



Human Resources Management

Red Flag:

- There is no policy to govern PMC staff's acceptance of advantages (e.g. "laissez" and gifts during festive occasions), or the policy is unclear.

Integrity Risks:

- The staff may exploit the absence or ambiguity of policy to solicit or accept advantages, which may put them in an obligatory position and compromise their impartiality/judgement when discharging their duties, whereby bringing them and/or the PMC into disrepute.

Control Measures:

- Put in place integrity management policy, setting out the restrictions on acceptance of advantages, and require PMC staff to report (or decline if appropriate) any offer of advantages as far as possible.

- You are welcome to visit: <http://bm.icac.hk> for corruption prevention services pertaining to property management. For enquiries, please call **(852) 2929 4555**. To report corruption, please call **(852) 25 266 366** (24-hour).



ICAC

- You may contact the Property Management Services Authority at **(852) 3696 1111** or email to enquiry@pmsa.org.hk for any matters relating to property management services provided by PMCs or PMPs



PMSA

This pamphlet provides general guidance only and does not purport to deal with all possible issues that may arise in any given situation. Explanations of the legal requirements under the Prevention of Bribery Ordinance (Cap. 201) and other relevant ordinances/laws in this publication are necessarily general and abbreviated for ease of understanding. Users of this publication are advised to refer to the original text of the relevant ordinances/laws or seek legal advice on particular issues where necessary. The ICAC and PMSA 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 publication. 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 the operational needs and risk exposure of their organisations. The information contained in this publication is updated as at the last revision date shown. The copyright of this publication is owned by the ICAC and PMSA. Interested parties are welcome to reproduce any part of this publication for non-commercial use. Acknowledgment of this publication is required.

PROPERTY MANAGEMENT

Corruption Prevention Red Flags

A substantial proportion of Hong Kong's population reside in properties managed by Property Management Companies (PMCs). Unethical acts or practices of PMC staff and Property Management Practitioners (PMPs) will not only affect residents' interests, but also the safety and hygiene of the properties concerned. Residents and PMCs should stay alert to illegal and unethical conducts of PMC staff, PMPs and other stakeholders such as contractors and service providers. This pamphlet lists the common red flags in the property management sector in order to facilitate residents, PMCs and PMPs to identify the corruption problems and implement preventive measures in a timely manner.



Procurement of Goods and Services

Red Flag:

- 🚩 Brand name specification is adopted in tender/quotation documents.
- 🚩 The specification requirements are tailored for one particular bidder.

Integrity Risks:

- 🕒* PMC staff / PMPs may have favoured a colluded bidder by adopting brand names or overly restrictive specifications.

Control Measures:

- ✅ Draw up specifications based on requirements of the owners' organisation, required functions, service levels and performance standards.
- ✅ Avoid specifying brand names or adopting overly restrictive specifications, and properly document the justifications in case they are used.

Red Flag:

- 🚩 The conforming bid with the lowest price or highest score is not selected for contract award (e.g. "justifications/reasons" are fabricated to manoeuvre assessment panel / owners' organisation to select the colluded tenderer, instead of the one with the lowest price / highest score).

Integrity Risks:

- 🕒* Unscrupulous tender/quotation assessment panel members (e.g. PMC staff or PMPs) may have accepted advantages from a particular contractor in return for assisting the latter in winning the contract through malfeasance.

Control Measures:

- ✅ Pre-determine the assessment criteria and prohibit changes to them after opening of tender/quotation.
- ✅ Require assessment panel members to individually assess tenders/quotations against the pre-determined criteria/marketing scheme and properly document their assessment.
- ✅ Require persons involved in the bidding and/or assessment processes to declare whether they have any actual and perceived conflict of interest with the bidders, and details of those conflict.

Red Flag:

- 🚩 No regulatory action is taken against a service provider with consistently poor performance (e.g. poor environmental hygiene, inadequate security guards).

Integrity Risks:

- 🕒* Compromised PMC staff or PMPs may have condoned service providers' substandard services.

Control Measures:

- ✅ Establish a mechanism to monitor service providers' performance (e.g. regular inspection on cleanliness of the environment, surprise check on manpower provision, periodic performance evaluation).
- ✅ Follow-up with the service providers concerned for substandard performance or non-compliance with contract provisions in a timely manner.



Complaint Handling

Red Flag:

- 🚩 No action is taken against irregularities (e.g. unauthorised occupation of common areas) despite repeated complaints.

Integrity Risks:

- ⚡ PMC staff / PMPs may have ignored the complaint or sided with the resident or tenant by not taking follow-up actions.

Control Measures:

- ✅ Require PMCs to lay down a time pledge for handling complaints and monitor compliance.
- ✅ Maintain proper records on complaints received, and the investigation process and result.
- ✅ Designate a senior officer for approving the follow-up action to be taken and the curtailment of a complaint.



Financial Management

Red Flag:

- 🚩 No proper documentation is provided to support claims for payment (e.g. wages to casual workers, expenditure incurred by PMC staff/PMPs).
- 🚩 Ambiguous transactions (e.g. “other expenses” and “miscellaneous items”) are frequently found in the accounting records.

Integrity Risks:

- ⚡ PMC staff or PMPs may have embezzled the management fund by falsifying the transaction records to cover up the malpractices.

Control Measures:

- ✅ Segregate important duties in the financial control process (e.g. authorisation, disbursement and keeping of accounting records).
- ✅ Reconcile the ledgers and bank statements periodically, and conduct regular audits on the accounting records.
- ✅ Request PMC staff to produce receipts when claiming for payment as far as practicable and keep the receipts for record.



Human Resources Management

Red Flag:

- ❗ Several PMC staff/PMPs are often found to be not in their working positions although they have clocked in.
- ❗ The actual number of workers deployed on site are often less than those shown on the attendance records.

Integrity Risks:

- ⚠️ Frontline staff members may have used falsified attendance records (e.g. clocking time cards for colleagues) to deceive the PMC or owners' organisation.
- ⚠️ Service providers may have used "ghost workers" to deceive the PMC/owners' organisation of wages.

Control Measures:

- ✅ Use an electronic attendance recording system (e.g. smart card access, biometric clocking) as far as practicable.
- ✅ Install CCTV to monitor the attendance-taking process (e.g. near the clocking machine) as far as practicable.
- ✅ Explicitly prohibit staff from reporting attendance for others.
- ✅ Conduct surprise checks on attendance of PMC's and service providers' staff.

Red Flag:

- ❗ PMC staff often complain about unfair duty roster.

Integrity Risks:

- ⚠️ Supervisors may have accepted advantages from subordinates for favouring them in the allocation of duties (e.g. shifts with overtime allowance, guard posts at main entrance during the Lunar New Year).

Control Measures:

- ✅ Establish a fair and transparent system for allocation of duties, including work/posts that may attract extra earnings (e.g. overtime, specific post during Lunar New Year) and duties of an onerous nature.
- ✅ Publicise the duty roster and subject it to random checks by the PMC's management.

Red Flag:

- ❗ Frontline workers complain that they are required to pay "introduction fee" to supervisors for securing/continuing their employment, or their salaries are being deducted by the supervisor.
- ❗ No written employment contract are signed between workers and their employer.
- ❗ Wages are paid to workers in cash through a middleman (e.g. foreman, supervisor).
- ❗ Many staff members of PMC are relatives/friends of members of the owners' organisation.

Integrity Risks:

- ⚠️ Middlemen (e.g. foremen, supervisors) may have abused their position in recruiting and managing workers, including -
 - soliciting and accepting advantages (e.g. introduction fee) from candidates and workers in the recruitment/employment process, and
 - pocketing the workers' wages.
- ⚠️ PMC staff may offer employment opportunities (i.e. defined as advantage under the Prevention of Bribery Ordinance (Cap. 201)) to an owners' organisation member's relatives/friends in return for favourable treatments.

Control Measures:

- ✅ State the PMC's policy in respect of introduction/referral/retention fee regarding the recruitment of workers (e.g. prohibition against the offer, solicitation and acceptance of such fees).
- ✅ Require staff to declare their relationship with the candidates.
- ✅ Adopt open recruitment as far as practicable (e.g. placing advertisements at the Labour Department's job centres), instead of referrals from owners' organisation members.
- ✅ Avoid preferential treatments to members of the owners' organisation and their relatives/friends in the recruitment process.
- ✅ Set out the employment terms and wages in a written employment contract.
- ✅ Pay wages to workers directly (e.g. through bank transfer or by cheque).