



**CORRUPTION
PREVENTION
GUIDE FOR
MANAGEMENT OF
CHARITIES, DONATION
AND FUND-RAISING
ACTIVITIES**



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FROM THE EDITORIAL BOARD

Descriptions and explanation of legal requirements under the Prevention of Bribery Ordinance (Cap. 201) and other relevant ordinances/laws in this publication are necessarily general and abbreviated for ease of understanding. Users of this publication are advised to refer to the original text of the relevant ordinances/laws or seek legal advice on particular issues where necessary. The ICAC will not accept any responsibility, legal or otherwise, for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

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Throughout this publication, the male pronoun is used to cover references to both the male and female genders. No gender preference is intended.

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1 INTRODUCTION

This Corruption Prevention Guide aims at providing a practical guide on good governance and internal control for use by charitable organisations when they organise fund-raising activities or appeal for / accept donations.

For the purpose of compiling this Guide, the Social Welfare Department, Hong Kong Council of Social Service, Hong Kong Jockey Club, Community Chest, Po Leung Kuk, Tung Wah Group of Hospitals, and schools and public organisations were consulted. Reference was also made to the “Good Practice Guide on Charitable Fund-raising” issued by the Social Welfare Department, guidelines issued by the Hong Kong Institute of Certified Public Accountants, and other relevant reference materials such as the Better Business Bureau Wise Giving Standards (USA).

When using this Guide, organisations are reminded to comply with the rules and regulations imposed by the relevant government departments and governing bodies, for instances the Lotteries Fund Manual published by the Social Welfare Department, the stipulated requirements for school registration under the Education Ordinance, as well as other conditions laid down in the service agreements signed between the school sponsoring bodies and the Government where applicable.

2 GOVERNANCE

It is of paramount importance that charitable organisations should put in place a robust governance structure to steer and monitor the organisation's operations. For more details of instituting good governance and internal control, charitable organisations may refer to the "Corruption Prevention Guide: Governance and Internal Control in Non-Governmental Organisations"¹ published by the ICAC. This chapter highlights the essentials of good governance in relation to the management of fund-raising activities.

Fund-Raising Committee

- **Establish a Fund-Raising Committee, or request the Board or Council², to oversee the fund-raising activities, covering:**
 - the development and endorsement of an annual fund-raising programme showing the objectives of each activity;
 - scrutiny of the proposal of each fund-raising activity, having regard to their objectives;
 - approval of the budget and plan for each fund-raising activity;
 - setting of a ceiling on the administrative expenditure for each fund-raising activity, having regard to its nature and scale;
 - proper accounting of all funds raised;
 - monitoring of the usage of the donations to ensure accountability and fulfilment of the stated objectives; and
 - assessment of the effectiveness and performance of the activities held.

Audit Committee

- **Establish an Audit Committee, or request the Board or Council, to make recommendations on the appointment of external auditors and to oversee the external auditing process.**

- **Appoint a Board or Council member, other than the chairman of the Board or Council, to be the Audit Committee's chairman, to ensure its independence (if an Audit Committee is established).**

¹ Website: https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=153

² Applicable if the manpower or resources of the organisations concerned do not warrant the establishment of a separate committee.

- **Appoint to the Audit Committee at least one member who has professional qualification, accounting knowledge or relevant expertise in auditing (if an Audit Committee is established).**
- **Require the Audit Committee to report regularly its findings and recommendations to the Board or Council (if an Audit Committee is established).**

Code of Conduct

- **Compile a Code of Conduct setting out the standard of behaviour required of the Board / Council members and staff. The code should include:**
 - guidelines governing acceptance of advantage and entertainment, and the relevant provisions under the Prevention of Bribery Ordinance (Cap. 201) (an extract of the Ordinance is at **Appendix 1**. Full text of the Ordinance can be found in the Hong Kong e-Legislation³ of the Department of Justice);
 - guidelines on declaration and handling of conflict of interest; and
 - rules on the use and protection of confidential information, such as personal data of donors⁴ and beneficiaries.

Useful Reference Materials

To assist non-governmental organisations (NGOs) in the welfare sector to enhance their corporate governance and internal controls, the ICAC in collaboration with the Hong Kong Council of Social Service published the Sample Code of Conduct for Board Members and Staff of NGOs in the Social Welfare Sector. Charitable organisations may adopt the Sample Code, where appropriate.

- The Sample Code of Conduct for Board Members and Staff of NGOs (Full Version) - covers a comprehensive set of probity requirements suitable for large or medium NGOs which are more advanced in integrity management.

Website: https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=157

- The Sample Code of Conduct for Board Members and Staff of NGOs (Abridged Version) - covers only the key probity requirements for easy adoption by small NGOs, particularly those without receiving government subvention.

Website: https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=155

³ Website: <https://www.elegislation.gov.hk/hk/cap201>

⁴ A donor may be a person or an organisation.

Conflict of Interest

Definition of Conflict of Interest

- **A conflict of interest situation arises when the “private interests” of a Board member / staff member compete or conflict with the interests of the organisation or the Board member / staff member’s official duties.**

- **Private interests include financial and other interests of –**
 - the Board member/ staff member himself;
 - his family and other relations;
 - his personal friends;
 - the clubs and associations to which he belongs;
 - any other groups of people with whom he has personal or social ties; or
 - any person to whom he owes a favour or to whom he may be obligated in any way.

- **Some common examples of conflict of interest are described below but they are by no means exhaustive:**
 - A procurement staff is closely related to or has beneficial interest in a supplier being considered by the company.
 - One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the director involved in the exercise.
 - A staff member of the company is a committee member of a professional institute in his private capacity. He seeks sponsorship from a company’s contractor whom he is responsible for monitoring, for organising an educational event of the professional institute.

Mechanism to Manage Conflict of Interest

- **NGOs should adopt a “three-step mechanism” in managing conflict of interest –**
 - **Avoid** - All Board member / staff member should remain alert to and avoid any actual, potential or perceived conflict of interest situation;
 - **Declare** - If the conflict is unavoidable, the Board member / staff member should report it to the designated approving authority once he becomes aware of the conflict; and
 - **Mitigate** - The designated approving authority, after assessing the impact of the conflict and the risk of impropriety, should take appropriate mitigating measure as early as possible.

- **The mitigating measure to be taken would depend on the circumstances of individual cases and the level of mitigation should commensurate with the severity of the conflict.**

- Proper documentation of the declaration, the rationale for the decisions made and the course of mitigating measure taken should be maintained. A sample form for making the declaration, recording the decision made and the mitigating measure taken is at *Appendix 2* for reference.
- It would be helpful to designate an office / a staff member of appropriate rank to keep the precedent cases in managing declared conflict of interest so as to enhance consistency and facilitate sound decisions in managing declared conflict in future.

Positive Declaration

- Depending on the operational needs and circumstances, NGOs may require a staff who participates in projects / exercises involving sensitive issues / information, or with great public concerns to declare if they have or do not have any conflict of interest (i.e. positive declaration) on the matter in order to protect the public interest and the interest of NGOs.

Procurement

- Adopt an open and competitive procurement system and lay down guidelines for the procurement of goods and services necessary for the fund-raising activities.

Case Study – Solicitation of Advantages for Placing Orders



An information technology officer of a charitable organisation is responsible for sourcing suppliers for the procurement of equipment for use in a new office. The officer solicited a rebate of 5% of the contract sum, from one of the suppliers so as to help the supplier secure the order. The above solicitation of advantage is in violation of Section 9(1)(a) of the Prevention of Bribery Ordinance.

Lesson Learnt

Procurement is a corruption prone area as it often involves substantial amount of money. It is one of the business functions that is most susceptible to corrupt manipulation and malpractice, such as solicitation and acceptance of kickbacks. Charitable organisations are recommended to build in their procurement systems adequate safeguards to ensure fairness and enhance checks and balance in the process, and arrange trainings for its staff to raise their awareness of risks and consequence of corruption.

Useful Reference Materials

For more corruption prevention safeguards, charitable organisations may refer to the Corruption Prevention Guide on Procurement.

Website: https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=199

Public Disclosure

- Establish a policy for disclosure of fund-raising information through the organisation's website or annual report.
- Publicise the audited account of each fund-raising activity⁵ as approved by the Board or Council.

Handling of Reports of Corruption and Violations

- State the organisation's anti-corruption policy and provide suitable channels for reporting corruption and violations of the policy.
- Require all personnel of the organisation to report promptly any corruption to the ICAC or through the reporting channels provided as appropriate.
- Encourage business partners (e.g. suppliers, contractors) to report corruption or corruption attempts by any of the organisation's personnel.
- Provide assurance of confidentiality, prompt handling and non-retaliation to the staff who make a report in good faith.
- Reiterate the zero-tolerance policy towards any corrupt behaviour detected, which will result in reporting to the relevant law enforcement agency and disciplinary action such as termination of employment (in the case of staff) or termination of contract and exclusion from future bidding (in the case of suppliers/contractors).
- Inform the Board or Council regularly on the report received (e.g. number, type, handling of complaints).

⁵ Subject to any licensing requirements of the fund-raising activities, the Board / Council may exempt small-scale fund-raising activities with donations collected below a certain amount from the auditing requirement in order to minimise administrative expenditures.

3 Preparation of Fund-Raising Activities

This Chapter highlights the recommended control measures for collection of donations, when getting started to organise a fund-raising activity.

Control of Fund-Raising Expenditures

- **Prepare a budget showing the estimated expenditure items and costs for the planned activity for approval by the Fund-Raising Committee (if established) or the Board or Council.**
- **Propose in the budget a ceiling on the administrative expenditure which should not constitute a substantial proportion of the funds raised (e.g. a percentage of the funds raised) to ensure the funds are used for the stated charitable objectives.**
- **Subject all un-budgeted expenses to close scrutiny and designate the authority for approval of payment.**
- **Comply with the organisation's procurement policies and procedures in making purchases of goods and services for the fund-raising activities.**
- **Settle payment claims or reimbursement of expenses only upon presentation of original invoices or receipts, properly certified by the claimant and endorsed by a designated authority.**

Fund-Raising Publicity

- **Make known to the public or prospective donors the following information in the fund-raising publicity materials:**
 - the charitable organisation's name;
 - a description of the fund-raising activity and its objectives (e.g. the target beneficiaries);
 - a telephone number or a website address for enquiries;
 - the methods of making donations (e.g. by crossed cheques, cashier orders, or in cash);
 - donations are tax deductible, if applicable;

- official receipts will be issued for donations given⁶; and
- details of the contractors or agents authorised to collect funds on behalf of the organisation, if applicable.

Management of Collectors

- **Establish policies to govern the recruitment, deployment, remuneration (if any) and supervision of collectors.**
- **Maintain a record of all collectors' personal particulars (i.e. name, identity card number, and telephone number), particularly those recruited from outside the charitable organisation.**
- **Require collectors to wear an identity badge and make available valid authorisation documents for examination in the case of contractors or agents, during the fund-raising activity.**
- **Arrange briefings for the collectors to:**
 - ensure they understand their responsibilities and the organisation's fund-raising policies (e.g. keeping donors' particulars confidential) and procedures;
 - remind them to act honestly in conducting the fund-raising activities and to employ techniques that are not coercive, intimidating, or intended to harass prospective donors; and
 - require them to strictly adhere to any relevant laws, fund-raising licence/permit conditions, the organisation's code of conduct, and any other relevant rules.

Security of Collection Bags and Boxes

- **Provide serially-numbered collection bags or boxes with security safeguards and printed with the name of the organisation for use by collectors.**
- **Authorise a limited number of persons, on a need basis, to have access to the keys or security seals of collection bags or boxes.**
- **Maintain a record of the authorised persons given access to the keys or security seals.**
- **Keep a record of the quantity and serial numbers of the cash collection bags or boxes distributed to the collectors and require them to acknowledge receipt.**

⁶ The organisation may prescribe a minimum amount of donations above which official receipts will be automatically issued. Otherwise, official receipts will be issued upon request.

- Specify the time (e.g. in the afternoon of the same day on flag days or the next morning after a charity ball or concert) and place for the return of the bags or boxes.

Security of Collection Boxes at Fixed Locations

- Take measures to secure collection boxes from theft while left unattended in public places.
- Keep a record of the location of each collection box (e.g. at promotion booths, convenience shops, or shopping malls).
- Arrange a team of staff or volunteers supervised by at least one staff member, or hire a security company (if financially viable) to collect and replace the collection boxes at fixed intervals and return them to the office for emptying the contents in the presence of at least two authorised persons.

Control of Charity Sale of Commodities

- Assign a staff member at the appropriate level to take charge of the stock of commodities, such as cookies and gift packs.
- Maintain a record of the stock in store and those issued to individual donation collectors.
- Conduct reconciliation of the stock balance and the stock sold at the end of the activity.

Control of Tickets for Lottery, Balls, Concerts and Film Premieres for

Charity

- Arrange the printing of serially-numbered tickets with the charitable organisation's name and the fund-raising function's title, if any, prominently printed on them.
- Print other details, such as the lottery licence number, the prizes, the date of the draw, and the date and means of announcement of results on the tickets, in the case of a lottery.

- **Maintain a record of the tickets printed and issued to the donation collectors.**
- **Assign staff member(s) to reconcile the amount of donations collected with the number of tickets sold.**

Handling of Donations by Cheques, Cashier Orders or Auto-pay

- **Keep copies of all cheques, cashier orders, bank pay-in slips, etc. or record the donors' names in a register (if applicable), for audit checks.**
- **Issue receipts to the donors and publicise the donors' names and their amounts of donations in the charitable organisation's publications as appropriate, e.g. the organisation can decide to publicise selected donors' names and their amounts based on a certain donation amount or above.**
- **Maintain an official receipts register to control the stock and issue of official receipts. Unused receipt books should be kept under lock with key held by a designated staff member.**

Counting of Cash Donations

- **Arrange opening of the collection bags or boxes as soon as practicable after the fund-raising activity.**
- **Count the cash collected immediately after the opening of collection bags or boxes.**
- **Appoint independent persons or volunteers to witness the opening of collection bags or boxes and counting of cash donations (e.g. using services of a bank or a security company).**
- **Record the amount of cash counted, and require the witnessing persons and the counting staff / volunteers to sign on the record, certifying correctness. Any subsequent amendment to the cash-counting record should be jointly signed and dated by the same officers.**

4 Donation Handling and Fund Disbursement

This Chapter highlights the handling of donations, both in money and in kind, after the fund-raising activities.

Handling of Donations In Money

- **Assign a staff member at the appropriate level to arrange for deposit of donations.**
- **Arrange a team of staff or volunteers supervised by at least one staff member, or engage a security company (if financially viable) to escort the cash counted for deposit in a designated bank account on the same day of counting or in the following morning.**
- **Ensure any money left overnight is accounted for and locked away under the custody of designated staff member(s).**
- **Bank in the cheques and cashier orders as soon as practicable.**
- **Keep the bank-in slips for reconciliation of records and future audit.**

Handling of Donations In Kind

- **Maintain a register of all donations in kind, showing the donor's name, date of receipt, description of donated item, quantity, estimated value, if applicable, and method of disposal.**
- **Store the donated items in a secured place with restricted access before disposal.**
- **Appoint a panel of staff to decide on the disposal methods, such as sale, retention for internal use, donation to organisations like Residential Care Home for the Elderly, etc, seeking endorsement from a designated authority as appropriate.**
- **Dispose of the donated items in accordance with the laid down policy and procedures in an open and fair manner.**
- **Bank in the proceeds in the same way as for cash donations.**

Reporting of Donation Collection

- **Prepare a report of donation collections, showing details such as the amount of cash donations, the quantity of donations in kind, names of donors, and dates of banking (if applicable) for the information of the charitable organisation's management.**
- **Submit a report on the amount of donation received and the disbursement of donated sum to the Board/Council or Fund-Raising Committee (if established) periodically.**

Disbursement of Donations

- **Ensure the donations raised are used for the stated objectives of the fund-raising activity and obtain endorsement from the Board/Council or its assigned committee (if established) for any changes in objective.**
- **Publicise the disbursement of the donations, including the stated objectives or other justifiable purposes.**
- **Subject the disbursement of donations to the approval and monitoring of the Board / Council or its assigned committee (if established).**
- **Maintain proper accounts of the disbursed donations.**

Submission of Financial Statements and Audited Account

- **Submit an audited account and a financial statement to the Board/Council, or the Fund-Raising Committee (if established) after each fund-raising activity⁷.**
- **Include in the financial statement:**
 - the total amount of donations raised;
 - the total amount of administrative expenditure of the fund-raising activity, with a breakdown of the types of expenditure; and
 - the net proceeds of the fund-raising activity.
- **Submit an audited report on the fund-raising activity to the government departments concerned in compliance with the licensing requirements of the fund-raising activity.**

⁷ Subject to any licensing requirements of the fund-raising activities, the Board/Council may exempt small-scale fund-raising activities with donations collected below a certain amount from the auditing requirement in order to minimise administrative expenditures.

Internal Audit

- **Put in place an internal audit function to independently evaluate the effectiveness of risk management, control and governance processes.**

- **Ensure that the internal audit function:**
 - is independent from operation under audit, sufficiently staffed by staff of appropriate qualification and training, has unfettered access to all records, assets, personnel and premises, and to obtain such information and explanations as and when considered necessary;
 - develops an audit programme setting out the auditing assignments to be performed and conducts regular review to the programme taking into account the risk of key business processes; and
 - reports directly to the Audit Committee, if established, or the senior management and draws their immediate attention to any significant irregularities detected in the course of audit review.

- **Give due consideration to the opinions and findings of the internal audit function and take timely actions in response to its recommendations/findings.**

5 Management of Donations for Naming Rights

Acceptance of donations for naming rights (i.e. donations made on the condition that the receiving organisation will name a specified “asset”, such as a building, a school, a fund, or even a tree after the donor) is a common fund-raising activity for many organisations, including non-profit making organisations or charities, schools, and hospitals. As naming rights are often associated with recognition of the named donor’s contribution to the receiving organisation, any perceived favouritism or unfairness in the handling of naming rights would not only invite criticism of impropriety but also adversely affect the organisation’s reputation. This Chapter suggests the recommended practices in the handling of donations for naming rights.



Guiding Principles for Accepting Donations for Naming Rights

- **The nature of business or trade of the donor, his profession or reputation, achievement or contribution towards the society at large, etc. should be taken into consideration to ensure that it will not have an adverse impact on the objectives or image of the organisation or on the asset/project to be named.**
- **The donor’s source of wealth (and hence the donation) should not be dubious.**
- **Acceptance of the donation should not place the organisation in an obligatory position to the donor or any related party (other than granting of the naming right) and give, or be perceived to give, the donor or any related party an unfair edge over others in obtaining services from or business dealings with the organisation (e.g. offers of donations from commercial concerns should not be interpreted in any way as inducements for future business opportunities). For example:**
 - For schools, there should be no connection between the donation and any student’s / student applicant’s standing/treatment or possible future standing/treatment in the school, and schools should not solicit donations from individuals/companies with which the schools have business dealings (e.g. suppliers, contractors, trading operators).
 - For social welfare organisations, the donor, or parties related to the donor, should not be given preferential treatment in allocating and providing social services that would be unfair to other social service applicants / recipients.

- Organisations should specify the types of assets and values of donations for naming rights which may warrant deviations from the guiding principles (e.g. the naming of insignificant assets, such as trees or minor fixtures).

Nature and Circumstances of the Donation

- There should be no other unreasonable conditions attached to the donations other than the naming right to be granted, or conditions which are incompatible with the organisation's objectives, or other requirements that may affect the organisation's ability to perform its functions fully and impartially.
- Acceptance of the donation and the granting of the naming right must not cause embarrassment to the organisation or bring it into disrepute.
- Acceptance of the donation and granting of the naming right should not give rise to a conflict of interest or perceived conflict of interest.

Assets for Naming Rights

- Identify and draw up a list of the assets or items that the organisation is prepared to offer for naming rights, which may include, for example:
 - Building, community service centres, or facilities, e.g. schools, elderly homes, rehabilitation centres, camp sites, roads, or parks;
 - Facilities within a building (e.g. halls or function rooms);
 - Fixed assets within the building or facilities (e.g. fixtures, equipment, trees); and
 - Intangible assets or items such as projects or fund.
- Lay down the terms and conditions for different types of assets (e.g. any duration of the naming, and the naming rights of facilities within a named building).

Criteria and Methods for Determining the Minimum Donations

- The methods set out below are the criteria and practices adopted by some well-established organisations:
 - For a major project or asset (e.g. a new building, school, or research centre), set the minimum donation at a specified percentage of the total cost of the project, capital work, or acquisition.
 - For a facility (e.g. a hall, room or laboratory) within a building, set the minimum donation at a specified percentage or the whole of its allocated cost (e.g. one method of allocation would be according to the floor area on a pro rata basis).

- For smaller fixed assets or items (e.g. an equipment or furniture), set the minimum donation at its acquisition cost, or if the cost cannot be estimated (e.g. a tree), a reasonable sum determined by the appropriate approving authorities.
 - For intangible items (e.g. a project or programme of study), set the minimum donation using an objective method as far as practicable (e.g. a percentage of the set-up and operating cost incurred in a specified period of time).
- **Lay down guidelines and criteria based on which the laid-down minimum donations may be set, such as:**
 - the nature, purpose and popularity of the asset for naming and characteristics of its users (e.g. in general, the naming right of a school is more appealing to donors);
 - location of the asset (e.g. a building located at a conspicuous site may attract a higher amount of donation than one in a remote area);
 - prevalent economic situation (e.g. donors may be less generous in a flagging economy);
 - urgency in the need for donation (e.g. a project has an urgent funding problem);
 - intangible benefits from the naming (e.g. how the naming, given the donor's reputation/status, may benefit the organisation, the project, its users, and/or the community at large);
 - the donor's established long-term relationship with and contribution towards the organisation, including his past donation track records with the organisation and/or his personal involvement in the organisation's activities; and
 - the donor's achievement and contribution towards the society.
 - **If an organisation may consider proposals to name an asset (e.g. a school, a building) after an individual/organisation for special reasons other than monetary donations (e.g. in recognition of the achievement and contribution of the individuals / organisations towards the society or the receiving organisation), it should carefully consider justifications for the proposal, e.g. how the naming of the asset can benefit the users (e.g. in the case of a school, the students) and/or the community at large. Each case should be considered on its own merits.**

Sourcing and Selection of Donors

- **The sourcing and selection of donors for naming rights is a sensitive process. Some organisations do not proactively source or invite donations but consider the offer when one is made while others approach potential donors direct or select donors through a process of open or restricted competition. For different types of naming rights, lay down the methods and procedures for sourcing and selecting donors, which may include:**

Open Invitation

- **Invite donations for naming rights openly (e.g. on the organisation's website).**
- **Provide the relevant information in the invitation (e.g. the asset or item for naming right donation, the time frame and method for expression of interest and, the minimum amount of donation expected).**
- **Publicise the name of the selected donors and the amount of donations on the organisation's website afterwards with the consent of the donors.**

Restricted Invitation

- **Specify the criteria for selection of potential donors (e.g. restricted to members of the alumni or existing and past Board or Council members).**
- **Compile a list of the potential donors for approval by the appropriate authority for sending invitation.**
- **It is the policy of some organisations to reserve important naming rights (e.g. of buildings or schools) for their Board or Council members, in recognition of their contributions to the organisation or as a tradition. The naming rights may also be extended to persons nominated by the Board or Council members. To ensure such cases are handled in a fair manner, the Board or Council may take the following points into consideration:**
 - review this policy from time to time to ensure that it is well-justified and most beneficial to the organisation, taking into account the public expectation of openness and fairness at the time.
 - lay down clearly the selection criteria (e.g. giving priority to the one more senior in years of service or the one with well recognised contribution to the organisation or community and the amount of donations offered), and consider the proposed donations according to these criteria in evaluation of donation offers.
 - enhance fairness of the process by adopting the recommended practices in this Guide, including the setting of the minimum donation for the various types of assets in accordance with the predetermined criteria.
 - take steps to ensure there is a fair process if the Board or Council decides to grant the naming rights based on the amount of donation offered (e.g. requiring the potential donors to submit their offers in sealed envelopes to be opened at the same time by designated staff members of the appropriate level).

*Private Invitation*⁸

- Lay down the criteria for identification of potential donors for major naming rights (e.g. of buildings and schools), taking into consideration the Guiding Principles.
- Seek the approval of the Board or Council before approaching the potential donor(s) identified.
- Require the staff responsible to record approaches to single donors, including their proposed amount of donations and any conditions attached, and seek the Board/Council's approval for acceptance.
- Protect the confidentiality of the invitations and contacts, and restrict the information on a need-to-know basis.

Evaluation of Donation Offers

- Appoint a panel comprising senior members of staff to consider the donation offers according to the laid-down selection criteria.
- Consult relevant stakeholders (e.g. in case of schools, Parent-Teacher Association, alumni, teachers, etc) on proposals relating to naming rights.
- Seek approval from designated authorities (e.g. the School Sponsoring Body / School Management Committee / Incorporated Management Committee / Board or Council) for acceptance of the offer and any conditions attached to the donation.

Management of Naming Donations Received

- Lay down policies and guidelines regarding the use of the naming donations, for example:

⁸ This method is usually adopted for major naming rights, e.g. for a new building or school, for which the organisation considers it necessary to approach a target donor, or a few prestigious donors of social standing, one at a time, in order to show respect and sincerity.

- Donations raised for a stated purpose (e.g. construction of a building) should be used for the stated purpose only unless with the consent of the donors; and
 - Donations received by schools should serve for educational purposes, and if the donation is given to an existing school, it should be specified that the donation should be given to the school and not the School Sponsoring Body.
- **Lay down the monitoring mechanism on the use of the donations received, including:**
- Keep a register setting out the details of the donations received (e.g. donor's name, donor's relation with the organisation, date of receiving donations, purpose of donations, date of approval for receiving donation by approving authorities, and subsequent disposal of donations);
 - Ensure the donations are used for the stated purpose; and
 - Properly account for the donations received and their use in the organisation's financial reports, and for special projects (e.g. a building, school), the project account.

APPENDIX 1

Extracts of Prevention of Bribery Ordinance (Chapter 201 of Hong Kong Laws)

Section 9 – Corrupt transactions with agents

(1) Any agent who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his –

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavor to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(2) Any person, who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's –

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavor to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(3) Any agent who, with intent to deceive his principal, uses any receipt, account or other document –

- (a) in respect of which the principal is interested; and
- (b) which contains any statement which is false or erroneous or defective in any material particular; and
- (c) which to his knowledge is intended to mislead the principal,

shall be guilty of an offence.

(4) If an agent solicits or accepts an advantage with the permission of his principal, being permission which complies with subsection (5), neither he nor the person who offered the advantage shall be guilty of an offence under subsection (1) or (2).

(5) For the purposes of subsection (4) permission shall –

- (a) be given before the advantage is offered, solicited or accepted; or
- (b) in any case where an advantage has been offered or accepted without prior permission, be applied for and given as soon as reasonably possible after such offer or acceptance, and for such permission to be effective for the purposes of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

Section 4 – Bribery

(1) Any person who, whether in Hong Kong or elsewhere, without lawful authority or reasonable excuse, offers any advantage to a public servant as an inducement to or reward for or otherwise on account of that public servant's –

- (a) performing or abstaining from performing, or having performed or abstained from performing, any act in his capacity as a public servant;
- (b) expediting, delaying, hindering or preventing, or having expedited, delayed, hindered or prevented, the performance of an act, whether by that public servant or by any other public servant in his or that other public servant's capacity as a public servant; or

Extracts of Prevention of Bribery Ordinance (Chapter 201 of Hong Kong Laws)

- (c) assisting, favouring, hindering or delaying, or having assisted, favoured, hindered or delayed, any person in the transaction of any business with a public body,

shall be guilty of an offence.

- (3) If a public servant other than a prescribed officer solicits or accepts an advantage with the permission of the public body of which he is an employee being permission which complies with subsection (4), neither he nor the person who offered the advantage shall be guilty of an offence under this section.

Section 8 – Bribery of public servants by persons having dealings with public bodies

- (1) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with the Government through any department, office or establishment of the Government, offers any advantage to any prescribed officer employed in that department, office or establishment of the Government, shall be guilty of an offence.
- (2) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with any other public body, offers any advantage to any public servant employed by that public body, shall be guilty of an offence.

Section 2 – Interpretation

“**Advantage**” means –

- (a) any gift, loan, fee, reward or commission consisting of money or of any valuable security or of other property or interest in property of any description;

- (b) any office, employment or contract;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- (e) the exercise or forbearance from the exercise of any right or any power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e), but does not include an election donation within the meaning of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554), particulars of which are included in an election return in accordance with that Ordinance.

“**Entertainment**” means the provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions.

Section 19 – Custom not to be a defence

In any proceedings for an offence under this Ordinance, it shall not be a defence to show that any such advantage as is mentioned in this Ordinance is customary in any profession, trade, vocation or calling.

APPENDIX 2

Sample Declaration Form of Conflict of Interest

(Name of the company / NGO)

Declaration of Conflict of Interest

Part A – Declaration (To be completed by the Declarer)

To : (Approving Authority)

I have no conflict of interest, whether actual or potential, in discharging my official duties in relation to [insert the name of the project / exercise requiring positive declaration by *(Name of the company / NGO)*], and undertake to declare any such conflict immediately when I become aware of it.#

(# For use only when there is a requirement for positive declaration)

I would like to report the following actual/potential* conflict of interest situation arising during the discharge of my official duties:

Person(s)/organisation(s) with whom/which I have official dealings and/or private interest
My relationship with the person(s)/organisation(s) (e.g. relative)
My contact with the person(s)/organisation(s) (Please state the frequency of contact and the usual occasions of contact, etc.)
Relationship of the person(s)/organisation(s) with [Subject Group of the BPC to insert the organisation as appropriate (e.g. the company, the NGO)] (e.g. supplier)
Brief description of my duties which involved the person(s)/organisation(s) (e.g. handling of tender exercise)
File reference, if any, of the mentioned duties

(Date)

(Name of the Declarer)
(Title)

Part B – Approval (To be completed by Approving Authority)

To : (Declarer)

Part B(i) – In respect of the declaration in Part A of this form, it has been decided that:

The declaration as described in Part A is noted. You are allowed to continue handling the work as described in Part A, provided that there is no change in the information declared above.

You are restricted in the work as described in Part A (e.g. prohibit from handling the specific part/duty that you have conflict, withdraw from discussion on a specific issue/case).

Details : _____

You may continue to handle the work as described in Part A, but an independent person would be recruited to participate in, oversee or review part or all of the decision – making process (e.g. task another staff with the required expertise to provide objective assessment on the matter).

Details : _____

You are relieved of your duty as described in Part A, which will be taken up by another person (e.g. staff, expert) through redeployment.

Details : _____

You should relinquish the personal/private interest (e.g. cease to be a member of a club/association, divest the investments until the conflict situation described in Part A no longer exists).

Details : _____

Others (please specify) (e.g. you should not contact the person(s)/organisation(s) concerned until the conflict situation described in Part A no longer exists):

Details : _____

Part B(ii) – The justification(s) for the measure(s) as described in Part B(i) above is/are:
(Factors of consideration including the materiality of the conflict, link between the conflict and the matter in question, and any possible negative public perception over the conflict/incident.)

In all cases, please be reminded that you should not disclose any privileged/internal information of the subject matter to the person(s)/organisation(s) concerned and should further report if there are changes in circumstances necessitating reporting.

(Date)

(Name of the Approving Authority)
(Title)

Part C – Keeping of Records (To be completed by the Declarer)

To : (Designated office/staff for keeping the completed declaration form)

Via: (Approving Authority)

I noted the decision in Part B. The completed form is for your retention please.

(Date)

(Name of the Declarer)
(Title)

*Potential conflict of interest refers to situation that may be developed into an actual conflict in the future.

APPENDIX 3

ICAC Service and Other Assistance

1. INTRODUCTION

The ICAC stands ready to help organisations establish, strengthen and continually improve their anti-corruption controls/programmes that cater for their operational needs. The channels for reporting cases of suspected corruption are also provided in paragraphs below.

2. THE CORRUPTION PREVENTION ADVISORY SERVICE

The **Corruption Prevention Advisory Service (CPAS)** is a specialised unit in the Corruption Prevention Department of the ICAC dedicated to providing the following professional and free corruption prevention advice and services to private companies, organisations and individuals.

- providing confidential and tailor-made advice on anti-corruption management systems including the adoption of the recommended measures in the Guide; and corruption prevention measures for specific business operations on request;
- offering assistance in drawing up a Code of Conduct for the directors, staff and individual charitable organisations and other probity guidelines (e.g. corporate policy/guidelines on reporting corruption and anti-corruption commitment);
- organising corruption prevention training for managers and relevant staff to raise their awareness of corruption risks and corruption prevention measures specific to their business operations; and
- answering any enquiries about this Guide.

For further information, please contact CPAS through the following channels

- Phone: 2526 6363
- Fax: 2522 0505
- Email: cpas@cpd.icac.org.hk
- Website: cpas.icac.hk/EN/



3. REPORTING CORRUPTION

Any person encountering corruption should make a report to the ICAC through the following channels –

Phone: 2526 6366 (24-hour service)

Mail: G.P.O. Box 1000, Hong Kong

In Person: ICAC Report Centre (24-hour service)

G/F, 303 Java Road, North Point, Hong Kong

ICAC Regional Offices

(opening hours: 9:00 a.m. – 7:00 p.m. Monday to Friday;
closed on Saturdays, Sundays and public holidays)

