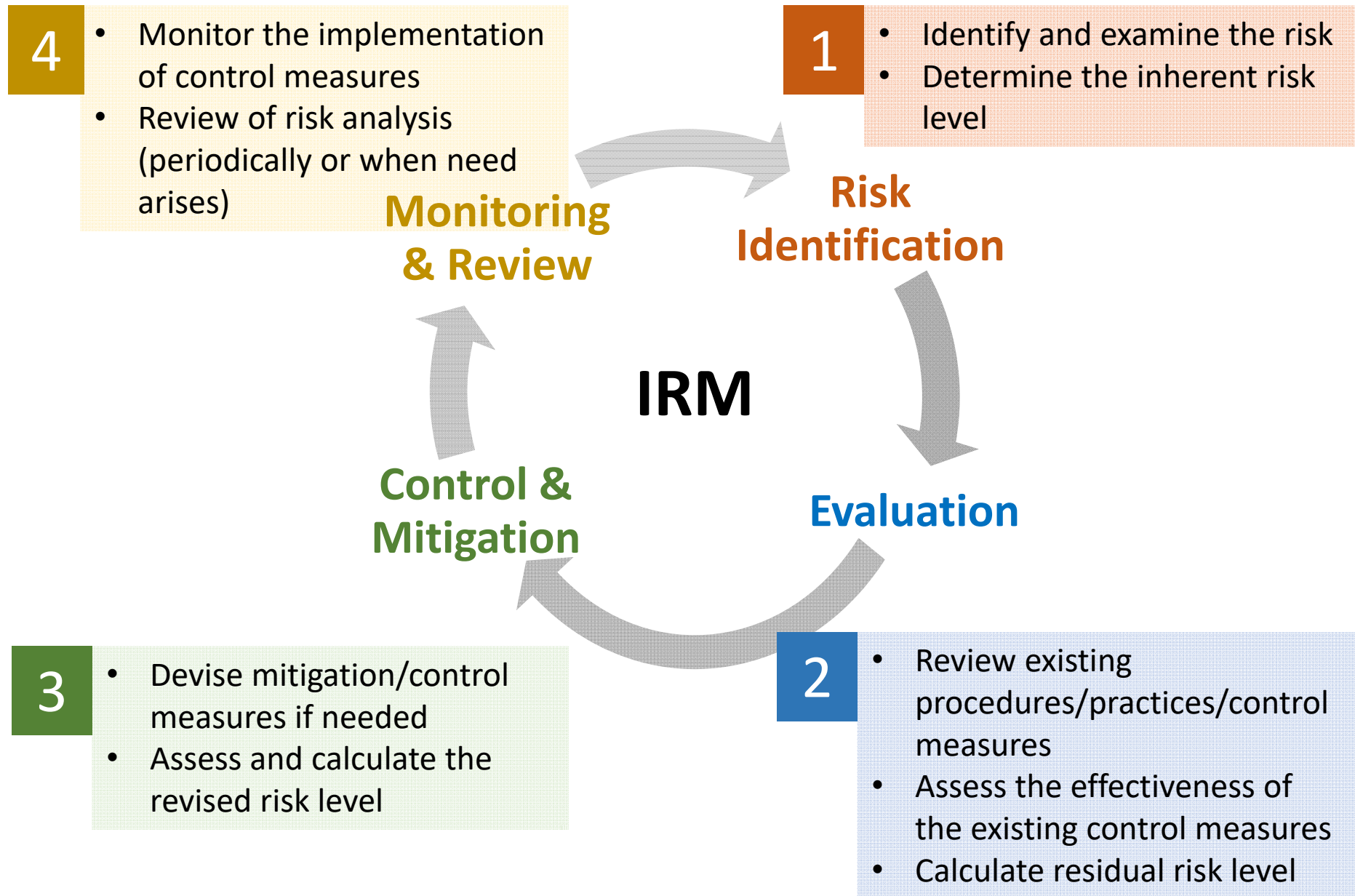


Integrity Risk Management



Revision: _____

Integrity Risk Management Plan Template

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)

	Prepared By	Approved By
Signature:		
Name & Post:		
Date:		

Notes

1. Companies should refer to the summary of integrity risks and control measures of individual work process / item for the following –
 - Integrity risks;
 - Inherent risk levels; and
 - Control measures.

The summary including the work process / item, integrity risks and their inherent risk levels, control measures, are compiled based on the analysis of previous ICAC cases and are by no means exhaustive. ICAC will from time to time update the summary based on the latest corruption scene.

2. When analysing and determining the inherent risk level, factors for consideration include –

Aspects	Factors
Impact and consequences of integrity risk	• Financial, reputation and other loss to the organisation concerned • Impact on public safety • General public perception
Likelihood of integrity risk	• Number of corruption complaints • Media reports • Finding from internal audits or report through whistle blowing

Table 1 – Aspects and Factors for Determination of Inherent Risk Level

3. The risk level is an indicator of the need for control measures and is not equivalent to the likelihood of a risk item. Hence, a risk level of “0” does not represent that a risk will never materialise but further control measures may not be necessary.

Residual & Revised Risk Level

Residual Risk Level = Inherent Risk Level – Mitigating Factors

Revised Risk Level = Residual Risk Level – Mitigating Factors

Risk level	Description
3 (High)	The work processes are exposed to high integrity risk. Controls measures must be adopted to mitigate the risks.
2 (Medium)	The work processes are exposed to medium integrity risk that can barely be addressed by existing control measures. Further control measures are warranted.
0 - 1 (Low)	The work processes are exposed to low integrity risk that existing control measures are sufficient and on-going monitoring should be maintained. Additional control measures may not be further proposed.

Table 2 – Determination of Risk Level

4. Some control measures can mitigate more than one integrity risk and have more than one mitigating effect. They are categorised according to **Table 3** based on the effect that they could best achieve. The aggregate of mitigating factor deducted by control measures serving same mitigating effect is at maximum “1”.

Type of Control	Effect of Control Measures	Mitigating Factor
Preventive	Provide procedural safeguards / directives	1
Detective	Unveil or facilitate the discovery of irregularities	1
Educational	Raise awareness, change mentality and enhance transparency	1

Table 3 – Effect of Control Measures and Mitigating Factors

5. Owing to different governance structure and monitoring mechanism, the effectiveness of the same control measure may vary from one company to another. Construction companies are expected to take into consideration their own risk appetite, resource constraints, operational need, etc., in determining which control measures should be taken in order to achieve the desired mitigating effect.

Step 1 – Fill in your existing practices

Identification				Evaluation			Mitigation			
Subject	Work Process / Item ¹	Integrity Risk ¹	Inherent Risk Level ^{2&3} (A)	Existing Practice	Mitigating Factor ⁴ (B) (if the practice meets 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)
Staff Administration	Recruitment	Solicit/accept advantages from workers/employees in return for their employment	3	1. Fill in your existing practices.						
		Exercise undue discretion to select workers/employees for appointment (or continue the employment of acquainted workers)	3							
		Falsify qualifications to deceive employers	3							
		Disclose privileged information (e.g. interview questions) to candidates	2							

Step 2 – Evaluate your existing practices

Identification				Evaluation			Mitigation			
Subject	Work Process / Item ¹	Integrity Risk ¹	Inherent Risk Level ^{2&3} (A)	Existing Practice	Mitigating Factor ⁴ (B) (if the practice meets 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)
Staff Administration	Recruitment	Solicit/accept advantages from workers/employees in return for their employment	3	● Adopt an honour system	0	3				
		Exercise discretion in appointing workers/employees (or contractors) acquainted with the company								
		Falsify qualifications to deceive employers	3							
		Disclose privileged information (e.g. interview questions) to candidates	2							

2. Check against the summary of integrity risks and control measures. Do the existing practices provide the mitigating effects mentioned in the summary?

3. Fill in the mitigating factor of the existing practices.

4. Calculate the residual risk level, C = A – B.

Step 3 – Propose control measures to mitigate risks

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Staff Administration	Recruitment	Solicit/accept advantages from workers/employees in return for their employment	3	Adopt an honour system	5. Add new control measures to lower the risk level by referring to the summary of integrity risks and control measures.		- Lay down a company policy on integrity (including prohibiting agents or employees from soliciting and accepting introduction fee from workers, confidentiality and conflict of interest), and ensure staff/agents are aware of the policy (same apply to any subsequent changes to the policy) - Use official platforms or channels for the sourcing and recruitment of workers	HR Dept	2	1
		Exercise undue discretion to select workers/employees for appointment (or continue the employment of acquainted workers)	3				6. Specify the action parties for the control measures.			
		Falsify qualifications to deceive employers	3							
		Disclose privileged information (e.g. interview questions) to candidates	2		8. Repeat step 1 to 8 for all remaining integrity risks.					

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Staff Administration	Recruitment	Solicit/accept advantages from workers/employees in return for their employment	3	Adopt an honour system	0	3	- Lay down a company policy on integrity (including prohibiting agents or employees from soliciting and accepting introduction fee from workers, confidentiality and conflict of interest), and ensure staff/agents are aware of the policy (same apply to any subsequent changes to the policy) - Use official platforms or channels for the sourcing and recruitment of workers - Meet workers and interview them regarding the recruitment and payment issues - Establish a reporting channel for workers to report suspected malpractices	Human Resource Department (HR Dept)	2	1
		Exercise undue discretion to select workers/employees for appointment (or continue the employment of acquainted workers)	3	- Establish recruitment procedures that - predetermine selection criteria - avoid changes to the selection criteria - document assessment of recruitment process - conduct recruitment process by a team of two members or a panel - Require staff involved to declare conflict of interest	1	2	Assign an independent staff member to review the recruitment process	HR Dept	1	1

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

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Subject	Work Process / Item ¹	Integrity Risk ¹	Inherent Risk Level ^{2&3} (A)	Existing Practice	Mitigating Factor ⁴ (B) (if the practice meets 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)
		Falsify qualifications to deceive employers	3	- Require job seekers to provide true copy of qualification, working experience etc. - Check documents by foreman	1	2	- Verify authenticity of submitted proof, e.g. by reference check with previous employers and/or issuing institutions - Make known to job seekers the consequence of submitting false documents	HR Dept	2	0
		Disclose privileged information (e.g. interview questions) to candidates	2	- Predetermine and publicise the entry requirements and application procedures, and provide an enquiry hotline in the company website - Classify information related to recruitment, and require staff involved in the recruitment process to undertake disclosure on a need-to-know basis only	1	1	Make use of digital technology to detect the leakage of confidential information	Information Technology Department	1	0

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