



「誠信專業 物業管理」  
推廣計劃

Anti-Corruption Webinar for members of  
the Chartered Institute of Housing Asian Pacific Branch  
(CIHAPB)  
網上防貪講座

合辦：特許房屋經理學會  
亞太分會



10/5/2022



 Professionalism of  
Property Management

## Objectives



### AWARENESS

- To stay alert to corruption risks and prone areas in the property management industry

### ASSESSMENT

- To get familiar and comply with the legal and regulatory requirements

### ACTION

- To perform supervisory responsibility and adopt corruption prevention and integrity management

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## Content



### Introduction

- Work of ICAC
- Current corruption scene



### Legal Requirement

- Prevention of Bribery Ordinance (PBO)
- Company's Policy / Code of Conduct
- Case Sharing



### Corruption Risk

- Corruption prone areas in Property Management



### Professionalism & Integrity

- Handling conflict of interest and ethical dilemma
- Managerial role in corruption prevention



### ICAC Services

- Corruption prevention services
- Report Corruption

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## Work of ICAC and Current Corruption Scene

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### Three-Pronged Approach

#### ICAC Commissioner



Operations  
Department



Investigation

Prevention



Corruption  
Prevention  
Department

Community  
Relations  
Department



Education

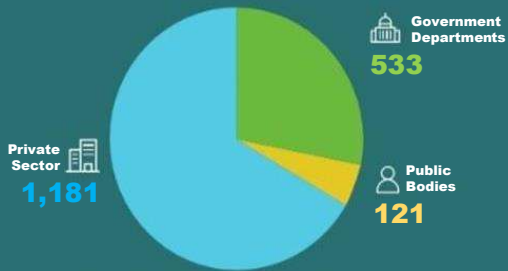
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# Corruption Complaints



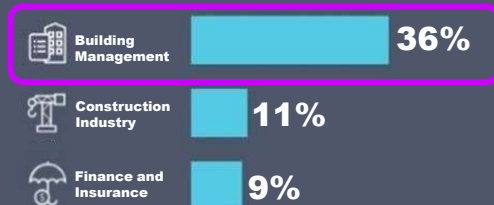
## CORRUPTION COMPLAINTS RECEIVED BY ICAC IN 2022

TOTAL CORRUPTION COMPLAINTS **1,835**



\* Individual percentages do not add up to 100 due to rounding

## TOP 5 SECTORS ATTRACTING MOST CORRUPTION COMPLAINTS



Total Private Sector Corruption Complaints

**1,181**

\* Excluding election-related complaints

## Building Management Related Complaints



- A large number of corruption complaints but low prosecution rate
- Allegations against owners' corporations, owners' committees or property management companies. The major areas of concern are building maintenance and renovation projects, financial management and daily operations.
- Some caused by lack of knowledge of building management, mutual trust, mismanagement and misunderstanding.

If there is corruption in property management .....



## Corruption Prone Areas in Property Management



### **Building Renovation**

- Bogus tenders
- Excessive variations



### **Management of Supplies or Service Contracts**

- Ghost workers
- Substandard services



### **Financial Management**

- Claim reimbursement with falsified document
- Expediting payments



### **Handling Confidential Info**

- Leakage of tender information
- Unauthorised collection or disclosure of restricted information of the company, clients or supplier



### **Daily Operations**

- Abuse of proxy arrangement
- Conniving at illegal conduct of clients



### **Human Resources Management**

- Cronyism
- Favouritism in staff deployment or promotion



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## Legal and Administrative Controls



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## Cap. 201 Prevention of Bribery Ordinance (PBO) 香港法例第201章《防止賄賂條例》



### Spirit



An act of **ABUSE** of **TRUST**

- To uphold an environment conducive to efficiency and **fair competition**
- To **protect the interests of different stakeholders** against abuse of authority for personal gain
- To maintain the **mutual trust**

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## Prevention of Bribery Ordinance (PBO)



### Section 9(1), PBO

**Agent (Employee)**

without **A**pproval from the Principal

solicits or accepts an **A**dvantage

an **A**ct in relation to principal's (employer's) business



**Maximum penalties:**  
7 years' imprisonment and  
a fine of HK\$500,000

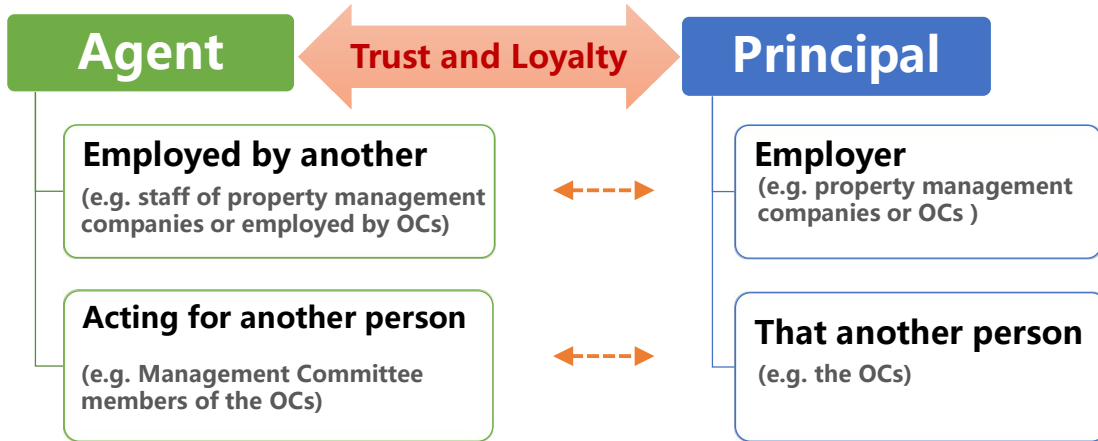
**Both offeror and acceptor  
are liable for  
criminal offence**

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Prevention of Bribery Ordinance (PBO)



Agent and Principal



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Prevention of Bribery Ordinance (PBO)



Advantage

Gift, loan, fee, reward or commission

Employment or contract

Payment, release or discharge of loan or liability

Service or favor **Except Entertainment**

Exercise or forbearance from exercise of any right or power

Regardless of the monetary value



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Prevention of Bribery Ordinance (PBO)



“Entertainment”

Provision of food or drink for consumption **on the occasion**, and any entertainment provided at the same time.



- ! Beware of **Sweetening trap**
- ! Avoid **Conflict of Interest**

Frequent and lavish meals may become a **“Sweetening” Trap** putting you in an obligatory position or a **Conflict of Interest** situation.

Prevention of Bribery Ordinance (PBO)



No defence even if ...



Section 11 of PBO

The recipient:

- did not actually have such power/right to carry out the act;
- did not in fact do so; or
- had no intention to do so

Section 19 of PBO

- The advantage is customary in any profession / trade / vocation / calling



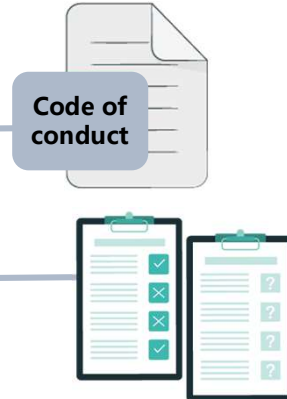


**Prevention of Bribery Ordinance (PBO)**



**Principal's Approval**

- The approval is from the **recipient's principal**
- **Prior** approval is preferred
- Obtain approval **as soon as possible** after accepting the advantages
- Take reference to **company code of conduct** or service contract terms



**Prevention of Bribery Ordinance (PBO)**



**Section 9(3) of the PBO**

**Agent (Employee)**

**Use any false, erroneous or defective receipt, account or other document**

**With an intent to deceive his principal**



**Maximum penalties:  
7 years' imprisonment and  
a fine of HK\$500,000**

PBO s.9(3)



## Common examples

Documents with false information to deceive commission

Procurement of goods or services with inflated price

False claims - reimbursement of work-related expenses

False claims - Job-related allowance or welfare

False attendance/leave record

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## Relevant Laws, Regulations and Codes



- ✓ **Cap. 344 Building Management Ordinance**  
香港法例第344章 《建築物管理條例》
- ✓ **Cap. 626 Property Management Services Ordinance**  
香港法例第626章 《物業管理服務條例》
- ✓ **Property Management Services Authority – Codes of Conduct for Licensees**  
物業管理業監管局對持牌人訂立的 《一般操守守則》

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# Property Management Services Ordinance



## Persons Suitable to Hold Licences

Licensing Regime > Property Management Practitioner Licence > Persons Suitable to Hold Licences

### Persons Suitable to Hold Licences

The PMSO stipulates that a licence will only be issued if:

1. the PMSA is satisfied that the applicant:
  - ✔ meets all the **prescribed criteria** for holding the licence;
  - ✔ is a suitable person to hold the licence, and
2. the applicant has paid the prescribed **fee** for the issue of the licence.

A person having been issued a licence must continue to be a suitable person or else the licence will be revoked. In determining whether a person is suitable to hold a licence, the PMSA will have regard to all relevant factors, including but not limited to:

For a property management practitioner licence —

- ✔ whether the individual is a mentally disordered person, or a patient, within the meaning of section 2(1) of the Mental Health Ordinance (Cap. 136);
- ✔ whether the individual has been convicted of a criminal offence;
- ✔ whether the individual has been convicted of a **disciplinary offence**;
- ✔ whether the individual is or was the sole proprietor of a PMC whose application for a PMC licence has been refused or whose PMC licence has been revoked or suspended; and
- ✔ whether the individual is or was an officer of, or a partner in, a PMC whose application for a PMC licence has been refused or whose PMC licence has been revoked or suspended.

Applicants for licence are required to answer certain questions in the **application forms** concerning their suitability. If any answer to these questions is "yes" or "not sure", the applicant will be required to provide further information, including, for example, criminal conviction records.

A person commits an offence if the person, in connection with an application for a licence, provides any information or document to the PMSA that is false or misleading in a material particular, and the person knows that, or is reckless as to whether, the information or document is false or misleading in a material particular. The person who commits the offence is liable on conviction on indictment to a fine of \$475,000 and to imprisonment for 1 year or on summary

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# Property Management Services Ordinance




## Section 11(2)

In determining whether a person is a **suitable person** to hold a property management company licence, property management practitioner (PMP) licence (Tier 1 & Tier 2), the Authority must have regard to the following —

- (iv) whether the individual has been convicted of a criminal offence (other than an offence under this Ordinance) **involving fraud or dishonesty**


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**物業管理業監管局**  
PROPERTY MANAGEMENT SERVICES AUTHORITY

# General Codes of Conduct

Codes of Conduct



Section 4 of the Property Management Services Ordinance (PMSO) sets out the conduct and circumstances amounting to a **disciplinary offence**. Section 5, the Property Management Services Authority (PMSA) may issue codes of conduct containing any practical guidance that it considers the purposes of section 4.

Section 5 also stipulates that a licensee does not incur a civil or criminal liability only because the licensee has contravened a provision of the Code. However, in any proceedings (whether disciplinary, civil or criminal), if the PMSA, the disciplinary committee or the court is satisfied that a provision of conduct is relevant to determining a matter that is in issue in the proceedings, then the codes of conduct are admissible in evidence in the proceedings if proof that a licensee contravened or did not contravene the provision may be relied on as tending to establish or negate that matter.

From time to time, the PMSA will issue codes of conduct and, where appropriate, best practice guides, to address concerns of the public and professionalism of the property management industry. The PMSA has issued or will consider issuing codes of conduct covering the following areas:

No.	Subject	Codes of Conduct	Best Practice Guides	FA
1.	<span style="border: 1px solid red; padding: 2px;">General Code of Conduct</span>	<a href="#">Download document</a>	(coming soon)	Dc dc
2.	Complaint Handling Mechanism of Property Management Companies	<a href="#">Download document</a>	<a href="#">Download document</a>	Dc dc
3.	Effective Control over Property Management Business by Property Management Companies	<a href="#">Download document</a>	<a href="#">Download document</a>	(Ct)
4.	Handling Money Received for Clients	(coming soon)	(coming soon)	(Ct)
5.	Obligations after the Appointment of a Property Management Company is Terminated	(coming soon)	(coming soon)	(Ct)
6.	Handling Instrument of Appointing a Proxy Regarding Meetings of Corporation / Owners	(coming soon)	(coming soon)	(Ct)
7.	Provision of Prescribed Information and Financial Documents to Clients	(coming soon)	(coming soon)	(Ct)

**PROPERTY MANAGEMENT SERVICES AUTHORITY**

**General Code of Conduct**

**Code No. : C1/2020**      **Effective Date : 7 August 2020**

**Preamble**

The following code of conduct (Code) is issued by the Property Management Services Authority (PMSA) pursuant to section 5 of the Property Management Services Ordinance (PMSO) and contains practical guidance for the purposes of section 4 of the PMSO (disciplinary offence). Although a licensee does not incur a legal liability only because the licensee has contravened a provision of the Code, the Code is admissible in evidence in disciplinary hearings, and proof that a licensee contravened or did not contravene the relevant provision of the Code may be relied on as tending to establish or negate a matter that is in issue in the hearings.

**Code**

- (1) A licensee must not commit misconduct or neglect in a professional respect.
- (2) A licensee must provide services to the licensee's clients with **honesty, fidelity and integrity**.
- (3) A licensee must, to the best of the licensee's knowledge, provide accurate and relevant information or advice to the licensee's clients to facilitate them to make informed judgments and decisions.
- (4) A licensee must establish proper procedures and systems to manage and supervise the property management services provided by the licensee.
- (5) A licensee must, in the course of the licensee's practice, act in an **impartial and just manner** towards the licensee's clients and any other parties concerned.

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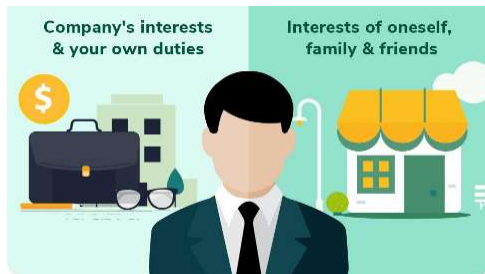


# Professionalism and Integrity



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## Conflict of Interest (Col)



*Private Interests* - refer to the financial and other interests of the officer himself, his family, personal friends or other relations

### Mishandling of Col?

- Distort judgement
- Cast doubt on the creditability and professionalism
- May lead to corruption offence if advantage is involved

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## Conflict of Interest (Col)

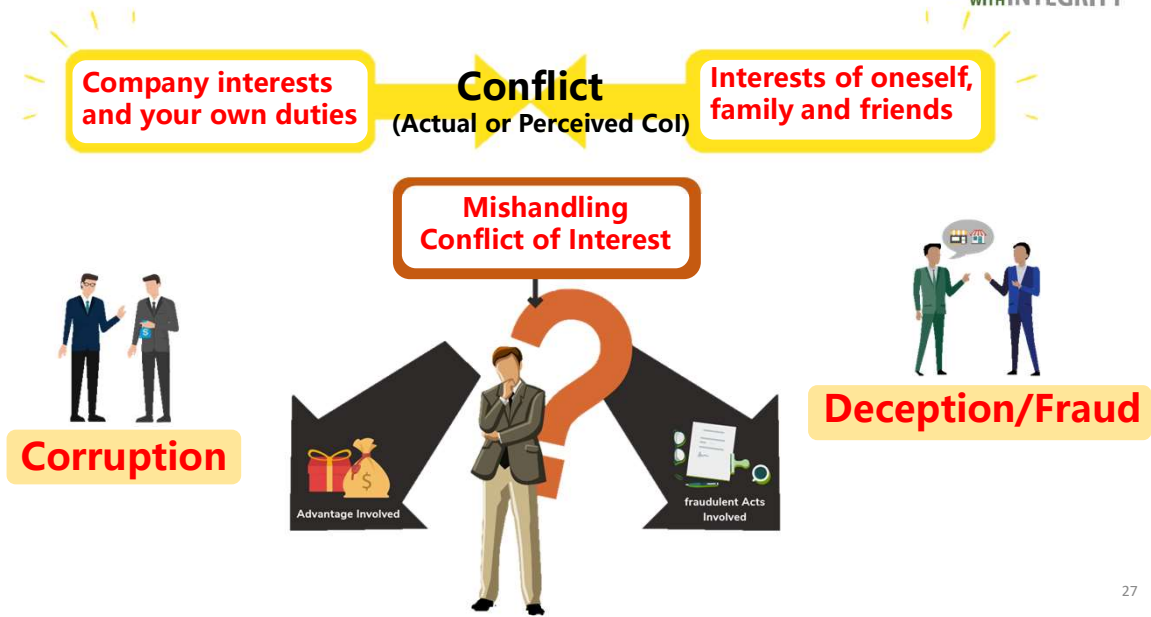


### Typical examples:

- A procurement officer is responsible for a tender selection while one of the bidders is the officer's family member.
- An officer handles a dispute between two clients, one of whom is the officer's relative.
- An officer takes part in staff recruitment in which one of the candidates is the officer's close personal friend.
- An officer accepts frequent or luxurious entertainment from or involves in any financial dealings (e.g. loans or gambling) with suppliers/clients/flat owners.

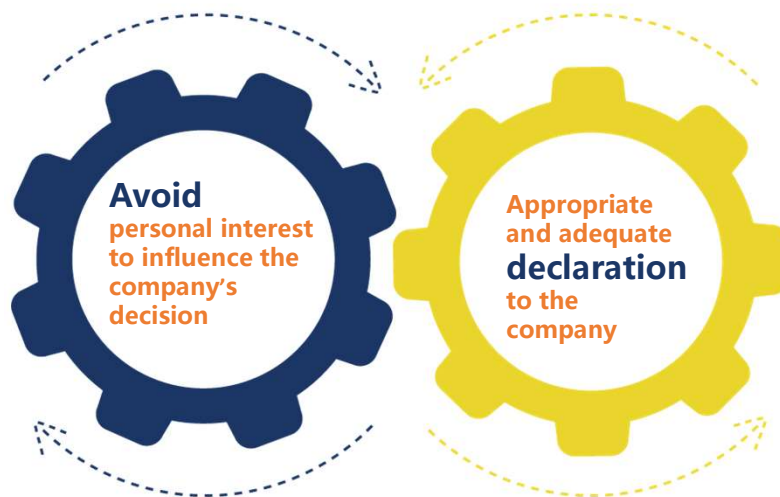
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## Problems arising from Col



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## Proper Handling of Col



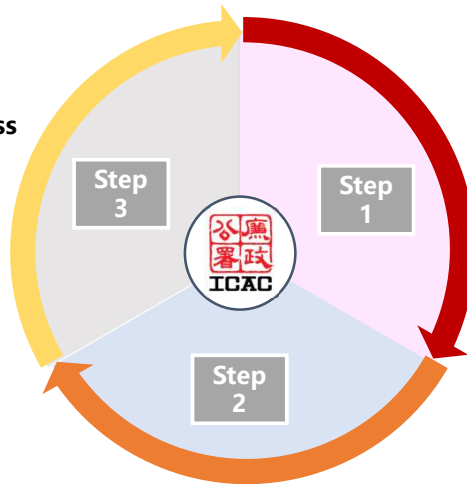
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## Ethical Decision Making



### Step 3 Sunshine Test

- ✓ Am I willing to discuss the issue **openly**?
- ✓ Can I disclose my decision **without misgivings**?



### Step 1

- ✓ Establish the **facts**
- ✓ Take stock of **stakeholders** involved and assess each stakeholder's position
- ✓ Identify the **alternatives** and their effects on the stakeholders

### Step 2

Evaluate with reference to:

- ✓ **Legal requirements**
- ✓ **Company and professional code of conduct**
- ✓ **Uncompromising self-values**

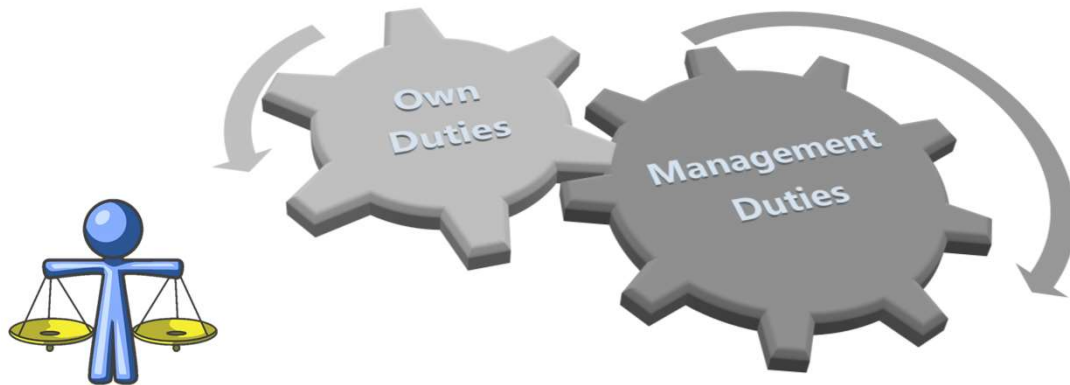
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## Managerial Role in Corruption Prevention



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## Two-fold Responsibility



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## Supervisory Accountability



- A supervisor will be asked to account for acts or omissions by his/her subordinates, if these acts are so serious, repeated or widespread
- A supervisor should remain vigilant in common corruption prone areas and take necessary action for effective prevention and early detection of malpractices by subordinates



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# Integrity Management in Action



**Ethical Leadership**  
Cultivating a  
**virtuous mind**



**Integrity Training**  
Nurturing the  
**good heart**

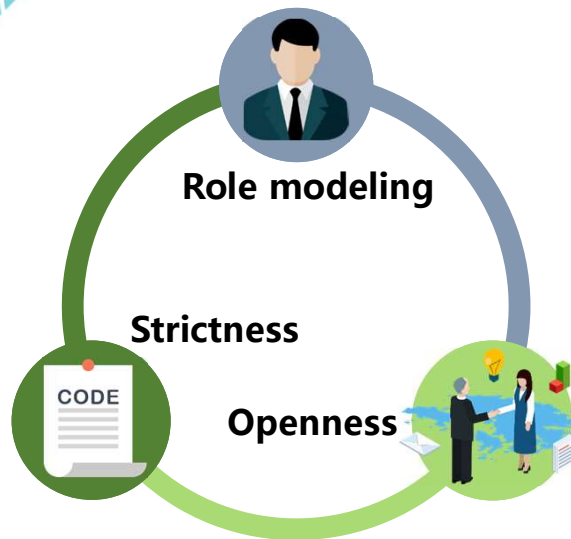
**Code of Conduct**  
Defining the  
**moral backbone**



**System Controls**  
Boosting **immunity**  
against ethical risks



# Ethical Leadership





## Code of Conduct



- ✓ Prohibition of any bribery and corrupt practices
- ✓ Acceptance and offering of advantages and acceptance of entertainment
- ✓ Handling records, accounts and other documents
- ✓ Handling conflict of interest and managing conflict of interest declared
- ✓ Prohibition of misuse of official position, company assets and information
- ✓ Handling outside employment
- ✓ Handling relationship with business contacts and public officials



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## Integrity Training



- ✓ Integrity training for staff and directors
- ✓ Increase understanding of legal and regulatory requirements
- ✓ Enhance staff's awareness of common ethical issues in workplace
- ✓ Cultivate an ethical organisation culture

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## Principles of System Controls



- ✓ Detailed work procedures
- ✓ Well-defined authority and segregation of duties
- ✓ Effective monitoring systems (e.g. surprise check )
- ✓ Proper information management
- ✓ Effective internal and external communication channels
- ✓ Regular system review



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## Cultivating an Ethical Corporate Culture



Enhance staff's sense of belonging



Promote business sustainability



Abandon corrupt behaviour






Gain trust from clients



Build goodwill and reputation

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## ICAC Services

-  Organise integrity training for practitioners
-  Assist to formulate and review codes of conduct
-  Offer corruption prevention advice



*Practical toolkits, training videos and service pamphlets*

### Government Subsidy Schemes for Building Maintenance – Corruption Preventive Education Thematic Webpage



*Promotional activities – Stall games and exhibitions*



**Enquiry Hotline: 2929 4555**

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## Zero Tolerance to Corruption



**Report In Person**  
*Direct And Detailed*

**24-hour Report Centre / 7 ICAC Regional Offices**



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### Zero Tolerance to Corruption

#### Complaint Kept In Strict Confidence

Non-anonymous complaint far more effective

Complainant's identity and content of complaint handled in strict confidence

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### Zero Tolerance to Corruption

#### Report If You Have Doubt

Report corruption

With reasonable doubt

Full evidence is NOT required

Follow up in accordance with the law

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# Zero Tolerance to Corruption

**CONFIDENTIAL**



- In Person**
  - Report Centre
  - 7 Regional Offices
- By Post**
  - Hong Kong Mail Box 1000
- 24-hr Corruption Report Hotline**
  - 25 266 366

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## Declaration



This PowerPoint material aims at providing general guidance on the common corruption risks and preventive measures in the private sector and does not purport to deal with corruption issues that may arise in any given situation. Description and explanations of the legal requirements under the relevant Ordinances and the recommended practices are necessarily general and abbreviated to make this PowerPoint material easy to understand from the layman's angle. Users of this PowerPoint material should refer to the original legislations or seek ICAC's advice as and when necessary. While we endeavour to ensure the accuracy of the information in this PowerPoint, no statement, representation, warranty or guarantee, expressed or implied, is given by us as to the accuracy, completeness or appropriateness of such information for use in any particular circumstances. The ICAC is not responsible for any loss or damage whatsoever arising out of the use of this PowerPoint material or in connection with any information contained in this PowerPoint material. The copyright of this PowerPoint material is owned by the ICAC. The PowerPoint material may be reproduced for non-commercial use provided that the source of the material is identified and the copyright status acknowledged. For any enquiries, please contact ICAC Regional Office (Hong Kong East) ([www.icac.org.hk](http://www.icac.org.hk)).