

**Legislative Council's Public Accounts Committee  
Opening Remarks of ICAC Commissioner Mr Simon Peh Yun-lu  
May 18, 2013**

First, I would like to thank the Audit Commission for conducting auditing for the ICAC in respect of programme area “Preventive Education and Enlisting Support” between October 4, 2012 and March 13, 2013, and having subsequently made various recommendations. The ICAC accepts all these recommendations. We are seriously taking follow-up actions in order to make necessary improvements. In fact, shortly after the release of the Director of Audit’s Report, the ICAC has strengthened the prevailing internal guidelines and procedures to address the inadequacies revealed.

Since its inception, the ICAC has adopted a three-pronged approach of law enforcement, community education and prevention to fight corruption, which proved to be an effective strategy and gained recognition from both the local and international communities. It is the Community Relations Department (CRD) which shoulders the statutory duty of educating the public against the evils of corruption and enlisting public support for the fight against corruption. The Department achieves its work objectives through cultivating a probity culture through “face-to-face” contacts with various sectors in our society and the use of the mass media.

In building up a clean society, we cannot solely rely on law enforcement. Efforts must be made to disseminate probity messages amongst the community, to promote a zero tolerance against corruption and encourage the public to report corruption. We must also promote an integrity culture in various trades and industries as well as the public sector. Nowadays, integrity has become one of the core values of Hong Kong as a result of continuous preventive education efforts. According to the ICAC annual surveys, a great majority of the citizens (98% to 99%) expressed support for the ICAC’s work.

The Director of Audit’s Report mentioned that in recent years, the number

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of on-going activities launched for owners' corporations, public sector staff members and young people by the CRD had decreased. I would like to emphasize that it did not mean we have slackened in our community education efforts. To cope with the changing times and technological advancement, the CRD has been fine-tuning and strengthening its community education strategy to meet the evolving needs of our education targets. For example, the CRD had in recent years deployed more resources to the use of the mass media and new media such as web platforms to widely disseminate anti-corruption messages in a more cost effective manner.

In light of the rising public expectations for the ICAC's preventive education services, the CRD has diverted part of the resources previously dedicated to district activities to the production of corruption prevention guidebooks, in order to cater for the needs of specific trades and targets. For example, a toolkit on professional ethics was launched for company directors while preventive guides were respectively produced for small and media enterprises, banking intermediaries and insurance agents. Three practical toolkits were also compiled to promote clean building management in respect of different functional areas.

In recent years, organisations with a large staff size are more inclined to opt for indirect training, namely train-the-trainers programmes. Selected staff, after attending integrity training organised by CRD, would share with their colleagues the anti-corruption messages received. In parallel, probity messages have been spread through training videos and anti-corruption reference packages produced by the CRD. In the public sector, over 18,000 government officers and public body employees received integrity messages through this approach in 2012.

Instilling positive values amongst young people remains a priority in CRD's education work. To optimise the results of youth education, we need to keep with the changing times and develop strategies to meet the needs and aspirations of young people. We have shifted from the one-way approach of conducting classroom talks to an activity-based approach in reaching out to young people. For example, interactive drama with anti-corruption messages was performed by professional

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drama troupes in nearly 300 secondary schools. Meanwhile, 11 tertiary education institutions have joined an “ICAC Ambassador Programme” whereby tertiary students are encouraged to organise on-campus activities to promote probity messages amongst their peers.

In view of Hong Kong’s closer economic ties with the Mainland as well as increased global concern about preventive education on corruption, the CRD has deployed more resources to organising cross-boundary and international anti-corruption programmes. Since 2008, the ICAC organised thematic anti-corruption conferences jointly with the Mainland’s Ministry of Supervision and the Commission Against Corruption of Macao. In 2011, the ICAC was commissioned by the International Association of Anti-Corruption Authorities to host the International Anti-Corruption Public Service Announcement Video Competition and Workshop in Hong Kong. In recent years, cross-boundary anti-corruption video, animations and comic competitions have been organised for young people in Guangdong, Hong Kong and Macao. All these initiatives, coordinated by the CRD, have reaped positive results.

In the Director of Audit’s Report, findings in relation to two official dinners hosted for an international seminar and competition had especially raised public concern. I would like to explain more on this part. Over the years, the CRD had purchased wines in advance with the approval of the ICAC Commissioner for later consumption at official functions as appropriate. The rationale was that considering the ceiling for entertainment expenses under the government guidelines, it was more economical to serve wines purchased in advance than ordering them from the restaurants on the spot. According to the understanding of the working staff, since the wines were purchased with the approval by the Commissioner, the expenses would be calculated separately from the lunch or dinner expenses for accounting purposes. They had no intention to “split the bills” nor did they want to circumvent the rules on expenditure limit.

Between 2003/04 to 2012/13 financial years, the CRD had arranged 548 official entertainments, amongst them 12 had not included the wine cost

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in the total entertainment expenses. But only four of them exceeded the expenditure ceiling when the wine cost was counted, with each meal exceeding from \$11 to \$132 per head.

As the Director of Audit had remarked earlier, in regard to these two entertainments, ICAC officers had not breached any rules and regulations, but “there were grey areas.” At that time, the Commission Standing Orders did not clearly state that all food and drinks expenses (such as dessert and wines) should be included as part of entertainment expenses for official lunch/dinner. We agree that such practice did not entirely comply with the spirit of the government guidelines. And the ICAC did not have clear internal guidelines on this. But ICAC officers had no intention to cover up the overspending nor did they deliberately “split the bills” to avoid incurring expenditure beyond the ceiling.

The ICAC agrees that we must exercise due care and strict economy in the expenditure of public money. Hence we totally accept the Director of Audit’s recommendations to tighten the control of entertainment expenditure. Relevant guidelines have been revised to remove any grey areas.

In view of the findings of the Director of Audit’s Report and as a result of an internal review of relevant guidelines, the ICAC has issued a new circular to spell out more clearly the requirements in the expenditure of official entertainment:

- Exceptional approval needs to be sought from the Commissioner should the official entertainment expenses exceed the ceiling, no matter the expenses are charged to project or entertainment votes;
- All expenditure items, including wines, dessert, snacks, etc., served before or after the same event must be included as part of the entertainment expenses. Splitting of bills or charging them to different votes is strictly prohibited;
- To ensure checks and balances, Head of Operations will endorse official entertainments hosted by the Commissioner; whereas Assistant Director/Administration will check compliance of those attended by both Commissioner and Heads of Departments.

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In the past 39 years, with the concerted efforts of the community and the ICAC, we have forged a clean society and probity has become a core value of Hong Kong. To sustain continuous community support and public trust, the ICAC has launched intensive efforts to strengthen its internal control system, to ensure public resources are properly used and the mission of fighting corruption is effectively carried out. As the ICAC has commenced an investigation into complaints against Mr Timothy Tong, we must uphold public justice and impartiality to ensure that the criminal investigation will not be interfered or undermined. Without prejudicing the criminal investigation, my colleagues and I will be more than willing to answer questions raised by Members of the Committee. However, I hope Members would appreciate that we might not be able to provide full details to all questions raised.

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