

For discussion
On 23 May 2013

**Paper for LegCo Panel on Security
For the Meeting on 23 May 2013**

**Mechanism for Approval of Duty Visits Outside Hong Kong and
Reimbursement of Expenditure on Official Entertainment and Souvenirs**

Purpose

This paper aims to explain ICAC's mechanism for approval of duty visits outside Hong Kong and reimbursement of expenditure on official entertainment and souvenirs and to respond to enquiries of the Hon Dennis KWOK, Hon James TO, Hon Emily LAU and Hon Cyd HO on similar subject.

Compliance with Government Rules and Commission Standing Orders

2. By virtue of section 8 (4) of the ICAC Ordinance, Cap. 204 (ICACO), all ICAC officers are subject to Government regulations and administrative rules as applied generally to public officers. In addition, ICAC officers are also subject to the Commission Standing Orders (CSO) which are a set of in-house rules and regulations made by the ICAC Commissioner pursuant to section 11 (1) of the ICACO. Among other things, the CSO contain financial regulations and such matters which are necessary or expedient for preventing abuse or neglect of duty and for upholding the integrity of the Commission. Chapter 25 – 01 of CSO (Part I) [*Annex A*] specifically stipulates that all ICAC officers must observe Government policies and regulations governing the management and control of public finance. It also reminds their responsibility to exercise due care and strict economy in the expenditure of public funds. New rules and procedures are normally first issued via ICAC circulars or memoranda which are then consolidated into CSO and posted on the Commission intranet for access by all officers in the Commission. Any officers who fail to comply with Government rules and CSO may be subject to disciplinary action.

Duty Visits Outside Hong Kong

3. In accordance with ICAC's Schedule of Authority, the authority to approve duty visits outside Hong Kong vests with the top management. The Commissioner approves duty visits of the three Heads of Department¹ (HoDs), the two Directors of Operations (D/Ops)² and all non-Operations officers³; whereas D/Ops approves the operations related trips undertaken by officers of the Operations Department. Following the Civil Service Regulations (CSR) 713 – 715 and 1365, the Commission incorporates in Chapter 25 – 06 & 07 of CSO (Part I) [*Annex B*] the rules for payments of allowances for overseas duty visits. Regarding the Commissioner's official duty visits, he/she has to seek approval from the Chief Executive (CE) to leave Hong Kong for official business.

4. Following a review, the Commission has, on 6 May 2013, issued reminders and further guidelines on duty visits. They include granting of approvals only when such visits are absolutely necessary in the discharge of the officers' duties or prominently conducive to the missions and/or functions of the Commission; keeping the number of officers joining the visit to the minimum; and confining the duration of the trip as short as possible covering only the part of the programmes/sessions pertaining to the official purposes of that visit.

Official Entertainment Expenses

5. The Commission's rules governing entertainment expenses are laid down in Chapter 25 - 04 of CSO (Part I) [*Annex C*]. In accordance with CSR 751, both the Commissioner⁴ and the Deputy Commissioner (i.e. Head of Operations [H/Ops]) authorize expenditure from the departmental entertainment vote. With the approval of the then Deputy Financial Secretary, the Commissioner has, since 7 March 1984, allocated part of the entertainment provisions to the Director of Community Relations who in turn controls and approves claims from the Community Relations Department within the allocated provisions. The Commission strictly follows CSR 750 – 751 on entertainment expenses and adhere to the ceilings of expenses per head (current rates are \$350 for lunch and \$450 for dinner), which are inclusive of any food, beverages and tips. In view of the Commission's special nature of work to

¹ Heads of Department are Head of Operations, Director of Community Relations and Director of Corruption Prevention.

² The two Directors of Operation are Director of Investigation (Government Sector) and Director of Investigation (Private Sector).

³ Except that the Director of Community Relations may approve officers in the Mass Communication Office of the Community Relations Department to undertake duty visits outside Hong Kong, in relations to the production of publicity and education products.

⁴ The Commissioner also authorises entertainment expenditure from his personal entertainment vote (\$36,000 per annum).

maintain close liaison with operational partners, e.g. disciplined services departments, Commission's CSO also set the ceiling of operational liaison lunch at \$150 per head and charges such expenditure to the Commissioner's personal entertainment vote for entertaining civil servants. Commissioner's exceptional approval is required for any expenditure exceeding the ceilings.

6. Responding to the recommendation of the Audit Report No. 60 released in April 2013 and ensuring prudence and economy in using public funds when incurring official entertainment expenses, the Commission, on 6 May 2013, promulgated reminders and further guidelines on entertainment expenses. They include only inviting guests who are directly related to the context of the official business; confining the number of Commission officers attending the event to those who are directly related to the context of the official business in question; restricting the number of attending Commission officers not to exceed the number of guests; and prohibiting splitting of entertainment bills or charging them to different votes. Furthermore, all official entertainments hosted by HoDs must be approved by the Commissioner. To ensure checks and balances, H/Ops will endorse official entertainments hosted by the Commissioner; whereas Assistant Director/Administration will check compliance of those attended by both the Commissioner and H/Ops.

Presentation of Souvenirs

7. Like other Government departments, the ICAC did not have any laid down rules for the presentation of souvenirs to official counterparts or visitors of the Commission, nor the cost of the souvenirs, except those given in the Government's Stores and Procurement Regulation (SPR) when procuring souvenirs. Subject officers must seek approval and certification from the line management to confirm the availability of funds for the purchase of souvenirs and claim for reimbursement of the expenses upon verification by the Finance Office. In presenting souvenirs, consideration was given to the nature of the occasion and the status of the recipients.

8. To tie in with the Government's economy drive, the Commission has already adopted further guidelines since 6 May 2013 in attending official functions. As a general principle, there are no corsages for functions hosted by the Commission and all ICAC officers will, as far as practicable, not exchange gifts/souvenirs with representatives of other government or international organisations during meetings. The Commission will notify the organization concerned in advance of our practice. Where the exchange of gifts/souvenirs is unavoidable, officers will only present ONE souvenir inscribed with the ICAC logo (e.g. ICAC Building model, ICAC Annual Report or ICAC plaque, etc.) to the organization concerned, and no gifts/souvenirs will be given on a personal basis.

Conclusion

9. With the elevating public expectations, the Commission will continue to strive for upholding a culture of high integrity among ICAC officers. Shortly after the release of the Audit Report No. 60 in April 2013, the Commission has put in place an improved mechanism for granting official duty visits and incurring expenses on official entertainment and souvenirs. With the setting up of the Independent Review Committee (IRC) on ICAC's Regulatory Systems and Procedures for Handling Official Entertainment, Gifts and Duty Visits, the Commission is committed to cooperate with the IRC.

Independent Commission Against Commission
15 May 2013

Commission Standing Orders (Part I)

Chapter : 25

Title : Finance

Internal Reference : 25-01

Section : 01

Heading : General

Version Date : 30/03/2012

1. Government policies and regulations governing the management and control of “public finance” are stated in the following documents –

Public Finance Ordinance (Cap. 2) (PFO);
Financial and Accounting Regulations (F&ARs);
Standing Accounting Instructions;
Financial Circulars (FCs);
Financial Services and the Treasury Bureau (FSTB) Circular Memoranda;
Accounting Circulars;
Confidential Accounting Circulars; and
Treasury Circular Memoranda.

2. Finance Office and Departmental Administration Officers have copies of these documents. Save the confidential circulars, electronic forms of these documents are available on the Central Cyber Government Office.

3. All Commission officers must observe the rules and regulations governing the management and control of public finance. It is also the responsibility of all officers to exercise due care and strict economy in the expenditure of public moneys.

4. Under F&AR 125, an officer may be liable to be surcharged in the following circumstances as laid down in section 32 of the PFO –

- “(a) has failed to collect any moneys owing to the Government for the collection of which he is or was at the time of such employment responsible;
- (b) is or was at the time of such employment responsible for any improper payment of public moneys or for any payment of public moneys which is not duly vouched;
- (c) has improperly incurred expenditure at the time of such employment;

- (d) is or was at the time of such employment responsible for any deficiency in or loss or destruction of or damage to any public moneys, stamps, securities, stores or other Government property; or
- (e) is or was at the time of such employment responsible for any loss or destruction of or damage to any property as a result of which the Government is liable for the cost of replacement or repair or for the payment of compensation.”

The procedures for instituting surcharge proceedings are laid down in FC No 10/2004.

5. Under F&AR 435, no charge will be made for services rendered by one department to another except where special approval has been given by FSTB. Furthermore, F&AR 430 states that unless clearly provided for in the relevant legislations, fees may not be collected by one department from another. Officers are advised that if they authorise payment to be made contrary to these two regulations, the payment will be disallowed and they may be held personally responsible for the expenditure. The provisions under F&ARs 430 and 435 do not apply to Trading Fund departments such as Electrical and Mechanical Services Department, Post Office, and Office of the Telecommunications Authority, where payments must be made for the services received.

Commission Standing Orders (Part I)

Chapter : 25

Title : Finance

Internal Reference : 25-06

Section : 06

Heading : Advance of Subsistence

Version Date : 03/01/2011

Allowance for Overseas Duty

Visits / Training

1. Rates of subsistence allowance are stipulated in “Annex 4.10 – Rates of Subsistence Allowance Outside Hong Kong” of the Civil Service Regulations.
2. Advance payment of subsistence allowance under Civil Service Regulation 713 for officers on overseas duty is normally processed by the Treasury and requires a lead time of around three weeks. If sufficient lead time is available, an officer who wishes to apply for it should submit his request in writing to the Finance Office.
3. Upon receipt of the request, the Finance Office will make arrangement to have the allowance credited to the officer’s payroll bank account prior to his departure from Hong Kong.
4. When an officer is selected to attend an overseas training course, he can apply to the Development Section of the Training and Development Group for an advance payment of study grant, if applicable. The Development Section will advise the Finance Office of the appropriate rate of study grant to which the officer is entitled. Payment of study grant is processed by the Treasury and requires a lead time of around three weeks.
5. Officers have the option to claim reimbursement of subsistence allowance / study grant after the trip instead of applying for an advance payment.
6. Officers being granted an advance payment of subsistence allowance for overseas duty visit or advance payment of study grant for overseas training should submit the Form ICAC 612 or 'Statement of Account' to the Finance Office (for overseas duty visit) and submit the relevant claim form to the Development Section of the Training and Development Group (for overseas training) as appropriate, in accordance with CSO (I) 25-07, irrespective of whether there are additional claims for expenses incurred.

Commission Standing Orders (Part I)

Chapter : 25

Title : Finance

Internal Reference : 25-07

Section : 07

Heading : Reporting of Statement of

Version Date : 03/01/2011

Account after Overseas Duty

Visits / Training

1. When an officer returns from overseas duty visit, he should complete, within 30 days, the Form ICAC 612 for Operations Department officer or the 'Statement of Account' for non-Operations Department officer. The relevant original receipts duly certified by the responsible officer and documentary proof of payment (as applicable) should be provided to account for the subsistence allowance, advance payment of subsistence allowance and claim for reimbursement of expenses not covered by the allowance. He must report on the form the accommodation arrangement during overseas duty and provide documentary proof of payment if he stayed in a self-arranged rented accommodation. Officers should refer to Civil Service Regulations 713-716 for detailed information on subsistence allowance and approving authorities as stipulated on the Form ICAC 612 or the 'Statement of Account' as appropriate.

2. When an officer returns from overseas training course, he should forward, within 30 days, all claims of reimbursement to the Development Section of the Training and Development Group. The Development Section will examine and endorse the claims as appropriate and pass them to the Finance Office for reimbursement of expenses not covered by the study grant.

Commission Standing Orders (Part I)

Chapter : 25

Title : Finance

Internal Reference : 25-04

Section : 04

Heading : Entertainment Expenses

Version Date : 30/03/2012

1. An officer may be reimbursed expenses incurred for provision of official entertainment which has been approved by C (for Commission-wide, Administration Branch and Corruption Prevention Department functions), H/Ops (for Operations Department functions) and DCR (for Community Relations Department functions). Officers should seek approval **in advance** before the expenses are incurred. Officers should also observe the relevant guidelines on the rate of entertainment expenses as may be issued by the Administration from time to time. Unless C has approved otherwise, the expenditure per head, inclusive of food, beverages and tips, is currently subject to the following ceiling –

- | | | |
|-------------------------------|---|-------|
| (a) Operational liaison lunch | : | \$150 |
| (b) Lunch | : | \$350 |
| (c) Dinner | : | \$450 |

2. Expenditure may be charged to the entertainment vote when it is –

- (a) directly related to the discharge of an officer's duties or a necessary part of making or maintaining contacts in his official capacity; and
- (b) in the public interest.

3. Except for the following two occasions, official entertainment must be for non-government personnel -

- (a) entertaining representatives of staff associations; or
- (b) expressing appreciation to staff for exceptional achievements, significantly beyond the normal call of duty.

4. Expenditure arising from the presence of other Government officers and their spouses may be reimbursed when -

- (a) it is in the public interest that the principal guests (who are not civil servants) should meet such officers; or
- (b) it is necessary for such officers to assist in entertaining the principal guests.

5. When official entertainment is combined with private entertainment, only that proportion of the expenditure that is attributable to

the presence of the host and hostess and of their official guests may be charged to public funds.

6. Expenditure on official entertainment should be fully supported by receipts wherever possible. Claims for expenditure on home entertainment when receipts are not produced must be supported by full details and certified as reasonable by C personally.

7. Vouchers must include sufficient supporting information to enable the Audit Commission to ascertain whether the provisions of the relevant regulations are complied with. The list of guests for a particular function must be retained for at least 12 months and produced for the Audit Commission's examination if required.

8. Tipping should strictly follow the guidelines issued by the Secretary for Financial Services and the Treasury -

<u>Entertainment Expenses</u>	<u>Amount of Tips</u>
Up to \$2,000	5% of the bill amount
From \$2,000 to \$4,000	\$100 maximum
Over \$4,000	\$200 maximum

9. It is customary for officers to present gifts when invited to social functions (such as wedding or birthday parties) hosted by local leaders who have frequent official contact with the Commission. Subject to the following financial limits on the value of such gifts, the expenditure involved is chargeable to Component 149 General Departmental Expenses Item 566 Official Entertainment (Local) -

	<u>Gift</u>	<u>Maximum Value</u> (\$)
(a)	one gift to be purchased when only one officer is invited	400
(b)	one joint gift to be purchased when two officers are invited	600
(c)	one joint gift to be purchased when more than two officers are invited	800

10. Officers are advised that as far as possible, gifts rather than cash should be offered. There is no particular restriction on the type of gifts and the general guideline is that a gift suitable to the occasion should be presented. Common sense and social norm should prevail. The greeting card accompanying the gift should contain all the names of the officers invited to the function.