

# PREVENTION in focus



## *What's your organisational culture?*

*One of the best ways to prevent corruption is having an organisational culture that understands and values the importance of reporting corrupt conduct. People who report suspected wrongdoing must feel that they'll be supported to do the right thing.*

## **Current and emerging corruption risks:** opportunities to detect, intervene and prevent corruption

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The Crime and Corruption Commission (CCC) conducted an assessment of corruption trends to:

- provide a contemporary understanding of corruption and corruption risks in Queensland
- pinpoint current trends, events and practices that are vulnerable to corruption
- identify factors that enable or facilitate corruption and other forms of serious wrongdoing
- inform opportunities to prevent, detect and deal with corrupt conduct within the Queensland public sector.

This publication is aimed at heads of public sector agencies and members of audit and risk committees within them. It aims to alert senior decision-makers to current and emerging corruption risks associated with the changing public sector landscape.



## WHAT WE DID



**Analysed**  
CCC corruption allegations



**Reviewed**  
published and unpublished reports



**Examined**  
recent corruption investigation outcomes



**Consulted**  
with internal and external stakeholders



**Conducted**  
an environmental scan of corruption risk factors

## WHAT WE FOUND

### Current landscape

*Current and evolving events are impacting corruption and corruption risks in Queensland.*

The CCC identified current factors that are impacting or influencing corruption risks for public sector agencies:



**The way governments deliver services has changed in recent years.** There has been increased engagement and partnerships with the private sector to deliver traditionally “public services”



**Foreign investment** is a significant contributor to Queensland’s economic growth and employment sector. A number of significant developments in Queensland require extensive collaboration with the private sector, are attractive to foreign investment, and thus potentially susceptible to corruption.



**Levels of trust and confidence in the government** have been declining since 2008.<sup>1</sup> A growing perception of corruption in Queensland can undermine the public’s trust in the public sector and erode social cohesion.



**Globally, the evolving public health situation (COVID-19)** is having an unprecedented impact on the operation of the public and private sectors, economic markets and broader social conditions.

### Areas of high and emerging risk

*Corruption risks have not substantially changed over time; however, some have been heightened through increased engagement with the private sector, current economic events, flawed recruitment and vetting processes and decreased oversight.*



**Increased engagement and partnerships** with the private sector can heighten corruption risks, particularly risks associated with conflicts of interest, procurement fraud and the misappropriation of public funds.



**The privatisation of traditionally government services** and devolution of direct government oversight without rigorous governance practices has heightened opportunities for motivated individuals and groups to influence government decision-making.



**Increased interaction with the private sector** can heighten the risk of public sector employees being targeted or “groomed”. Private sector entities may use specific strategies to “groom” or target government employees to gain valuable information or to influence procurement or recruitment decisions.



**Undisclosed conflicts of interest** are a key underlying driver and cause of corrupt conduct. Procurement, contract management and recruitment processes are high risk activities and are vulnerable to the misuse of authority, nepotism and conflicts of interest.






**Inadequate recruitment and screening of public sector employees** is a common issue identified in CCC investigations. Deficient employment screening practices can enable, and increase the risk of, corruption and other serious wrongdoing.



**The movement of employees between the private and public sectors** heightens the risk of certain corrupt activities, including conflicts of interest, the misuse of confidential information, procurement fraud and misuse of authority.







1 CCC 2018, Corruption in Queensland: Corruption barometer, CCC, Brisbane.

## WHAT WE FOUND (continued)

-  **Elections can heighten the risk** of members of the public or organisations seeking to buy undue influence through disguised or undisclosed political donations and lobbying activities.
-  **Elections are generally associated with a high turnover of senior government employees.** The high turnover of staff can impact an agency's organisational culture, management and leadership. Corruption risks can arise when government employees are terminated or forced to resign for improper reasons or when significant amounts of public funds are expended on termination payments.
-  **The risk of certain types of corrupt activity can increase during periods of economic disruption,** particularly theft and fraud. Public sector agencies may need to adapt or modify their anti-corruption controls to ensure adequate measures are in place to detect wrongdoing and maintain an ethical culture.

## Corruption enablers

*CCC investigations have consistently identified a number of factors that enable or facilitate corruption in the public sector:*

-  **Poor organisational culture.** Culture has a significant impact on an organisation's performance.<sup>2</sup> Recent investigations have identified that a lack of knowledge about reporting obligations and responsibilities, coupled with a culture of secrecy, protection, and fear of reprisal can contribute to corruption and corruption risks. Public sector agencies should build a workplace climate that fosters and encourages integrity, transparency and accountability.
-  **Movement of personnel between sectors.** The movement of employees between the private and public sectors heightens the risk of certain corrupt activities, including conflicts of interest, the misuse of confidential information, procurement fraud and misuse of authority. Public sector agencies should ensure these risks are identified and managed during appointment and separation processes.
-  **Absent or inadequate policies, procedures and training.** The absence of appropriate frameworks governing activities creates obvious corruption risks in relation to fraud and the misuse of authority. The CCC has also identified concerns about the level of awareness among public sector employees about the existence of their agency's policies and procedures. Agencies should ensure policies and procedures are current, accessible and are part of initial and regular employee training.
-  **Inadequate supervision and performance management.** Poor supervision is a common concern identified in CCC corruption investigations. In many cases, supervisors of employees who were found to have committed corruption or serious misconduct were either absent or did not provide a sufficient level of supervision to detect or deter the wrongdoing. Concerns have also been identified with performance management frameworks among public sector agencies, with performance reviews either not being conducted or not being conducted properly. Supervision and performance management allows agencies to detect undesired behaviour and intervene early to address issues before they escalate.
-  **Ineffective or non-existent internal audit.** An effective audit capability can provide valuable early warning of corruption and corruption risks. Agencies without effective prevention control and detection measures put themselves at increased risk of missing these warning signs — particularly agencies that have large procurement budgets and those with high levels of engagement with the private sector. An internal audit capability is an important measure to prevent, detect and respond to suspected wrongdoing.
-  **Discretionary decision-making and the expenditure of funds.** A large number of roles and positions within the public sector regularly exercise discretion in decision-making and the expenditure of funds. This is perhaps most obvious among police officers who regularly exercise discretion when deciding to, or not to, take a particular course of action. There are clear risks associated with the improper use of discretionary powers and funds. People in roles with these delegations need to be accountable, impartial and transparent in their decision-making.<sup>3</sup>

<sup>2</sup> Australian Securities & Investments Commission, How having a good culture can mitigate against corruption, Presented at the "Government Business Roundtable on Anti-Corruption" (Sydney, Australia), 31 March 2017.

<sup>3</sup> In March 2020 the CCC published a Prevention in Focus discussing the corruption risks associated with discretionary decision-making.



## Further information and resources

- [CCC Corruption Allegations Data Dashboard](#)
- [Prevention in focus: Conflicts of interest — are you managing yours appropriately?](#)
- [Prevention in focus: Risks in recruitment — are you adequately vetting your staff?](#)
- [Corruption Prevention Advisory: Post-separation employment When employees move to the private sector](#)

## Advice to agencies — the way forward

***It is vital that public sector agencies have a high level of integrity and transparency in their operations, governance processes and the expenditure of funds.***

An awareness of current and emerging corruption risks, and their enablers, can help Queensland public sector agencies prioritise resources and inform strategies aimed at preventing the incidence of corruption.

To harden the public sector against emerging corruption risks, agencies should:

- ✓ Build a workplace climate that fosters and encourages integrity, transparency and accountability.
- ✓ Alert and educate employees about the heightened corruption risks associated with engagement and partnerships with the private sector.
- ✓ Ensure policies and procedures are current, clear and accessible. Regular compulsory training about relevant policies and procedures will help reinforce good practices for staff.
- ✓ Ensure managers and supervisors, manage and supervise staff. Managers and supervisors must proactively communicate their expectations to staff, acknowledge good conduct and deal with poor conduct. Blind trust is not a management tool.
- ✓ Proactive and published internal audits are a reliable way to detect and discourage fraud and other corrupt conduct.
- ✓ Create an environment where public sector employees are comfortable declaring and managing conflicts of interest.
- ✓ Be aware of the tactics that private sector entities may use to “groom” or target government employees to gain valuable information or to influence procurement or recruitment decisions.
- ✓ Scrutinise recruitment and vetting processes to identify vulnerabilities and minimise the risk of unsuitable applicants gaining employment in the public sector and local government.
- ✓ Recognise and assess the impact of current trends and events on corruption and corruption risks in their workplace.