防貪諮詢服務
Corruption Prevention Advisory Service

The Corruption Prevention Advisory Service (CPAS) of the Corruption Prevention Department of ICAC provides free, confidential and tailor-made service to private organisations including NGOs. Please contact CPAS through the following channels:

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廉政公署
ICAC

Tips for NGOs
Letting and Administration of

WORKS CONTRACTS

for Transitional Housing Projects

Owing to the substantial amount of capital outlay and great complexity of construction works, the selection and management of works contractors are inherently corruption-prone. Corruption cases involving works contractors usually result in substandard works that undermine public safety and confidence. This pamphlet sets out the risks and control measures pertaining to the letting and administration of works contracts, to which non-governmental organisations (NGOs) may make reference in implementing transitional housing projects. NGOs may also refer to ICAC's another pamphlet on "Selection and Management of Works Consultancies" to understand the related risks and control measures.

RISKS AND CONTROL MEASURES

LETTING OF WORKS CONTRACTS

INTEGRITY RISKS

- Staff of NGOs or consultants failing to declare conflict of interest or assisting colluded contractors by illicit means (e.g. changing assessment criteria, disclosing content of tender submission by other tenderers) to obtain works contracts

CONTROL MEASURES

- Require all personnel (including NGOs and consultants) involved in the procurement process to declare actual or potential conflict of interest and put in place measures to manage the conflict declared / unveiled
- Pre-determine objective tender assessment criteria before tender closing and avoid changing them after tender opening
- Impose security measures (e.g. use a double-locked tender box / an encrypted electronic system) to receive tenders and keep all tenders received in safe custody

WORKS SUPERVISION AND INSPECTION OUTSIDE HONG KONG

(e.g. pre-fabricated units adopting the Modular Integrated Construction method)

INTEGRITY RISKS

- Lax supervision and connivance at contractors' substandard works by site supervisory staff, and lack of inspection records
- Site supervisory staff accepting frequent / lavish entertainment from contractors resulting in conflict of interest or compromised impartiality in inspection

CONTROL MEASURES

- Check the consultants' compliance with the supervision plan in carrying out site supervision
- Check the materials delivered to site against the sample board, as well as the delivery notes
- Require contractors to maintain detailed works and inspection records
- Study the reports submitted by consultants and contractors
- Attend joint inspection with consultants and contractors
- Adopt technology that enables real-time monitoring / surprise checks and easy retrieval of project records
- Establish a mechanism for approving inspection visits outside Hong Kong (for NGO's and consultant's site supervisory staff)
- Lay down the standard and arrangement of accommodation and transportation for factory visits, if these are to be provided by contractors; and prohibit contractors from reimbursing site supervisory staff for expenses incurred during the visits

CERTIFICATION OF PAYMENT

INTEGRITY RISKS

- NGOs or consultants approving payment for incomplete works

CONTROL MEASURES

- Require contractors to substantiate their payment applications by supporting documents
- Require consultants to conduct site inspection to verify progress against the amount claimed when certifying payment applications
- Conduct random check to the certified payment claims

VARIATION OF WORKS

INTEGRITY RISKS

- Issuing unnecessary variation orders (VOs)

CONTROL MEASURES

- Require consultants to provide justifications, cost estimates and supporting documents when issuing VOs
- Establish a mechanism for approving (including authorities and thresholds) and require consultants to seek NGO's prior approval for "major" VOs (e.g. when the value of an individual VO or accumulated VOs exceeds the threshold)

HANDLING OF CLAIMS

INTEGRITY RISKS

- Approval of unjustified / inflated time and / or money claims

CONTROL MEASURES

- Require consultants and contractors to maintain sufficient and contemporary records of the claims
- Require consultants to record their assessment on the claims
- Conduct audits on the assessment of claims