

| P | R | O | F | I | L | I | N | G |

T H E N S W P U B L I C S E C T O R

FUNCTIONS, RISKS AND
CORRUPTION RESISTANCE STRATEGIES

JANUARY 2003

ICAC

INDEPENDENT COMMISSION AGAINST CORRUPTION

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This research could not have been completed without the participation of a significant number of public sector Chief Executive Officers, Chairpersons and staff. We thank those who took the time to complete and return the survey.

Thanks are also extended to those individuals in the public sector who contributed to the development of the survey instruments.

Acknowledgement is given to the ICAC Research Manager Dr Angela Gorta and Stephanie Cooke (Research Officer) who had primary responsibility for this report and the recommendations made herein.

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Working with organisations to build and sustain corruption resistance is a key priority for the Independent Commission Against Corruption (ICAC). An important part of this work involves understanding how corruption-related issues and risks differ among organisations. This is why we have undertaken a major research project to develop a comprehensive profile of the functions, corruption risks and prevention strategies in place across the public sector. To our knowledge, this is the first time such an all-encompassing exercise has been undertaken.

This corruption risk profile is a starting point for the ICAC and individual organisations to develop tailored approaches to building and sustaining corruption resistance across the sector. This research provides us with the means to develop more effective tools and strategies to manage corruption risks, based on the actual experiences and issues faced by individual organisations.

I am pleased to share with you the results of this research. This report summarises the sector-wide responses to the surveys and provides a snapshot of the range of functions, corruption risks and the corruption prevention strategies in place across the NSW public sector. The report will enable you to compare your organisation's position to the responses of the rest of the sector. I also hope that this publication both informs and more generally promotes discussion of corruption risks and corruption prevention strategies within your organisation and within the sector as a whole.

This project has involved the co-operation of more than 260 organisations. I would like to thank the Chief Executive Officers, Chairpersons and staff who responded for sharing so much information with us about the corruption issues they face and the prevention strategies they have in place.

I hope you find this publication useful as we work together to build organisational integrity and corruption resistance. I would welcome your feedback. A feedback form is available on the ICAC website.



Irene Moss AO
Commissioner



TABLE OF CONTENTS

ACKNOWLEDGEMENTS	ii	4. PREVALENCE OF INDIVIDUAL CORRUPTION PREVENTION STRATEGIES AND STAFF AWARENESS OF THEM	29
COMMISSIONER'S FOREWORD	iii	1. Identifying and documenting risks	29
LIST OF TABLES AND FIGURES	v	2. Codes of conduct	31
GLOSSARY	vii	3. Gifts and benefits policies and gift registers	35
EXECUTIVE SUMMARY	ix	4. Information management and technology	37
1. INTRODUCTION	1	5. Recruitment	41
Structure of this report	1	6. Contracting and procurement procedures	45
Methodology	2	7. Providing information on ethical work practices to staff	50
Presentation of the results	3	8. Audit procedures	54
Limitations of the research	4	9. Protected disclosures	57
2. PERCEPTIONS OF RISK	5	10. Internal investigation capacity	61
Survey questions	5	What types of organisations are likely to have most prevention strategies in place?	62
Overview of perceived corruption risks across all organisations	6	What do organisations consider to be their main strengths in minimising corruption?	64
Results for government agencies	8	5. CONCLUSION	65
Area health services	9	Corruption prevention strategies across NSW public sector organisations	65
Universities	10	Corruption risks across NSW public sector organisations	65
State owned corporations	12	Where to from here?	66
Departments	13	Where to from here for public sector boards and committees?	66
Authorities	15	How the results of this research should be used	67
Other agencies	16	How the ICAC will use the findings	67
Results for boards and committees	18	REFERENCES	68
Service boards	19	APPENDIX 1: METHODOLOGY	71
Regulatory boards	20	APPENDIX 2: ORGANISATIONAL AND STAFF CHARACTERISTICS	74
Advisory boards	20	APPENDIX 3: ADDITIONAL FINDINGS	79
Other boards	21	APPENDIX 4: BASIS FOR CLASSIFYING FUNCTIONS AS 'HIGH-RISK'	99
Staff perceptions	22		
Opportunities for strengthening corruption resistance	23		
3. ORGANISATIONAL FUNCTIONS	24		
Defining high-risk functions	24		
Research findings	25		
Opportunities for strengthening corruption resistance	26		
High-risk functions checklist	27		

LIST OF TABLES AND FIGURES

TABLES

Table 1: Response rates of different types of organisations	3	Figure 5: Organisation has a policy or procedures on gifts and benefits	36
Table 2: Summary of what organisations most commonly considered to be their main corruption risks	7	Figure 6: Gifts policy provides guidance on when not to accept gifts	36
Table 3: What area health services consider to be their main corruption risks	9	Figure 7: Does your organisation have a gift register?	36
Table 4: What universities consider to be their main corruption risks	10	Figure 8: Organisation complies with <i>State Records Act</i>	38
Table 5: What state owned corporations consider to be their main corruption risks	12	Figure 9: Organisation has documented provisions for managing external IT attacks	39
Table 6: What departments consider to be their main corruption risks	13	Figure 10: Organisation has documented provisions for managing internal IT abuse by staff	39
Table 7: What authorities consider to be their main corruption risks	15	Figure 11: Organisation has program to sweep databases for anomalous activity	40
Table 8: What 'other agencies' consider to be their main corruption risks	16	Figure 12: IT systems comply with <i>Australian Standard 17799:2001</i>	40
Table 9: What boards and committees consider to be their main corruption risks	18	Figure 13: Organisation includes comment on ethical work practices in job advertisements	42
Table 10: What staff consider to be their organisation's main corruption risks	22	Figure 14: Organisation includes comment on ethical work practices in job descriptions	43
Table 11: Prevalence of different forms of high-risk functions across the NSW public sector	25	Figure 15: Organisation includes comment on ethical work practices in job selection criteria	43
Table 12: Frequency with which organisations say they provide code of conduct training to staff	33	Figure 16: Organisation includes comment on ethical work practices in job interview questions	43
Table 13: Frequency with which organisations say they undertake performance audits	55	Figure 17: Organisation provides conflicts of interest training for recruitment panel members	44
Table 14: Level of impact that the <i>Protected Disclosures Act</i> has had on organisations	59	Figure 18: How many recruitment practices do organisations use to promote ethical climate and corruption prevention?	44

FIGURES

Figure 1: Does your organisation identify and document risks?	30	Figure 19: Corruption prevention information is sent to job applicants	44
Figure 2: Does risk documentation include corruption risks and prevention strategies?	30	Figure 20: Organisation keeps a continuous record of expenditure on each contract let	47
Figure 3: Does your organisation have a code of conduct?	32	Figure 21: Organisation has internal control mechanisms for managing site inspections and variations	47
Figure 4: When was your code of conduct last reviewed?	33	Figure 22: Organisation records any problems encountered with the contractor	47
		Figure 23: Organisation sends out ethical standards information to contractors	48
		Figure 24: Organisation includes a statement of business ethics in contracts	48

Figure 25: Organisation includes an ethical standards-related termination clause in contracts	48	Figure A2.4: Number of staff employed in organisation	75
Figure 26: Organisation provides information on conflicts of interest	51	Figure A2.5: Proportion of staff that are temporary, casual or contract	75
Figure 27: Organisation provides information on corruption risks associated with work	51	Figure A2.6: Number of locations	75
Figure 28: Organisation provides information on corruption prevention strategies	51	Figure A2.7: Geographical location of organisation or head office	76
Figure 29: Organisation provides information on ethical work practices	52	Figure A2.8: Organisational jurisdiction	76
Figure 30: Organisation provides information on public duty	52	Figure A2.9: Years since organisation commenced operation	76
Figure 31: Organisation provides information on the importance of ethical leadership	52	Figure A2.10: Type of board or committee	77
Figure 32: How important is internal audit to your organisation?	54	Figure A2.11: Does your board/committee ...?	77
Figure 33: Does your organisation have an internal audit plan?	55	Figure A2.12: How are board/committee members appointed?	77
Figure 34: Does your organisation have an internal auditor?	55	Figure A2.13: Do newly appointed board members receive training or information?	77
Figure 35: Does your organisation have an audit committee?	56	Figure A2.14: Number of staff employed in the organisation	78
Figure 36: Does your organisation have an internal audit charter?	56	Figure A2.15: Proportion of staff working in each geographical location	78
Figure 37: Had you heard of the <i>Protected Disclosures Act</i> prior to this survey?	58	Figure A2.16: Organisations with multiple locations	78
Figure 38: Has your organisation implemented an internal reporting system?	58	Figure A2.17: Proportion of staff sample in each salary level	78
Figure 39: Has your organisation had (or does it anticipate) difficulties responding to the <i>Protected Disclosures Act</i> ?	59	Figure A2.18: Organisation has experienced a major restructure or downsizing	78
Figure 40: Organisation has implemented strategy to inform staff about protected disclosures	59	Figure A2.19: Organisation has been corporatised or has privatised functions during past 3 years	78
Figure 41: Does your organisation have an internal investigation system?	61	Table A3.1: What topics do agencies cover in their codes of conduct?	79
Figure 42: How effective is your internal investigation system?	61	Table A3.2: What topics do boards and committees cover in their codes of conduct?	80
Figure 43: What types of organisations have the most prevention strategies in place?	63	Table A3.3: What do agencies record in their gift registers?	81
		Table A3.4: What do boards and committees record in their gift registers?	81
		Table A3.5: What level of risk do organisations and staff associate with each workplace activity?	82
		Table A3.6: What level of risk do boards associate with each workplace activity?	88
		Table A3.7: What level of risk do organisations associate with each type of potential misconduct?	94
		Table A3.8: How frequently do staff believe that each type of potential misconduct occurs?	97
APPENDIX			
Figure A2.1: Main role of organisation	74		
Figure A2.2: Organisational funding	74		
Figure A2.3: Size of organisation's recurrent budget	74		

Agencies	A generic term to include area health services, universities, state owned corporations, departments, declared authorities, tribunals and public trading enterprises. All public sector organisations that are not boards or committees are referred to as agencies within this report.
Area Health Services	The 17 area health services listed in Schedule 1 and the three statutory health corporations listed in Schedule 2 of the <i>Health Services Act 1997</i> .
Authorities	The declared authorities as listed in Schedule 3 of the <i>Public Sector Management Act 1988</i> .
Boards and committees	Boards and committees are distinguished from other types of organisations because they generally have an oversight function and a different type of structure, such as having elected members. Boards and committees fulfil a diverse range of roles. They include marketing boards, regulatory boards, professional registration boards, area health service boards, university councils, and advisory councils and committees. The criteria used for selecting boards and committees to participate in this research are outlined in Appendix 1. <i>Advisory boards</i> – Those boards, committees or councils which identified their main role to be ‘policy advice or provision of advice to government’. <i>Regulatory boards</i> – Those boards, committees or councils which identified their main role as ‘regulatory control’. <i>Service boards</i> – Those boards, committees or councils which identified their main role to be ‘service provision’. <i>Other boards</i> – Those boards, committees or councils that identified their main role to be other than service provision, regulatory control or policy advice.
Departments	As listed in Schedule 1 of the <i>Public Sector Management Act 1988</i> ¹ .
NSW public sector	‘NSW public sector’ is used in this report to mean those state-level organisations that fall within the ICAC’s jurisdiction. We include state government departments, declared authorities, area health services, universities, state owned corporations, public trading enterprises, tribunals and boards and committees.
Organisation	Throughout this report we use ‘organisation’ as the generic term to describe both agencies and boards and committees.
Other agencies	‘Other agencies’ are those not listed on the schedules attached to the Public Sector Management Act, Health Services Act, or State Owned Corporations Act. They include a range of large and small agencies, tribunals, trusts and public trading enterprises (not elsewhere included).
Public duty	Public duty involves serving the public interest at all times. This includes not serving one’s own interests, managing conflicts of interest and acting with integrity by being honest, accountable and objective (ICAC 2002f).

¹ This schedule remains largely unchanged in the recently introduced *Public Sector Employment and Management Act 2002*. We refer to the schedules in the *Public Sector Management Act 1988* as these were among the lists used to select the organisations to survey and these schedules have been used to group the agencies in the analysis that follows.

Public official

A public official is anybody who works in or for State or Local Government, or related statutory authorities, at any level and in any capacity that requires the exercise of public official duties. Even a person in private enterprise who sits on a government board or is contracted to manage a function for a public authority, such as a computer system, is a public official.

Risk

Risk is the chance of something happening that will have an adverse impact on an organisation's capacity to achieve its goals.

Risk management

The process by which the impediments to an organisation achieving its objectives are professionally managed 'by identification, analysis, assessment, treatment and monitoring' (Business Excellence Australia 2002, p. 31).

State owned corporations

The 19 state owned corporations (SOCs) listed in Schedule 5 of the *State Owned Corporations Act 1989*.

Universities

The 10 public universities, established under separate NSW Acts, that fall within the ICAC's jurisdiction.

The Independent Commission Against Corruption (ICAC) seeks to build and sustain integrity in the NSW public sector. The ICAC describes the active steps an organisation can take to minimise corruption as 'building and sustaining corruption resistance'. A critical feature of this is for public sector organisations to identify the risks they face, and take the appropriate steps to manage and monitor these risks.

In late 2001, the ICAC commenced a major research project to develop a snapshot of corruption-related issues facing the diverse NSW public sector.

The objectives of this research were to:

- have public sector organisations indicate what corruption risks they believe they face and detail the prevention strategies they have in place
- identify differences among public sector organisations in respect of the risks they face and the prevention strategies they have in place
- assist the ICAC in developing sector-specific advice for dealing with corruption risks
- promote discussion of the corruption risks facing NSW public sector organisations
- provide information to individual organisations to assist them in targeting areas where the development of further prevention strategies is warranted.

The research does not quantify existing corruption. Instead, it explores perceptions of potential opportunities for corruption. A greater number of risks and challenges in minimising corruption does not necessarily result in more corruption occurring – it all depends upon how the risks are managed.

This research provides a snapshot of corruption-related issues facing NSW public sector organisations. The findings highlight the diversity of the NSW public sector in terms of the risks organisations and staff identify, the corruption prevention strategies organisations have in place and the types of high-risk functions they perform.

The findings present a generally healthy picture of the NSW public sector's current identification and management of corruption risks. However, public sector organisations must remain vigilant in monitoring and reviewing their risk management practices.

Most organisations reported their strengths in minimising corruption as taking a multi-faceted approach that

simultaneously emphasises the importance of ethical leadership, effective internal control mechanisms and corruption reporting systems, and comprehensive policies and procedures.

Whilst the findings of this research are encouraging, more can be done to build corruption resistance within the public sector. The ICAC encourages all organisations to adopt the seven-step risk management process as a general approach to identifying and treating risks: **establish the context; identify risks; analyse risks; evaluate risks; treat risks; monitor and review; communicate and consult.**

This report is directed to assisting public sector managers and internal audit managers who have responsibility for ensuring that risk is identified, monitored and effectively dealt with. Public sector managers can assess their own organisation against the findings, and identify areas where further improvements can be made to improve their organisation's corruption resistance.

HOW THE RESEARCH WAS CONDUCTED AND REPORTED

The ICAC developed two surveys for this research, one for Chief Executive Officers (CEOs) and Chairpersons (the organisational survey) and the other for public sector staff (the staff survey). The surveys asked a variety of questions about corruption prevention strategies already in place, perceptions of corruption risk within the organisation, and the types of activities undertaken by the organisation.

The response rate for organisations was 73%, with 265 organisations returning completed surveys. The response rate for staff was also high at 60%, with a total of 357 staff from 20 organisations returning completed surveys.

In reporting the findings, reference to 'organisations' means all public sector organisations that participated in the survey. 'Agency' generally means departments, declared authorities, state owned corporations, area health services and universities. 'Boards and committees' means marketing boards, regulatory boards, professional registration boards, area health service boards, university councils, and advisory councils and committees.

We distinguish between agencies and boards and committees, because in several areas these organisations respond differently to the questions asked in the survey. Boards and committees tend to have fewer staff, smaller

budgets and engage in fewer activities than larger agencies. As the results below show, boards and committees report fewer corruption risks and consequently fewer corruption prevention strategies and controls.

PERCEPTIONS OF RISK

The more aware organisations are of the perceived risks they face, the better placed they are to address and manage these risks. Most of the organisations responding to the survey were able to identify risks that they were facing. The detailed responses provided by some organisations reflect the amount of consideration they have already given to the risks they need to manage.

Organisations most commonly nominated corruption risks in the areas of:

- use of confidential information
- purchasing/tendering for goods and services
- use of agency resources, materials and equipment
- fraud
- use of organisation's funds.

Organisations identified the opportunities posed by new technology, information security and increased commercial activity as possible emerging corruption risks over the next three to five years.

Staff most commonly nominated corruption risks in the areas of:

- how staff are promoted
- tendering
- how staff are accountable for their time
- use of confidential information.

In light of the results, the ICAC recommends that **organisations regularly review their corruption risks** (Recommendation 1, p. 23) and **compare their own risks with the risks identified by similar organisations as this may highlight some potential risk areas that have not been recognised before** (Recommendation 2, p. 23).

HIGH-RISK FUNCTIONS

As part of this research, we wanted to explore functions of public sector organisations that we thought might put employees at a greater risk of exposure to corruption than other functions. We identified 15 high-risk functions and asked organisations whether they ever performed any of the functions. Examples of high-risk functions are:

- inspect, regulate or monitor standards of premises, businesses, equipment or products
- issue qualifications or licences to individuals to indicate their proficiency or enable them to undertake certain types of activities
- receive cash payments
- allocate grants of public funds
- provide assistance or care to the vulnerable or disabled.

Most of the organisations we surveyed perform some of the 15 high-risk functions we examined. The largest number of high-risk functions performed by a single organisation was 13. In contrast some organisations (4% of agencies and 17% of boards and committees) reported that they did not perform any of these functions.

On average, each organisation said they perform four (of the possible 15) types of high-risk function. Some types of organisations are likely to perform more of these high-risk functions than are others. The organisations that perform the most high-risk functions tend to be large (with more than 1000 staff). This is not a surprise; the work of large organisations tends to be more diversified and therefore would be likely to involve a greater range of high-risk functions.

The results showed that at least some of these functions are commonly performed across the public sector. Most of these functions are performed by at least one-quarter of agencies. Two of the functions ('receive cash payments' and 'have regular dealings with the private sector other than the routine purchasing of goods and services') are performed by about two-thirds of the agencies that responded to this survey.

The ICAC has developed and included in the report a checklist (pp. 27-28) to assist organisations in identifying their high-risk functions, the risks associated with these functions and the strategies for managing these risks. The ICAC also recommends that organisations **use the examples of high-risk functions provided in this report as an aid to identify their own corruption risks** (Recommendation 3, p. 28).

PREVALENCE OF INDIVIDUAL CORRUPTION PREVENTION STRATEGIES

Overall, the survey responses provide an encouraging picture of the public sector's capacity to resist corruption. Some examples of strengths include the finding that most agencies have a broad range of prevention strategies in place and the fact that many organisations reported that they are taking a multi-faceted approach to minimising corruption.

Organisations were asked about their corruption prevention strategies in ten key areas. The findings for each area are summarised below:

Identifying and documenting risks

Almost two-thirds of agencies say that they specifically identify corruption risks and prevention strategies as part of their risk management arrangements. However, it is of concern that there are some organisations which still do not do so. Consequently, the ICAC has recommended **that organisations identify and document their risks and incorporate corruption risk management into their broader risk management strategy** (Recommendation 4, p. 31).

The ICAC encourages all organisations to adopt the seven-step risk management process as a general approach to identifying and treating risks. A number of risk-management strategies or practices that can further assist organisations in building corruption resistance are outlined (see page 66).

Codes of conduct

There is widespread adoption of codes of conduct across the sector. Over half of the agencies had reviewed their code of conduct within the previous 12 months. The ICAC considers an effective code of conduct as a fundamental step in building corruption resistance and has therefore recommended that organisations:

- **which do not have an existing code of conduct develop one as a matter of priority** (Recommendation 5, p. 35)
- **review the adequacy of their code of conduct every two years** (Recommendation 6, p. 35)
- **when reviewing the code of conduct, consider the areas for improvement that staff have suggested for their current codes of conduct (greater staff consultation, inclusion of more information on ethical dilemmas, greater relevance and practicality)** (Recommendation 7, p. 35)

- **review the adequacy of their code of conduct training arrangements at regular intervals of no more than two years** (Recommendation 8, p. 35).

Gifts and benefits policies and gift registers

Most agencies said that they have a policy or procedures covering gifts and benefits and that these policies or procedures provide guidance on when not to accept gifts. Gift registers are relatively uncommon across the sector, with less than half of the agencies and very few boards and committees saying they have a gift register in place.

The management of gifts and benefits is essential for organisations to minimise opportunities for corrupt conduct. Based on the results of this research and the ICAC's ongoing corruption prevention work, the ICAC recommends that organisations:

- **develop gifts and benefits policies and procedures where these are not already in place** (Recommendation 9, p. 37)
- **consider establishing a gift register as a supplementary strategy to deal with gifts and benefits** (Recommendation 10, p. 37)
- **ensure that employees are aware of and understand applicable gifts and benefits policies and procedures through training and/or employee declarations that they have read and understood the policies and procedures** (Recommendation 11, p. 37)
- **educate clients and potential contractors and suppliers about applicable gifts and benefits policies and procedures** (Recommendation 12, p. 37).

Information management and technology

Most organisations said that they were 'very confident' or 'fairly confident' of their organisation's ability to comply with the *State Records Act 1998*. Most agencies said that they have documented provisions for managing both external attacks and internal abuse of their IT systems. On the other hand, less than half of the organisations were confident of their compliance with *Australian Standard 17799:2001 – Information Technology – Code of practice for information security management*. In response to these findings, the ICAC has recommended that organisations **develop IT security plans as a component of their general security or risk management plans and monitor these plans as part of general compliance monitoring programs** (Recommendation 13, p. 41).

The ICAC also recommends that organisations **educate staff about their role and responsibilities in information security management**. Staff awareness campaigns should cover:

- an overview of applicable IT security policy and compliance monitoring
- the value of data held by the organisation
- active password control
- electronic delegations
- information classification
- record keeping (Recommendation 14, p. 41).

Recruitment

Over half the organisations reported using each of the steps in the recruitment process – job advertisements, job descriptions, job selection criteria and/or job interview questions – to include comments or questions on ethical work practices. However, about one in every four organisations that undertake recruitment said they did not use any of these opportunities to promote their ethical climate. Many agencies provide training on conflicts of interest for members of recruitment panels.

The ICAC recommends that organisations **ensure staff participating in recruitment selection panels have received training on how to identify and manage conflicts of interest and other ethical dilemmas** (Recommendation 15, p. 45) and **consider how to use the opportunities presented by the recruitment process – such as including comment on ethical work practices in job advertisements, job descriptions, job selection criteria and asking job interview questions related to ethical work practices – to promote their ethical standards and commitment to minimising corruption** (Recommendation 16, p. 45).

Contracting and procurement procedures

Approximately three-quarters of agencies say that they always keep a continuous record of expenditure on each contract let, making the process more accountable and transparent. However, many organisations, particularly boards and committees, did not have in place the range of strategies required to effectively manage contracts. Based on this research and the ICAC's ongoing corruption prevention work, the ICAC recommends that organisations:

- **develop and adopt a statement of business ethics and values which should include:**
 - details of any restrictions on giving and receiving of gifts, benefits or any other sort of favour or inducement either to employees or to associated persons like the employee's friends, family or favoured causes

- **guidance about secondary employment and any potential conflicts of interest that may arise as a result of holding secondary jobs**
- **what might happen if breaches occur, either by employees, contractors or suppliers, and**
- **what to do if approached to breach the organisation's requirements** (Recommendation 17, p. 50)
- **include clauses in contracts that give the organisation the right to terminate the contract or take other appropriate contractual remedies if the contractor fails to abide by the organisation's statement of business ethics** (Recommendation 18, p. 50)
- **include their code of conduct in contracts, indicating how that code would apply to the successful contractor** (Recommendation 19, p. 50)
- **actively monitor performance against contract requirements to minimise the impact of any potential problems through early detection and intervention** (Recommendation 20, p. 50)
- **record any problems encountered with specific contractors for future reference when letting other contracts** (Recommendation 21, p. 50)
- **ensure staff participating in tender selection panels have received training or information on how to identify and manage conflicts of interest and other ethical dilemmas** (Recommendation 22, p. 50).

Providing information on ethical work practices to staff

The majority of agencies said that they either 'always' or 'sometimes' provide a range of information about ethical work practices to staff including:

- what a conflict of interest is and what to do when one arises
- corruption risks associated with work
- corruption prevention strategies in place
- ethical work practices
- what constitutes public duty
- the importance of ethical leadership.

The ICAC encourages these types of practices and recommends that all organisations **provide and promote information to all those that undertake work within the organisation (including short-term staff, specialist staff, board members, consultants and private sector contractors) on:**

- organisational values
- public duty requirements
- conflicts of interest and other corruption risks

that they are likely to face in their role and how best to manage these risks
(Recommendation 23, p. 53).

For organisations with more than one worksite, the ICAC recommends that these organisations **ensure staff at different worksites (especially in organisations that are large and decentralised) are provided with the same access to information** (Recommendation 24, p. 53).

Audit procedures

Internal audit is considered 'essential' or 'very important' by just about all agencies. The large number of organisations with internal audit plans and other audit procedures supports this level of expressed importance.

However, a small number of agencies and a large number of boards and committees reported few or no audit procedures. Consequently, the ICAC recommends that smaller organisations currently without audit procedures consider which of their business practices could benefit from auditing and **consider options for resourcing their audit requirements through outsourcing or on a shared basis with other organisations** (Recommendation 25, p. 57).

As a matter of good practice, the ICAC also recommends that organisations **ensure that their risk management strategies inform their audit plan and that the results of audits are acted upon to improve organisational processes and performance** (Recommendation 26, p. 57).

Protected Disclosures

Almost all agencies had heard of the *Protected Disclosures Act 1994* prior to this survey. While government boards and committees are covered by the Act, less than half said they had heard of the Act prior to it being referred to in this research. Similarly, only 47 per cent of staff surveyed said they had heard of the Act.

More than three-quarters of the agencies said that they have an internal reporting system for protected disclosures. Very few organisations have encountered or anticipate encountering any difficulties with the Act.

The number of agencies that said that they have implemented a strategy to inform their staff about making protected disclosures is largely unchanged from the 50% of agencies that said they had implemented such a strategy when surveyed in October 1995. Very few boards and committees said that they had implemented a strategy to inform their staff or board members about protected disclosures.

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that

organisations **ensure all employees are aware of the *Protected Disclosures Act 1994* and specific internal reporting procedures, by:**

- **regularly informing staff about the Act, the organisation's internal reporting policy, internal and external reporting channels and how they work**
- **incorporating information about the Act and other reporting systems into policy and procedures and where possible, into induction training and providing regular refresher training for staff** (Recommendation 27, p. 60).

In addition, the ICAC recommends that organisations **ensure that internal reporting mechanisms are effective and include protection for those that use them** (Recommendation 28, p. 60).

Internal investigation capacity

About three-quarters of agencies and a third of boards and committees say they have an investigation system in place. More than half of the agencies with internal investigation systems considered them to be 'very effective'. The ICAC recommends that organisations that currently either do not have an internal investigation capacity or a strategy for outsourcing this work, **make specific plans to effectively deal with an allegation of corrupt conduct if one were to arise** (Recommendation 29, p. 62).

BOARDS AND COMMITTEES

The responses of boards and committees to survey questions were distinctly different to the responses of agencies. Boards and committees reported having fewer functions, less staff and smaller budgets. This report identifies some areas where boards and committees need to take specific action to strengthen their corruption resistance practices. For example, a lot of boards need to identify their high-risk areas and then document, manage and monitor these risks; board members need to be informed about the Protected Disclosures Act and procedures need to be developed for dealing with allegations of corrupt conduct.

RESOURCES AVAILABLE TO ORGANISATIONS

As a final note, organisations wishing to improve their corruption resistance should refer to the resource lists contained within the report (see also reference list) for details of specific resources that may be of assistance. ICAC resources mentioned throughout the report can be downloaded at www.icac.nsw.gov.au

The management of risk is crucial for public sector organisations. The consequences of failing to appropriately identify and then manage and monitor risks can be devastating for an organisation – loss of reputation, inefficient use of resources, poor service delivery, excessive waste and financial loss are just some of the costs of poor risk management. There is an additional onus on public sector organisations to manage risk well because of their responsibilities to ensure that public monies and resources are not misused and that services meet public expectations.

Many factors influence how well organisations identify and manage risks. These include the organisation's culture, policies, procedures, governance frameworks and other business processes. The range of activities that organisations undertake will also have a significant impact on the level and types of risks they need to manage.

In NSW, the Independent Commission Against Corruption (ICAC) has a statutory responsibility to investigate and prevent corruption in the public sector. Section 13 of the *Independent Commission Against Corruption Act 1988* sets out the principal functions of the ICAC, which include:

- 'to co-operate with public authorities and public officials in reviewing laws, practices and procedures with a view to reducing the likelihood of the occurrence of corrupt conduct'
- 'to educate and advise public authorities, public officials and the community on strategies to combat corrupt conduct'.

To discharge its statutory responsibilities, the ICAC seeks to build and sustain public sector integrity. The ICAC describes the active steps an organisation can take to minimise corruption as 'building and sustaining corruption resistance'. A critical part of this process is for NSW public sector organisations to identify the risks they face and take the appropriate steps to manage and monitor these risks.

In late 2001, the ICAC commenced a major research project to develop a snapshot of corruption-related issues facing the diverse NSW public sector.

The objectives of this research were to:

- have public sector organisations indicate what

corruption risks they believe they face and detail the prevention strategies they have in place

- identify differences among public sector organisations in respect of the risks they face and the prevention strategies they have in place
- assist the ICAC in developing sector-specific advice for dealing with corruption risks
- promote discussion of the corruption risks facing NSW public sector organisations
- provide information to individual organisations to assist them in targeting areas where the development of further prevention strategies is warranted.

The research does not seek to quantify the amount of corruption that occurs. Instead, it focuses on identifying corruption risks, as the first step in devising effective strategies to increase corruption resistance.

STRUCTURE OF THIS REPORT

The next section of this chapter outlines the methodology used in this research and the caution that should be exercised in interpreting the results.

Chapter 2 presents the corruption risks that respondents identified. The chapter begins with a summary of reported corruption risks across all public sector organisations. Subsequent sections outline the corruption risks identified by sector type and the final section presents findings from the staff survey on perceived corruption risks.

Chapter 3 defines what the ICAC refers to as 'high-risk functions'² and identifies how many organisations reported performing these functions. A checklist is provided for organisations to assess the risks associated with the functions they perform and their strategies for managing these risks.

Chapter 4 presents results on the corruption prevention strategies organisations have in place and staff awareness of those strategies. Throughout the chapter, recommendations are made to assist organisations improve corruption resistance. Resources that may be of assistance to organisations in making these improvements are also listed. ICAC resources mentioned throughout

² Appendix 4 details the basis for classifying each of these functions as 'high-risk'.

this report can be downloaded from the ICAC website at www.icac.nsw.gov.au

Chapter 5 summarises the findings of the research and outlines how organisations may respond to these findings.

METHODOLOGY

Survey instruments³

The ICAC developed two survey instruments for this research. The first instrument, sent to Chief Executive Officers (CEOs) and Chairpersons is referred to here as the 'organisational survey'. The second instrument was sent to staff and is here referred to as the 'staff survey'.

The types of questions asked in both surveys are outlined below:

- **Perceptions of corruption risk** – all respondents were asked to provide their perceptions of corruption risk areas within their own organisation. The surveys set out a number of business processes and activities (e.g. use of agency resources, use of the internet, etc.) and asked a number of questions about perceived risk in these areas.
- **The organisation and its functions** – a range of questions were asked about the organisation, for example, the main area of business, the number of locations the organisation had, etc. The organisational survey had considerably more questions than the staff survey. Additional questions asked of CEOs and Chairpersons included how the organisation was funded and the size of the recurrent budget. The organisational survey also asked whether organisations performed 15 business functions of interest to the ICAC (e.g. allocating grants of public funds, performing an inspectorial and/or regulatory role, receiving cash payments, etc.).
- **Organisational corruption prevention strategies** – both surveys asked a range of questions on corruption prevention strategies in place (e.g. code of conduct, gift and benefits policies, etc.). The organisational survey included additional questions directed at CEOs and Chairpersons, such as whether an internal audit strategy was in place and whether the organisation complied with particular legislation. The staff survey asked specific questions of staff, such as how useful they found their code of conduct.

Sample size and response rates

Organisational survey

A critical issue for this research was determining which organisations within the public sector to survey. As there is no one definitive list of public sector organisations, for the purposes of this research the ICAC defined 'public sector organisations' as those organisations that fall within the jurisdiction of the ICAC. The criteria used to identify organisations that were included in this research are set out in Appendix 1, but includes departments, declared authorities, state owned corporations, area health services, universities and a number of other public sector organisations identified in the 2000-2001 Budget Statement.

A total of 182 NSW public sector agencies were approached to participate in this research. Of these, 151 responded to the survey, an 83% response rate. Table 1 presents response rates by agency type and shows there were variations amongst types of agencies.

Public sector boards and committees are also included within the public sector organisations under the jurisdiction of the ICAC. Initial inquiries indicated there are over 750 such public sector boards and committees in NSW. Given this, the ICAC decided to survey only a sample. The ICAC selected 180 boards and committees for inclusion in the survey, using the criteria set out in Appendix 1. Of these, 114 responded to the survey, a 63% response rate.

Questionnaires were completed and returned by organisations between October 2001 and March 2002.

The surveys and covering letters were addressed to Chief Executive Officers for agencies and Chairpersons for boards and committees. They were asked to select a suitable person to complete or coordinate completion of the survey on behalf of the organisation. This was to ensure the survey was completed by the person(s) within the organisation with the knowledge to accurately respond to the questions.

³ Appendix 1 provides additional information about the methodology as well outlining the process undertaken to develop the survey instruments. Copies of the survey instruments may be obtained by contacting the ICAC.

Table 1: Response rates of different types of organisations

Type of organisation	No. sent	No. returned	Response rate
Area health service	20	20	100%
University	10	10	100%
State owned corporation	19	17	90%
Department	63	55	87%
Declared authority	13	12	92%
Other agency – non-schedule agencies, tribunals, public trading enterprise (not included above), etc.	57	37	65%
Board/committee/council	180	114*	63%
Total	362	265	73%

* Includes 36 rural land protection boards, 14 other agricultural boards, 16 catchment management boards, 7 area health service boards, 4 other health boards, 1 university board, and 36 other boards or committees.

Staff survey

To determine which staff were to be surveyed, a random sample of 20 agencies from the complete list of agencies was drawn (boards and committees were excluded). A list of all employees was then obtained from each selected agency. An average of 30 staff were randomly selected from each agency (with smaller numbers selected from small agencies and larger numbers from larger agencies) to respond to the survey. This resulted in 594 staff surveys being sent. Of these, 357 completed staff surveys were returned, giving an overall response rate of 60%.

PRESENTATION OF THE RESULTS

We have segmented the results by type of organisation to make it easier for readers to compare their own organisation's results with those of similar organisations. In view of the variety of organisations in the NSW public sector and the range of legislation under which they operate, we have presented separate results for each of the following types of organisations:

- Area health services
- Universities
- State owned corporations
- Departments

- Authorities
- Other agencies
- Service boards
- Regulatory boards
- Advisory boards
- Other boards.

Readers will notice that the responses of boards and committees differ from the responses of agencies on many of the survey questions. This is not surprising given boards and committees tend to have fewer staff, smaller budgets and are more likely to operate from a single location than agencies (see Appendix 2 for more details). Boards and committees also tend to carry out a narrower range of functions than many agencies.

Readers should take care when comparing the results from different types of organisations as illustrated in the graphs in Chapter 4. Given the small sample sizes of the different types of organisations, we have presented the results in terms of the actual number of responses rather than percentages. The percentage indicator across the bottom of each graph shows the proportion of answers within organisational categories.

LIMITATIONS OF THE RESEARCH

This report collates the responses provided by the individual organisations and employees. All responses made to the questionnaires have been accepted at face value.

The response rate was high, with 83% of the agencies, 63% of the boards and committees and 60% of the staff completing the surveys. However, we cannot know how those who did not respond would have differed from those who did respond.

The fact that this research was conducted by the ICAC could have affected the results. The possible impact of this factor was considered at all stages of the project, from the design of the surveys to their administration and the consideration of results. While every effort was made to minimise the impact of this factor on the results, it is not possible to quantify the nature or degree of any effect.

Some of the questions asked in both surveys are limited to measuring respondents' perceptions relating to risks. Readers should bear in mind that perceptions are subjective, and that different groups, for example CEOs and staff, will have different, but equally valid, perceptions on particular issues.

In this research, the ICAC explored corruption risk assessment and management from a number of angles.

One reason for examining perceptions of corruption risk is that these perceptions are likely to influence the way that actual and potential corruption is managed within an organisation. The ICAC also wanted to give organisations and staff an opportunity to report what they see as the corruption risks they are facing, in the belief that tools and strategies to manage corruption risks will be more effective if they are based on the issues most relevant to individual organisations.

The focus of this section is on *perceived risk*. When organisations report about what they see as their corruption risks they are identifying activities that they believe could occur and, if they did, would have a negative impact on the work of the organisation. They are not necessarily referring to events that have occurred. In interpreting these results, it should be remembered that not all risks are equal. Some risks are more likely to occur than others and some would have a greater impact if they were to occur.

Organisations that are more aware of potential risks are better placed to address them and are well on their way to becoming more resistant to corruption.

This chapter of the report begins by describing the questions asked to identify what organisations and staff perceive as their main corruption risks. An overview of results is provided, followed by a presentation of results grouped by organisational type. This is done to allow individual organisations to readily compare their own perceptions of corruption risk with those of counterpart organisations. Finally, the chapter summarises staff perceptions of corruption risk and how these differ from the perceptions of CEOs and Chairpersons, as reflected in the organisational survey.

SURVEY QUESTIONS

Organisations and staff were asked five questions regarding perceived corruption risks. The questions asked of organisations and of staff differed slightly but both groups of respondents were asked to rate specified types of activity in terms of corruption risk and also to provide assessments of corruption risk in their own words.

Question 1 – Respondents were asked to rate risk for a number of specified workplace activities on a scale from one to five. Examples of these workplace activities include: purchasing or tendering for goods for organisation; grant administration; cash handling; how services are allocated to the public; how licences, qualifications or certificates are issued; how confidential information is used; how staff are recruited. The organisational survey asked CEOs and Chairpersons to rate 40 types of workplace activities while the staff survey⁴ asked staff to rate 32 types of workplace activities. For a full list of these workplace activities, refer to Table A3.5 in Appendix 3.

For each workplace activity all respondents were asked to select one of the following five options:

- a **major risk** area for corruption in the organisation that is **currently being well handled**
- a **major risk** area for corruption in the organisation that **currently requires more attention**
- a **minor risk** area for corruption in the organisation
- **not a risk** area for corruption at all in the organisation
- **not applicable** because the organisation does not carry out this function.

Question 2 – Respondents were asked to rate different types of potential misconduct on a scale from one to four. Examples of these types of potential misconduct include: forgery or fraud; favouritism/nepotism; intentional failure to document significant information – for a full list see Table A3.7 in Appendix 3. Different scales were used on the organisational and staff surveys. Organisations were asked to indicate the extent they considered each of the types of misconduct to be a potential corruption risk within their organisation by selecting one of the following four alternatives:

- **major corruption risk** within organisation
- **minor corruption risk** within organisation
- **not a corruption risk** within organisation
- **don't know** whether or not it is a corruption risk.

The staff survey asked respondents to rate their perceived frequency of each type of misconduct using the following scale:

⁴ The staff list was shorter because activities specific to the functioning of boards were excluded.

- occurs **frequently** in your organisation
- occurs in your organisation but **not very often**
- does **not** occur at all in your organisation
- **don't know** whether or not it occurs.

Questions 3, 4 and 5 – Both the organisation and staff surveys asked respondents three open-ended questions so that respondents could describe in their own words what they saw as:

- the most significant corruption risks within their organisation
- the most potentially damaging corruption activities for their organisation, and
- the possible emerging corruption risks for their organisation over the next 3 to 5 years.

Asking respondents to describe what they considered to be the 'most significant', 'most potentially damaging' and 'possible emerging' corruption risks provided an opportunity for organisations and staff to nominate risks that were not included in the lists provided by the ICAC, as well as to prioritise their risks.

OVERVIEW OF PERCEIVED CORRUPTION RISKS ACROSS ALL ORGANISATIONS

Most of the organisations responding to the survey were able to identify risks that they were facing. The detailed responses provided by some organisations reflect the amount of consideration that they have already given to the risks they need to manage.

Table 2 summarises perceived risk across the 265 organisations in terms of:

- most significant corruption risks
- most damaging corruption activities
- workplace activities most commonly perceived as major corruption risks
- workplace activities most commonly perceived as major corruption risks currently being well handled
- workplace activities most commonly considered to be major corruption risks requiring further attention, and
- types of potential misconduct most commonly perceived as major risks.

From Table 2, we can see that misuse of confidential information is the area most frequently nominated as 'a significant corruption risk', 'potentially damaging corruption activity' and 'type of potential misconduct perceived as a major risk'. While handling of confidential information is commonly perceived as a major risk area, many organisations considered they are currently handling this area well and only 8% identified it as requiring further attention.

Other corruption risk areas frequently nominated by organisations were misuse of public assets and corrupt tendering.

While both corporate activities (such as tendering for goods and services, and information management) and staffing activities (such as recruitment and promotion) are part of the operation of most organisations, corporate activities tended to be rated as major corruption risks by more organisations than were staff management activities. Corporate activities were also more likely to be rated as corruption risks than the functions that bring the public sector into contact with their clients (such as allocating services, allocating grants, or issuing licences and qualifications).

While misuse of confidential information and corrupt tendering practices were mentioned more frequently by organisations than other activities, as one would expect given the range of work they perform, organisations differed in their corruption risk ratings for different activities.

Each of the 40 workplace activities listed in the survey was considered to a 'major corruption risk' by one or more organisations. Each of the activities was also considered to be 'a major risk area that currently requires more attention' by at least some organisations. (See Table A3.5 in Appendix 3.)

There was also considerable diversity in what individual organisations described as their 'significant risks' and in the ways they described them. Some organisations gave lengthy lists of what they considered to be significant risks:

'Undisclosed conflicts of interest, tendering practice, unauthorised use or abuse of official business services, cash handling, e-technology risks.' (Organisation 200 – Large board with service provision role).

while other organisations were more specific:

'Service is not properly financed and as a consequence, cuts corners. A culture develops that exposes the organisation to fraud risk and inappropriate practices.' (Organisation 11 – Large decentralised agency with a service provision role).

Table 2: Summary of what organisations most commonly considered to be their main corruption risks (n=265)

	% of organisations
Most significant corruption risks	
Misuse of confidential information	21
Misuse of public assets	18
Corrupt tendering	14
Fraud	9
Conflict of interest	8
Most potentially damaging corruption activities	
Misuse of confidential information	15
Fraud	11
Misuse of public assets	10
Corrupt tendering	8
Fraudulent issue of licences/qualifications	7
Workplace activities most commonly perceived as major risk area	
How confidential information is used	32
Tendering/contracting for services	31
Use of organisation's funds (not specifically cash) or bank accounts	29
Purchasing/tendering for goods	28
Cash handling	25
Workplace activities most commonly considered to be major risks currently being well handled	
Use of organisation's funds (not specifically cash) or bank accounts	25
How confidential information is used	24
Tendering/contracting for services	21
Cash handling	21
Revenue assessment and collection of money	20
Workplace activities most commonly considered to be major risks requiring further attention	
Use of internet/email/e-commerce at work	12
Use of agency resources, materials and equipment	12
How staff are accountable for time worked	10
Tendering/contracting for services	9
Use of organisation's vehicles	9
Record keeping	9
Types of potential misconduct most commonly perceived as major risks	
Improper use of information	18
Failure to disclose conflict of interest/abuse of conflict of interest	16
Forgery or fraud	14
Collusion (secret agreement for a fraudulent purpose)	14
Bribery, gifts, secret commission	14

Similarly, when asked to describe the ‘most damaging corruption activities for your organisation’, responses were varied and often directly related to the organisation’s core business. Some respondents commented that any corruption would be damaging, as it would affect the organisation’s reputation. The following examples give a sense of the diversity of risks perceived as the most potentially damaging by various organisations:

‘Not carrying out disease control role.’

(Organisation 43 – Small regulatory board)

‘Poor investment of financial reserves, political damage leading to loss of confidence in board by Minister, and Minister assuming operational control.’ (Organisation 68 – Small board with a service-provision role)

‘The most potentially damaging would be manipulation of information.’ (Organisation 157 – Large department with a service-provision role)

‘Fraud in the issue of licences and certificates.’
(Organisation 198 – Small regulatory statutory body)

Activities organisations consider not to be a risk

The areas that organisations do not consider to be a risk are also of interest. In some instances, the ICAC found it surprising that particular types of organisations rated certain activities as minor risks or considered them not to be risks at all.

Although no comment can be made as to whether these perceptions are right or wrong without knowing the specific circumstances of the individual organisations, we highlight these findings below to promote further discussion about the major corruption risks facing organisations. Failure to recognise potential risks faced by an organisation is a significant risk in itself.

The ICAC considers ‘the relationships between staff and clients’ to be a potential risk area for all regulatory agencies. While those working in regulatory agencies are no more likely to act corruptly than public sector employees working elsewhere, the nature of their work exposes them to situations in which they can face special risks of corruption. Those working in regulatory organisations are authorised to make decisions that can have significant consequences for members of the public. Given this, a member of the public may well be motivated to try and corruptly influence an employee of a regulatory agency in order to obtain a favourable result or other advantage (ICAC 1999b). Despite this, 22% of the regulatory organisations surveyed considered that relationships between staff and clients was not a risk or was not applicable to them. A further 46% considered

relationships between staff and clients to be only a minor risk. Regulatory boards (45%) were more likely than regulatory agencies (11%) to consider the relationships between staff and clients not to be a risk.

A similar pattern emerged with organisations that issue qualifications or licences to individuals. Here too, there is ample motivation for clients to try to corruptly influence staff actions, yet the survey results show 17% of these organisations rated relationships between staff and clients as either not a risk or as not applicable to them. A further 51% of these organisations consider it to be a minor risk only. Once again, it was the boards that conduct this function (36%) that were more likely to consider it not a risk than were the agencies (9%) that carry out this function.

RESULTS FOR GOVERNMENT AGENCIES

To enable individual organisations to see what counterpart organisations consider to be their major corruption risks, in the pages that follow we provide separate summaries of the responses for each of the different types of organisations:

- Area health services
- Universities
- State owned corporations
- Departments
- Authorities
- Other agencies
- Boards and committees.

Area health services

Table 3: What area health services consider to be their main corruption risks (n=20)

	No. of AHSs
Workplace activities most commonly considered to be major risks currently being well handled	
Use of organisation's funds (not specifically cash) or bank accounts	10
How confidential information is used	8
Purchasing/tendering for goods	8
Cash handling	8
Tendering/contracting for services	7
Relationships between staff and clients	7
Revenue assessment and collection of money	7
Workplace activities most commonly considered to be major risks requiring further attention*	
Tendering/contracting for services	8
Use of internet/email/e-commerce at work	8
Purchasing/tendering for goods	6
Use of agency resources, materials and equipment	6
Types of potential misconduct most commonly perceived as major risks	
Misuse of public resources	9
Failure to disclose a conflict of interest or abuse of conflict of interest	8
Harassment, victimisation, discrimination	8
Bribery, gifts, secret commissions	7
Theft of public resources	7

* Fewer than 5 workplace activities are provided because of small numbers of Area Health Services nominating additional activities.

Area health services (AHSs) tend to be very large agencies that carry out a broad range of functions. Hence it is not surprising that they tended to identify more risks than other types of agencies that we surveyed.

The workplace activities that AHSs most commonly rated as being a major corruption risk area (either being well handled or requiring further attention) were:

- tendering/contracting for services (nominated by 15 of the 20 AHSs)
- purchasing/tendering for goods (14 AHSs)
- use of internet/email/e-commerce at work (13 AHSs)
- cash handling (13 AHSs)
- use of organisation's funds (13 AHSs).

As can be seen from Table 3, the majority of AHSs considered use of organisation's funds to be 'a major corruption risk area being well handled'. Approximately half of the AHSs that nominated tendering/contracting for services and purchasing/tendering for goods saw these risks as being 'well handled', while the other half said they 'require more attention'.

When asked to describe their most significant corruption risks in their own words, AHSs tended to describe a broad range of risks, reflecting the diversity of the activities they undertake. They most commonly identified their most significant risks to be tendering, misuse of public assets, theft of cash, misuse of confidential information and fraud. For example:

'Major tenders, collusion, favouritism, cash handling, fraud, failure to disclose conflict of interest, sexual or financial abuse of vulnerable patients, abuse of confidential information.' (Organisation 34)

'Fraud, approval processes, cash handling, theft, misuse of public assets (including telephones, vehicles, emails, web).' (Organisation 58)

'Cash handling. Abuse of power. Failure to report. Internal controls, separation of duties. Lack of resources to monitor risk.' (Organisation 105)

'Misuse of public resources - use of official resources for private purposes during business hours.' (Organisation 117)

'Misuse of resources, release of confidential information, conflicts of interest, theft of cash, theft of assets.' (Organisation 210)

'Inappropriate relationships [between] staff and clients. Purchasing goods & services & tendering. Cash handling, collections, misuse of funds, particularly trust. Inappropriate use of confidential information. Bullying, harassment of staff. Negligence of public duty.' (Organisation 242)

All 20 AHSs described what they considered would be their potentially most damaging corruption activities. While quite varied, many of the descriptions focussed on misuse of information and negligence in patient care. For example:

'Misuse, provision of client information to external bodies, conflict of interest, client interests

not being maximised, loss of assets, resources.’
(Organisation 11)

‘Fraud, exploitation of vulnerable patients, abuse of confidential information.’ (Organisation 34)

‘Abuse of patient’s confidentiality.’
(Organisation 90)

‘Major fraud - long term. Misconduct regarding clients. Failure to maintain confidentiality.’
(Organisation 105)

‘Not undertaking public duties properly due to neglect or wilful action and so disadvantaging the organisation’s patients and clients.’
(Organisation 117)

‘Abuse of the patient - clinician relationship, child protection issues, misuse of patient information.’
(Organisation 209)

When asked what they saw as possible emerging risks over the next three to five years, AHSs most frequently described risks that could result from the introduction of new technology:

‘Electronic business - through staff non-awareness of implications.’ (Organisation 11)

‘Electronic approvals and transfer of information.’
(Organisation 58)

‘Electronic patient information and all other electronic information e.g. e-commerce.’
(Organisation 102)

‘Financial fraud associated with e-commerce. Uncertainty resulting from organisational confusion and lack of control.’ (Organisation 105)

Universities

Table 4: What universities consider to be their main corruption risks (n=10)

	No. of universities
Workplace activities most commonly considered to be major risks currently being well handled	
Cash handling	4
How licences, qualifications or certificates are issued	3
Revenue assessment and collection of money	3
Responding to reports of corruption	3
Use of organisation’s funds (not specifically cash) or bank accounts	3
Use of travel claims and travel allowance	3
Workplace activities most commonly considered to be major risks requiring further attention	
Use of agency resources, material and equipment	7
How staff are accountable for time worked	5
Purchasing/tendering for goods	4
Tendering/contracting for services	3
How confidential information is used	3
Use of internet/email/e-commerce at work	3
Types of potential misconduct most commonly perceived as major risks	
(Due to the very small numbers of universities rating individual types of misconduct, there are no patterns in the universities’ responses to present here.)	

Universities tend to be large agencies in terms of both their budgets and numbers of employees.

The workplace activities that universities most commonly rated as being a major corruption risk area (either being well handled or requiring further attention) were:

- use of agency resources, material and equipment (nominated by 7 of the 10 universities)
- purchasing/tendering for goods (6 universities)
- cash handling (6 universities)
- how confidential information is used (5 universities)
- use of travel claims and travel allowance (5 universities).

As Table 4 shows, there is considerable agreement across the universities about some of these corruption risk areas. Approximately three-quarters rated use of agency resources, materials and equipment and half rated how staff are accountable for time worked as 'major corruption risks in need of further attention'.

All ten universities described what they considered to be their most significant corruption risks. The quotations below illustrate some of the differences and the similarities in what the universities see as their most significant risks:

'Use of academic staff time, use of university resources and credibility for outside consulting, personal gain.' (Organisation 5)

'Passing non-qualified students.'
(Organisation 60)

'Conflict of interest in tendering for consultancy work. Risks associated with integrity of student data regarding courses, examinations, and exemptions.' (Organisation 98)

'Misuse of assets - including research and intellectual property, and the reputation of the university - which could arise from students bribing lecturers.' (Organisation 143)

'Misuse of university resources *viz* employee time, computers etc; poor purchasing decisions, ineffective consultancies, unnecessary travel.'
(Organisation 164)

'Fraudulent claims in respect of various disbursements i.e. travel claims.'
(Organisation 248)

As one respondent put it, potentially damaging corruption activities for universities embraces 'anything that impinges on the academic standards or reputation of the university' (Organisation 164). Some examples follow:

'Falsified degrees.' (Organisation 120)

'Favouritism, nepotism, student assessments.'
(Organisation 127)

'Accepting bribes to pass a student. Accepting bribes during a tendering process. Misuse of university resources for private business purposes. Reputational risks – integrity of student records, quality of education, and integrity of student results.' (Organisation 248)

Universities most frequently described increased commercialisation and the impact of new technology as possible emerging corruption risks over the next three to five years, for example:

'Internet, e-commerce.' (Organisation 5)

'Increased commercial activities will provide associated risks.' (Organisation 98)

'Electronic fraud.' (Organisation 100)

'Increased importance of commercial activities.'
(Organisation 127)

'Move to full fee courses as the government reduces funding levels - the need to maintain high teaching standards and to continue to provide industry related research.' (Organisation 143)

'Electronic fraud e.g. arising from e-commerce transactions, arising from on-line access to systems via the internet.' (Organisation 164)

State owned corporations

Table 5: What state owned corporations consider to be their main corruption risks (n=17)

	No. of SOCs
Workplace activities most commonly considered to be major risks currently being well handled	
Purchasing/tendering for goods	6
Tendering/contracting for services	6
Revenue assessment and collection of money	6
Responding to reports of corruption	6
How confidential information is used	5
Corporate governance issues	5
Concurrent employment interests of board members	5
Workplace activities most commonly considered to be major risks requiring further attention*	
Purchasing/tendering for goods	4
Tendering/contracting for services	3
How staff are accountable for time worked	3
Types of potential misconduct most commonly perceived as major risks*	
Forgery or fraud	4
Intentional failure to document significant information	4
Improper use of information	4

* Fewer than 5 workplace activities and types of potential misconduct are provided because of small numbers of state owned corporations nominating additional activities or types of misconduct.

The workplace activities that state owned corporations (SOCs) most commonly rated as being a major corruption risk area (either being well handled or requiring further attention) were:

- purchasing/tendering for goods (nominated by 10 of the 17 SOC)
- tendering/contracting for services (9 SOC)

- how confidential information is used (6 SOC)
- relationship between staff and clients (6 SOC)
- revenue assessment and collection of money (6 SOC)
- responding to reports of corruption (6 SOC).

Two-thirds of those that nominated tendering as a major corruption risk said that they thought it was currently being well handled within their organisation.

When asked to describe their most significant corruption risks in their own words, the state owned corporations most commonly identified tendering or misuse of information. Actual responses included:

‘Purchasing or tendering for goods, tendering or contracting for services.’ (Organisation 7)

‘Improper use of information in tender for infrastructure capital works.’ (Organisation 64)

‘Mismanaged tender process for major projects - so we follow appropriate guidelines (NSW government) and ICAC recommendations and on large projects, appoint external auditors and/or project managers. I stress that these are important risks not events.’ (Organisation 93)

‘Collusive, fraudulent agreements for services provided and obtained, theft or misappropriation of assets via electronic means, improper use of information, actions that could impact on [agency’s] image and reputation in the market.’ (Organisation 103)

‘Improper use of information, misuse of resources and assets.’ (Organisation 121)

‘Collusion (between tenderer and tenderee). Bribery.’ (Organisation 177)

‘Improper use of organisation’s confidential commercial information. Tendering, procurement processes - release of information. Trade Practices Act.’ (Organisation 228)

The most potentially damaging corruption activities that they identified were in the same areas as what they saw as their most significant corruption risks (tendering and misuse of confidential information):

‘Disclosure of commercially sensitive information, favouritism, conflict of interest.’ (Organisation 7)

‘Collusion, conflict of interest or favouring a tenderer for major capital works.’ (Organisation 64)

‘Collusion in tendering.’ (Organisation 94)

‘Acceptance of bribes from contractors. Theft of

materials & tools. Fraudulent expense & overtime claims. Collusion in tendering.’
(Organisation 251)

The SOCs most frequently identified their possible emerging risks as being in the areas of tendering or new technology:

‘Tendering or contracting for services.’
(Organisation 7)

‘The growing use of electronic commerce – it places significant pressure on existing internal controls.’ (Organisation 35)

‘Business risks: EDI and internet purchasing, e-tendering, customer payments by internet or credit card, agents having access to organisational information in the course of e-services to customers.’ (Organisation 64)

‘Corruption relating to electronic access to third parties’ information, corruption relating to environmental or safety related events.’
(Organisation 103)

‘Risks arising from new technology that avoids traditional safeguards such as audit trails and validation procedures.’ (Organisation 123)

Departments

Table 6: What departments consider to be their main corruption risks (n=55)

	No. of departments
Workplace activities most commonly considered to be major risks currently being well handled	
How confidential information is used	19
Responding to reports of corruption	17
Purchasing or tendering for goods	15
Tendering or contracting for services	15
Use of organisation’s funds (not specifically cash) or bank accounts	14
Workplace activities most commonly considered to be major risks requiring further attention	
Relationships between staff and clients	9
Use of organisation’s vehicles	9
Record keeping	9
Use of the internet/email/e-commerce	8
How confidential information is used	7
Use of agency resources, materials and equipment	7
Types of potential misconduct most commonly perceived as major risks	
Improper use of information	14
Misuse of public resources	12
Theft of public resources	12
Forgery or fraud	12
Intentional failure to document significant information	11

The 55 departments that responded to this research are a diverse group in terms of their size and role. (See Appendix 2 for further details.)

The workplace activities that departments most commonly rated as being a major corruption risk area (either being well handled or requiring further attention) were:

- how confidential information is used (nominated by 26 of the 55 departments)
- purchasing/tendering for goods (21 departments)
- tendering or contracting for services (21 departments)
- relationships between staff and clients (19 departments)
- use of organisation's funds (19 departments).

As indicated in Table 6, the majority of departments that nominated how confidential information is used, tendering and use of organisation's funds as risk areas consider that these areas are currently being well handled by their department.

The significant corruption risks identified by departments spanned a wide range, reflecting their diverse roles, but tended to be in the areas of misuse of confidential information, allocation of services, misuse of agency resources, grants administration and tendering. For example:

'Preferential treatment for certain members of the public during emergencies, particularly if monies or reward occurred.' (Organisation 41)

'Fraudulent issue of tradesperson's certificates for payment.' (Organisation 76)

'Administration of grants programs, sexual assault or assault of children, use of public resources.' (Organisation 84)

'Provision of confidential information to interested persons, who may offer benefits.' (Organisation 92)

'Misuse of agency funds and/or resource (e.g. credit cards, motor vehicles, time).' (Organisation 96)

'Unauthorised access and release of taxpayer information either for profit or not. The undermining of revenue collection either by the deliberate understating of tax liabilities or fraudulent applications for refund of tax paid. Bogus applications for unclaimed money.' (Organisation 124)

'Possible collusive arrangements between those determining grants ... and selected members of the private legal profession, including former staff members.' (Organisation 126)

'Procedures for purchase of services from non-government organisations, commercial purchases

and arrangements, use of contractors.' (Organisation 170)

The range of risks departments described as their 'most potentially damaging corruption activities' include misuse of confidential information, fraudulent issue of qualifications or licences and grant administration, as well as more specific risks: ⁵

'The most potentially damaging corruption activities for our organisation would be inappropriate behaviour in regards to children, as this would have a major impact on our child education programs. Theft of goods from private premises.' (Organisation 27)

'Embarrassment to the government and minister, or industry, if confidential information were leaked.' (Organisation 92)

'Accredit agencies that should not be.' (Organisation 111)

'Selling of confidential information, using the internet. 'Inside trading' type of issues. Non-reporting of a breach of lease conditions and/or following up on prosecution.' (Organisation 113)

'Misuse of official information (data concerning clients). Fraudulent allocation of department service.' (Organisation 125)

'Grant administration.' (Organisation 130)

'Fraudulent issuing of qualifications, corrupt allocation of places in high-demand courses or classes.' (Organisation 145)

Ten of the departments did not provide any information about what they saw as emerging corruption risks and a further six departments said that they did not envisage any changes in the types of risks they face. The remaining 39 departments identified a variety of emerging risks, with risks resulting from the use of new technology the most commonly mentioned:

'Electronic communication - enforcing protocol, e-commerce.' (Organisation 37)

'Fraud, conflicts of interest issues (perception issues), release of confidential information there may be greater avenues for these risks as agencies move to web-enabled applications etc.' (Organisation 52)

'Selling of confidential information using the internet.' (Organisation 113)

⁵ 51 out of 55 departments answered the 'most potentially damaging corruption activities' question.

‘Thwarting sales revenue safeguards, contracting-out of services, white collar fraud in reference to IT, management of intellectual property with commercial potential, e-procurement, contracting and tendering.’ (Organisation 119)

‘Fraudulent allocation of services as those services shrink when compared to demand.’ (Organisation 125)

‘Possible emerging risks could be e-corruption and private sector partnerships.’ (Organisation 157)

‘We think we have a handle on things electronic currently; but three-to-five years is a long time in that environment - so keeping tabs on the risks that come with the benefits of that technology in the next few years.’ (Organisation 163)

‘As funding grows in the grants and sponsorship areas, risk of perceived nepotism or lack of due process may increase.’ (Organisation 167)

‘E-commerce. Storage and exchange of increasing amounts of electronic information.’ (Organisation 220)

Authorities

Table 7: What authorities consider to be their main corruption risks (n=12)

	No. of authorities
Workplace activities most commonly considered to be major risks currently being well handled	
How confidential information is used	5
Relationship between staff and clients	5
Cash handling	5
Revenue assessment and collection of money	5
Purchasing/tendering for goods	4
Tendering/contracting for services	4
Use of discretionary powers	4
Use of organisation's funds (not specifically cash) or bank accounts	4
Corporate governance issues	4
Workplace activities most commonly considered to be major risks requiring further attention*	
Tendering/contracting for services	2
Use of internet/email/e-commerce at work	2
Types of potential misconduct most commonly perceived as major risks*	
Forgery or fraud	4
Bribery/secret commissions	4
Collusion (secret agreement for a fraudulent purpose)	4

* Fewer than 5 workplace activities and types of potential misconduct are provided because of small numbers of authorities nominating additional activities or types of misconduct.

The workplace activities that authorities most commonly rated as being a major corruption risk area (either being well handled or requiring further attention) were:

- tendering/contracting for services (nominated by 6 of the 12 authorities)
- relationship between staff and clients (6 authorities)

- cash handling (6 authorities)
- purchasing/tendering for goods (5 authorities)
- revenue assessment and collection of money (5 authorities).

When asked to describe their most significant corruption risks in their own words, authorities tended to identify relationships between staff and clients, tendering, misuse of confidential information and cash handling. Actual responses included:

‘Care workers taking advantage (financially) of vulnerable ageing clients.’ (Organisation 152)

‘Procurement of goods and services, relationships between staff and service providers or tenants, protection of corporate information, cash handling, staff supervision and management.’ (Organisation 155)

‘Large contract payments and revenue.’ (Organisation 176)

‘Cash handling and collection, tendering processes for construction projects.’ (Organisation 218)

‘Use of confidential information. Use of organisation’s funds. Issue of licences Awarding of major contracts.’ (Organisation 255)

Examples of how authorities described what they considered to be their most damaging corruption risks are:⁶

‘Any activity that undermined public confidence in organisation.’ (Organisation 2)

‘Improper action by regulators.’ (Organisation 78)

‘Licensing and regulation fraud. Corrupt awarding of major contract.’ (Organisation 255)

Two of the 12 authorities did not describe any emerging corruption risks and one said that it did not think that its risks would change. The majority of the remaining nine authorities described emerging risks that were linked to new technology:

‘e-business, process re-engineering may reduce controls.’ (Organisation 2)

‘Possible conflict of interest between regulators and clients.’ (Organisation 78)

‘e-fraud.’ (Organisation 153)

‘e-commerce and electronic ticketing.’ (Organisation 155)

‘Identity fraud. e-corruption.’ (Organisation 255)

Other agencies

Table 8: What ‘other agencies’ consider to be their main corruption risks (n=37)

	No. of other agencies
Workplace activities most commonly considered to be major risks currently being well handled	
Use of organisation’s funds (not specifically cash) or bank accounts	14
Tendering/contracting for services	11
Revenue assessment and collection of money	11
Corporate governance issues	10
Cash handling	10
Corporate governance issues	10
Workplace activities most commonly considered to be major risks requiring further attention	
Record keeping	4
Responding to reports of corruption	4
How confidential information is used	3
Use of internet/email/e-commerce at work	3
How staff are accountable for time worked	3
Types of potential misconduct most commonly perceived as major risks	
Improper use of information	7
Intentional failure to document significant information	5
Failure to disclose a conflict of interest or abuse of conflict of interest	4
Forgery or fraud	4
Collusion (secret agreement for a fraudulent purpose)	4
Failure to take action if corruption is reported	4
Gambling while at work	4

⁶ 10 out of 12 authorities answered the ‘most potentially damaging corruption activities’ question.

The 'other agencies' are a diverse range of public sector organisations.

The workplace activities that they most commonly rated as being a major corruption risk area (either being well handled or requiring further attention) were:

- use of organisation's funds (nominated by 14 of the 37 other agencies)
- tendering/contracting for services (12 other agencies)
- corporate governance issues (12 other agencies)
- revenue assessment and collection of money (11 other agencies)
- how confidential information is used (10 other agencies)
- cash handling (10 other agencies).

Their descriptions of their most significant corruption risks reflected the diversity of the roles these agencies undertake:

'Dealings with private building contractors in relation to construction and refurbishment projects.' (Organisation 9)

'Fraud, misuse of private information, offer of bribes to staff, breach of confidentiality, tendering process, false invoicing.' (Organisation 15)

'The most significant potential risk is for an improper relationship between regulated entity and staff, whether of undue influence or of release of confidential information.' (Organisation 31)

'Release of information without due process, theft of special security certificate paper, creation of false registrations within the data base, falsely obtaining legitimate certificates – i.d. takeover, creating false i.d.'s – registrations.' (Organisation 74)

'Misuse of tickets and fraudulent ticket sales reconciliations, misuse of assets as part of external employment e.g. lighting and sound equipment.' (Organisation 108)

'That tribunal members do not show bias in their role. That parties are honest in providing details to the tribunal. Registry staff do not take advantage in accessing documents provided to the tribunal.' (Organisation 133)

'Control deals with allocation of tickets to events,

loan of equipment without due authorisation.' (Organisation 181)

Examples of how the other agencies described what they considered to be their most potentially damaging corruption risks include:⁷

'Disclosure of information held regarding licence applicants or investigations where information is provided on basis of non-disclosure.' (Organisation 39)

'Staff collaborating to create false registrations and identification, staff being coerced into fraudulent activity.' (Organisation 74)

'Allocation of [agency] resources on a partial basis.' (Organisation 112)

'Fraud in the issue of licences and certificates.' (Organisation 198)

'Persons allowed to be registered as practitioners who were not entitled to do so and causing risk to the community.' (Organisation 215)

Nine of the 37 other agencies did not specify any emerging risks and a further seven said that they do not foresee any new risks. The remaining 21 other agencies tended to identify risks associated with the introduction of new technology and increased commercialisation:

'The trend of shrinking government support and increased reliance on commercial activities and private benefactors increases our vulnerability.' (Organisation 21)

'Use of the internet to transact business, ensuring staff are aware and trained i.e. potential corruption.' (Organisation 51)

'The move to an online environment, especially online sales and other commercial transactions, is a potential emerging risk area.' (Organisation 108)

'The increased use of electronic transactions and work processes, reduction in staff resources and controls in corporate service areas particularly purchasing, finance and human resources; the more on-line processing, the less physical checking and therefore controls in place.' (Organisation 160)

'The foreshadowed introduction of 'online registrations' proposed by [a government office], resulting in an impersonal registration system causing the situation becoming more prevalent, whereby an applicant forges documentation that

⁷ 32 out of 37 other agencies answered the 'most potentially damaging corruption activities' question.

results in an issue of authority to practise when he is not entitled to do so.’ (Organisation 215)

‘Commercially sensitive information - the management of this and ensuring that improvements in technology cater for it.’ (Organisation 224)

‘Commercial, corporate charitable sponsorship arrangements.’ (Organisation 239)

RESULTS FOR BOARDS AND COMMITTEES

Table 9: What boards and committees consider to be their main corruption risks (n=114)

	No. of boards & committees
Most significant corruption risks	
Misuse of confidential information	13
Conflict of interest	13
Favouritism/nepotism	10
Misuse of public assets	
Misuse of power	6
Most damaging corruption activities	
Misuse of confidential information	13
Misuse of public assets	10
Favouritism/nepotism	9
Conflict of interest	7
Fraud	7
Workplace activities most commonly perceived as major risk area	
How confidential information is used	23
Use of organisation's funds (not specifically cash) or bank accounts	20
How the board makes decisions	20
Board accountability	20
Use of organisation's vehicles	17

	No. of boards & committees
Workplace activities most commonly considered to be major risks currently being well handled	
How confidential information is used	19
Use of organisation's funds (not specifically cash) or bank accounts	18
Board accountability	18
How the board makes decisions	17
Corporate governance issues	14
Cash handling	14
Workplace activities most commonly considered to be major risks requiring further attention*	
How staff are accountable for time worked	8
Use of agency resources, materials and equipment	7
Use of internet/email/e-commerce at work	6
Use of organisation's vehicles	6
Types of potential misconduct most commonly perceived as major risks	
Failure to disclose a conflict of interest or abuse of conflict of interest	16
Improper use of information	13
Misuse of public resources	11
Intentional failure to document significant information	11
Negligence of public duty	10

* Fewer than 5 workplace activities and types of potential misconduct are provided because of small numbers of boards and committees nominating additional activities.

The boards and committees that responded to the survey tend to have fewer staff and smaller budgets than the agencies (see Figures A2.3 and A2.4 in Appendix 2). They also tend to undertake a narrower range of functions. Hence it is not surprising that they tended to identify fewer corruption risks than did agencies.

Some boards and committees thought that because of their size, structure and/or role they were likely to face few corruption risks:

'Information available to the authority is not a significant issue for corruption.' (Organisation 10 – Regulatory board)

'All corruption risks are minimal as the nature of the board's work is open to scrutiny by all board members separately. Cash and fund account management are of minimal amounts.' (Organisation 230 – Regulatory board)

'Due to structure and small employed staff – none.' (Organisation 72 – Advisory board/committee)

'The board of ... meets for one day per month to form policy and strategic advice to government on ... matters. It has no powers and no budget or staff. Its scope for corruption is virtually nil. Even conflicts of interest are generally known and obvious.' (Organisation 158 – Advisory board/committee)

'The committee deals with issues that are in the public domain and of a nature unlikely to create corruption risks.' (Organisation 135 – Advisory board/committee)

'Consultation process only.' (Organisation 175 – Advisory board/committee)

However, the remaining boards and committees nominated a range of corruption risks. The corruption risks most frequently identified by boards and committees were in the areas of:

- use of confidential information
- conflicts of interest
- use of board resources, materials and equipment, and
- favouritism/nepotism.

Service boards

The following examples illustrate the diversity of the most significant corruption risks that were identified by service boards/committees:⁸

'Conflict of interests, separation of duties. As we have a very small staffing level it is hard to have separation of duties.' (Organisation 6)

'Purchasing, tendering options.' (Organisation 36)

'Possible receipt of money, gifts from clients to staff members.' (Organisation 46)

'Non-admittance of conflict of interest and use of confidential information, and alteration of information supplied retrospectively to benefit users.' (Organisation 53)

'Handling of administration of tender process.' (Organisation 54)

'Incorrect use of board time, time sheets for field staff not accurate, vehicle log books not accurate, taking bribes for use of land for grazing stock.' (Organisation 56)

'Political interference, conflicts of interest, confidentiality breaches, misuse of agency resources, secondary employment, board decision making, governance, relationship with staff.' (Organisation 68)

'Collection of money, use of confidential information, conflict of interest, theft and misuse of public resource.' (Organisation 141)

'Bias created by representation of a special interest group, leaking of minor confidential information to interest groups, potential misuse of travel claims, delays in payment of travel claims and setting fees.' (Organisation 171)

'Processing claims for benefits, tendering for services, approving grants.' (Organisation 204)

Examples of the potentially most damaging corruption activities identified by service boards are equally diverse:

'Acceptance of money, gifts by staff member or director for the purpose of influencing decisions or gaining favourable treatment.' (Organisation 46)

'Use of confidential information and that financial statements are all computerised and therefore can be altered or deleted.' (Organisation 53)

'Poor investment of financial reserves, political damage leading to loss of confidence in board by Minister, and Minister assuming operational control.' (Organisation 68)

'Misuse of public funding, theft and misuse of funds.' (Organisation 141)

Some examples of what the service boards described as their emerging corruption risks include:⁹

'Confidential information, fraud of public funds.' (Organisation 14)

⁸ 22 out of 31 service boards/committees answered the 'most significant risks' question.

⁹ 11 out of 31 service boards/committees answered the 'emerging risks' question.

'Theft of service-owned goods.' (Organisation 116)

'Internet, email, e-commerce.' (Organisation 141)

'Electronic patient records.' (Organisation 256)

'Unacknowledged use of intellectual property.' (Organisation 258)

Regulatory boards

Eight of the regulatory boards said that they did not have any significant corruption risks and two did not answer this question. Examples of what the remaining 27 of the 37 regulatory boards/committees told us that they saw as their most significant corruption risks include.

'Lack of operational planning to prevent risks, familiarity favouritism, not collecting public monies.' (Organisation 43)

'Cash handling, misuse of office supplies and equipment, however all areas are well managed and monitored.' (Organisation 83)

'Staff being subjected to bribery.' (Organisation 115)

'Use of work time and board resources for private purposes. Fraudulent issuing of permits, secondary employment. Lack of accountability by staff for time worked. Virtually all staff unsupervised - report to board of directors once a month only. There is no manager.' (Organisation 139)

'Inducements to grant registration contrary to Act.' (Organisation 151)

The activities that regulatory boards described as their most potentially damaging corruption activities tended to reflect the core work of these boards:¹⁰

'Not carrying out disease control role.' (Organisation 43)

'Illegal use of poisons, embezzlement of funds.' (Organisation 83)

'Negligence or misconduct with regard to regulatory activities, theft of money on major scale.' (Organisation 89)

'Misuse of board's funds.' (Organisation 101)

'Negligence of duty, not reporting test results.' (Organisation 168)

'Collusion with landowners over animal health issues.' (Organisation 178)

'Public quarantine enforced without good cause.' (Organisation 189)

'Falsifying examination results for gain is the most significant due to the loss of confidence in the board to partially administer certification.' (Organisation 230)

Twelve of the 37 regulatory boards said that they either did not envisage any emerging risks or that they did not know what they would be. A further 19 of these boards did not answer this question. The remaining six organisations tended to describe risks associated with the use of new technology, for example:

'Possibility of electronic abuse with growth in use of e-mail, internet etc.' (Organisation 151)

'Possible computer risks in reference to databases.' (Organisation 159)

Advisory boards

Seven of the 38 advisory boards/committees said that they did not have any significant corruption risks and a further 14 did not answer this question. However, the remaining 17 advisory boards tended to identify conflicts of interest in decision making and misuse of information as their most significant corruption risks:

'Influence committee members from outside sources, declaration of conflicts of interest.' (Organisation 13)

'Preferential prioritisation of public grants, collusion between board members on decision process.' (Organisation 40)

'Board members influencing decisions for personal gain or to benefit relatives, friends etc.' (Organisation 48)

'Board members perverting decisions for own benefit.' (Organisation 80)

'Selection of priority work areas that council members have a professional interest in due to their full-time positions.' (Organisation 129)

'Grant administration including tendering for research and demonstration projects, failure to disclose a conflict of interest.' (Organisation 154)

'People withholding important information which should be public.' (Organisation 202)

¹⁰ 24 out of 37 regulatory boards answered the 'most potentially damaging corruption activities' question.

‘Potential for panel information to be leaked.’
(Organisation 254)

Examples of how advisory boards/committees described their most potentially damaging corruption activities include:¹¹

‘Misallocation of funding for public use.’
(Organisation 80)

‘Improper disclosure of confidential information.’
(Organisation 87)

‘Organisation not seen as equally representing all constituent groups.’ (Organisation 129)

‘Failure to disclose on perceived conflict of interest.’ (Organisation 190)

‘Favouritism in processing of applications.’
(Organisation 227)

‘Being so influenced that it cannot give independent advice to government.’ (Organisation 236)

With regard to emerging corruption risks, nine advisory boards did not envisage any emerging risks and a further 18 did not answer this question. The 11 advisory boards that answered this question described their emerging risks in terms of misuse of confidential information, influencing decision or allocation process and managing increased levels of funding:

‘Leaking of confidential information, influencing planning system.’ (Organisation 13)

‘Perversion of funding allocation process to suit certain stakeholders’ requirements.’
(Organisation 80)

‘Unbalanced advice to government, personal gain from advice referring to planning and development.’ (Organisation 150)

‘Managing increasing levels of finance.’
(Organisation 154)

Other boards

Two of the eight ‘other boards’ said that they did not think they had any significant corruption risks. Examples of the most significant risks provided by the remaining six other boards included:

‘Entering a name in the register without board approval, transferring ownership of [an item] in the register without board approval, failing to act on a complaint.’ (Organisation 33)

‘That board members do not show bias in their role. Parties have access to confidential information on others. That parties are honest in providing details to the boards. Registry staff do not take advantage in accessing documents provided to the boards.’ (Organisation 132)

‘Sponsorship arrangements providing inappropriate benefits to sponsors. Misappropriation of funds.’ (Organisation 180)

‘Misuse of confidential information and data.’
(Organisation 183)

Examples of what they considered to be their most potentially damaging risks include:

‘Attempts to influence a tribunal member’s decision.’ (Organisation 17)

‘Probably fraud or neglect of public duty.’
(Organisation 97)

Examples of what they identified as emerging risks include:

‘If government decides to subsidize ... operators (as it may do), this would significantly increase risk, additional risk management would be required.’ (Organisation 97)

‘Local councils increasing rates levied against ... title owners in order to maximise claims against the state government for loss of rates.’
(Organisation 165)

‘Provision of on-line services and payment transactions via internet.’ (Organisation 183)

¹¹ 25 out of 38 advisory boards answered the ‘most potentially damaging corruption activities’ question.

STAFF PERCEPTIONS

Table 10: What staff consider to be their organisation's main corruption risks (n=357)

	% of staff
Most significant corruption risks	
How staff are promoted	14%
How staff are recruited	10%
Favouritism/nepotism	10%
Corruption in tendering	9%
Fraud/forgery	7%
Most damaging corruption activities*	
Misuse of confidential information	11%
Corrupt tendering	8%
Misuse of public resources	7%
Bribery	6%
Political interference in organisational processes	4%
Workplace activities most commonly perceived as major risk areas	
How staff receive promotions	26%
Political interference in organisational processes	26%
Tendering or contracting for services for organisation	25%
How staff are accountable for time worked	24%
How confidential information is used	24%
Workplace activities most commonly considered to be major risks currently being well handled	
Tendering or contracting for services	16%
Purchasing or tendering for goods	15%
Disposal or sale of assets	14%
How confidential information is used	14%

	% of staff
Workplace activities most commonly considered to be major risks requiring further attention	
How staff receive promotions	17%
How staff are accountable for time worked	17%
Political interference in organisational processes	16%
How staff are managed	15%
How staff are recruited	13%
Types of potential misconduct most commonly perceived as occurring frequently	
Favouritism/nepotism	20%
Failure to advertise appropriately	6%
Harassment/victimisation/discrimination	6%
Misuse of public resources by a public official	6%
Intentional failure to document significant information	6%
Emerging corruption risks*	
How staff are recruited	6%
Mismanagement of staff	4%
Bribery	4%
E-corruption/misuse of internet/email	4%
Fraudulent issue of licences/ qualifications	3%

* Please note that despite making this 'top five' listing of risks the percentages of staff who nominated some of these risks is very small.

Staff members' perceptions of corruption risks differed in some ways from those reported by CEOs and Chairpersons in the organisational survey. Staff did rate highly some corporate issues such as how confidential information is used and tendering. However, staff tended in their responses to emphasise staff management issues, which is unsurprising given that these issues have a direct bearing on their day-to-day work. Similarly, CEOs and Chairpersons were more likely to focus on corporate issues, reflecting the direct bearing of these issues on their day-to-day work.

The types of staff management issues identified most frequently by staff included:

- how staff are managed
- how staff receive promotions
- how staff are accountable for their time.

Staff responses to what they considered the 'most significant corruption risks' for their organisation differed from what they considered to be the 'most damaging corruption activities', which in turn differed from the workplace activities that they rated as 'major corruption activities'.

The 'most significant risks' identified by staff were more staff-oriented, such as how they are promoted and recruited but their perception of the 'most damaging corruption activities' appears more organisationally-oriented, such as record keeping and tendering.

Interestingly, while one-quarter of staff perceived political interference in organisational processes as a major corruption risk area, very few nominated it amongst either the most significant corruption risks or most damaging corruption activities for their organisation.

Caution is required when interpreting what the findings on 'political interference' mean, as it is evident that respondents defined that term in many different ways. Some described it as the 'political' appointments of senior staff, others described it as favouritism towards politically powerful lobby and ethnic groups, and another described it as union interference preventing the dismissal of members.

The corruption risks more frequently identified by staff than organisations include issues of staff management such as how staff are promoted, how staff are managed, how work is allocated and favouritism/nepotism. This is understandable as these are the types of issues that are common to all staff, irrespective of the agency in which they work or the role they perform, and have a more immediate impact on staff.

A reason for staff being less likely than agencies to nominate standard business practices (such as use of agency resources and cash handling) may be that in the course of their duties, many staff do not come across the full range of standard business activities that their agency undertakes. Therefore staff would be less likely to identify these activities as corruption risks.

What is evident in the findings of the staff survey is that the most common staff perceptions about corruption

risks are associated with recruitment and promotion issues, and how staff are accountable for time worked.

We assume these perceptions are either genuine or reflect a lack of awareness of corruption risk controls in place or how the corruption risk controls minimise opportunities for corruption. Given the importance of recruitment and promotion issues to staff, these results suggest that organisations should ensure that their recruitment and promotion processes are both fair and seen to be fair.

Twenty-seven per cent of staff did not say what they considered their organisation's most damaging risks to be. Of those that did respond, 17% said that they did not know of any, or did not think that their organisation had any potentially damaging corruption risks.

Seventy-one per cent of staff respondents considered none of the types of potential misconduct in the survey to be occurring frequently in their organisation.¹² Staff were more likely to respond that they 'did not know' whether or not these types of potential misconduct occur within their organisation (see Table A3.8 in Appendix 3).

OPPORTUNITIES FOR STRENGTHENING CORRUPTION RESISTANCE

The ICAC encourages organisations to use these results to ensure that their own corruption risk assessment is comprehensive. By considering what counterpart organisations perceive to be their main corruption risks, an organisation may identify actual or potential corruption risks that it is likely to face and which it needs to address.

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

1. regularly review their corruption risks.
2. compare their own risks with the risks identified by similar organisations, as summarised in this chapter and detailed in Appendix 3. This may highlight some potential risk areas that have not been recognised before.

¹² Staff were asked a different question from organisations. Staff were asked to indicate how frequently they thought each of the types of potential misconduct (such as forgery, bribery, favouritism, etc.) happened in their organisation.

In this research, the ICAC wanted to explore functions of public sector organisations that might put employees at a greater risk of exposure to corruption. Within this report, these functions are referred to as ‘high-risk functions’.

The objective of this chapter is to give an indication as to how many organisations perform particular types of high-risk functions. The focus is to provide information on how common high-risk functions are across organisations¹³ and to alert organisations to the unique corruption opportunities that characterise these functions and the need to address these. The organisational survey included questions about 15 high-risk functions that may place employees at greater risk of exposure to corruption than other routine functions.

This chapter begins by defining the concept of a high-risk function and then outlining how the high-risk functions included in the organisational survey were identified. The remaining parts of this chapter outline what the survey results showed and where there are opportunities for strengthening corruption resistance with respect to high-risk functions.

DEFINING HIGH-RISK FUNCTIONS

The nature of particular public sector functions can create greater opportunities for public sector employees to be exposed to corruption risks. For example, an employee responsible for inspecting and certifying business premises for commercial operation is probably more likely to face corruption risks, such as being approached with a bribe, than an employee responsible for administrative tasks and without interaction with members of the community.

This is not to suggest that the performance of a function such as inspection is more likely to be corrupt than the performance of other functions – well-developed control mechanisms may mitigate opportunities for such corruption to occur. However, organisations that require employees to engage in these types of high-risk functions need to be aware of the increased potential for corruption, and ensure that the appropriate steps to minimise this potential have been taken.

For the purposes of this research, 15 high-risk functions were identified. These functions were identified through ICAC experience (e.g. investigations, hearings, corruption prevention work and/or complaints received) or through analysis of activities that clearly have unique and obvious corruption risks (e.g. discretion over issuing fines or other sanctions). A more detailed explanation of the basis for selecting each function is outlined in Appendix 4.

The 15 high-risk functions that we examined in this research were:

- inspecting, regulating or monitoring standards of premises, businesses, equipment or products
- providing a service to new immigrants
- issuing qualifications or licences to individuals to indicate their proficiency or enable them to undertake certain types of activities
- providing a service to the community where demand frequently exceeds supply
- allocating grants of public funds
- issuing, or reviewing the issue of, fines or other sanctions
- receiving cash payments
- providing assistance or care to the vulnerable or disabled
- providing subsidies, financial assistance, concessions or other relief to those in need
- making determinations/handing down judgments about individuals or disputes
- testing blood, urine or other bodily samples from people or animals
- having discretion concerning land rezoning or development applications
- selling tickets
- undertaking construction
- having regular dealings with the private sector other than for the routine purchasing of goods and services.

If the respondent indicated that a particular function was performed by their organisation, they were also asked to provide a description of the nature of that particular function.

¹³ The reader should be aware that we asked organisations if they performed each function but not **how often** they performed each function.

It should be acknowledged that this list does not represent an exhaustive list of all functions that should be considered high-risk, nor does it mean that a particular function would, on every occasion, be assessed as high-risk on the criteria used in this research. For example, while some potentially high-risk functions are common to almost all organisations (such as recruitment, purchasing, use of public resources) this research focussed on less universal functions (such as inspecting, regulating or monitoring standards of businesses, equipment or products; issuing qualifications or licences). However, the high-risk functions identified are those that the ICAC considers, across the ambit of NSW public sector

organisations, will more often than not present some type of unique corruption risk.

RESEARCH FINDINGS

Most of the organisations surveyed perform some of the 15 identified high-risk functions. The largest number of high-risk functions performed by a single organisation was 13. In contrast, some organisations (4% of agencies and 17% of boards and committees) reported that they did not perform any of these functions.

Table 11: Prevalence of different forms of high-risk functions across the NSW public sector

High-risk function	Organisations (%)	
	Agencies (n=151)	Boards & committees (n=114)
Receive cash payments*	69	51
Have regular dealings with the private sector OTHER THAN the routine purchasing of goods and services*	64	32
Inspect, regulate or monitor standards of premises, businesses, equipment or products*	44	30
Undertake construction*	42	10
Allocate grants of public funds	38	28
Issue qualifications or licences to individuals to indicate their proficiency or enable them to undertake certain types of activities*	37	22
Issue, or review the issue of, fines or other sanctions	36	30
Provide a service to the community where demand frequently exceeds supply*	31	11
Provide subsidies, financial assistance, concessions or other relief to those in need*	29	3
Provide assistance or care to the vulnerable or disabled*	27	5
Test blood, urine or other bodily samples from people or animals**	26	20
Make determinations, hand down judgments about individuals or disputes	23	16
Sell tickets*	22	1
Provide a service to new immigrants	11	4
Have discretion concerning land rezoning or development applications	9	8

* Boards/committees were statistically significantly less likely to perform these functions than were agencies.

** Area health services and their boards comprise almost half of the agencies and one-fifth of the boards that test blood, urine or other bodily samples from people or animals.

On average, organisations said they perform four (of the possible 15) types of high-risk function. Some types of organisations are likely to perform more of these high-risk functions than are others. The organisations that perform the most high-risk functions tend to be large (with more than 1000 staff).¹⁴ This is not a surprise. The work of large organisations tends to be more diversified and therefore would be likely to involve a greater range of high-risk functions. Interestingly, geographical location, jurisdiction (across NSW versus regional) and length of time the organisation has been in operation are not related to the number of high-risk functions an organisation performs.

From Table 11 we can see that undertaking some of these functions is common across the public sector. Most of these functions are performed by at least one-quarter of agencies. Two of the functions ('receive cash payments' and 'have regular dealings with the private sector other than the routine purchasing of goods and services') are performed by about two-thirds of the agencies that responded to this survey.

Organisations gave a diverse range of examples of the types of 'cash payments' they receive. Some examples include: licence and registration fees, tuition fees, rent for accommodation, permit charges, rates levied on landholdings, fees paid for lodgement of appeals, entry fees, shop sales, patient fees, fares and passenger tickets, fines, and event ticket sales. Cash handling would not be a major corruption risk for all agencies that receive cash payments. Such cash payments would represent different proportions of the budgets of these organisations and would also be likely to differ in the extent to which they provide temptation and opportunity for fraud. However, we would suggest organisations that do receive cash payments consider:

- which staff perform this function and why they do so
- the potential corruption risks associated with this function
- strategies and capacity to deal with identified risks, and
- training and supervision to inform and advise staff on minimising and managing the identified risks (refer to checklist at the end of this chapter).

The examples organisations gave of their 'regular dealings with the private sector other than the routine purchasing of goods and services' were also diverse. Some examples include: construction agreements with developers, sale and acquisition of land, joint venture partnering, industry sponsored programs, real estate agents who manage dwellings, liaison and dealings with industry groups being regulated, external business opportunities, lessees and licensees using public space, contract services for clients from service providers in non-government organisations, community consultation with clients and stakeholders, and marketing and promotion. The importance of the outcome, the nature of the interaction with the private sector and the amount of discretion the government employee has over the outcome will each have an impact on the extent to which these dealings with the private sector are likely to constitute a corruption risk.

Even functions such as 'test blood, urine or other bodily samples from people or animals', which one might initially think would be uncommon, are undertaken by approximately a quarter of the government organisations we surveyed. The types of examples organisations provided of such tests included: testing as part of methadone programs; swabbing of horses and greyhounds; drug testing of detainees; drug screening of applicants as part of recruitment process; drug testing of those appearing before court; forensic testing; pathology testing; scientific research; serology tests for HIV, Hepatitis B and C for those registering for specific contact sports; and animal health surveillance and exotic disease testing (e.g. Ovine Johne's Disease) of livestock.

OPPORTUNITIES FOR STRENGTHENING CORRUPTION RESISTANCE

We would encourage each organisation to use the following checklist as an aid to identifying its high-risk functions, the risks associated with these functions and the strategies for managing these risks.

¹⁴ Forward stepwise regression analysis $F_{1,231}=127.66$, $p<0.0001$.

HIGH-RISK FUNCTIONS CHECKLIST

Use this checklist to identify which of the 15 high-risk functions your organisation currently performs and whether the organisation is responding to the associated corruption risks in four key areas. (Note that the 15 high-risk functions are listed here in order of prevalence i.e. those most commonly reported by respondents to our survey are listed first.)

1. Does your organisation **receive cash payments**? YES / NO

If Yes, is your organisation's response adequate in terms of:

- ☐ Full knowledge of which staff perform this function and why they do so
- ☐ Analysis of all potential corruption risks associated with this function
- ☐ Strategies and capacity to deal with identified risks
- ☐ Training and supervision to inform and advise staff on minimising and managing identified risks

2. Does your organisation **have regular dealings with the private sector other than the routine purchasing of goods and services**? YES / NO

If Yes, is your organisation's response adequate in terms of:

- ☐ Full knowledge of which staff perform this function and why they do so
- ☐ Analysis of all potential corruption risks associated with this function
- ☐ Strategies and capacity to deal with identified risks
- ☐ Training and supervision to inform and advise staff on minimising and managing identified risks

3. Does your organisation **inspect, regulate or monitor standards of premises, businesses, equipment or products**? YES / NO

If Yes, is your organisation's response adequate in terms of:

- ☐ Full knowledge of which staff perform this function and why they do so
- ☐ Analysis of all potential corruption risks associated with this function
- ☐ Strategies and capacity to deal with identified risks
- ☐ Training and supervision to inform and advise staff on minimising and managing identified risks

4. Does your organisation **undertake construction**? YES / NO

If Yes, is your organisation's response adequate in terms of:

- ☐ Full knowledge of which staff perform this function and why they do so
- ☐ Analysis of all potential corruption risks associated with this function
- ☐ Strategies and capacity to deal with identified risks
- ☐ Training and supervision to inform and advise staff on minimising and managing identified risks

5. Does your organisation **allocate grants of public funds**? YES / NO

If Yes, is your organisation's response adequate in terms of:

- ☐ Full knowledge of which staff perform this function and why they do so
- ☐ Analysis of all potential corruption risks associated with this function
- ☐ Strategies and capacity to deal with identified risks
- ☐ Training and supervision to inform and advise staff on minimising and managing identified risks

You should repeat this process for each of the following identified high-risk functions, and for any other high-risk functions which may be undertaken by your organisation.

6. Does your organisation **issue qualifications or licences to individuals**? YES / NO

7. Does your organisation **issue, or review the issue of, fines or other sanctions**? YES / NO

8. Does your organisation **provide a service to the community where demand frequently exceeds supply**? YES / NO

9. Does your organisation **provide subsidies, financial assistance, concessions or other relief to those in need**? YES / NO

10. Does your organisation **provide assistance or care to the vulnerable or disabled**? YES / NO

11. Does your organisation **test blood, urine or other bodily samples from people or animals**? YES / NO

12. Does your organisation **make determinations or hand down judgements about individuals or disputes**? YES / NO

13. Does your organisation **sell tickets**? YES / NO

14. Does your organisation **provide a service to new immigrants**? YES / NO

15. Does your organisation **have discretion concerning land rezoning or development applications**? YES / NO

16. Does your organisation **perform any other high-risk functions**? YES / NO

RECOMMENDATION

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

3. use the examples of high-risk functions provided in this report as an aid to identify their own corruption risks.

The Independent Commission Against Corruption asked organisations to comment on their use of a range of corruption prevention strategies in the following ten key areas:

1. identifying and documenting risks
2. codes of conduct
3. gifts and benefits policies and gift registers
4. information management and technology
5. recruitment
6. contracting and procurement procedures
7. providing information on ethical work practices to staff
8. audit procedures
9. protected disclosures
10. internal investigation capacity.

This chapter deals with each of these ten topics sequentially, beginning with an explanation of why this topic is important in terms of corruption risk and corruption resistance. Each section then:

- summarises questions asked in the organisational survey and (where applicable) the staff survey
- summarises and discusses survey results
- identifies specific areas for attention
- lists relevant resources produced by the ICAC and other organisations
- provides specific recommendations to assist organisations improve their corruption resistance.

1. IDENTIFYING AND DOCUMENTING RISKS

The first step in risk management is to identify and document particular risks.

This first step also helps organisations to anticipate and prevent possible corruption. Rigorous identification of risk will identify potential opportunities for employee misconduct, including corruption as defined by the *Independent Commission Against Corruption Act 1988*. Having identified and documented all relevant risks, the next step in the process is to develop a management plan that addresses the risks, including corruption risks. A risk management plan that satisfactorily deals with corruption risks allows the organisation to:

- manage generic risks proactively
- identify, assess and manage specific risks
- actively promote ethical behaviour, organisational integrity and best practice (ICAC 2002b).

A recent Audit Office of NSW report states ‘without proper risk management, an organisation is less likely to achieve its objectives in an efficient and effective way’ and advises that ‘agencies need to take a broader view of risk which goes beyond the insurance focus’ (2002, p. 3).

Survey questions

In the ICAC’s opinion, identifying and documenting corruption risks as part of the development of a risk management plan is fundamental to corruption prevention. To find out how prevalent this practice is, we asked public sector organisations:

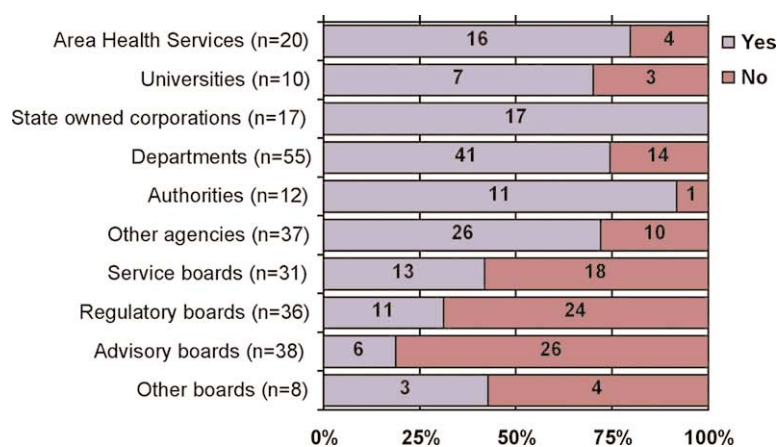
- whether they identify and document risks
- whether this documentation includes identifying corruption risks and corruption prevention strategies.

Organisational survey results

The majority of agencies said they have a system in place for identifying and documenting risks (see Figure 1). Most said that they specifically identify corruption risks and prevention strategies as part of their risk management arrangements (see Figure 2).

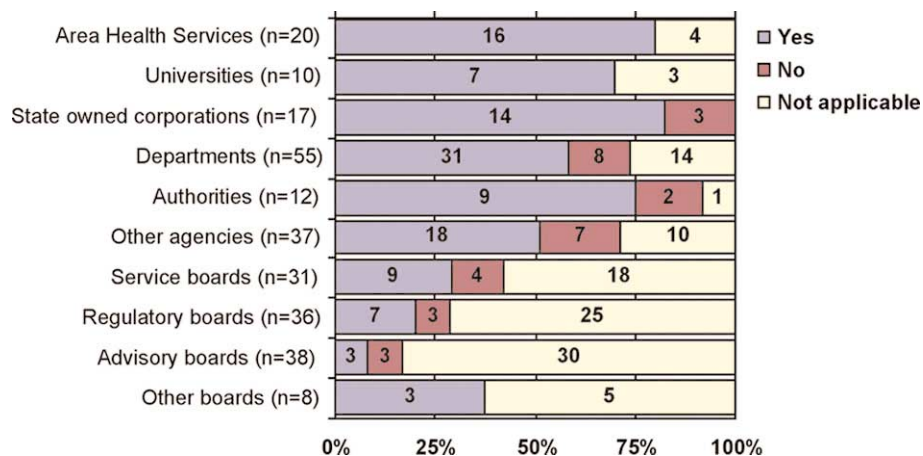
While these results are generally positive, there are some specific sectors that need to devote more attention to this issue. Some agencies and most of the boards and committees that responded to our survey said that they do not identify and document risks facing their organisation (see Figure 1).

Figure 1: Does your organisation identify and document risks?



NB: A small number of organisations (1 agency and 8 boards) did not answer this question.

Figure 2: Does risk documentation include corruption risks and prevention strategies?



NB: A small number of organisations (4 agencies and 3 boards) did not answer this question. Responses from organisations which said they do not identify or document risks have been coded as 'Not applicable' (see Figure 1).

Opportunities for strengthening corruption resistance

All organisations need to take an active approach to risk management, including corruption risk management. Although small agencies, and boards and committees may not have as many risk areas as larger agencies that have a broader range of functions, the high-risk areas that they do have need to be identified, managed and controlled.

Resources

The ICAC *Do-it-yourself Corruption Resistance Guide* (2002b, pp. 16-17) includes a set of criteria against which organisations can assess the effectiveness of their own corruption risk management strategies. Another useful ICAC resource for organisations seeking to identify their corruption risks is *Corruption trouble-shooting* (2001i, pp. 7-8). The section on assessing vulnerability in this publication summarises a range of corruption risk factors, actions that organisations can take and resources that can help in implementing these actions.

Other resources that may be helpful in identifying risk include:

- *Practical Guide to Corruption Prevention*, Modules 1 & 2 (ICAC 1997a)
- *The First Four Steps* (ICAC 2001b)
- *Guidelines for Managing Risk in the Australian and New Zealand Public Sector* (Standards Australia 1999)
- *Risk Management and Internal Controls Toolkit* (NSW Treasury 1997).

RECOMMENDATION

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

4. identify and document their risks and incorporate corruption risk management into their broader risk management strategy.

2. CODES OF CONDUCT

A code of conduct helps staff identify the boundaries between desirable and undesirable behaviour. Codes of conduct are important tools in organisational development. They are part of a range of tools and strategies that together help build and sustain organisational integrity and strengthen an organisation's resistance to corruption (ICAC 2002a).

NSW government agencies have been required to have a code of conduct for more than a decade. In 1991, the NSW Premier's Department issued a general *NSW Public Sector Code of Conduct* and required that agencies develop and publish in their annual report their own code of conduct, incorporating the principles of the general code. The Premier's Department and the ICAC subsequently revised the model code of conduct for NSW public agencies and developed guidelines to assist agencies in reviewing and revising their own codes of conduct (NSW Premier's Department 1997).

The requirement for boards and committees to have a code of conduct is more recent. In December 2001, the Premier issued guidelines to all Ministers on the conduct of members of boards and committees (NSW Premier's Department 2001). In this memorandum, the Premier stated that all boards should have a code of conduct and encouraged advisory committees to develop a code of conduct to define their values and behaviour. When considering the results below, it should be remembered that only some of the boards and committees would have received this memorandum before responding to the questionnaire.

Survey questions

Our survey questions were designed to establish whether organisations had a code of conduct and whether it was up-to-date, practical and well understood.

We asked government organisations:

- whether the organisation has a code of conduct
- how long ago the code was reviewed
- how often code of conduct training or refresher information sessions are provided
- what areas are covered in the code.

We also surveyed staff about:

- their awareness of their organisation's code
- what it covers
- how often they receive training about their code of conduct

- how often they use it
- how helpful they consider it to be
- how they thought it could be improved.

Organisational survey results

Almost all agencies and the majority of boards and committees said that they have a code of conduct (see Figure 3). It is particularly commendable that most of these boards and committees had taken the initiative to develop a code of conduct before being prompted to do so by the Premier's memorandum of December 2001.

Most organisations said they had reviewed their code of conduct within the last five years. Over half of the agencies had reviewed their code within the previous 12 months (see Figure 4). This illustrates the commendable efforts that many organisations are making to keep their codes up-to-date and relevant to their needs.

The ICAC's view (see Recommendation 8) is that organisations need to review their codes of conduct and related procedures, including training arrangements, at regular intervals. We suggest that the interval between reviews be no more than two years, to ensure that the code and related procedures remain up-to-date in a rapidly changing environment.

It is encouraging that most agencies said that their codes of conduct include a number of what we consider to be the key areas. For example, most agencies' codes include:

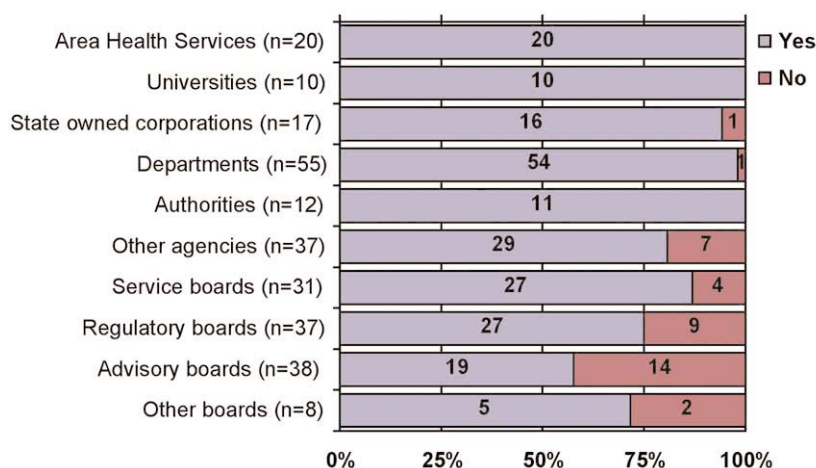
- a statement of the ethical values or principles by which the agency operates
- information on the responsibilities of staff
- gifts and benefits
- use of information
- use of resources, and
- pecuniary interests/financial conflicts of interest.

This is not to say that all of these codes are comprehensive. For example, only a few include information on sanctions that apply when there are breaches of the code.

See Tables 3.1 and 3.2 in Appendix 3 for more information on the topics covered in current codes of conduct.

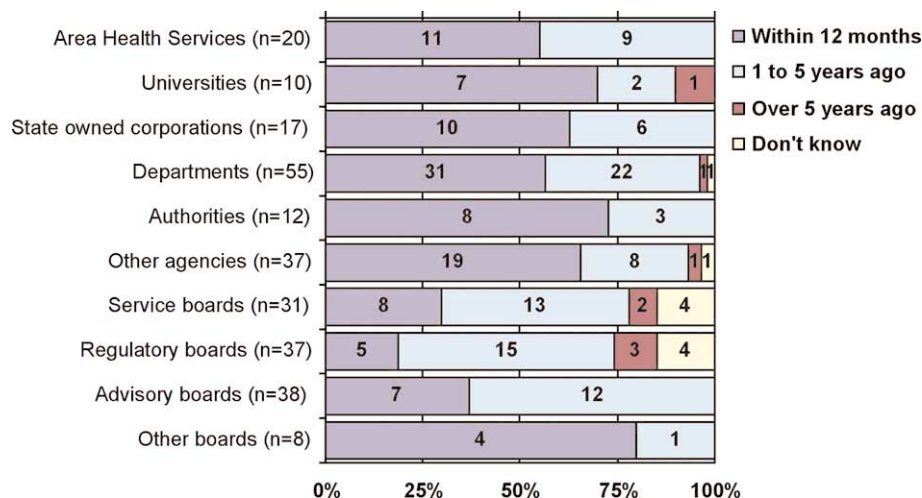
Approximately one-third of all organisations said that they provide code of conduct training to their staff only once (for example, during induction). Only four agencies said that they never provide code of conduct training for their staff.

Figure 3: Does your organisation have a code of conduct?



NB: A small number of organisations (2 agencies and 7 boards) did not answer this question.

Figure 4: When was your code of conduct last reviewed?



NB: Organisations that do not have a code of conduct did not answer this question.

Table 12: Frequency with which organisations say they provide code of conduct training to staff

Frequency of code of conduct training provided	Agencies (n=151)		Boards (n=114)	
More than once every 2 years	32	(21%)	17	(15%)
Every 2 to 5 years	25	(16%)	7	(6%)
Less than once every 5 years	8	(5%)	3	(3%)
Once only	45	(30%)	34	(30%)
Never	4	(3%)	7	(6%)
Other	21	(14%)	7	(6%)
Not applicable	16	(11%)	39	(34%)
Total	151	(100%)	114	(100%)

NB: Given the number of response options that organisations could make to this question (ranging from 'never' to 'more frequently than every 6 months'), information in this table shows combined responses for all types of agencies and for all types of boards.

Staff survey results

A high percentage (89%) of staff surveyed were aware of their organisation's code of conduct.

However, while over half of the agencies said they had reviewed their code of conduct within the last 12 months, only 19% of staff were aware that their organisation had done such a review.

Nearly one-third of staff said they had never received any training on their code of conduct.

Staff were asked how often they used their code of

conduct and how helpful they considered it to be.

Their responses were varied. Only 5% of staff said they used their code often. One-third of staff (36%) said they never used their code, 31% said they used it occasionally and 15% said they had used it once.

Despite these results, 49% of staff surveyed thought their code was either 'helpful' or 'very helpful'. Only 18% thought their code was 'rarely helpful'; the remainder did not know, did not answer or the question was not applicable.

One intriguing finding was that one-quarter of those who said they never used their code of conduct described it as 'helpful' (in fact, 9% said it was 'very helpful!'). One possible interpretation of this result is that a code of conduct is regarded as a useful conceptual framework rather than as a practical tool that is applied directly to day-to-day tasks.

When asked about any improvements that they would like to see to their code of conduct, staff offered the following suggestions:

- 34% said that more consultation should occur with staff regarding their code
- 22% said their code needed to be more practical
- 21% wanted information on ethical dilemmas included in the code
- 20% thought their code should be made more relevant to their organisation.

One-third of staff (35%) did not know how their code could be improved and one in six staff (16%) did not think their code needed any improvements.

Opportunities for strengthening corruption resistance

A code of conduct is usually considered one of the most fundamental resources in building an organisation's capacity to resist corruption. Nine agencies and 29 boards and committees lack this basic resource (see Figure 3).

The fact that most organisations have codes of conduct is very encouraging, as is the finding that almost all agencies provide some form of training for staff. Our experience suggests that still more could be done to make codes more relevant and useful. For example, few organisations currently include in their code any mention of sanctions that apply in case of breaches. For a code of conduct to be effective in influencing employee conduct, it should be clear to staff what the consequences are for breaching the code.

The NSW Premier's Model Code of Conduct suggests that all government sector organisations' codes should include the following topics:

- Values of the organisation
- Conflicts of interests
- Gifts and benefits
- Bribes
- Discrimination and harassment
- Fairness and equity

- Making public comment about the organisation
- Handling confidential information
- Use of resources – facilities, equipment (including email, internet, PCs, fax etc.)
- Secondary employment
- Political involvement
- Involvement in community organisations and volunteer work
- Reporting corrupt conduct, maladministration and serious waste
- Post-separation employment
- Sanctions
- Relevant legislation
- All related policies
- Examples relevant to the particular agency.

Code of conduct training for staff is another area for possible improvement. For example, staff are unlikely to retain information on the code of conduct if this is presented only once, as part of the induction process, and will not be aware of any changes made subsequently to the code.

Resources

Those organisations that are seeking to make the most of their code of conduct may find the ICAC guideline *Codes of conduct: The next stage* (ICAC 2002a) a useful resource. This ICAC publication outlines the steps that organisations can take to ensure that their code:

- is up-to-date, relevant and accessible to their staff
- has a style and structure that meets their specific needs
- is accepted and used to influence workplace decisions, actions and attitudes.

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b, pp. 14-15) includes a set of criteria against which organisations can assess the effectiveness of their code of conduct and how well it is promoted.

Other resources that may be useful in developing, reviewing and providing training on codes of conduct include:

- *Code of Conduct for Public Sector Executives* (NSW Premier's Department 1998)
- *Memorandum 97-10 Model code of conduct for NSW public agencies and Model Code of Conduct* (NSW Premier's Department 1997)
- *How Codes of Conduct Promote Ethics and Integrity* (Crime and Misconduct Commission 1999b).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

5. which do not have an existing code of conduct develop one as a matter of priority.
6. review the adequacy of their code of conduct every two years.
7. when reviewing the code of conduct, consider the areas for improvement that staff have suggested for their current codes of conduct (greater staff consultation, inclusion of more information on ethical dilemmas, greater relevance and practicality).
8. review the adequacy of their code of conduct training arrangements at regular intervals of no more than two years.

3. GIFTS AND BENEFITS POLICIES AND GIFT REGISTERS

It is not uncommon for public officials to be given or offered gifts or benefits in the course of conducting their duties. Gifts and benefits can be given innocently simply to express gratitude. They can also be given in an attempt to influence the actions of public officials and receive a benefit in return (such as preferential treatment or access to confidential information, etc.).

The acceptance of a gift or benefit can, in some circumstances, create a sense of obligation that may compromise the government employee's honesty and impartiality. In recognition of this, many government organisations have introduced policies and procedures to assist their employees know how to act appropriately if they are offered a gift or benefit.

Organisations need to have policies and procedures in place to deal with gifts and benefits and also need to promote their policies and procedures to their staff and clients. A further step in ensuring that organisations are seen to deal effectively with offers or receipt of gifts and benefits is to establish a gift register and ensure that all staff (and where necessary the community and clients as well) are fully aware of it. The register should document information such as:

- the name of the person and/or organisation offering the gift
- the type of gift

- value of the gift
- decision taken regarding what should happen to the gift
- reason for the decision
- signature of a senior officer.

Some organisations choose to make their gift register publicly available as a further step in public accountability.

Survey questions

In this research, organisations were asked whether they have:

- a policy or procedures covering gifts and benefits and if they do, whether these policies or procedures provide guidance on the circumstances when staff and board members may not accept gifts or benefits
- a gift register and if they do, what they record in the gift register and whether this register is publicly available.

Staff were asked:

- if their organisation had a gifts and benefits policy and gift register
- whether the policy provided guidance on the types of gifts or benefits that staff are prohibited from accepting
- what is recorded on their gift register
- whether or not the register is publicly available.

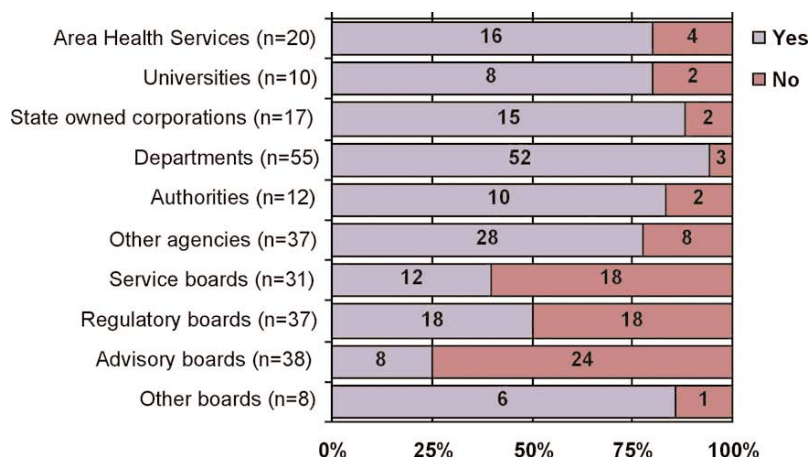
Organisational survey findings

Most agencies said that they have a policy or procedures covering gifts and benefits (see Figure 5). In most cases, these policies and procedures provide guidance on circumstances when staff and board members may not accept gifts or benefits (see Figure 6).

Employees who regularly have direct contact with members of the community are more likely to be offered gifts and benefits than other employees. Given this, it is encouraging that boards and committees with a service-provision function or regulatory function were more likely to report that they have a gifts and benefits policy than were boards and committees with a policy-formulation or provision-of-advice function (see Figure 5).

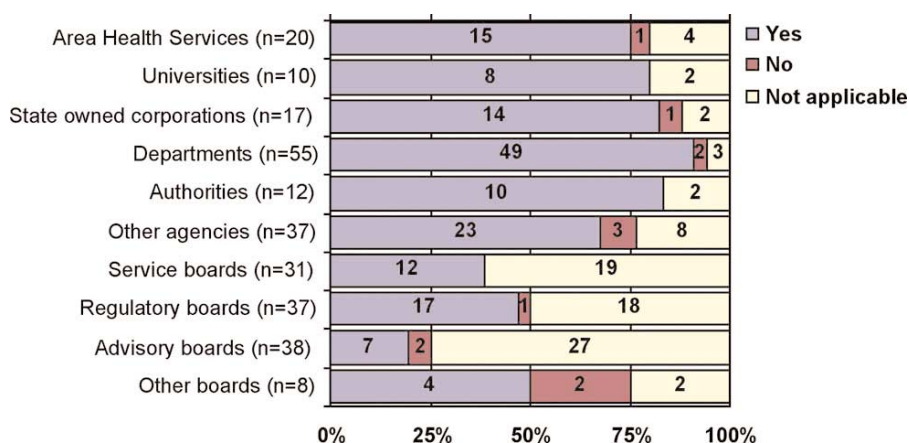
Gift registers are relatively uncommon across the public service sector. Less than half of the agencies and very few boards and committees said they have a gift register in place (see Figure 7). (Information on what those organisations with gift registers record can be found in Tables 3.3 and 3.4 in Appendix 3.)

Figure 5: Organisation has a policy or procedures on gifts and benefits



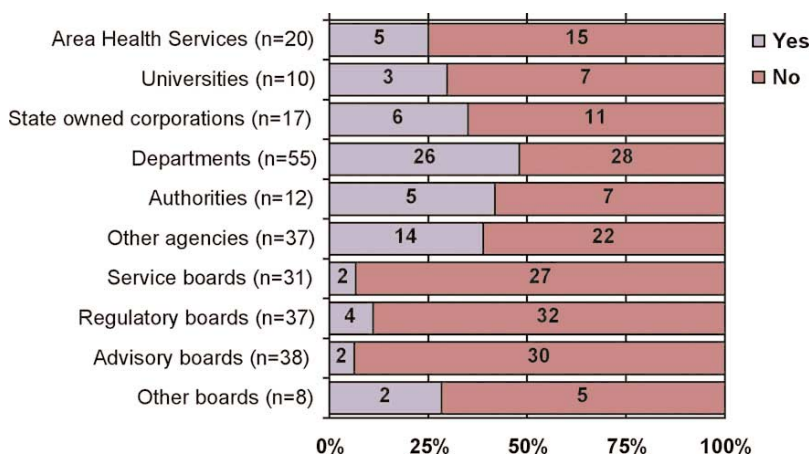
NB: A small number of organisations (1 agency and 9 boards) did not answer this question.

Figure 6: Gifts policy provides guidance on when not to accept gifts



NB: A small number of organisations (4 agencies and 3 boards) did not answer this question. Responses from organisations which said they do not have a policy or procedures on gifts and benefits have been coded as 'Not applicable'.

Figure 7: Does your organisation have a gift register?



NB: A small number of organisations (2 agencies and 10 boards) did not answer this question.

Staff survey results

Two-thirds of staff (61%) said that their organisation had a gifts and benefits policy or procedures with more than one-quarter (28%) saying they did not know whether or not one existed in their organisation. Half the staff (50%) said their organisation had a policy that provided guidance to staff on the types of gifts and benefits that staff may not accept.

One-fifth (19%) of staff said that their organisation had a gift register. Thirty-seven per cent were sure they did not have one and 43% said they did not know whether or not one existed in their organisation. Only 4% of staff said their organisation's gift register was publicly available.

Opportunities for strengthening corruption resistance

A gift register is a relatively straightforward tool that can reveal offers of gifts and benefits and can remove any associated suspicion arising from these offers. A gift register also provides a way of tracking who is offering gifts or benefits to what types of positions and under what circumstances.

All agencies should have a gifts and benefits policy and it should provide guidance on when gifts should not be accepted. As an additional anti-corruption strategy, organisations should consider establishing a gift register.

Resources

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b, pp. 34-35) includes a set of criteria against which organisations can assess the effectiveness of their gifts and benefits policies and procedures.

Organisations seeking to adopt or assess gifts and benefits policies and procedures should also consult *Gifts, Benefits or Just Plain Bribes?* (ICAC 1999d).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

9. develop gifts and benefits policies and procedures where these are not already in place.
10. consider establishing a gift register as a supplementary strategy to deal with gifts and benefits.
11. ensure that employees are aware of and understand applicable gifts and benefits policies and procedures through training and/or employee declarations that they have read and understood the policies and procedures.
12. educate clients and potential contractors and suppliers about applicable gifts and benefits policies and procedures.

4. INFORMATION MANAGEMENT AND TECHNOLOGY

New electronic systems and services have profoundly changed the way the NSW public sector operates. Along with many benefits, including improved access to information and services, these changes have introduced new possibilities for corruption.

There is a clear need to ensure new practices are corruption-resistant. However, ICAC research into eCorruption, conducted in early 2001, found that while public sector managers were aware of the increased threat of eCorruption, they had not at that time established adequate safeguards to meet these threats (ICAC 2001g, p. 3).

Survey questions

In this research, the ICAC asked whether organisations have now established safeguards against specific types of eCorruption threats. In addition, the ICAC wanted to establish indicators of compliance with relevant information management legislation, since this plays a key role in reducing the ways corruption can flourish. Organisations were asked:

- about their compliance with the *State Records Act 1998* and with the *Australian Standard 17799:2001 – Information Technology – Code of practice for information security management*

- whether they have documented provisions for managing external attacks on IT systems and internal IT abuse by staff
- whether they have a program to sweep their databases for anomalous activity.

Organisational survey results

Compliance with the State Records Act contributes to an organisation's capacity to resist corruption by ensuring relevant information is accurately documented and that this documentation is stored properly. Hence it is encouraging that most organisations said they were 'very confident' or 'fairly confident' of their organisation's ability to comply with the Act (see Figure 8).

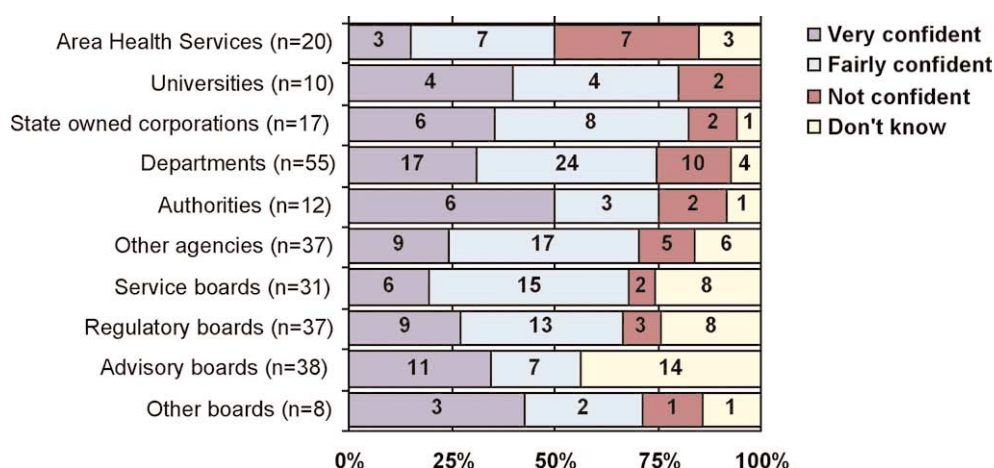
Most agencies said they have documented provisions for managing attacks on their IT systems, with most of these having provisions for managing both external attacks (see Figure 9) and internal abuse by staff (see Figure 10). While external threats such as 'hackers' and viruses can have serious consequences, an ICAC strategic assessment in 2001 advised that 'currently most crime involving emerging technology is carried out by insiders i.e. employees in the workplace' (ICAC 2001d, p. 5). The findings presented in Figures 9 and 10 indicate that agencies are focussing on managing both internal abuse and external attack.

The use of programs that 'sweep' an organisation's database looking for anomalous activities is a useful diagnostic technique that can highlight potential corruption. For example, an unusual pattern of pass rates being awarded by an examiner could create a prompt to consider the possible explanations for such differences. Approximately half of the agencies and one-third of the boards and committees reported that they used such a program (see Figure 11), although it is possible that in some cases they are referring to the use of virus protection software.

Less than half of the organisations were confident of their compliance with the *Australian Standard 17799:2001 – Information Technology – Code of practice for information security management*. In their *Information Security Guidelines for NSW Government Agencies* (September 2001), the NSW Office of Information Technology strongly encourages all organisations to be certified to the Australian Standard. Furthermore, Premier's Circular No. 2001-46 on the security of electronic information advises Chief Executive Officers that all NSW agencies are to have their IT systems certified to this national standard.¹⁵

It should be noted, however, that at the time the surveys were completed for this study, accredited certifiers were not selected or available, so the low level of compliance is not surprising.

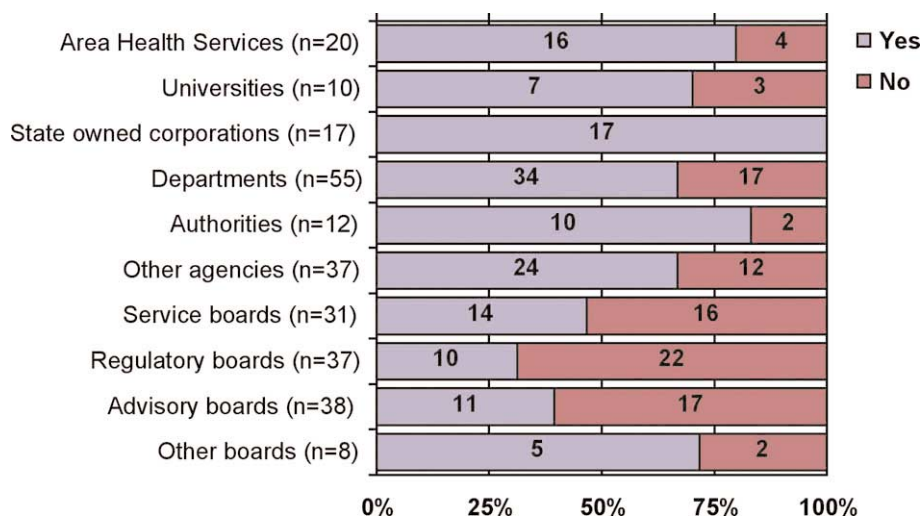
Figure 8: Organisation complies with *State Records Act 1998*



NB: A small number of organisations (11 boards) did not answer this question.

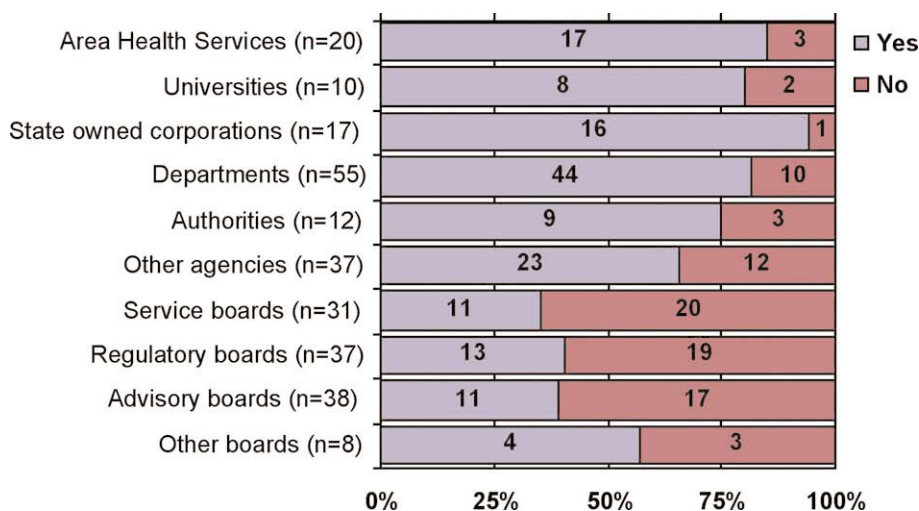
¹⁵ It should be recognised that not all of the organisations that participated in this study are subject to the directions provided in Premier's Circulars. For example, while Circular No. 2001-46 was addressed to all Chief Executives, it would not have been distributed to universities or boards. While it is considered good practice for area health services and state owned corporations to follow the advice in Premier's Circular 2001-46, it is not mandatory.

Figure 9: Organisation has documented provisions for managing external IT attacks



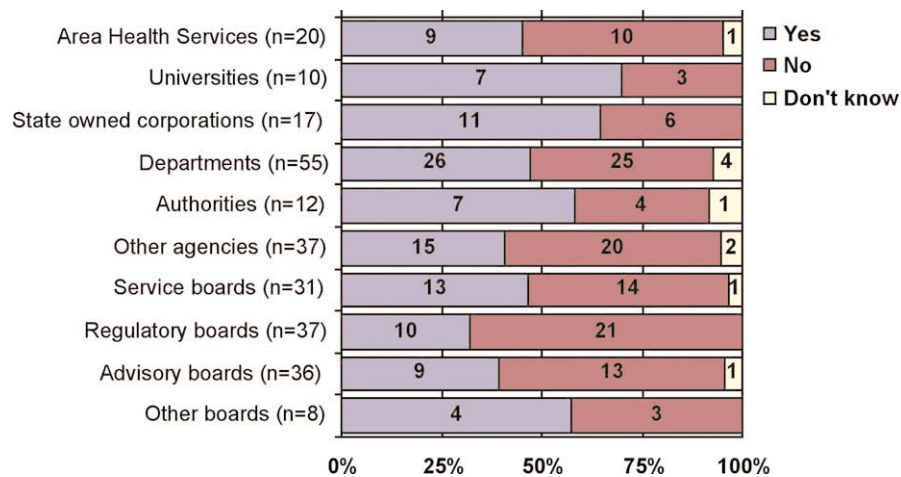
NB: A small number of organisations (5 agencies and 18 boards) did not answer this question.

Figure 10: Organisation has documented provisions for managing internal IT abuse by staff



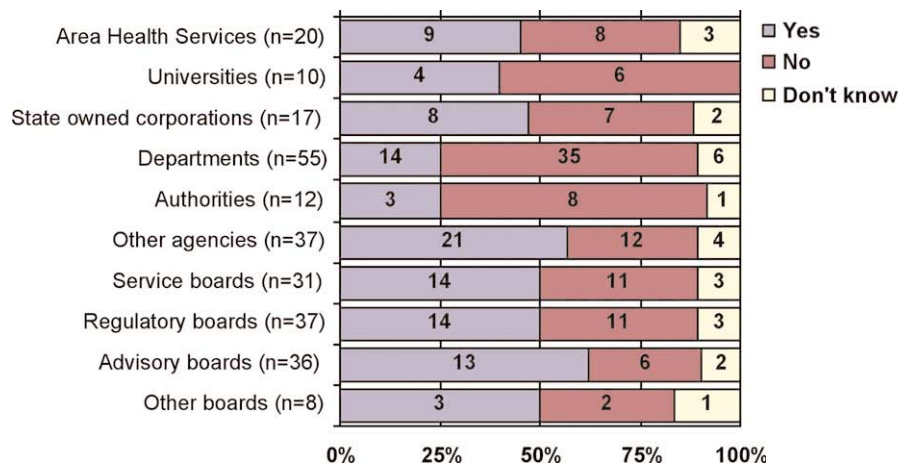
NB: A small number of organisations (3 agencies and 16 boards) did not answer this question.

Figure 11: Organisation has program to sweep databases for anomalous activity



NB: 25 boards did not answer this question. Some of these organisations may not have IT systems.

Figure 12: IT systems comply with *Australian Standard 17799:2001*



NB: 31 boards did not answer this question. Some of these organisations may not have IT systems.

Opportunities for strengthening corruption resistance

As the NSW Office of Information Technology (2001, p. 1) has observed:

'Information is the basis on which governments conduct their business activity. As the custodian of a great deal of information, the NSW Government has a fundamental "duty of care" to protect that information from unauthorised or accidental modification, loss or release.'

Managing the risks associated with the use of confidential information requires good record keeping and an understanding of potential conflicts of interest.

The public sector is still in the process of developing its eCorruption management strategies. While this development is occurring, organisations face a number of challenges in managing eCorruption risks:

- implementing safeguards (such as establishing mechanisms, both technical and procedural, to prevent external attacks and internal abuse of IT systems, and ensuring compliance with relevant standards)
- establishing adequate audit and review processes to detect eCorruption
- ensuring managers have an appropriate level of IT knowledge to identify potential eCorruption risks, and
- committing to and maintaining a regime of continuous updating and review of the changing risks and developments in the area.

Resources

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b, pp. 20-21) includes a set of criteria against which organisations can assess the effectiveness of their own eCorruption risk management strategies.

Other ICAC eCorruption resources that may be useful in helping identify the types of eCorruption risks an organisation may face include:

- *The need to know: eCorruption and unmanaged risk* (ICAC 2001a)
- *eCorruption: eCrime vulnerabilities in the NSW Public Sector – Summary Report* (ICAC 2001g)
- *On-line government licensing – identifying and dealing with corruption risks* (ICAC 2001j).

Other resources that may be useful include:

- *Policy and Guidelines for the Use by Staff of Employer Communication Devices* (NSW Premier's Department 1999)
- *Preventing Misuse of the Internet and Email: A Guide for Everyone in the Public Sector* (Crime and Misconduct Commission 2000).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

13. develop IT security plans as a component of their general security or risk management plans and monitor these plans as part of general compliance monitoring programs.
14. educate staff about their role and responsibilities in IT information security management. Staff awareness campaigns should cover:
 - an overview of applicable IT security policy and compliance monitoring
 - the value of data held by the organisation
 - active password control
 - electronic delegations
 - information classification
 - record keeping.

5. RECRUITMENT

The recruitment process is often an employee's first contact with an organisation. As such, it can play an important role in shaping the employee's expectations and perceptions of the organisation. Recruitment processes also provide organisations with the opportunity to examine the commitment to ethical work practices of potential new staff and promote the organisation's ethical standards.

The ICAC's experience suggests that recruitment and selection is an area of potential corruption risk. It is the subject of many of the complaints sent to the ICAC. One potential type of risk is in dealing with conflicts of interest. A conflict of interest may arise when those making the recruitment decisions could be influenced, or could appear to be influenced, by personal interests or relationships (ICAC 2002c).

Previous ICAC research has indicated that government employees may not be clear about the appropriate recruitment processes. For example, irrespective of their experience in recruitment, approximately one-third of government employee respondents to a 1999 ICAC survey considered that it was not corrupt to use one's public sector position to get a friend a job (ICAC 2001c).

Survey questions

Because we wanted to look at how widely recruitment opportunities are used to promote the organisation's ethical standards as well as how many organisations provide relevant training for recruitment panel members, we asked organisations:

- whether it is their standard practice to include comment or questions on ethical work practices in different steps of the recruitment process - job advertisements, job descriptions, job selection criteria and/or job interview questions
- whether corruption prevention information is sent out to potential applicants as a standard part of the recruitment process
- whether they provide training on conflicts of interest for staff and board members who participate in recruitment panels.

We asked staff if they had ever been a member of a recruitment selection panel and whether or not they had received any training on conflicts of interest or ethical questions faced by members of recruitment panels.

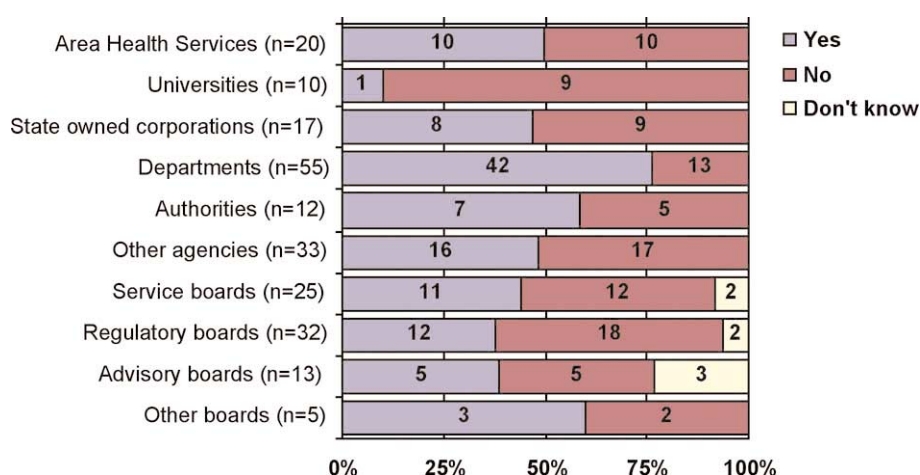
Organisational survey results

We examined how many of five different opportunities (job advertisements, job descriptions, job selection criteria, job interview questions, and sending corruption prevention information to potential applicants) were used by organisations to provide corruption prevention information or to promote the organisation's ethical culture.

It is encouraging that over half the organisations reported using each of the steps in the recruitment process to include comments or questions on ethical work practices (see Figures 13 to 16). Many agencies say they provide training on conflicts of interest for members of recruitment panels (see Figure 17).

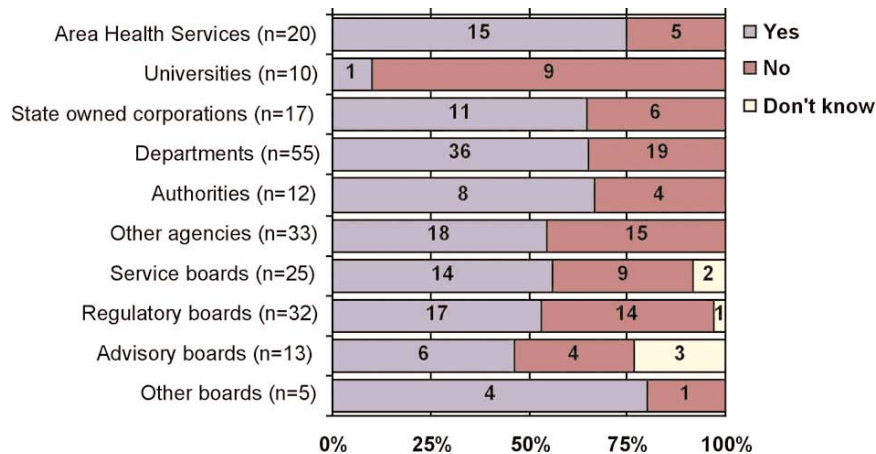
However, about one-quarter of the organisations that undertake recruitment reported that they did not use any of these opportunities to promote their ethical climate (see Figure 18). Few organisations said that they sent corruption prevention material to job applicants as a standard part of their recruitment process (see Figure 19).

Figure 13: Organisation includes comment on ethical work practices in job advertisements



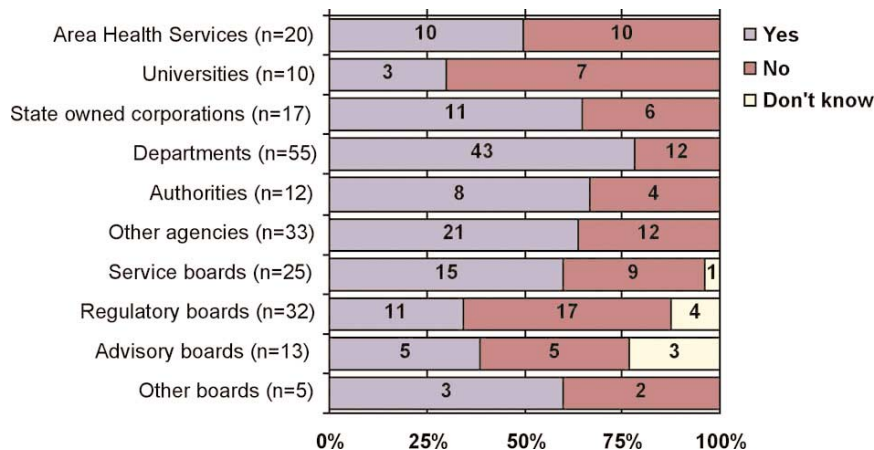
NB: Those organisations that said that they do not undertake recruitment (4 Other agencies, 6 Service boards, 4 Regulatory boards, 25 Advisory boards and 2 Other boards) have been excluded from this analysis.

Figure 14: Organisation includes comment on ethical work practices in job descriptions



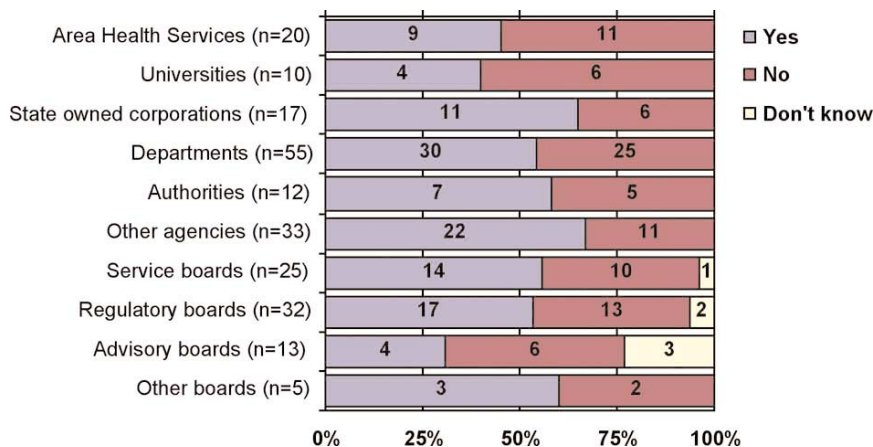
NB: Those organisations that said that they do not undertake recruitment (4 Other agencies, 6 Service boards, 4 Regulatory boards, 25 Advisory boards and 2 Other boards) have been excluded from this analysis.

Figure 15: Organisation includes comment on ethical work practices in job selection criteria



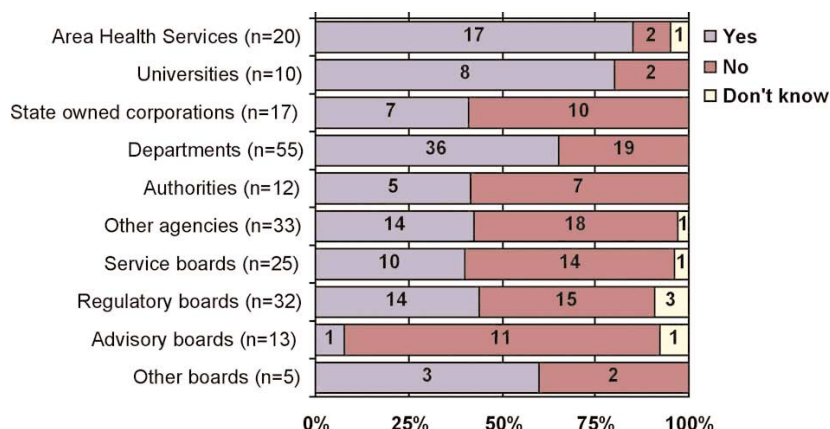
NB: Those organisations that said that they do not undertake recruitment (4 Other agencies, 6 Service boards, 4 Regulatory boards, 25 Advisory boards and 2 Other boards) have been excluded from this analysis.

Figure 16: Organisation includes comment on ethical work practices in job interview questions



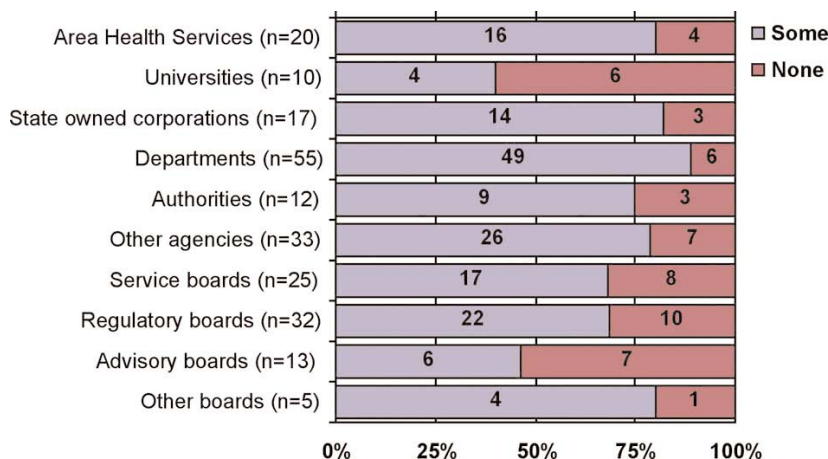
NB: Those organisations that said that they do not undertake recruitment (4 Other agencies, 6 Service boards, 4 Regulatory boards, 25 Advisory boards and 2 Other boards) have been excluded from this analysis.

Figure 17: Organisation provides conflicts of interest training for recruitment panel members



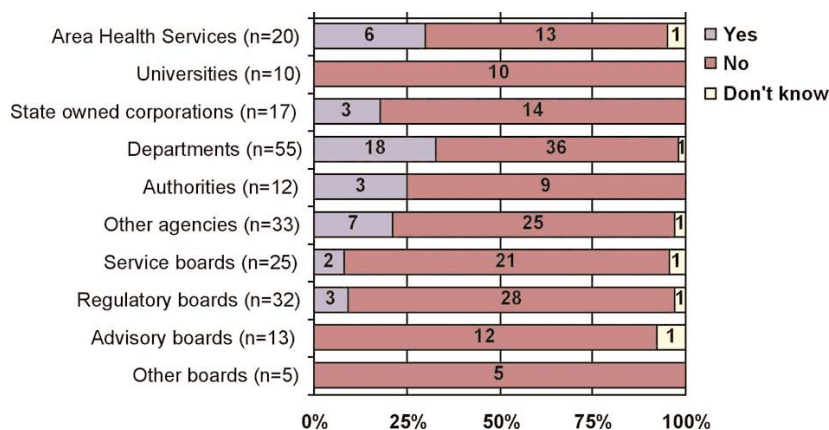
NB: Those organisations that said that they do not undertake recruitment (4 Other agencies, 6 Service boards, 4 Regulatory boards, 25 Advisory boards and 2 Other boards) have been excluded from this analysis.

Figure 18: How many recruitment practices do organisations use to promote ethical climate and corruption prevention?



NB: Those organisations that said that they do not undertake recruitment (4 Other agencies, 6 Service boards, 4 Regulatory boards, 25 Advisory boards and 2 Other boards) have been excluded from this analysis.

Figure 19: Corruption prevention information is sent to job applicants



NB: Those organisations that said that they do not undertake recruitment (4 Other agencies, 6 Service boards, 4 Regulatory boards, 25 Advisory boards and 2 Other boards) have been excluded from this analysis. One board did not respond to this question.

Staff survey results

Half the staff sample (52%) said they had participated as a recruitment panel member. However, of those that had sat on such panels, only 42% said that they had received training on conflicts of interest or ethical dilemmas that may arise in this role.

Opportunities for strengthening corruption resistance

Organisations can use their recruitment processes to strengthen their corruption resistance by:

- using the recruitment process to promote the organisation's ethical values to potential job applicants, and
- examining the ethical work practices of job applicants.

Organisations can also strengthen their corruption resistance by ensuring that recruitment panel members receive training in how to identify and manage conflicts of interest and other ethical dilemmas they might face. Approximately half of the organisations told us that they do not currently provide conflicts of interest training for recruitment panel members. Recruitment panel members who do not receive such training are less likely to be able to recognise and/or manage a conflict of interest if it arises. This, in turn, may result in the most suitable applicant not being selected to undertake the work. It might also result in disgruntled staff who become less vigilant in their attention to their public duty or to probity in their activities.

Resources

The ICAC has recently released guidelines to assist in staff training in this area. These guidelines, entitled *Recruitment and selection: Navigating the best course of action*, use case studies to address some of the ethical dilemmas which public officials may experience with recruitment and selection processes (ICAC 2002c). They also outline the main resources on this topic available from other government organisations.

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b, pp. 26-27) includes a set of criteria against which organisations can assess the effectiveness of their own recruitment and selection policies and procedures.

Other resources that may be useful in recruitment include:

- *Corruption Troubleshooting* (ICAC 2001i)
- *NSW Government Personnel Handbook* (NSW Premier's Department 2002)

- *SES Guidelines* (NSW Premier's Department 2000b)
- *What are Common Selection Criteria?* (Office of the Director of Equal Opportunity in Public Employment 2002d)
- *Picking the Best Person for the Job – Merit Selection Guide for NSW Public Sector Panels* (Office of the Director of Equal Opportunity in Public Employment 2002c)
- *Merit Selection Training Materials* (Office of the Director of Equal Opportunity in Public Employment 2002a)
- *Merit Selection Techniques – Electronic refresher training* (Office of the Director of Equal Opportunity in Public Employment 2002b).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

15. ensure staff participating in recruitment selection panels have received training on how to identify and manage conflicts of interest and other ethical dilemmas.
16. consider how to use the opportunities presented by the recruitment process – such as including comment on ethical work practices in job advertisements, job descriptions, job selection criteria and asking job interview questions related to ethical work practices – to promote their ethical standards and commitment to minimising corruption.

6. CONTRACTING AND PROCUREMENT PROCEDURES

Based on performance audits conducted by his office, the Commonwealth Auditor-General has observed that:

'A poorly managed outsourcing approach can result in higher costs, wasted resources, impaired performance and considerable public concern ... savings and other benefits do not flow automatically from outsourcing – the process, like any other, must be well managed.' (Barrett 1999, pp. 4-5)

The negative financial consequences of poorly managed contracts is not the only reason that it is important to build corruption resistance into contracting and

procurement strategies. The relevant public sector rules, regulations and procedures must be explained to private contractors and suppliers if they are to understand, accept and comply with them when dealing with the public sector.

An ICAC survey of private contractors who had undertaken work for the NSW public sector found that one-third said that they were not aware of specific rules governing public sector contracting (1999a). The research also showed that private contractors who did not understand how public sector rules relate to ethical work practices were more likely to perceive public sector rules as negative or pointless. The majority of private contractors who answered the survey were unclear about public sector values and the rules that they were asked to adhere to when contracting for public sector work.

The ICAC's experience suggests that when private contractors or suppliers are unaware of the ethical standards required of public officials or when doing business with a public official, they may act unwittingly or intentionally to induce a public official to act corruptly or to create the perception that this has occurred.

Provision of information on ethical standards to contractors and suppliers should be backed up with information on sanctions that may apply if such standards are breached or ignored.

Survey questions

In this research, organisations were asked about the types of information supplied to potential contractors as well as about contract management. We asked organisations whether and how consistently they use the following procedures:

- use internal control mechanisms to ensure that procedures for managing site inspections and variations are adhered to
- keep a continuous record of expenditure on each contract let
- record any problems encountered with the contractor
- send out information to contractors about their organisation's ethical standards and the ethical standards it expects from contractors
- include a statement of business ethics (or similar) as a standard term in all contracts
- include a clause in contracts which gives the agency the right to terminate the contract if the contractor fails to abide by the agency's statement of business ethics.

We asked staff whether they had been a member of a tender selection panel and whether or not they had

received any training on conflicts of interest or ethical questions relevant to members of tender selection panels.

Organisational survey results

The majority of organisations reported that they always keep a continuous record of expenditure on each contract let (see Figure 20). This makes the process more accountable and transparent, as well as enabling random or targeted audits to be performed.

Contracting and procurement are high-risk functions, so procedures to address potential corruption risks are vital. Most agencies have basic procedures in place, but there are a number of areas of concern.

Most agencies say that they either 'always' or 'sometimes':

- use internal control mechanisms to ensure that procedures for managing site inspections and variations are adhered to (see Figure 21)
- record any problems encountered with the contractor (see Figure 22)
- send out information to contractors about their organisation's ethical standards and the ethical standards it expects from contractors (see Figure 23).

However, the research established that these mechanisms and procedures are not utilised by all organisations that undertake contracting and procurement.

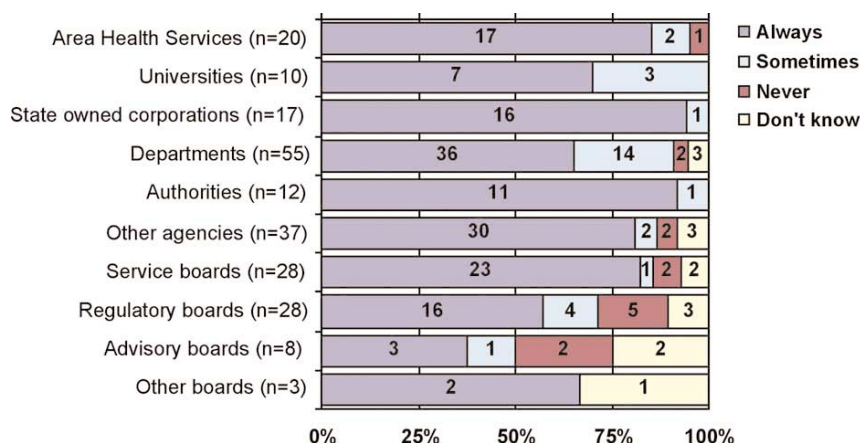
A number of boards and committees say that they 'never':

- keep a continuous record of expenditure on each contract let (see Figure 20)
- have internal control mechanisms to ensure that procedures for managing site inspections and variations are adhered to (see Figure 21)
- record any problems encountered with the contractor (see Figure 22).

A number of agencies and boards and committees say that they 'never':

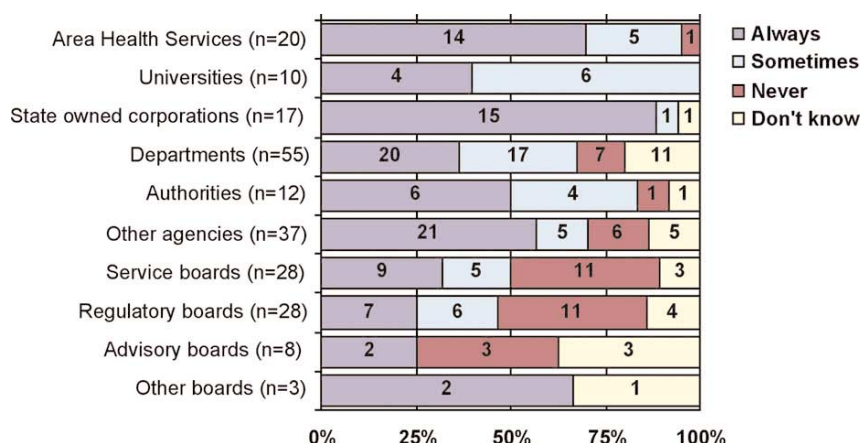
- send out information to contractors about their organisation's ethical standards and the ethical standards it expects of contractors (see Figure 23)
- include a statement of business ethics (or similar) as a standard term in contracts (see Figure 24)
- include a clause which gives the organisation the right to terminate a contract if the contractor fails to abide by the organisation's statement of business ethics (see Figure 25).

Figure 20: Organisation keeps a continuous record of expenditure on each contract let



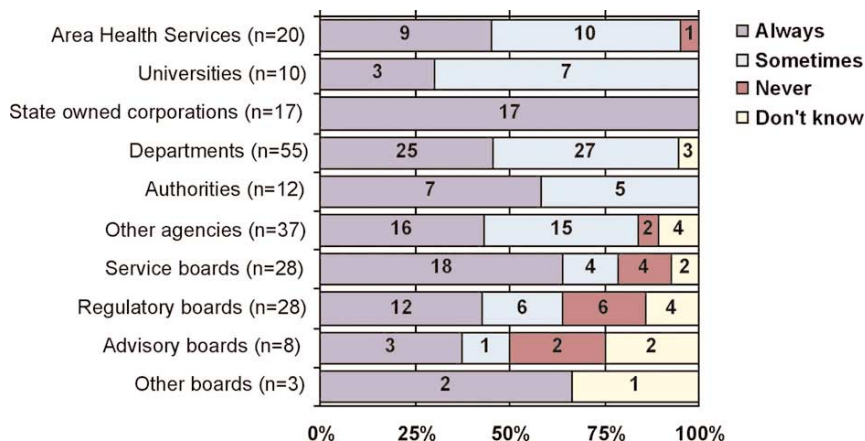
NB: Those organisations that said that they do not undertake contracting and procurement (3 Service boards, 9 Regulatory boards, 30 Advisory boards and 5 Other boards) have been excluded from this analysis.

Figure 21: Organisation has internal control mechanisms for managing site inspections and variations



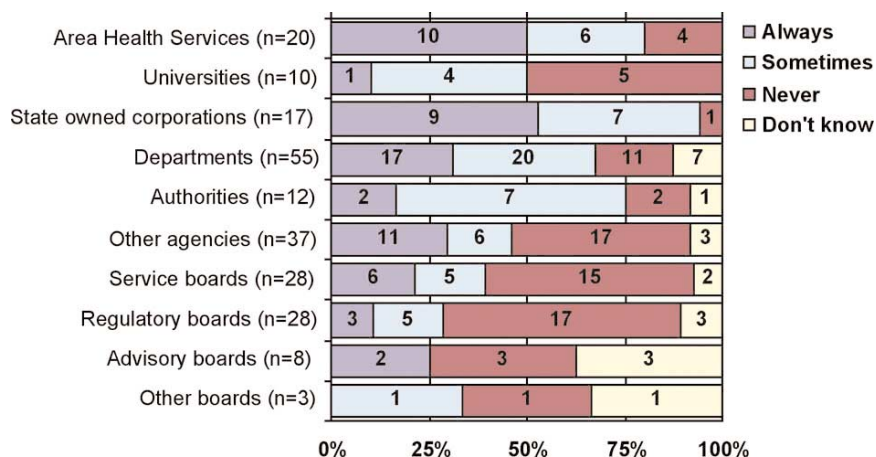
NB: Those organisations that said that they do not undertake contracting and procurement (3 Service boards, 9 Regulatory boards, 30 Advisory boards and 5 Other boards) have been excluded from this analysis.

Figure 22: Organisation records any problems encountered with the contractor



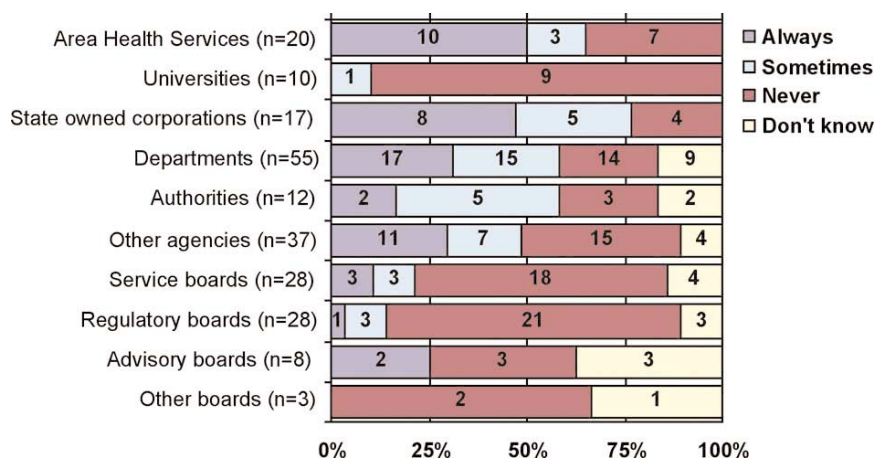
NB: Those organisations that said that they do not undertake contracting and procurement (3 Service boards, 9 Regulatory boards, 30 Advisory boards and 5 Other boards) have been excluded from this analysis.

Figure 23: Organisation sends out ethical standards information to contractors



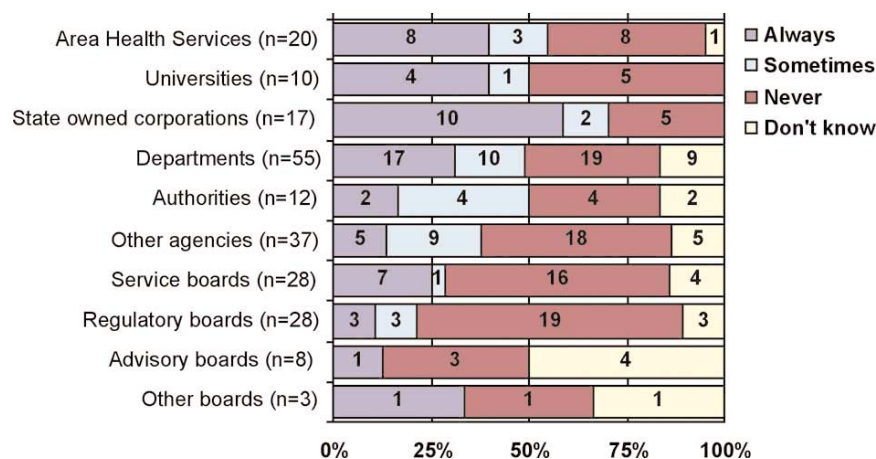
NB: Those organisations that said that they do not undertake contracting and procurement (3 Service boards, 9 Regulatory boards, 30 Advisory boards and 5 Other boards) have been excluded from this analysis.

Figure 24: Organisation includes a statement of business ethics in contracts



NB: Those organisations that said that they do not undertake contracting and procurement (3 Service boards, 9 Regulatory boards, 30 Advisory boards and 5 Other boards) have been excluded from this analysis.

Figure 25: Organisation includes an ethical standards-related termination clause in contracts



NB: Those organisations that said that they do not undertake contracting and procurement (3 Service boards, 9 Regulatory boards, 30 Advisory boards and 5 Other boards) have been excluded from this analysis.

Staff survey results

Staff were asked if they had ever participated in a tender selection panel, and 20% of respondents said they had. However, only one-third of those who had sat on such panels had received training on identifying and managing conflicts of interest or ethical dilemmas which may arise in this role.

Opportunities for strengthening corruption resistance

As discussed above, contractors must understand and accept the relevant values and rules held by the organisation engaging them. Public sector organisations should inform contractors about their ethical values, the rules by which they operate which are relevant to the contractor and the reasons for these rules.

Organisations need to define what business ethics and values they want to promote to the public and to contractors who undertake work for the organisation. This may be done at the local level or through head office, as appropriate. As a minimum, a statement of business ethics should spell out the organisation's values. This statement should include:

- details of any restrictions on giving and receiving of gifts, benefits or any other sort of favour or inducement either to employees or to associated persons like the employee's friends, family or favoured causes
- guidance about secondary employment and any potential conflicts of interest that may arise as a result of holding secondary jobs
- what might happen if breaches occur, either by employees, contractors or suppliers, and
- what to do if approached to breach the organisation's requirements.

Organisations can strengthen their capacity to conduct tender processes that are corruption resistant by ensuring that all staff participating in tender selection panels are adequately trained to identify and manage the potential conflicts of interest and ethical dilemmas that may arise during the process.

Resources

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b, pp. 40-41) includes a set of criteria against which organisations can assess the effectiveness of their procurement and disposal procedures.

Other resources that may be helpful in effectively managing these functions include:

- *Practical Guide to Corruption Prevention*, Modules 12 & 13 (ICAC 1997a)
- *Direct Negotiations in Procurement and Disposals: Dealing directly with proponents* (ICAC 1997b)
- *Probity Auditing: when, why and how* (ICAC 1996)
- *Contracting for Services: the probity perspective* (ICAC 1995a)
- *Contracting for Services: probity checklist* (ICAC 1995b)
- *Taking the Con out of Contracting Guidelines* (ICAC 2001h)
- *Garbage, drains and other things* (ICAC 2001f)
- *Contracting Out Review Guide* (The Audit Office of NSW 1999)
- *On Board: Guide to Better Practice for Public Sector Governing and Advisory Boards* (The Audit Office of NSW 1998a)
- *Guidelines for the Engagement and Use of Consultants* (NSW Premier's Department 2000a)
- *NSW Procurement at a Glance* (Department of Public Works and Services 1999)
- *NSW Government Procurement Manual* (Department of Public Works and Services 2001b)
- *Electronic Procurement Implementation Strategy* (Department of Public Works and Services 2001a).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

17. develop and adopt a statement of business ethics and values which should include:
 - details of any restrictions on giving and receiving of gifts, benefits or any other sort of favour or inducement either to employees or to associated persons like the employee's friends, family or favoured causes
 - guidance about secondary employment and any potential conflicts of interest that may arise as a result of holding secondary jobs
 - what might happen if breaches occur, either by employees, contractors or suppliers, and
 - what to do if approached to breach the organisation's requirements.
18. include clauses in contracts that give the organisation the right to terminate the contract or take other appropriate contractual remedies if the contractor fails to abide by the organisation's statement of business ethics.
19. include their code of conduct in contracts, indicating how that code would apply to the successful contractor.
20. actively monitor performance against contract requirements to minimise the impact of any potential problems through early detection and intervention.
21. record any problems encountered with specific contractors for future reference when letting other contracts.
22. ensure staff participating in tender selection panels have received training or information on how to identify and manage conflicts of interest and other ethical dilemmas.

7. PROVIDING INFORMATION ON ETHICAL WORK PRACTICES TO STAFF

One of the most important resources for any organisation is its staff. Providing information to staff about such things as ethical work practices, what constitutes public duty and the potential risks associated with their work is essential to ensure they have adequate information to make appropriate decisions. Organisational standards need to be communicated and reinforced if they are to have an impact.

The Model of Public Duty (ICAC 2002f) provides a common set of standards to help public officials and agencies make consistent and ethical decisions. Public duty involves serving the public interest at all times. This includes not serving one's own interests, managing conflicts of interest and acting with integrity by being honest, accountable and objective.

Survey questions

We asked organisations whether and how consistently they provide staff and/or board members with information on:

- corruption risks associated with their work
- corruption prevention strategies in place
- ethical work practices
- what constitutes their public duty
- what a conflict of interest is and what to do when one arises
- the importance of ethical leadership.

We also asked staff whether their organisation had provided them with the above information.

Organisational survey results

The majority of agencies said that they either 'always' or 'sometimes' provide a range of information about ethical work practices to staff (see Figures 26 to 31).

The topic which agencies most often reported they had provided information to staff on was 'What constitutes a conflict of interest and what to do when one arises'. This is an encouraging finding, as effective management of actual and potential conflicts between employees' private interests and their official duties is fundamental to building corruption resistance.

The research did, however, identify some areas of concern.

A small number of organisations (seven agencies and 14 boards or committees) said that they never provided information on any of the six types of information discussed in this section.

Additionally, a number of organisations say they never provide information to their staff or board members on:

- the importance of ethical leadership (see Figure 31)
- the corruption risks associated with their work (see Figure 27)
- corruption prevention strategies (see Figure 28).

A number of boards and committees say they never provide information to their staff or board members on what constitutes their public duty (see Figure 30).

Figure 26: Organisation provides information on conflicts of interest

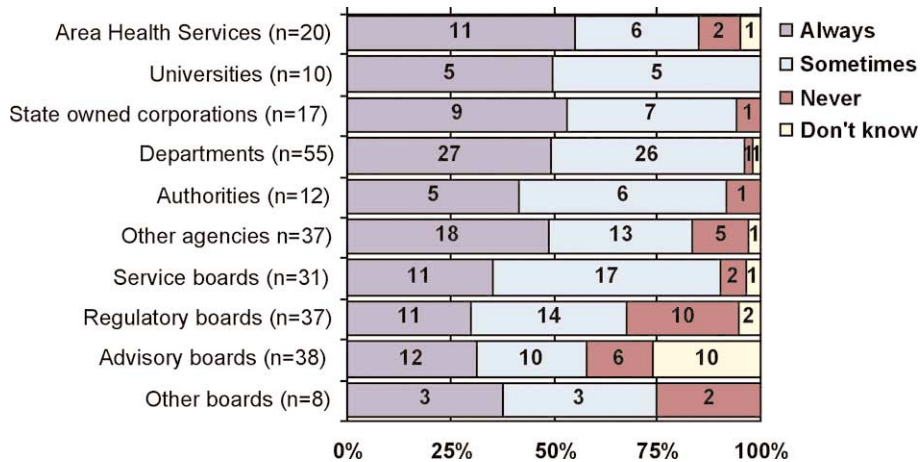


Figure 27: Organisation provides information on corruption risks associated with work

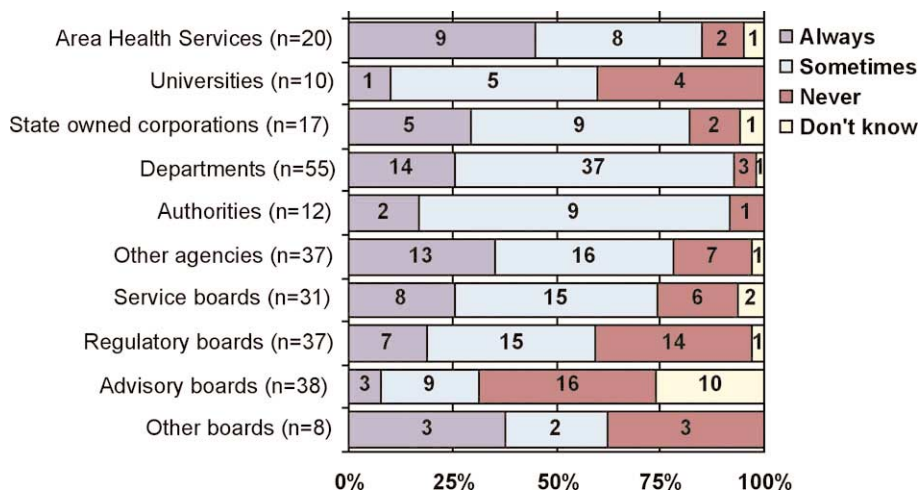


Figure 28: Organisation provides information on corruption prevention strategies

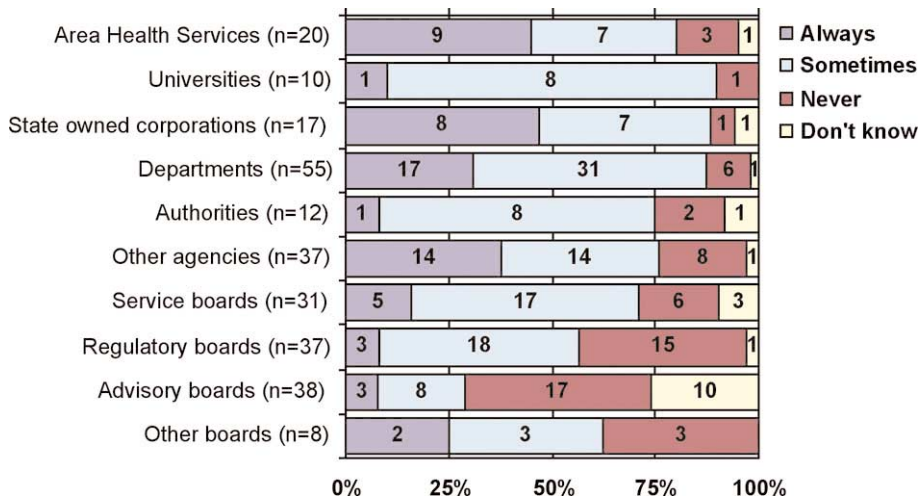


Figure 29: Organisation provides information on ethical work practices

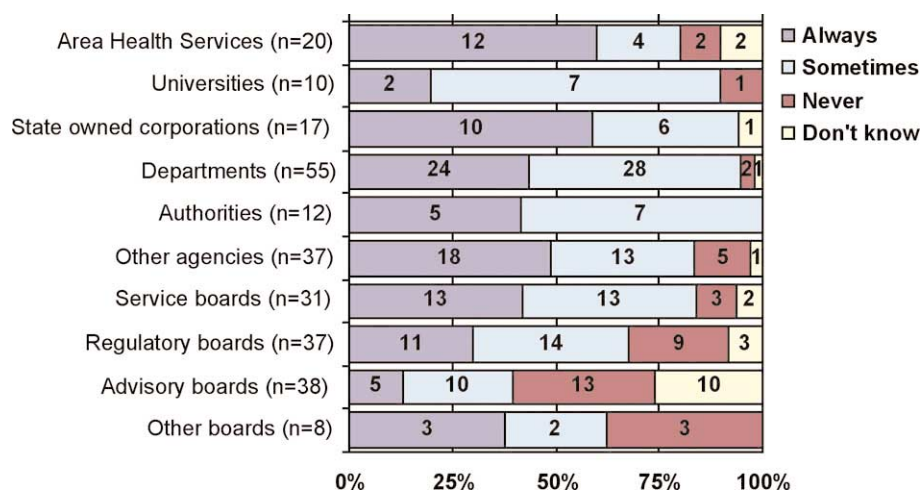


Figure 30: Organisation provides information on public duty

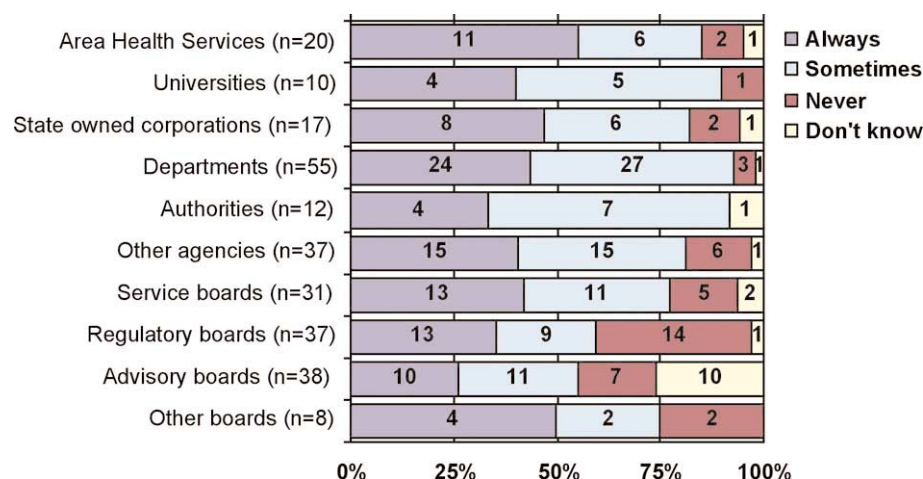
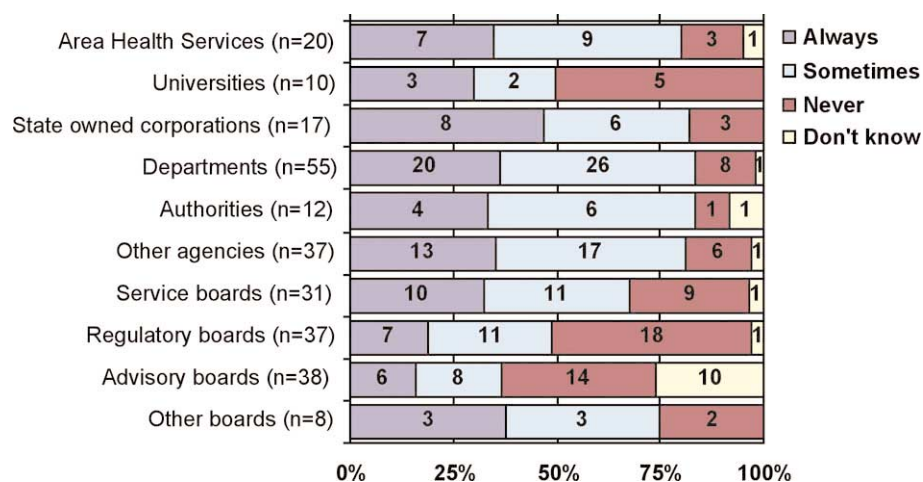


Figure 31: Organisation provides information on the importance of ethical leadership



Staff survey results

Sixty-five per cent of staff reported that their organisation had provided them with information on ethical work practices, 52% reported they had received information on what a conflict of interest is and what to do if one arises and 43% reported they had received information on what constitutes public duty.

One-third of respondents reported they had received information on ethical leadership (35%), corruption risks associated with their work (36%) and corruption prevention strategies (33%).

Opportunities for strengthening corruption resistance

To improve any organisation's capacity to resist corruption it is important that staff understand the organisation's values, what is expected of them, the possible ethical dilemmas and conflicts of interest they may face and how to manage these dilemmas.

Staff also need to understand the potential risks they may face in their area of work. Staff who are not informed about the corruption risks associated with their work are less likely to be able to manage these risks than staff who are aware of the risks. Similarly, staff need to be aware of the corruption prevention strategies an organisation has in place if they are to comply with them.

Resources

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b) includes criteria that organisations can use to assess the integration of their values into their operations and decision-making (pp. 10-11) and their leadership (pp. 12-13).

The ICAC has developed an Organisational Integrity framework that provides an integrated approach to building and sustaining an organisation's corruption resistance. In summary, the four key steps to building corruption resistance through Organisational Integrity are:

- i. identifying a set of values for your organisation
- ii. leaders setting an example by following these values
- iii. promoting these values to staff
- iv. integrating these values into every decision and action.

This Organisational Integrity framework is described in detail in the ICAC publication *The first four steps* (ICAC 2001b).

The ICAC has also produced an *Ethical Culture Survey Kit* (2000) as a tool to assist NSW government agencies to better understand their organisational cultures and to promote an ethical culture within their own organisations. The kit contains a brochure on how to conduct a successful survey, a paper copy of the survey, an electronic copy of the survey which can be tailored to meet individual organisational needs, benchmarking data, and a booklet to assist organisations to respond to the survey outcomes. NSW government organisations can obtain a copy of the kit from the ICAC.

Other resources that may be useful in providing information on ethical work practices include:

- *Corruption Troubleshooting* (ICAC 2001i)
- *Tips from the Top* (ICAC 1999c)
- *Ethics: the key to good management* (ICAC 1998c)
- *Grassroots of Ethical Conduct: Prevention Pointers* (Crime and Misconduct Commission 2001)
- *Disclosing a Material Personal Interest* (Crime and Misconduct Commission 1999a).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

23. provide and promote information to all those that undertake work within the organisation (including short-term staff, specialist staff, board members, consultants and private sector contractors) on:

- organisational values
- public duty requirements
- conflicts of interest and other corruption risks that they are likely to face in their role and how best to manage these risks.

24. ensure staff at different worksites (especially in organisations that are large and decentralised) are provided with the same access to information.

Please note that Recommendations 8, 11, 14, 15, 22 and 27 also pertain to providing information to staff.

8. AUDIT PROCEDURES

Audit is recognised as an effective tool for detecting and deterring workplace misconduct, as well as identifying broader systems problems. Audit can provide an objective assessment of how well an organisation's systems are functioning by reviewing the reliability and integrity of information, compliance with policy and regulations, the safeguarding of assets and the efficient use of resources. Audit findings can also help identify what specific kinds of improvements are needed.

Within government organisations, audit can include a number of key components:

- **audit plans** that identify the scope of audits, the topics covered and the processes to be used
- **internal auditors** who conduct or oversee the audits and write audit reports
- **audit charters** that outline the jurisdiction and authority of the auditor
- **audit committees** that oversee the audit process.

Operational or performance audits are distinct from financial audits. Operational or performance audits review the process, procedures used and outcomes achieved rather than financial aspects of systems. Financial audits focus on compliance with accounting standards and relevant laws, regulations and government directions.

Survey questions

To determine the prevalence of different types of audit procedures, organisations were asked:

- how important they consider internal audit for their organisation

- which of the following audit procedures they have in place – internal audit plan, internal audit charter, internal auditor, audit committee
- how often they undertake operational or performance audits (as distinct from financial audits).

Organisational survey results

Almost all agencies considered internal audit to be 'essential' or 'very important' (see Figure 32) and indeed most agencies already have an internal audit plan and a range of other procedures in place (see Figures 33 to 36).

Most agencies (78%) reported that they go beyond financial audits and undertake one or more performance audits each year (see Table 13), with well over half (56%) of the agencies reporting that they conduct more than one performance audit per year.

Boards conduct few audits, with almost half of the boards (48%) reporting they never conduct performance audits. A small number of boards and committees considered internal audit to be irrelevant to them (see Figure 32). More than half of the boards and committees do not have an internal audit plan (see Figure 33) and fewer still have an internal auditor, an audit committee or an internal audit charter (see Figures 34 to 36).

Audit may indeed have little relevance to committees with a purely advisory function. However, boards and committees which undertake other functions should consider how audit may enhance their work by ensuring the work done is accountable and identifying areas where improved risk control is required.

Figure 32: How important is internal audit to your organisation?

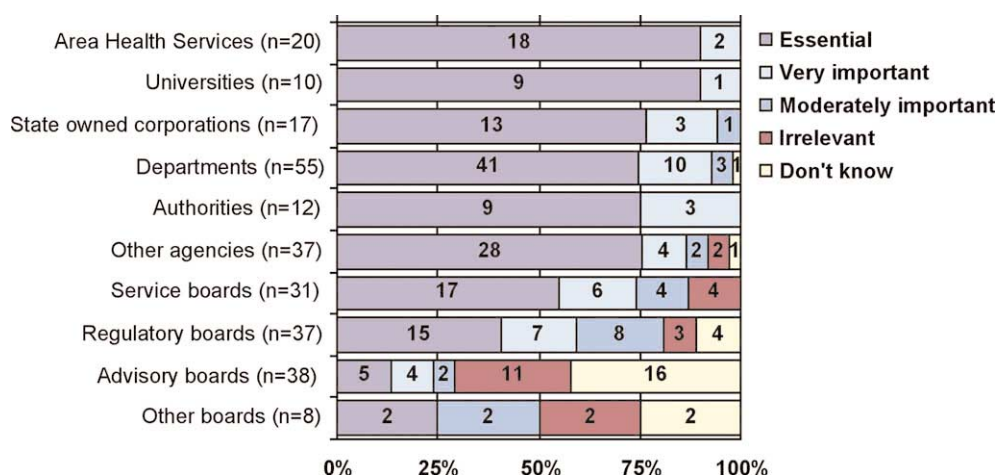


Table 13: Frequency with which organisations say they undertake performance audits

Frequency of performance audits	Agencies (n=151)		Boards (n=114)	
More than 1 per year	84	(56%)	11	(10%)
1 per year	33	(22%)	18	(16%)
Every 2 to 10 years	19	(12%)	15	(13%)
Less than 1 per 10 years	2	(1%)	-	
Never	9	(6%)	55	(48%)
Don't know/not answered	4	(3%)	15	(13%)
Total	151	(100%)	114	(100%)

NB: Given the number of response options that organisations could make to this question (ranging from 'never' to 'more frequently than once per year'), information in this table shows combined responses for all types of agencies and for all types of boards. Two boards did not answer this question.

Figure 33: Does your organisation have an internal audit plan?

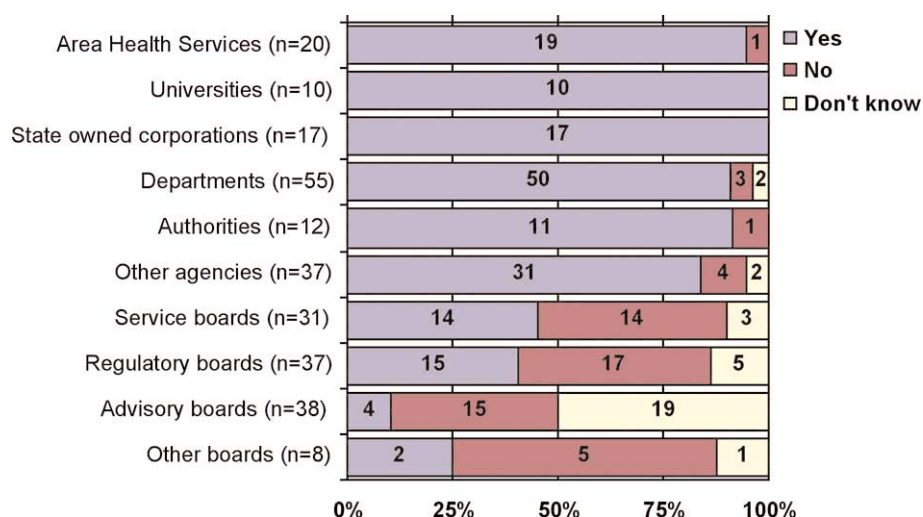


Figure 34: Does your organisation have an internal auditor?

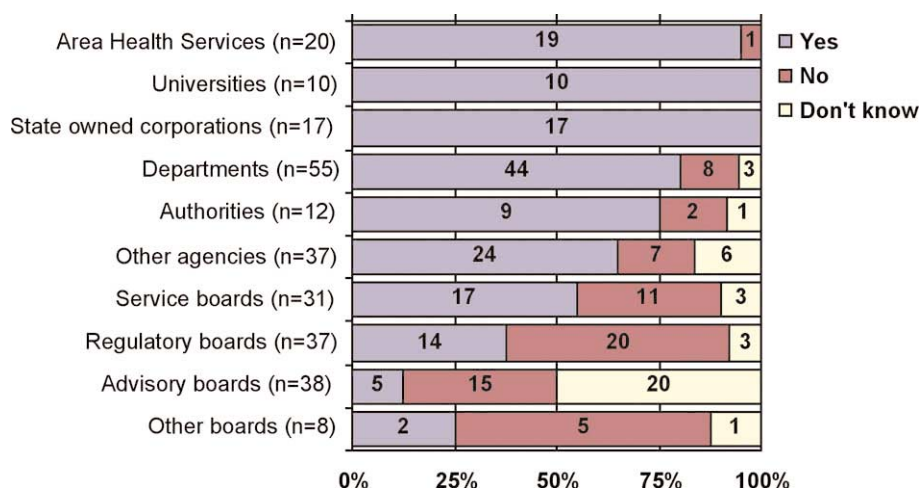


Figure 35: Does your organisation have an audit committee?

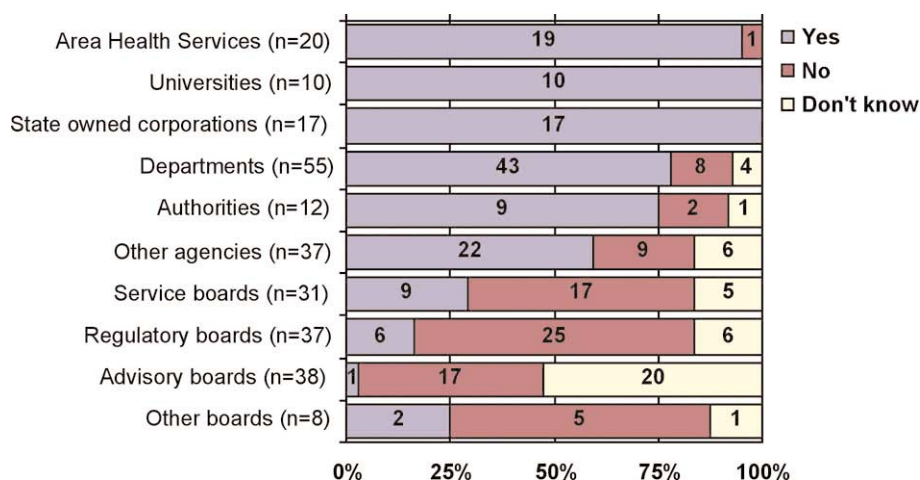
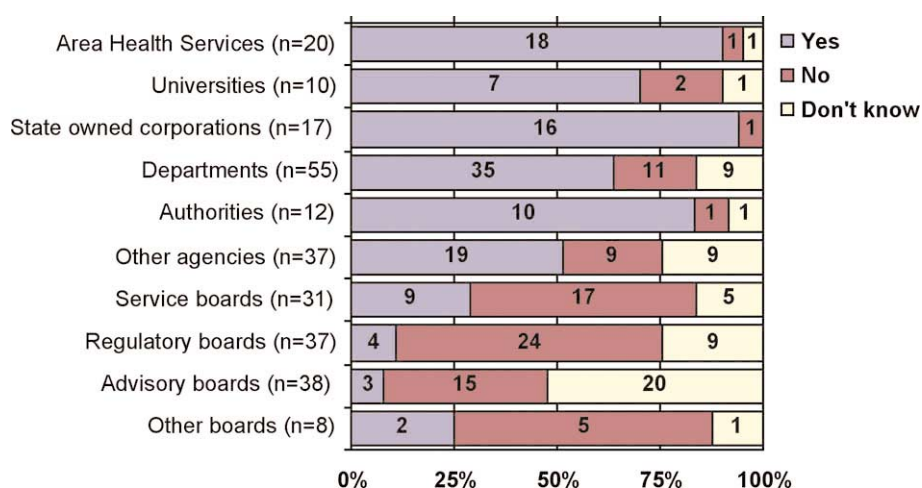


Figure 36: Does your organisation have an internal audit charter?



Opportunities for strengthening corruption resistance

As indicated previously, audit is an important tool for managing corruption risks. Public sector organisations that already have well-established audit practices need to ensure that these are flexible enough to meet the challenges of changing corruption risks, particularly in areas such as electronic business. While boards and committees may frequently have fewer financial responsibilities than other government organisations, they should consider the need to have rigorous audit processes in place.

Small organisations may not have dedicated in-house audit resources. Nevertheless, it is important that they audit or have an alternative method of systematically checking particular aspects of their business. The ICAC

encourages smaller organisations currently without audit processes to consider possible options for conducting audits through outsourcing or on a shared basis with other organisations.

Resources

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b, pp. 24-25) includes a set of criteria against which organisations can assess the effectiveness of their audit function.

Other audit-related resources that may be helpful include:

- *Fraud Control Self-Audit Kit* (The Audit Office of NSW1998b)
- *Monitoring and reporting on performance audit recommendations* (The Audit Office of NSW 2001)

- *Risk Management and Internal Controls Toolkit* (NSW Treasury 1997)
- *Fraud Control, Developing an Effective Strategy* (The Audit Office of NSW & Office of Public Management, NSW Premier's Department 1994)
- *Audit Committee Guidelines: Improving accountability and performance* (Queensland Treasury 2000).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that:

25. smaller organisations currently without audit procedures consider which of their business practices could benefit from auditing and consider options for resourcing their audit requirements through outsourcing or on a shared basis with other organisations.
26. organisations ensure that their risk management strategies inform their audit plan and that the results of audits are acted upon to improve organisational processes and performance.

9. PROTECTED DISCLOSURES

The *Protected Disclosures Act 1994* was established to encourage and facilitate the disclosure, in the public interest, of corrupt conduct, maladministration, and serious and substantial waste in the NSW public sector. As described in the most recent edition of the *NSW Ombudsman's Protected Disclosures Guidelines* (2002a, p. iii), the Act:

- enhances and augments established procedures for making disclosures,
- protects people from reprisals that might otherwise be inflicted on them because of disclosures
- provides for disclosures to be properly investigated and dealt with.

Closely associated with the Protected Disclosures Act is the need for an internal reporting system. It is not compulsory for organisations to provide internal reporting channels for employees to make protected disclosures beyond the direct line to the head of their organisation. However, the ICAC, the NSW Audit Office and the NSW Ombudsman all recommend that

alternative reporting channels be provided as part of any effective internal reporting system (ICAC 1997c, p. 7). Such a system allows corruption, workplace misconduct and areas for organisational improvement to be identified.

Survey questions

We asked organisations:

- whether they had heard of the Protected Disclosures Act prior to this survey and if so, how they had heard of it
- if they have an internal reporting system to enable employees to make protected disclosures
- if they have implemented strategies to inform employees about making protected disclosures
- if they have encountered any difficulties in responding to the Protected Disclosures Act
- what impact they think the Act has had on their organisation.

We asked staff:

- whether they had heard of the Protected Disclosures Act prior to this survey and if so, how they had heard of it
- if their organisation has an internal reporting system
- if they knew how to make a protected disclosure and who within their organisation to report it to
- if they felt their organisation had fully informed them about the Protected Disclosures Act.

Organisational survey results

Almost all of the agencies said they had heard of the Protected Disclosures Act prior to it being referred to in this research. While government boards and committees are covered by the Act, less than half of the boards and committees said they had heard of the Act prior to it being referred to in this research (see Figure 37).

More than three-quarters of the agencies said they have an internal reporting system for protected disclosures (see Figure 38). This is an increase from the 53% of agencies that had implemented such a system when previously surveyed in October 1995, seven months after the introduction of the Act (ICAC 1997c). On the other hand, very few boards and committees have internal reporting systems for protected disclosures (see Figure 38).

There was only one organisation (a department) that said that the Protected Disclosures Act has had a negative

impact (see Table 14). Approximately one in five agencies consider that the Act has had a positive impact. Despite the Act having been introduced seven years ago, about one-quarter of the agencies considered that it was still too early to predict its impact on their organisation. This might be because these agencies have received few protected disclosures.

Very few organisations (only 11 agencies and one board or committee) have encountered (or anticipate encountering) any difficulties with the Act (see Figure 39). These few organisations mentioned the following difficulties:

- dealing with vexatious or vindictive complainants

- investigating allegations and maintaining confidentiality, and
- staff training.

Half the agencies surveyed reported that they have implemented a strategy to inform staff about protected disclosures. This level is similar to that reported by agencies as part of an ICAC survey in October 1995 (ICAC 1997c).

Very few boards or committees said that they had implemented a strategy to inform their staff or board members about protected disclosures (see Figure 40).

Figure 37: Had you heard of the *Protected Disclosures Act* prior to this survey?

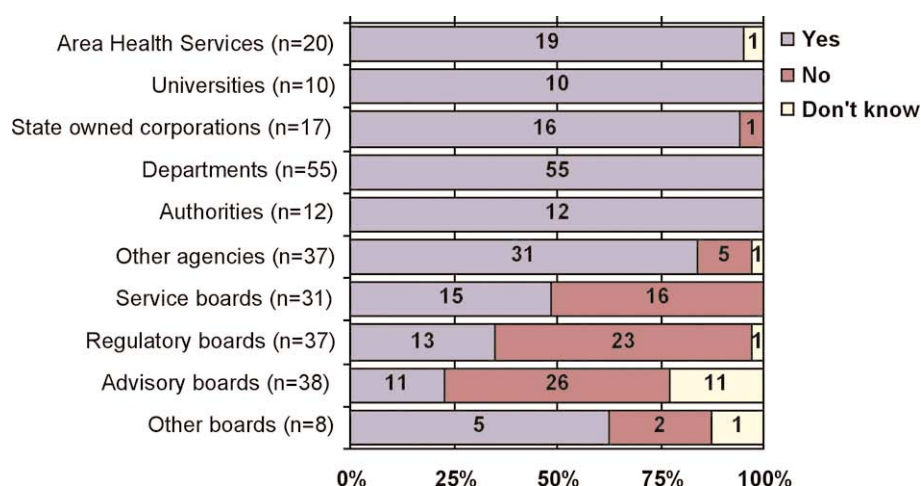


Figure 38: Has your organisation implemented an internal reporting system?

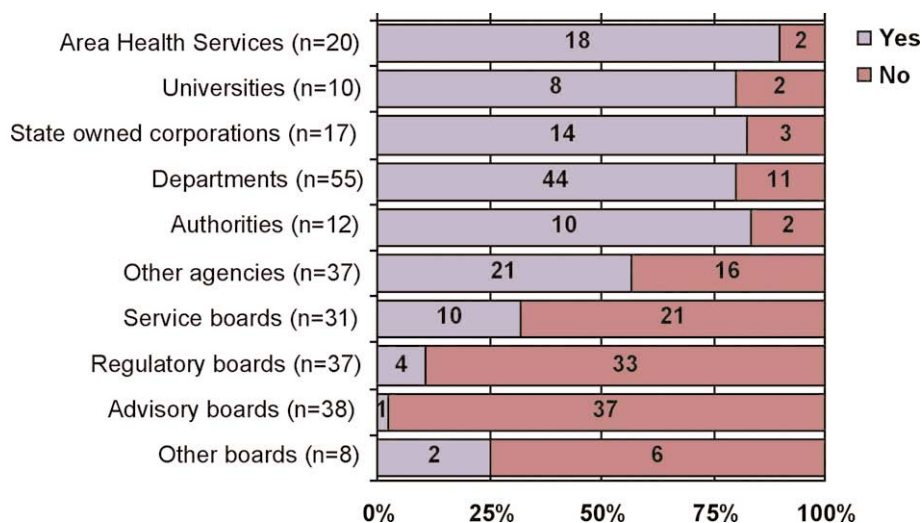


Table 14: Level of impact that the *Protected Disclosures Act* has had on organisations

Reported impact of the <i>Protected Disclosures Act</i>	Agencies (n=151)		Boards (n=114)	
Positive impact	30	(20%)	1	(1%)
Too early to tell	32	(21%)	16	(14%)
No impact	51	(34%)	18	(16%)
Negative impact	1	(1%)	-	
Both negative and positive	27	(18%)	4	(4%)
Not heard of PDA/not answered	10	(7%)	75	(66%)
Total	151	(100%)	114	(100%)

NB: Given the number of response options that organisations could make to this question, information in this table shows combined responses for all types of agencies and for all types of boards.

Figure 39: Has your organisation had (or does it anticipate) difficulties responding to the *Protected Disclosures Act*?

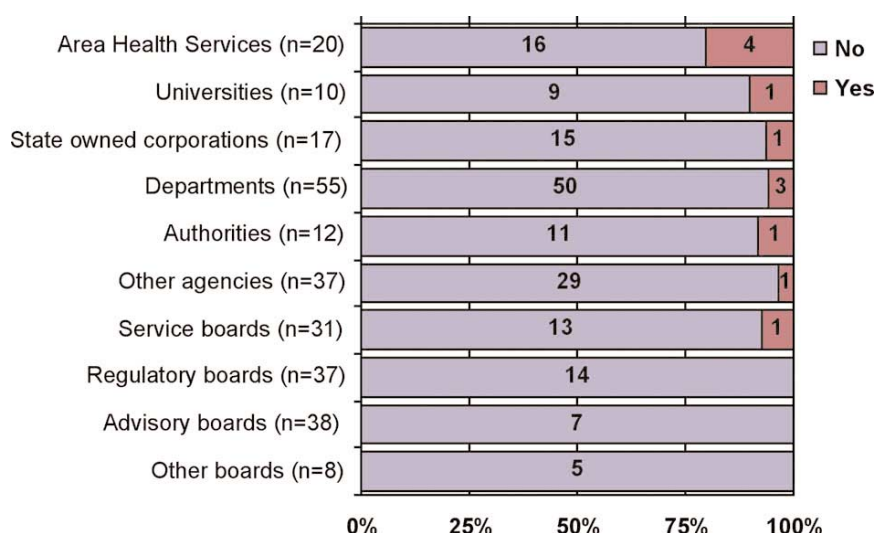
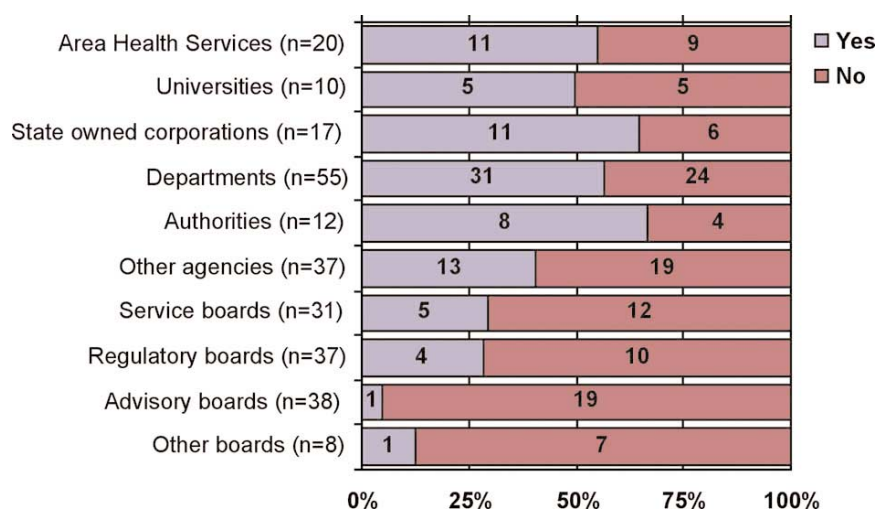


Figure 40: Organisation has implemented strategy to inform staff about protected disclosures



Staff survey results

Nearly half the staff (47%) said they had heard of the Protected Disclosures Act prior to it being referred to in this research.

Staff were asked how well they thought their agency had informed them about the Act. The largest proportion of staff (38%) said their organisation had 'not done so at all' with the second largest proportion (37%) saying 'not well enough'. Very few staff (3%) said their organisation had done 'very well' at informing them with one in five (20%) saying 'well enough'.

Two-thirds of staff (66%) were aware of an internal reporting system in their organisation, which suggests a substantial improvement since 1996, when an ICAC survey found only 39% of staff were aware of an internal reporting system (ICAC 1997c).

Staff were asked about their perception of how their organisation has responded or would respond to protected disclosures. They were asked whether they agreed or disagreed with each of the following statements:

'My organisation is serious about protecting people who report corruption.'

'If I were to report workplace corruption to someone in my organisation I'm confident something appropriate would be done about it.'

'It should be management's responsibility, and nobody else's, to find and stop corruption in the organisation.'

Half the staff (52%) agreed (15% 'strongly agreed'; 37% 'agreed') with the statement that their organisation was serious about protecting people who report corruption although 15% disagreed (5% 'strongly disagreed'; 10% 'disagreed') and 32% of staff said they did not know.

Sixty-four per cent of staff agreed (18% 'strongly agreed'; 46% 'agreed') that if they reported something to their organisation something appropriate would be done about it. Nineteen per cent disagreed (5% 'strongly disagreed'; 14% 'disagreed') that something appropriate would be done. The remaining 16% said they did not know whether or not their organisation would do something about a protected disclosure.

Staff seemed aware of their own responsibilities in terms of reporting suspected corruption. Eighty-one per cent disagreed (35% 'strongly disagreed'; 46% 'disagreed') with the statement that 'it should be management's responsibility, and nobody else's, to find and stop corruption in the organisation'.

Opportunities for strengthening corruption resistance

Awareness of the Protected Disclosures Act is high amongst agencies. However, findings summarised in Figure 40 indicate that not many organisations have implemented strategies to inform staff or board members about the relevance of the Act to them. More work needs to be done to inform staff and to inform boards and committees about the Act and their responsibilities under it.

Resources

The fundamental resource in this area is *Protected Disclosures Guidelines* (NSW Ombudsman 2002a, 4th ed).

The ICAC *Do-it-yourself Corruption Resistance Guide* (ICAC 2002b, p. 22-23) includes a set of criteria that organisations can use to assess the effectiveness of their internal reporting systems.

The ICAC publication *Corruption trouble-shooting* (ICAC 2001i) contains separate sections on recognising conduct as corrupt (pp. 9-10), reporting corrupt conduct (pp. 11-12), creating an atmosphere of trust (pp. 15-16) and management commitment to dealing with corrupt conduct (pp. 17-18). Each of these sections explains why the ICAC advocates specific actions, identifies actions organisations can take and lists resources that can help implement these actions.

Other useful resources on protected disclosures are:

- *Thinking about Blowing the Whistle?* (NSW Ombudsman 2002b)
- *Exposing corruption: A CJC guide to whistleblowing in Queensland* (Crime and Misconduct Commission 1999c).

RECOMMENDATIONS

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that organisations:

27. ensure all employees are aware of the *Protected Disclosures Act 1994* and specific internal reporting procedures, by:

- regularly informing staff about the Act, the organisation's internal reporting policy, internal and external reporting channels and how they work
- incorporating information about the Act and other reporting systems into policy and procedures and where possible, into induction training and providing regular refresher training for staff.

28. ensure that internal reporting mechanisms are effective and include protection for those that use them.

10. INTERNAL INVESTIGATION CAPACITY

The way an organisation manages and investigates grievances and allegations of corrupt conduct can have a direct impact on whether or not staff members are prepared to come forward with information (ICAC 1997c). The systems in place, and how they are implemented, will influence the general information flow between staff and management. They may also impact on staff willingness to make specific allegations.

Survey questions

To obtain a basic understanding of the internal investigation capacity within different types of organisations, organisations were asked whether they have an internal investigations system and how effective they think that system is.

Organisational survey results

About three-quarters of agencies and one-third of boards and committees say they have an internal investigation system in place (see Figure 41). More than half of the agencies with internal investigations systems considered them to be 'very effective'. Very few considered them to be 'not effective' (see Figure 42).

Figure 41: Does your organisation have an internal investigation system?

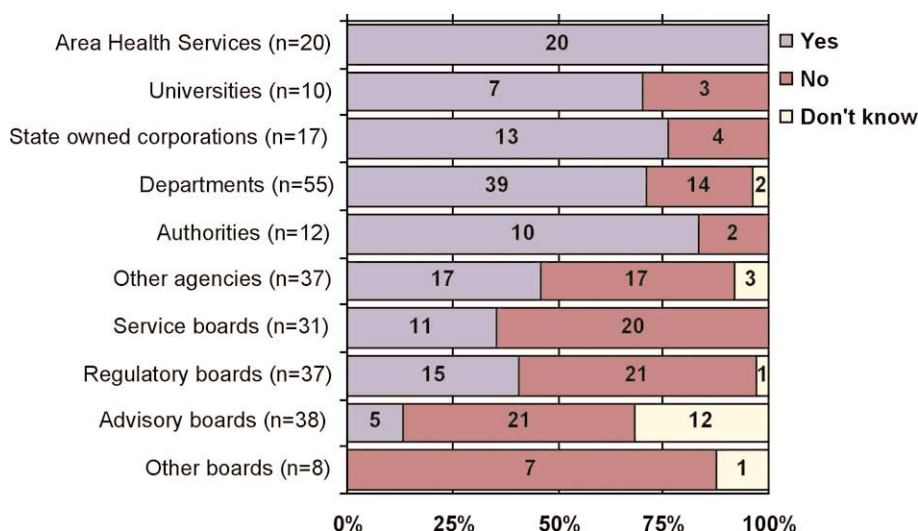
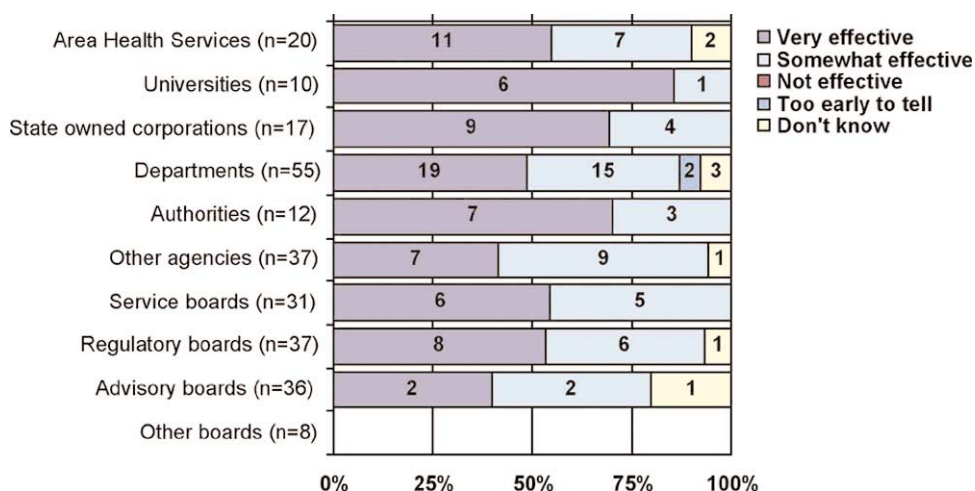


Figure 42: How effective is your internal investigation system?



NB Organisations that do not have an internal investigation system did not answer this question. None of the 'Other boards' had an internal investigation system.

Opportunities for strengthening corruption resistance

In addition to having the capacity to identify potential corrupt conduct (for example, through internal reporting systems and audit procedures) it is equally important to have the capacity to deal with allegations of corrupt conduct once they arise. Some organisations, for example, many boards and committees, may not have the staff and resources to conduct internal investigations. If internal capacity is an issue then organisations could consider the possibility of outsourcing these types of investigations.

Resource

Those who require assistance in conducting a fact-finding inquiry might find the ICAC *Fact-Finder: A 20-step guide to conducting an inquiry in your organisation* (ICAC 2002d) a useful resource. This guide gives an overview of the inquiry process and the key steps to conducting an inquiry. It provides a snapshot of important issues including confidentiality, conducting interviews, assessing information, inquiry plans, fact-finding tools, and report writing.

RECOMMENDATION

Based on the results of this research and our ongoing corruption prevention work, the ICAC recommends that:

29. organisations that currently either do not have an internal investigation capacity or a strategy for outsourcing this work, make specific plans to effectively deal with an allegation of corrupt conduct if one were to arise.

WHAT TYPES OF ORGANISATIONS ARE LIKELY TO HAVE MOST PREVENTION STRATEGIES IN PLACE?

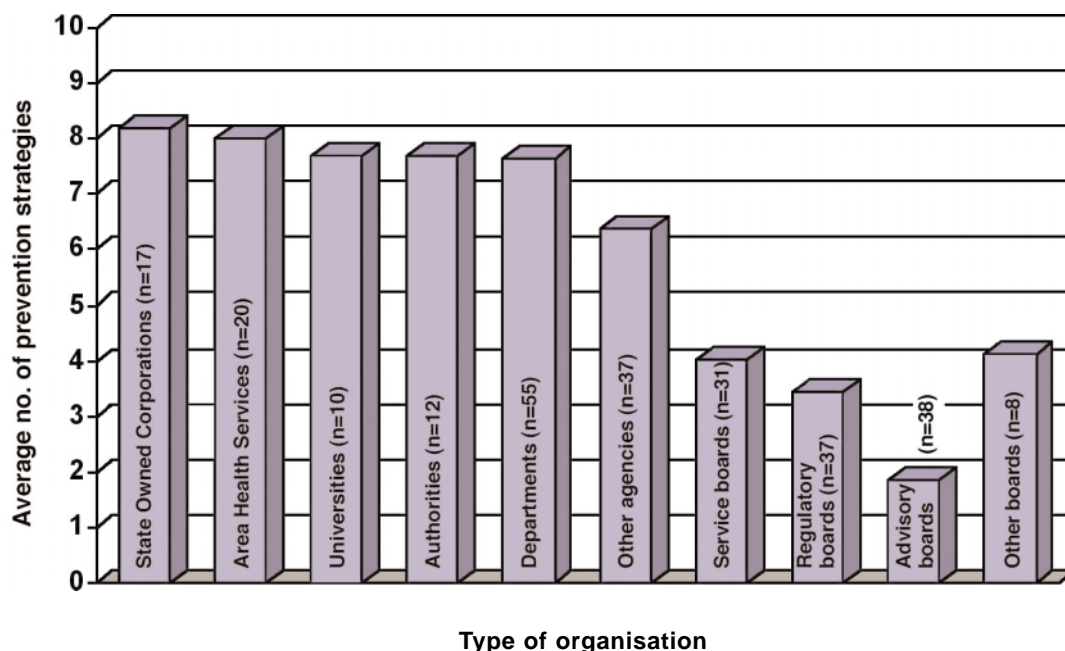
As well as examining individual corruption prevention strategies, we looked at the range of corruption prevention strategies that organisations reported they have in place. This provided a further understanding of the overall corruption prevention approach of the NSW public sector. It also allowed us to explore whether particular types of organisations are likely to have more prevention strategies in place.

We gave each organisation a score based on allocating one point for each of the following the organisation said it has or does:

1. identifies corruption risks and prevention strategies within its risk documentation
2. has a code of conduct
3. has a gifts and benefits policy
4. has a gift register
5. has documented provisions for managing external attacks to IT systems
6. has documented provisions for managing internal abuse by staff of IT systems
7. has an internal audit plan
8. has a grievance handling system
9. had heard of the *Protected Disclosures Act 1994* before this survey
10. has an internal reporting system for protected disclosures
11. has an internal investigations system.

Based on this scoring system, each of the 265 organisations could score from zero to 11 points. We found that on average organisations answered yes to half of these questions (5.6). Two of the organisations (an area health service and a medium-sized department) answered yes to all 11 questions, while twenty-two organisations (21 boards and committees and one 'other agency') answered no to all 11 questions.

Figure 43: What types of organisations have the most prevention strategies in place?



We found that, on average, agencies had more than twice as many of these prevention strategies in place as did boards and committees (see Figure 43). Boards and committees tend to have smaller budgets (see Figure A2.3 in Appendix 2), and fewer staff (see Figure A2.4) and are more likely to operate from a single location (see Figure A2.6) than agencies.

Smaller agencies including boards and committees

‘Being a small organisation, our strength lies in having more than one person handling each task, thereby reducing one person’s ability to control a task or decision.’ (Organisation 46 – Board or committee with service provision role)

‘It is very small so it is not difficult to supervise all areas.’ (Organisation 162 – Board or committee with regulatory control role)

In the previous chapters we saw that boards and committees report fewer risks, engage in fewer high-risk activities than agencies and this chapter shows they reported the fewest number of prevention strategies in place (see Figure 43).

The more detailed forms of risk management used by larger organisations may not be necessary for many types of boards and committees. Smaller agencies may need only to develop controls to address the specific high risks they face rather than having the general risk controls used

by larger organisations. For example, smaller agencies may not need to have a formal internal audit strategy and an internal auditor, but they do need to ensure that any high-risk activity they do undertake is audited each year by an external auditor.

Smaller agencies have flexibility in how they manage risk. For example, a small agency can avoid the IT risks that larger organisations face by using a closed computer network with a stand-alone computer for internet use rather than have an open computer system which needs firewalls and other forms of protection such as penetration testing.

Smaller agencies may not have the resources to implement best-practice risk control unless it is to specifically address a risk where both the likelihood and impact are high (in which case the financial costs required to control the risk are warranted).

Interestingly, advisory boards and committees tend to have been established more recently than other boards and committees. Approximately two-thirds of the advisory boards and committees that replied to our survey have been set up within the past five years (see Figure A2.9). These boards and committees may not yet have had time to establish risk controls.

It is a matter for each individual board, committee and small agency to determine what high-risk activities they have and to develop specific controls to address these.

WHAT DO ORGANISATIONS CONSIDER TO BE THEIR MAIN STRENGTHS IN MINIMISING CORRUPTION?

Finally, organisations were asked to report in their own words what they considered to be their main strengths in minimising corruption. Quotations are provided here both to give readers a flavour of the responses from the organisations and to promote discussion within and across organisations on what are the most appropriate corruption prevention strategies for different types of organisations.

Question asked

‘What do you consider to be your organisation’s main strengths in minimising corruption?’

Selected responses

While organisations differed in their descriptions, some patterns are apparent. The vast majority of organisations reported taking a multi-pronged approach to minimising corruption. Some examples include:

‘Ethical leadership, strong internal audit function.’ (Organisation 4 - State owned corporation)

‘Ethical leadership, encouragement of staff to disclose corrupt conduct, investigation of corrupt conduct reported, appropriate internal controls in place to prevent and detect corruption conduct, active strategy to review areas for improvement of ethical behaviours.’ (Organisation 103 - State owned corporation)

‘Tone at the top, audit committee, effective internal audit branch, protected disclosure co-ordinator and nominated disclosures officers, internal reporting system, regular on-line internal audit, newsletter reporting common weakness areas, corruption prevention tips, news from ICAC, Ombudsman, Audit Office links.’ (Organisation 147 - Large department with a regulatory control role)

‘Very strong leadership that corruption will not be tolerated, supervision, peer review and performance appraisal system in place.’ (Organisation 193 - Area health service)

‘Establishment of clear guidelines from the top regarding ethical conduct. Staff education. Active internal audit unit.’ (Organisation 242 - Area health service)

In their responses, universities tended to refer to the importance of protected disclosures and internal reporting systems:

‘Whistleblower protection.’ (Organisation 60 - University)

‘Staff awareness of code of conduct and protected disclosures reporting procedures, internal audit procedures, budget expenditure accountability, circulation of ICAC reports.’ (Organisation 96 - University)

‘Staff awareness of how to report allegations, and method in place for dealing with allegations.’ (Organisation 100 - University)

Formulation of codes of conduct for all staff and officers; adoption of an internal reporting policy, implementation of a records management information system.’ (Organisation 164 - University)

A number of boards and committees referred to their small size and their limited exposure to corruption risks, for example:

‘Small organisation, well controlled management structure.’ (Organisation 54 - Board or committee with a service-provision role)

‘Awareness of all staff and board members, small organisation with effective communication, corruption management is consistently considered.’ (Organisation 68 - Board or committee with a service-provision role)

‘Small company, all activities overseen by the state council.’ (Organisation 44 - Board or committee with a regulatory control role)

‘The small size of organisation allows a reasonably close watch to be kept by management, coupled with reasonably sound and increasing documentation on procedures.’ (Organisation 101 - board or committee with regulatory control role)

Some advisory boards and committees emphasised the importance of disclosing potential conflicts of interest and of members absenting themselves from discussion if relevant:

‘Declaration of pecuniary interests, open dialogue, open meetings.’ (Organisation 40 - Advisory board or committee)

‘[At] every meeting, members are asked to disclose any potential conflict of interest and absent themselves from discussions if relevant.’ (Organisation 48 - Advisory board or committee)

‘Explicit procedures and policies including formal declaration of interest before each board meeting.’ (Organisation 154 - Advisory board or committee)

This research provides a snapshot of corruption-related issues facing NSW public sector organisations. The findings highlight the diversity of the NSW public sector in terms of the risks organisations and staff identify, the corruption prevention strategies organisations have in place and the types of high-risk functions they perform.

The findings present a generally healthy picture of the NSW public sector's current identification and management of corruption risks. However, public sector organisations must remain vigilant in monitoring and reviewing their risk management practices.

This chapter begins by commenting on corruption prevention approaches currently used by public sector organisations and the risks identified by organisations and their staff. The following section discusses 'where to from here' for public sector organisations. The chapter concludes by providing advice on how the results of this survey can be used by individual organisations and describing what the ICAC will do with the findings of this research.

CORRUPTION PREVENTION STRATEGIES ACROSS NSW PUBLIC SECTOR ORGANISATIONS

The results of the organisational and staff surveys are encouraging in terms of the NSW public sector's capacity for corruption resistance.

For example, many public sector organisations reported that they:

- have a code of conduct and had reviewed their code of conduct within the last five years
- were confident of their organisation's ability to comply with the State Records Act
- use various steps in the recruitment process to provide information on ethical work practices
- keep a continuous record of expenditure on each contract let and use other processes (e.g. mechanisms to ensure procedures for managing site inspections and variations are adhered to) to maintain integrity.

Similarly, many public sector agencies reported that they:

- have a system in place for identifying and documenting risks, and specifically identify corruption risk and prevention strategies

- had reviewed their code within the previous 12 months and had provided some form of training for staff on the code of conduct
- have a policy or procedure for receiving gifts and benefits
- provide training on conflicts of interest for members of recruitment panels
- have some type of system in place for managing threats to information technology
- provide a range of information to staff about ethical work practices
- consider internal audit to be important and have an internal audit plan in place which goes beyond financial audits.
- have an internal reporting system in place for protected disclosures
- have an internal investigation system in place which is considered to be effective.

Most organisations reported their strengths in minimising corruption as taking a multi-faceted approach that simultaneously emphasises the importance of ethical leadership, effective internal control mechanisms and corruption reporting systems, and comprehensive policies and procedures.

CORRUPTION RISKS ACROSS NSW PUBLIC SECTOR ORGANISATIONS

The detailed responses provided by some organisations when describing their perceived risks reflect the consideration that they have already given to identifying and managing corruption risks. Significantly, the organisations identified in this report as having greater exposure to corruption risks are also those more likely to have a good range of prevention strategies in place.

An overview of the results suggests that the major risks currently confronting organisations relate to misuse of confidential information, misuse of public assets, and corrupt tendering.

When asked to identify possible emerging corruption risks over the next three to five years, many organisations identified technology-related risks.

WHERE TO FROM HERE?

Whilst the findings of this research are encouraging, more can be done to build corruption resistance within the public sector. Most importantly, all organisations need to implement an effective risk management process. The *Australian/New Zealand Risk Management Standard AS/NZS 4360:1999* advocates a seven-step risk management process:

- i. **establish the context** – establish the strategic, organisational and risk management context in which the rest of the process will take place, establish criteria against which risk will be evaluated and the structure of the analysis
- ii. **identify risks** – identify what, why and how things can arise as the basis for further analysis
- iii. **analyse risks** – determine existing controls and analyse risks in terms of the range of potential consequences and how likely those consequences are to occur
- iv. **evaluate risks** – rank risks to establish priorities; if the level of risk established is low, then risks may fall into an acceptable category and treatment may not be required
- v. **treat risks** – accept and monitor low priority risks; for other risks develop and implement a specific management plan which includes a consideration of funding
- vi. **monitor and review** the performance of the risk management system and the changes that might affect it
- vii. **communicate and consult** with internal and external stakeholders as appropriate at each stage of the process and concerning the process as a whole (Standards Australia & Standards New Zealand 1999, pp. 7-8).

The ICAC encourages all organisations to adopt the seven-step risk management process as a general approach to identifying and treating risks.

ICAC research has identified a number of strategies or practices that can further assist organisations in building corruption resistance, for example:

- review the code of conduct every two years and at each review consider broadening the code to make it more comprehensive (e.g. providing information on sanctions that apply when there are breaches of the code)
- provide staff training on the code of conduct on a regular basis
- establish, maintain and audit a gift register
- ensure IT systems comply with the Australian Standard on Information Technology Security
- develop IT security plans
- educate staff on their role and responsibilities regarding information security
- ensure opportunities in the recruitment process are used to promote the ethical climate of the organisation
- provide contractors with information about the organisation's ethical standards as well as including in contracts a clause which gives the organisation the right to terminate the contract or take other appropriate contractual remedies if the contractor fails to abide by the organisation's statement of business ethics
- provide staff with information about conflicts of interest and ethical dilemmas (that relate to both their day-to-day work or when they participate in recruitment or contract selection panels)
- use risk management to inform audit plans
- ensure the results of audit are acted upon to improve organisational processes and performance
- promote staff awareness of the Protected Disclosures Act and of reporting mechanisms available to them, both internally and externally.

WHERE TO FROM HERE FOR PUBLIC SECTOR BOARDS AND COMMITTEES?

The responses of boards and committees to survey questions were distinctly different to the responses of agencies. This is not surprising given that boards and committees have fewer functions than agencies and generally also have smaller budgets. However, our research suggests there are some areas where boards and committees need to take specific actions to strengthen their corruption resistance practices. Boards and committees, should, for example:

- at a minimum, identify and document high-risk areas and take steps to manage, treat and monitor these risks
- ensure they have adequate contract and procurement procedures in place

- consider options for conducting audits of high-risk activities through outsourcing or on a shared basis with other organisations
- develop strategies to inform board/committee members about the Protected Disclosures Act and procedures for making protected disclosures
- develop specific procedures or plans to effectively deal with an allegation of corrupt conduct.

These actions are recommended to boards and committees in addition to the actions recommended in the preceding section.

HOW THE RESULTS OF THIS RESEARCH SHOULD BE USED

The ICAC encourages all organisations to use the information in this report to benchmark their efforts against the rest of the NSW public sector and to identify areas where they may be able to improve the corruption resistance of their own organisation.

Suggestions for strengthening corruption resistance are made throughout this report. A set of recommendations for organisations, based on the findings of this research and relevant ICAC experience, is collated in the Executive Summary at the beginning of the report.

HOW THE ICAC WILL USE THE FINDINGS

The ICAC is continuing to analyse the information that has been collected as part of this project and will continue to disseminate results and recommendations to relevant groups of organisations. As part of this process, the ICAC will use the information provided by organisations and staff to identify areas of the public sector in need of assistance to build and sustain corruption resistance.

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* NB All of the ICAC references are available from the ICAC website at www.icac.gov.au

DEVELOPMENT OF THE SURVEY INSTRUMENTS

The survey instruments were developed through a process of consultation. Within the ICAC, a range of staff had input into the development of the survey instruments. These staff came from a variety of disciplines and included corruption prevention officers, education officers and analysts.

The surveys were also provided to the Premier's Department for comment and piloted with a number of public sector CEOs and Audit Managers. This resulted in a number of changes and the final versions of the surveys were distributed to respondents in October 2001.

ORGANISATIONAL SURVEY

Sampling strategies used

Since there is no single definitive list of NSW government organisations, the ICAC had to develop an appropriate set of organisations to approach to participate in the project. Agencies, as defined in the Glossary (p. vii) were treated differently from boards and committees.

The development of a comprehensive list of agencies was done using the following set of overlapping lists:

- 65 of the 69 Departments listed in Schedule 1 of the *Public Sector Management Act 1988* and/or Schedule 3 of the *Public Finance and Audit Act 1983* (the NSW Police Service, the NSW Crime Commission, Ministry for Police and the ICAC were excluded)
- 13 Declared Authorities listed in Schedule 3 of the *Public Sector Management Act 1988*
- the 19 statutory State Owned Corporations listed in Schedule 5 of the *State Owned Corporations Act 1989*
- the 17 Area Health Services listed on Schedule 1 of the *Health Services Act 1997* and the 3 statutory health corporations listed on Schedule 2 of the *Health Services Act 1997*

- the following 10 universities - Charles Sturt University, Macquarie University, Southern Cross University, University of New England, University of New South Wales, University of Newcastle, University of Sydney, University of Technology Sydney, University of Western Sydney and University of Wollongong (each of which is established under a separate piece of NSW legislation)
- the 145 agencies listed in 'Appendix D: Classification of Agencies' in the *2000-2001 Budget Statement*
- the majority of the 125 statutory bodies listed on Schedule 2 of the *Public Finance and Audit Act 1983*. (NB A number of boards are included in this list of statutory bodies.) The NSW Grains Board was not included in the sample, as it had become insolvent before this time.

All agencies identified were approached to participate in the survey. The only exclusions for the purposes of this research were the ICAC, the NSW Police Service, Ministry for Police and the NSW Crime Commission.

Obtaining a list of boards and committees¹⁶ was also complicated. At the time this project commenced the NSW Premier's Department website advised that there were more than 750 boards and committees in NSW with more than 5000 members. This list has been more recently updated to indicate there are more than 1000 boards and committees in NSW (www.premiers.nsw.gov.au/boards/register.htm). These boards and committees are described as playing 'an important strategic role in providing leadership, direction and accountability across every area of NSW Government activity. They encompass boards of government trading enterprises, marketing boards, regulatory boards, professional registration boards, area health service boards, trusts and advisory councils and committees' (www.premiers.nsw.gov.au/boards).

As there is no single definitive list of boards and committees, the sample used for this research included:

- those included on Schedule 2 of the *Public Finance and Audit Act 1983*, as described above

¹⁶ As noted in an earlier report by the NSW Audit Office (1997, p. 4), the terms 'boards' and 'committees' are often used without any clear definition of either. The position does not seem to have changed in the past five years.

- a sample of boards from Premier's Department list of (approximately 200) *NSW Government Boards, Commissions etc from Appointment database 20 June 2001*¹⁷
- a sample of approximately 30 advisory councils and committees (Category D) which were not available from the Premier's Department list or on the NSW Government Directory were identified by contacting the Departments of Land and Water Conservation, Fair Trading and Transport
- a sample of the 48 Rural Land Protection Boards.

Please note that the 113 Local Aboriginal Land Councils were not included as part of this exercise. Local councils were excluded because corruption risks and corruption resistance strategies in local councils had been the subject of previous ICAC research (2001e).

Using this methodology this study attempted to approach a comprehensive list of government agencies and a sample of boards and committees.

The ICAC invited 411 organisations to participate in this project. The effective sample size was reduced to 362 when it was determined that 20 of the organisations that had initially been approached had been disbanded and a further 29 were sub-units of larger organisations.

Information collected in the organisational survey

The surveys included questions to collect information on:

- **functions of organisations** - for example, whether the organisation receives cash payments, performs an inspectorial role and/or regulatory role, allocates government grants, etc.
- **organisational demographics and characteristics** - such as the number of employees, size and source of budget, how long the organisation has been in operation, number of sites from which the

organisation operates, proportion of temporary casual and contract staff

- **perceived corruption risks** - what the organisations themselves consider to be their corruption risks
- **corruption prevention strategies in place** - we asked organisations about their corruption prevention strategies in ten key areas: risk identification and documentation, codes of conduct, gifts and benefits policies and gift registers, information management and technology, recruitment, contracting and procurement strategies, providing information on ethical work practices to staff, audit procedures, protected disclosures and internal investigation capacity
- **knowledge and use of ICAC services** - such as use of the ICAC advice service, how often they access information from the ICAC website, feedback on what organisations wanted the ICAC to do to best assist them build their corruption resistance.

A copy of the organisational survey instrument can be obtained by contacting the ICAC.

Which organisations responded to the survey?

A total of 265 organisations completed questionnaires - giving an overall response rate of 73%. Response rates varied across the different types of organisations (refer to Table 1, p. 3).

Of the 97 organisations that did not respond to the survey, 31 were agencies and 66 were boards or committees. An examination of the names of the agencies that did not respond indicates that there is no apparent bias in the types of agencies that did not respond. The lower response rate of boards and committees reduces the extent to which the results in this report can be generalised to all boards and committees. However, the consistency of some findings across the sample suggests the conclusions should be of interest to boards and committees more generally.

¹⁷ This list contains 201 boards, councils, commissions etc, where Cabinet approval is required for appointment and hence are usually of "state significance". The Premier's Department Government Boards and Committees Guidelines classifies boards and committees into four categories:
 Category A: Corporatised Entity - Directors of these organisations are responsible to the shareholders and are not subject by statute to direction and control by the portfolio Minister.
 Category B: Governing Board - The board should be empowered to govern the management of the enterprise and circumstances in which Ministerial control and direction will be exercised should be specific.
 Category C: Advisory Board - The board provides advice to the Minister on all matters relevant to the management of an authority but the Minister retains unfettered right to control and direct the board and the CEO.
 Category D: Advisory Council, Committee, etc. - These bodies generally have little or no policy determination or operational executive functions and are established primarily to provide advice to a portfolio Minister on policy or operational issues.

This list includes Category A, Category B and Category C Boards and Committees, but not Category D (though the different categories are not distinguished on the list).

Information on the demographic characteristics of the organisations (such as their role, size, geographical location, source of funding and jurisdiction) that responded to the survey is presented in Appendix 2.

STAFF SURVEY

The staff survey was distributed to a sample of 594 public sector employees at the end of October 2001.

Sampling strategies used

A probability sample was drawn using a two-stage process. Firstly, a random selection of 20 organisations was made from all the agencies that were sent an organisational questionnaire (boards and committees were excluded). Hence, all of the agencies had an equal chance of being selected (other than agencies that were excluded such as the Police, the ICAC etc). Secondly, a list of all employees was obtained from each of the 20 randomly selected organisations. From these lists all employees had an equal chance of being selected for the sample.

Information collected in the staff survey

The Staff Survey included questions to collect information on:

- **organisational and individual demographics** – such as the location, size and main area of business of the organisation for which staff worked and the staff member's salary
- **perceived corruption risks** – what staff members consider to be main corruption risks faced by their organisation
- **awareness of corruption prevention strategies in place** – we asked staff about their awareness of corruption prevention strategies in the following areas: codes of conduct, gifts and benefits policies and gift registers, recruitment, contracting and procurement strategies, information provided to staff on ethical work practices and protected disclosures
- **knowledge and use of ICAC services** – such as use of the ICAC advice service, how often they access information from the ICAC website.

A copy of the staff survey instrument can be obtained by contacting the ICAC.

Which staff responded to the survey?

An overall response rate of 60% was achieved.¹⁸ The staff surveys were anonymous to encourage public officials to respond and so that staff responses cannot be compared with those of their respective organisations.

Staff respondents came from a wide variety of agencies representing different areas of business, different size agencies, and both centralised and decentralised agencies. The staff themselves worked at a variety of salary levels. The demographic information for the staff sample is detailed in Appendix 2, Figures A2.14 to A2.19.

¹⁸ For a sample size of 357 a conservative reliability estimate (or confidence interval) is + .0518. That is, if the observed percentage in a survey result is 50% then the actual (population) value has a 95% chance of falling between 45% and 55%. By comparison, if we had a sample of 1000 then the actual (population) value would have a 95% chance of falling between 47% and 53%.

APPENDIX 2: ORGANISATIONAL AND STAFF CHARACTERISTICS

Figure A2.1: Main role of organisation

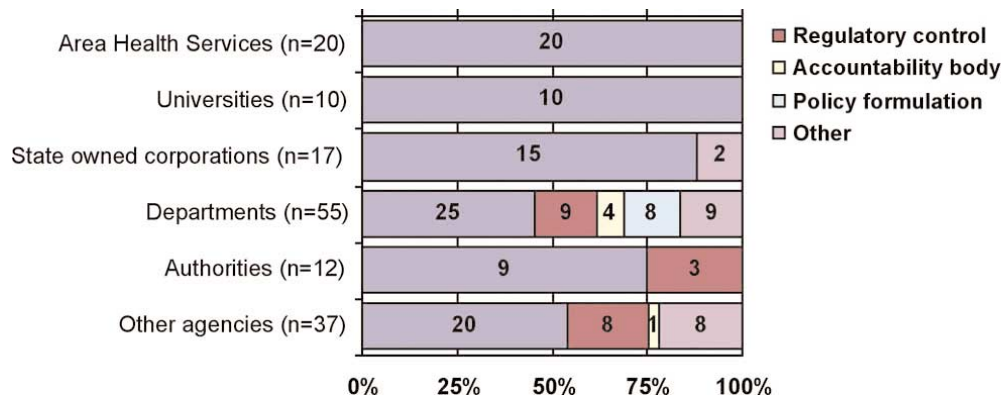
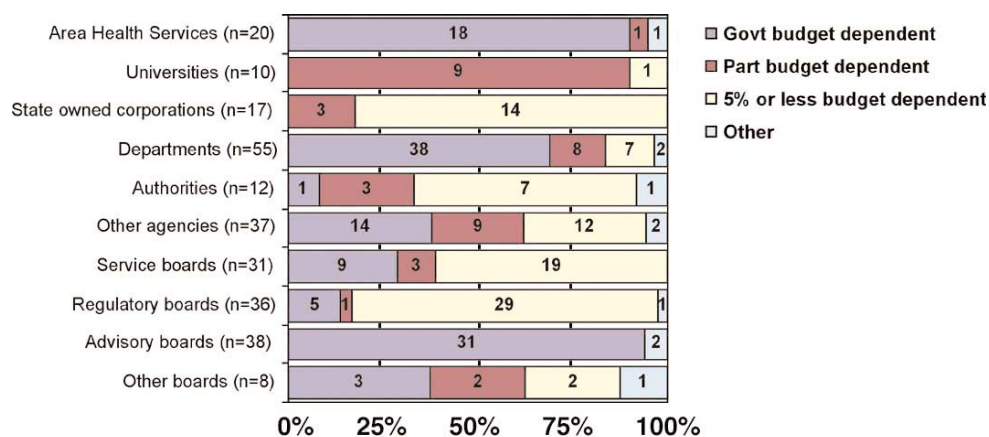
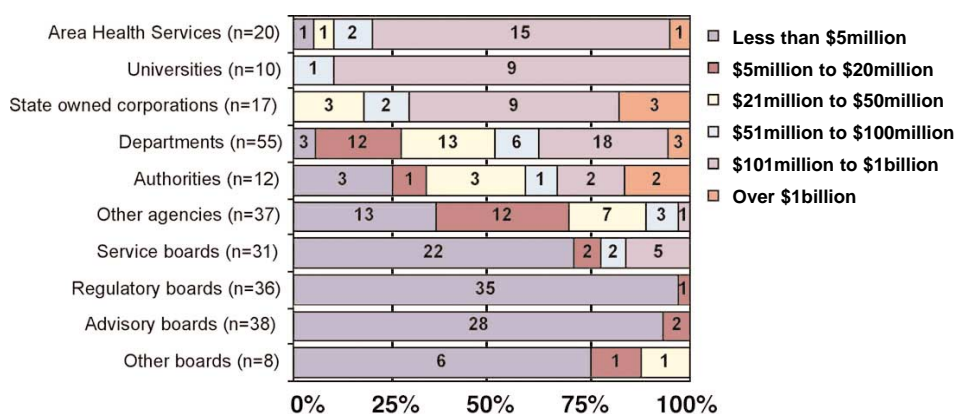


Figure A2.2: Organisational funding



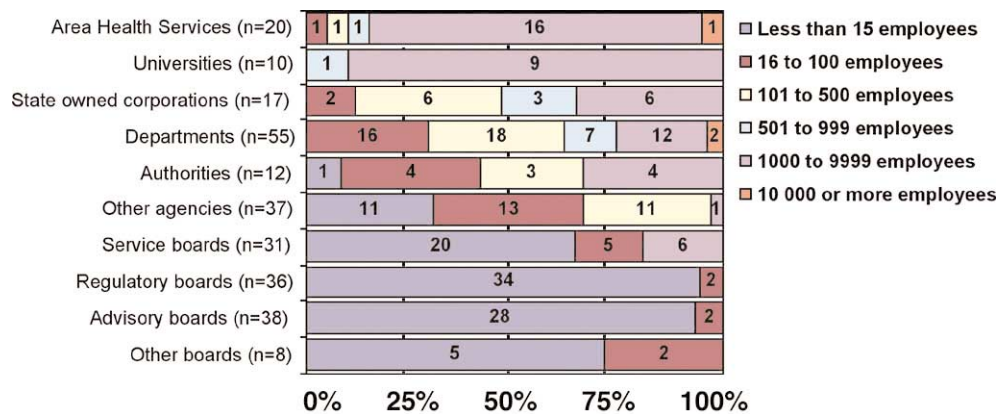
NB 5 Advisory boards did not answer this question.

Figure A2.3: Size of organisation's recurrent budget



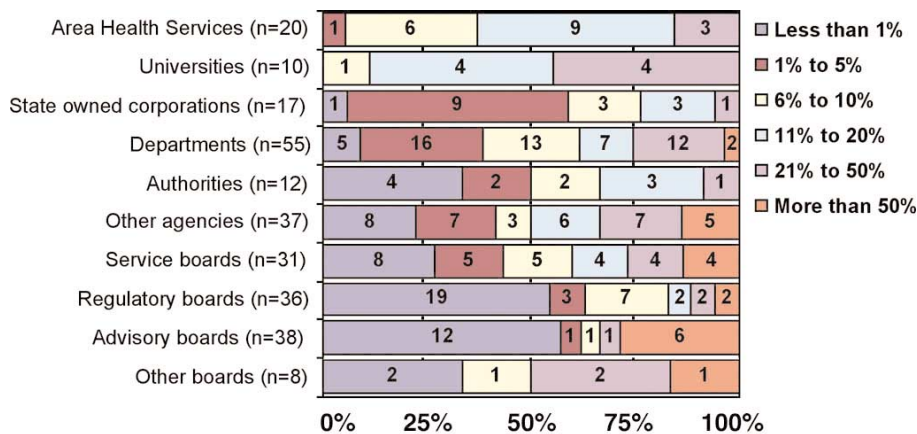
NB 1 Other agency and 8 Advisory boards did not answer this question.

Figure A2.4: Number of staff employed in organisation



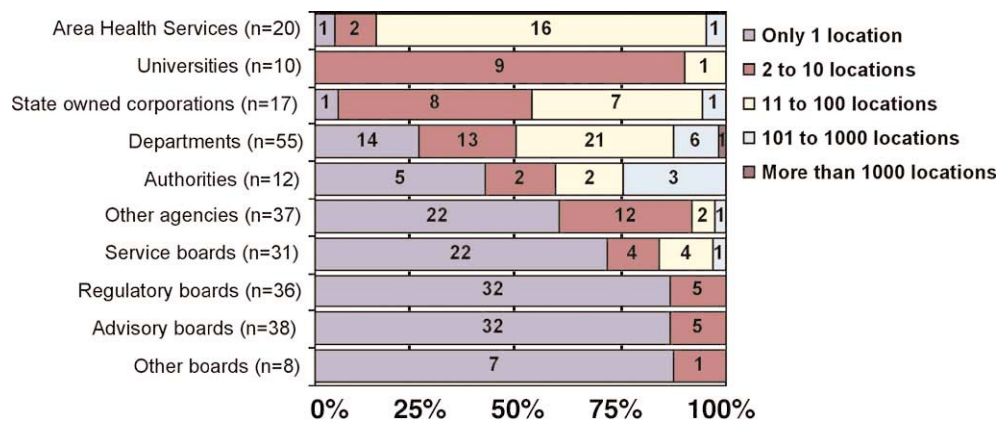
NB 8 Advisory boards and 1 Other board did not answer this question.

Figure A2.5: Proportion of staff that are temporary, casual or contract



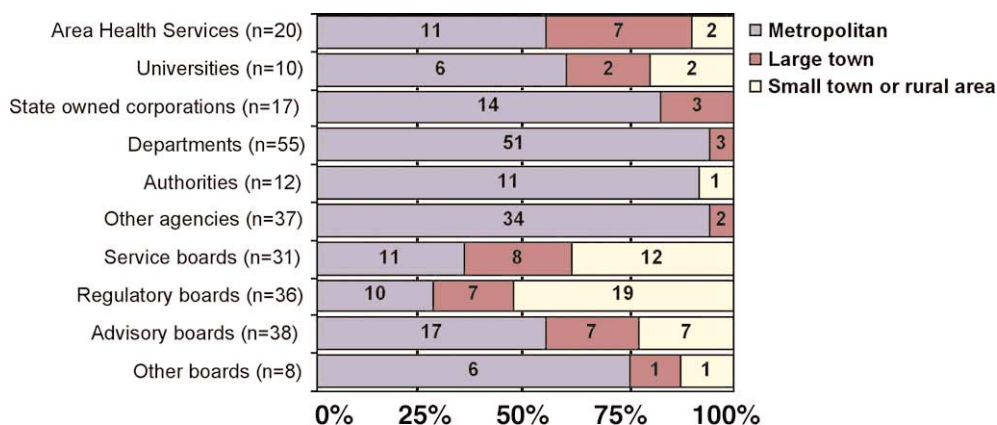
NB A small number of organisations (3 agencies and 21 boards) did not answer this question.

Figure A2.6: Number of locations



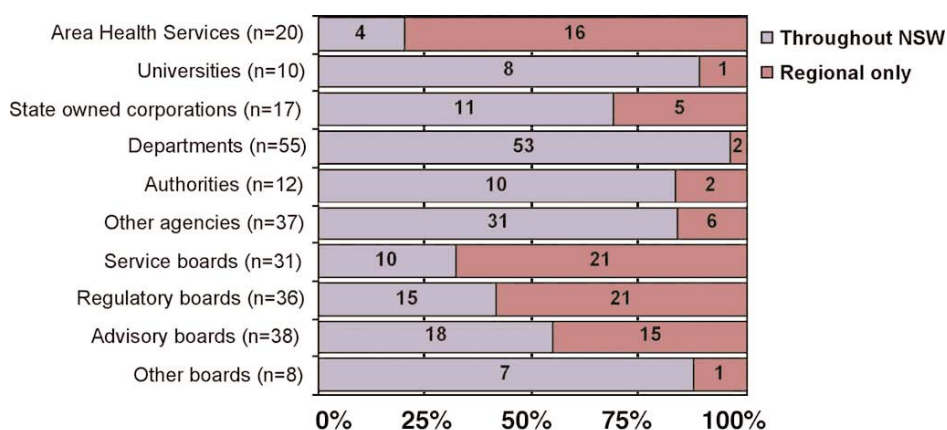
NB 1 Advisory board did not answer this question.

Figure A2.7: Geographical location of organisation or head office



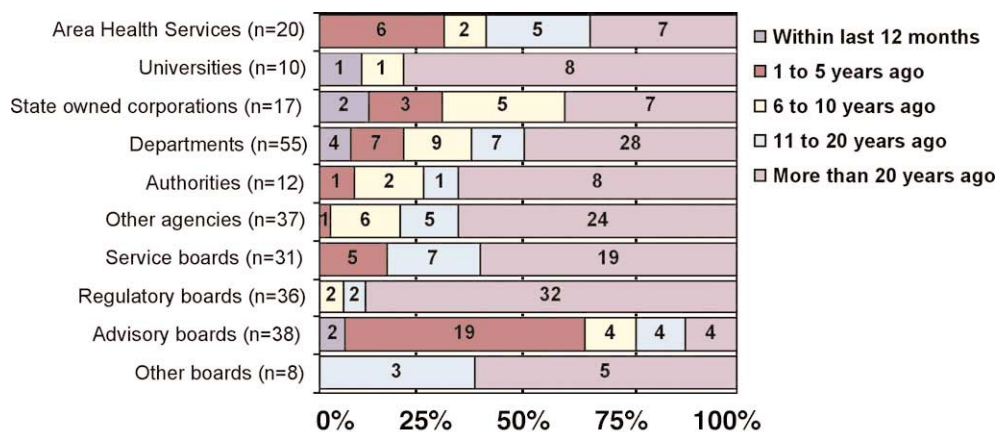
NB 1 Other agency, 1 Department and 7 Advisory boards did not answer this question.

Figure A2.8: Organisational jurisdiction



NB 1 University, 1 State owned corporation and 5 Advisory boards did not answer this question.

Figure A2.9: Years since organisation commenced operation

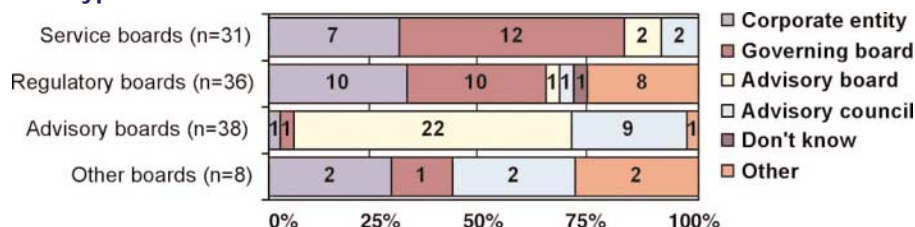


NB 5 Advisory boards did not answer this question.

ADDITIONAL BOARD CHARACTERISTICS

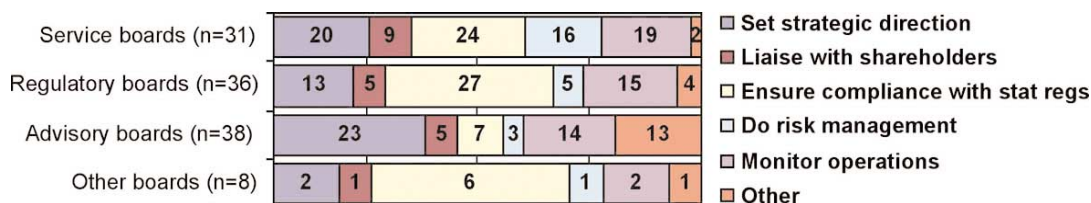
Additional information was collected from the boards and committees that responded to this survey.

Figure A2.10: Type of board or committee



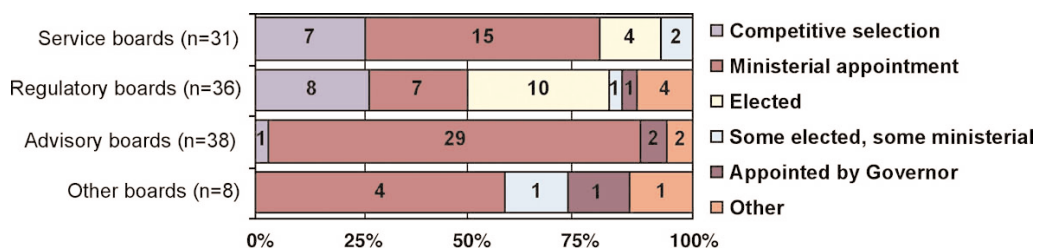
NB 13 boards did not answer this question.

Figure A2.11: Does your board/committee ...?



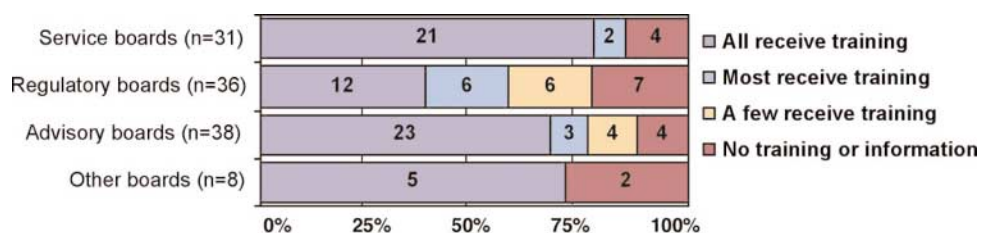
NB 7 boards did not answer this question.

Figure A2.12: How are board/committee members appointed?



NB 13 boards did not answer this question.

Figure A2.13: Do newly appointed board members receive training or information?



NB 14 boards did not answer this question.

STAFF DEMOGRAPHIC INFORMATION

Figure A2.14: Number of staff employed in the organisation

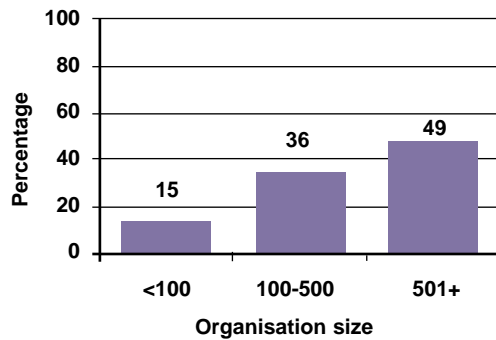


Figure A2.17: Proportion of staff sample in each salary level

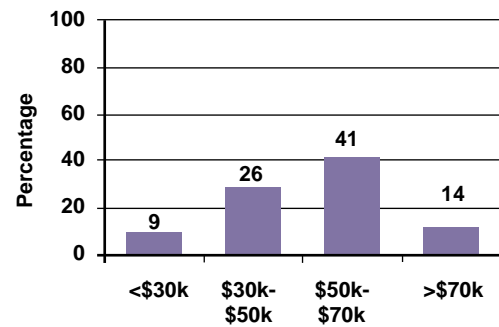


Figure A2.15: Proportion of staff working in each geographical location

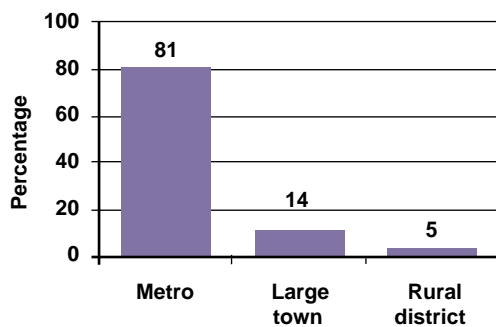


Figure A2.18: Organisation has experienced a major restructure or downsizing

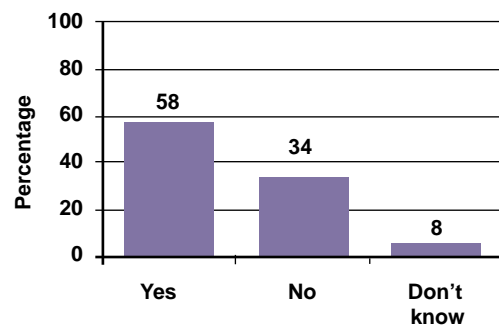


Figure A2.16: Organisations with multiple locations

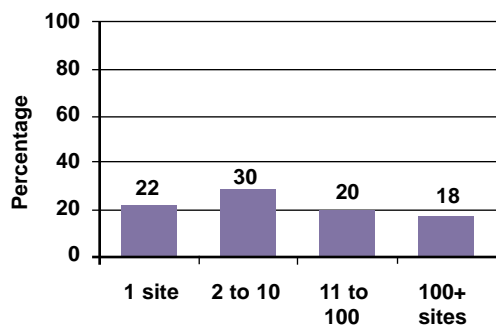
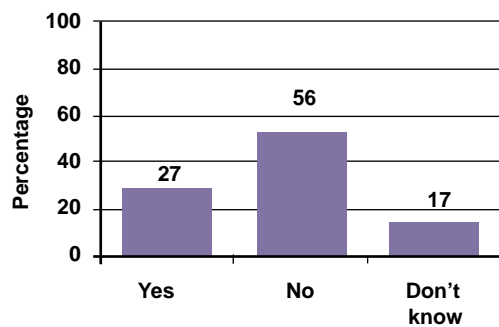


Figure A2.19: Organisation has been corporatised or has privatised functions during past 3 years



APPENDIX 3: ADDITIONAL FINDINGS

Table A3.1: What topics do agencies cover in their codes of conduct?*

	AGENCIES						STAFF** (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
How many agencies have codes of conduct?	20	10	16	54	11	29	318 (89%)
What topics do the codes cover?							
Responsibilities of staff	20	10	14	54	11	29	263 (74%)
Responsibilities of senior/ executive managers	17	5	12	42	9	23	163 (46%)
Responsibilities of board members	11	1	4	9	4	9	46 (13%)
Statement of ethical values or principles	17	8	16	50	11	25	213 (60%)
Gifts and benefits	19	8	15	53	11	26	203 (57%)
Use of information	19	10	16	54	11	29	223 (63%)
Use of resources	19	10	16	53	11	27	209 (59%)
Protected Disclosures	18	7	15	45	11	24	139 (39%)
Pecuniary interests/ Financial conflicts of interest	19	10	15	48	10	27	137 (38%)
Non-pecuniary interests/Non-financial conflicts of interest	16	8	14	43	9	22	94 (26%)
Use of internet	8	3	10	35	5	18	147 (41%)
Secondary employment	18	7	14	47	9	23	156 (44%)
Restrictions on post-secondary employment	10	1	8	33	6	15	27 (8%)
Interaction between staff and managers	11	6	12	33	5	14	96 (27%)
Dealing with ethical dilemmas	11	4	11	36	7	16	141 (40%)
Public duty principles	13	4	11	45	8	21	154 (43%)
Alcohol and other drug use	6	2	14	23	5	16	163 (46%)
Complaint handling for complaints from members of the public	5	2	5	21	6	16	150 (42%)
Sanctions related to breaches of the code of conduct	15	5	12	42	10	18	133 (37%)

* Some topics may not be covered in an organisation's code of conduct if the topic is covered by a separate policy.

** Number and percentages of staff respondents who said their organisation's code of conduct covered these topics.

Table A3.2: What topics do boards and committees cover in their codes of conduct? *

	BOARDS AND COMMITTEES			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
How many boards/committees have codes of conduct?	27	27	19	5
What topics do the codes cover?				
Responsibilities of staff	23	26	6	5
Responsibilities of senior/executive managers	15	19	4	4
Responsibilities of board members	22	24	16	3
Statement of ethical values or principles	22	17	12	4
Gifts and benefits	17	13	6	5
Use of information	21	25	13	5
Use of resources	21	20	8	5
Protected Disclosures	15	11	2	4
Pecuniary interests/Financial conflicts of interest	24	25	14	5
Non-pecuniary interests/Non-financial conflicts of interest	15	11	10	5
Use of internet	8	9	1	2
Secondary employment	13	9	0	4
Restrictions on post-secondary employment	3	3	0	1
Interaction between staff and managers	10	10	1	2
Dealing with ethical dilemmas	8	6	2	2
Public duty principles	15	14	5	3
Alcohol and other drug use	5	7	0	2
Complaint handling for complaints from members of the public	15	19	4	4
Sanctions related to breaches of the code of conduct	10	10	2	2

* Some topics may not be covered in an organisation's code of conduct if the topic is covered by a separate policy.

Table A3.3: What do agencies record in their gift registers?

	AGENCIES						STAFF* (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
How many agencies have a gift register?	5	3	6	26	5	14	67 (19%)
What do agencies record in their gift register?							
The name of the gift recipient	4	3	6	25	5	12	31 (9%)
The name and organisation of the person offering the gift	4	3	5	24	5	12	30 (8%)
The type of gift offered	4	3	6	26	5	13	30 (8%)
Estimated value of the gift	4	3	4	21	5	11	24 (7%)
The decision taken in relation to the gift	4	2	5	23	5	10	27 (8%)
Reasons for decision taken in relation to the gift	3	1	0	14	2	8	19 (5%)
Signature of the recipient's supervisor or senior officer	3	2	1	15	3	9	18 (5%)
Is the gift register publicly available?	2	0	3	10	4	9	13 (4%)

* Number and percentage of staff who said their organisation's gift register covered each of these topics.

Table A3.4: What do boards and committees record in their gift registers?

	BOARDS AND COMMITTEES			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
How many boards/committees have a gift register?	2	4	2	2
What do boards/committees record in their gift register?				
The name of the gift recipient	1	4	2	2
The name and organisation of the person offering the gift	1	3	2	2
The type of gift offered	1	4	2	2
Estimated value of the gift	1	3	2	0
The decision taken in relation to the gift	1	4	2	1
Reasons for decision taken in relation to the gift	1	2	2	2
Signature of the recipient's supervisor or senior officer	1	1	2	1
Is the gift register publicly available?	1	1	2	2

Table A3.5: What level of risk do organisations and staff associate with each workplace activity?

	AGENCIES*						STAFF** (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
Development applications							
Major risk being well handled	1	-	2	5	1	5	(3%)
Major risk requiring attention	-	-	1	-	-	-	(2%)
Minor risk	-	1	1	6	-	1	(5%)
Not a risk	-	-	-	1	-	1	(22%)
Not applicable	19	9	12	43	11	30	(62%)
Purchasing or tendering for goods							
Major risk being well handled	8	2	6	15	4	8	(15%)
Major risk requiring attention	6	4	4	6	1	—	(8%)
Minor risk	5	3	7	26	4	16	(27%)
Not a risk	-	-	-	5	1	5	(38%)
Not applicable	1	-	-	3	1	8	(7%)
Tendering or contracting for services							
Major risk being well handled	7	1	6	15	3	11	(16%)
Major risk requiring attention	8	3	3	6	2	1	(9%)
Minor risk	5	4	7	28	5	14	(30%)
Not a risk	-	1	1	4	1	5	(33%)
Not applicable	-	-	-	1	-	6	(8%)
Disposal or sale of assets							
Major risk being well handled	4	1	2	6	2	4	(14%)
Major risk requiring attention	3	-	2	3	1	-	(5%)
Minor risk	10	8	11	31	5	13	(27%)
Not a risk	2	1	1	14	3	9	(39%)
Not applicable	1	-	1	-	-	11	(12%)
Relationships between staff and clients							
Major risk being well handled	7	1	4	10	5	6	(12%)
Major risk requiring attention	1	2	2	9	1	1	(7%)
Minor risk	10	6	10	26	3	16	(31%)
Not a risk	2	-	1	7	-	10	(39%)
Not applicable	-	-	-	3	2	4	(7%)
How services are allocated to the public							
Major risk being well handled	3	1	1	10	-	-	(7%)
Major risk requiring attention	1	-	1	2	-	-	(4%)
Minor risk	9	2	4	17	3	12	(18%)
Not a risk	7	6	4	14	5	10	(49%)
Not applicable	-	-	7	12	3	15	(15%)

	AGENCIES*						STAFF** (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
Issues to do with waste management or recycling							
Major risk being well handled	3	-	2	2	-	1	(5%)
Major risk requiring attention	1	-	2	-	-	-	(2%)
Minor risk	9	2	7	13	4	4	(16%)
Not a risk	7	4	5	23	3	12	(54%)
Not applicable	-	3	1	16	4	20	(17%)
Issues to do with ticket vending							
Major risk being well handled	-	-	-	-	3	4	(1%)
Major risk requiring attention	-	-	-	2	-	1	(<1%)
Minor risk	3	2	-	5	-	4	(7%)
Not a risk	1	1	1	1	-	5	(28%)
Not applicable	16	6	16	47	9	23	(59%)
Political interference in organisational processes							
Major risk being well handled	3	-	-	8	2	4	(10%)
Major risk requiring attention	4	-	1	2	-	1	(16%)
Minor risk	5	3	3	25	5	3	(30%)
Not a risk	6	4	10	15	3	20	(28%)
Not applicable	2	2	3	5	2	9	(10%)
How licences, certificates or qualifications are issued							
Major risk being well handled	-	3	-	6	2	3	(6%)
Major risk requiring attention	-	1	-	6	1	1	(5%)
Minor risk	5	5	3	14	2	5	(12%)
Not a risk	2	-	4	5	1	2	(35%)
Not applicable	13	-	10	24	6	26	(38%)
Use of discretionary power							
Major risk being well handled	-	-	-	4	4	3	(4%)
Major risk requiring attention	-	-	-	5	-	1	(3%)
Minor risk	6	4	1	22	2	4	(12%)
Not a risk	1	3	3	9	1	3	(20%)
Not applicable	13	2	13	15	4	26	(56%)
Sponsorship arrangements							
Major risk being well handled	2	-	1	5	1	4	(5%)
Major risk requiring attention	2	-	-	-	-	-	(2%)
Minor risk	12	6	9	16	2	12	(14%)
Not a risk	1	3	6	6	4	5	(27%)
Not applicable	3	-	1	27	4	16	(47%)
Grant administration							
Major risk being well handled	2	-	-	10	-	2	(10%)
Major risk requiring attention	-	1	-	4	1	-	(2%)
Minor risk	10	8	1	12	2	4	(15%)
Not a risk	5	1	-	9	2	7	(29%)
Not applicable	3	-	16	18	6	24	(38%)

	AGENCIES*						STAFF** (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
Revenue assessment & collection of money							
Major risk being well handled	7	3	6	8	5	11	- [†]
Major risk requiring attention	5	1	-	5	-	-	-
Minor risk	6	6	4	22	2	8	-
Not a risk	2	-	1	7	3	4	-
Not applicable	-	-	6	12	1	14	-
How confidential information is used							
Major risk being well handled	8	2	5	19	3	7	(14%)
Major risk requiring attention	4	3	1	7	-	3	(10%)
Minor risk	6	5	8	20	5	15	(28%)
Not a risk	2	-	3	4	2	10	(39%)
Not applicable	-	-	-	4	1	2	(4%)
Use of the internet/email/e-commerce at work							
Major risk being well handled	5	-	2	10	1	2	(12%)
Major risk requiring attention	8	3	1	8	2	3	(10%)
Minor risk	5	7	10	30	6	17	(42%)
Not a risk	2	-	4	7	1	12	(29%)
Not applicable	-	-	-	-	1	3	(3%)
Use of agency resources, materials and equipment							
Major risk being well handled	3	-	2	9	1	2	(8%)
Major risk requiring attention	6	7	1	7	1	2	(10%)
Minor risk	11	3	10	33	7	21	(45%)
Not a risk	-	-	4	6	1	8	(29%)
Not applicable	-	-	-	-	1	4	(3%)
Use of organisation's vehicles							
Major risk being well handled	5	1	2	5	2	2	(12%)
Major risk requiring attention	5	1	2	9	-	2	(8%)
Minor risk	10	8	11	31	7	16	(42%)
Not a risk	-	-	2	8	1	11	(28%)
Not applicable	-	-	-	2	1	6	(6%)
Staff with second jobs							
Major risk being well handled	1	1	-	5	-	1	(5%)
Major risk requiring attention	5	2	1	2	1	2	(7%)
Minor risk	13	6	12	36	7	18	(39%)
Not a risk	1	1	3	12	2	8	(35%)
Not applicable	-	-	1	-	1	8	(9%)

	AGENCIES*						STAFF** (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
Post-separation employment							
Major risk being well handled	2	-	1	3	-	1	(3%)
Major risk requiring attention	1	-	-	3	-	1	(3%)
Minor risk	6	5	10	26	5	8	(20%)
Not a risk	8	5	4	19	5	19	(44%)
Not applicable	3	-	2	3	1	8	(20%)
Responding to reports of corruption							
Major risk being well handled	6	3	6	17	3	5	(13%)
Major risk requiring attention	2	-	-	1	-	4	(9%)
Minor risk	5	4	4	23	2	7	(26%)
Not a risk	6	2	6	14	5	16	(40%)
Not applicable	-	1	1	-	1	4	(6%)
Cash handling							
Major risk being well handled	8	4	3	11	5	10	(13%)
Major risk requiring attention	5	2	-	3	1	-	(3%)
Minor risk	6	4	11	29	4	14	(28%)
Not a risk	1	-	1	12	-	4	(37%)
Not applicable	-	-	2	-	1	9	(14%)
Use of organisation's funds							
Major risk being well handled	10	3	4	14	4	14	(13%)
Major risk requiring attention	3	-	-	5	-	-	(4%)
Minor risk	5	5	11	24	3	10	(27%)
Not a risk	2	1	2	11	3	8	(40%)
Not applicable	-	-	-	-	1	5	(9%)
Use of travel claims and travel allowance							
Major risk being well handled	6	3	2	12	2	7	(13%)
Major risk requiring attention	3	2	-	4	1	-	(9%)
Minor risk	9	5	13	31	7	18	(43%)
Not a risk	2	-	2	8	2	8	(25%)
Not applicable	-	-	-	-	-	4	(5%)
Record keeping							
Major risk being well handled	4	-	4	6	2	4	(9%)
Major risk requiring attention	5	2	1	9	1	4	(9%)
Minor risk	7	6	9	28	5	12	(35%)
Not a risk	4	2	3	12	4	16	(40%)
Not applicable	-	-	-	-	-	1	(3%)
How staff are recruited							
Major risk being well handled	6	-	3	8	1	6	(8%)
Major risk requiring attention	1	-	-	3	-	-	(13%)
Minor risk	12	8	7	27	4	11	(35%)
Not a risk	1	2	7	17	7	16	(37%)
Not applicable	-	-	-	-	-	4	(3%)

	AGENCIES*						STAFF** (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
How staff receive promotions							
Major risk being well handled	6	-	3	7	1	6	(10%)
Major risk requiring attention	1	-	1	2	-	1	(17%)
Minor risk	10	8	6	31	5	10	(36%)
Not a risk	2	2	7	15	5	15	(31%)
Not applicable	1	-	-	-	-	5	(3%)
How work is allocated							
Major risk being well handled	2	-	-	2	1	2	(4%)
Major risk requiring attention	-	-	1	2	-	-	(11%)
Minor risk	9	5	6	29	5	6	(30%)
Not a risk	9	5	10	21	5	26	(47%)
Not applicable	-	-	-	1	-	3	(3%)
How staff are managed							
Major risk being well handled	1	-	2	2	1	4	(4%)
Major risk requiring attention	1	-	-	4	1	-	(15%)
Minor risk	11	5	7	31	3	6	(33%)
Not a risk	7	4	8	18	6	24	(42%)
Not applicable	-	1	-	-	-	3	(3%)
How staff treat each other							
Major risk being well handled	-	-	1	2	-	2	(4%)
Major risk requiring attention	2	-	-	2	-	1	(9%)
Minor risk	11	4	6	29	4	5	(32%)
Not a risk	7	5	9	22	8	26	(47%)
Not applicable	-	1	1	-	-	3	(5%)
How staff are dismissed or made redundant							
Major risk being well handled	5	-	4	3	2	5	(6%)
Major risk requiring attention	-	-	1	2	-	-	(9%)
Minor risk	7	6	6	28	3	4	(26%)
Not a risk	7	4	5	20	6	22	(47%)
Not applicable	-	-	1	2	-	6	(8%)
How staff are accountable for time worked							
Major risk being well handled	6	-	1	6	1	4	(8%)
Major risk requiring attention	4	5	3	3	1	3	(17%)
Minor risk	9	4	8	38	6	18	(40%)
Not a risk	1	1	4	8	3	9	(27%)
Not applicable	-	-	-	-	-	3	(3%)
How staff take leave							
Major risk being well handled	5	-	1	4	1	4	(6%)
Major risk requiring attention	-	2	-	4	-	1	(7%)
Minor risk	11	6	5	33	4	9	(30%)
Not a risk	4	2	11	14	6	20	(48%)
Not applicable	-	-	-	-	-	3	(5%)

	AGENCIES*						STAFF** (n=357)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
How board members are appointed							
Major risk being well handled	1	-	1	4	2	3	- [†]
Major risk requiring attention	1	-	-	2	-	-	-
Minor risk	5	3	2	10	3	6	-
Not a risk	9	6	8	10	3	16	-
Not applicable	4	1	6	28	3	12	-
How the board makes decisions							
Major risk being well handled	5	-	4	6	2	7	- [†]
Major risk requiring attention	1	-	-	2	1	-	-
Minor risk	7	3	3	10	3	7	-
Not a risk	7	6	8	8	2	18	-
Not applicable	-	1	2	28	3	5	-
Board accountability							
Major risk being well handled	5	-	4	6	2	7	- [†]
Major risk requiring attention	-	-	-	2	-	1	-
Minor risk	7	3	2	8	3	8	-
Not a risk	8	6	9	9	3	16	-
Not applicable	-	1	2	29	3	5	-
Corporate governance issues							
Major risk being well handled	5	-	5	11	4	10	- [†]
Major risk requiring attention	2	1	-	2	-	2	-
Minor risk	7	5	3	21	2	7	-
Not a risk	6	4	8	11	5	13	-
Not applicable	-	-	1	10	-	5	-
Concurrent employment/ interests of board members							
Major risk being well handled	5	-	5	3	3	8	- [†]
Major risk requiring attention	1	-	-	1	-	-	-
Minor risk	10	7	6	13	2	8	-
Not a risk	4	3	6	7	4	14	-
Not applicable	-	-	-	30	2	7	-
Relationship between board members and stakeholders							
Major risk being well handled	4	-	4	3	3	9	- [†]
Major risk requiring attention	1	-	-	2	-	-	-
Minor risk	9	5	3	12	2	9	-
Not a risk	6	4	8	8	4	12	-
Not applicable	-	1	2	29	2	7	-
Relationship between board members and staff							
Major risk being well handled	3	-	4	3	1	3	- [†]
Major risk requiring attention	-	-	-	2	-	-	-
Minor risk	9	6	2	13	2	11	-
Not a risk	8	4	10	8	6	15	-
Not applicable	-	-	1	28	2	8	-

* Not all organisations answered all of the questions. Some subtotals appear less than expected as missing data is not reported in this table.

** Percentage of staff and how they rated the level of risk for each workplace activity.

† Staff were not asked these questions.

Table A3.6: What level of risk do boards associate with each workplace activity?

	BOARDS AND COMMITTEES*			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
Development applications				
Major risk being well handled	2	1	1	-
Major risk requiring attention	-	-	-	-
Minor risk	2	-	5	-
Not a risk	1	1	2	-
Not applicable	26	34	29	8
Purchasing or tendering for goods				
Major risk being well handled	6	2	-	-
Major risk requiring attention	1	1	-	-
Minor risk	10	14	2	2
Not a risk	10	8	-	-
Not applicable	4	10	35	6
Tendering or contracting for services				
Major risk being well handled	7	4	2	-
Major risk requiring attention	-	2	-	-
Minor risk	8	10	4	3
Not a risk	8	8	1	-
Not applicable	8	12	30	5
Disposal or sale of assets				
Major risk being well handled	3	2	-	-
Major risk requiring attention	-	1	-	-
Minor risk	11	12	2	2
Not a risk	8	9	1	1
Not applicable	9	12	34	4
Relationships between staff and clients				
Major risk being well handled	4	2	-	-
Major risk requiring attention	2	1	-	-
Minor risk	11	18	9	5
Not a risk	11	9	5	2
Not applicable	3	6	23	1
How services are allocated to the public				
Major risk being well handled	2	1	1	-
Major risk requiring attention	-	2	-	-
Minor risk	5	9	8	-
Not a risk	10	9	4	2
Not applicable	14	15	24	6
Issues to do with waste management or recycling				
Major risk being well handled	2	-	1	-
Major risk requiring attention	1	1	-	-
Minor risk	4	1	1	-
Not a risk	4	2	2	2
Not applicable	20	32	33	6

	BOARDS AND COMMITTEES*			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
Issues to do with ticket vending				
Major risk being well handled	-	-	-	-
Major risk requiring attention	-	-	-	-
Minor risk	-	-	1	-
Not a risk	1	-	-	-
Not applicable	29	36	36	8
Political interference in organisational processes				
Major risk being well handled	2	-	1	-
Major risk requiring attention	1	-	1	-
Minor risk	8	10	13	4
Not a risk	4	10	3	3
Not applicable	15	16	18	1
How licences, certificates or qualifications are issued				
Major risk being well handled	-	2	-	-
Major risk requiring attention	1	-	-	-
Minor risk	5	10	2	2
Not a risk	6	8	1	-
Not applicable	19	16	34	6
Use of discretionary power				
Major risk being well handled	1	3	-	-
Major risk requiring attention	1	-	-	-
Minor risk	7	12	-	1
Not a risk	5	8	-	1
Not applicable	16	13	37	6
Sponsorship arrangements				
Major risk being well handled	1	1	1	-
Major risk requiring attention	1	-	-	-
Minor risk	5	1	2	2
Not a risk	5	4	1	-
Not applicable	19	30	33	6
Grant administration				
Major risk being well handled	2	2	4	1
Major risk requiring attention	-	-	1	-
Minor risk	8	2	9	1
Not a risk	6	12	4	1
Not applicable	15	21	18	5
Revenue assessment & collection of money				
Major risk being well handled	6	6	-	-
Major risk requiring attention	-	1	-	-
Minor risk	10	13	-	3
Not a risk	7	11	-	1
Not applicable	8	6	36	4

	BOARDS AND COMMITTEES*			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
How confidential information is used				
Major risk being well handled	9	8	1	1
Major risk requiring attention	2	1	1	-
Minor risk	10	16	14	4
Not a risk	9	10	8	2
Not applicable	1	2	13	1
Use of the internet/email/e-commerce at work				
Major risk being well handled	5	2	1	-
Major risk requiring attention	3	3	-	-
Minor risk	11	14	9	3
Not a risk	7	14	9	2
Not applicable	4	4	17	3
Use of agency resources, materials and equipment				
Major risk being well handled	5	1	2	-
Major risk requiring attention	3	4	-	-
Minor risk	12	17	11	2
Not a risk	9	11	10	4
Not applicable	1	4	13	2
Use of organisation's vehicles				
Major risk being well handled	4	5	1	1
Major risk requiring attention	4	2	-	-
Minor risk	11	14	4	1
Not a risk	9	10	6	3
Not applicable	3	6	24	3
Staff with second jobs				
Major risk being well handled	1	1	1	-
Major risk requiring attention	2	1	-	-
Minor risk	14	12	2	1
Not a risk	6	10	7	4
Not applicable	8	13	26	3
Post-separation employment				
Major risk being well handled	1	-	-	-
Major risk requiring attention	1	2	-	-
Minor risk	5	3	-	1
Not a risk	10	10	8	3
Not applicable	13	22	28	4
Responding to reports of corruption				
Major risk being well handled	5	1	1	-
Major risk requiring attention	-	2	-	-
Minor risk	7	10	6	3
Not a risk	8	12	6	4
Not applicable	10	11	22	1

	BOARDS AND COMMITTEES*			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
Cash handling				
Major risk being well handled	7	7	-	-
Major risk requiring attention	-	1	-	-
Minor risk	15	18	3	3
Not a risk	4	6	1	3
Not applicable	5	5	32	2
Use of organisation's funds				
Major risk being well handled	9	7	1	1
Major risk requiring attention	1	1	-	-
Minor risk	8	11	7	3
Not a risk	6	13	4	3
Not applicable	6	5	24	1
Use of travel claims and travel allowance				
Major risk being well handled	4	3	3	-
Major risk requiring attention	2	1	-	-
Minor risk	12	19	20	3
Not a risk	9	12	3	2
Not applicable	4	2	10	3
Record keeping				
Major risk being well handled	5	3	1	-
Major risk requiring attention	1	2	-	-
Minor risk	10	13	8	2
Not a risk	12	18	9	4
Not applicable	3	1	18	2
How staff are recruited				
Major risk being well handled	6	5	1	1
Major risk requiring attention	-	-	-	-
Minor risk	3	12	4	1
Not a risk	16	15	8	3
Not applicable	6	4	23	3
How staff receive promotions				
Major risk being well handled	5	1	1	1
Major risk requiring attention	-	1	-	-
Minor risk	1	5	1	1
Not a risk	17	26	7	3
Not applicable	8	4	27	3
How work is allocated				
Major risk being well handled	3	1	1	-
Major risk requiring attention	-	1	-	-
Minor risk	3	6	1	1
Not a risk	20	23	8	4
Not applicable	5	6	26	3

	BOARDS AND COMMITTEES*			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
How staff are managed				
Major risk being well handled	2	1	1	-
Major risk requiring attention	1	3	-	-
Minor risk	5	8	2	1
Not a risk	19	22	7	4
Not applicable	4	3	26	3
How staff treat each other				
Major risk being well handled	-	1	1	-
Major risk requiring attention	2	1	-	-
Minor risk	10	11	2	1
Not a risk	16	20	9	4
Not applicable	3	4	24	3
How staff are dismissed or made redundant				
Major risk being well handled	3	2	1	1
Major risk requiring attention	1	2	-	-
Minor risk	6	7	2	-
Not a risk	15	19	6	3
Not applicable	5	7	27	4
How staff are accountable for time worked				
Major risk being well handled	3	3	1	-
Major risk requiring attention	4	4	-	-
Minor risk	11	13	2	3
Not a risk	10	14	7	2
Not applicable	3	3	26	3
How staff take leave				
Major risk being well handled	3	2	1	-
Major risk requiring attention	2	1	-	-
Minor risk	7	13	2	-
Not a risk	14	17	6	5
Not applicable	4	4	27	3
How board members are appointed				
Major risk being well handled	3	2	2	-
Major risk requiring attention	-	1	-	-
Minor risk	2	7	13	1
Not a risk	18	21	10	5
Not applicable	8	6	11	2
How the board makes decisions				
Major risk being well handled	6	6	4	1
Major risk requiring attention	1	1	1	-
Minor risk	6	13	13	2
Not a risk	15	14	9	5
Not applicable	3	3	9	-

	BOARDS AND COMMITTEES*			
	Service boards (n=31)	Regulatory boards (n=37)	Advisory boards (n=38)	Other boards (n=10)
Board accountability				
Major risk being well handled	7	6	4	1
Major risk requiring attention	1	1	-	-
Minor risk	3	9	12	1
Not a risk	17	18	14	5
Not applicable	3	3	7	1
Corporate governance issues				
Major risk being well handled	6	2	4	2
Major risk requiring attention	1	-	-	-
Minor risk	3	10	8	1
Not a risk	10	10	7	4
Not applicable	11	15	17	1
Concurrent employment/interests of board members				
Major risk being well handled	4	4	3	2
Major risk requiring attention	1	-	1	-
Minor risk	9	13	14	1
Not a risk	7	11	7	4
Not applicable	10	9	10	1
Relationship between board members and stakeholders				
Major risk being well handled	4	4	3	1
Major risk requiring attention	-	1	-	-
Minor risk	9	13	17	1
Not a risk	12	13	10	6
Not applicable	6	5	7	-
Relationship between board members and staff				
Major risk being well handled	5	2	2	1
Major risk requiring attention	1	2	-	-
Minor risk	9	14	14	2
Not a risk	13	16	9	5
Not applicable	3	3	12	-

* Not all organisations answered all of the questions. Some subtotals appear less than expected as missing data is not reported in this table.

Table A3.7: What level of risk do organisations associate with each type of potential misconduct?

	AGENCIES						BOARDS (n=114)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
Forgery or fraud							
Major risk	5	2	4	12	4	4	7
Minor risk	13	8	12	33	6	20	31
Not a risk	2	-		8	1	12	66
Don't know	-	-	1	1	-	1	7
Intentional failure to document significant information							
Major risk	4	-	2	11	2	5	11
Minor risk	12	9	10	35	8	20	41
Not a risk	3	1	4	8	1	11	52
Don't know	1	-	1	-	-	1	7
Failure to separate authorisation and approval processes							
Major risk	5	1	4	8	1	3	8
Minor risk	9	8	6	30	7	19	25
Not a risk	6	1	7	15	3	14	68
Don't know	-	-	-	1	-	-	11
Improper use of information							
Major risk	5	2	4	14	2	7	13
Minor risk	8	7	10	30	5	17	34
Not a risk	7	1	3	10	4	12	28
Don't know	-	-	-	-	-	1	8
Perverting the course of justice/ tampering with evidence							
Major risk	-	-	-	6	1	1	4
Minor risk	10	5	6	21	5	12	14
Not a risk	9	5	10	26	4	22	79
Don't know	1	-	1	1	1	2	15
Failure to advertise appropriately							
Major risk	6	-	1	7	3	-	10
Minor risk	9	6	8	25	4	16	19
Not a risk	5	3	7	22	4	20	73
Don't know	-	1	1	-	-	1	10
Failure to disclose or abuse of a conflict of interest							
Major risk	8	-	2	9	3	4	16
Minor risk	9	9	12	33	6	22	40
Not a risk	3	1	2	12	2	10	49
Don't know	-	-	1	-	-	1	7

	AGENCIES						BOARDS (n=114)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
Favouritism/nepotism							
Major risk	2	1	-	5	2	2	10
Minor risk	16	6	10	35	6	20	30
Not a risk	1	3	6	13	2	13	60
Don't know	1	-	1	1	1	2	12
Bribery/gifts/secret commissions							
Major risk	7	-	2	9	4	3	11
Minor risk	10	7	12	35	6	22	25
Not a risk	2	2	2	9	1	8	63
Don't know	1	1	1	1	-	4	13
Collusion							
Major risk	5	1	3	10	4	4	10
Minor risk	11	4	8	33	4	17	26
Not a risk	2	3	4	10	3	12	64
Don't know	2	2	2	1	-	4	11
Misuse of public resources by a public official							
Major risk	9	2	2	12	3	3	11
Minor risk	11	7	9	39	6	21	35
Not a risk	-	1	6	3	1	11	59
Don't know	-	-	-	-	1	2	7
Theft of public resource by a public official							
Major risk	7	-	2	12	3	1	9
Minor risk	12	9	12	34	6	25	35
Not a risk	1	1	2	8	1	9	61
Don't know	-	-	1	-	1	2	6
Failure to take action if corruption is reported							
Major risk	6	-	-	6	3	4	10
Minor risk	8	3	8	27	5	14	24
Not a risk	6	7	7	19	3	19	63
Don't know	-	-	1	2	-	-	15
Negligence of public duty							
Major risk	6	-	1	5	2	3	11
Minor risk	11	7	9	34	7	15	28
Not a risk	3	3	6	13	1	18	60
Don't know	-	-	1	-	1	-	12

	AGENCIES						BOARDS (n=114)
	Area Health Services (n=20)	Universities (n=10)	State Owned Corps (n=17)	Departments (n=55)	Authorities (n=12)	Other Agencies (n=37)	
Harassment/victimisation/ discrimination							
Major risk	8	1	2	7	1	2	10
Minor risk	8	9	11	35	8	23	34
Not a risk	4	-	3	12	2	12	57
Don't know	-	-	1	-	-	-	11
Sexual assault/sexual misconduct/sexual harassment							
Major risk	7	-	1	6	1	1	6
Minor risk	10	10	10	35	8	20	28
Not a risk	3	-	5	13	2	15	68
Don't know	-	-	1	-	-	1	10
Assault (non-sexual)							
Major risk	6	-	-	2	1	2	8
Minor risk	11	5	9	30	7	17	23
Not a risk	3	3	7	22	3	17	71
Don't know	-	2	1	-	-	1	9
Threats/extortion/blackmail/ undue influence							
Major risk	3	-	-	4	2	2	8
Minor risk	12	4	11	29	5	16	21
Not a risk	5	3	6	18	3	16	71
Don't know	-	3	-	3	1	3	11
Perjury							
Major risk	-	-	-	6	1	1	5
Minor risk	9	4	7	18	5	12	17
Not a risk	11	4	10	28	4	20	76
Don't know	-	2	-	2	1	4	14
Drug trafficking or use at work							
Major risk	5	-	1	4	1	2	5
Minor risk	12	4	7	23	5	14	10
Not a risk	3	4	8	20	4	17	84
Don't know	-	2	1	7	1	4	13
Alcohol use at work							
Major risk	3	-	1	1	2	2	4
Minor risk	12	4	10	38	6	16	21
Not a risk	5	4	6	12	3	17	78
Don't know	-	2	-	3	-	2	9
Gambling while at work							
Major risk	3	-	-	2	-	4	5
Minor risk	10	4	11	32	4	11	14
Not a risk	7	4	5	17	5	18	81
Don't know	-	2	1	3	2	4	12

Table A3.8: How frequently do staff believe that each type of potential misconduct occurs?

	STAFF (n=357)		STAFF (n=357)
Forgery or fraud		Favouritism/nepotism	
Occurs frequently	1%	Major risk	20%
Occurs but not very often	22%	Minor risk	41%
Does not occur	24%	Not a risk	15%
Don't know	50%	Don't know	22%
Intentional failure to document significant information		Bribery/gifts/secret commissions	
Occurs frequently	6%	Occurs frequently	1%
Occurs but not very often	24%	Occurs but not very often	15%
Does not occur	24%	Does not occur	31%
Don't know	45%	Don't know	52%
Failure to separate authorisation and approval processes		Collusion	
Occurs frequently	- [†]	Occurs frequently	1%
Occurs but not very often	-	Occurs but not very often	10%
Does not occur	-	Does not occur	33%
Don't know	-	Don't know	56%
Improper use of information		Misuse of public resources by a public official	
Occurs frequently	2%	Occurs frequently	6%
Occurs but not very often	17%	Occurs but not very often	28%
Does not occur	31%	Does not occur	22%
Don't know	47%	Don't know	42%
Perverting the course of justice/ tampering with evidence		Theft of public resource by a public official	
Occurs frequently	1%	Occurs frequently	4%
Occurs but not very often	8%	Occurs but not very often	24%
Does not occur	43%	Does not occur	25%
Don't know	47%	Don't know	46%
Failure to advertise appropriately		Failure to take action if corruption is reported	
Occurs frequently	6%	Occurs frequently	3%
Occurs but not very often	26%	Occurs but not very often	16%
Does not occur	38%	Does not occur	35%
Don't know	28%	Don't know	45%
Failure to disclose or abuse of a conflict of interest		Negligence of public duty	
Occurs frequently	5%	Occurs frequently	3%
Occurs but not very often	24%	Occurs but not very often	21%
Does not occur	26%	Does not occur	36%
Don't know	44%	Don't know	39%
		Harassment/victimisation/discrimination	
		Occurs frequently	6%
		Occurs but not very often	52%
		Does not occur	19%
		Don't know	21%

	STAFF (n=357)
Sexual assault/sexual misconduct/ sexual harassment	
Occurs frequently	2%
Occurs but not very often	29%
Does not occur	30%
Don't know	38%
Assault (non-sexual)	
Occurs frequently	4%
Occurs but not very often	19%
Does not occur	36%
Don't know	39%
Threats/extortion/blackmail/ undue influence	
Occurs frequently	4%
Occurs but not very often	13%
Does not occur	40%
Don't know	41%
Perjury	
Occurs frequently	1%
Occurs but not very often	5%
Does not occur	38%
Don't know	54%
Drug trafficking or use at work	
Occurs frequently	1%
Occurs but not very often	11%
Does not occur	36%
Don't know	49%
Alcohol use at work	
Occurs frequently	5%
Occurs but not very often	34%
Does not occur	27%
Don't know	32%
Gambling while at work	
Occurs frequently	2%
Occurs but not very often	20%
Does not occur	29%
Don't know	47%

† Staff were not asked all the same questions as agencies.

APPENDIX 4: BASIS FOR CLASSIFYING FUNCTIONS AS 'HIGH-RISK'

A. Functions selected because of the discretion exercised by the position-holder and the potential importance of the outcome to the member of the public

Function	Basis for classification as 'high-risk'
Inspects, regulates or monitors standards of premises, businesses, equipment or products	<p>The ICAC has inquired into the conduct of government regulatory and inspectorial functions on a number of occasions. Following the release of its investigation into the conduct of a senior inspector with the Department of Gaming and Racing (ICAC 1998b), the ICAC released a set of strategies for preventing corruption in government regulatory functions. In those guidelines, the ICAC observed:</p> <p>‘While regulators are no more likely to act corruptly than any other kind of public official, the nature of their work exposes them to situations in which they can face special risks of corruption. Regulators are authorised to make decisions that often affect matters of significant value and importance to members of the public. In such circumstances, a regulator has opportunities for exploiting his or her position for personal gain, that is, to act corruptly. A member of the public whose activities are regulated, may seek to escape compliance with standards or responsibilities that have been imposed in the public interest. They may try to corruptly influence a regulator to obtain a favourable result or other advantage. Thus the risks of corruption can be higher for a regulator than for other kinds of public officials.’ (1999b, p. 4).</p> <p>In a recent set of guidelines for managing corruption risks in the waste sector, the ICAC has observed that regulatory functions are a special and significant risk area because:</p> <ul style="list-style-type: none"> • regulatory decisions can affect matters of significant value and importance • there can be a strong incentive for the sector being regulated to seek to corruptly influence the regulator • regulators often act under little or no supervision • regulators exercise significant discretion in assessing conduct and determining whether there has been compliance with the law • regulators can come to identify too closely with the interests of the industry they regulate and the participants in that industry (known as ‘regulatory capture’) • trends towards ‘customer service’ have confused the situation further with regulators possibly coming to regard those they regulate as their customers and trying to satisfy the demands of these ‘customers’ (2002g, pp. 22-23). <p>Marx (1995, p.5) has observed that the potential for corruption is particularly rich in agencies charged with licensing, inspection and regulation.</p>

Function	Basis for classification as 'high-risk'
Issues qualifications or licences to individual to indicate their proficiency or enable them to undertake certain types of activities	<p>While those who issue qualifications or licences to individuals are no more likely to act corruptly than any other kind of public official, the nature of their work exposes them to situations in which they can face special risks of corruption. For example, those being examined might seek to influence the government employees who issue these qualifications or licences (for example educational qualifications, competency qualifications, drivers' licences) to indicate their proficiency in some specified tasks or enable them to undertake certain activities.</p> <p>Past ICAC investigations highlight the particular risks associated with this function:</p> <ul style="list-style-type: none"> • During 1989 and 1990 the ICAC conducted an extensive investigation into the issue of drivers' licences during the previous decade. The investigation disclosed systematic corrupt practices involving the bribery of examiners by driving instructors in a number of metropolitan motor registries and registry clerks illegally supplying tests with answers. The total amount received by way of bribes was conservatively estimated to be at least \$3 million (1990c). • Around the same time the ICAC investigated allegations that there had been an offer to pay money to a TAFE teacher as an inducement to award pass marks to some apprentices who were expected to otherwise fail (1990b). • More recently the ICAC conducted an investigation into the conduct of officers and students at a university (2002e) where it was found that a university employee had improperly gained access to student records without authorisation and altered 21 academic results of 11 separate students by substituting the word 'failed' with 'cancelled' against specific subjects. On some occasions he did this in return for payment of money, at other times for favours and offers of hospitality.
Provides a service to the community where demand frequently exceeds supply	<p>Individuals who need to access a service where demand exceeds supply and leads to delays in service, may be tempted to bribe the official involved in order to move up in the queue or to short-cut the process.</p> <p>A recent ICAC investigation highlighted the risk of corrupt behaviour in such situations. In 2002, the ICAC investigated allegations that a client service officer (CSO) with the Department of Housing had solicited a bribe from an applicant to ensure that an application for priority housing was approved. (Applicants seeking public housing gain considerable advantage from being approved for priority housing, as this reduces the median waiting time for housing from 39 months to under two months).</p> <p>Applicants seeking public housing are highly motivated to try and obtain a house as quickly as possible, and departmental staff who deal with applicants and are involved in assessing and approving applications are in a position to either take advantage of their role and responsibilities or to be pressured by applicants to act corruptly. In this case, the CSO under investigation admitted that he had taken a bribe and the ICAC obtained video footage of him doing so.</p> <p>Another example is an ICAC corruption prevention project conducted in 1992. The ICAC received allegations that bribes were being paid to public officials to install boat moorings illegally, allowing some boat owners to jump the queue that existed because demand was greater than supply. In its corruption prevention report the ICAC found the system open to abuse. In describing the corruption risks, the ICAC observed:</p> <p>'If people believe, rightly or wrongly, that they will never obtain a mooring through the proper channels, they may well resort to corruption if the need or desire for a mooring is great enough.' (1992, p. i).</p>

Function	Basis for classification as 'high-risk'
Allocates grants of public funds	<p>Where public sector organisations have discretion over who receive grants of public funds, one risk is that grant applicants might seek to influence those who allocate grants of public funds. The importance of grant administration has been recognised in earlier ICAC work:</p> <p>'Governments in Australia rely increasingly on non-government organisations to provide public services. This reduced involvement in direct service provision means that millions of dollars of public money are given in the form of grants to a variety of organisations to provide services ... The ICAC has received complaints, reports and requests for assistance which suggest that inadequate planning and lack of accountability at key points in the funding cycle often lead to the ineffective use of grants, the desired outcomes of the funded program not being achieved and perceptions of unfairness. In some instances opportunities for corrupt conduct can be created.' (1997a, sec 15, p.1).</p> <p>In its recently-published guidelines for managing corruption risks in the waste sector, the ICAC has observed that:</p> <p>'Like all grant schemes, there are some important risks that must be managed. Grant schemes involve public funds. The public expects that the people administering the scheme will make sure public funds are not wasted. ... Commission experience shows that the single greatest corruption risk for agencies administering grants is failing to properly monitor the use of grant funds. Misuse of grant funds is an avoidable risk. But only if the administering agency is prepared to be diligent.' (2002g, p.31).</p>
Issues, or reviews the issue of, fines or other sanctions	<p>Where public sector organisations have discretion over issuing or reviewing the issues of fines or other sanctions, those who face being sanctioned might seek to influence those who determine or administer the sanctions.</p>
Provides subsidies, financial assistance, concessions or other relief to those in need	<p>Where public sector organisations have discretion over who receives subsidies, financial assistance or other concessions, those applying for concessions might seek to influence those who can allocate these concessions.</p> <p>Recommending a grant of financial assistance was one of the areas of public sector discretion highlighted in an unpublished survey of the Electoral and Administrative Review Commission (1991).</p>
Makes determinations/hands down judgments about individuals or disputes	<p>The review and determination of individual situations are likely to be of great importance to the individuals involved. Where public sector organisations have discretion over determinations or judgements about individuals or disputes, those who are subject to these determinations might seek to affect the outcome by influencing those who make the determinations.</p>
Tests blood, urine or other bodily samples from people or animals	<p>Such tests can determine whether people or animals have used drugs to enhance sporting performance, whether those in custody or those on methadone programs have used illicit substances, whether those operating machinery are fit to do so, and the need for disease control in livestock. The results of these tests can be very important to those being tested. In some cases inappropriate incentives may be offered to those in a position to influence such test results. This was revealed in the ICAC's investigation into the conduct of officials of the Greyhound Racing Authority in relation to the drug testing of greyhounds (2000a).</p>

Function	Basis for classification as 'high-risk'
Has discretion concerning land rezoning or development applications	<p>Decisions regarding land rezoning and redevelopment affect matters of significant value and importance:</p> <p>'The value of property development and construction in NSW is significantly above \$10 billion annually, and each year, 172 councils deal with over 120,000 development applications.' (ICAC 2001l).</p> <p>Partiality, bribery and conflicts of interest in assessing development applications and rezoning was identified as one of the main corruption risk areas facing local councils by recent ICAC research (2001e).</p> <p>While local councils manage the majority of development and rezoning applications, other public sector agencies also have discretion in this area.</p>
Undertakes construction	<p>While construction projects vary in scale, they often involve awarding tenders of significant value. Construction work usually involves a variety of subcontractors each working to their tight timeframes with delays at any stage being costly. Both Marx (1995) and Shing-See (1995) have observed that the construction industry, where delays can be costly, is prone to corruption.</p> <p>'The value of discretion to [a] corrupt official is greatly enhanced when delays can cost vast sums, as with construction. Bribes may be used to obtain expedited treatment.' (Marx 1995, p. 6).</p>
Has regular dealings with the private sector other than for the routine purchasing of goods and services	<p>There can be many reasons that public sector organisations would have regular dealings with the private sector other than for the routine purchasing of goods and services. For example, some organisations deal regularly with the private sector organisations they regulate. Some organisations deal regularly with the private sector when outsourcing public work.</p> <p>Those being regulated and those seeking substantial government contracts and/or contracts where delays can be costly (such as construction) may seek to influence the public sector employees that have discretion in these areas.</p> <p>As described below, risks can occur in these dealings because people from the different sectors bring with them different understandings, goals and expectations of the process.</p> <p>For example, in a recent set of guidelines for managing corruption risks in the waste sector, the ICAC has observed that:</p> <p>'Problems arise with contractors because they can fail to understand the ethical dimension to the public sector. Many contractors do not appreciate public sector values of honest and selfless advice in the public interest. The reason for this is that few agencies or councils try to educate them.</p> <p>As a result, contractors sometimes do not understand that:</p> <ul style="list-style-type: none"> • it is not acceptable to offer public sector employees gifts and benefits beyond a token value • it can be a problem for agency and council staff to socialise with contractors and their employees • secondary employment is seldom appropriate • contracts must be awarded fairly and with transparency. <p>Contractors are often equally ignorant of corruption-related issues. Agencies and councils often do little if anything to set out their standards of behaviour in dealing with contractors. As a result contractors are unaware of the high standards of conduct that are expected of public officials.' (2002g, p.42-43).</p>

Function	Basis for classification as 'high-risk'
<i>(continued)</i>	<p>On the different goals of the public and private sector, the ICAC observed in one of its early investigation reports:</p> <p>Those who work in the public sector should have as their chief aim and concern the furtherance of the public interest. Different considerations apply to those in private industry. Businesses may be run in such a way as to promote the interests of the community generally, and some are, but the prime concern of most people who are active in business is to make a profit. ... It would be futile to urge that in generally similar circumstances those dealing with State instrumentalities should show restraint and not take advantage of such opportunities as arise or can be created. Those in the public sector must realise that they will be taken advantage of if possible, and they must strenuously resist that happening (1990a, p.19).</p>

B. Functions selected in terms of client group

Function	Basis for classification as 'high-risk'
Provides a service to new immigrants	Recent research commissioned by the ICAC (2001k) has revealed that many NSW residents of non-English speaking background (NESB), particularly recently-arrived immigrants, carry with them beliefs, fears and concerns about corruption from their country of origin. In some cases these may include a belief that corruption is required or standard procedure when dealing with public officials. In other cases, immigrants may bring with them a lack of trust in government institutions and a fear of the consequences of reporting corruption. New immigrants also face many obstacles to reporting corruption that are related to their situation in Australia.
Provides assistance or care to the vulnerable or disabled	Another client group that seems to have a specific risk profile is the vulnerable. In this group we include those who unable to manage their own estates, hospital patients, psychiatric patients, correctional inmates and juvenile detainees. The ICAC has noticed similarities in the types of allegations (for example, theft of money or property, assault) made about the wide variety of organisations that provide assistance or care to the vulnerable.

C. Functions selected because they provide both the opportunity and temptation for fraud

Function	Basis for classification as 'high-risk'
Receives cash payments	<p>Receiving cash payments can provide both the temptation and the opportunity for fraud. Some examples of ICAC experience in this area are provided below:</p> <p>'In 1990 the ICAC received a report about the misappropriation of substantial amounts of cash by clerical staff at two large public hospitals. In one case \$110,000 had been taken from coin-operated telephones provided by the hospital, and in the second case a total of \$23,500 had been fraudulently taken from seven different service areas including child care, patient education, occupational therapy and the staff cafeteria. The fraud had been identified by internal auditors and staff concerned had been prosecuted and their employment terminated.' (1997a, p. 11.2).</p>

Function	Basis for classification as 'high-risk'
<i>(continued)</i>	<p>'Many public sector organisations collect cash for services that are not part of their primary functions. For example, hospitals may hire or sell baby capsules and aids such as crutches and walking frames, or run exercise and ante-natal classes. Schools and child care centres may collect money for book clubs or the sale of uniforms, and libraries may provide photocopy and fax services or sell library bags. ... Although the amount of cash collected for these direct services may be a relatively small proportion of the organisation's total budget, it is still usually a substantial amount of money. For example, the cash collected in one year at a large Sydney Hospital was only about two per cent of the total operating payments, but amounted to nearly \$4 million. ... Many organisations are deciding to introduce new services or fees to generate income and help them meet budgetary constraints. Payments for many of these services are collected and receipted at a number of different locations in the organisation by staff who may have no specific training in, or understanding of, cash handling procedures. ... Cash takings make both the temptation and the ability to carry out a fraud more likely, and there is no one system or set of procedures which can offer one hundred per cent protection against corruption.' (1997a, p.11.1-11.2).</p> <p>In a recent set of guidelines for managing corruption risks in the waste sector, the ICAC provided the following case study:</p> <p>'The Commission investigated claims that weighbridge staff were skimming cash takings. The claims were that vehicles at a waste disposal facility were being issued handwritten receipts instead of computer-generated receipts. The cash was pocketed. These computer-generated receipts were part of the council's monitoring system. Cash reconciliations were made against computer records. The scam relied on the ability of staff to override the weighbridge computer. Without other checking systems, there was no other way for the council to detect the money being stolen.' (2002g, p. 47).</p>
Sells tickets	<p>Like cash handling more generally, ticket selling can provide both the temptation and the opportunity for fraud. For example, in 1999 the ICAC conducted private and public hearings concerning the conduct of ticket sellers at Manly Wharf. The investigation disclosed that a number of employees manipulated the ticket selling machines at Manly Wharf to produce tickets that could be sold but which were not recorded by the ticketing system as 'sold tickets'. This occurred because no one in the revenue department of Sydney Ferries or supervisors of relevant staff was aware of how the ticket machines operated or understood the system's internal checks to detect fraud. The report of this investigation identified:</p> <p>'High-risk factors at Manly Wharf [including] the isolated work environment where the ticket sellers were inadequately supervised and trained about key aspects of their responsibilities... ticket selling is about handling cash, which is a high-risk area for corruption.' (1999e, p. 28).</p>



PROFILING THE NSW PUBLIC SECTOR: FUNCTIONS, RISKS AND CORRUPTION RESISTANCE STRATEGIES

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Please rate how well you think this report does the following.

1. Provides a snapshot of the corruption prevention strategies that public sector organisations have in place to combat corruption

Very well	Well	Satisfactory	Not satisfactory
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Encourages organisations to compare their results with the similar organisations

Very well	Well	Satisfactory	Not satisfactory
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Promotes discussion of corruption prevention strategies within the organisations

Very well	Well	Satisfactory	Not satisfactory
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Provides practical suggestions for how to use the results

Very well	Well	Satisfactory	Not satisfactory
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Did you find the information in this report useful?

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