

Identification				Evaluation			Mitigation			
Subject	Work Process / Item ¹	Integrity Risk ¹	Inherent Risk Level ^{2&3} (A)	Existing Practices	Mitigating Factor ⁴ (B) (if the practices meet the criteria of mitigating factor)	Residual Risk Level ³ (C=A-B)	Proposed Control Measure(s) ¹	Action By	Mitigating Factor ⁴ (D)	Revised Risk Level ³ (E=C-D)
Procurement (Quotation Exercise)	Invitation of Quotations	Only invite colluded suppliers/contractors to submit quotations	3							
	Receiving and Opening Quotations	Disclose prices of other bidders to the colluded bidder to facilitate the latter to outbid others or tamper with quotation received (e.g. destroy quotations received) to favour colluded bidders	3							
		Cease the receipt of quotations arbitrarily or include late quotations	2							
		Produce bogus quotations to meet the minimum number of quotations required	3							
	Evaluation of Quotations	Manipulate the evaluation process	2							
		Conceal conflict of interest with bidders in which the staff member involved in procurement has financial interest	3							

The worked examples (including the integrity risks, work processes/items, their corresponding inherent risk levels, and the recommended control measures) are compiled based on the analysis of previous ICAC cases and are by no means exhaustive and not intended to substitute any legal, regulatory or contractual requirements

Summary of Integrity Risks and Control Measures on Procurement (Quotation Exercise)

Subject	Work Process	Integrity Risk	Inherent Risk Level	Control Measures	Type
Procurement (Quotation Exercise)	Invitation of Quotations	Only invite colluded suppliers/contractors to submit quotations	3	• Include additional bidders on top of those proposed by the procuring party	Preventive
				• Subject procurement process to regular audit to detect anomalies (e.g. repeated order to the same suppliers)	Detective
	Receiving and Opening Quotations	Disclose prices of other bidders to the colluded bidder to facilitate the latter to outbid others or tamper with quotation received (e.g. destroy quotations received) to favour colluded bidders	3	• Classify information related to procurement, and grant access to staff on a need-to-know basis • Impose security measures to keep the quotations received intact before the closing date. e.g. i. for fax: designate a fax machine with access control for receiving quotations ii. for physical quotation box: double lock the quotation box with keys kept by different staff members; assign an opening team consisting of more than one member, keep record of quotation opening, assign an independent staff to safekeep the quotations received iii. for electronic procurement system: adopt access control for individual users of the system, split the password for opening the quotations which is kept by separate officers • Adopt a digital procurement system for receiving quotations • Prohibit opening of quotations before the closing date	Preventive

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Summary of Integrity Risks and Control Measures on Procurement (Quotation Exercise)

Subject	Work Process	Integrity Risk	Inherent Risk Level	Control Measures	Type
				Make use of digital technology to detect suspicious activities (e.g. leakage of confidential information, early opening of quotation submission before the closing date) by generating management/exception report from electronic procurement system and reviewing CCTV records, etc.	Detective
		Cease the receipt of quotations arbitrarily or include late quotations	2	- Set closing date for quotation submission and prohibit change of closing date unless with justification approved by appropriate authority - Make rejecting late quotation a norm, and accept late quotation only under exceptional case subject to approval by appropriate authority with justification provided	Preventive
				- Generate management/exceptional report to detect anomalies (e.g. arbitrary curtailment of quotation exercise) - Subject procurement process to regular audit to detect anomalies (e.g. arbitrary curtailment of quotation exercise, acceptance of late quotations)	Detective
				Make known to the bidders the closing date	Educational
		Produce bogus quotations to meet the minimum	3	- Record all verbal quotations in writing - Require procuring staff to signify that the quotations are genuinely obtained	Preventive

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Summary of Integrity Risks and Control Measures on Procurement (Quotation Exercise)

Subject	Work Process	Integrity Risk	Inherent Risk Level	Control Measures	Type
		number of quotations required		Conduct authenticity check on the quotations received, e.g. contacting the bidder directly during/after the quotation exercise	Detective
	Evaluation of Quotations	Manipulate the evaluation process	2	- Prohibit changes in evaluation criteria and disallow material changes of the submissions by the bidders after closing date - Maintain proper documentation for the evaluation process	Preventive
				Subject procurement process to regular audit to detect anomalies, e.g. changes of evaluation criteria after closing date	Detective
		Conceal conflict of interest with bidders in which the staff member involved in procurement has financial interest	3	Require staff involved in the assessment process to declare conflict of interest	Preventive
				Conduct supervisory check to ensure that all declaration forms are duly completed and submitted for retention, and detect any anomalies	Detective

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