepted. In any case where an advantage has been accepted without prior permission, the agent must apply for his principal's approval as soon as reasonably possible afterwards.

Deceiving the principal by using receipt, account or other documents

Any agent who, with intent to deceive his principal, uses any receipt, account or other document, shall be guilty of an offence.

Custom constitutes no defence

It is not a defence to claim that any advantage accepted or offered is customary in any profession, trade, vocation or calling.

Verbal agreement counts

The offeror and the recipient of a bribe are liable to prosecution if a verbal agreement of corruption is reached notwithstanding the purpose of bribery has not been carried out.

Penalty

A person convicted of an offence under Section 9 of the PBO is subject to a maximum penalty of seven years' imprisonment and a fine of HK$500,000.

Other Legal Provisions

Apart from the PBO, the management of a travel agent should take note of ordinances applicable to its business; for instance, the Companies Ordinance, the Employment Ordinance, the Personal Data (Privacy) Ordinance, the Travel Agents Ordinance, the Inland Revenue Ordinance, the Drug Trafficking (Recovery of Proceeds) Ordinance and the Organised and Serious Crimes Ordinance, etc. (*Please visit website* ***http://www.justice.gov.hk*** *for details of the above ordinances.*)

Legal Obligations Outside Hong Kong

Apart from abiding by the local law and regulations, travel agents have to observe the laws of other destinations including bribery rules, immigration regulations and foreign exchange rules, while doing business with their business associates out of Hong Kong.

CHAPTER 2

INDUSTRY GUIDELINES AND PROBITY REQUIREMENTS

Industry Guidelines

Travel agent operators should be conversant with the relevant guidelines issued by the industry regulators and travel associations. Such guidelines provide guidance on good professional practice and establish a set of benchmark standards of behavior expected of travel agent operators and their staff.

Issuing Authority

The Travel Industry Council of Hong Kong (TIC)

Major Guidelines

For travel agents

- General Code of Conduct for TIC Members
- Code of Business Practice on Outbound Package Tours
- Code of Business Practice on Inbound Package Tours
- Code of Advertising Practice for TIC Members
- Code of Business Practice on Study Tours
- Directives on other operations

For tourist guides[1] or tour escorts[2]

- Code of Conduct for Tourist Guides
- Service Guidelines for Outbound Tour Escorts
- Directives on other operations

[1] *A tourist guide is the person assigned by a travel agent to receive and take care of travellers visiting Hong Kong, and to duly carry out services in the itinerary.*

[2] *A tour escort is the person appointed by a travel agent to accompany a tour group and to take care of the participants throughout a journey.*

Probity Requirements

To all travel agent operators, it is most important to maintain their competitiveness in the industry. The adoption of ethical practices could help an operator enhance its competitive edge because nowadays clients would choose to patronise a travel agent with a commitment to ethical practices and well-established business enterprises would prefer to do business with an ethical partner. It is therefore advisable for individual travel agents to formulate their own company or corporate Code of Conduct with a stated policy on commitment to ethical practices and setting out the ethical standards required of their employees. The policy should be made known to the clients and business associates.

A Company Code of Conduct

The Code of Conduct (a sample code is at the ***Appendix***) should cover the following key elements :

- rules on acceptance of advantages including commissions, free passages, and hotel accommodation, etc.;
- rules on acceptance of entertainment;
- requirements for staff to avoid and declare conflict of interest and the procedures for handling such declarations;
- rules on protection of confidential or proprietary information obtained through work;
- guidelines on handling suppliers, customers, and business associates, including warnings against unacceptable activities and behaviour (e.g. *offering private service to travellers*); and
- the penalties for non-compliance with the Code.

Acceptance of Advantages and Commission

Under the PBO, the principal of a company has the right to decide whether a director or a staff member is allowed to accept an advantage in relation to the company's business. The company's policy on acceptance of advantages will be taken as the principal's approval for the acceptance of advantages including commissions. It is therefore the travel agent operator's responsibility to lay down clear policies in the Code in this regard (e.g. *whether acceptance of rebates arising from travellers' shopping activities arranged by the travel agent or gratuities/tips from the tourists to a tour escort in appreciation of his satisfactory service is permitted*).

Acceptance of Entertainment

Under the PBO, advantages do not include entertainment which refers to 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.

While entertainment is an acceptable form of business and social behaviour, entertainment may sometimes be offered to "sweeten" someone in authority with the purpose of building a store of goodwill for future demands of favouritism. Staff of the travel agent should be advised to avoid offers of meals or entertainment that are excessively lavish or frequent.

Conflict of Interest

A conflict of interest situation arises when the private interest of a staff member competes or conflicts with the interest of the company. The Code of Conduct should include guidelines to assist staff in avoiding situations which may lead to actual or perceived conflict of interest and lay down the procedures for reporting such conflicts.

It would be helpful to staff if the guidelines could provide examples of conflict of interest. The following are a few examples of conflict of interest that may arise from the operation of a travel agent :

- A staff member responsible for procurement has a financial interest in a company which is being considered by the travel agent for the selection of a supplier or the selected supplier is a close friend or relative of the staff member.
- A candidate under consideration in a staff recruitment exercise is a relative of the staff member responsible for the recruitment.
- A staff member involved in the selection of transportation service providers engages the coach company for a personal function e.g. a family day tour.
- A staff member responsible for allocating consignment corners to companies to sell popular trip items during pre-trip reception is a personal friend of the company under consideration.

Handling of Confidential Information

The staff of travel agents may have access to confidential information such as the customers' personal data and other proprietary commercially sensitive information relating to the travel agent's operation. Any leakage or misuse of such information may adversely affect the travel agent's reputation and even its business.

Rules on access to confidential information should be clearly defined and the information should be restricted to the need-to-know basis. While individual staff should be held responsible for the protection of the confidential information to which they have access, the travel agent operator should ensure that there are adequate safeguards to protect data integrity in the computer and sufficient physical security in the office.

Handling of Suppliers, Customers, and Business Associates

Guidelines should be included in the Code of Conduct governing the handling of suppliers, customers and business associates by the staff.

Compliance Requirements

A mechanism for taking disciplinary action (e.g. *warning and termination of employment*) against any staff in breach of the Code should be in place. If corruption or other criminal offences are suspected, a report should be made to the ICAC or Police.

Effective Enforcement

To ensure that the Code of Conduct is effectively adopted by staff, it is important that :

- it is issued with the full support of the management;
- it is strictly and fairly enforced;
- it is promoted through continuous capacity building of the staff to foster good practices; and
- it is updated as necessary.

CHAPTER 3 AIR PASSAGE BOOKING

Introduction

In the operation of a travel agent, air passage booking is one of the areas most prone to malpractice. As individual travel agents play different roles in the air ticketing system and source tickets through different means, there may be different modes of malpractice.

Sources and Types of Air Tickets

Types of Travel Agents	*Major Sources of Air Tickets*	*Types of Air Tickets*
(a) Travel agents registered as International Air Transport Association (IATA)[3] accredited agents can sell and issue air tickets. Currently, about 220 travel agents in Hong Hong are IATA accredited agents	• Direct from airlines which distribute a limited number of tickets to IATA agents.	***Normal fare tickets*** which are usually refundable, re-routable and have no expiry dates. Travel agents earn commissions from airlines through the sale of these tickets.
	• From ticketing consolidators, i.e. IATA travel agents appointed by respective airlines as ticketing wholesalers.	• ***Normal fare tickets*** • ***Special fare tickets*** which have a number of restrictions in terms of routes or expiry dates. • ***Group tickets*** allocated to ticketing consolidators in particular during peak seasons as an incentive to them.
(b) Travel agents which are ticketing consolidators	• Direct from airlines.	• ***Normal fare tickets*** (The commission rates given to the ticketing consolidators are more favourable when compared with those given to IATA agents.) • ***Special fare tickets*** for which the airline has set a price and the ticketing consolidator marks up the price for sale to customers. • ***Group tickets*** with specified seats for the ticketing consolidators' ordinary use when operating tours. During peak seasons, the airlines may allocate a slot of group tickets to the consolidators for incentive purpose.
	• From other ticketing consolidators who have supply of other airlines' tickets.	• ***Normal fare tickets, special fare tickets and group tickets.***
(c) Travel agents which are sub-agents of ticketing consolidators	• From ticketing consolidator(s). • From other ticketing consolidators' sub-agents.	• ***Tickets of different fares*** made available by ticketing consolidators/sub-agents.
(d) Other travel agents	• From ticketing consolidators on "cash-on-delivery" terms. • From ticketing consolidator's sub-agents.	• ***Tickets of different fares*** made available by ticketing consolidators/sub-agents.

[3] *IATA is the governing body that is responsible for regulation of international air transport. It represents some 265 airlines comprising 94% of the international scheduled air traffic. Only airlines operating air services can be eligible for IATA membership. Travel agents can however be registered as IATA accredited agents to sell and issue international air tickets. It is essential that customers and airlines can rely on these agents for tickets to be issued according to the required standards, and for payments to reach the airlines in a timely manner. The accreditation process involves a set of criteria including financial soundness and staff qualifications of the travel agents.*

Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators.

Relationship between Travel Agents and Airlines

Common Malpractice

- Airlines staff soliciting advantages in return for allocation of tickets, in particular group tickets, appointment of travel agents as ticketing consolidators, offer of privileged commission rates and authorisation of over-booking.

Recommended Measures

Travel agent operators should:

- Closely monitor the staff involved in the business negotiations with the airlines, e.g. *setting negotiation baselines and designating the authority for decisions.*
- Encourage staff to report any solicitation of advantages and deal with such reports promptly (e.g. *if corruption is suspected, report the case to the ICAC*).

Relationship between Ticketing Consolidators and Sub-Agents

(i) Appointment of Sub-agents

Common Malpractice

- Engaging unqualified sub-agents.
- Granting credit facilities that are not supported by adequate securities.
- Engaging a firm as a sub-agent which is wholly or partially owned by the staff or their close relatives.

Recommended Measures

Ticketing consolidators should :

- Lay down the appointment criteria in respect of the sub-agents such as business volume, track record and size of company and verify documents in support of the application.
- Lay down the criteria (e.g. *the credit worthiness of the potential appointees*) for granting credit facilities to sub-agents, and require staff to report any overdue payments from the sub-agents.
- Require the staff concerned to submit periodic reports on the credit performance of the sub-agents for monitoring.

- Require the staff concerned to declare conflict of interest.
- Review the overall credit facilities granted to sub-agents periodically to ensure there is no over-exposure.

(ii) Incentive Scheme for Sub-agents

Common Malpractice

- Ticketing consolidator's staff conspiring with sub-agents' staff by allocating to them commissions or bonuses direct.

Recommended Measures

Ticketing consolidators should :

- Lay down the offer of commissions and rebates in a contract under specified conditions.
- Ensure commissions and rebates are paid to the sub-agent operator direct.
- Maintain proper documentation, including records of payment, payment authorisation and receipt by the sub-agent operator.

(iii) Allocation of High-demand Tickets and Payment by Sub-agents

Common Malpractice

- Favouring particular sub-agents by allocating to them "high-demand tickets" during peak seasons, i.e. group tickets at favourable price and subject to fewer restrictions (e.g. *the name of the passenger can be altered before the confirmation date and confirmation can be made at the last minute*).
- Allowing sub-agents to settle long outstanding payments without penalty.

Recommended Measures

Ticketing consolidators should :

- Establish a deposit-payment policy for the sub-agent and strictly enforce it.
- Periodically review and compare the sales transactions of individual sales staff and their sales pattern to detect unfair allocation of "high-demand" air tickets.
- Require justifications for long overdue payments and lay down the procedures for issuing reminders and taking appropriate follow-up action on such cases.

(iv) Misuse of Sub-agents' Ticketing Accounts and Credit Facilities

Common Malpractice

- Using a sub-agent's ticketing account to reserve seats for other travel agents which make payment by cash, thereby pocketing the cash while paying the travel agent on a later date in accordance with the credit terms granted to the sub-agent. In so doing, the staff conspiring with other travel agents are taking advantage of the credit facilities of the sub-agent without its knowledge.

Recommended Measures

Ticketing consolidators should :

- Require the staff concerned to sign against every booking made to facilitate supervisory monitoring.
- Require payment by cheque as far as possible and the sub-agents to issue cheques directly to the travel agent.
- Monitor closely the sub-agents' business transactions with the travel agent and liaise regularly with them to detect any irregularities.
- Adopt good accounting practices e.g. *issuing periodic sales reports to sub-agents for verification.*

Relationship between Travel Agent Sales Staff and Other Customers

(i) Allocation of Tickets

Common Malpractice

- Ignoring customers' interest and recommending high fare tickets though low fare tickets are available in order to meet sales quota.
- Favouring particular customers by reserving low fare group tickets for them during peak seasons.

Recommended Measures

Travel agent operators should:

- Review the company's commission policy (e.g. *calculation of bonus to staff may preferably be based on business transactions instead of total sales value*) to reduce the risk of staff having to meet the sales quota through unauthorised or unethical means.
- Periodically review and compare individual staff's sales pattern and transactions to detect irregularities.
- Require deposit payment for every booking.

(ii) Handling of Customers' Credit Card Information

Common Malpractice

- Accepting advantages from criminal syndicates as a reward for capturing customers' credit card information for the production of counterfeit cards.

Recommended Measures

Travel agent operators should:

- Require the staff concerned to sign on the credit card payment slips to hold them accountable for the transaction.
- Keep credit card payment slips in a secure place.
- Maintain regular liaison with the banks and law enforcement agencies to keep abreast of the crime prevention methods.

(iii) Dealings with Corporate Clients

Common Malpractice

- Granting favorable credit facilities to a company without justification.
- Conniving at a company's long outstanding payments.
- Diverting company's business to other travel agents.
- Disclosing confidential customer information to other travel agents.

Recommended Measures

Travel agent operators should :

- Tighten up credit facilities and monitoring of overdue payments.
- Periodically review and compare individual staff's sales volume and pattern to detect irregularities.
- Adopt safeguards to protect customer information (e.g. *enhance computer security to restrict access to information by authorised staff only*). For details on the safeguards, please refer to a separate Best Practice Module on Information Systems Security issued by the Corruption Prevention Department, ICAC.

CHAPTER 4 OUTBOUND PACKAGE TOURS

Introduction

An outbound package tour is an outbound travel service which meets the following statutory conditions :

(a) It comprises any two or all of the following features:-

- carriage, by means of a conveyance, on a journey which is to commence in Hong Kong and which thereafter is to take place mainly outside Hong Kong;
- accommodation at a place outside Hong Kong; or
- arrangements for an activity (not ancillary to a service referred to above) which is to take place outside Hong Kong and which, where included in the package, constitutes a substantial part of it.

(b) It is a package available only at an inclusive price.

(c) The services constituting the package have been determined in advance of being made available to the public.

Making arrangements for outbound package tours may give rise to corruption opportunities. **Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators.**

Appointment of Overseas Land Operators to Receive Outbound Travellers

Common Malpractice

- Colluding with land operators to inflate the price of services.
- Showing favour in appointing particular land operators, tolerating overcharging and accepting substandard services.
- Leaking commercial information e.g. *quotation prices to competing land operators.*

Recommended Measures

- Please refer to the competitive procurement practices at ***Chapter 8*** of this Module.

Sale of Tours to Customers

Common Malpractice

- Offering unauthorised discounts to customers, in particular companies and organisations (e.g. *organising study tours for schools*).
- Offering advantages to the staff of other retail sub-agents to secure business contracts from them.

- Allowing queue-jumping by late-comers during peak seasons when the supply of tours for certain popular destinations falls short of demand.

- Colluding with the staff member in-charge of a company/organisation to inflate the price of the tour and pocketing the difference.

- Tolerating long outstanding payments by companies.

Recommended Measures

- Lay down the policy and procedures for offering discounts and special offers to customers.

- Computerise sales transactions from receipt of deposits from customers to completion of the transactions and generate management reports on uncompleted transactions (*e.g. cancellation of bookings*) for review to prevent manipulation in tour bookings during peak seasons.

- Make it a policy that customers would be served on a first-come-first-served basis as far as practicable, requiring deviations to be approved by a senior manager with justifications recorded.

- Closely monitor the staff involved in the business negotiations with corporate clients in particular the new clients referred by them, e.g. *setting negotiation baselines and designating the authority for decisions.*

- Adopt good accounting practices such as imposing a requirement on regular reporting on bad debts and long outstanding payments to the management.

Cancellation of Tour Bookings

Common Malpractice

- Waiving tour fees (e.g. *deposit-payment*) from customers in unusual circumstances (e.g. *sudden withdrawal of booking by customers*).

- Favouring particular customers by cancelling others' bookings.

Recommended Measures

- Require authorisation for waiving of charges or cancelling of bookings by staff. A waiver of fees on each occasion should be justified and recorded for audit review.

Allocation and Sale of Pre-trip Souvenirs to Customers

Common Malpractice

- Offering souvenirs to ineligible customers.
- Favouring particular companies by engaging them to set up sales corners to promote popular travel items e.g. *travel bags and sunglasses.*

Recommended Measures

- Lay down guidelines covering the policy and procedures for allocating souvenirs to customers e.g. *allocation method, authority to approve extra issues and the requirement for documentation.*
- Require customers to acknowledge receipt of souvenirs.
- Adopt competitive procurement practices in sourcing and selecting companies to sell travel items. Please refer to the procurement practices at ***Chapter 8*** of the Module.

Supervision of Tour Escorts

Common Malpractice

- Favouring particular tour escorts by allocating to them tours that are likely to generate more earnings (*e.g. long-haul tours*).
- Selling goods on tour coaches during journeys without the travel agent's permission.
- Collecting tips and service charges (if any) from tour participants by "coercive" or deceitful means.
- Arranging optional activities (to be paid by tour participants) for tour participants without the permission of the travel agent and/or the land operator concerned.

Recommended Measures

- Draw up clear instructions prohibiting staff from offering/accepting advantages or favours among colleagues in relation to the travel agent's activities in particular allocation of tour duties.
- Establish a tour duty allocation policy based on individual tour escorts' experience and by rotation as appropriate to ensure fair allocation of jobs.
- Issue instructions to prohibit the tour escorts from arranging any "unauthorised" activities (i.e. *activities not approved by the travel agent*) for the tour groups.
- Make the tour participants aware of the rate of service charges/tips as recommended by the travel agent, and include the details of approved optional activities including charges and the pre-registration requirement, and the items to be sold on coaches in a standard form.

- Cross-check and liaise closely with the land operator to detect any irregularities.
- Collect tour participants' feedback so as to monitor the service quality of the tour escorts and the land operator.

Promotion of Travel Insurance[4] to Customers

Common Malpractice

- Breaching the relevant law by explaining the insurance policies to customers (the sales staff concerned are not licensed travel insurance agents).
- Diverting company business to other travel agents/insurance companies.
- Accepting bribes for allocating the duties to unqualified staff.

Recommended Measures

- Ensure that only staff who are licensed travel insurance agents are tasked to promote and sell travel insurance to customers.
- Periodically review and compare the sales volume of the individual staff concerned to detect any irregularities.
- Encourage and support the staff to obtain the licences and allocate duties to them fairly.

[4] *In recent years, outbound travellers are increasingy concerned about their safety when travelling abroad and many would buy travel insurance at the travel agent's office. Outbound travel agents may provide the service by engaging their own insurance companies. To ensure greater protection for travellers, the Office of the Commissioner of Insurance (OCI) has introduced a new category of travel insurance agents in order that properly trained and assessed traders can promote and sell travel insurance to travellers. The licensing regime has taken effect from May 2006. All prospective travel insurance agents are required, unless exempted, to pass the Travel Insurance Agents Examination under the Insurance Intermediaries Qualifying Examination of the Insurance Intermediaries Quality Assurance Scheme. The Vocational Training Council is appointed by the OCI as the examination body.*

CHAPTER 5 INBOUND PACKAGE TOURS

Introduction

An inbound travel agent conducts the business of making arrangements for a person or group of persons :

(a) to travel from a place abroad to Hong Kong on a journey, the tour package of which includes accommodation, sightseeing, meals, shopping, and activities such as visits to particular organizations, academic/sports/cultural exchanges, and attendance at exhibitions, conferences, or performances; or

(b) to travel from a place outside Hong Kong to any other places, whether or not by way of Hong Kong, on a journey the tour package of which includes the items detailed in (a) above.

Organising inbound package tours covers a wide range of activities, involving engagement of tourist guides and other service providers (e.g. *overseas travel agents, coach companies, attractions' operators, hotels, and restaurants*), and design of itinerary including sight-seeing, shopping activities, tastes of dishes and other optional activities.

Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators.

Engagement of Mainland Travel Operators

Common Malpractice

- Currently over 50% of the inbound visitors are from the Mainland. Inbound travel agents are keen to secure business from the Mainland travel operators. The most common malpractice includes:

  (a) misappropriation of cash paid by the Mainland travel operators; and

  (b) diversion of business to other travel agents.

Recommended Measures

- Closely monitor the staff involved in the business negotiations with the Mainland travel operators, e.g. *setting negotiation baselines and designating the authority for decisions.*
- Adopt good accounting practices to monitor outstanding payments, e.g. *requiring payments by cheque to the travel agents' account.*
- Make the agreement with the Mainland operator contractual as far as practicable.

Engagement of Tourist Guides and Other Service Providers

Common Malpractice

- Common abuses include manipulating the appointment of tourist guides and service providers (*e.g. restaurants and coach companies*), accepting substandard service and placing orders for unnecessary jobs, etc.

Recommended Measures

- Adopt fair recruitment practices in appointing tourist guides. Please refer to ***Chapter 10*** of this Module.
- Adopt competitive procurement practices in engaging service providers. Please refer to ***Chapter 8*** of this Module.

Sale of Tours to Customers

Common Malpractice

- Diverting business to other travel agents (e.g. *the staff manning the tour consignment corner of a hotel may accept advantages from other travel agents in return for referral of business*).
- Colluding with staff of the client and inflating the prices of tours.
- Offering special discounts to ineligible companies/organisations and tolerate long outstanding payments from some clients.

Recommended Measures

- Supervise closely the off-site staff manning the tour consignment corner of a hotel by :
  - (i) Assigning different staff members to man the tour consignment counter by rotation.
  - (ii) Maintaining close liaison with the hotel management.
- Closely monitor the staff involved in the business negotiations with clients, e.g. *setting negotiation baselines and designating the authority for decisions.*
- Establish a policy on the offer of discounts and enforce it strictly.
- Adopt good accounting practices, e.g. *regular review of outstanding payments by clients.*

Acceptance of Tips/Service Charges

Common Malpractice

- Collecting service charges/tips from tour participants by any "coercive" or fraudulent means e.g. *claiming that the collection will be returned to the travel agent.*
- Overcharing the tour participants.
- Charging tour participants for not joining the scheduled shopping activities.

Recommended Measures

- Set a policy for acceptance of tips and other service charges (if any) and make it known to both the staff and the tour participants to prevent unauthorised solicitation.
- Collect the tour participants' feedback on the service standards of staff.

Shopping Activities

Common Malpractice

- Arranging visits to shops not designated by the travel agent.
- Accepting/soliciting extra commissions in return for favours to designated shops (e.g. *hard-selling the products to the tour participants*).
- Colluding with designated shop owners to falsify the sales transactions so as to misappropriate some of the commissions which should go to the travel agent.

Recommended Measures

- Compile an approved list of shops to be patronised by the tour participants for the tourist guides' compliance and distribute the list to the tour participants.
- Monitor closely the itinerary scheduled by liaising with the coach driver, overseas travel agent's tour escort, and designated shops and by pre-setting the shopping route and timeframe to enable the conduct of surprise checks.
- Require regular/timely reporting on the sales transactions of the tour participants by the designated shops.
- Inform the shop operators of the travel agent's policy on acceptance of advantages including commissions/rebates by staff.

- Ensure the tour participants fully understand their rights, which include :
  - (i) The right to obtain information on the shopping activities scheduled including the designated shops, the products for sale and the services to be provided.
  - (ii) The freedom to procure or not to procure the products and services offered.
  - (iii) The right to lodge complaints, and request their purchases be changed or refunded as necessary[5].
- Incorporate the tour participants' rights and the list of shops in a user-friendly leaflet and issue it to the tour participants upon arrival alerting them to the consumer risks of patronising shops not designated by the travel agent.
- Collect customers' feedback on the quality of the travel services provided and any irregularities involving the tourist guides.

Optional Activities

Common Malpractice

- Accepting/soliciting advantages from operators of optional activities in return for referral of business.
- Arranging unauthorised optional activities for tour participants for personal gain.
- Failing to report the true number of tour participants who have joined the activities and misappropriating the cash paid by them.

Recommended Measures

- Compile approved lists of optional activities with details including programme content, fees, safety issues, etc. for the reference of tourist guides and tour participants as far as practicable.
- Require the tour participants to indicate their interest in a standard form as far as possible prior to the arrangement of the activities and keep the form for checking purpose.
- Assess the popularity of the optional activities and review the marketing strategy.
- Make counter checks at random on tourist guides with the operators of the activities to detect any irregularities.
- Require the operators to report timely the number of participants to the management of the travel agent which may cross-check with the participants prior to completion of the tour.
- Conduct physical spot checks as far as practicable.

[5] *These shops must be registered with TIC through the travel agent concerned and undertake to provide full refunds to any dissatisfied visitors who return to them purchases within 14 days.*

Supervision of Tourist Guides, Tour Coach Drivers and Tour Escorts

Common Malpractice

- All three parties colluding to sell unauthorised products during the journey.
- Forging working records to facilitate false claims of service payment by coach drivers. (According to trade practices, the travel agent has to pay the driver direct service payment everyday on an hourly basis.)

Recommended Measures

- List the products to be sold on the coaches and their prices in a leaflet for the information of the tour participants.
- Conduct supervisory checks to verify the working hours of the coach driver (e.g. *check the traffic condition which is often the excuse for overtime work*).

CHAPTER 6

HOTEL ROOM RESERVATIONS

Introduction

In the operation of a travel agent, reservation of hotel rooms and offering of special rates to individual clients, corporate clients and other travel agents could be manipulated for a corrupt purpose.

Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators.

Engagement of Hotels

Common Malpractice

- Accepting advantages from hotel operators to select their hotels as service providers, colluding with hotel staff to inflate the price of rooms, and leaking confidential quotation information to competing hotel operators, etc.

Recommended Measures

- Adopt competitive procurement practices in engaging hotels. Please refer to ***Chapter 8*** of this module.

Control of Hotel Room Reservations

Common Malpractice

- Accepting advantages from customers for reserving rooms for them during the peak seasons.
- Referring company's business to other travel agents for personal gain.
- Offering special discounts to unqualified customers.
- Conspiring with hotel staff to misuse hotel rooms allocated to the travel agent during the low seasons.

Recommended Measures

- Lay down guidelines on the booking and allocation of rooms (e.g. *deposit payment and setting of deadline for confirmation of bookings by customers*).
- Require staff to obtain authorisation from designated managers for offers of special discounts or arrangements to customers.
- Record the priority order of customers when the number of hotel rooms available falls short of the demand during the peak seasons.

- Use a computer system with an audit trail function to record the reservation details and the sales transactions of individual staff members.
- Monitor the sales transactions of individual staff members, e.g. *a sharp decrease in transactions could be a sign of diversion of business to other travel agents*.
- Obtain information on the market rate, e.g. *the ongoing rates in other travel agents* to assess the reasonableness of the discounts offered by the sales staff to customers.
- Maintain regular contact with the hotel management to obtain feedback on the performance of the travel agent's own staff or any irregularities involving the staff of both the travel agent and the hotel.

CHAPTER 7 ACCOUNTING CONTROLS

Introduction

Accounting fraud often results in loss to the travel agent operator and possibly an increase of its operating cost. **Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators**.

Granting Credit Facilities to Customers

Common Malpractice

- Granting credit facilities that are not supported by adequate securities.

Recommended Measures

- Specify the level of authority for approving credit limits to customers (e.g. *ticketing sub-agents and corporate clients for hotel rooms and air tickets*) and pre-determine the approval criteria.
- Verify the documents in support of an application.
- Monitor payments by customers including regular reviews of their outstanding payments to detect irregularities.
- Require regular reporting on irregularities and bad debts to the management.

Making Payments and Collecting Debts

Common Malpractice

- Accepting bribes for speeding payments or delaying the collection of outstanding payments.
- Falsifying invoices or other documents to embezzle company funds.
- Arranging double payments.

Recommended Measures

- Lay down clear procedures and timeframes for making payments to suppliers and service providers (e.g. *set internal time limits for certifying the invoice and effecting payment*), and in collecting outstanding payments (e.g. *regular reporting on bad debts to the management*).
- Record the date of payment which should be made against invoices, vouchers and delivery notes.
- Require "paid" chops to be stamped on all invoices and relevant documents after payment.

Handling Customers' Payments

Common Malpractice

- Misappropriating cash payments by customers.
- Manipulating cheque payment by customers (e.g. *asking customers to address their cheques to the staff member concerned*).

Recommended Measures

- Issuing guidelines on handling of payments by customers (e.g. *payment should be made by cheque/credit card as far as practicable; payment by cheque should be made direct to the travel agent; cheques should be issued by the purchaser's company in the case of high value purchases*).
- Adopt good accounting practices such as safekeeping of cash, and daily reconciliation of revenue against the sales records.
- Conduct surprise revenue checks, i.e. the cash held at the sales counter against the records maintained.

CHAPTER 8 PROCUREMENT PRACTICES

Introduction

Procurement of goods and services is an area prone to malpractice. The staff of travel agents are actively involved in procurement activities (e.g. *procurement of pre-trip souvenirs as gifts to travellers and office stationery, engagement of overseas' land operators to receive outbound travellers, and local service providers for inbound visitors such as hotels, transport companies, restaurants, attractions operators, etc.*). Besides making sure that purchases are value for money, it is important for the travel agent operators to establish a competitive procurement system with sufficient safeguards to prevent abuse by unscrupulous staff.

Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators.

Selection of Suppliers and Service Providers

Common Malpractice

- Accepting bribes in return for appointing a supplier or service provider.
- Appointing a supplier or service provider which is wholly or partially owned by the staff or their close relatives.
- Colluding with a supplier or service provider in forging quotations/tenders to make up the number required.
- Leaking information e.g. *quotation prices*, etc. to competing suppliers and service providers.

Recommended Measures

Addressing Conflict of Interest

- Require procurement staff to declare any conflict of interest at the start of a quotation/tender exercise.
- Check Business and Companies Registration records where necessary (e.g. *for investigation purpose*) for details of owners and shareholders of the companies of the suppliers/service providers to ensure they are not owned or operated by staff.

Compiling Suppliers/Service Providers Lists

- Draw up lists of suppliers/service providers by trade where applicable. The lists should be approved by a senior staff member or a panel and periodically updated based on well defined criteria for inclusion or deletion.
- Require the procurement staff to select a specified number of suppliers/service providers for invitation of quotation/tenders, in addition to those they nominate if any.
- Keep records of quotations/tenders for random supervisory checks to see if the suppliers/service providers on the approved list have been given a fair chance to bid or to see if they are genuine companies.

Specifying Procurement Methods and Approval Authority

- Specify procurement methods (e.g. *by verbal or written quotations, tenders, or petty cash*) and the minimum number of bidders to be invited for quotations/tenders for purchases of different values.
- Set procurement approval authorities and the corresponding financial limits for different types and values of goods/services and a higher level of approval for special purchases (e.g. *urgent purchases or single source procurement requiring a waiver of the normal procurement method*).

Protecting Confidentiality of Bids

- Keep all quotations/tenders under lock and sealed before the closing date. Verbal quotations should be recorded or confirmed in writing. Faxed quotations should be received by a designated fax machine installed in a secure area or by a computer system with password control.

Conduct of Tender

- Conduct tendering for the procurement of high-value goods and services beyond a specified cash threshold if price is not the only consideration in the selection of suppliers/service providers.
- Include in the tender invitation specifications such as the description of goods, standard of service, and tender evaluation criteria in broad terms, etc.
- Require tenders to be opened and recorded jointly by at least two staff members and to be assessed by a panel in accordance with pre-determined criteria (e.g. *tenderers' past performance, the proposed standard of service and any after-sale service*).

Other Safeguards

- Appoint term suppliers and service providers for the supply of goods and services which are required regularly.
- Issue letters to long-term suppliers and service providers informing them of the travel agent's policy that the staff are not allowed to accept advantages including commission without the travel agent's permission. This could help dispel any doubt of the suppliers/service providers and deter offers of unauthorised commissions and rebates to the staff.
- Maintain performance records to ensure suppliers consistently meet the standards required.

Acceptance of Goods and Payment Control

Common Malpractice

- Showing favour to particular suppliers and service providers e.g. *accepting substandard goods and services, and condoning overcharging and short supply*.
- Splitting orders to avoid exceeding the financial limits prescribed by the travel agent, and to bypass the appropriate approval authority.
- Circumventing the normal procurement procedures on pretext of urgency e.g. *purchase through a single source supplier without going through competitive bidding process*.
- Effecting payment without complete supporting documents.

Recommended Measures

- Set up counter-checking mechanisms, e.g. *deploying different staff members to place orders and to authorise acceptance of goods on delivery, and assigning staff at the managerial level to conduct spot checks to detect irregularities such as order splitting or overstock*.
- Generate management reports showing the volume of business given to each supplier for review to detect irregularities (e.g. *favouritism to a particular supplier*).
- Require the staff concerned to record all receipts of goods, check the purchase orders against the quantity specified in the delivery notes, record all cases of defective or short delivered goods, and notify the accounts section to deduct payment as appropriate.
- Specify the conditions for urgent or special purchases and the approval authority, and require documentation of such cases.
- Effect payment for goods against duly certified invoices, purchase orders and delivery notes.

Administration of Service Contracts

Common Malpractice

- Compromised staff conniving at substandard service.

Recommended Measures

- Specify the service standards (e.g. *in respect of engagement of the overseas land operator to receive outbound travellers, include specifications such as the number of local tourist guides provided for the journey, the popularity of the attractions proposed and the rate of tips from tour participants*) in the service contract.
- Include a probity clause in the contract to prohibit the service providers' employees from soliciting or accepting advantages in the performance of their duties under the contract.
- Hold regular meetings with the service providers to discuss problems and review service standards and record the salient points discussed for follow-up.
- Adopt a system to check and record service providers' compliance with the pledged standards of service (e.g. *collecting users' feedback and investigating into any complaints*).
- Put in place a disciplinary system to sanction service providers who have been non-compliant with the contract conditions (e.g. *issue of warnings or suspension from invitation to bid for future contracts*).

CHAPTER 9 INVENTORY CONTROLS

Introduction

In the travel agent operation, there is always the need to keep stock of goods to cater for the demands of customers (*e.g. pre-trip souvenirs and items to be sold on tour coaches during the journey*) and for administrative purposes (*e.g. uniform and stationery*). An effective store control system is important to prevent malpractice (*e.g. pilfering of goods or improper disposal of usable items*) which may lead to financial loss to the travel agent, and also corruption if the malpractice has the connivance of compromised or colluding supervisors.

Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators.

Receipt and Issue of Goods

Common Malpractice

- Covering up non-deliveries/short deliveries or accepting substandard goods.
- Overstating loss or damage of goods during delivery to cover up pilferage.
- Improperly issuing stores to users/customers.

Recommended Measures

- Deploy different staff members to handle purchase, inspection and acceptance of goods as far as practicable.
- Lay down procedures for reporting and handling damaged goods, and short delivery or over-delivery of goods.
- Conduct random checks on the damaged items against the records.
- Require all issues of stores to be supported by approved vouchers.
- Require both the storekeeper and recipient(s) including the issuing staff and customers to acknowledge receipt of goods.

Store Keeping and Writing-off Stock

Common Malpractice

- Stealing goods by fraudulently writing-off stock.
- Improperly disposing of usable items.

Recommended Measures

- Keep store items in a secure place under lock and assign a staff member as the storekeeper.
- Restrict access to storage areas or warehouse to authorised staff only and hold the storekeeper accountable for the stock.
- Keep a master record of all stock items to facilitate stock checks.
- Assign a supervisor to conduct independent stock checks periodically. If a full stock check is not practical, there should be random selection of a lot or a batch of items for checking.
- Record the items and quantity of write-off goods and designate a staff member at the right level to authorise such activities.

CHAPTER 10 STAFF ADMINISTRATION

Introduction

Alleged favouritism or abuse of power in staff administration, such as staff recruitment, performance appraisal, posting arrangement, and allocation of duties, etc. is often the subject of corruption complaints in a company. To prevent any perceived malpractice, the management of travel agents should establish a transparent and fair system in dealing with staff matters. There should also be procedures to detect and deter abuse of power, favouritism, or other manipulation such as unfair allocation of duties, falsification of attendance records and overclaim of overtime allowance.

Listed below are some common malpractice and the preventive measures recommended for adoption by travel agent operators.

Overtime Claims

Common Malpractice

- Faking attendance records for claims.
- Accepting bribes from colleagues for approving or processing fraudulent claims.

Recommended Measures

- Require a supervisor to make recommendation with justification and designate a senior staff member to approve overtime work claims for allowance.
- Require officer-in-charge to certify the overtime records.
- Arrange staff rotation to prevent collusion.
- Monitor any significant increase in claims by a particular unit and individual staff to initiate close supervision if necessary.

Staff Recruitment, Promotion and Posting

Common Malpractice

- Accepting bribes for favouritism in appointments, promotions or arrangements of posting.

Recommended Measures

- Lay down the recruitment criteria and set up a recruitment panel for the selection of candidates where applicable (comprising a representative from the administrative or human resources section if possible); the same should apply to staff promotions as far as practicable.
- Segregate the duties of screening applications and interviewing applicants, if possible, to enhance checks and balances.

- Issue instructions to all staff regarding posting and promotion policy and criteria.
- Designate the authority at a more senior level to approve the recommendations for promotion.

Engagement of Self-Employed Tourist Guides/Tour Escorts

Common Malpractice

- Favouring particular persons by bypassing the recruitment procedures.
- Soliciting advantages or accepting bribes in return for providing job opportunities.
- Supporting false claims of sick leave or sickness allowance by self-employed persons.

Recommended Measures

- Where regular demand for self-employed persons is anticipated, recruit a pool of suitable candidates through proper procedures, allocate work to them on a fair share basis where appropriate, and record the allocation for monitoring purpose.
- Designate a staff member at the appropriate level to endorse every request for the engagement of self-employed persons.
- Subject self-employed persons to the company Code of Conduct.
- Ensure the persons engaged fully understand the employment terms and conditions to avoid misunderstanding.

Allocation of Tour Duties

Common Malpractice

- Favouring particular tour escorts/tourist guides by allocating more jobs and/or duties that are likely to attract greater monetary returns (e.g. *long-haul tours*).

Recommended Measures

- Establish a tour duty allocation policy based on individual tour escorts/tourist guides' experience and by rotation as appropriate to ensure fair allocation of jobs.
- Retain records of allocation of duties for monitoring purpose.
- Regularly assess the performance of individual tourist guides/tour escorts e.g. *by collecting customers' feedback for consideration of continued employment, allocation of duties and promotion.*
- Review and compare reports on receipt of commissions/service charges/tips submitted by individual tourist guides/tour escorts to detect any unfair allocation of duties.

CHAPTER 11 INTERNAL CONTROLS

Introduction

In the foregoing chapters, preventive measures relating to the specific operations of a travel agent are recommended for adoption. Last but not the least, it is important for the management of the travel agents to have an effective internal control system to ensure that the measures are understood by staff and accepted for implementation. **The following list of key areas may be used by the management as benchmarks to evaluate the adequacy of internal control systems.**

Clear Policy and Guidelines

- Specify the procedures for dealing with suppliers, business partners and clients, etc.

Clear Staff Responsibility

- Define clearly the roles, duties and responsibilities of each level of staff.
- Lay down clearly approval authorities and procedures.
- Allow discretion to be exercised by staff which should be commensurate with their rank, experience and expertise.

Segregation of Duties and Functions

- Segregate the key duties and functions to enhance checks and balances.

Safeguards of Sensitive Information

- Properly classify and physically secure sensitive or confidential information.
- Adopt measures to prevent unauthorised access to sensitive/confidential information stored in computer systems.

Effective Staff Supervision

- Rotate staff periodically where applicable.
- Conduct random checks on staff performance and keep records.

Appropriate Records and Data Management

- Maintain accurate and proper records.
- Operate an effective information management system to generate useful management reports.

Appropriate Checks and Balances

- Establish an independent internal audit function and/or external audit function where resources permit.
- Engage independent third parties (i.e. *"undercovers" not known to staff*) to use the tour services of the travel agent as customers and require them to report their observations to the management.
- Conduct revenue audits on specific functions regularly.

Channels for Lodging Complaints and Obtaining Feedback

- Establish and publicise the channels for lodging complaints or providing feedback by staff, customers and suppliers.
- Handle complaints promptly to show management's determination to address the problems identified.

Managing Staff Accountability and Integrity

- Pay special attention to those subordinates whose conduct and behaviour are in doubt.
- Organise regular capacity building workshops for staff at all levels to enhance their ethical awareness.

ADVISORY SERVICES GROUP

The preventive measures recommended in the forgoing chapters aim at providing basic preventive guidelines which are by no means exhaustive. The Advisory Services Group of the Corruption Prevention Department, ICAC provides ***free, confidential and tailor-made*** corruption prevention advice to private organisations covering various aspects of their activities such as staff administration, stores management and administration of contracts, etc. For further information, please contact the Group through telephone no. ***2526 6363*** or fax no. ***2522 0505*** or email address ***asg@cpd.icac.org.hk***.

APPENDIX

(Company Name)
Sample Code of Conduct

Introduction

The Company believes that honesty, integrity and fair play are important company assets in business. All staff have to ensure that the Company's reputation is not tarnished by dishonesty or corruption. This Code sets out the basic standard of conduct expected of all staff and the company policies on acceptance of advantages and declaration of conflict of interest by staff in connection with their official duties.

Prevention of Bribery Ordinance

2. Under Section 9(1) of the Prevention of Bribery Ordinance, an employee who solicits or accepts an advantage in connection with his work without the permission of his employer may commit an offence. The term "advantage" is defined in the Ordinance and includes money, gift, loan, fee, reward, employment, contract, service and favour. The person offering the advantage may also commit an offence under Section 9(2) of the Ordinance.

3. An employee who, with intent to deceive his employer, falsifies documents or furnishes false accounting records may be guilty of an offence under Section 9(3) of the Ordinance. Section 9 of the Ordinance and the definition of "advantage" are detailed at the ***Annex***.

Acceptance of Advantages

4. It is the company policy that staff should not solicit or accept any advantage from any persons having business dealings with the Company (e.g. clients, suppliers, contractors). However, staff are allowed to accept (but not solicit) the following gifts offered voluntarily:

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

   (b) gifts given on festive or special occasions subject to a maximum limit of $XXX in value.

5. Staff should decline an offer of a gift if the acceptance could affect their objectivity in conducting the company's business, or induce them to act against the interest of the company, or lead to allegations of impropriety. If a staff member wishes to accept a gift not covered in paragraph 4, he should seek permission in writing (via **Form A**) from (name and/or post of a senior staff).

Entertainment

6. As defined in Section 2 of the Prevention of Bribery Ordinance, "entertainment" refers to food or drink provided for immediate consumption on the occasion, and of any other entertainment provided at the same time. Although entertainment is an acceptable form of business and social behaviour, staff must not accept lavish or frequent entertainment from persons with whom the company has business dealings (e.g. suppliers or contractors) to avoid placing themselves in a position of obligation to the offerer.

Conflict of Interest

7. A conflict of interest situation arises when the private interest of a staff member competes or conflicts with the interest of the company. Private interest includes both the financial and personal interests of the staff member and those of his connections. Connections include family members, relatives, and close personal friends.

8. Staff should avoid situations which may lead to an actual or perceived conflict of interest situation, and should make a declaration in writing (via **Form B**) to (name and/or post of a senior staff) when such a situation arises. Failure in doing so may give rise to criticism of favouritism, abuse of authority or even allegation of corruption.

9. Some common examples of conflict of interest include:

   (a) A staff member involved in the procurement process is closely related to or has beneficial interest in a company which is being considered by the Company in the selection of a supplier or service provider;

   (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 responsible for the recruitment or promotion;

   (c) a staff member involved in the selection of a supplier for the Company engages in frequent or excessive gambling with one of the suppliers under consideration;

   (d) a term contractor whose contract is about to be renewed grants a personal loan to the staff member responsible for contract negotiation; or

   (e) a staff member responsible for evaluating tenders is a part-time consultant of one of the tenderers.

Handling of Confidential Information

10. All staff are prohibited from disclosing any information classified by the company to anybody without authorisation. Those who have access to or in control of such information should at all times ensure its security and prevent any abuse or misuse of the information. Examples of misuse include disclosure of information in return for monetary rewards, or use of information for personal gains.

Relations with Suppliers, Contractors and Customers

11. The Company aims to develop and secure relationships with suppliers, contractors and customers based on mutual trust. All staff should seek to provide an efficient and courteous customer service in order to maintain customer satisfaction and co-operation with the Company. Staff members should keep their customers informed of the exact nature of the Company's capabilities, and should avoid making any misrepresentation, exaggeration or overstatement, and avoid engaging in any activities outside their duties (e.g. offering private services to travellers). Any queries should be channeled to (name and/or post of a senior staff) for advice and action.

Compliance with the Code

12. It is the personal responsibility of every staff member to understand and comply with the Code. Managers should also ensure that their subordinates understand well and comply with the standards and requirements stated in the Code.

13. Any staff member who is in breach of the Code will be subject to disciplinary action, including termination of employment. In cases of suspected corruption or other criminal offences, a report will be made to the ICAC or the appropriate authorities.

14. Any enquiries about the Code or reports of possible breaches of this Code should be channeled to (name and/or post of a senior staff) for advice and action.

_____

(Name of Company)

Date :

(Company Name)
REPORT ON GIFTS RECEIVED

Part A **To be completed by Receiving Staff**

To : (**Approving Authority**)

Description of Offeror :

Name & Title of Offeror : _____

Company : _____

Relationship (Business / Personal) : _____

Occasion on which the Gift Was / is to be Received : _____

Description & (Assessed) Value of the Gift : _____

Suggested Method of Disposal :	**Remark**
( ) Retained by the Receiving Staff	_____
( ) Retained 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)
(Date) (Title)

Part B **To be completed by Approving Authority**

To : (**Name of Receiving Staff**)

The recommended method of disposal is ***approved/not approved**. *The gift(s) concerned should be disposed of by way of :

_____
(Name of Approving Authority)
(Date) (Title)

** Please delet as appropriate*

(Company Name)
Declaration of Conflict of Interest

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

To : (**Approving Authority**)

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

Persons/companies with whom/which I have official dealings and/or personal interests
Brief description of my duties which involved the persons/companies mentioned above

(Name of Declaring Staff)

(Date) (Title / Department)

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

To : (**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.

❑ Others (please specify) : _____

_____

(Name of Approving Authority)

(Date) (Title / Department)

** Please delet as appropriate*

ANNEX

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 purpose 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 purpose of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

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.

廉政公署
ICAC
Corruption Prevention Department
Independent Commission Against Corruption
2006