誠信優質銷售　共建購物天堂

零售業防貪培訓教材

Integrity + Quality : Shopper's Paradise

Corruption Prevention Training Package for Retail Industry

廉政公署 ICAC

資歷架構 Qualifications Framework

Introduction

Hong Kong is internationally renowned as a "shopper's paradise", offering a huge variety of merchandise with confidence in quality, as well as superb sales services. In fulfilling the local community's passion for shopping and attracting tourists worldwide to come for "treasure hunt", the retail industry plays an important role in sustaining the territory's economy and development of tourism. However, certain key processes in retail operations are exposed to risks of corruption or malpractice which, if not properly mitigated, may lead not only to financial loss, but deterioration of product and service quality, jeopardising business reputation and goodwill. To help raise the awareness of retail practitioners, managers and operators of the potential corruption risks and integrity challenges in retail business, and equip them with the knowledge to prevent such risks, the ICAC has produced a Corruption Prevention Training Package for Retail Industry for training or self-learning by retail operators, training providers and individual practitioners.

The contents of this training package are based on the related Units of Competency on corruption prevention and integrity management extracted from the Specification of Competency Standards for the Retail Industry under the Qualifications Framework (please visit http://www.hkqf.gov.hk/ind/en/retail.aspx/ for details).

This quick-reference guide provides a gist of the learning points in the package, including a quick grasp of the major provisions of the anti-bribery law in Hong Kong, the common corruption risks in retail operations and the recommended control practices.

Gist of the Anti-Bribery Law in Hong Kong

Prevention of Bribery Ordinance (Cap. 201)

- ***Section 9(1)*** – an employee (i.e. an "agent"), without the permission of his employer (i.e. the "principal"), solicits or accepts any advantage from any person as a reward or inducement for any act in relation to the employer's business, commits the bribery offence.
- ***Section 9(2)*** – the person offering the advantage under the above circumstance also commits bribery.

Advantage: **includes money, gifts, loans, commissions, offices, contracts, service, favours, discharge of liability, etc., but does not include "entertainment".**

Entertainment: **food or drink provided for immediate consumption on the occasion, and any other entertainment (e.g. dance show, magic performance) provided at the same time.**

- ***Section 9(3)*** – intentional use of documents containing false information to deceive or mislead the employer, regardless of whether there is any gain or advantage involved, constitutes an offence.
- ***Section 19*** – it cannot be a defence to show that any advantage solicited, accepted or offered is customary in any profession, trade, vocation or calling.

General Corruption and Integrity Risks

Retail practitioners may encounter ethical challenges or corruption pitfalls at work (e.g. corrupt approaches by suppliers). To safeguard themselves against falling prey to such pitfalls, they should have a clear and basic understanding of the anti-bribery law as well as the expected ethical conduct, whereas companies should put in place proper control measures to prevent staff from succumbing to such temptation.

Corruption / Integrity Risks	Recommended Preventive Measures
Acceptance of unauthorised rebates or advantages from suppliers, other business operators or customers in return for favours such as business referral	✓ Lay down guidelines prohibiting solicitation or acceptance of advantages from persons having business dealings with the company, except under permitted conditions (e.g. value, occasion, without any improper influence)
Bribing for business	✓ Prohibit staff from offering advantages to any employees or agents of other organisations so as to influence them in any business dealings concerning the latter
Embezzlement of income, inventory items, gift items, etc.	✓ Issue clear policy on prohibiting embezzlement of the company's asset and income ✓ Conduct random supervisory checks to detect and deter malpractices (e.g. surprise cash counts and stock checks)
Ignorance or misunderstanding of anti-bribery law	✓ Organise regular staff training to familiarise them with the anti-bribery law and the company's policy on acceptance of advantage
Conflict of interest	✓ Provide guidelines on handling conflict of interest, requiring staff to avoid, and declare if unavoidable, any conflict of interest that may arise ✓ Require staff to avoid over-socialising with, and accepting excessive or lavish entertainment from, persons having business dealings with the company
Leakage of confidential information for personal gain	✓ Prohibit staff from divulging the company's classified information without authorisation, and adopt measures to prevent unauthorised disclosure of proprietary information (e.g. access control)

Corruption Risks in Operational Areas

The following is a summary of the common corruption loopholes and malpractices that may exist in a retail business, and the recommended preventive measures.

Sales and Marketing

Corruption Loopholes / Malpractices	Recommended Preventive Measures
Unauthorised reservation of high-demand goods	✓ Lay down the policy, procedures and control measures for the sale of high-demand goods (e.g. a quota system where appropriate, proper documentation) ✓ Enhance transparency of sales and stock information for customers
Offer of unauthorised discounts and other benefits	✓ Set out the range of discounts / benefits that may be offered by different levels of staff, and require endorsement by supervisors for offers exceeding the threshold
Pilferage of premiums or gifts for customers	✓ Lay down guidelines and controls on the giving out of premiums and gifts to prevent staff from pocketing gift items intended for customers ✓ Enhance transparency of promotional offers (e.g. conditions under which premiums will be offered) for customers' information ✓ Conduct stock checks and verification on the distribution of gift items
Abuse of staff purchase scheme	✓ State clearly the company's policy on the use of staff purchase (e.g. quota, prohibition of resale for profit, consequence of abusing the scheme) ✓ Lay down procedures for staff purchase scheme, including proper control measures and documentation
Manipulation of staff commission scheme for additional gain	✓ Adopt a simple commission scheme as far as possible to avoid manipulation ✓ Put in place controls and verification checks to detect and deter abuse (e.g. regular information reports on the distribution of commission)

Income Collection

Corruption Loopholes / Malpractices	Recommended Preventive Measures
Embezzlement of cash receipts (e.g. non-recording / cancellation of transactions, replacement of cash payment by credit card payment)	✓ Subject amendment / cancellation of sales transactions to checking and endorsement by a supervisor ✓ Keep proper records of all sales activities, including anomalies such as cash refund and cancellation of transactions ✓ Designate staff at the appropriate level to conduct day-end reconciliation of transactions and conduct random checks on other daily operational activities ✓ Install CCTV at strategic positions to detect and deter staff misconduct
Pocketing of discount differences	✓ Enhance transparency of sales promotion and discounts for customers' information ✓ Put in place proper controls over the application of discounts to prevent abuse

Procurement and Merchandising

Corruption Loopholes / Malpractices	Recommended Preventive Measures
Favouritism in sourcing and selection of suppliers	✓ Set up a fair selection process, covering drafting of specifications, procurement methods and approving authorities for different values of purchases, sourcing of suppliers, receipt and evaluation of bids, etc. ✓ Segregate duties as far as practicable, e.g. sourcing suppliers, assessing bids, placing orders, receiving goods and certifying payment ✓ Pre-determine the selection / evaluation criteria, their relative weightings and the marking scheme
Connivance at suppliers' substandard performance	✓ Devise a system to monitor and review the performance of suppliers, and to handle cases of under-performance (e.g. issue of warning)

Store Operations

Corruption Loopholes / Malpractices	Recommended Preventive Measures
Preferential treatment in allocation of racks / shelves	✓ Task staff independent of daily store operations to draw up the "planogram" in accordance with pre-determined criteria ✓ Conduct on-site spot checks to ensure compliance with the planogram
Laxness in receipt of goods	✓ Require staff to inspect the quantity and quality of goods received against the purchase order and / or invoice, and record any deficiencies noted for prompt follow-up with the supplier concerned ✓ Assign more than one staff to check and receive goods of higher value
Pilferage of valuable stock items	✓ Maintain proper in / out records of stock items, and assign separate staff to update stock records ✓ Adopt security measures to minimise risks (e.g. store valuable items in a locked area with access control) ✓ Conduct regular and surprise stock counts

Staff Administration

Corruption Loopholes / Malpractices	Recommended Preventive Measures
Favouritism in staff recruitment	✓ Adopt an open recruitment process, and put in place measures to enhance fairness, such as laying down the requirements of the post(s) and approving authority for offer of appointment, formation of interview panel, etc. ✓ If referral of candidates by staff is allowed, prohibit the latter from accepting any advantages from the candidate(s), and require the staff to declare relationship with the candidates at the outset
Unfair allocation of duties	✓ Set up a fair and transparent system for allocation of duties and / or client accounts, and make it transparent to the staff

Others

Corruption Loopholes / Malpractices	Recommended Preventive Measures
Unclear authorities and responsibilities, lax supervision	✓ Define clearly the roles and responsibilities of each level and post of staff ✓ Require supervisors to enhance accountability by giving guidance and exercising appropriate control on the work of subordinates
Malpractice undetected	✓ Provide a user-friendly channel for customer enquiry or complaint, and a whistle-blowing system for staff to report breaches ✓ Produce management and / or exception reports to help monitor business operations and detect irregularities

The Training Package

The Corruption Prevention Training Package for Retail Industry, designed for training or self-learning by the retail sector, aims at equipping frontline and supervisory staff, as well as future practitioners studying retail-related courses, with corruption prevention competencies. The package includes:

- six drama filmlets (in DVD video format) illustrating the common corruption pitfalls that exist in retail businesses;
- a recap and educational part (in DVD video format) after each filmlet analysing the vulnerabilities featured in the drama and recommending corresponding preventive controls;
- this quick-reference guide summarising the anti-bribery law, corruption opportunities and recommended safeguards in retail operations; and
- a set of trainer's guide to provide in-depth guidance to trainers and supervisory staff on integrity management and corruption prevention knowledge (downloadable from the website of ICAC's **Corruption Prevention Advisory Service (CPAS)** : http://www.icac.org.hk/cpas).

Apart from this training package, the ICAC has also produced a series of **Best Practice Checklists** containing a host of recommended good practices in various business functions of an organisation (e.g. procurement, staff administration), to which retail operators may make reference in managing their business. The Checklists can be downloaded from the **CPAS** website.

The **Corruption Prevention Advisory Service (CPAS)** of the ICAC provides tailored corruption prevention advice to private organisations on request. The advisory services are provided free of charge and in strict confidence. **CPAS** may be contacted at ☎ 2526 6363 or by email to ✉ cpas@cpd.icac.org.hk.