

One of the ways the Crime and Corruption Commission (CCC) strives to reduce the incidence of corruption in the public sector and increase public sector agencies' complaints handling and prevention capabilities is by conducting a program of audits.

## Our audit program

In developing an audit program, the CCC gathers a wide range of information, applies thorough analysis, and undertakes extensive stakeholder consultation. Our program is based on the following four principles:

| Focus   | Value  |
|---|--|
| By targeting emerging, entrenched, systemic, or otherwise significant threats, the CCC audit program aims to assess and provide recommendations on high-risk issues in the public sector that are research-based, realistic, and relevant to the public interest. | The audits add value by providing advices on reframing procedural gaps and that aid in addressing corruption risks and controls efficiently, effectively and appropriately.  |
| Method  | Scope  |
| By engaging in frequent research, internal review, and inter-agency collaboration, the CCC audit program engages in continuous improvement and innovation of the audit process, ensuring that all audits are conducted to best practice methodology.              | By engaging in research into allegation trends, remaining aware of areas of public interest, and remaining vigilant for possible auditable complaints, the CCC audit planning process ensures that the topics, agencies and sectors assessed during audits are high-risk, sufficiently broad, and effectively fulfil the goals of the program. |

## How did we decide what to audit?

In deciding on the audit topics, we:

- Seek to understand what the CCC's legislative obligations and priorities are.
- Conduct environmental and risk scanning. Examples: examine corruption allegations data; review clusters of allegations reports on high-risk areas; and source published reports from other integrity bodies.
- Consult with internal and external stakeholders to gain perspectives on current, probable and potential corruption risks. This consultation helps us to refine our topics.
- Assess each audit topic based on a consideration of factors: risk priorities, probability of CCC having an impact, and the potential for CCC to address matters of public interest.
- Consider the spread of activity across themes, sectors and high-risk agencies, and our resourcing capabilities.

We believe the audit program addresses our legislative obligations while remaining responsive to areas of public interest.

## Completed audits in the first year (2017-18)

The CCC completed five audits:

|   | Topic                        | Areas of focus  | Status    |
|---|------------------------------|---|-----------|
| 1 | Conflicts of interest        | The audit assessed whether councils' mechanisms for identifying corruption risks, the processes for managing, preventing and detecting conflicts of interest and dealing with complaints related to conflicts of interest are effective. (Excludes councillors or mayors under sections 172 and 173 of the <i>Local Government Act 2009</i> ).<br><b>Sector:</b> Local Government | Completed |
| 2 | Corruption risk assessment   | The audit assessed the effectiveness of six representative agencies' corruption risk assessment processes.<br><b>Sectors:</b> Department and Statutory Body   | Completed |
| 3 | Police corruption assessment | In this audit, the CCC assessed complaints of corruption to determine how well the Queensland Police Service were complying with their obligations under the <i>Crime and Corruption Act 2001</i> (CC Act).<br><b>Sector:</b> Queensland Police Service   | Completed |
| 4 | Secondary employment         | The CCC has completed an audit of secondary employment, which is classed as additional paid or unpaid employment performed by an employee. Our corruption audit assessed how well departments and statutory bodies managed corruption risks associated with secondary employment.<br><b>Sectors:</b> Department and Statutory Body  | Completed |
| 5 | Chemical management          | The CCC's audit assessed four agencies, across the department, university and statutory body sectors, regarding their management of risks associated with chemicals of security concern.<br><b>Sectors:</b> Department, University and Statutory Body   | Completed |

### Deferral of audits (2018-19) (NEW)

The CCC's original corruption audit plan for 2017–19 included:

- an audit of record keeping requirements required under recent amendments to the CC Act
- an audit to examine councillors' interests and use of information.

Both audits were planned in anticipation of relevant legislation being introduced in early 2018. Following delays in the enactment of that legislation, both audits have been delayed until the 2019–20 financial year.

| Topic   | Reasons for deferral   |
|---|--|
| Record keeping requirements                   | Deferred due to delays in the passing of legislation to amend the CC Act (passed on 9 November 2018). The deferral of this audit will allow public sector agencies to implement a process in compliance with the new statutory obligation requirement [s40A CC Act] – agencies must prepare and retain complete and accurate records of any decision not to notify the CCC of an allegation of corruption. The passage of time will enable the CCC to test how effectively agencies are recording their decisions from assessments of allegations involving corruption notified to them. |
| Councillors' interests and use of information | There have been significant changes in local governments in response to the CCC's Belcarra Report and ongoing CCC investigations impacting on this sector. A number of changes have been made to the <i>Local Government Act 2009</i> and the <i>City of Brisbane Act 2010</i> , and further changes are anticipated. This audit has been deferred to enable a more timely review of the long term strategy for the local government in terms of governance and decision-making. The audit should add more value in the next audit plan 2019-21.   |

We have replaced the two deferred audits with new ones (see No. 3 and 4 in the table below – our planned audits for 2018–19).

### Our planned audits for the second year (2018-19) (REVISED)

For the financial year 2018-19, we plan to complete the following four audits.

|   | Topic                | Areas of focus  | Schedule     |
|---|----------------------|---|--------------|
| 1 | Probity in contracts | Examine whether public health agencies are demonstrably achieving value for money from their goods/services contracts. The audit will also evaluate how effectively any agency has dealt with allegations of corrupt conduct relating to procurement and contract management.<br><b>Sectors:</b> Public health, Department, Local Government and Statutory Bodies | Jul-Dec 2018 |
| 2 | Failure of duty      | Assess how appropriately two departments have dealt with allegations of corruption relating to failure of duty, and their further prevention measures (see note 1 below).<br><b>Sector:</b> Department  | Jul-Dec 2018 |

|   | Topic                                   | Areas of focus  | Schedule     |
|---|---|---|--------------|
| 3 | Section 40 non-reportable matters (NEW) | Review agencies' non-reportable corrupt conduct matters with a view to possibly making changes to the directions issued by the CCC, under section 40 of the CC Act, about how and when particular matters must be reported (see note 2 below).<br><b>Sectors:</b> Department and Local Government | Jan-Jun 2019 |
| 4 | Community grants (NEW)                  | Examine councils' conduct of the award of community grants, with particular focus on management of risk and probity.<br><b>Sector:</b> Local Government   | Jan-Jun 2019 |

**Note 1** – Failure of duty allegations can involve failures to comply with legal, policy or reporting obligations or failures to execute duties to an appropriate standard. This type of conduct includes failures resulting from a lack of knowledge, competence or appropriate care or diligence but do not include deliberate acts or omissions with the intent to gain a benefit or cause detriment to another.

**Note 2** – Non-reportable matters are complaints of corrupt conduct that under section 40 of the CC Act may be dealt with by the agency without having to report them to the CCC.

### How we will communicate audit results?

While not all CCC audit reports are made available to the public, audit reports and summary reports (redacted) may be published on our website to promote the public confidence in public administration. Public sector agencies who participated in the audit are provided with a report which communicates the findings and areas for improvements.

### How we measure the success of our audit program?

The success of the audit program is indicated by public sector agencies' responsiveness to audit findings and the implementation of reformative measures which increase their capabilities in complaints handling or prevention responses to achieve the intended purposes.