

11 Reducing the incidence of corruption in the public sector

Prevention opportunities

Regardless of the final outcome, complaints and investigations can highlight particular gaps in your current internal controls or practices which expose your UPA to an identifiable risk of fraud or corruption. Although they may focus on a specific officer, work unit, process or operation, they can also provide you with an opportunity to look at your UPA as a whole, and to consider if the conduct investigated in one context might also be at risk of happening elsewhere.

Minimising opportunities for corruption and implementing effective control measures are central to good governance, minimise the costs to your UPA from corrupt conduct, and contribute to the integrity of the public sector.

The CCC has legislative obligations to:

- analyse the results of its investigations into corrupt conduct, and the information it gathers
- assess the appropriateness of systems adopted by UPAs for dealing with complaints about corruption
- provide advice and make recommendations to UPAs about the way they deal with complaints about corruption.

However, responsibility for shaping suitable prevention strategies rests principally with you. You are best placed to identify deficiencies in your systems and operations, and this knowledge can be used to particularise risks, identify possible controls and develop appropriate remedies.

Prevention initiatives are not optional. Effective risk management and internal controls are required by the Financial and Performance Management Standard 2009 and the *Financial Accountability Act 2009*. Prevention is also a key part of upholding the ethics values set down in the *Public Sector Ethics Act 1994*.

In addition to having prevention strategies in place, firm action will also be required whenever any previously unidentified risks or inadequacies in existing controls are discovered (e.g. through the investigation of a complaint).

To achieve the required change in focus from investigation to prevention, it is helpful to have staff who are skilled in risk analysis and organisational analysis.

“Prevention perspective”

An agency that has a “prevention perspective” is comfortable with the view that prevention of corrupt conduct is a primary management responsibility, not just something a manager thinks about when there’s time.

To achieve this, you need an active and permanent strategic risk assessment process that accurately identifies problem areas and trends, and that devises, communicates and implements suitable countermeasures.

Your complaints management system and your code of conduct require staff at all levels to be alert for, and to report, any wrongdoing which may occur, and you should support your managers and staff by developing prevention strategies that are tailored to your UPA’s functions, risks and capabilities.

Clearly identifying which of your assets (e.g. tangible and intangible, including information, licences and approvals) will have a value to those who are not authorised to access them is a good place to start. Identification of these “attractive” items is the first step in developing strategies to safeguard them and identifying potential threats to their security.

An investigation will often highlight issues beyond its direct consequences. For example, a specific investigation into a theft might provide reason to freshly examine the adequacy of fraud prevention controls, staff recruitment and selection practices, the use of credit cards, or the impact of external influences on an official function.

Developing a prevention response as a result of an investigation

Investigators can play a pivotal role in the prevention response to identified risks and vulnerabilities. During the course of an investigation, investigators will develop an appreciation of how events occurred and any procedural or systemic weaknesses that may have been exploited. Investigators should be instructed to be aware of prevention possibilities when collecting evidence, and to record general or specific issues that may merit a prevention response as they come across them.

The following is a list of questions that could prove helpful in developing prevention-related material:

- What are the issues of concern (apart from the criminal/disciplinary breach)?
- What are the current system risks that potentially expose the unit/operation to corruption?
- What internal controls are missing or inadequate?
- Have previous internal control weaknesses been identified and why was the remedial action ineffective?
- What were the accountability systems and where did they fail?
- If the systems and processes are adequate but were simply not followed, at what point was the supervision breakdown that permitted this?
- Is this a localised problem, or possibly more widespread?
- Were the employees in this work area provided with adequate training in the processes and the ethics expectations of the organisation?
- Is there consistency in the way policies and rules (including the code of conduct) are enforced, both within the work unit and agency-wide? Are staff clear about what is acceptable conduct and what is not?
- Are there any major underlying factors, such as a culture of tolerance or non-reporting of minor corruption, which may be contributing to the system breakdown?
- Even if there is no evidence to prove that corrupt conduct occurred in this instance, are there indications of shortcomings in policies, procedures, supervision or workplace culture which might expose the agency to the possibility of corrupt conduct in the future?

Relevant concerns should be included in the investigation report (see chapter 9).

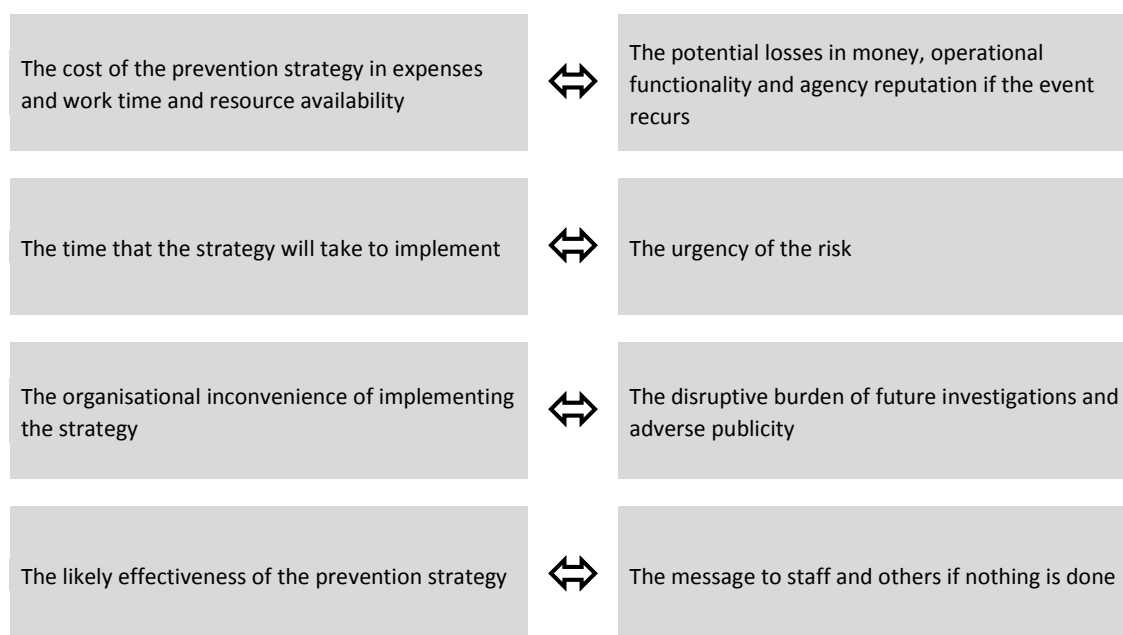
Acting on prevention-related material gathered by investigators requires careful management. There will need to be processes to allow identified concerns to be referred to managers with appropriate expertise for attention, but only at an appropriate time and in a manner that does not compromise any ongoing investigation. It may or may not be desirable to identify the concerns as related to an investigation.

Balancing prevention costs against corruption risks

Before determining the extent of an appropriate prevention response, you will need to conduct a thorough risk assessment to establish the magnitude of the issues uncovered and your UPA's capacity to provide or acquire the necessary expertise to deal with them.

The extent of the prevention response should be commensurate with the risk. A major prevention exercise does not need to be instituted when the risk is low and the consequences are minor or immaterial. Nor should there be merely a cursory examination of prevention options when an organisation identifies major risks that could have significant consequences.

It will be necessary to balance:



By evaluating these issues, your UPA can develop the most appropriate response.

Possible prevention strategies include, but are not limited to:

- a major risk-based system review
- revision/updating of a specific procedure or policy
- additional checks, supervision, reporting or audits
- education/training/guidance of staff in following particular procedures
- education/training/guidance of supervisors in the proper performance of their duties
- education of senior management in the necessity of leading by example and of actively opposing corruption and selfish work practices
- individual mentoring and guidance to selected staff and supervisors
- awareness raising for some or all staff in their ethical obligations and your UPA's expectations of them
- a program to initiate culture change in our UPA or a specific unit (where corruption is widespread, habitual or tolerated)
- public affirmation by the organisation of its commitment to resisting corruption.

It is often valuable to identify best practice solutions and strategies implemented by other bodies confronted with similar risks.

It is helpful, too, if implementation processes can include milestones and mechanisms to monitor progress and measure the impact of change.

Sources of information about corruption prevention

There are many sources of information and training materials on fraud prevention, corruption prevention and ethical conduct.

Agencies with particular expertise in the area under review might include:

- Queensland Ombudsman
- Public Service Commission
- Queensland Information Commissioner
- Queensland Audit Office.

You could also try:

- other agencies with similar functions or structures to yours, both in Queensland and elsewhere
- industry associations
- training and consulting companies
- various corruption prevention sites on the internet
- internal audit and risk management units
- professional groups (e.g. fraud examiners, internal auditors or accountants, who may be able to provide relevant material or advice).