

**| P | R | O | F | I | L | I | N | G |**  
THE QUEENSLAND PUBLIC SECTOR

**FUNCTIONS, RISKS AND  
MISCONDUCT RESISTANCE STRATEGIES**

**JUNE 2004**

CRIME AND  
MISCONDUCT  
COMMISSION



QUEENSLAND

**CMC Vision:**

To be a powerful agent for protecting Queenslanders from major crime and promoting a trustworthy public sector.

**CMC Mission:**

To combat crime and improve public sector integrity.

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## CHAIRPERSON'S FOREWORD

This report represents the cooperation of 234 Queensland public sector agencies who took the time to participate in the Crime and Misconduct Commission's Responding to Misconduct survey — a survey designed to provide the CMC with the sort of information it needs to help build the capacity of Queensland public sector agencies to deal with and prevent misconduct. Already the CMC's complaints and prevention areas are using the data gathered by the survey to find out what agencies would like the CMC to do to assist them.

More than this, the wealth of information contained in this report should help individual agencies understand themselves better by being able to compare their risks and their prevention strategies with those of other like agencies. By comparing their own responses with the collated information in this report, agencies may be able to identify areas that require further attention.

Insights into public sector integrity can also be gleaned by comparing the data in this report with those contained in the ICAC's *Profiling the NSW public sector* report, published in 2003. The CMC is grateful to the ICAC for allowing us to use the format of its report for this one, thus facilitating cross-jurisdictional comparisons.

As well as helping us help agencies build their capacity to deal with and prevent misconduct, this survey, and future ones, will enable us to track changes over time in how Queensland public sector agencies are managing the risks that confront them. It will also help agencies, and the CMC, to pinpoint emerging risks and challenges.

The CMC will produce follow-up reports, based on these findings, on issues of special interest to Queensland. In addition, we hope to work with the ICAC to produce joint publications of interest to both jurisdictions. These publications would highlight the differences and similarities between the two jurisdictions in terms of risks faced and prevention strategies implemented.

In the meantime, the CMC is already producing advisory materials designed to tackle the issues that public sector



agencies identified in the survey as causing them the most concern. For example, we are currently preparing a resource kit designed to help agencies develop fraud-control plans. Fraud was the main misconduct area nominated by agencies as most potentially damaging.

I hope this report will be useful to Queensland public sector agencies and to all those people and organisations concerned with maintaining high standards of public sector integrity.

Brendan Butler SC  
**Chairperson**

## | ACKNOWLEDGMENTS |

This research would not have been possible without the cooperation of a large number of Queensland public sector agencies. The CMC thanks those staff of the 234 agencies who took the time to complete the survey. The CMC also thanks those agency representatives who took part in the initial workshop in November 2002 and provided feedback on the survey instrument.

We extend a special thanks to the Independent Commission Against Corruption for allowing us to use their survey and report as a guide for our own.

Capacity Development Manager Susan Johnson and research officer Kelly Ede were responsible for compiling this report. The CMC's Publishing Unit prepared the report for publication.

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<b>Agency</b>	A generic term used throughout the report to cover all public sector agencies in Queensland, including those that responded to the CMC survey.
<b>Boards and committees</b>	Extracted from the list of statutory bodies in section 7.1 of <i>Auditor-General of Queensland report no. 4 for 2003–04: results of audits performed for 2002–03 as at 30 September 2003</i> .
<b>Departments</b>	A term used throughout the report to include both government departments as listed in the Queensland Government Executive Directory < <a href="http://www.qgd.qld.gov.au/departments.html">www.qgd.qld.gov.au/departments.html</a> > (accessed 5 June 2002) and other government agencies, which include departmental agencies and offices.
<b>Indigenous councils</b>	Aboriginal and Torres Strait Island Community Councils as listed on the Department of Aboriginal and Torres Strait Islander Policy website < <a href="http://www.indigenous.qld.gov.au/communities/councils.cfm">www.indigenous.qld.gov.au/communities/councils.cfm</a> >.
<b>IT</b>	Information technology.
<b>Local councils</b>	Local government councils, as listed in section 7.1 of the <i>Auditor-General of Queensland report no. 4 for 2003–04</i> .
<b>Misconduct</b>	This term was used in the survey to cover behaviour that would amount to ‘official misconduct’ under the <i>Crime and Misconduct Act 2001</i> .
<b>Official misconduct</b>	As defined in the <i>Crime and Misconduct Act 2001</i> — any conduct relating to the performance of an officer’s duties that is dishonest or lacks impartiality; or involves a breach of trust; or is a misuse of officially obtained information. To be official misconduct, the conduct must be a criminal offence or serious enough to justify dismissal. Trying to influence a public official to act improperly is also official misconduct.
<b>Organisation/agency type</b>	Agencies were grouped for analysis by these organisation types: departments, universities, state-owned corporations, statutory bodies, boards and committees, local councils, and Indigenous councils.
<b>Risk</b>	The possibility or likelihood of misconduct resulting from a particular exposure to a given set of circumstances.
<b>Risk management</b>	The identification of threats and opportunities which enables the organisation to monitor risks and minimise losses.
<b>Statutory bodies</b>	Bodies and authorities listed in section 7.1 of the <i>Auditor-General of Queensland report no. 4 for 2003–04</i> — excludes boards and committees.
<b>State-owned corporations (SOCs)</b>	Statutory Government Owned Corporations (GOCs) as listed in Schedule 2 of the Government Owned Corporations Regulation 1995. Statutory GOCs are established as bodies corporate under various Acts. The Schedule also includes Company GOCs but these were not included in the sample because they are incorporated or registered under the <i>Corporations (Queensland) Act 1990</i> .
<b>Universities</b>	As listed in section 7.1 of the <i>Auditor-General of Queensland report no. 4 for 2003–04</i> .

**Despite the diversity among public sector agencies in Queensland, the CMC's Responding to Misconduct survey revealed some consistent results. Most agencies have a clear idea of the types of risks they face, and most have at least some strategies to deal with those risks — although work needs to continue in this area if agencies are to remain abreast of potential and emerging challenges. In presenting the data of the Responding to Misconduct survey, this report provides a snapshot of the types of misconduct risks perceived as existing and emerging in the Queensland public sector, as well as the prevention strategies within organisations to deal with those risks. As well as helping the CMC help agencies build their capacity to deal with and prevent misconduct, this survey, and future ones, will enable the CMC to track changes over time in how Queensland public sector agencies are managing the risks that confront them.**

Misconduct can cause considerable damage to the viability and reputation of an organisation; therefore it is in an agency's best interest to develop sound prevention and detection practices. Pinpointing the risks associated with an agency's functions is an important step in this process.

One of the key responsibilities of the CMC is to build the capacity of Queensland public sector agencies to prevent and deal with misconduct. Accordingly, in 2003 the CMC surveyed 338 Queensland public sector organisations to establish baseline data about the types of misconduct that different organisations consider to be a risk, and their perceived ability to deal with those risks.

This report:

- presents the survey methodology, including details of the survey instrument and sampling (see Chapter 1 and Appendixes 1 and 2)
- discusses misconduct risks identified by respondent agencies across the entire sample, and presents the results for each type of organisation (see Chapter 2 and Appendix 3)
- describes the number and types of high-risk functions reported as being performed by different types of agencies (see Chapter 3)
- examines the extent to which agencies have misconduct prevention strategies, the types of agencies

that are most likely to have such strategies, and agencies' own views on their main strengths in minimising misconduct (see Part I of Chapter 4); also presents data on the 'Dealing with Misconduct' section of the CMC survey, which examined agencies' knowledge of their reporting obligations in connection with official misconduct, and their procedures for dealing with public interest disclosures and misconduct allegations (see Part II of Chapter 4).

## HOW THE RESEARCH WAS CONDUCTED AND REPORTED

The CMC's Responding to Misconduct survey was based on a survey developed by the New South Wales Independent Commission Against Corruption (ICAC), the results of which were published in the ICAC's *Profiling the NSW public sector* report, released in 2003. As that survey addressed many of the issues of concern to the CMC, we sought permission from the ICAC to replicate sections of its survey when developing our own instrument. This allowed us to collect comparative data that could be used to highlight similarities and differences between the two jurisdictions.

The CMC survey also included questions designed to assess the capacity of public sector agencies to deal with misconduct matters referred to them by the CMC.

The CMC's jurisdiction is limited to official misconduct. Official misconduct is any conduct relating to the performance of an officer's duties that is dishonest or lacks impartiality; or involves a breach of trust; or is a misuse of officially obtained information. To be official misconduct, the conduct must be a criminal offence or serious enough to justify dismissal. Trying to influence a public official to act improperly is also official misconduct. (See ss. 14–19 of the *Crime and Misconduct Act 2001*.) However, the survey covered issues that, while not necessarily amounting to official misconduct, were important aspects of organisational integrity.

In 2002 the Office of Economic and Statistical Research (OESR) was commissioned to conduct the mail-out survey on behalf of the CMC. All public sector agencies that fall within the CMC's jurisdiction were included in the survey, which commenced in January 2003. From the final sample of 338 agencies, 234 responded — a response rate of 69%.

## LIMITATIONS OF THE RESEARCH

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

The response rate was high among most types of organisations. However, we cannot know how those agencies that did not respond would have differed from those that did respond. Differences in response rates across the various organisation types affect the degree to which results can be generalised. The low rate of response from Indigenous councils, for example, means the results are less able to be generalised than the results for local councils, which achieved an 81% response rate. Readers should be aware of this when drawing conclusions about different organisation types.

The survey was sent to the CEO or Chairperson of each agency, accompanied by a covering letter from the CMC Chairperson and the Queensland Government Statistician. CEOs were advised that the task of completing or coordinating the completion of the survey could be delegated to a nominated CMC Liaison Officer or a senior officer from the corporate governance, internal audit or legal area.

Many of the questions contained in the survey were about respondents' perceptions, and hence could be answered only to the extent that the person completing the survey had knowledge of the strategy. Readers should bear in mind that perceptions are subjective, and responses might have differed if another staff member had completed the survey.

Many questions were asked about the existence of systems or strategies within the agency. The survey does not attempt to evaluate the effectiveness of these strategies.

The final consideration is the fact that the CMC, in conducting the survey, may have had some effect on the results. Given the role of the CMC to oversee public sector agencies, it is possible that agencies may have felt the need to present themselves in a more favourable light. It is impossible to tell whether, or to what extent, such a bias may have affected the survey result.

### Survey instrument

The specific aims of the survey were to identify:

- the types and levels of misconduct risk within various agencies
- the current capacity of these agencies to respond to misconduct

- the current capacity of these agencies to prevent misconduct.

The survey was divided into the following sections:

- **Organisations and their functions** — gathered demographic information about each organisation, i.e. length of existence, budget, staffing, locations and jurisdiction, and performance of 'high-risk functions'.
- **Dealing with misconduct** — sought to find out how agencies dealt with allegations of misconduct, including their understanding of the obligation to report certain matters to the CMC.
- **Misconduct risk areas** — asked questions about agencies' *perceptions* of risk.
- **Organisational strategies** — concerned with determining the types of misconduct prevention strategies used by each agency.

This report presents separate results for each of the organisation types surveyed, namely:

- universities
- state-owned corporations
- departments
- statutory bodies
- boards and committees
- local councils
- Indigenous councils.

Three important differences between the ICAC and CMC reports are:

- This report includes data relating to local and Indigenous councils, whereas the ICAC produced a separate report covering the results for local governments: see <[www.icac.nsw.gov.au/files/pdf/pub2\\_24r.pdf](http://www.icac.nsw.gov.au/files/pdf/pub2_24r.pdf)>.
- In addition to the organisational survey, the ICAC conducted a survey of staff perceptions to enable a comparison of perceptions at different levels. The CMC undertook only the organisational survey at this stage, because its primary aim was to assess organisational capacity.
- Although the CMC survey was based largely on the ICAC survey instrument, some additional questions were added to cover particular areas of interest to the CMC. One significant addition to the survey was a section entitled 'Dealing with misconduct', which examined agencies' processes for dealing with reported misconduct. This section of the survey is reported in Part II of Chapter 4 of this report.

## SURVEY FINDINGS

The findings presented here are a summary of results for the entire sample. More detailed results by type of agency are presented in the body of the report.

### Perceptions of risk

Less than a quarter of all responding agencies agreed on any one type of misconduct being the most significant, suggesting that the types of misconduct vary considerably from agency to agency. However, risks that were frequently nominated were:

- misuse of public resources
- theft, including theft of goods, property and funds
- improper use of information, including disclosure of personal and confidential information.

There was less agreement on the types of misconduct that were potentially the most damaging, with fraud and the misuse of public resources being the most frequently nominated. Other activities commonly perceived as major risk areas were corporate governance issues, misuse of an organisation's funds or bank accounts, purchasing or tendering, and use of the Internet/e-mail/e-commerce.

Between 23 and 29% of respondents agreed on the six most common risk areas that were being well handled, namely:

- use of the organisation's funds
- revenue assessment and collection of money
- cash handling
- corporate governance issues
- tendering or contracting for services for the organisation
- delegation of spending authority.

Between 15 and 18% of agencies agreed on the five most common risk areas requiring further attention, namely:

- recordkeeping
- use of the Internet/e-mail/e-commerce at work
- responding to reports of misconduct
- use of the organisation's resources, materials and equipment
- how confidential information was used.

A large minority of respondents agreed on the five activities that they considered were 'not a risk' to their agency. These were:

- how work was allocated to staff

- post-separation employment
- staff with second jobs
- how board members were appointed
- how staff took leave.

Twenty per cent of the respondents gave no response to the question regarding emerging risks; a further 20% stated that they had no real emerging risks; 8% said they did not know of any emerging risks. For the remainder who did identify emerging risks, the most common were risks associated with:

- electronic communication (including e-mail, the Internet or other new technology)
- improper use of information
- conflicts of interest
- fraud.

The CMC is already responding to these issues. For example, its March 2004 advisory paper *Cyber traps* examines crime, misconduct and security risks in the cyber environment, and it currently has under way a number of projects addressing the other issues — prevention pointers and papers on conflicts of interest, and fraud-control materials due to be released later in 2004.

### High-risk functions

Part of the survey examined the types of functions performed by agencies that might put staff at a higher risk of exposure to misconduct. These functions were referred to as 'high-risk functions'. Fourteen such functions were listed and organisations were asked whether they ever performed any of them.

Agencies reported performing an average of just under six high-risk functions — with a range from 0 to 13. 'Receiving cash' was the most commonly performed high-risk function.

Differences in the number and type of high-risk functions reported by organisations illustrate the diversity of the Queensland public sector.

### Prevalence of misconduct prevention strategies

A large portion of the CMC survey was concerned with examining the types of misconduct prevention practices that existed within each agency. The CMC also looked at the obligation on public sector agencies to report official misconduct to the CMC, how organisations dealt with

public interest disclosures and what they did about allegations of official misconduct.

### Identifying and documenting risks

A little over half of responding agencies stated that they identified and documented risks. Of those that did identify and document risks, less than 40% included prevention strategies in their documentation.

*This response is of concern. All public sector agencies, whether large or small, need to be active in this area. They should identify and document risk areas (in both general and specific terms) and incorporate strategies to prevent misconduct from occurring in those areas. In particular, agencies should acknowledge that good management includes developing a fraud and corruption control plan.*

### Codes of conduct

Seventy per cent of public sector agencies in Queensland have adopted a code of conduct based on the key principles of the Public Sector Ethics Act. Almost all of these agencies said that they had reviewed their code within the last five years; many had reviewed it within the last year.

However, staff training in the code of conduct was less prevalent. While very few organisations said that staff received no training, many said that staff received only one training session (at induction).

*All public sector agencies should develop a code of conduct, should review the code regularly, and should provide regular code-of-conduct training for staff.*

### Gifts and benefits

Sixty-seven per cent of respondents said they had a policy or procedure covering gifts and benefits and 45% said they had a gift register. Most of these agencies provided guidance to staff on circumstances in which they were not permitted to accept gifts or benefits.

*All public sector agencies should have a gift policy regarding receipt of gifts and a register to record basic information about gifts that are accepted; staff should be made aware of the register and the procedures for dealing with a gift or benefit.*

### Information management and technology

Just over half of the responding agencies had documented provisions for managing external IT attacks and 60% had procedures for managing internal abuse of IT systems by staff. Almost half reported that their

systems were compliant with Australian Standard 17799: 2001 — Information Technology — Code of Practice for Information Security Management.

It was encouraging to find that, even among those agencies that did not provide web-based services to clients, 42% were prepared with documented provisions for managing external IT attacks.

*All public sector agencies should develop IT security plans as a component of their general security or risk management plans, educating all staff about recordkeeping, passwords, privacy, confidentiality, the value of data held by the organisation, and the monitoring that applies.*

### Recruitment

Few agencies said they included comments or questions on ethical work practices in their job advertisements, and less than half said they included comments on ethical work practices in their job descriptions or job selection criteria. Almost half imparted this information during job interviews.

*All public sector agencies should consider using recruitment and selection information to promote the agency's commitment to ethical work practices and to ensure that the selection of staff is fair and impartial.*

### Contracting and procurement procedures

Most agencies reported that they had internal control mechanisms to monitor remote operations at least some of the time, with a large minority always having such mechanisms.

Most agencies also declared that they at least sometimes had internal control mechanisms to manage variations to contracts when needed, and that they always kept continuous records of expenditure on each contract let.

Statements outlining business ethics as a standard term in all contracts were not as frequent in organisational procedures as some of the other strategies designed to build misconduct resistance into contracting and procurement procedures. Almost half of agencies (49%) had never included business ethics as a standard term in all of their contracts.

Over half of the responding agencies had never included a clause giving the agency the right to terminate a contract if the contractor failed to abide by the agency's statement of business ethics. This is no doubt due to the fact that, as stated above, 49% of organisations did not include business ethics statements in their contracts.

The majority of agencies stated that they sometimes checked for conflicts of interest when contracting out the management of functions and programs, with more than half stating that they always did this.

*All public sector agencies need to ensure that contractors and service providers fully understand and accept the values of the contracting agency. Agencies also need to ensure that there are effective internal controls to keep contracted work on track. They should incorporate into all contracts a clear statement of business ethics, including a clause giving the organisation the right to terminate the contract if the contractor fails to abide by the stated ethical principles.*

### **Providing staff with information on ethical work practices**

Most responding agencies stated that they provided information on misconduct risks associated with work, on misconduct prevention strategies, and on ethical work practices. Most also provided information on what constitutes public duty and a conflict of interest. Sixty per cent reported providing information on the importance of ethical leadership.

Across all organisation types, the most common means by which information was provided was ‘guidance by managers and supervisors’.

*Public sector agencies should ensure that staff know what is expected of them, and why, and understand their agency’s misconduct prevention strategies.*

### **Audit procedures**

Most agencies perceived internal audits as either very important or essential, with only small proportions seeing them as irrelevant.

Agencies were evenly split between those that did and those that did not have an internal audit plan — 49% did and 48% did not (the remaining 3% were unsure). Forty-one per cent had an internal audit charter.

Around half stated they had an internal auditor and a similar proportion stated that they had audit committees.

Two-thirds of agencies said they undertook operational or performance audits at least every two years, and the most common topics covered in the last audit were unit performance or outputs, followed by finances, accounting practices or budget issues. Other audit areas included the business or corporate plan, purchasing, tendering or contracting, and IT or communications.

The director or manager, or the CEO, was the person most frequently nominated as being responsible for ensuring implementation of the audit recommendations.

*Public sector agencies need to recognise the importance of regular internal audits as a tool for detecting and preventing misconduct, as well as the importance of acting swiftly on the results of any audits, and of assigning appropriate levels of authority for reporting and implementation.*

### **Reporting official misconduct**

Most agencies stated that their CEO and senior managers were aware of the requirement under section 38 of the *Crime and Misconduct Act 2001* to report complaints, information or matters they suspect may involve official misconduct.

More agencies relied on the code of conduct and staff training to ensure that suspected official misconduct was brought to the attention of senior management and the CEO.

Seventy per cent of respondents stated that they had not reported any matters to the Commission in the last 12 months.

*Public sector agencies should ensure that senior managers are informed about the types of matters that need to be reported to the CMC and the specific nature of their CEO’s obligation to report. They also need to develop formal reporting procedures linked to the code of conduct.*

### **Handling public interest disclosures**

Most agencies (93%) stated they were aware of the *Whistleblowers Protection Act 1994*, but less than half stated that they had procedures to protect officers from reprisals. Those agencies that were aware of the Act were fairly evenly split regarding whether or not they had documented internal reporting channels to enable employees to make public interest disclosures to specific personnel within the organisation.

*Public sector agencies should ensure all employees are aware of the Whistleblowers Protection Act 1994 and specific internal reporting procedures.*

### **Dealing with allegations of official misconduct**

Just over half of the responding agencies stated that they had a documented system for handling allegations of suspected or detected official misconduct.

Only 18% of agencies stated that they had a procedure manual or equivalent resource outlining how an inquiry or investigation into an allegation of official misconduct was to be conducted.

*Public sector agencies should ensure that internal reporting mechanisms are effective and include protection for those who use them. They should have an internal investigation capacity, or a strategy to outsource this work, to deal with misconduct allegations as they arise.*

## HOW THE CMC IS USING THESE FINDINGS

The survey responses are being used to guide CMC activities and interventions. So far, responses from individual agencies have been used by the CMC's Complaints Services and Misconduct Prevention units to help assess the capacity of individual agencies, and to find out what agencies would like us to do to help them. We will continue to use the findings in this way. In addition, we will produce follow-up reports, based on these findings, on issues of special interest to Queensland.

### Targeting particular risk areas

To target particular risk areas, the CMC has recently produced the following advice papers in its Building Capacity series:

- *Cyber traps: an overview of crime, misconduct and security risks in the cyber environment*
- *Regulatory risks: minimising misconduct risks in agencies that have regulatory functions*
- *Answering the charges: guidelines for using corporate cards.*

### Fraud and corruption control

Currently, the CMC is preparing a resource kit to help public sector agencies develop fraud and corruption control plans. The material, to be distributed later this year, has been prompted partly by the findings of this survey, which has revealed that only 25% of Queensland public sector agencies have any sort of fraud control strategy, even though fraud was the main misconduct area nominated by agencies as most potentially damaging. It has also been prompted by the findings of a recent review of the Queensland Audit Office disclosing that less than half of the agencies reviewed had formally assessed

the risk of fraud as part of their agency-wide risk assessments.

### Helping agencies respond to reports of misconduct

In March this year, the CMC published *Facing the facts: a CMC guide for dealing with allegations of official misconduct in public sector agencies*. This guide is designed to help public sector agencies deal with misconduct arising within their own agency. It:

- puts into perspective the role of the CMC
- explains an agency's obligation to report to the CMC
- defines the term 'official misconduct' with case study examples
- outlines the various options available to public sector agencies in dealing with their own suspected official misconduct
- details the steps involved in conducting a formal investigation to meet the exacting standards of the CMC
- discusses how to manage the impact of an investigation in the workplace
- examines how to use the lessons learnt in an investigation to prevent future occurrences of the same problem.

The guide, which is available on the CMC's website, will be continuously updated and expanded.

### Collaborative projects with the ICAC

The CMC hopes to work with the ICAC to produce joint publications of interest to both jurisdictions. For example, the CMC and the ICAC are currently collaborating on a guide and toolkit to help public officials in both jurisdictions manage conflicts of interest. The project involves bringing together existing materials along with additional research to establish an agreed common guide, which may even become an Australian standard.

### Tracking changes

As well as helping the CMC help agencies build their capacity to deal with and prevent misconduct, this survey, and future ones, will enable the CMC to track changes over time in how Queensland public sector agencies are managing the risks that confront them.





Misconduct, including fraud and corruption, can cause considerable damage to public sector organisations. As well as the financial or material loss — which may be substantial — the damage to performance, reputation, credibility, market and public confidence, and ultimately even the organisation’s ongoing viability, may be significant. Unheeded misconduct damages staff productivity and morale, which in turn undercuts the organisation’s image and the quality of service it can offer.

It is therefore in an agency’s best interest to develop sound practices to prevent and detect misconduct. The identification and analysis of risk associated with an agency’s functions is an important step in this process.

The CMC has a charter to build the capacity of public sector agencies to prevent and deal with misconduct. In order to determine the best way to do this, the CMC administered a survey to approximately 300 public sector agencies within its jurisdiction to establish baseline data about the types of misconduct that different agencies consider to be a risk, and their perceived ability to deal with these issues.

The CMC’s Responding to Misconduct survey was based on a survey developed by the New South Wales Independent Commission Against Corruption (ICAC) in a project to develop a profile of the functions, corruption risks and corruption prevention strategies across the New South Wales public sector.<sup>1</sup> The survey conducted by the ICAC addressed many of the issues that the CMC would need to cover in order to assess the capacity of Queensland public sector agencies to prevent misconduct. The CMC sought the ICAC’s permission to replicate sections of its survey when developing our own instrument. Using the same format and wording as the ICAC survey allowed us to collect comparative data that can be used to highlight similarities and differences between the respective jurisdictions. The CMC survey also included a range of questions designed to assess the

capacity of public sector agencies to deal with misconduct matters referred to them by the CMC.

The CMC’s jurisdiction is limited to official misconduct (see Glossary for definition of official misconduct). However, the survey covered issues that, while not necessarily amounting to official misconduct, were important aspects of organisational integrity.

### STRUCTURE OF THE REPORT

**Chapter 1** — the remainder of this chapter presents the survey methodology, including details of the survey instrument and sampling, and the characteristics of organisations in the sample. The final section outlines how the results will be presented and where caution may need to be exercised in their interpretation.

**Chapter 2** — discusses misconduct risks identified by respondents across the entire sample, and presents the results for each type of agency — departments, state-owned corporations, universities, statutory bodies, boards and committees, local councils, and Indigenous councils.

**Chapter 3** — describes the number and types of high-risk functions reported as being performed by different types of agencies. The chapter concludes with a ‘high-risk functions checklist’ designed to help agencies develop an effective response to misconduct.

**Chapter 4** — examines the extent to which agencies have individual misconduct prevention strategies, and the agencies’ own views on their main strengths in minimising misconduct. The chapter then presents data on the ‘Dealing with misconduct’ section of the survey.

**Chapter 5** — presents a summary of misconduct risks, and of misconduct-prevention strategies, across the sample, and concludes with a discussion of the way in which the findings from this research are being used by the CMC and can be used by individual agencies.

1 *Profiling the NSW public sector*: <[www.icac.nsw.gov.au/files/pdf/pub2\\_26r.pdf](http://www.icac.nsw.gov.au/files/pdf/pub2_26r.pdf)>.

## METHODOLOGY

### About the survey

In 2002 the Office of Economic and Statistical Research (OESR) was commissioned to conduct a mail-out survey on behalf of the CMC. The Responding to Misconduct survey was designed to determine the capacity of public sector agencies to deal with and prevent misconduct.

All public sector agencies that fall within the jurisdiction of the CMC were included in the survey. There is no single list of public sector agencies in Queensland, so the sampling frame for the survey was compiled from a number of categories including state government departments and other agencies, state-owned corporations, statutory bodies, boards and committees, universities, local councils, and Indigenous councils. After excluding those agencies that were found to have amalgamated or dissolved, the survey frame supplied to the OESR by the CMC contained 338 agencies.<sup>2</sup>

In November 2002 the CMC conducted a workshop with 22 selected agencies — including the OESR, which was represented because of its involvement in the data collection. The workshop provided a forum to pilot the survey instrument and gain feedback from the agencies involved. Raw data and frequencies from the pilot test were provided to the CMC.

For the main survey, the CMC provided the OESR with pre-approach letters, which were sent out to each agency two weeks ahead of the main survey booklet. The letters outlined the aim of the survey, and the responsibility of both the CMC and public sector agencies under the *Crime and Misconduct Act 2001* to prevent and deal with misconduct. The letters also listed contact details of staff who could provide assistance in completing the survey booklet. The full mail-out of the survey began in January 2003.

### Survey instrument

The specific aims of the survey were to identify:

- the types and levels of misconduct risk within various types of agencies
- the current capacity of these agencies to respond to misconduct
- the current capacity of these agencies to prevent misconduct.

The survey was divided into the following sections:

- **Organisations and their functions** — collected information about the main types of functions performed by each agency, as well as information on length of existence, budget, staffing, locations and jurisdiction, and performance of ‘high-risk functions’.
- **Dealing with misconduct** — primarily concerned with reporting obligations and mechanisms, including how allegations were reported, both internally and to the CMC, and how they were dealt with when they were referred to the agency (e.g. choosing someone within the agency or an external investigator). Four scenarios were presented and respondents were asked to state whether they would report each matter to the CMC, and why. This section included a series of questions about other mechanisms that the agency might have, such as appointing a CMC liaison officer; designating a person to deal with and prevent misconduct; and preparing procedures manuals for dealing with matters, making public interest disclosures and protecting whistleblowers.
- **Misconduct risk areas** — sought to assess perceived levels of risk within agencies. Respondents were asked to rate a range of activities and types of misconduct according to the degree to which they felt each item presented a ‘major risk’, a ‘minor risk’ or ‘no risk’ to the agency. It asked them to describe in their own words what they perceived to be their most significant misconduct risks, their most potentially damaging misconduct activities, their main strengths in minimising misconduct, and the possible emerging misconduct risks for their agency over the next three to five years.
- **Organisational strategies** — sought to determine the types of misconduct prevention strategies used by each agency. The questions examined agencies’ knowledge of, and policies and procedures regarding, such things as risk management, codes of conduct, gifts and benefits, conflicts of interest, information and e-business strategies, recruitment and information for staff and board members, audit procedures, and contracting and procurement.
- **Relationship with the CMC** — assessed the degree of contact between the various public sector agencies and the CMC, in order to help the CMC’s internal management process.

<sup>2</sup> Details of the sampling strategy are presented in Appendix 1: ‘Methodology and agencies surveyed’.

## About the sample

### Sample size and response rate

From the final sample of 338 agencies, 234 completed and returned survey booklets that could be used for analysis. This is a response rate of 69%. Table 1.1 breaks down the response rate by type of agency. The category 'departments' includes the combined results from government departments and other departmental agencies and offices (listed in Appendix 1). Due to the small response rate from these departmental agencies and offices and the similarity of the responses, only the combined results are presented in the report.

In order to maximise the response rate for the survey, staff of the OESR conducted follow-up telephone calls with a nominated liaison officer or CEO from each agency.<sup>3</sup> In these instances, staff conducting the follow-up asked for confirmation that the survey booklet had been received. If the survey booklet could not be located, a second booklet was sent to the address that the agency provided over the phone. If a survey booklet had been received but not completed, the agency was asked to complete the booklet and return it by an extended closing date.

Owing to time constraints, the CMC provided the OESR with a priority order for the follow-ups. State government departments, local councils and universities were given a high priority; hence, these yielded higher response rates than those that were accorded lower priority.

### Organisational characteristics

The survey asked a number of questions designed to reveal the characteristics of agencies that fall within the CMC's jurisdiction. The results show considerable diversity among agencies and even within particular types. So, although the agencies have been grouped together by type, for ease of presentation and because they are considered similar, it is important to remember that within each group there are some important differences in role and function, size, budget and age.

### Role and function

When asked to describe their main role, 70% of agencies described it as the provision of service to the community. As Figure 1.1 (next page) shows, this was the most common response from universities, local councils and Indigenous councils. State-owned corporations were most likely to state some 'other' role (64%). A far greater range of roles was identified by departments, statutory bodies, and boards and committees.

**Table 1.1: Response rates of different types of organisations**

Type of organisation	No. sent	No. returned	Response rate
Universities	7	6	86%
State-owned corporations	11	11	100%
Departments*	39	28	72%
— departments	24	24	100%
— departmental agencies	15	4	27%
Statutory bodies	55	42	76%
Boards and committees	68	41	60%
Local councils	124	100	81%
Indigenous councils	34	6	18%
<b>Total</b>	<b>338</b>	<b>234</b>	<b>69%</b>

\* The category 'departments' includes the combined results from government departments and 'departmental agencies' (see Appendix 1: 'Methodology and agencies surveyed' for a listing). Owing to the small response rate from 'departmental agencies' (27%) and the similarity of the responses from the two categories, only the combined responses are presented in the remaining figures and tables.

3 The covering letter sent with the survey asked each agency to nominate a liaison officer or other contact person for follow-up.

**Figure 1.1: Please describe your organisation’s main role**

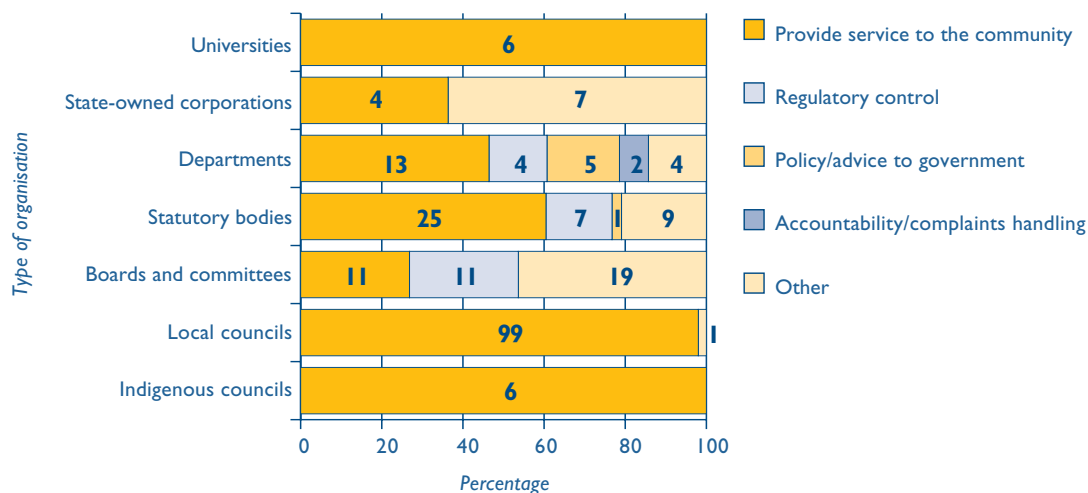


Table 1.2 shows the main areas of business of the agencies surveyed. In view of the large number of local councils responding to the survey, it is not surprising that ‘local government’ ranked as the most common function; but the table shows a broad range of activities listed by other agencies. Within particular types, there were some groups that provided very uniform responses. Predictably, all universities listed their main function as ‘education’ and all Indigenous councils and 99% of local councils listed their main function as ‘local government’.<sup>4</sup>

Of the state-owned corporations, 73% listed ‘transport and communications’ as their main area of business. Other functions included fuel and energy, and general public services.

In contrast, the responses from departments, statutory bodies, and boards and committees showed considerable diversity, with very few of these agencies identifying the same main areas of business.<sup>5</sup>

Most agencies (68%) stated that they operated within a local or regional area, while around 30% stated that they operated throughout Queensland. Two per cent stated that they operated beyond Queensland but within Australia. None operated outside Australia.

Almost half the sample stated that they operated in only one location (44%) and another 40% operated in two to ten locations. Less than 3% had more than 100 locations. Half (50%) stated that they were located in small towns or rural areas — and these were most likely to be local or Indigenous councils. Another 44% were located in metropolitan areas — and these were most likely to be

departments, universities, statutory bodies and state-owned corporations (see Figure 1.2).

**Size of organisations**

The data presented in Figure 1.3 (page 6) illustrate the considerable diversity within organisation types in terms of staffing levels. All universities and almost 60% of departments stated that they had more than 1000 staff. On the other hand, 98% of boards and committees, 71% of statutory bodies, and more than half of the state-owned corporations and local councils had less than 100 staff. One state-owned corporation and three departments had more than 10 000 staff.

Almost 60% of responding agencies stated that up to 10% of their staff were temporary, casual or on contract. Less than 10% of agencies stated that they had more than 50% temporary staff. The proportion of temporary staff employed also varied markedly within organisation types. Indigenous councils and boards and committees were the types most likely to state they had more than 50% of staff who were temporary, casual or on contracts, whereas local councils and state-owned corporations were most likely to say that they had less than 5% of staff in those categories.

**Budget**

Figure 1.4 shows considerable diversity in the recurrent budgets reported by responding agencies. Boards and committees, statutory bodies and Indigenous councils reported the smallest budgets (under \$5m) while universities, departments and state-owned corporations reported the largest (over \$100m).

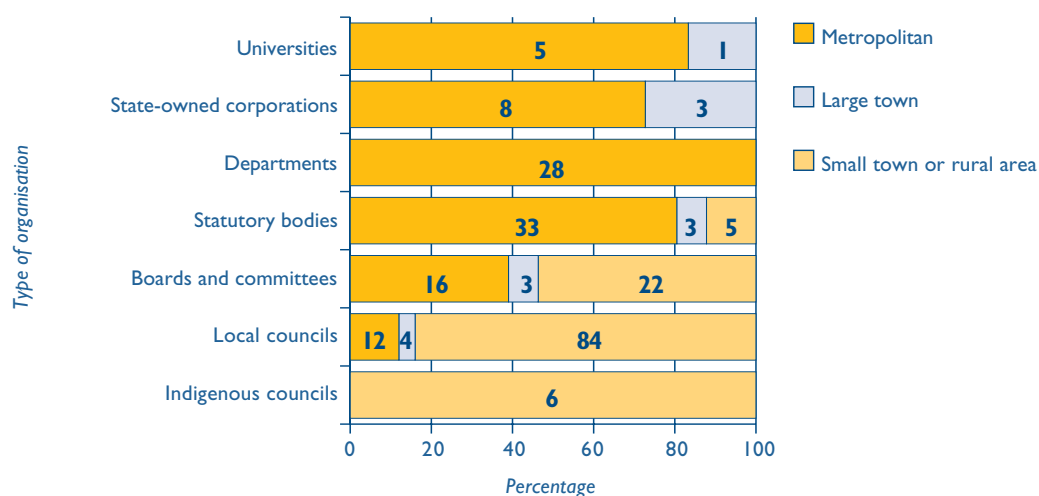
4 One local council listed ‘transport and communications’ as its main area of business.

5 For tables showing the main areas of business identified by these three organisation types, see Appendix 2: ‘Organisational characteristics’.

**Table I.2: What is your organisation’s main area of business?**

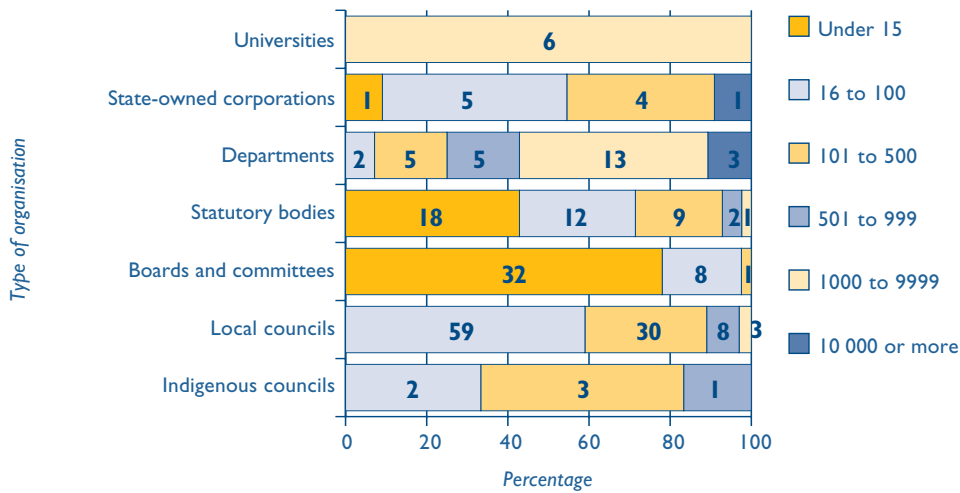
Main area of business	Organisations <i>n</i>	%
Local government	107	45.7
Water supply or management	18	7.7
Education	14	6.0
Agriculture, forestry, fishing and hunting	14	6.0
Recreation and culture	11	4.7
Transport and communications	11	4.7
Health	9	3.8
Regulation/oversight	8	3.4
Finances, funding, fundraising	7	3.0
General public services	6	2.6
Public order and safety	6	2.6
Other purposes	5	2.1
Other economic affairs	4	1.7
Social security and welfare	3	1.3
Housing and community amenities	3	1.3
Fuel and energy	1	0.4
Other (please specify)	7	3.0
<b>Total</b>	<b>234</b>	<b>100.0</b>

**Figure I.2: Please describe the location of your organisation (or the head office of your organisation, for decentralised organisations)**

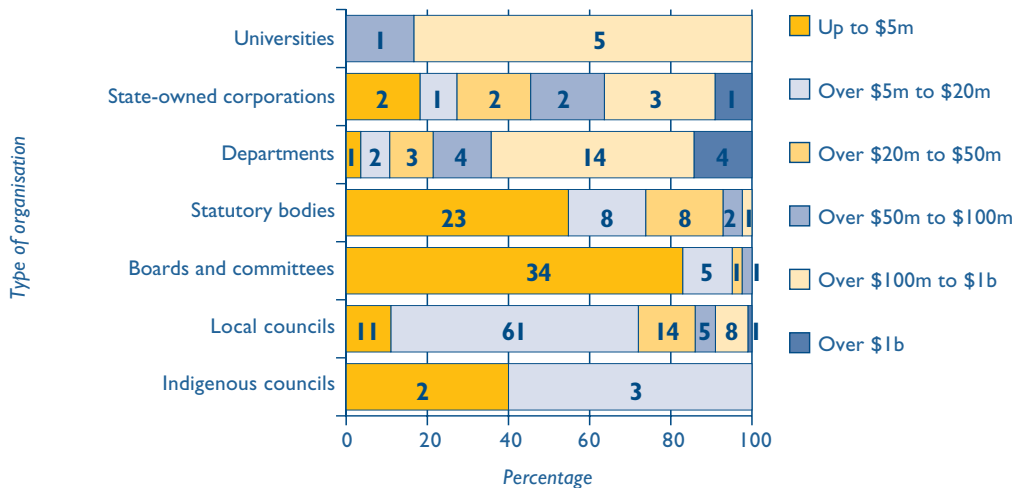


Note: One statutory body did not answer this question.

**Figure 1.3: How large is your organisation (full-time equivalent staffing level)?**



**Figure 1.4: What is the size of your organisation's recurrent budget?**



Note: One Indigenous council did not answer this question.

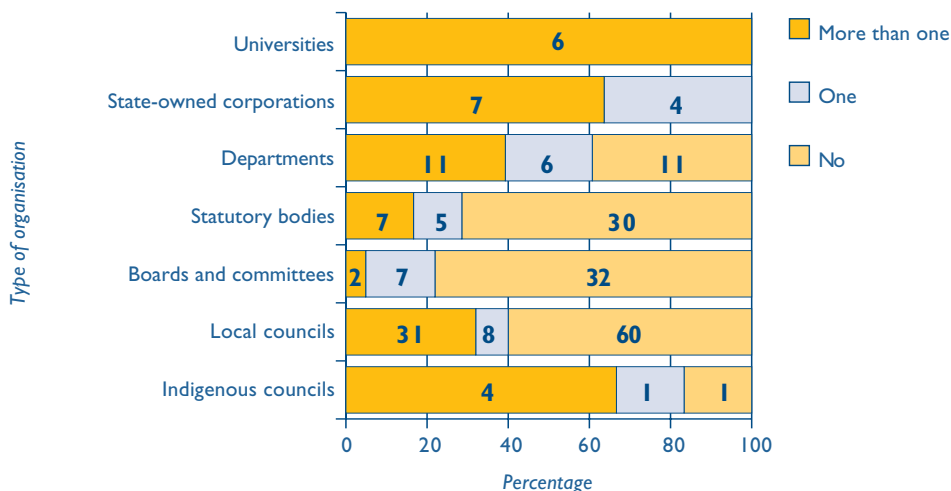
Around 60% of agencies stated that they received at least some of their funding from the government budget process. Departments and Indigenous councils were the most heavily reliant on government funding. All of the state-owned corporations stated that they were funded by some other means, as were the majority of boards and committees (73%), and just under half of the statutory bodies (45%).

Forty-three per cent of respondents stated that they had one or more business units designed to provide marketable or commercial services. As Figure 1.5 shows, all universities and state-owned corporations responded in this way, as did 83% of Indigenous councils and 61% of departments. Boards and committees were least likely to have business units designed to provide these services (22%).

Among agencies that did provide marketable or commercial services, 69% reported that they operated on a similar basis to a private sector business (i.e. they were profit-driven). Those most likely to report that they were not profit-driven were departments (47%), Indigenous councils (40%) and local councils (39%).

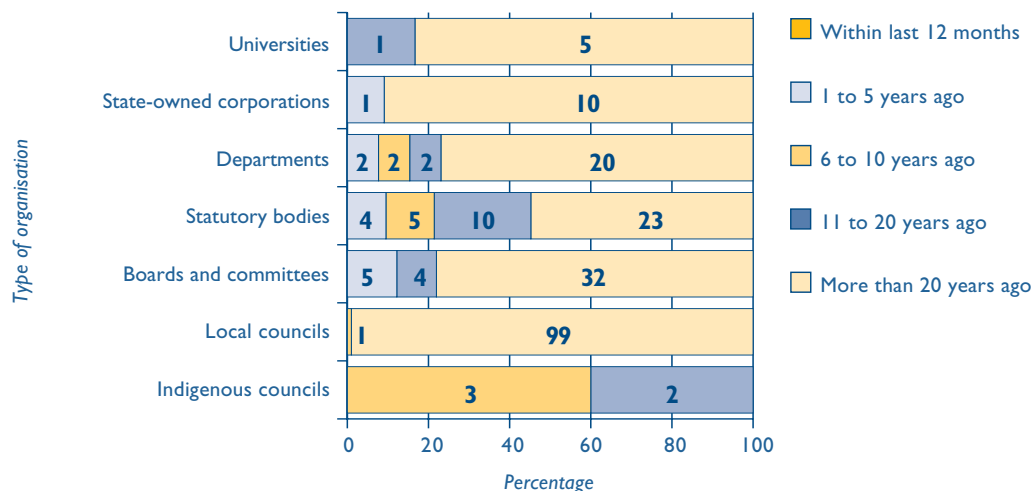
Most of the respondents (78%) said they viewed themselves as a public sector agency. Almost 20% stated that there were groups within their agency which, although paid from public money, did not consider themselves as part of the public service. This was most common among departments (43%), statutory bodies (34%) and state-owned corporations (27%).

**Figure 1.5: Does your organisation have one or more business units designed to provide marketable or commercial services?**



Note: One local council did not answer this question.

**Figure 1.6: How long ago did your organisation, in one form or another, commence performance of its main role and functions?**



Note: Two departments did not answer this question.

### Age of organisations

More than 80% of respondents stated that their agency had commenced performance of their main role or function, in one form or another, more than 20 years ago (see Figure 1.6). Of these, about 20% had undergone some sort of restructure.

When asked about major restructures to their agency in the last three years, 28% of respondents stated that they

had undergone a major restructure during that period. Seventy-one per cent of departments reported a major restructure in the last three years.

Only two statutory bodies and two boards and committees reported that they had corporatised, commercialised or privatised all their functions in the past three years. Another 17% of agencies, mainly universities, said that they had done so with some of their functions.

## PRESENTATION OF THE RESULTS

Like the ICAC report, this report presents separate results for each of the organisation types surveyed. The CMC's Responding to Misconduct survey encompassed:

- universities
- state-owned corporations
- departments<sup>6</sup>
- statutory bodies
- boards and committees
- local councils
- Indigenous councils.

There are some important differences between the ICAC and CMC reports:

- This report includes data relating to local and Indigenous councils, whereas the ICAC produced a separate report covering the results for local governments. (See: <[www.icac.nsw.gov.au/files/pdf/pub2\\_24r.pdf](http://www.icac.nsw.gov.au/files/pdf/pub2_24r.pdf)>.)
- The ICAC also conducted a survey of staff perceptions to enable a comparison of perceptions at different levels. The CMC undertook only the organisational survey, because its primary aim was to assess organisational capacity.
- Although the CMC survey was based largely on the ICAC survey instrument, additional questions were added to cover particular areas of interest to the CMC. One significant addition to the survey was a section entitled 'Dealing with misconduct', which examined agencies' processes for dealing with identified misconduct. This section of the survey is reported in Part II of Chapter 4.

## LIMITATIONS OF THE RESEARCH

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

The response rate was high among most organisation types.<sup>7</sup> However, we cannot know how those agencies that did not respond would have differed from those that did respond. Differences in response rates across the various organisation types affect the degree to which results can be generalised. The low rate of response from Indigenous councils, for example, means the results are less able to be generalised than the results for local councils, which achieved an 81% response rate. Readers should be aware of this when drawing conclusions about different organisation types.

The survey was sent to the CEO or Chairperson of each agency, accompanied by a covering letter from the CMC Chairperson and the Queensland Government Statistician. CEOs were advised that the task of completing or coordinating the completion of the survey could be delegated to a nominated CMC Liaison Officer or a senior officer from the corporate governance, internal audit or legal area.

Many of the questions contained in the survey were about respondents' perceptions. Even specific questions about the presence or absence of particular prevention strategies could be answered only to the extent that the person completing the survey had knowledge of the strategy. Readers should bear in mind that perceptions are subjective, and responses might have differed if another staff member had completed the survey.

Many questions were asked about the existence of systems or strategies within the agency. The survey does not attempt to evaluate the effectiveness of these strategies.

The final consideration is the fact that the CMC, in conducting the survey, may have had some effect on the survey results. Given the role of the CMC to oversee public sector agencies, it is possible that agencies may have felt the need to present themselves in a more favourable light. Such a bias in responses can occur in research conducted by people or organisations in authority, and it is impossible to tell whether, or to what extent, such a bias may have affected the survey results.

6 The category 'departments' includes the combined results from government departments and other departmental agencies and offices (see Appendix 1 for a listing), due to the small response rate from 'other agencies' and the similarity of the responses from the two categories.

7 Universities (86%), state-owned corporations (100%), departments (100%), departmental agencies (27%), statutory bodies (76%), boards and committees (60%), local councils (81%), and Indigenous councils (18%).



## CHAPTER 2 — PERCEPTIONS OF RISK: SURVEY FINDINGS

Agencies' perceptions of risk are important because what is perceived to be a risk will influence risk management within the agency.

The questions administered in the survey explored the assessment and management of misconduct risks from a number of angles. As well as being asked how well they were managing their current risks, agencies were asked to identify potential risks. Awareness of potential risks makes agencies more able to respond to them if they arise, and thus more misconduct-resistant.

It is important to remember, when interpreting the results presented in this chapter, that the purpose of this section of the survey was to examine *perceived* misconduct risks. The activities listed by respondent agencies are those they consider could present a risk because of the types of functions that the agency performs.

### SURVEY QUESTIONS

Public sector agencies' perceptions of misconduct risk were assessed using four questions (questions 60–63 described below). They were asked to rate a range of activities and types of misconduct on the basis of their perceived risk to the organisation, and to describe in their own words significant and potential or emerging risks to their organisation.

**Question 60:** Respondents were provided with a list of 40 workplace activities and asked to indicate the extent to which they considered each activity to be a misconduct risk in their agency. Examples of the activities included: how confidential information is used; the use of organisational resources; cash handling; and how staff are recruited.

The following response options were available to rate each of the 40 activities:

- major risk area being well handled
- major risk area requiring more attention
- minor risk area
- not a risk area at all
- not applicable because the agency does not carry out this function.

**Question 61:** Respondents were provided with a list of 23 types of misconduct and asked to indicate the extent

to which they considered each of the types of misconduct to be a potential risk within their agency. Examples of the types of misconduct included: forgery or fraud; favouritism/nepotism; harassment/victimisation/discrimination.

Agencies used the following response options to rate each of the 23 types of misconduct:

- major risk
- minor risk
- not a risk
- don't know whether or not it is a risk.

**Questions 62 and 63:** Respondents were asked two open-ended questions to allow them to describe in their own words what they perceived as:

- the most significant misconduct risks within their agency
- the most potentially damaging misconduct for their agency's core business.

These two questions allowed respondents to identify risks that were not included in questions 60 and 61, and to prioritise these risks.

### OVERVIEW OF PERCEIVED MISCONDUCT RISKS IN THE PUBLIC SECTOR AS A WHOLE

Table 2.1 (next page) summarises perceived risks across the 234 responding agencies in terms of:

- most significant misconduct risks
- most potentially damaging types of misconduct
- workplace activities most commonly perceived as major risk areas
- workplace activities most commonly perceived as major risks currently being well handled
- workplace activities most commonly perceived as major risks requiring further attention
- types of misconduct most commonly perceived as potential major risks.

Table 2.1 shows that less than a quarter of all responding agencies agreed on any one type of misconduct being the most significant risk. This means that the types of misconduct perceived as a risk vary considerably from

**Table 2.1: Summary of main misconduct risks across all organisations**

	% of organisations (n = 234)
<b>Most significant risks</b>	
Misuse of public resources	23
Theft	21
Improper use of information	16
Fraud	13
Conflict of interest	11
<b>Most potentially damaging types of misconduct</b>	
Fraud	17
Improper use of information	14
Misuse of public resources	10
Theft	6
Conflict of interest	6
<b>Workplace activities most commonly perceived as major risk areas</b>	
How confidential information is used	37
Corporate governance issues	35
Tendering or contracting for services for organisation	33
Use of organisation's funds (not specifically cash) or bank accounts	33
Purchasing or tendering for goods for organisation	33
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
Use of organisation's funds (not specifically cash) or bank accounts	29
Revenue assessment and collection of money	24
Cash handling	24
Corporate governance issues	23
Tendering or contracting for services for organisation	23
Delegation of spending authority	23
<b>Workplace activities most commonly perceived as major risks requiring further attention</b>	
Recordkeeping	18
Use of the Internet/e-mail/e-commerce at work	17
Responding to reports of misconduct	17
Use of organisation's resources, materials and equipment	16
How confidential information is used	15
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Failure to disclose a conflict of interest or abuse of a conflict of interest	15
Misuse of public resources by a public official	14
Forgery or fraud	14
Improper use of information, e.g. revealing or selling	13
Theft of public resources by a public official	13

agency to agency. The most significant types of misconduct on which agencies agreed were misuse of public resources, theft, and improper use of information. Misuse of public resources included the misuse of equipment, vehicles and grants. Theft included theft of goods, property and funds. Improper use of information included the misuse and disclosure of personal and confidential information.

There was less agreement on the types of misconduct that were potentially the most damaging. Fraud (17%), improper use of information (14%) and the misuse of public resources (10%) were nominated as most damaging.

Improper use of information was rated as both one of the most significant and one of the most potentially damaging types of misconduct. It is not surprising, then, that the workplace activity most commonly perceived as a major risk area was 'how confidential information is used'. Other activities commonly perceived as major risk areas were corporate governance issues, misuse of an organisation's funds or bank accounts, purchasing, and tendering and contracting. Each of these activities was considered to be a major risk by more than 30% of agencies.

As well as the activities perceived to be major risks, agencies nominated the types of misconduct that they considered to be major risks. The most common response to this question was failure to disclose a conflict of interest or the abuse of a conflict of interest (15%). Misuse and theft of public resources by a public official were also seen as major misconduct risks (14% and 13% respectively). In common with other findings, improper use of information was also rated as one of the top five potential major misconduct risks.

### Activities that agencies consider not to be a risk

It is also important to examine the types of activities that agencies consider not to be a risk. Overlooking potentially damaging risks can have serious implications. By not identifying an activity as a potential risk, the agency is unlikely to be adequately prepared to deal with the issue should it arise.

As shown in Table 2.2, between 30 and 40% of respondents agreed on the five most commonly stated activities that were reported as 'not a risk' to their organisation.

**Table 2.2: Summary of activities considered not to be a risk across all organisations**

	% of organisations (n = 234)
How work is allocated to staff	39
Post-separation employment	36
Staff with second jobs	35
How board members are appointed	35
How staff take leave	31

### Emerging risks

Agencies were also asked to identify possible emerging risks over the next three to five years. Twenty per cent did not respond to this question; a further 20% stated that they had no real emerging risks; 8% said that they did not know of any emerging risks.

For the remainder who did identify emerging risks, the most common were risks associated with electronic communication (including e-mail, the Internet or other new technology); improper use of information; conflicts of interest; and fraud.

## PERCEIVED MISCONDUCT RISKS ACROSS QUEENSLAND PUBLIC SECTOR AGENCIES

This section presents the responses for each of the different types of organisations:

- universities
- state-owned corporations
- departments
- statutory bodies
- boards and committees
- local councils
- Indigenous councils.

As far as possible, the tables in this section present the 'top five' risks nominated in each category (e.g. workplace activities and types of misconduct). It was not always possible to do this because:

- Sometimes the top few responses were followed by a large cluster ranked equally. When this happened, it was decided to list fewer than the 'top five' responses

in the table. For example, in Table 2.7 (page 16) only two types of potential misconduct are listed because after this there were six types nominated by three agencies and seven types nominated by two agencies.

- Responses were sometimes too diverse, with a large range of risks being nominated by only one agency. For example, for state-owned corporations, Table 2.4 lists only the ‘top three’ under the ‘major risks requiring further attention’ heading because after these there were 13 other types each nominated by only one agency.
- On the other hand, Table 2.6 (page 15) lists more than the ‘top five’ under workplace activities currently being well handled, because there was a sixth response with an equal ranking to the previous four.

It should also be noted that data related to activities that agencies consider not to be a risk and emerging risks are not presented in the tables, because of the small numbers involved.

Additional tables showing the perceived risk of all workplace activities and types of misconduct covered in the survey are presented in Appendix 3 for the three broad organisation groups.<sup>8</sup>

## Universities

The most significant misconduct risk identified by universities was misuse of public resources (50%). See Table 2.3. There was very little agreement on the most potentially damaging misconduct risk, with only two universities agreeing on any one type.

The table also shows that half the universities agreed on the most common risk areas that were currently being well handled — for example, revenue assessment and responding to reports of misconduct.

Four of the six respondent universities nominated the use of the Internet/e-mail/e-commerce at work as a major risk requiring further attention. Half of the universities perceived recordkeeping and the use of resources, materials and equipment as requiring further attention.

Only two of the six universities could agree on the most common types of misconduct perceived as a major risk. These included failure to separate authorisation and approval processes, misuse or theft of public resources by a public official, and harassment/victimisation.

**Table 2.3: What universities consider to be their main misconduct risks**

	No. of universities (n = 6)
<b>Most significant risks</b>	
Misuse of public resources	3
Fraud	2
Harassment/victimisation/bullying	2
Relationship between staff and clients	2
Theft	2
<b>Most potentially damaging types of misconduct</b>	
Fraud	2
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
Revenue assessment and collection of money	3
Responding to reports of misconduct	3
Cash handling	3
Delegation of spending authority	3
How staff are recruited	3
How staff are accountable for time worked	3
How the board makes decisions	3
<b>Workplace activities most commonly perceived as major risks requiring further attention</b>	
Use of the Internet/e-mail/e-commerce at work	4
Recordkeeping	3
Use of the organisation’s resources, materials and equipment	3
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Failure to separate authorisation and approval processes	2
Misuse of public resources by a public official	2
Theft of public resources by a public official	2
Harassment/victimisation/discrimination	2

<sup>8</sup> Further breakdowns by specific organisational types are available from the CMC on request.

### Activities that agencies consider not to be a risk

The activities most commonly considered not to be a risk to universities were: how services are allocated to the public (3); staff with second jobs (2); how licences, qualifications or certificates are issued (2); and how board members are appointed (2).

### Emerging risks

The most common emerging risks identified by universities were: fraud, misuse of public resources, risks associated with electronic communication, theft, and staff with second jobs.<sup>9</sup>

### State-owned corporations

The two most significant misconduct risks identified by state-owned corporations were misuse of public resources (5) and purchasing and tendering (4). See Table 2.4. Fraud and improper use of information were nominated as the most potentially damaging risks.

Activities related to purchasing, tendering or contracting for goods or services were perceived by more than half the responding state-owned corporations as major risks that were being well handled. Funds and bank accounts were also seen as major risk areas being well handled, as were board decisions and accountability.

Three of the 11 state-owned corporations perceived corporate governance issues as major risks that required further attention. Three corporations also nominated collusion as a potential misconduct risk.

### Activities that agencies consider not to be a risk

While there was very little agreement among state-owned corporations about the types of activities they considered were not a risk, the activity most commonly mentioned related to how work was allocated to staff (4).

### Emerging risks

State-owned corporations identified their most common emerging risks as collusion, fraud, improper use of information, and purchasing and tendering.

**Table 2.4: What state-owned corporations consider to be their main misconduct risks**

	No. of SOCs (n = 11)
<b>Most significant risks</b>	
Misuse of public resources	5
Purchasing and tendering	4
<b>Most potentially damaging types of misconduct</b>	
Fraud	3
Improper use of information	3
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
Purchasing or tendering for goods for organisation	6
Tendering or contracting for services for organisation	6
Use of organisation's funds (not specifically cash) or bank accounts	6
How the board makes decisions	6
Board accountability	6
<b>Workplace activities most commonly perceived as major risks requiring further attention</b>	
Corporate governance issues	3
Relationships between staff and clients	2
Responding to reports of misconduct	2
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Collusion (secret agreement for a fraudulent purpose)	3
Forgery or fraud	2
Harassment/victimisation/discrimination	2
Sexual assault/sexual misconduct/sexual harassment	2

<sup>9</sup> While two universities did not see 'staff with second jobs' as a risk, a different two universities saw it as an emerging risk (one of them seeing it as a minor emerging risk and the other as a major emerging risk).

## Departments

The most significant risks identified by departments spanned a wide range of activities, reflecting their diverse roles. See Table 2.5. The two most frequently stated areas of misconduct were the misuse of public resources (8) and improper use of information (7).

The types of misconduct that departments stated as their most potentially damaging misconduct risks were fraud and the assault, abuse or neglect of clients.

As the table shows, the activities identified by departments as being major risk areas being well handled tended to be undertaken by people in either supervisory or specialised roles. Corporate governance issues came top of the list, followed by the use of the organisation's funds or bank accounts.

Almost a third of departments agreed on the workplace activities most commonly seen as risks that required further attention. These included how confidential information was used, recordkeeping and the use of the Internet, e-mail or e-commerce at work.

Improper use of information (e.g. revealing or selling) and the theft of public resources by a public official were given by responding departments as the misconduct most commonly perceived as potential major risks.

### Activities that agencies consider not to be a risk

The most common activities considered not to be a risk to departments were post-separation employment (10) and how work is allocated to staff (10).

### Emerging risks

Twelve of the 28 departments either did not state an emerging risk or did not foresee any specific emerging risks to their agency. There was very little agreement among those that did identify an emerging risk; the most common category, identified by only four departments, was risks associated with electronic communication.

**Table 2.5: What departments consider to be their main misconduct risks**

	No. of departments ( <i>n</i> = 28)
<b>Most significant risks</b>	
Misuse of public resources	8
Improper use of information	7
Assault, abuse or neglect of clients	5
Theft	5
Fraud	4
<b>Most potentially damaging types of misconduct</b>	
Fraud	6
Assault, abuse or neglect of clients	5
Improper use of information	4
Bribery	3
Misuse of public resources	3
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
Corporate governance issues	11
Use of organisation's funds (not specifically cash) or bank accounts	9
Tendering or contracting for services	8
Use of the Internet/e-mail/e-commerce at work	8
<b>Workplace activities most commonly perceived as major risks requiring further attention</b>	
How confidential information is used	10
Recordkeeping	9
Use of the Internet/e-mail/e-commerce at work	8
How staff are recruited	7
Use of organisation's resources, materials and equipment	6
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Improper use of information, e.g. revealing or selling	8
Theft of public resources by a public official	7
Harassment/victimisation/discrimination	6
Failure to disclose a conflict of interest or abuse of a conflict of interest	6
Misuse of public resources by a public official	6
Assault (non-sexual)	6

## Statutory bodies

The most significant risks nominated by statutory bodies were improper use of information and theft. See Table 2.6. They perceived fraud as the most potentially damaging misconduct risk, followed by improper use of information.

As the table shows, statutory bodies nominated more varied activities under the headings of ‘major risk areas well handled’ and ‘major risks requiring further attention’ than did other agencies, such as departments and local councils. It may be that the workplace activities themselves varied more among statutory bodies than among other organisation types.

The way confidential information was used, and the use of funds, were reported as activities most commonly considered to be major risks, but well handled. Corporate governance issues and relationships between staff and clients were also reported as activities most commonly perceived as risk areas that were well handled.

There was little agreement among statutory bodies on the workplace activities most commonly considered to be major risks requiring further attention, with the most common category — recordkeeping — being nominated by only 4 of the 42 bodies.

Failure to disclose a conflict of interest or abuse of a conflict of interest and the improper use of information (e.g. revealing or selling) were seen as the types of misconduct with the most potential as major risks. However, these were each nominated by only four of the 42 statutory bodies.

### Activities that agencies consider not to be a risk

Almost half of the statutory bodies agreed on the types of activities that they considered did not present risks to their agencies. These were all connected with staffing issues and included staff with second jobs (22), how work was allocated to staff (22), and how staff were recruited (21).

### Emerging risks

Almost half of the responding statutory bodies (21) did not state any emerging misconduct risk. Among those that did, improper use of information and fraud were the most common categories.

**Table 2.6: What statutory bodies consider to be their main misconduct risks**

	No. of bodies (n = 42)
<b>Most significant risks</b>	
Improper use of information	11
Theft	9
Fraud	8
Misuse of public resources	6
<b>Most potentially damaging types of misconduct</b>	
Fraud	13
Improper use of information	8
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
How confidential information is used	11
Use of organisation’s funds (not specifically cash) or bank accounts	10
Corporate governance issues	10
Relationship between staff and clients	9
Use of the Internet/e-mail/e-commerce at work	8
Delegation of spending authority	8
<b>Workplace activities most commonly perceived as major risks currently requiring further attention</b>	
Recordkeeping	4
Relationships between staff and clients	3
Responding to reports of misconduct	3
How staff are managed	3
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Failure to disclose a conflict of interest or abuse of a conflict of interest	4
Improper use of information, e.g. revealing or selling	4

## Boards and committees

Of the 41 boards and committees, 13 did not report any type of misconduct they considered to be the most significant risk. Six nominated conflicts of interest as their most significant risk. See Table 2.7.

Similarly, there were 10 boards or committees that reported no type of misconduct they saw as the most potentially damaging. For those that did identify potentially damaging types of misconduct, the most common categories were neglect of duty (6) and misuse of public resources (4).

The workplace activity most commonly perceived as a major risk that was being well handled was 'how the board makes decisions'. Other activities commonly perceived as risks being well handled were revenue assessment and collection of money, and how confidential information is used.

The most common workplace activity considered to be a risk requiring further attention was the relationship between board members/councillors and staff. Board accountability and recordkeeping were also seen as areas requiring further attention.

Neglect of public duty and failure to take action if misconduct was reported were the types of misconduct most commonly reported by boards and committees as potential major risks.

### Activities that agencies consider not to be a risk

How board members were appointed was perceived as not being a risk by almost two-thirds of responding boards and committees (28). Other activities not considered to be risks included relationships between board members and staff (16) or stakeholders (17), how staff took leave (16), how confidential information was used (16), how work was allocated to staff (16), and concurrent employment or interests of board members (16).

### Emerging risks

Twenty-eight out of the boards and committees did not identify any emerging risks, or stated that there were no specific risks to their agency, or stated that they did not know which activities they considered to be emerging risks. Among the remaining boards and committees, there was very little agreement over emerging risks, with conflict of interest being the most common (6).

**Table 2.7: What boards and committees consider to be their main misconduct risks**

	No. of boards and committees (n = 41)
<b>Most significant risks</b>	
Conflict of interest	6
<b>Most potentially damaging types of misconduct</b>	
Neglect of duty	6
Misuse of public resources	4
Improper use of information	3
Relationship between staff and clients	3
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
How the board makes decisions	8
Revenue assessment and collection of money	7
How confidential information is used	7
<b>Workplace activities most commonly perceived as major risks requiring further attention</b>	
Relationship between board members/councillors and staff	5
Board accountability	4
Recordkeeping	4
Corporate governance issues	3
Cash handling	3
Responding to reports of misconduct	3
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Neglect of public duty	5
Failure to take action if misconduct is reported	4



## Local councils

Almost a third of local councils saw the misuse of public resources as their most significant risk. See Table 2.8. Others listed included theft, improper use of information, and purchasing or tendering.

Councils stated that fraud and improper use of information were the most damaging of the possible misconduct risks. Misuse of public resources, conflicts of interest and theft were also seen as potentially damaging types of misconduct.

Major risks involving finances were generally seen as being well handled by councils — in particular, cash handling (35). Other major risks seen as being well handled were use of the organisation’s funds or bank accounts; revenue assessment and collection of money; and purchasing, tendering or contracting for goods or services.

A quarter of local councils stated that the workplace activities perceived as major risks requiring further attention were the use of Internet/e-mail/e-commerce at work. Similar numbers nominated responding to reports of misconduct, and use of the organisation’s resources, materials and equipment as requiring further attention.

Failure to disclose a conflict of interest or abuse of a conflict of interest was seen as the most common potential major misconduct risk (18). Other common types of potential misconduct perceived as major risks were forgery or fraud, misuse or theft of public resources by a public official, and improper use of information.

### Activities that agencies consider not to be a risk

Between 30 and 40% of local councils agreed on the top five workplace activities that they considered not to be a risk. These included post-separation employment (37), how work was allocated to staff (36), grant administration (36), how staff took leave (33), and sponsorship arrangements (33).

### Emerging risks

Almost half the local councils did not identify an emerging risk. The most commonly stated emerging risks, identified by around 20% of councils, were those associated with electronic communication; and another 13% nominated the improper use of information.

**In 2004 the CMC produced materials for CEOs and newly elected councillors. The kit contains advisory papers in the CMC’s Prevention Pointer and Building Capacity series — see ‘Useful resources’, page 84.**

**Table 2.8: What local councils consider to be their main misconduct risks**

	No. of local councils (n = 100)
<b>Most significant risks</b>	
Misuse of public resources	29
Theft	25
Improper use of information	14
Purchasing and tendering	14
<b>Most potentially damaging types of misconduct</b>	
Fraud	15
Improper use of information	15
Misuse of public resources	12
Conflict of interest	9
Theft	9
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
Cash handling	35
Use of organisation’s funds (not specifically cash) or bank accounts	33
Revenue assessment and collection of money	32
Purchasing or tendering for goods for organisation	29
Tendering or contracting for services for organisation	27
<b>Workplace activities most commonly perceived as major risks requiring further attention</b>	
Use of the Internet/e-mail/e-commerce at work	25
Responding to reports of misconduct	25
Use of organisation’s resources, materials and equipment	24
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Failure to disclose a conflict of interest or abuse of a conflict of interest	18
Forgery or fraud	17
Misuse of public resources by a public official	17
Theft of public resources by a public official	15
Improper use of information, e.g. revealing or selling	15

## Indigenous councils

Favouritism and theft were perceived by Indigenous councils as the most significant misconduct risks. See Table 2.9. No two Indigenous councils agreed on the most potentially damaging types of misconduct.

Half of the responding Indigenous councils agreed on the top four workplace activities they considered to be major risks being well handled. These included purchasing, tendering or contracting for goods or services; use of travel claims or allowances; and delegation of spending authority.

Five of the six Indigenous councils agreed that how staff were accountable for time worked was a major risk requiring more attention. Four councils also rated use of the organisation's vehicles and how staff took leave as major risks requiring more attention.

Favouritism/nepotism and misuse of public resources by a public official were the types of misconduct most commonly perceived as potential major risks.

### Activities that agencies consider not to be a risk

Five out of the six responding Indigenous councils agreed that post-separation employment was not a risk to their councils. Other common workplace activities not considered to be a risk were staff with second jobs (4), how work was allocated to staff (3), and how board members were appointed (3).

### Emerging risks

No two Indigenous councils agreed on possible emerging risks.

**In 2002 the CMC produced advisory papers for Indigenous councils in the On the Right Track series, as well as a booklet on corporate governance, *Making a difference: governance and accountability of Indigenous councils*. See 'Useful resources', page 84.**

### OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT

All organisations, whatever their size or function, will from time to time be confronted with misconduct. The important thing is that they are ready for this eventuality by knowing what to expect and knowing how to act.

Agencies that regularly assess their potential risks and review their prevention strategies in light of

**Table 2.9: What Indigenous councils consider to be their main misconduct risks**

	Number of Indigenous councils (n = 6)
<b>Most significant risks</b>	
Favouritism	3
Theft	2
<b>Workplace activities most commonly perceived as major risks currently being well handled</b>	
Purchasing or tendering for goods for organisation	3
Tendering or contracting for services for organisation	3
Use of travel claims and travel allowance	3
Delegation of spending authority	3
<b>Workplace activities most commonly perceived as major risks requiring further attention</b>	
How staff are accountable for time worked	5
Use of organisation's vehicles	4
How staff take leave	4
<b>Types of misconduct most commonly perceived as potential major risks</b>	
Favouritism/nepotism	4
Misuse of public resources by a public official	4

those faced by similar organisations will be the sorts of agencies best equipped to deal with and minimise the ill-effects of misconduct.

Public sector agencies should regularly review their misconduct risks. In doing so, they should compare their risks with those identified by similar organisations, as summarised here and detailed in Appendix 3: 'Additional findings'. This may expose some potential risks not recognised before.

## CHAPTER 3 — ORGANISATIONAL FUNCTIONS: SURVEY FINDINGS

Part of the survey examined the types of functions performed by agencies that might put staff at a higher risk of exposure to misconduct. These functions were referred to as ‘high-risk functions’. This chapter describes the number and types of high-risk functions reported as being performed by different types of agencies.

### DEFINING HIGH-RISK FUNCTIONS

Certain specialist functions may put agencies at a greater risk of misconduct than more routine functions do. If agencies need to perform these high-risk functions they must be alert to the potential for misconduct and institute appropriate prevention strategies.

The CMC survey included 14 functions identified as high-risk because of:

- the discretion exercised by the position-holder, and the potential importance of the outcome to members of the public
- the client group, or
- the fact that they provide both the opportunity and temptation for fraud.

The 14 high-risk functions that were examined in this study were:<sup>10</sup>

- Inspects, regulates or monitors standards of premises, businesses, equipment or products.
- Issues qualifications or licences to individuals to indicate their proficiency or enable them to undertake certain types of activities.
- Provides a service to the community where demand frequently exceeds supply.
- Allocates grants of public funds.
- Issues, or reviews the issue of, fines or other sanctions.
- Receives cash payments.
- Provides assistance or care to the vulnerable or disabled.
- Provides subsidies, financial assistance, concessions or other relief to those in need.
- Makes determinations or hands down judgments about individuals or disputes.

- Has authority to demand, take or test blood, urine or other bodily samples from people or animals.
- Has discretion concerning land rezoning or development applications.
- Sells tickets.
- Undertakes construction.
- Has regular dealings with the private sector other than for the routine purchase of goods and services.

Respondents were asked to indicate whether their agency performed each of the 14 high-risk functions.

If a function was performed within an organisation, a brief description was also requested. Not all functions that could be considered as high-risk have necessarily been included in the list provided. While many functions, such as use of resources or recruitment, are common to many agencies, this research included some functions that were specific to particular agencies.

### RESEARCH FINDINGS

Agencies reported performing up to 13 high-risk functions, with an average of just under six. Universities and local councils were the types most likely to perform high-risk functions — each with an average of eight such functions. Statutory bodies and boards and committees were the least likely, with an average of less than three high-risk functions performed.

Three-quarters of agencies (75%) stated that their high-risk functions included receiving cash. Specific examples were rates and service charges, including fines, penalties and fees for registration, car parking, hiring and licensing. The second most common high-risk function involved construction (66%), including the construction of roads and buildings and the infrastructure of water supplies (see Table 3.1, next page).

Eleven agencies indicated that they did not perform any of the 14 high-risk functions. Six were statutory bodies, and the other five were boards or committees.

Across the three main types of organisations shown in Table 3.1 (next page), there was considerable variation in the types of high-risk functions performed.

10 The ICAC also included ‘providing a service to new immigrants’. This item was not included in the CMC survey.

**Table 3.1: Different forms of high-risk functions reportedly performed across the Queensland public sector**

	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	% all organisations (n = 234)
Receives cash payments	66.7	51.2	90.6	74.8
Undertakes construction	43.7	34.1	96.2	65.8
Inspects, regulates or monitors standards of premises, businesses, equipment or products	36.8	36.6	99.1	65.0
Has discretion concerning land rezoning or development applications	23.0	2.4	93.4	51.3
Issues, or reviews the issue of, fines or other sanctions	34.5	17.1	76.4	50.4
Allocates grants of public funds	37.9	4.9	71.7	47.4
Has regular dealings with the private sector other than for the routine purchase of goods and services	55.2	26.8	48.1	47.0
Issues qualifications or licences to individuals to indicate their proficiency or enable them to undertake certain types of activities	39.1	31.7	41.5	38.9
Provides subsidies, financial assistance, concessions or other relief to those in need	17.2	4.9	55.7	32.5
Provides a service to the community where demand frequently exceeds supply	19.5	9.8	45.3	29.5
Provides assistance or care to the vulnerable or disabled	18.4	0.0	42.5	26.1
Sells tickets	16.1	7.3	32.1	21.8
Makes determinations or hands down judgments about individuals or disputes	26.4	22.0	8.5	17.5
Has authority to demand, takes or tests blood, urine or other bodily samples from people or animals	17.2	12.2	1.9	9.4

In summary, Table 3.1 shows:

- Among the group ‘universities, SOCs, departments and statutory bodies’, receiving cash was the most commonly performed high-risk function (67%), followed by regular dealings with the private sector other than for the purchase of goods or services (55%).
- Receiving cash was the most common high-risk function performed by boards and committees (51%), followed by inspecting, regulating or monitoring standards of premises, businesses, equipment or products (37%).
- The most common high-risk function performed by councils was inspecting, regulating or monitoring standards of premises, businesses, equipment or products (99%), followed by construction (96%).

Differences in the numbers, and types, of high-risk functions reported by agencies illustrate the diversity of the Queensland public sector. While the specific types of functions differed between organisation types, the performance of at least some high-risk functions by most responding agencies indicates the need for close monitoring of misconduct risks associated with their work.

## MISCONDUCT RESISTANCE

Providing misconduct-resistant systems is a challenge for all public sector agencies. The high-risk functions checklist on the next two pages (adapted from ICAC 2003) may help agencies identify areas where they are most vulnerable.

## HIGH-RISK FUNCTIONS CHECKLIST

Use this checklist to identify which of the 14 high-risk functions your organisation currently performs and whether the organisation is responding to the associated misconduct risks in four key areas.

(*Note:* The 14 high-risk functions are listed here in order of prevalence; i.e. those most commonly reported by respondents to our survey are listed first.)

*Circle yes or no.*

### 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 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?

### 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 have discretion concerning land rezoning or development applications? 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 issue, or review the issue of, fines or other sanctions? 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 that may be undertaken by your organisation.**

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

**7 Does your organisation have regular dealings with the private sector, other than for the routine purchase of goods and services? YES/NO**

**8 Does your organisation issue qualifications or licences to individuals? 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 a service to the community where demand frequently exceeds supply? YES/NO**

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

**12 Does your organisation sell tickets? YES/NO**

**13 Does your organisation make determinations or hand down judgments about individuals or disputes? YES/NO**

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

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

## CHAPTER 4 — RESPONDING TO MISCONDUCT: SURVEY FINDINGS

Like the ICAC survey, a large portion of the CMC's Responding to Misconduct survey was concerned with examining the types of misconduct prevention practices that exist within agencies. Eight areas were canvassed:

- 1 identifying and documenting risks
- 2 codes of conduct
- 3 gifts and benefits
- 4 information management and technology
- 5 recruitment
- 6 contracting and procurement procedures
- 7 providing staff with information on ethical work practices
- 8 audit procedures.

Part I of this chapter describes each area and summarises the survey questions before presenting findings for each organisation type.

In addition, the CMC survey contained a section entitled 'Dealing with Misconduct', which sought to examine:

- 1 agencies' awareness of their obligation to report official misconduct to the CMC, as well as their own internal reporting procedures
- 2 how agencies deal with public interest disclosures
- 3 what agencies do about allegations of official misconduct.

Findings related to these three areas are given in Part II of this chapter.

### PART I: MISCONDUCT PREVENTION STRATEGIES

#### I Identifying and documenting risks

Identifying and documenting risks provides a baseline from which an agency can plan and manage misconduct prevention strategies. It is the first step in risk management, helping an agency anticipate potential problems. Once risks are identified, agencies can develop a plan that will allow them to:

- manage generic and specific risks
- promote ethical behaviour
- promote organisational integrity
- promote best practice.

The plan should be regularly reviewed and include opportunities for staff training.

#### Survey questions

Agencies were asked whether they:

- identified and documented risks
- included strategies in their documentation to prevent the misconduct from recurring
- had a fraud-control plan to manage the risk of fraud against the organisation.

#### Survey results

**Identified and documented risks.** Fifty-six per cent of responding agencies answered yes. As Figure 4.1 (next page) shows, all state-owned corporations and universities reported identifying and documenting risks. None of the responding Indigenous councils stated that they did this.

**Inclusion of prevention strategies.** Of the 126 agencies that stated they identified and documented risks, only 37% said they included prevention strategies in their documentation. Again it was the state-owned corporations that were the most likely to include these strategies (see Figure 4.2, next page). Only 20% of the 234 responding agencies stated that they documented misconduct prevention strategies.

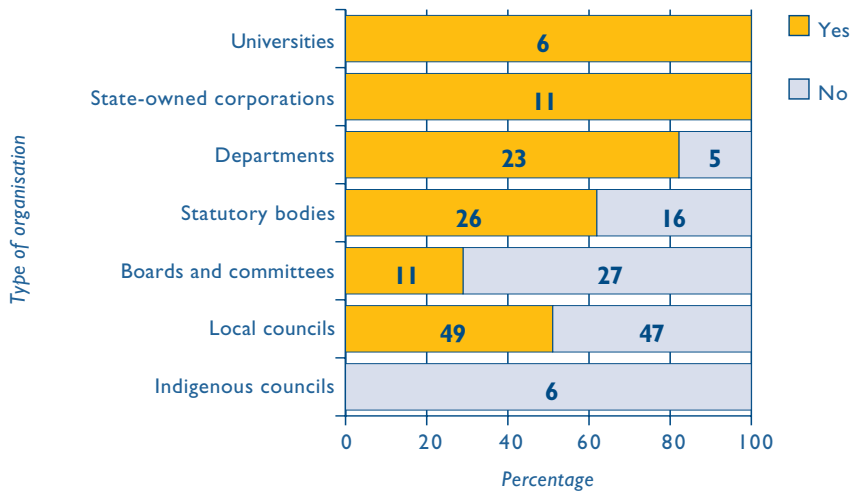
**Fraud-control plan.** Only 26% of agencies stated they had a fraud-control plan. Those most likely to have one were state-owned corporations (64%) — a considerably higher proportion than other organisation types (see Figure 4.3, next page).

#### OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT

All public sector agencies, whether large or small, should, where feasible, identify and document risk areas for misconduct, in both specific and general terms, and include in their documentation strategies to prevent misconduct from occurring in those areas.

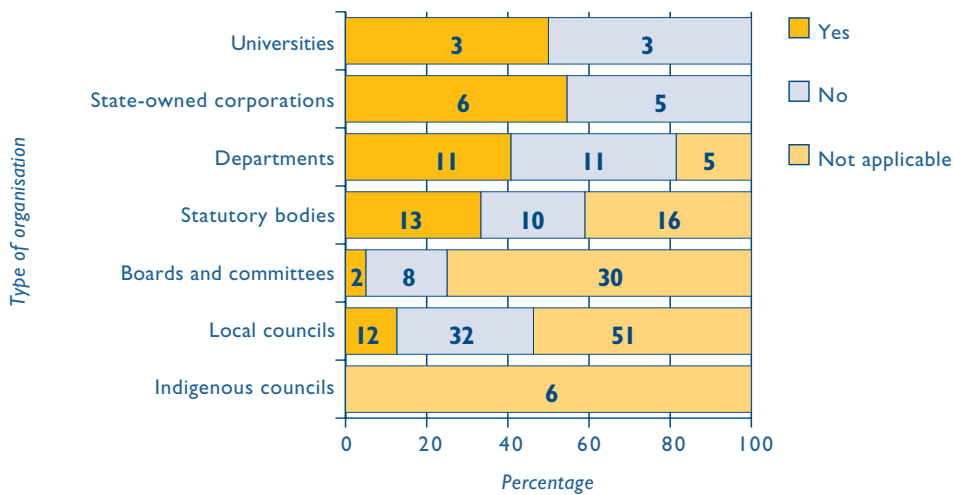
In particular, agencies should acknowledge that good management includes developing a fraud and corruption control plan. The CMC is currently producing materials, based on a 10-element model for fraud and corruption control, designed to help agencies develop their own management programs. These materials will be released later in 2004.

**Figure 4.1: Does your organisation identify and document risks?**



Note: A small number of organisations (4 local councils and 3 boards or committees) did not answer this question.

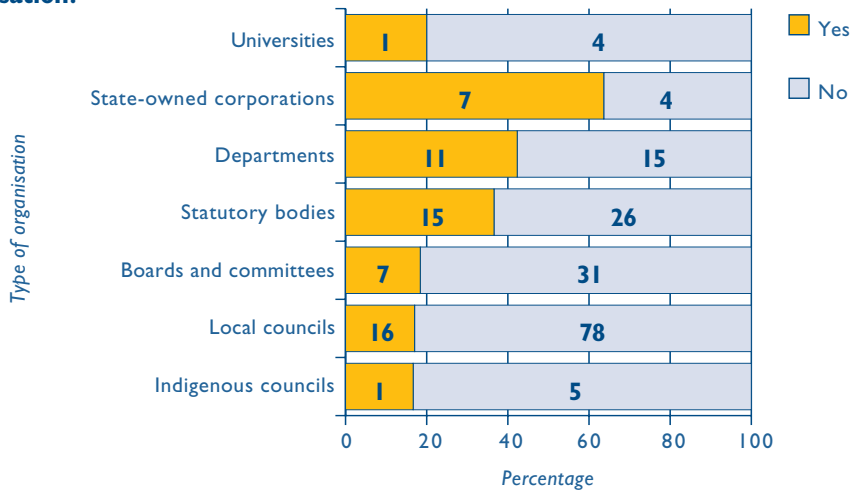
**Figure 4.2: Does this documentation include misconduct prevention strategies?**



Notes:

- 1 A small number of organisations (5 local councils, 1 board or committee, 3 statutory bodies and 1 department) did not answer this question.
- 2 Responses from organisations which said they do not identify or document risks have been coded as 'not applicable' — see Figure 4.1).

**Figure 4.3: Does your organisation have a fraud control plan to manage the risk of fraud against the organisation?**



Note: A small number of organisations (6 local councils, 3 boards or committees, 1 statutory body, 2 departments and 1 university) did not answer this question.



## 2 Codes of conduct

Codes of conduct are important for promoting ethical conduct within agencies. They have the potential to heighten staff awareness of ethical issues, shape the culture and reputation of an agency for the better, and generate pride among employees.

Public sector codes must be consistent with the *Public Sector Ethics Act 1994*, the *Crime and Misconduct Act 2001*, the *Local Government Act 1993* and the *Whistleblowers Protection Act 1994*. The basis for a code of conduct and good public administration is described in the Public Sector Ethics Act as:

- 1 Respect for the law and system of government
- 2 Respect for persons
- 3 Integrity
- 4 Diligence
- 5 Economy and efficiency.

### Survey questions

Agencies were asked:

- whether they had a code of conduct
- if so, when it was last reviewed
- whether the code was based on the key principles of the Public Sector Ethics Act
- the frequency of training provided to staff on the code of conduct
- areas covered by the code of conduct and/or the organisational policies and procedures.

### Survey results

**Possession of a code of conduct.** Eighty-eight per cent of respondents stated they had a code of conduct, including all universities and departments (see Figure 4.4, next page).

**Review.** Ninety per cent of agencies with a code of conduct had reviewed their code within the past five years, and 43% had done so within the last year. Universities, Indigenous councils and local councils were the most likely to state that their review had taken place more than 12 months ago, or that they did not know how long it had been since their code of conduct had been reviewed (see Figure 4.5, next page).

**Based on ethics principles.** Eighty-nine per cent of agencies that stated they had a code of conduct also stated that their code was based on the key principles of the Public Sector Ethics Act. Data presented in Figure 4.6

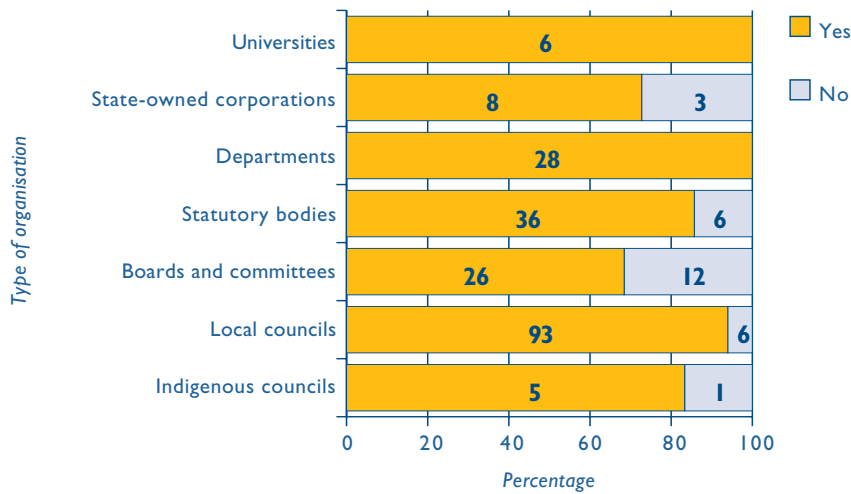
(next page) show that all universities and departments and 96% of local councils had a code based on these key principles, while Indigenous councils were least likely to have a code of conduct.

**Training.** Only 12% of agencies stated that staff were provided with code-of-conduct training at least once a year, while another 13% reported training staff once every two years. Forty-four per cent stated that staff had only received one training session (e.g. at induction), and 6% stated that staff had never been trained. Table 4.1 (page 27) presents individual results.

**Coverage.** To examine what was covered by agency codes of conduct, respondents were presented with a list of 24 areas and asked to indicate whether or not their code of conduct covered each area. The same list was used to determine whether these areas were covered by other organisational policies and procedures. The 24 areas were:

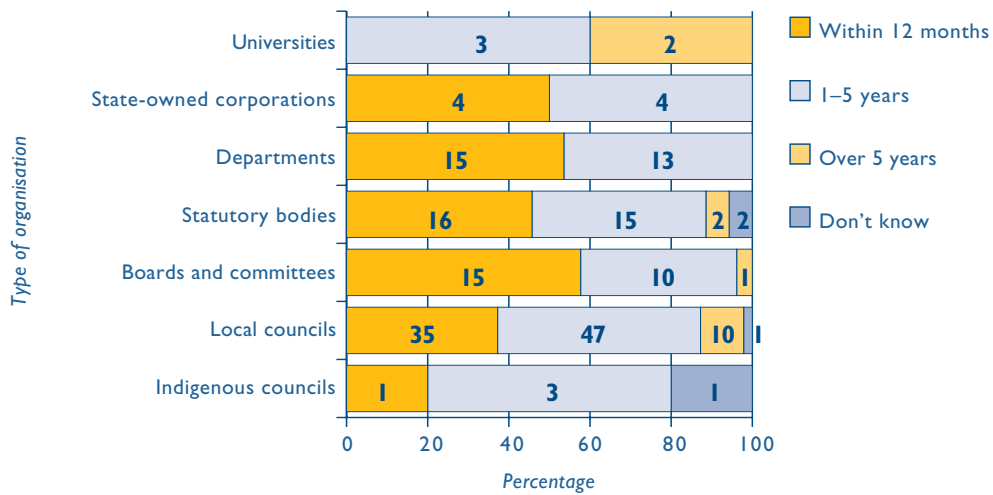
- responsibilities of staff
- responsibilities of senior/executive managers
- responsibilities of board members
- the ethical values or principles by which the organisation operates
- gifts and benefits
- use of information
- use of resources
- public interest disclosures
- financial conflicts of interest
- non-financial conflicts of interest
- use of the Internet and e-mail
- secondary employment
- restrictions on post-separation employment
- interactions between staff and managers
- dealing with ethical dilemmas
- public duty principles
- alcohol and other drug use
- handling complaints from members of the public
- handling complaints from staff
- sanctions relating to breaches of the code of conduct
- client service relationships
- dress standards
- media and public statements
- exercise of delegation/spending authorities.

**Figure 4.4: Does your organisation have a code of conduct?**



Note: A small number of organisations (1 local council and 3 boards or committees) did not answer this question.

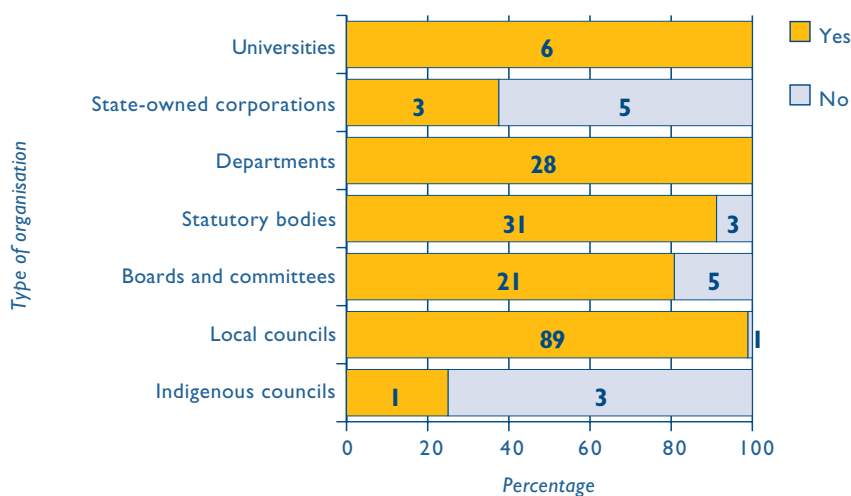
**Figure 4.5: When was your organisation's code of conduct last reviewed?**



Notes:

- Organisations that stated they did not have a code of conduct were not asked this question.
- A small number of organisations (1 statutory body and 1 university) did not answer this question.

**Figure 4.6: Is the code of conduct based on the key principles of the Public Sector Ethics Act?**



Notes:

- Organisations that stated they did not have a code of conduct were not asked this question.
- A small number of organisations (3 local councils and 2 statutory bodies) did not answer this question. One Indigenous council responded 'don't know'.

**Table 4.1: Frequency with which organisations say they provide code-of-conduct training to staff**

Frequency of training provided	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
Once a month	1.1	0.0	0.9	0.9
Once every 6 months	1.1	0.0	0.0	0.4
Once a year	17.2	4.9	10.4	12.0
Once every 2 years	18.4	4.9	11.3	12.8
Once every 5 years	4.6	4.9	13.2	8.5
Once only	39.1	36.6	50.0	43.6
Never	5.7	9.8	4.7	6.0
Not applicable/not stated	12.6	39.0	9.4	15.8

Note: Responses from organisations that said they do not have a code of conduct have been coded as 'not applicable' — see Figure 4.4.

**Table 4.2: The 12 most common matters incorporated in organisations' codes of conduct or other policies and procedures**

Area covered	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
Responsibilities of staff	94.3	63.4	97.2	90.2
Responsibilities of senior/executive managers	90.8	48.8	91.5	83.8
Use of resources	90.8	48.8	88.7	82.5
Statement of ethical values or principles by which your organisation operates	85.1	61.0	85.8	81.2
Gifts and benefits	86.2	51.2	86.8	80.3
Use of information	87.4	48.8	85.8	79.9
Pecuniary interests/financial conflicts of interests	85.1	41.5	90.6	79.9
Public interest disclosures	77.0	36.6	80.2	71.4
Exercise of delegation/spending authorities	83.9	36.6	72.6	70.5
Alcohol and other drug use	78.2	29.3	73.6	67.5
Responsibilities of board members	63.2	78.0	67.0	67.5
Use of Internet/e-mail	86.2	34.1	64.2	67.1

Note: Percentages for all 24 matters covered in the survey are presented in Appendix 3: 'Additional findings'.

Table 4.2 presents the 12 areas most commonly stated as being covered either by agency codes of conduct or by other policies or procedures. Responsibilities of staff and senior managers were the most common. These were also the most common areas across the three broad organisation types. (For boards and committees, the focus was on board members rather than senior managers.)

Agencies were also asked to indicate any additional areas that were included in their code of conduct but were not on the list. Such areas included:

- workplace health and safety
- harassment, discrimination or bullying
- conduct towards fellow employees
- corruption.

## OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT

A code of conduct is considered a fundamental resource in building organisational capacity to resist misconduct. Important elements to include in a code of conduct are:

- values for the organisation
- conflicts of interest
- gifts and benefits
- bribes
- discrimination and harassment
- fairness and equity.

Public sector agencies should develop a code of conduct as a matter of priority, and review it regularly (e.g. every two years) or when significant changes are made. The review should consider areas for improvement. This would involve consultation with staff and inclusion of ethical dilemmas.

### 3 Gifts and benefits

Gift-giving can present serious ethical dilemmas for public sector officers. While gifts may be offered innocently — for example, to express gratitude or appreciation — sometimes they create a sense of obligation that can compromise the integrity of a public official. For this reason, it is important for agencies to have clear policies and procedures regarding gift-giving, and to ensure that all staff know what to do if offered a gift or benefit.

Many agencies, for example, have a policy governing when gifts may be accepted (or not) and a gift register for recording at least the following details:

- who offered the gift
- what the gift was and its value, and
- whether it was accepted or not, and the reason.

The register is signed off by a senior officer and sometimes made available to the public.

#### Survey questions

Agencies were asked:

- whether they had policies or procedures covering gifts and benefits
- if so, whether these included guidance on when not to accept gifts
- whether they had a gift register

- if so, what information was recorded in the gift register
- whether there was a dollar value below which or above which the gift register did not apply.

#### Survey results

**Policies and procedures.** Sixty-seven per cent of respondents reported that they had a policy or procedure covering gifts and benefits. Boards and committees were less likely than other types of organisations to have such policies or procedures, and none of the Indigenous councils that responded to the survey had any policy or procedure covering gifts and benefits (see Figure 4.7).

**Guidance.** Most of the agencies that did have such policies or procedures (85%) also provided guidance on circumstances in which staff or board members were not permitted to accept gifts or benefits. Almost all the universities and departments provided this guidance within their policies or procedures (see Figure 4.8).

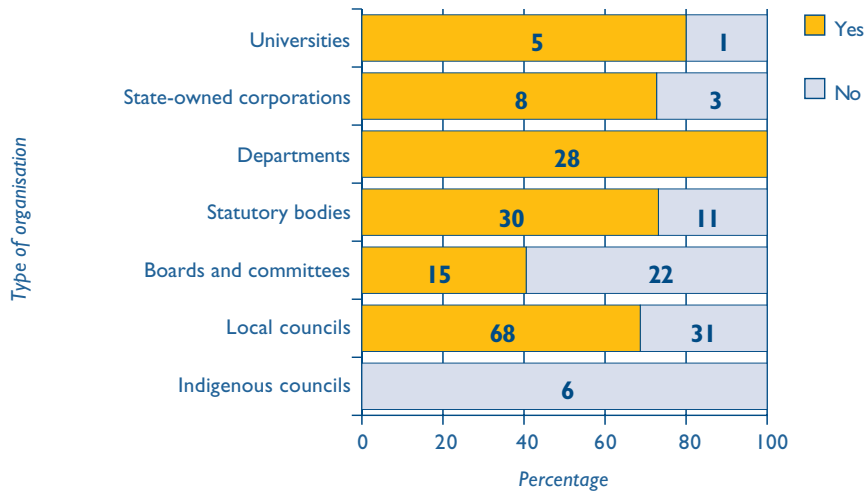
**Gift register.** Forty-five per cent of responding agencies stated that they had a gift register, including all departments and around two-thirds of universities and state-owned corporations. Only 20% of boards and committees and none of the Indigenous councils had a gift register (see Figure 4.9).

**Information recorded in gift register.** More than 90% of agencies that had a gift register included the name of the gift recipient, the name of the organisation of the person offering the gift and the type of gift offered; 80% included the estimated value of the gift; 43% included information on the reasons for deciding to accept or reject a gift; and 48% included the signature of the recipient's supervisor or senior officer (see Table 4.3, page 30). Boards and committees were most likely to include these last two items in their gift register, while local councils were least likely.

**Dollar value.** Seventy-two of the agencies with a gift register (69%) stated that there was a dollar value below which the register did not apply. This value ranged from \$10 to \$250, 20 agencies putting it at \$100 and another 20 at \$250. Nine agencies did not indicate a value below which their gift register did not apply.

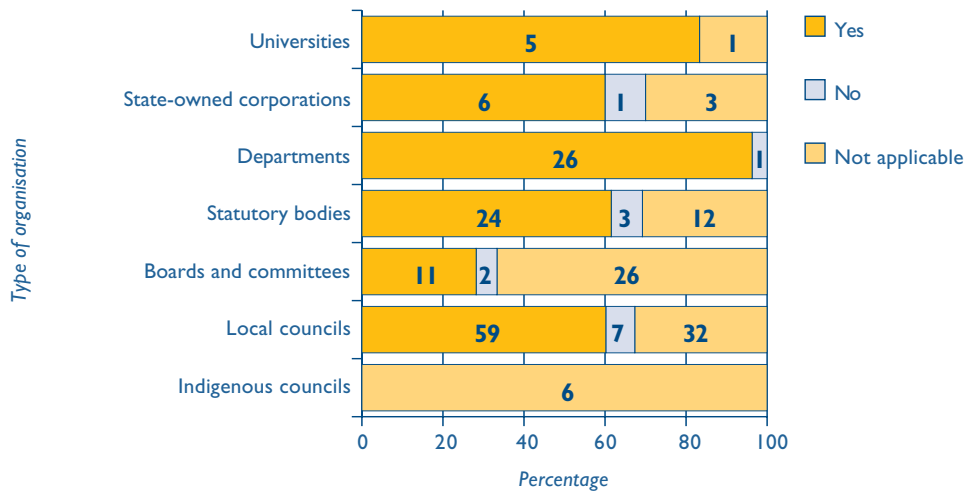
Thirty-nine of the agencies with a gift register stated that there was a value above which gifts or benefits could not be accepted. The dollar values ranged from \$15 to \$1000, with the most common amounts being \$50 and \$100 (each nominated by eight agencies). Eight agencies

**Figure 4.7: Does your organisation have policies or procedures covering gifts and benefits?**



Note: A small number of organisations (1 local council and 4 boards or committees) did not answer this question. One statutory body stated that they did not know.

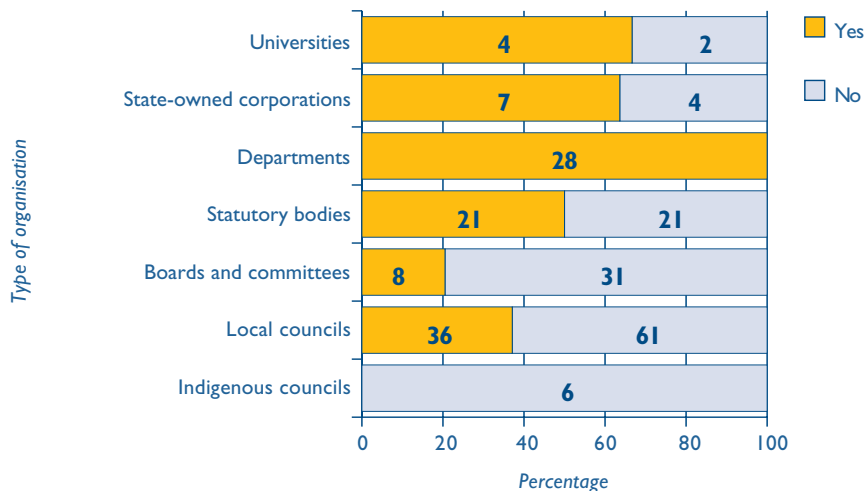
**Figure 4.8: Does your gifts policy provide guidance on when not to accept gifts?**



Notes:

- 1 A small number of organisations (2 local councils, 2 boards or committees, 3 statutory bodies, 1 department and 1 state-owned corporation) did not answer this question. One board or committee said they did not know.
- 2 Responses from organisations that said they did not have policies or procedures covering gifts and benefits have been coded as 'not applicable' (see Figure 4.7).

**Figure 4.9: Does your organisation have a gift register?**



Note: A small number of organisations (3 local councils and 2 boards or committees) did not answer this question.

**Table 4.3: Does your organisation’s gift register record the following?**

Item recorded in the gift register	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 60)	Boards and committees (n = 8)	Local councils (n = 36)	All organisations (n = 104)
The name of the gift recipient	98.3	87.5	88.9	94.2
The name and organisation of the person offering the gift	95.0	87.5	88.9	92.3
The type of gift offered	96.7	87.5	88.9	93.3
Estimated value of the gift	78.3	75.0	83.3	79.8
The decision taken in relation to the gift	66.7	87.5	63.9	67.3
Reasons for the decisions taken	45.0	62.5	36.1	43.3
The signature of the recipient’s supervisor or senior officer	51.7	75.0	36.1	48.1

did not indicate a value above which gifts or benefits could not be accepted and one agency stated only that they could not accept monetary gifts.

**OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT**

Public sector agencies should ensure that they have a clear policy, linked with their code of conduct, governing the receipt of gifts and benefits. Basic information should be recorded about each gift in a gift registry. This is an effective way of removing any suspicion of misconduct that might arise if this information was not revealed. It also provides the means of tracking who is offering gifts and benefits, and under what circumstances.

Staff should be made aware of the register and the procedures for dealing with a gift or benefit. They should also be told the upper limit of an acceptable gift and the lower limit of value below which a gift need not be recorded in the gift register.

**4 Information management and technology**

Technology provides many advantages through improved access to information and services, but it also opens up new opportunities for misconduct. So it is necessary to ensure that new practices are resistant to misconduct.

In both public and private sectors there is an increasing reliance on the Internet and other electronic enabling facilities for carrying out day-to-day business. Yet, in the rush to embrace cyber technologies, organisations do not always consider the potential for digital information to be

misused, manipulated or misappropriated. Moreover, as government services are increasingly administered electronically, the opportunities for electronic fraud and corruption are rising. The online world presents new ways of infiltrating organisations that have poor security.

Electronic crime and misconduct can take many forms. Risks that threaten an agency’s data stored in online repositories, or within the agency’s own network, are especially serious. Business continuity itself may be under threat from hacking attacks that take control of unprotected servers, or those that deny service to or from the agency.

E-mail and the Internet are inherently insecure, yet they are being increasingly used by agencies to open up their networks and make data and applications available to clients, partners and suppliers. If these external entities do not take security as seriously as the agency itself does, it could provide a backdoor entry to the agency’s network. Similarly, the information the client, partner or supplier holds on its network about the agency could be put at risk.

**Survey questions**

Agencies were asked whether they:

- offered online or web-based services to clients
- had documented provisions for managing external attacks on IT systems and internal abuse of IT systems
- complied with Australian Standard 17799:2001 — Information Technology — Code of Practice for Information Security Management
- had a program to sweep databases for anomalous activity

- gave other organisations access to their databases
- had on their staff anyone who shared electronic services with other agencies or accessed the database of other agencies.

## Survey results

**Online or web-based services.** Forty-two per cent of responding agencies stated that they offered online or web-based services to their clients. As Figure 4.10 (next page) shows, all universities provided these types of services, whereas less than one-third of boards and committees and Indigenous councils did so.

**Documented provisions for managing external attacks.** Fifty-five per cent of responding agencies had documented provisions for managing external IT attacks. As illustrated in Figure 4.11 (next page), departments, universities and statutory bodies were most likely to have such provisions. For those who stated that they offered online or web-based services to clients, 69% said that they had provisions for managing external IT attacks. It was encouraging to find that even among those agencies that did not provide web-based services to clients, 42% were prepared with documented provisions for managing external IT attacks.

**Documented provisions for managing internal abuse.** Sixty-one per cent of responding agencies had procedures for managing internal abuse of IT systems. Again, this applied mainly to departments and universities (see Figure 4.12, next page).

**Compliance with Australian Standard.** Almost half (45%) of agencies reported that their systems were compliant with Australian Standard 17799:2001 — Information Technology — Code of Practice for Information Security Management. Universities were most likely to comply with this standard, whereas boards and committees were least likely (see Figure 4.13, page 33).

**Program to sweep databases for anomalous activity.** Forty-seven per cent of agencies stated that they had a program to sweep their database for anomalous activity. This was most common among universities; none of the Indigenous councils had this facility (see Figure 4.14, page 33).

**Access by other agencies.** Around one-third of agencies stated that another agency had access to their databases. Of these agencies, 71% stated that the other agency was within the private sector and 46% stated that the other agency was within the public sector.<sup>11</sup> Figure 4.15 (page 33) shows that local councils were most likely to allow private sector agencies access to their databases, while departments were most likely to allow access by public sector agencies.

**Employee sharing electronic services.** Thirty-five per cent of respondents stated that there was someone within their agency who shared electronic services with other agencies or who had access to the databases of other agencies. Departments were most likely to have such a person within their organisation, while state-owned corporations were least likely (see Figure 4.16, page 34).

### OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT

Dealing with confidential information and IT databases and systems requires a 'duty of care' to protect data from unauthorised or accidental modification, loss or release. Agencies must appreciate the need for:

- good recordkeeping
- appropriate levels of IT knowledge and ability to identify IT misconduct risks
- continual renewal, update and developments in the area.

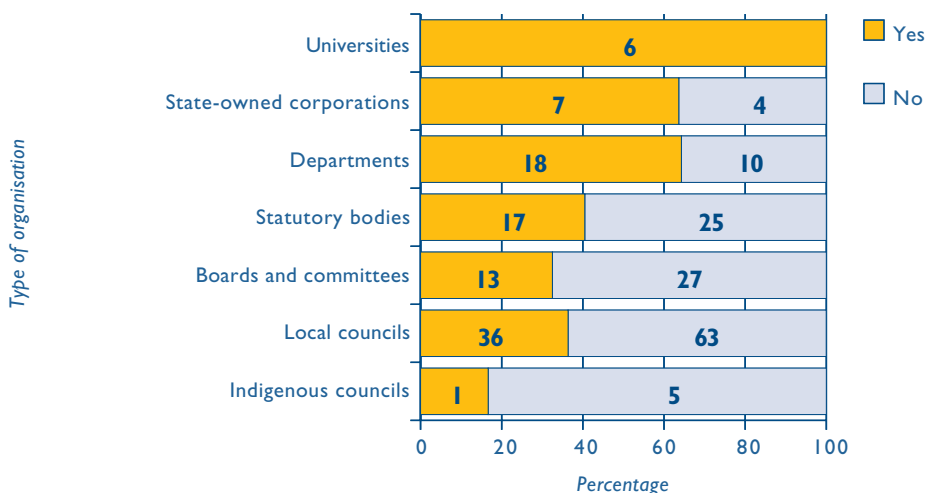
Public sector agencies should develop IT security plans as a component of their general security or risk management plans. All staff need to be educated about recordkeeping, passwords, privacy, confidentiality, the value of data held by the organisation, and the monitoring that applies.

Agencies also need to implement a range of technological security measures such as firewalls and monitoring systems, as well as protective systems such as backup and disaster planning, and to limit physical access.

For more information on this topic, see the CMC publication *Cyber traps: an overview of crime, misconduct and security risks in the cyber environment*.

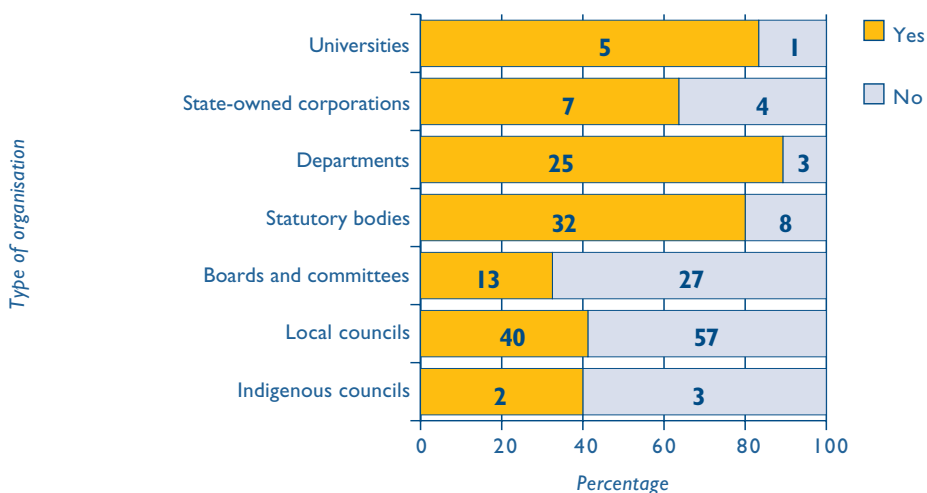
11 Fourteen of the 85 respondents stated both public and private sector organisations had access to their database.

**Figure 4.10: Does your organisation offer online or web-based services to clients?**



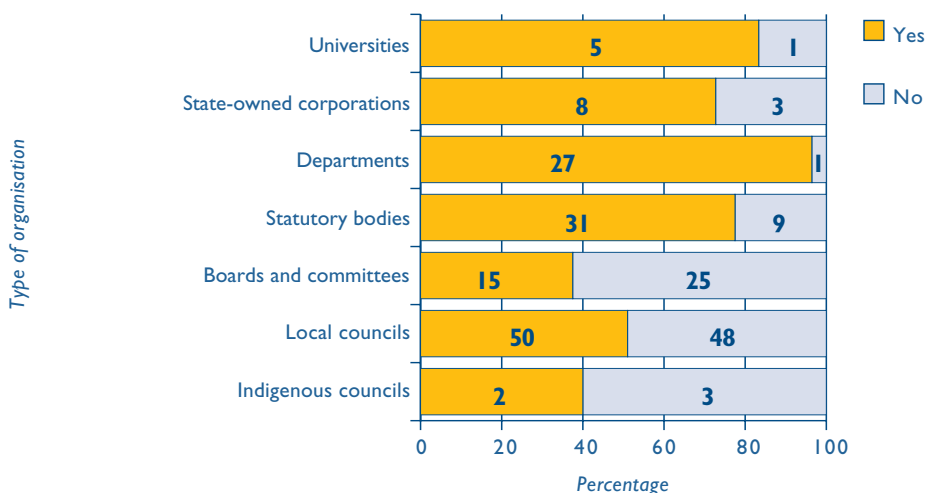
Note: Two organisations (1 local council and 1 board or committee) did not answer this question.

**Figure 4.11: Does your organisation have documented provisions for managing external attacks?**



Note: A small number of organisations (1 Indigenous council, 3 local councils, 1 board or committee and 2 statutory bodies) did not answer this question.

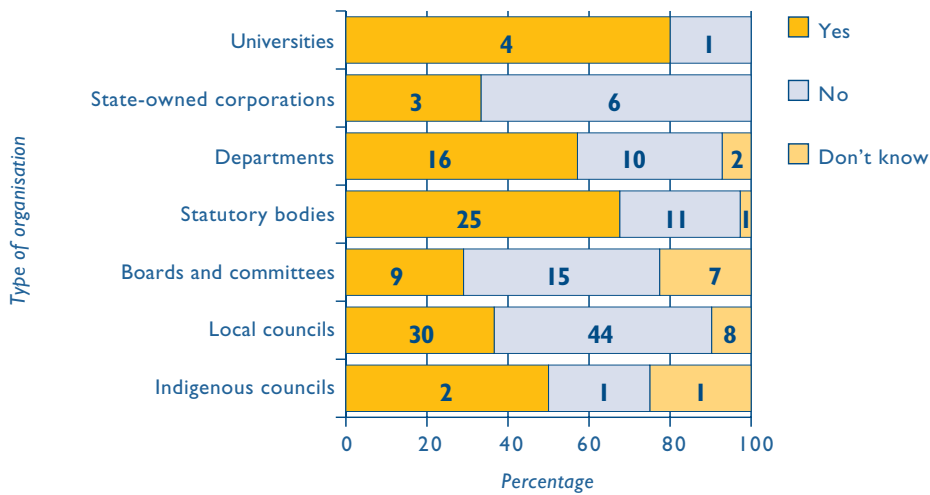
**Figure 4.12: Does your organisation have documented provisions for managing internal abuse by staff?**



Note: A small number of organisations (2 local councils, 1 Indigenous council, 2 statutory bodies and 1 board or committee) did not answer this question.

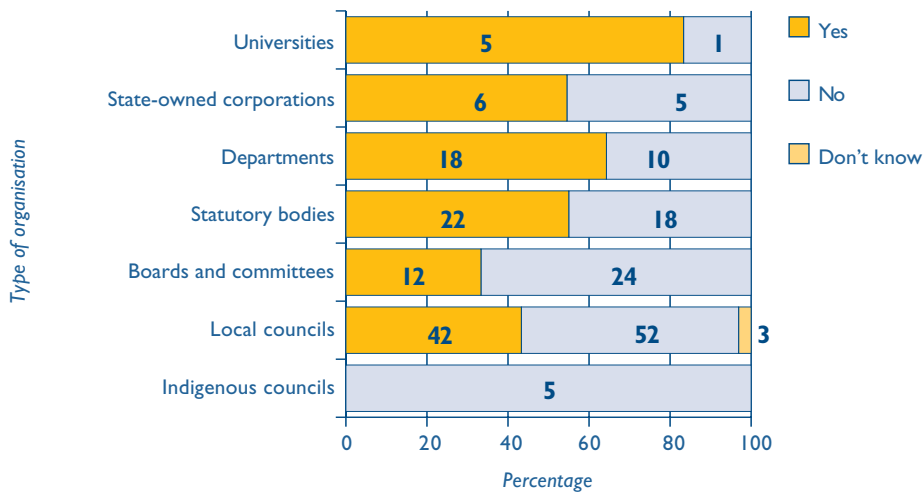


**Figure 4.13: Are your IT systems compliant with Australian Standard 17799:2001?**



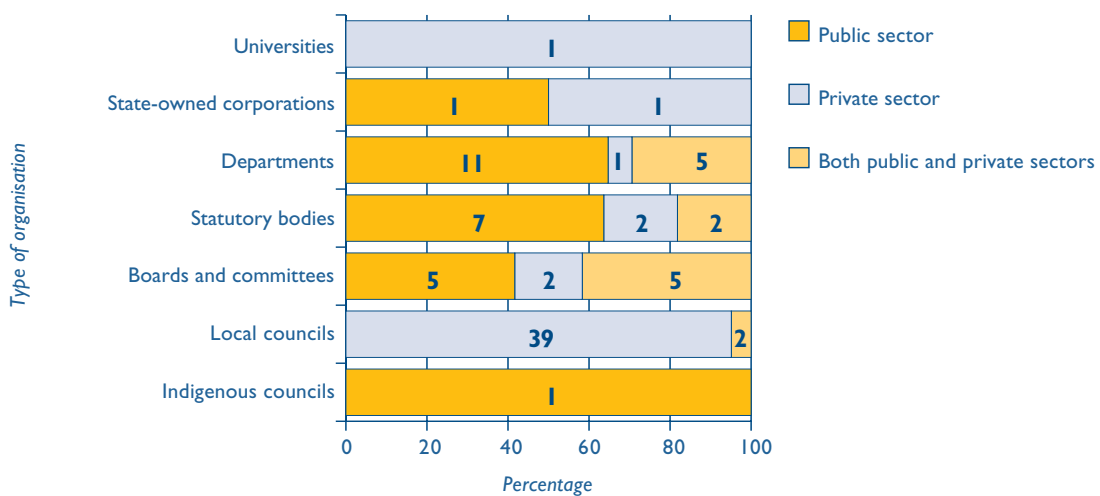
Note: A number of organisations (18 local councils, 10 boards or committees, 5 statutory bodies, 2 Indigenous councils, 2 state-owned corporations and 1 university) did not answer this question.

**Figure 4.14: Does your organisation have a program to sweep its databases for anomalous activity?**



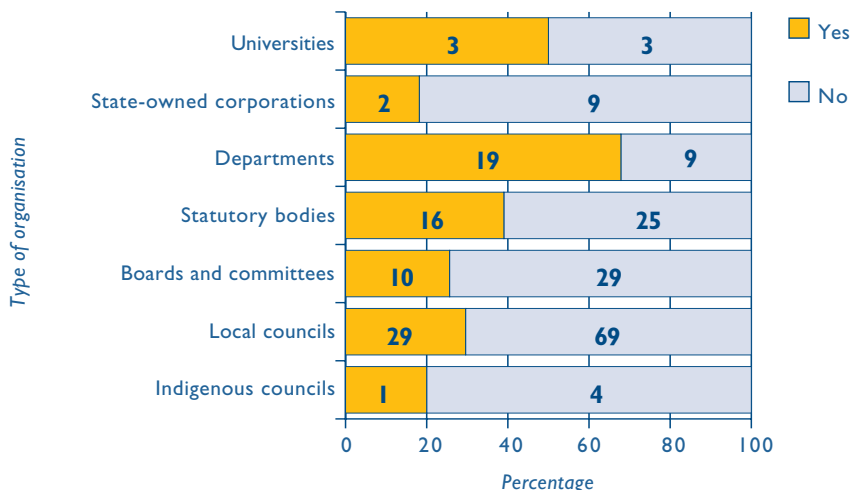
Note: A small number of organisations (3 local councils, 1 Indigenous council, 2 statutory bodies and 5 boards or committees) did not answer this question.

**Figure 4.15: Type of organisation with access to the organisation's databases**



Note: Data presented are only from those who indicated that other organisations had access to their organisation's databases; 149 respondents (64%) did not allow other organisations to access their databases.

**Figure 4.16: Does anyone in your organisation share electronic services with other agencies or access the databases of other agencies?**



Note: A small number of organisations (1 Indigenous council, 2 local councils, 1 board or committee and 1 statutory body) did not respond to this question. One board or committee responded 'don't know'.

## 5 Recruitment

As one of the first points of contact with an agency, the recruitment process has a vital role to play. It can have a far-reaching influence on employees' expectations and perceptions of the organisation, and therefore offers the agency an opportunity to state its commitment to ethical work practices and standards.

Among other risks, the recruitment process also has the potential for conflicts of interest. Prevention strategies should be implemented to prevent this from occurring.

### Survey questions

Agencies were asked whether it was standard practice to provide a comment or question on ethical work practices in any of the following:

- job advertisements
- job descriptions
- selection criteria
- interview questions.

They were also asked whether:

- misconduct prevention information was sent out to potential applicants as a standard part of the recruitment process
- conflict-of-interest training was provided for staff or board members who participated in recruitment panels.

### Survey results

**Ethics in job advertisements.** Seventeen per cent of agencies included comments or questions on ethical work practices in their job advertisements. Departments and statutory bodies were most likely to include this information — although the proportions were low (see Figure 4.17). None of the universities or state-owned corporations included this information.

**Ethics in job descriptions.** Forty-one per cent of agencies included comments on ethical work practices in their job descriptions. This was most common among Indigenous councils, local councils and departments (see Figure 4.18).

**Ethics in job selection criteria.** Thirty-five per cent of agencies included comments on ethical work practices in their job selection criteria. This was most prevalent among statutory bodies and least so among Indigenous councils and universities (see Figure 4.19, page 36).

**Ethics during job interviews.** Forty-nine per cent of agencies mentioned ethical work practices during their job interviews. Local councils, state-owned corporations and statutory bodies were the most likely to do this, with around 50% of each reporting that they did so (see Figure 4.20, page 36).

**Ethics in recruitment process.** Less than 6% of agencies stated that they sent misconduct prevention information to applicants as a standard part of their recruitment process. None of the state-owned corporations sent this information and less than 3% of boards and committees and local councils did so (see Figure 4.21, page 36).

**Conflict-of-interest training.** Very few agencies (23%) reported giving training on the specific conflicts of interest faced by members of selection panels to the staff or board members who participated in these panels. Departments were the exception, with 48% stating that they provided this training to staff (see Figure 4.22, page 37). None of the Indigenous councils and only 3% of boards and committees provided such training.

ethical work practices. This commitment can be promoted in job advertisements, job descriptions and selection criteria, and steps can be taken to ensure that the selection of staff is fair and impartial.

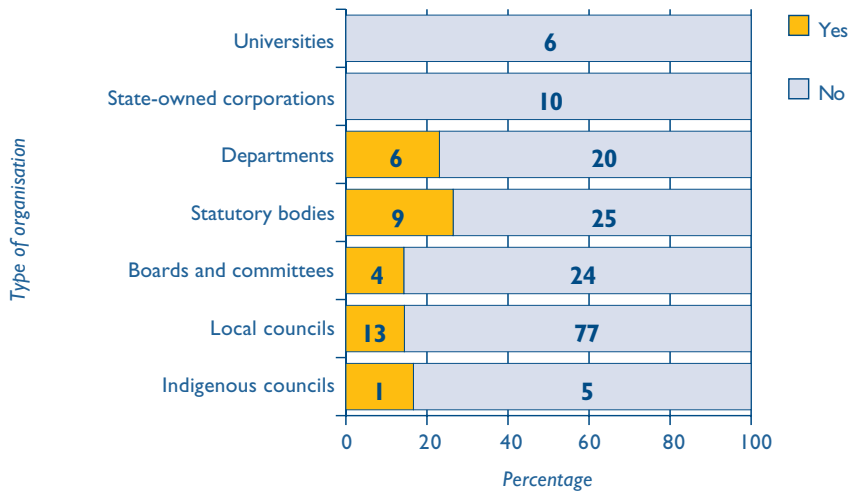
Members of staff and board members who serve on selection panels should be given training on potential conflicts of interest and how to deal with them. HR policies or procedures that explicitly check the objectivity of selection panels should also be developed.

Advertisements and job descriptions should include comments about ethical work practices, and the commitment of potential employees to behaving ethically should be examined during the selection process.

**OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT**

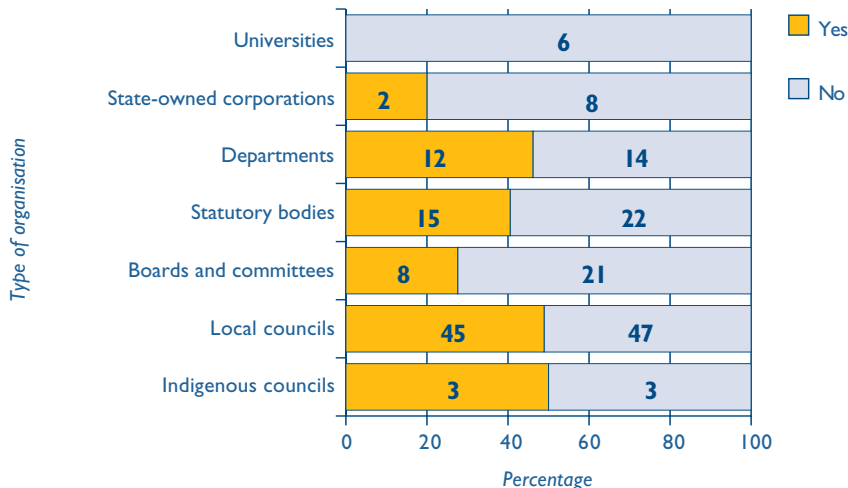
The recruitment process provides the opportunity to demonstrate that the agency is committed to

**Figure 4.17: Is it standard practice for your organisation to include comment or questions on ethical work practices in job advertisements?**



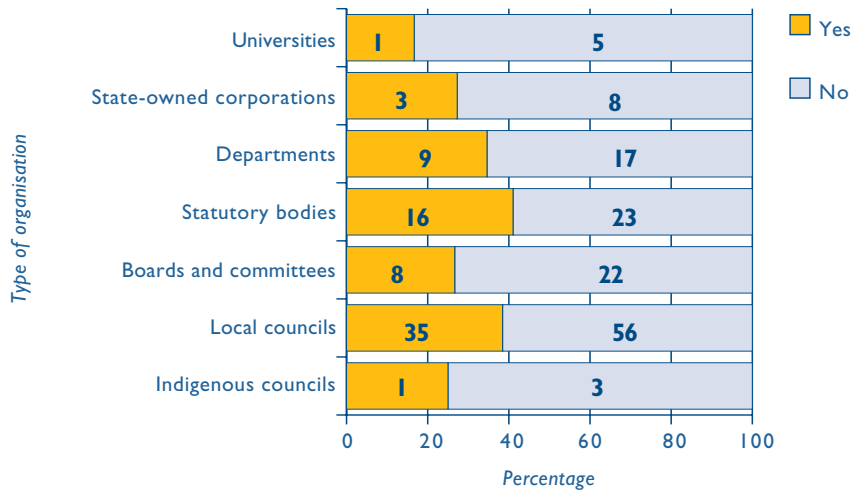
Note: A number of organisations (10 local councils, 13 boards or committees, 8 statutory bodies, 2 departments and 1 state-owned corporation) did not answer this question.

**Figure 4.18: Is it standard practice for your organisation to include comment or questions on ethical work practices in job descriptions?**



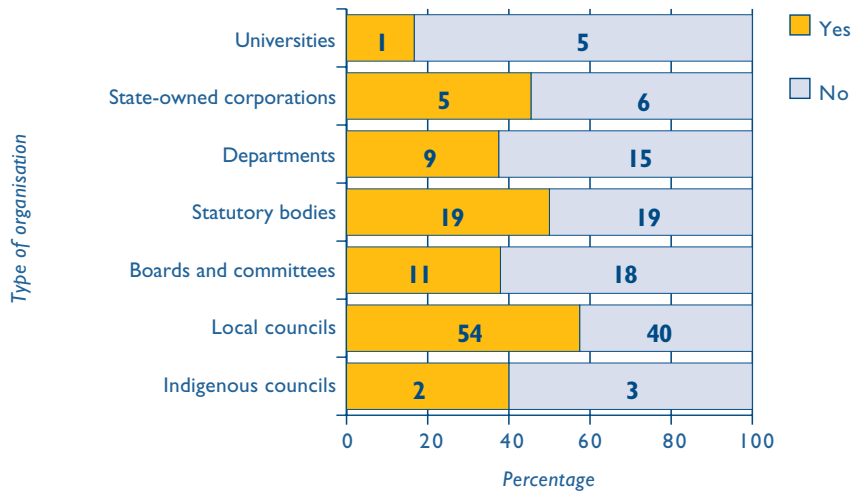
Note: A number of organisations (8 local councils, 12 boards or committees, 5 statutory bodies, 2 departments and 1 state-owned corporation) did not answer this question.

**Figure 4.19: Is it standard practice for your organisation to include comment or questions on ethical work practices in job selection criteria?**



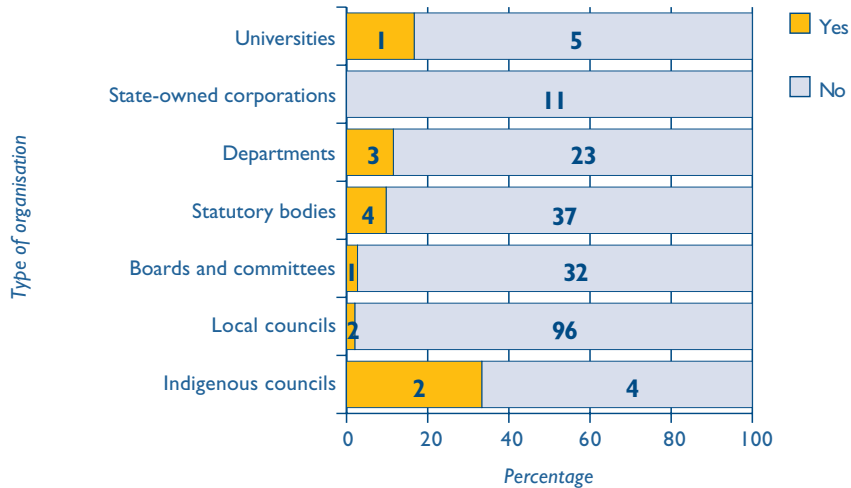
Note: A number of organisations (9 local councils, 11 boards or committees, 3 statutory bodies, 2 departments and 2 Indigenous councils) did not answer this question.

**Figure 4.20: Is it standard practice for your organisation to include comment or questions on ethical work practices in job interview questions?**



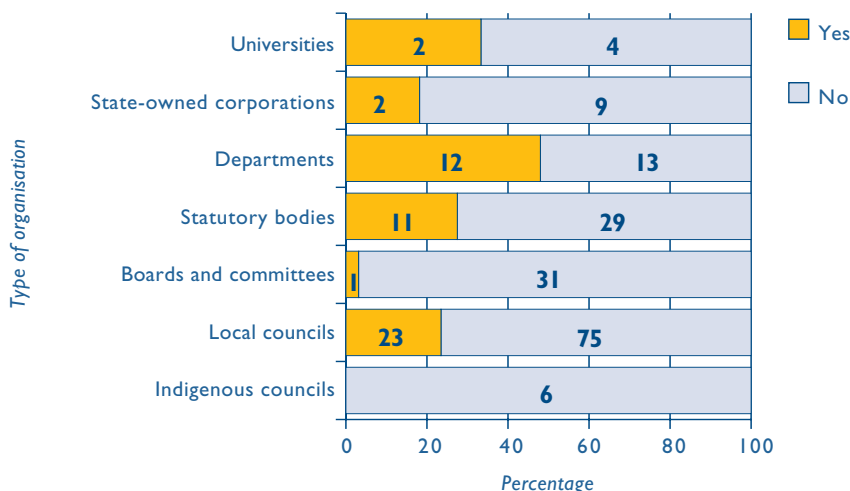
Note: A number of organisations (12 boards or committees, 6 local councils, 4 statutory bodies, 4 departments and 1 Indigenous council) did not answer this question.

**Figure 4.21: Is misconduct-prevention information sent out to potential applicants as a standard part of the recruitment process?**



Note: A number of organisations (8 boards or committees, 2 local councils, 2 departments and 1 statutory body) did not answer this question.

**Figure 4.22: Does your organisation provide training on conflicts of interest faced by members of selection panels for staff/board members who participate in recruitment panels?**



Note: A small number of organisations (9 boards or committees, 3 departments, 2 local councils and 2 statutory bodies) did not answer this question.

## 6 Contracting and procurement procedures

Poor management of contracting and procurement procedures can result in wasted resources and loss of public confidence. Incorporating misconduct resistance into public sector contracts is a strategy that can reduce the possibility of detrimental consequences.

Private contractors should be informed of the public sector procedures for contracts, and the ethical principles behind them. Better understanding of public sector standards will result in a greater willingness to comply with procedures.

### Survey questions

Agencies were asked questions to determine how often their contracts and procurement procedures incorporated misconduct prevention strategies. Each agency was asked whether (all of the time, some of the time or never) it:

- had internal control mechanisms to monitor remote operations
- had internal control mechanisms to manage variations to contracts
- kept a continuous record of expenditure on each contract let
- had a contractor performance management system
- included a statement of business ethics in contracts
- included a termination clause relating to ethical standards in contracts.

Agencies were also asked whether they:

- had outsourced one or more major functions
- checked for conflicts of interest when contracting out.

### Survey results

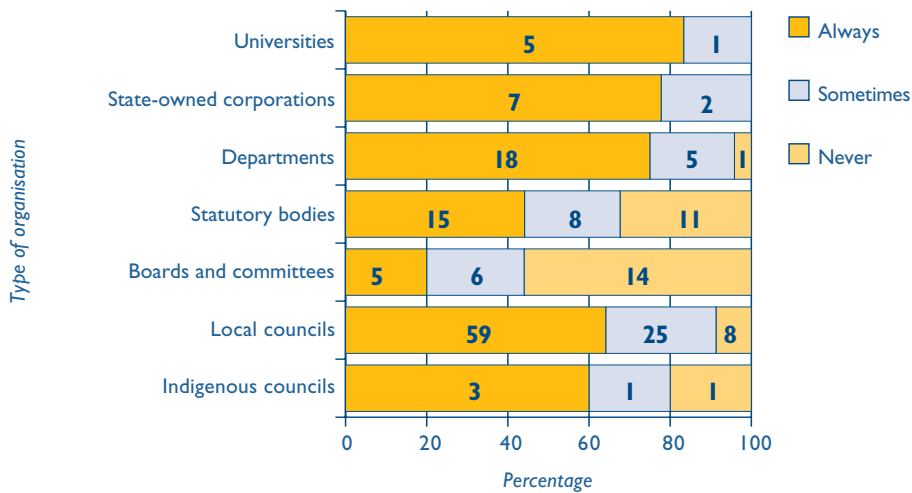
**Monitoring remote operations.** Most agencies (82%) reported that they had internal control mechanisms to monitor remote operations at least some of the time, with 57% always having such mechanisms. Fifty-six per cent of responding boards and committees stated that they had never had internal control mechanisms to monitor remote operations (see Figure 4.23, next page).

**Managing variations to contracts.** Contracts often require variations during execution. The majority of agencies (89%) declared that they at least sometimes had internal control mechanisms to manage variations to contracts when needed. All responding universities, departments and Indigenous councils stated that they had such mechanisms at least sometimes, while boards and committees were most likely to state that they never had these mechanisms (see Figure 4.24, next page).

**Keeping continuous records of expenditure.** The majority (88%) of respondents stated they always kept continuous records of expenditure on each contract let. In particular, all universities and state-owned corporations kept continuous records at all times. In contrast, however, there were three statutory bodies, four boards or committees, and one local council that had never kept continuous records of expenditure on any of their contracts (Figure 4.25, next page).

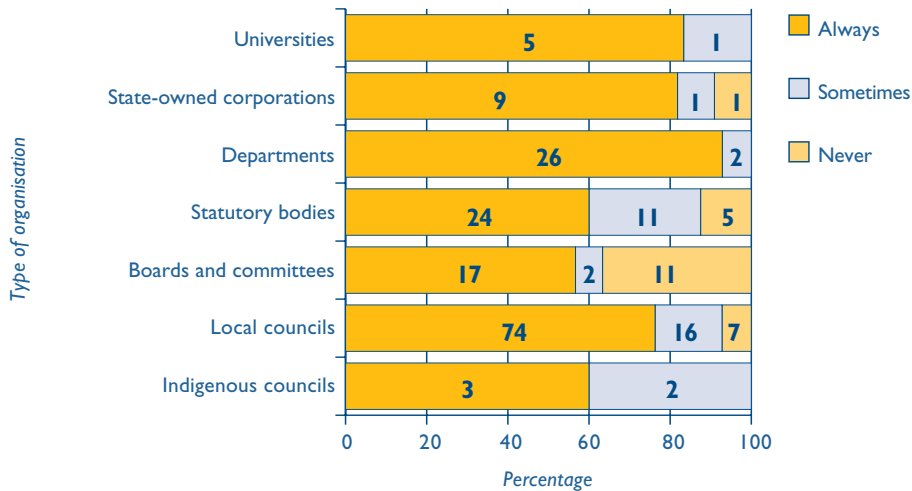
**Using a contractor performance management system.** The majority (75%) of agencies said that, at least sometimes, they used a contractor performance management system. A quarter (25%) had never used a contractor performance management system; these were most likely to be boards and committees, Indigenous councils and statutory bodies (see Figure 4.26, page 39).

**Figure 4.23: Does your organisation have internal control mechanisms to monitor remote operations?**



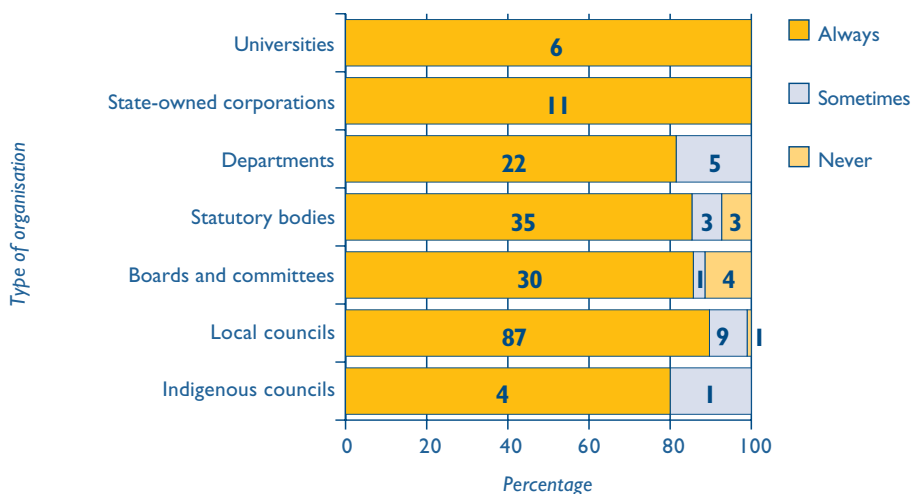
Note: A number of organisations (1 Indigenous council, 8 local councils, 16 boards or committees, 8 statutory bodies, 4 departments and 2 state-owned corporations) did not answer this question.

**Figure 4.24: Does your organisation have internal control mechanisms to manage variations to contracts?**



Note: A number of organisations (1 Indigenous council, 3 local councils, 11 boards or committees and 2 statutory bodies) did not answer this question.

**Figure 4.25: Does your organisation keep a continuous record of expenditure on each contract let?**



Note: A small number of organisations (1 Indigenous council, 3 local councils, 6 boards or committees, 1 statutory body and 1 department) did not answer this question.

**Including a statement of business ethics.** Statements outlining business ethics as a standard term in all contracts were not as frequent in organisational procedures as some of the other strategies to build misconduct resistance into contracting and procurement procedures. Forty-nine per cent of agencies had never included business ethics as a standard term in all of their contracts. However, 22 out of the 27 departments and 4 of the 5 responding Indigenous councils stated that they always or sometimes included business ethics in their contracts (see Figure 4.27, next page).

**Including a termination clause.** Over half of the agencies had never included a clause giving the agency the right to terminate a contract if the contractor failed to abide by the agency’s statement of business ethics. State-owned corporations, local councils, and boards and committees were most likely to state that they had never included such a clause (see Figure 4.28, next page). This is no doubt due to the fact that, as stated above, 49% of organisations did not include business ethics statements in their contracts.

**Outsourcing.** Twenty-nine per cent of respondents stated that they had outsourced one or more major functions during the past three years. Universities and state-owned

corporations were most likely to have outsourced (see Figure 4.29, next page).

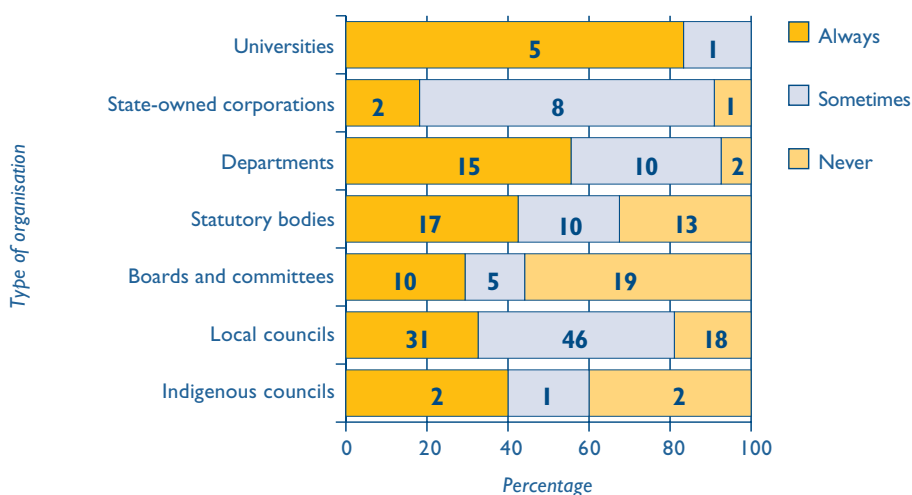
**Checking for conflicts of interest.** Eighty-one per cent of agencies stated that they at least sometimes checked for conflicts of interest when contracting out the management of functions and programs, with 55% stating that they always did this. All universities and departments said they checked for conflicts of interest at least sometimes, while almost 40% of boards and committees said they never did so (see Figure 4.30, page 41).

**OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT**

If contractors and service providers fully understand and accept the values of the organisation that engages them, there is a much greater likelihood that these values will permeate the work they do. Effective internal control is also vital, to ensure that the work remains on track.

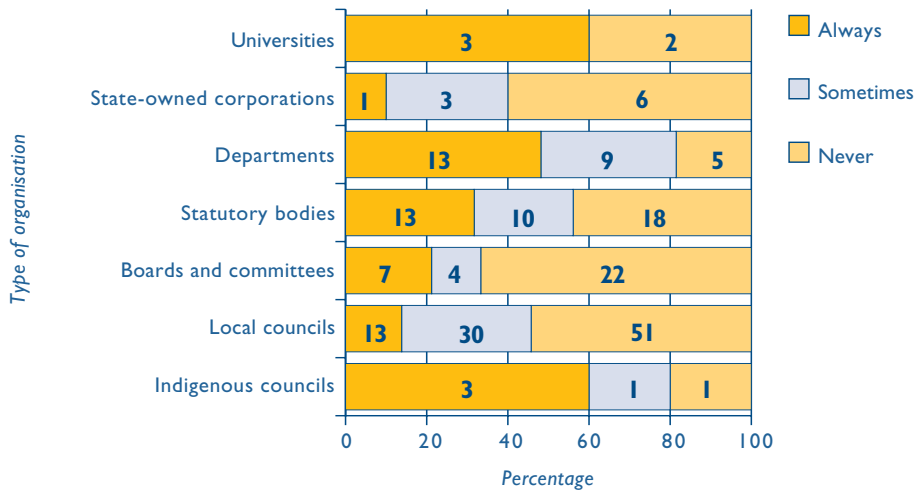
All contracts should incorporate a clear statement of business ethics. They should also include a clause giving the organisation the right to terminate the contract if the contractor fails to abide by the stated ethical principles.

**Figure 4.26: Does your organisation have a contractor performance management system?**



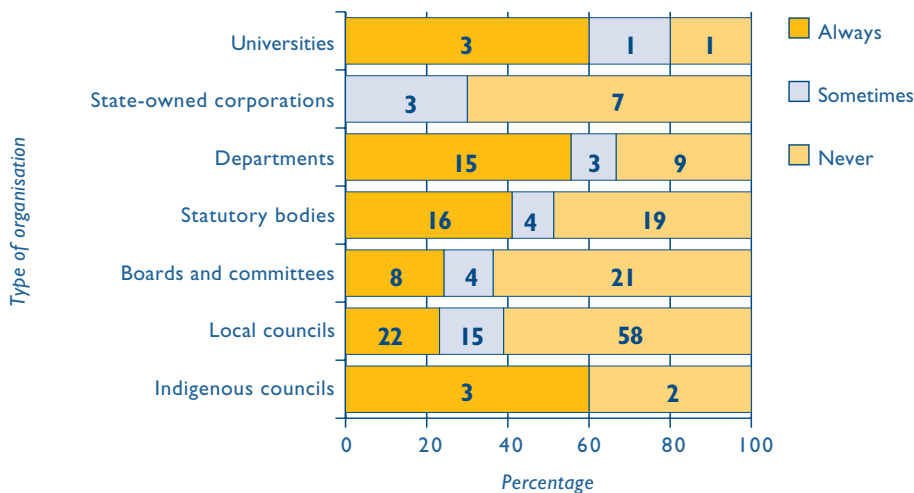
Note: A number of organisations (1 Indigenous council, 5 local councils, 7 boards or committees, 2 statutory bodies and 1 department) did not answer this question.

**Figure 4.27: Does your organisation include a statement of business ethics (or similar) as a standard term in all contracts?**



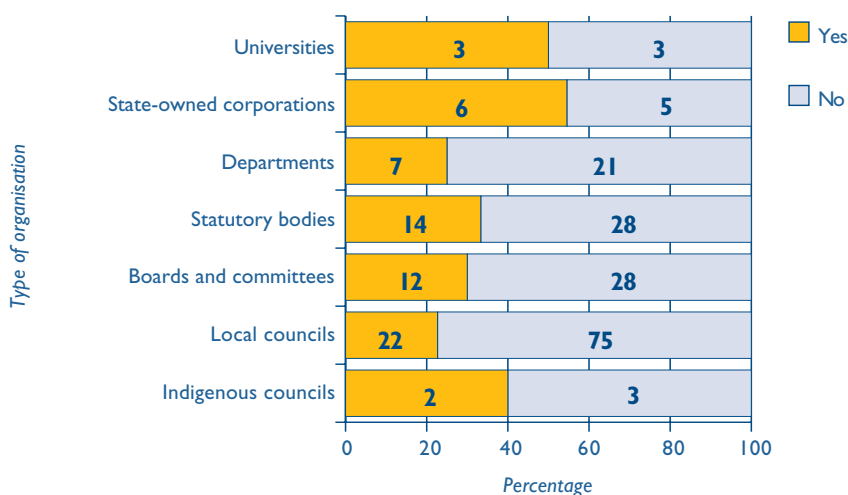
Note: A number of organisations (1 Indigenous council, 6 local councils, 8 boards or committees, 1 statutory body, 1 department, 1 state-owned corporation and 1 university) did not answer this question.

**Figure 4.28: Does your organisation include a clause that gives the organisation the right to terminate a contract if the contractor fails to abide by the organisation's statement of business ethics?**



Note: A number of organisations (1 Indigenous council, 5 local councils, 8 boards or committees, 3 statutory bodies, 1 department, 1 state-owned corporation and 1 university) did not answer this question.

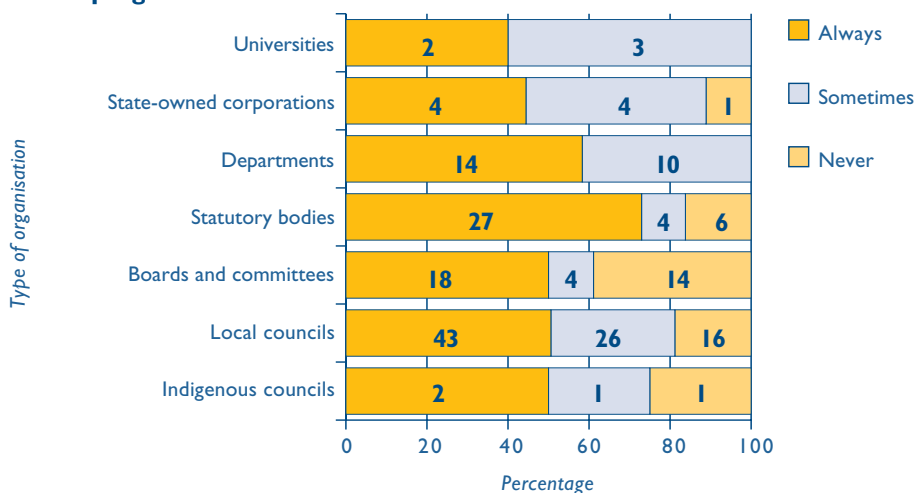
**Figure 4.29: Has your organisation outsourced one or more major functions during the past three years?**



Note: A small number of organisations (1 Indigenous council, 3 local councils and 1 board or committee) did not answer this question.



**Figure 4.30: Does your organisation check for conflicts of interest when contracting out the management of functions and programs?**



Notes:

- 1 A small number of organisations (2 Indigenous councils, 7 local councils, 3 boards or committees, 4 statutory bodies, 2 departments, 1 state-owned corporation and 1 university) did not answer this question.
- 2 A number of organisations (8 local councils, 2 boards or committees, 1 statutory body, 2 departments and 1 state-owned corporation) were coded as 'not applicable'.

## 7 Providing staff with information on ethical work practices

If staff are to perform ethically, they need to be given plenty of information about ethical work practices, public duty and the potential risks associated with their work. Only then will they have the basis for making good decisions. The standards for the organisation as a whole need to be communicated and reinforced so that they will have an appropriate impact on staff.

Public duty involves serving the public interest at all times, not serving one's own interests. It involves managing conflicts of interest and acting with integrity by being honest, accountable and objective.

Prevention activities alone (systems, procedures, controls etc.) can never be expected to eliminate misconduct. Eliminating misconduct also depends on the commitment of staff. Staff within an agency are the prime source of detailed knowledge about what is happening. Without their cooperation and initiative most misconduct may never be prevented or detected. Clearly, every member of staff has a responsibility to contribute towards eliminating misconduct within the agency. However, without appropriate encouragement and training, they may not be inclined to do this.

To effectively contribute to misconduct prevention, managers and staff need to:

- articulate appropriate ethical standards for the workplace

- recognise the value and importance of personally contributing to misconduct prevention
- develop an understanding of good work practices and system controls
- keep abreast of best practices in preventing misconduct
- become aware of the specific types of misconduct that can occur in the agency and determine how best to detect them.

### Survey questions

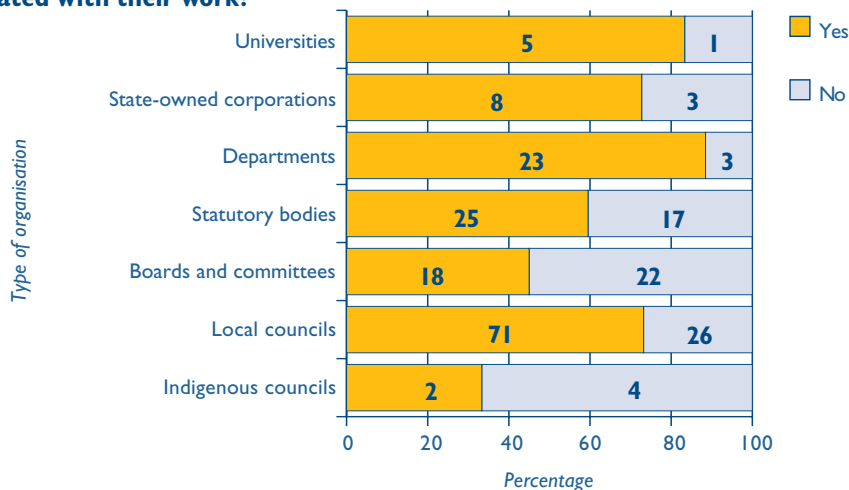
Agencies were asked to indicate whether staff and board members were provided with information about:

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

This information can be provided in a range of ways. Respondents who indicated that they provided each type of information to staff were also asked to indicate whether this was done by:

- posters displayed within the workplace
- intranet banners, notices, articles
- brochures, pamphlets

**Figure 4.31: Does your organisation provide staff/board members with information on misconduct risks associated with their work?**



Note: A number of organisations (3 local councils, 1 board or committee and 2 departments) did not answer this question.

- peer communication
- guidance by managers and supervisors
- staff training
- part of individual performance reviews
- part of overall business planning
- other means.

### Survey results

**Misconduct risks.** Over two-thirds of agencies (67%) stated that they provided information on misconduct risks associated with work. Twenty-three of the 26 departments and 5 out of the 6 universities that responded to this question stated that they provided this information (see Figure 4.31).

**Misconduct prevention strategies.** Just over half of the agencies (55%) stated that they provided information on misconduct prevention strategies. Departments had the highest proportion, at 74% (see Figure 4.32).

**Ethical work practices.** Seventy-three per cent of agencies stated they provided information on ethical work practices, but five of the six Indigenous councils did not (see Figure 4.33).

**Public duty.** Sixty-six per cent of agencies provided information on what constitutes public duty. All but two of the departments, as well as most local councils and universities and slightly more than half of the statutory bodies, provided this information to their staff and board members. Very few state-owned corporations and only one Indigenous council provided the information (see Figure 4.34).

**Conflicts of interest.** Information on what a conflict of interest is and what to do when one arises was provided to staff by 69 per cent of responding organisations. More than half of the boards and committees and almost all Indigenous councils stated that they did not provide this information to staff (see Figure 4.35, page 44).

**Importance of ethical leadership.** Sixty per cent reported providing information on the importance of ethical leadership. Seventy-seven per cent of responding departments provided the information, compared with only one of the six Indigenous councils (see Figure 4.36, page 44).

Across all organisation types, the most common means by which information was provided was ‘guidance by managers and supervisors’.

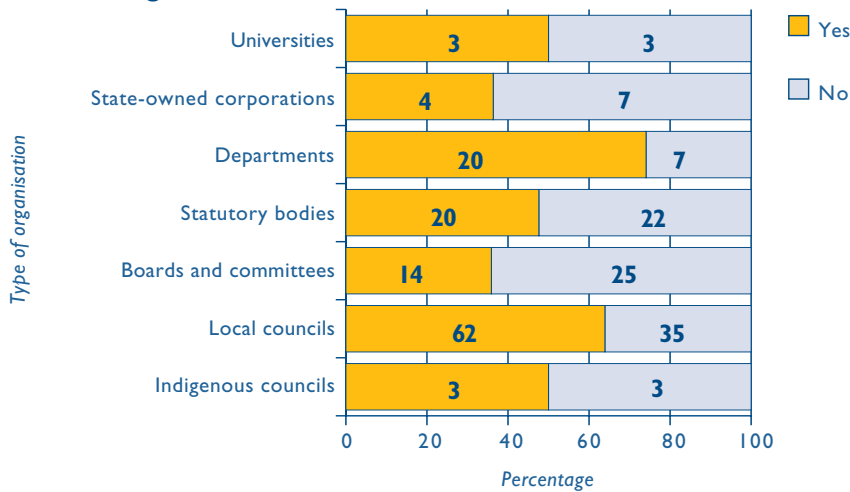
### OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT

Staff need to know what is expected of them, and why. People with a good understanding of the ethical standards of their organisation will be well equipped to manage ethical dilemmas and resist misconduct.

Staff and board members should be fully informed about the misconduct risks they could face in their work, and how to handle them. The organisation’s misconduct prevention strategies must also be clearly explained.

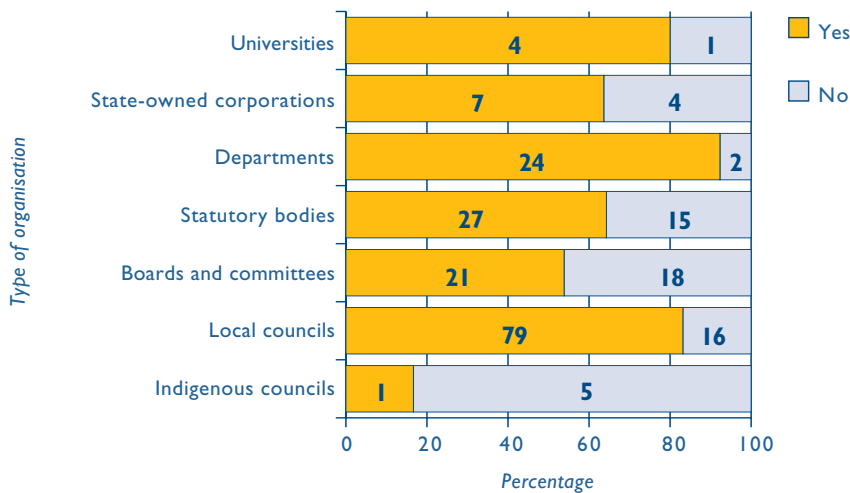
They should also be provided with information about ethical work practices and the importance of ethical leadership.

**Figure 4.32: Does your organisation provide staff/board members with information on misconduct prevention strategies?**



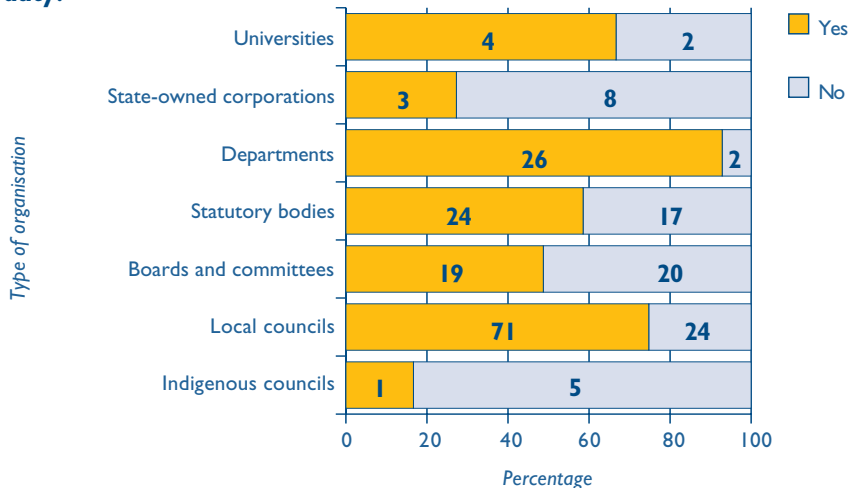
Note: A number of organisations (3 local councils, 2 boards or committees and 1 department) did not answer this question.

**Figure 4.33: Does your organisation provide staff/board members with information on ethical work practices?**



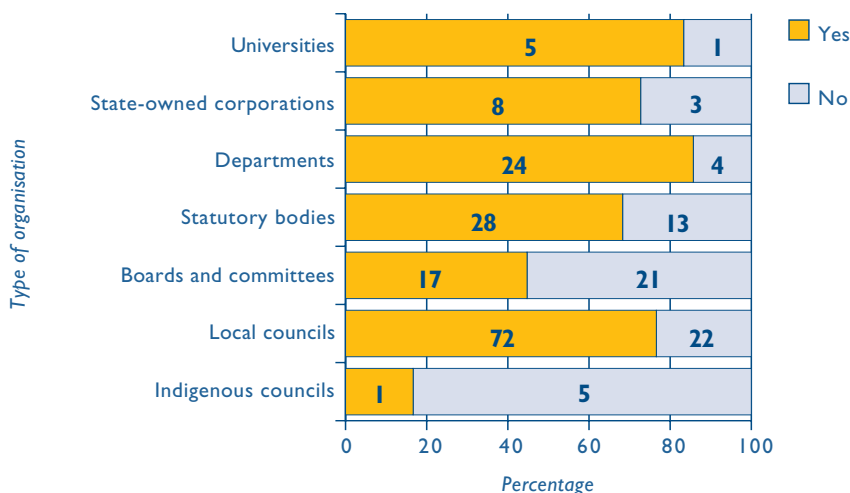
Note: A number of organisations (5 local councils, 2 boards or committees, 2 departments and 1 university) did not answer this question.

**Figure 4.34: Does your organisation provide staff/board members with information on what constitutes their public duty?**



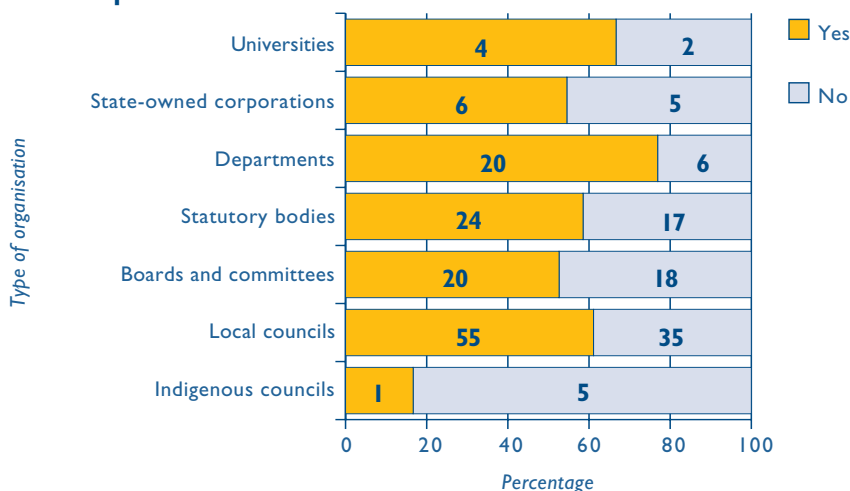
Note: A number of organisations (5 local councils, 2 boards or committees and 1 statutory body) did not answer this question.

**Figure 4.35: Does your organisation provide staff/board members with information on what a conflict of interest is and what to do when one arises?**



Note: A number of organisations (6 local councils, 3 boards or committees and 1 statutory body) did not answer this question.

**Figure 4.36: Does your organisation provide staff/board members with information on the importance of ethical leadership?**



Note: A number of organisations (10 local councils, 3 boards or committees, 1 statutory body and 2 departments) did not answer this question.

## 8 Audit procedures

Auditing is used to detect and deter misconduct within an organisation. An audit provides feedback about such things as how well an organisation’s systems are functioning, and the reliability and integrity of information. It helps identify ways in which parts of the organisation could use resources more efficiently.

Within public sector agencies, the audit process can incorporate a number of key components including:

- audit plans — to map out the broad scope of the audit
- internal auditors (or other persons nominated for this role) — to carry out the audit plan

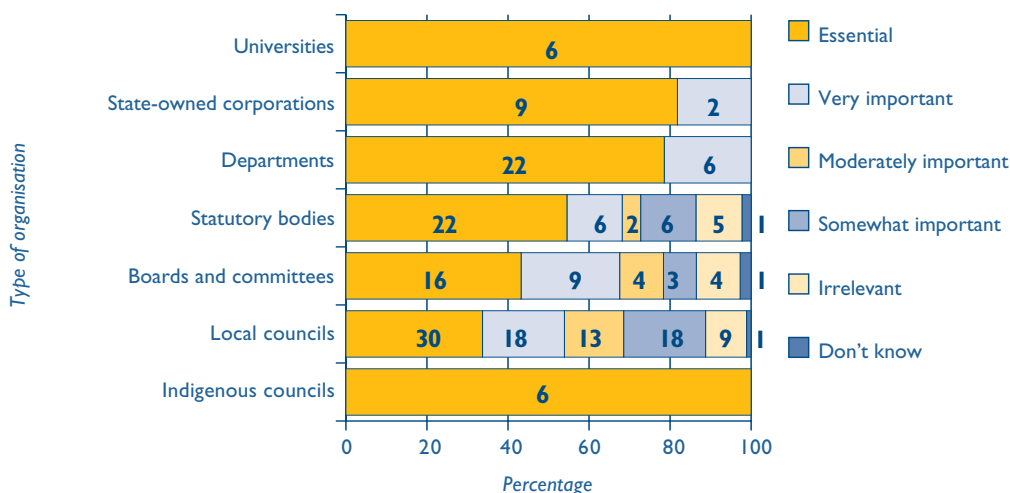
- audit charters — to describe the role of each audit
- audit committees — to oversee the audit process.

### Survey questions

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

- how important they considered internal auditing to be for their organisation
- whether their organisation had an internal audit plan
- whether their organisation had an internal audit charter
- whether their organisation had an internal auditor
- whether their organisation had an audit committee

**Figure 4.37: How important is the internal audit function to your organisation?**



Note: A number of organisations (11 local councils and 4 boards or committees) did not answer this question.

- how often their organisation undertook an operational or performance audit
- what topics were covered in performance audits
- who was responsible for implementing audit recommendations.

**Survey results**

**Importance of internal auditing.** Sixty-nine per cent of agencies perceived internal audits as either very important or essential. All universities and Indigenous councils stated they were essential, and all departments and state-owned corporations stated they were at least very important. There were small proportions of responding local councils, statutory bodies and boards and committees (between 10% and 12% each) that saw internal audits as irrelevant (see Figure 4.37).

**Internal audit plan.** Agencies were evenly split between those that did and those that did not have an internal audit plan — 49% did and 48% did not (the remaining 3% were unsure). All universities, state-owned corporations and departments reported that they had internal audit plans. However, the figure was only 31% for local councils and 27% for boards and committees; 40% of Indigenous councils did not know whether or not they had a plan (see Figure 4.38, next page).

**Internal audit charter.** Similarly, all universities and state-owned corporations and 26 out of the 27 responding departments stated they had an internal audit charter. The proportions were low, however, for boards and committees, and local and Indigenous councils (see Figure 4.39, next page). Overall, 41% of agencies had an internal audit charter.

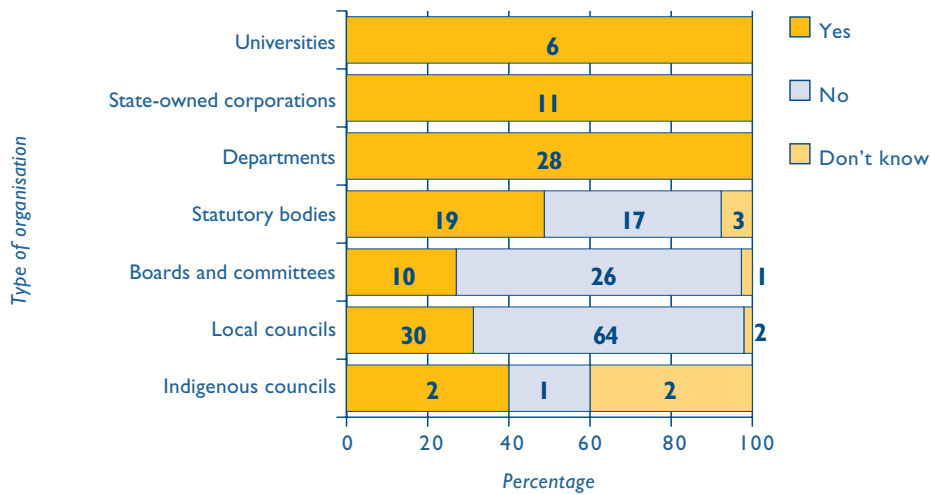
**Internal auditor.** Forty-eight per cent of agencies stated they had an internal auditor — a slightly smaller proportion than those stating that they did not have one (50%). All universities and departments and 10 of the 11 state-owned corporations had an internal auditor, compared with less than 30% of responding local councils (see Figure 4.40, next page).

**Audit committees.** All universities and state-owned corporations, and most departments, stated that they had audit committees. By comparison, 41% of local councils and 20% of boards and committees had audit committees. Of the Indigenous councils, half of those that responded to this question said they did not have an audit committee, and the other half did not know (see Figure 4.41, page 47). Overall, 52% of responding agencies stated they had an audit committee.

**Regularity of audit.** Two-thirds of agencies said they undertook operational or performance audits at least every two years. State-owned corporations and departments conducted the most frequent audits, with over 80% in each type stating that the audits took place more than once a year (see Figure 4.42, page 47). Twenty-seven per cent of the sample stated that they had never conducted an operational or performance audit. Over 30% of Indigenous councils, local councils and boards and committees had never conducted an audit.

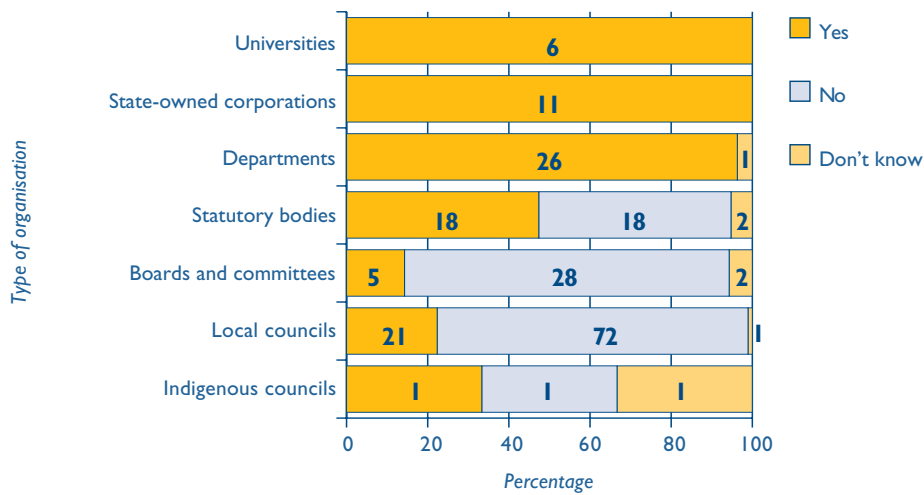
**Topics covered.** For those agencies that stated they conducted their audits at least every two years, the most common topics covered in the last audit were unit performance or outputs, followed by finances, accounting practices or budget issues. Other topics included the business or corporate plan, purchasing, tendering or contracting, and IT or communications.

**Figure 4.38: Does your organisation have an internal audit plan?**



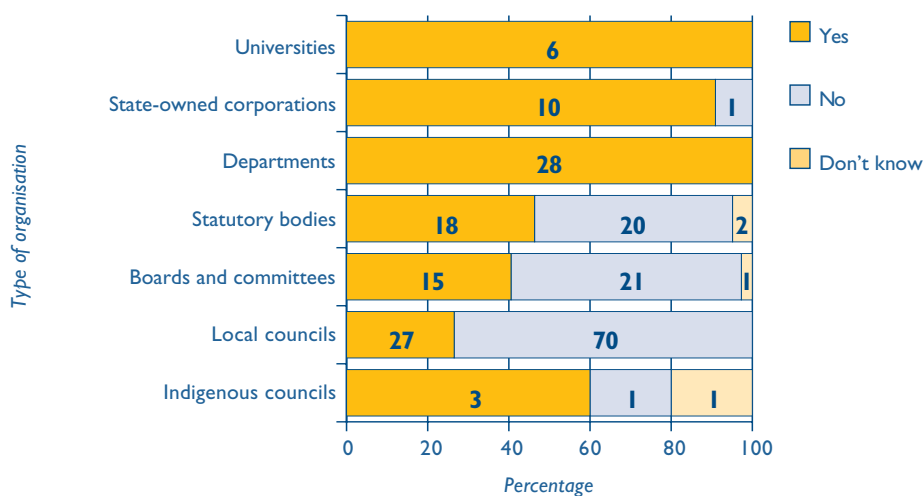
Note: A small number of organisations (1 Indigenous council, 4 local councils, 4 boards or committees and 3 statutory bodies) did not answer this question.

**Figure 4.39: Does your organisation have an internal audit charter?**



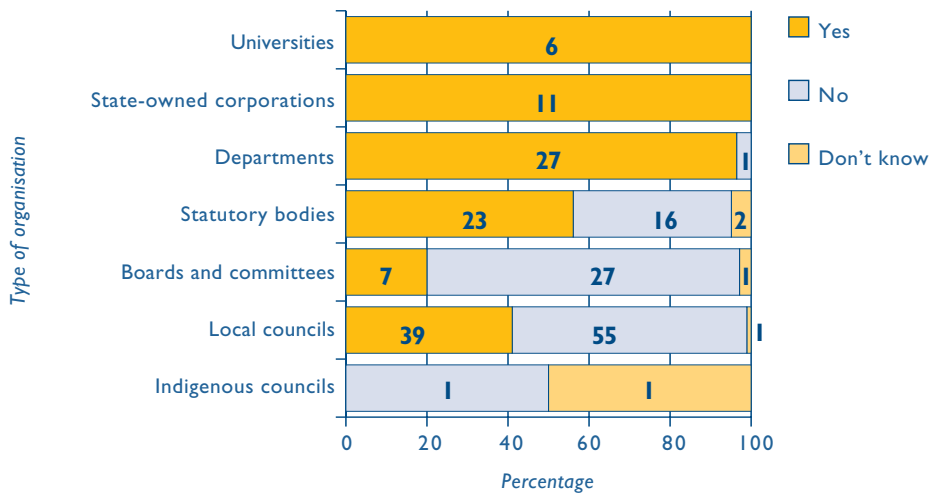
Note: A small number of organisations (3 Indigenous councils, 6 local councils, 6 boards or committees, 1 department and 4 statutory bodies) did not answer this question.

**Figure 4.40: Does your organisation have an internal auditor?**



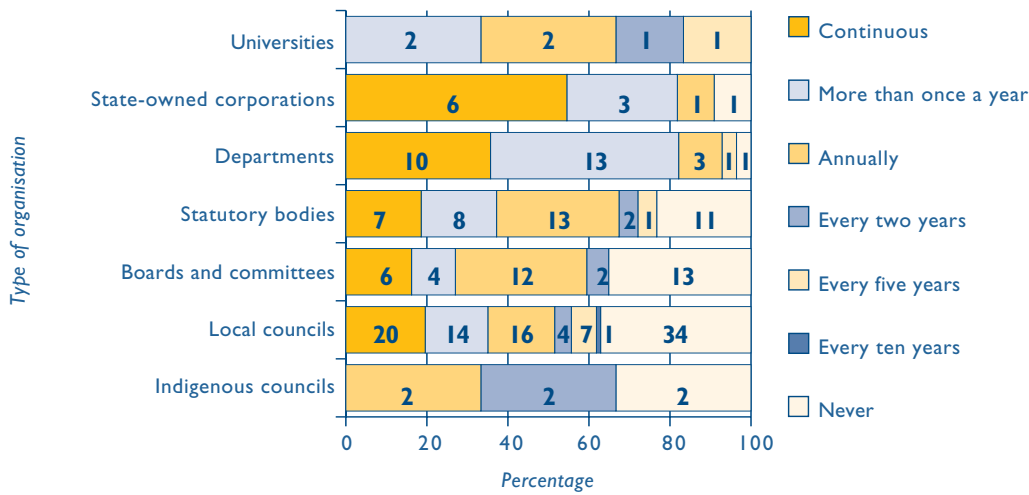
Note: A number of organisations (1 Indigenous council, 3 local councils, 4 boards or committees and 2 statutory bodies) did not answer this question.

**Figure 4.41: Does your organisation have an audit committee?**



Note: A number of organisations (4 Indigenous councils, 5 local councils, 6 boards or committees and 1 statutory body) did not answer this question.

**Figure 4.42: How often does your organisation undertake an operational or performance audit?**



Note: A small number of organisations (4 local councils and 4 boards or committees) did not answer this question.

**Person responsible for audit recommendations.** The director or manager, or the CEO, was the person most frequently nominated as being responsible for ensuring implementation of the audit recommendations (45% and 36% respectively).

**OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT**

Regular audits within an organisation can be an important tool for detecting or preventing misconduct.

Smaller organisations may have limited in-house auditing resources; nevertheless, it is important that they have an effective mechanism for checking how well their systems are functioning. For larger organisations with well-established audit practices, the challenge is to make these flexible enough to adapt to changing misconduct risks.

Smaller public sector agencies without audit procedures should consider which of their business practices could benefit from auditing. They should consider options for resourcing their audit requirements through outsourcing or on a shared basis with other, similar organisations.

Risk management strategies should inform the audit plan and the results of any audits should be acted upon swiftly. Managers should inform themselves of the level of authority for reporting and implementation.

## WHAT DO AGENCIES CONSIDER TO BE THEIR MAIN STRENGTHS IN MINIMISING MISCONDUCT?

Agencies were asked to indicate, in their own words, what they considered to be their main strengths in minimising misconduct. Seventeen (7%) did not respond to this question.

For those that did respond, most nominated a range of contributory factors, the most common of which were:

- policies and procedures within the organisation
- the fact that the agency was small, and therefore misconduct could be more easily noticed

- audits or other checks and balances conducted regularly
- training.

As Table 4.4 shows, responses differed considerably between organisation types. Universities, state-owned corporations, departments and statutory bodies were most likely to state that their main strength in minimising misconduct lay with their policies and procedures. Boards and committees relied heavily on the honesty and integrity of their staff, while councils were most likely to state that their small size was likely to protect them against misconduct.

**Table 4.4: What are your organisation's main strengths in minimising misconduct?**

What organisations consider to be their main strengths in minimising misconduct	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
Policies and procedures	40.2	26.8	21.7	29.5
Size	21.8	17.1	28.3	23.9
Audits or other checks	25.3	7.3	11.3	15.8
Training	14.9	2.4	15.1	12.8
Internal control systems	18.4	4.9	8.5	11.5
Staff honesty/integrity etc.	4.6	29.3	8.5	10.7
Code of conduct	12.6	7.3	9.4	10.3
Culture	14.9	0.0	4.7	7.7
Strong management/leadership	13.8	2.4	4.7	7.7
Experienced/professional staff	9.2	7.3	5.7	7.3
Staff awareness/knowledge	8.0	2.4	8.5	7.3

Notes:

- 1 Percentages add to more than 100% as responses were coded from open-ended responses where most agencies provided multiple responses.
- 2 A full table of responses is presented in Appendix 3: 'Additional findings'.



## PART II: DEALING WITH MISCONDUCT

In a section of the survey entitled ‘Dealing with misconduct’, the CMC survey also examined:

- 1 agencies’ awareness of their obligation to report official misconduct to the CMC, as well as of their own internal reporting procedures
- 2 how agencies deal with public interest disclosures
- 3 what they do about allegations of official misconduct.

### I Reporting official misconduct

CEOs of Queensland public sector agencies have a statutory obligation to report suspected official misconduct to the CMC. Official misconduct is any conduct relating to the performance of an officer’s duties that is dishonest or lacks impartiality, or involves a breach of trust, or is a misuse of officially obtained information. The conduct must be a criminal offence or serious enough to justify dismissal. Trying to influence a public official to act improperly is also classed as official misconduct.

A matter does not have to be a formal complaint for the CEO to report it to the CMC. CEOs are obliged to report any information or matter that may suggest official misconduct, for example information arising from an internal audit report.

The obligation to report is intended to protect the public interest by requiring that an independent body, the CMC, be advised of all complaints that may involve official misconduct. It also protects the public sector agency from allegations of a cover-up.

### Survey questions

Agencies were asked:

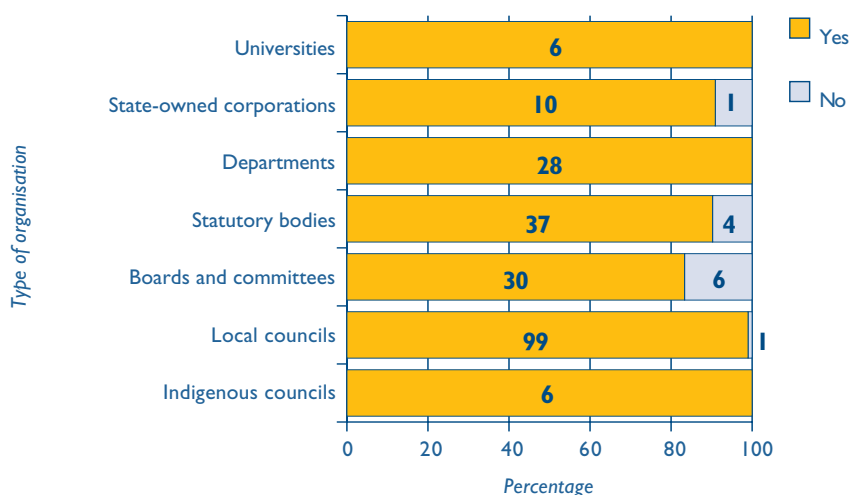
- whether they were aware of their responsibility under the *Crime and Misconduct Act 2001* to report official misconduct
- what procedures they had to ensure suspected misconduct was brought to the attention of senior management
- whether or not particular scenarios should be reported to the CMC
- how many matters had actually been reported to the CMC in the last 12 months.

### Survey results

#### *Awareness of responsibility to report official misconduct.*

Most agencies (95%) stated that their CEO and senior managers were aware of the requirements under section 38 of the *Crime and Misconduct Act 2001* to report complaints, information or matters they suspect may involve official misconduct. All departments, universities and Indigenous councils and 99% of local councils were aware of this (see Figure 4.43).

**Figure 4.43: Are your CEO and senior managers aware of the requirements under section 38 of the *Crime and Misconduct Act 2001* regarding reporting complaints, information or matters they suspect may involve official misconduct?**



Note: A small number of organisations (5 boards or committees and 1 statutory body) did not answer this question.

**Procedures for reporting official misconduct to senior management.** Thirty-five per cent of respondents stated that information regarding reporting practices was included in their code of conduct while another 30% said this information was contained in other policies or procedures. Almost 16% of responding agencies said that procedures for reporting official misconduct were covered during staff training — including induction and refresher training. Around 20% either did not have procedures to ensure misconduct was reported or did not respond to this question. Many stated simply that staff were aware of the need to report, without stating specifically how they were made aware.<sup>12</sup>

**Scenarios.** Agencies were presented with four short scenarios and were asked to indicate whether or not each matter should be reported to the CMC, and why. The purpose of the scenarios was to find out if agencies were aware of the low threshold for reporting suspicions of official misconduct to the CMC — that is, that they should not be conducting preliminary inquiries to ascertain whether a matter should be reported.

Table 4.5 presents the four scenarios and indicates, for each scenario, whether or not, on the information provided, the matter should have been reported to the CMC.

Scenario 1 posed the question of whether an allegation of favouritism in the tendering process should be reported to the CMC. This allegation raises the suspicion of official misconduct because it points to the possibility of corruption involving a breach of trust by a public officer. In the absence of any other knowledge or information, it should be reported to the CMC.

Only 33% of the sample responded correctly with a ‘yes’ answer, with departments being the most likely to report the matter and state-owned corporations and local councils being the least likely (see Figure 4.44). For those agencies who stated that they would not report the matter to the CMC, most stated either that they would conduct their own inquiries or a more formal investigation. Some of those also stated that they would notify the CMC if they uncovered sufficient evidence. Many respondents stated they would not report the matter because it was an anonymous complaint.

Scenario 2 posed the question of whether a suspected misuse of public resources should be reported to the

CMC. This allegation raises a suspicion of official misconduct because it suggests that a manager has, without permission, taken property from the workplace to use for private purposes. This involves a breach of trust and could constitute an offence of misappropriation. Therefore, in the absence of any other information, the allegation should be reported to the CMC.

Forty-four per cent of the sample responded correctly with a ‘yes’ answer. Figure 4.45 shows that there was very little difference across organisation types, with universities and Indigenous councils being only slightly more likely to report the matter. Most of those who stated they would not report the matter to the CMC said that they would instead conduct an internal investigation. Some also suggested that the use of the laptop and printer may have been appropriate.

Scenario 3 posed the question of whether an allegation of assault at an office Christmas party should be reported to the CMC. This allegation is one of criminal conduct on the part of a staff member, but on the information provided there is no suggestion that the conduct was related to the performance of the staff member’s official duties. Accordingly, on that information alone, the reporting obligation is not activated.

Seventy-one per cent of the sample as a whole, including all universities and most local councils and Indigenous councils, responded correctly with a ‘no’ answer (see Figure 4.46, page 52). Almost 60% of departments and around 40% of statutory bodies and state-owned corporations said ‘yes’. The most commonly stated reasons for reporting the matter were that it was a criminal offence and/or that the assault occurred during a work function.<sup>13</sup>

Scenario 4 posed the question of whether allegations of theft by a public official of funds from a junior cricket club where he is the Treasurer should be reported to the CMC. These allegations are of conduct that would constitute a criminal offence, but they relate to the conduct of the manager in his private capacity and have no connection with the performance of his duties as a manager of a public sector agency. Therefore they do not constitute allegations of official misconduct and do not need to be reported to the CMC.

Seventy-seven per cent of the sample responded correctly with a ‘no’ answer. As illustrated in Figure 4.47 (page 53),

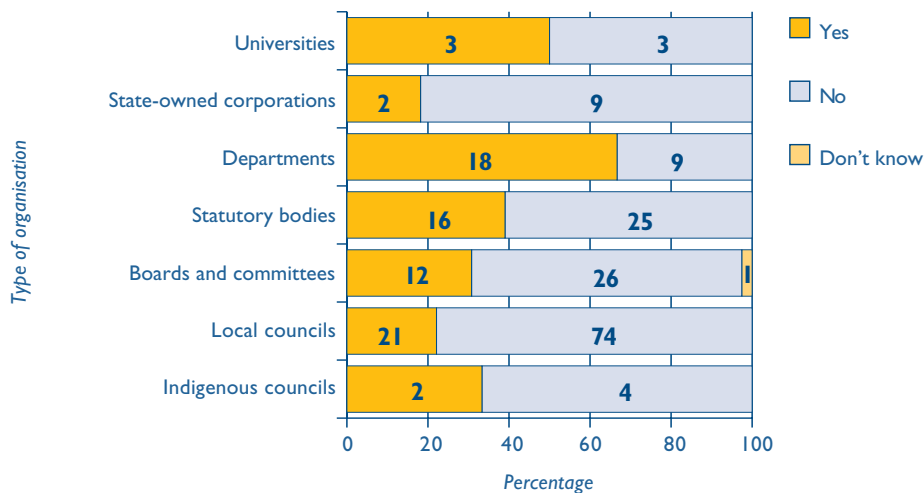
12 Percentages add to more than 100% as some agencies provided staff with information regarding reporting procedures in a number of ways.

13 Approximately one-third of those who stated that they would report the matter to the CMC did not state a reason for reporting.

**Table 4.5: Please consider the following four scenarios and indicate whether or not they should be reported to the CMC and why**

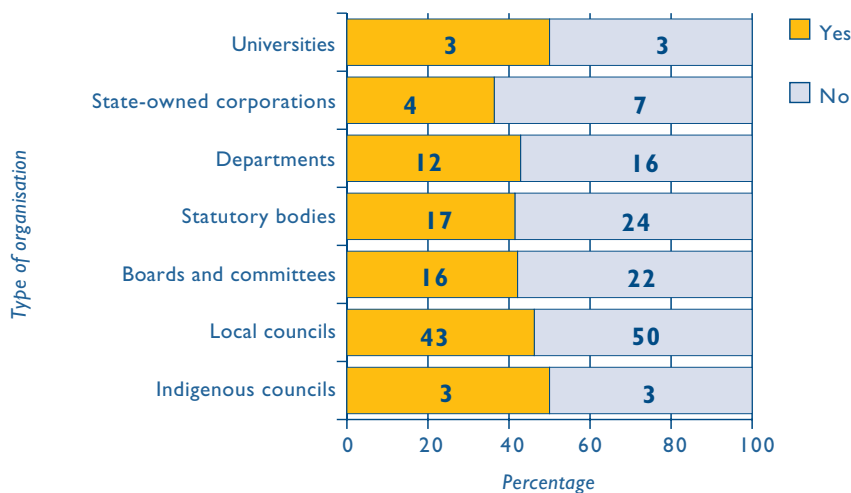
Scenario	Report
1. A telephone complainant, who does not give her name but who explains she was an unsuccessful tenderer for a project within your organisation, alleges that a competitor has received preferential treatment in the tendering process. The allegation is made after the complainant has seen the competitor golfing with the purchasing officer from your organisation.	Yes
2. An audit discloses that a laptop and printer assigned to a unit within your organisation are missing. Information is received that the laptop and printer have been at the manager's home for some months. No approval has been sought or granted.	Yes
3. Allegations are made that a staff member assaulted another staff member at your organisation's Christmas party.	No
4. Allegations are made that an office manager has stolen funds from a suburban junior cricket club where he is the Treasurer.	No

**Figure 4.44: Should scenario 1 be reported to the CMC?**



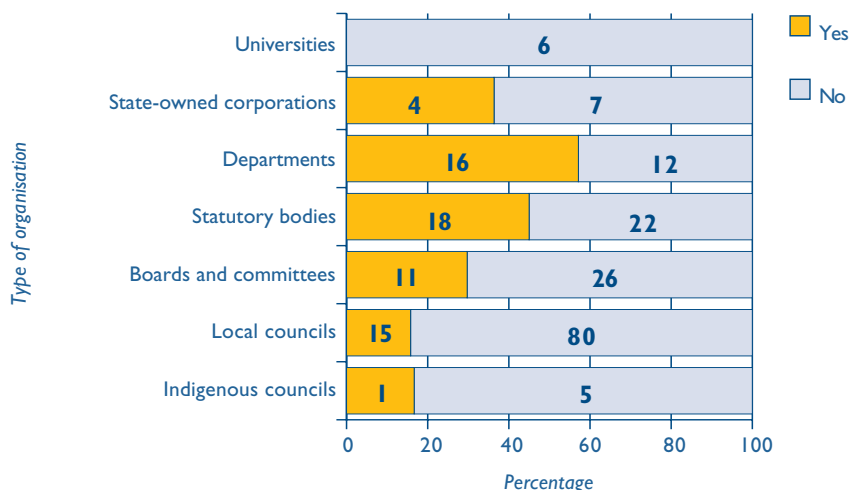
Note: A small number of organisations (5 local councils, 2 boards or committees, 1 statutory body and 1 department) did not answer this question.

**Figure 4.45: Should scenario 2 be reported to the CMC?**



Note: A small number of organisations (7 local councils, 3 boards or committees and 1 statutory body) did not answer this question.

**Figure 4.46: Should scenario 3 be reported to the CMC?**



Note: A small number of organisations (5 local councils, 4 boards or committees and 2 statutory bodies) did not answer this question.

around 50% of Indigenous councils and 40% of state-owned corporations stated that they would report the matter. Their most common reasons for reporting were that it was a serious or criminal matter, or simply that the matter needed to be reported.

**Actual matters reported to the CMC in the last 12 months.** Seventy per cent of respondents stated that they had not reported any matters to the Commission in the last 12 months (see Figure 4.48). Twenty-two per cent had reported between one and five matters and less than 10% had reported more than five matters in the last 12 months.

Those who stated that they had not reported any matters were less likely to correctly identify scenarios 1 and 2 as being situations that should be reported to the CMC.

- Regarding scenario 1, only 23% of those who had not reported any matters to the CMC correctly identified it as a reportable matter. In contrast, 54% of those agencies who had reported a matter recognised scenario 1 as a matter to be reported.
- Regarding scenario 2, only 39% of those who had not reported any matters to the CMC correctly identified it as a reportable matter. In contrast, 52% of those who had reported at least one matter recognised scenario 2 as a matter to be reported.

There appears to be less difference between those who report and those who do not when considering the scenarios that were not required to be reported.

- Sixty-nine per cent of respondents who had not reported any matters to the CMC in the last 12 months correctly stated that they would not report scenario 3, compared with 64% of those who had reported at least one matter.

- Around 75% of both those who had and those who had not reported a matter to the CMC correctly stated that scenario 4 should not be reported.

The higher proportion of correct answers given by respondents who had reported a matter to the CMC indicates a greater level of understanding about the types of matters that should be reported and the threshold of suspicion. By contrast, those who had not reported a matter to the CMC in the last 12 months were consistently less likely to give correct answers to the scenarios. It appears that a lack of understanding regarding the types of matters that should be reported is contributing to lower reporting rates for these agencies.

Despite stating that they were aware of their obligation to report suspected misconduct to the CMC and having procedures to facilitate this, a high proportion of organisations were unable to correctly identify the scenarios that should be reported to the CMC, preferring instead to conduct internal inquiries to obtain evidence.

**OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT**

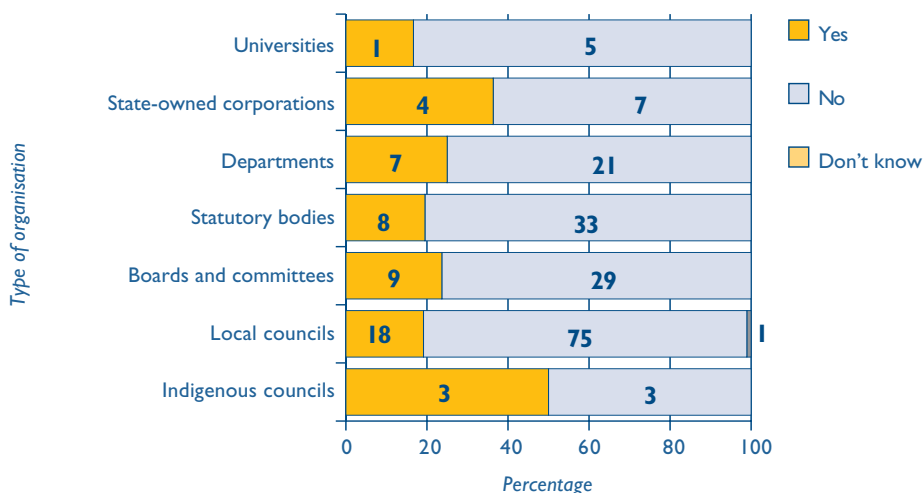
Senior managers need to know about:

- the types of matters that need to be reported to the CMC
- the specific nature of their obligation to report, which does not require the matter to be investigated or substantiated prior to reporting to the CMC.

Agencies also need to develop formal reporting procedures that are linked to their code of conduct.

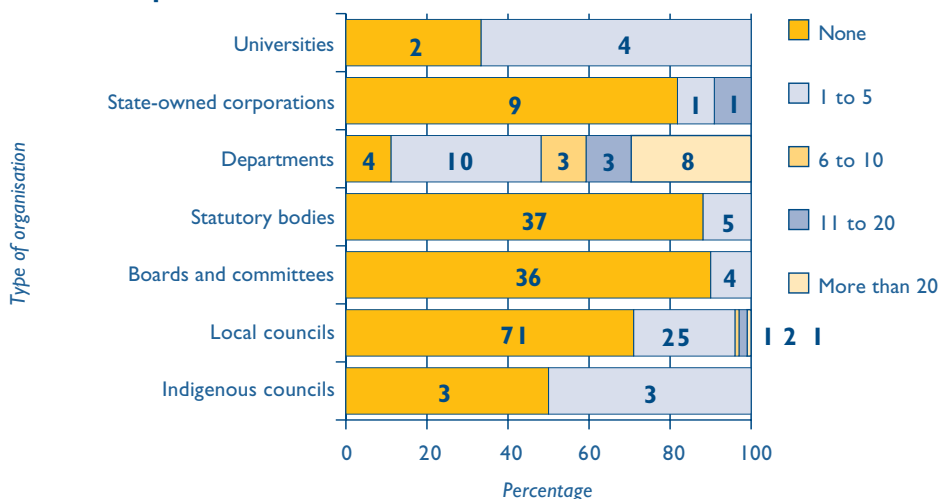
For further advice, see Module 2 of the CMC's *Facing the facts* guidelines, 'A CEO's reporting obligation'.

**Figure 4.47: Should scenario 4 be reported to the CMC?**



Note: A small number of organisations (6 local councils, 3 boards or committees and 1 statutory body) did not answer this question.

**Figure 4.48: How many suspected official misconduct matters would your organisation have reported to the Commission in the past 12 months?**



Note: One board or committee did not answer this question.

## 2 Handling public interest disclosures

Internal reporting systems provide agencies with the ability to better control and deal with misconduct within their agency. A proportion of misconduct matters reported by employees may also be public interest disclosures under the *Whistleblowers Protection Act 1994*.

Encouraging employees to report corruption or other misconduct in the workplace will only be effective if it is supported by an organisational climate that allows them to do so without fear of reprisal. There are a range of factors that have been identified as impediments to effective reporting. These include:

- cultural reluctance to ‘dob in’ your workmate
- immediate supervisor’s possible involvement with those suspected

- disinclination to report because experience has shown that nothing happens, or those who report receive negative treatment or are labelled as troublemakers
- lack of clear and appropriate rules for referral and action.

### Survey questions

Agencies were asked:

- whether they were aware of the *Whistleblowers Protection Act 1994*
- whether internal reporting channels were available for employees to make public interest disclosures
- whether there were any procedures to protect officers from possible reprisals.

## Survey results

**Awareness of Whistleblowers Protection Act.** Most agencies (93%) stated they were aware of the *Whistleblowers Protection Act 1994*. This was common across all groups, with all departments and universities and 97% of local councils stating that they had heard of the Act (see Figure 4.49, next page).

**Internal reporting channels.** Among those who had heard of the Act, agencies were fairly evenly split regarding whether or not they had documented internal reporting channels to enable employees to make public interest disclosures to specific personnel within the organisation — 51% stated that they had such channels, while 45% stated that they did not (the remaining 4% did not respond). There was, however, considerable variation between organisation types (see Figure 4.50). All responding departments and more than half of the local councils and universities stated that they had these procedures, compared with less than 30% of Indigenous councils, and boards and committees.

**Protecting officers from reprisals.** Less than half of these agencies (42%) stated that they had procedures to protect officers from reprisal. Departments were the obvious

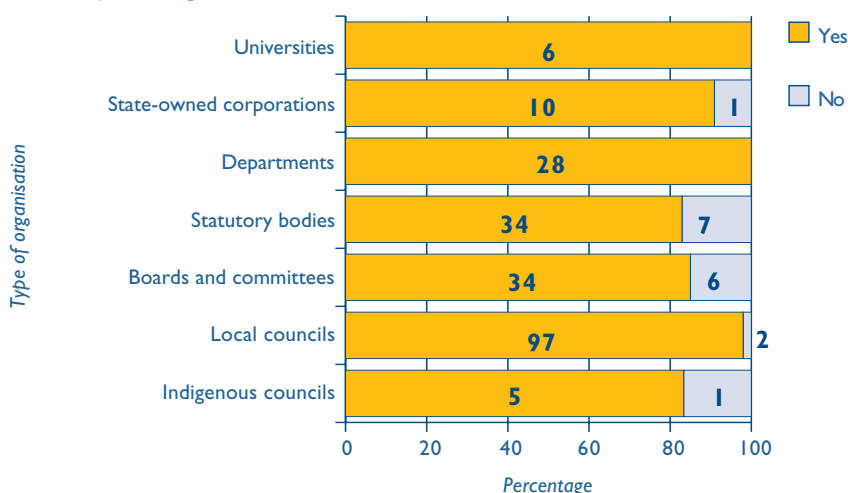
exception, with 93% stating that they had such procedures (see Figure 4.51).

### OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT

Greater effort needs to be put into providing employees with a method for making public interest disclosures where they feel they will be free from reprisals. Public sector agencies should:

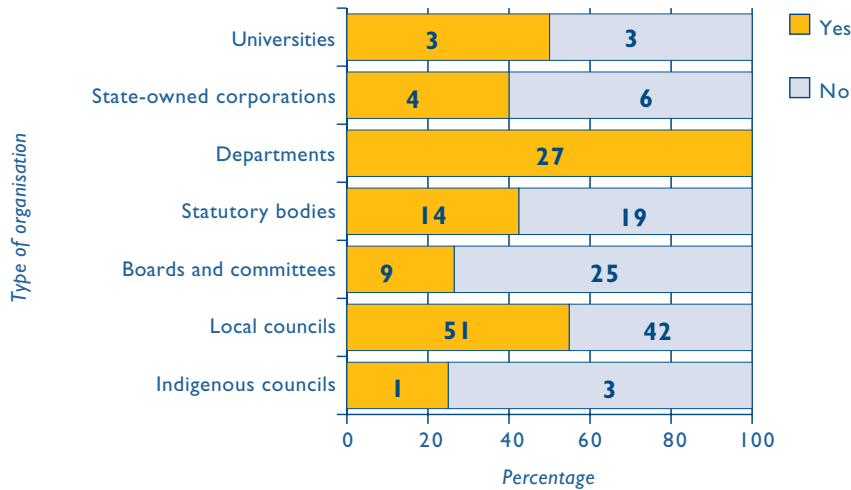
- ensure all employees are aware of the *Whistleblowers Protection Act 1994* and specific internal reporting procedures, by:
  - regularly informing staff about the Act, the organisation’s internal reporting policy, internal and external reporting channels and how they work
  - incorporating information about the Act and other reporting systems into policy and procedures and, where possible, into induction training, and providing regular refresher training for staff.
- ensure that internal reporting mechanisms are effective and include protection for those who use them.

**Figure 4.49: Is your organisation aware of the Whistleblowers Protection Act 1994?**



Note: A small number of organisations (1 local council, 1 board or committee and 1 statutory body) did not answer this question.

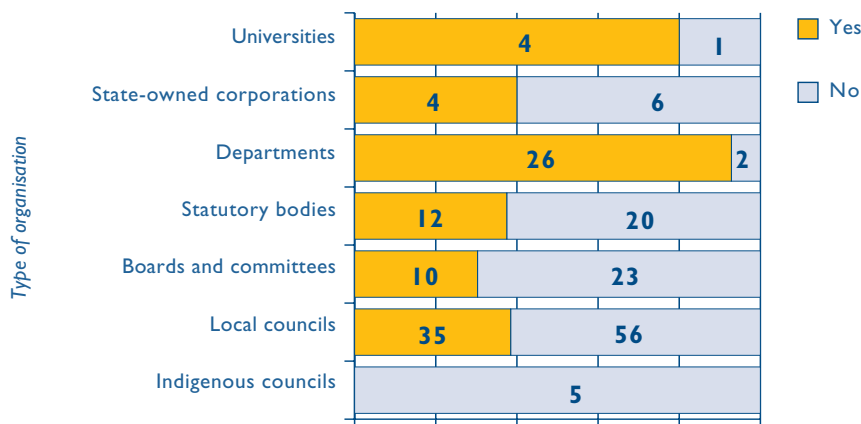
**Figure 4.50: Does your organisation have documented internal reporting channels to enable employees to make public interest disclosures to specific personnel within the organisation?**



Notes:

- 1 This question was only asked of those respondents who stated that they were aware of the Whistleblowers Protection Act.
- 2 A small number of organisations (1 Indigenous council, 5 local councils, 1 board or committee, 1 statutory body and 1 department) did not answer this question.

**Figure 4.51: Are procedures in place in your organisation to protect officers from reprisals that are, or may be, taken against them?**



Notes:

- 1 This question was only asked of those respondents who stated that they were aware of the Whistleblowers Protection Act.
- 2 A small number of organisations (7 local councils, 2 boards or committees, 2 statutory bodies and 1 university) did not answer this question.

**Table 4.6: If the decision is made to investigate the matter, who would usually conduct the investigation?**

Person assigned to conduct the investigation	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
Internal investigator	27.6	4.9	25.5	22.6
Internal officer appointed on an as-needed basis	58.6	29.3	55.7	52.1
Outsourced to an external investigation body	44.8	43.9	25.5	35.9
Other	18.4	29.3	22.6	22.2

### 3 Dealing with allegations of official misconduct

The way an agency manages and investigates grievances and allegations of misconduct can have a direct impact on whether or not staff members are prepared to come forward with information. The systems and how they are implemented will influence the general information flow between staff and management. They may also affect staff willingness to make specific allegations.

#### Survey questions

Agencies were asked:

- whether they had a documented system for handling allegations of suspected or detected official misconduct
- whether they had a person or unit responsible for dealing with and preventing official misconduct or whether they intended establishing such a position or unit
- who usually conducts investigations into matters
- whether they had a procedures manual outlining how investigations should be conducted.

#### Survey results

**Documented system.** Just over half of the sample (53%) stated that they had a documented system for handling allegations of suspected or detected official misconduct. Departments were most likely to have such systems in place (82%) while boards and committees were least likely (21%). See Figure 4.52.

**Position.** Fifty per cent of agencies stated they either had a person or unit responsible for dealing with and preventing misconduct or they intended establishing such a position or unit within the next 12 months. The proportion was highest among departments and lowest among boards and committees (see Figure 4.53).

**Investigator.** The most likely person to conduct an investigation is an internal officer appointed on an

as-needed basis (52%, see Table 4.6). Data presented in Table 4.6 also show that, among the broad organisation types, this was the most common approach for the group ‘universities, state-owned corporations, departments and statutory bodies’ (59%), and for local and Indigenous councils (56%). For boards and committees, however, investigations were more likely to be outsourced to an external body (44%).

**Procedures manual.** Only 18 per cent of agencies stated that they had a procedures manual or equivalent resource outlining how an inquiry or investigation into an allegation of official misconduct was to be conducted. Departments were the most likely to have a manual or equivalent, at 43%. None of the Indigenous councils, and only a small percentage of responding boards and committees, stated that they had a manual or equivalent (see Figure 4.54).

#### OPPORTUNITIES FOR STRENGTHENING RESISTANCE TO MISCONDUCT

It is not enough to be able to identify potential misconduct. It is equally important to deal effectively with actual misconduct when it arises. Some agencies, however, do not have the resources to conduct internal investigations and may need to look outside the agency for this sort of expertise.

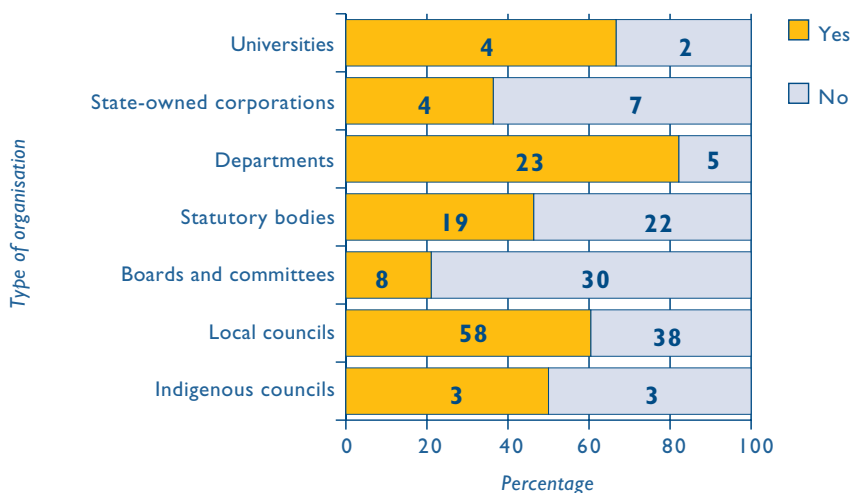
Public sector agencies that do not already have an internal investigation capacity or a strategy to outsource this work should make plans to deal with misconduct allegations as they arise.

Agencies also need to develop policies and procedures outlining how misconduct investigations should be conducted.

For further practical advice and assistance, see the CMC’s publication *Facing the facts: a CMC guide for dealing with allegations of official misconduct in public sector agencies*, published in March 2004.

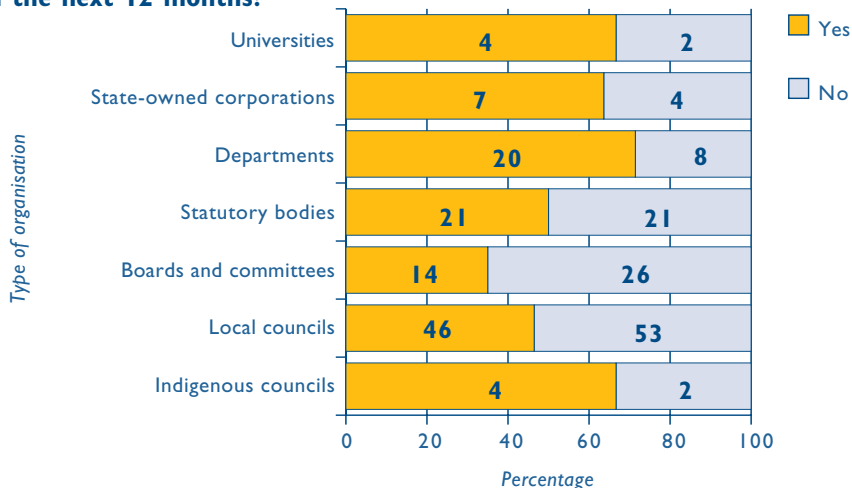


**Figure 4.52: Does your organisation have a documented system for handling allegations of suspected or detected official misconduct?**



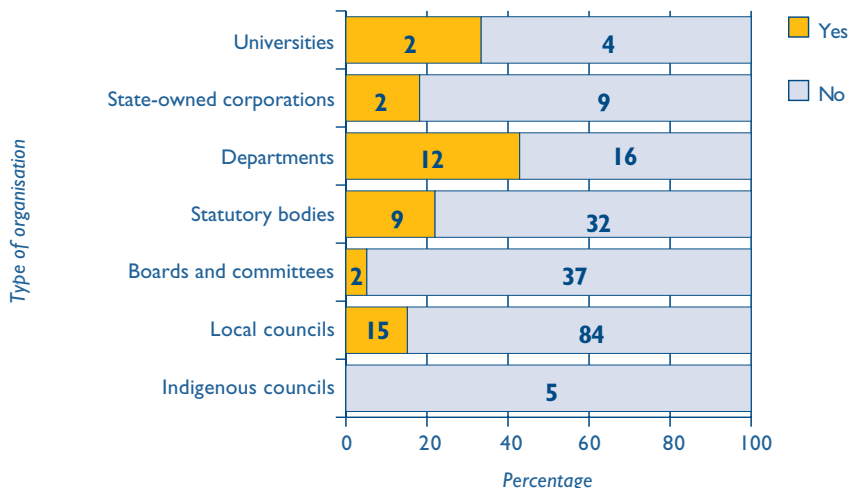
Note: A small number of organisations (4 local councils, 3 boards or committees and 1 statutory body) did not answer this question.

**Figure 4.53: Does your organisation have a person or unit responsible for dealing with and/or preventing official misconduct or does your organisation intend establishing such a position or unit within the next 12 months?**



Note: A small number of organisations (1 local council and 1 board or committee) did not respond to either question.

**Figure 4.54: Does your organisation have a procedures manual or equivalent resource outlining how an inquiry or investigation into an allegation of official misconduct is to be conducted?**



Note: A small number of organisations (1 Indigenous council, 1 local council, 2 boards or committees and 1 statutory body) did not answer this question.

## HOW RESISTANT TO MISCONDUCT ARE QUEENSLAND PUBLIC SECTOR AGENCIES?

As well as examining both the types of misconduct prevention risks and the perceived ability of agencies to deal with misconduct, the CMC considered the number or range of strategies in place within each agency. This information provides an overall picture of the approach that Queensland public sector agencies take to misconduct resistance. It also shows which types of organisations are more likely to have misconduct resistance strategies.

A score for each agency was calculated on the basis of the number of specific misconduct resistance strategies they had. One point was allocated for each of the following:

- identifies and documents risks and includes prevention strategies within this documentation
- has a code of conduct
- has a gifts and benefits policy
- has a gift register
- has documented provisions for managing external attacks on IT system
- has documented provisions for managing internal abuse of IT systems by staff

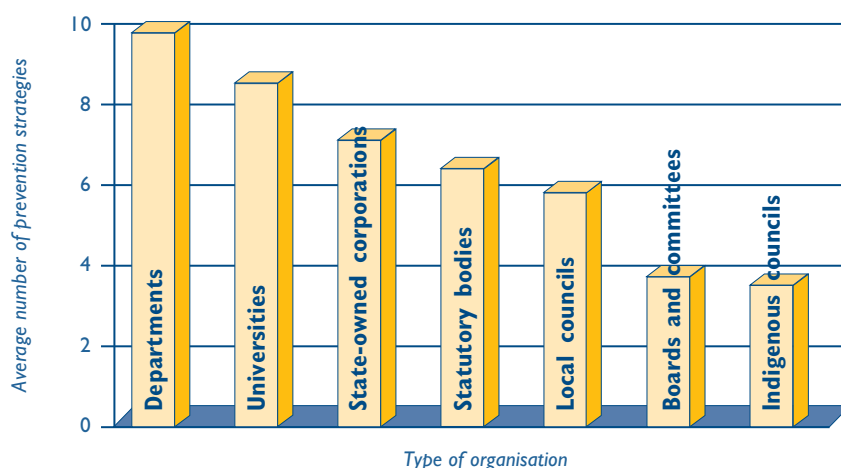
- has an internal audit plan
- has a system for handling allegations of suspected or detected official misconduct
- is aware of the *Whistleblowers Protection Act 1994*
- has an internal reporting system for public interest disclosures
- has an internal investigation system.

Based on these calculations, each agency was assigned a score from 0 to 11. Across all 234 agencies, the average score was 6. Eleven organisations (6 departments, 3 local councils and 2 statutory bodies) scored the maximum of 11 points. Five organisations (4 boards or committees and 1 local council) answered no to all 11 questions.

On average, departments and universities had the largest number of misconduct resistance strategies while Indigenous councils and boards and committees had the smallest number (see Figure 4.55).

Factors such as the length of time an agency has been in existence, organisational restructures and privatisation may all influence the degree to which an agency has developed misconduct resistance strategies. The effect that these factors have on the number and type of strategies within agencies is an issue that should be examined in future research.

**Figure 4.55: What types of organisations have the most prevention strategies in place?**



This chapter begins with a summary of the prevention strategies that public sector agencies in the sample used to minimise misconduct. It then discusses the types of ongoing and emerging risks they identified. The chapter also looks at the future for public sector agencies regarding risk management, before concluding with some examples of how the information gathered here is being used by the CMC and can be used by individual agencies.

## MISCONDUCT PREVENTION STRATEGIES ACROSS QUEENSLAND PUBLIC SECTOR AGENCIES

There were encouraging findings from this report suggesting that public sector agencies have implemented at least some effective strategies to resist misconduct. Specifically:

- 95% of agencies stated that their CEO and senior managers were aware of the requirement under section 38 of the *Crime and Misconduct Act 2001* to report to the CMC matters they suspect might involve official misconduct
- 93% stated that they were aware of the *Whistleblowers Protection Act 1994*
- 84% stated that they kept continuous records of expenditure on each contract let, and had some procedures to manage contracts, including variations and contractor performance measures
- 79% stated that they provided information on misconduct risks associated with work, ethical work practices, what constitutes public duty, and/or what a conflict of interest is and what to do when one arises
- 77% stated that they perceived internal audits as either very important or essential, and/or conducted operational or performance audits at least every two years
- 76% stated that they checked, at least sometimes, for conflicts of interest when contracting out the management of functions and programs
- 69% of agencies stated that they had a code of conduct, based on the key principles of the *Public Sector Ethics Act 1994*, and had reviewed it in the last five years
- 67% stated that they had a policy covering gifts and benefits (although only 45% had a gift register).

Seventy-four per cent of the sample reported having six or more of the above strategies.

Other findings show that around half of the agencies had one or more of the following:

- a list of identified and documented risks (although only one-third of these lists included identified misconduct-prevention strategies)
- procedures for managing threats to the IT systems
- information for staff on misconduct prevention strategies and/or the importance of ethical leadership
- an internal audit plan, an internal auditor and/or an audit committee
- documented reporting channels to enable employees to make public interest disclosures
- a documented system for handling allegations of suspected or detected official misconduct
- a person or unit responsible for dealing with and preventing misconduct, or the intention of establishing such a position or unit within the next 12 months.

Areas requiring further attention by agencies were also identified. For example, very few agencies reported that they:

- had a fraud-control plan
- provided staff with regular training in their code of conduct
- provided training on conflicts of interest for staff or board members who participated in recruitment panels
- included a statement outlining business ethics as a standard term in all contracts, or included a clause that gave the organisation the right to terminate a contract if the contractor failed to abide by the statement
- had an internal audit charter
- had procedures to protect officers from reprisals that might be taken against them as a result of making a public interest disclosure
- had a procedures manual or equivalent resource outlining how an inquiry or investigation into an allegation of official misconduct was to be conducted

- included comments or questions on ethical work practices in their recruitment process.

When asked what they perceived to be their main strengths in minimising misconduct, most agencies mentioned particular policies or procedures, audits or other checks to discover irregularities, and internal control systems.

## MISCONDUCT RISKS ACROSS QUEENSLAND PUBLIC SECTOR AGENCIES

The range of misconduct risks identified in the survey indicates a reasonable level of awareness among public sector agencies. While most agencies had at least some prevention strategies to deal with these risks, many could do with more.

The results of the survey show that the main areas considered to be a risk to Queensland public sector agencies relate to the use of information or resources, tendering or purchasing processes, corporate governance issues, use of information technology, and responding to reports of misconduct.

There was less agreement on the types of misconduct that were regarded as potentially the most damaging, with fraud and the misuse of public resources being the most frequently nominated. Other activities commonly perceived as major risk areas were corporate governance issues, misuse of an organisation's funds or bank accounts, purchasing or tendering, and use of the Internet/e-mail/e-commerce.

While most respondents were unable to identify any emerging risks to their agency, or believed there were none, those who did predict emerging risks were most likely to nominate those related to electronic communication and/or technology.

## HOW THE CMC IS USING THE RESULTS OF THIS RESEARCH

The survey responses are being used to guide CMC activities and interventions. Responses from individual agencies are being used by the CMC's Complaints Services and Misconduct Prevention units to assess the capacity of individual agencies to deal with misconduct, and to find out what agencies would like the CMC to do to help them.

## Targeting particular risk areas

The results are also being used to help the CMC better target its publications and advisory papers.

In March 2004, the CMC produced the paper *Cyber traps: an overview of crime, misconduct and security risks in the cyber environment*, designed to target emerging risks associated with communication technology.

Other recent publications of the CMC that contain relevant advice on risk management include:

- *Regulatory risks: minimising misconduct risks in agencies that have regulatory functions*
- *Answering the charges: guidelines for using corporate cards.*

## Fraud and corruption control

Currently, the CMC is preparing a resource kit to help agencies develop fraud and corruption control plans. The kit, to be distributed later this year, has been prompted partly by the findings of this survey, which has revealed that only 25% of Queensland public sector agencies have any sort of fraud-control strategy, and partly by the findings of a recent review of the Queensland Audit Office disclosing that less than half of the agencies reviewed had formally assessed the risk of fraud as part of their agency-wide risk assessments. A summary of the proposed resource kit has recently been distributed to CEOs.

## Helping agencies respond to reports of misconduct

In March 2004 the CMC published *Facing the facts: a CMC guide for dealing with allegations of official misconduct in public sector agencies*. This guide is designed to help public sector agencies respond to reports of misconduct arising within their own agency, an area identified by many agencies as an area of risk. It puts into perspective the role of the CMC, explains an agency's obligation to report to the CMC, defines the term 'official misconduct', outlines the various options available to public sector agencies in dealing with their own suspected official misconduct and, most of all, details the steps involved in conducting a formal investigation to meet the exacting standards of the CMC. The guide also contains a discussion of how to manage the impact of an investigation in the workplace and how to use the lessons learnt in an investigation to prevent future occurrences of the same problem. The guide, which is available on the CMC website, will be continuously updated and expanded.

## Collaborative projects with the ICAC

The CMC will continue to produce follow-up reports, based on these findings, on issues of special interest to Queensland. In addition, the CMC hopes to work with the ICAC to produce joint publications of interest to both jurisdictions. These publications would highlight the differences and similarities between the two jurisdictions in terms of risks faced and prevention strategies implemented.

For example, the CMC and the ICAC are currently collaborating on a guide and toolkit to help public officials in both jurisdictions manage conflicts of interest. These materials will explore a range of responses to managing a conflict of interest, where responses other than withdrawal can be considered. The project involves bringing together existing materials along with additional research to establish an agreed common guide, which may even become an Australian standard.

## Tracking changes

As well as helping the CMC help agencies build their capacity to deal with and prevent misconduct, this survey, and future ones, will enable the CMC to track changes over time in how Queensland public sector agencies are managing the risks that confront them.

## HOW THE RESULTS OF THIS RESEARCH CAN BE USED BY INDIVIDUAL AGENCIES

As a companion volume to the ICAC's *Profiling the NSW public sector*, this report allows comparisons to be drawn between the Queensland and New South Wales public sectors. In addition, it allows public sector agencies in Queensland to compare themselves with agencies of the same type in terms of risks faced and prevention strategies put in place. By comparing their own responses with the collated information in this report, agencies may be able to identify areas that require further attention.

## WHERE TO FROM HERE?

While the survey has revealed some encouraging findings, there is still considerable scope within the Queensland public sector to improve misconduct resistance. By implementing a misconduct prevention strategy, agencies will be more able to deal with and prevent misconduct as it emerges.

The Australian/New Zealand Risk Management Standard AS/NZS 4360:1999 advocates a seven-step risk management process (pp. 7–8):

- a) **Establish the context**  
Establish the strategic, organisational and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.
- b) **Identify risks**  
Identify what, why and how things can arise as the basis for further analysis.
- c) **Analyse risks**  
Determine the existing controls and analyse risks in terms of consequences and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequences and likelihood may be combined to produce an estimated level of risk.
- d) **Evaluate risks**  
Compare estimated levels of risk against the pre-established criteria. This enables risks to be ranked so as to identify management priorities. If the levels of risk established are low, then risks may fall into an acceptable category and treatment may not be required.
- e) **Treat risks**  
Accept and monitor low-priority risks. For other risks, develop and implement a specific management plan which includes consideration of funding.
- f) **Monitor and review**  
Monitor and review the performance of the risk management system and changes which might affect it.
- g) **Communicate and consult**  
Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.

The CMC encourages all agencies to adopt the seven-step risk management process as a general approach to identifying and treating risks.

## Opportunities for strengthening resistance to misconduct

Posted throughout this report are guides to help agencies improve their misconduct resistance. In summary, these are as follows:

## All public sector agencies should:

### *Identifying and documenting risks*

- ▶ regularly review their misconduct risks, comparing them with those identified by similar agencies
- ▶ identify and document risk areas (in both general and specific terms), incorporate strategies to prevent misconduct from occurring in those areas and develop a fraud-control plan

### *Codes of conduct*

- ▶ develop a code of conduct as a matter of priority, and review it regularly in consultation with staff

### *Gifts and benefits*

- ▶ have a policy for dealing with gifts, including a gift register in which basic information is recorded about each gift, and ensure staff are aware of the register and the procedures for dealing with a gift or benefit (including the limits that apply)

### *Information management and technology*

- ▶ develop IT security plans as a component of their general security or risk management plans, educating all staff about recordkeeping, passwords, privacy, confidentiality, the value of data held by the organisation, and the monitoring that applies

### *Recruitment*

- ▶ consider using the recruitment process (e.g. job advertisements, job descriptions, selection criteria and interview questions) to promote the agency's commitment to ethical work practices
- ▶ ensure that the selection of staff is fair and impartial
- ▶ train members of staff who serve on selection panels on potential conflicts of interest and how to deal with them

### *Contracting and procurement procedures*

- ▶ ensure that contractors and service providers fully understand and accept the values of the agency
- ▶ ensure that there are effective internal controls to keep contracted work on track
- ▶ incorporate into all contracts a clear statement of business ethics, including a clause giving the

organisation the right to terminate the contract if the contractor fails to abide by the stated ethical principles

### *Providing staff with information on ethical work practices*

- ▶ ensure that staff know what is expected of them, and why, and understand the agency's misconduct-prevention strategies

### *Audit procedures*

- ▶ recognise the importance of regular internal audits as a tool for detecting and preventing misconduct, the importance of acting swiftly on the results of any audits, and the level of authority for reporting and implementation

### *Reporting official misconduct*

- ▶ ensure that CEOs and senior managers are informed about the types of matters that need to be reported to the CMC and the specific nature of the CEO's obligation to report, and understand the need to develop formal reporting procedures linked to the agency's code of conduct

### *Handling public interest disclosures*

- ▶ ensure all employees are aware of the *Whistleblowers Protection Act 1994* and specific internal reporting procedures by:
  - regularly informing staff about the Act, the agency'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
  - providing regular refresher training for staff
- ▶ ensure that internal reporting mechanisms are effective and include protection for those who use them

### *Dealing with allegations of official misconduct*

- ▶ have an internal investigation capacity, or a strategy to outsource the investigative work associated with handling misconduct allegations referred to them by the CMC.

## APPENDIX I: METHODOLOGY AND AGENCIES SURVEYED

### Development of the survey instrument

The CMC's Responding to Misconduct survey was based on the ICAC's Public Sector Risk Profile survey; many of the questions were taken directly from that survey. Through a process of internal consultation, the CMC developed some additional questions to explore issues of specific interest to us — for example, the section of the survey entitled 'Dealing with misconduct'.

The survey was piloted on a small group of agencies who attended a workshop conducted by the CMC. The workshop also provided a forum for receiving feedback on the survey instrument. The final version of the survey was distributed to 338 agencies in January 2003.<sup>14</sup>

### Sampling strategy

As there is no single list of public sector agencies in Queensland, the sampling frame for the survey was compiled from a number of sources and included government departments, state-owned corporations, statutory bodies, boards and committees, universities, other agencies, local governments and Indigenous councils. The sample included:

- 24 of the 27 government departments listed in the Queensland Government Executive Directory <[www.qgd.qld.gov.au/departments.html](http://www.qgd.qld.gov.au/departments.html)> (accessed 5.6.2002). The three departments which were excluded were:
  - the Queensland Police Service
  - Sport and Recreation Queensland, which was included as part of the Department of Innovation and Information Economy, Sport and Recreation Queensland
  - Queensland Rail, which is listed in the Government Owned Corporations Regulation 1995 as a statutory government-owned corporation (included below)
- the 11 statutory government-owned corporations listed in Schedule 2 of the Government Owned Corporations Regulation 1995
- 55 statutory bodies and 68 boards and committees listed under 'statutory bodies' in section 7.1 of *Auditor-General of Queensland report no. 4 for 2003–04: results of audits performed for 2002–03 as at 30 September 2003*. This list contains a number of additional bodies that were initially included in the sample but later excluded because:
  - they indicated that the body had amalgamated or been dissolved

- they indicated that the body had no staff of its own
- they were unable to be contacted by phone or mail. This suggested that they may also have amalgamated or dissolved.
- the 7 universities listed in the Auditor-General's Report
- 15 departmental agencies, comprising:
  - 11 of the 12 agencies listed in the Auditor-General's Report:<sup>15</sup>
    - Government Superannuation Office
    - Office of State Revenue
    - Queensland Office of Gaming Regulation
    - DATSIP — Retail Stores
    - Corporate Services Agency
    - DPI Forestry
    - Goprint
    - Project Services
    - QBuild
    - QFleet
    - Sales and Distribution Services
  - The Office of the Public Trustee
  - The three integrity bodies in Queensland (excluding the CMC):
    - Queensland Audit Office
    - Queensland Ombudsman's Office
    - Office of Public Service Merit and Equity
- 124 of the 125 local governments listed in the Auditor-General's Report<sup>16</sup>
- the 34 Aboriginal and Torres Strait Island Community Councils listed on the Department of Aboriginal and Torres Strait Islander Policy website <[www.indigenous.qld.gov.au/communities/councils.cfm](http://www.indigenous.qld.gov.au/communities/councils.cfm)>.

### Which agencies responded to the survey?

A total of 234 agencies completed and returned survey booklets that were useable for analysis — giving a response rate of 69%. Response rates differed between the various types of agencies (see Table 1.1, page 3). The higher response rates for departments, local councils and universities were a result of the CMC prioritising these types for follow-up phone calls.

Demographic characteristics of the responding agencies are presented in Appendix 2 and show the diversity of agencies under the CMC's jurisdiction.

A list of all the agencies surveyed follows.

14 Thirty-one agencies from this initial mailing list were found to have amalgamated or dissolved.

15 Property Services Group was excluded on the advice of the Department of State Development as the agency's issues were covered in the department's response.

16 Aurukun Shire Council was excluded from this list as it was already counted as an Aboriginal Community Council.

## QUEENSLAND PUBLIC SECTOR AGENCIES SURVEYED

### Universities

Central Queensland University  
Griffith University  
James Cook University  
Queensland University of Technology  
University of the Sunshine Coast<sup>17</sup>  
University of Southern Queensland  
University of Queensland

### State-owned corporations

Bundaberg Port Authority  
Cairns Port Authority  
Gladstone Port Authority  
Mackay Port Authority  
Port Corporation of Queensland  
QRail  
Queensland Investment Corporation  
Queensland Power Trading Corporation  
Port of Brisbane Corporation  
Rockhampton Port Authority  
Townsville Port Authority

### Departments

*As listed in the Queensland Government Executive Directory <[www.qgd.qld.gov.au/departments.html](http://www.qgd.qld.gov.au/departments.html)> 5 June 2002.*

Aboriginal and Torres Strait Islander Policy  
Arts Queensland  
Corrective Services  
Disability Services Queensland  
Education Queensland  
Emergency Services  
Employment and Training  
Environmental Protection Agency  
Families  
Housing  
Industrial Relations  
Innovation and Information Economy, Sport and Recreation Queensland  
Justice and Attorney-General  
Local Government and Planning

Main Roads  
Natural Resources and Mines  
Premier and Cabinet  
Primary Industries  
Public Works  
Queensland Health  
Queensland Transport  
State Development  
Tourism, Racing and Fair Trading  
Treasury

### Departmental agencies

Corporate Services Agency  
DATSIP — Retail Stores  
DPI Forestry  
Goprint  
Government Superannuation Office  
Office of Public Service Merit and Equity  
Office of the Public Trustee  
Office of State Revenue  
Project Services  
QBuild  
QFleet  
Queensland Audit Office  
Queensland Office of Gaming Regulation  
Queensland Ombudsman's Office  
Sales and Distribution Services

### Statutory bodies

Aboriginal Coordinating Council  
Anti-Discrimination Commission  
Anzac Day Trust  
Australian College of Tropical Agriculture  
Boonah Shire River Improvement Trust  
Bundaberg Health Services Foundation  
Bureau of Sugar Experimental Stations  
Burdekin Shire River Improvement Trust  
Cairns River Improvement Trust  
Cardwell Shire River Improvement Trust  
Chicken Meat Industry Committee

Commission for Children and Young People  
Douglas Shire River Improvement Trust  
Eugun Bore Water Authority  
Far North Queensland Hospital Foundation  
Gold Coast Hospital Foundation  
Grain Research Foundation  
Greyhound Racing Authority  
Health Rights Commission  
Herbert River Improvement Trust  
Ipswich Hospital Foundation  
Island Coordinating Council  
Legal Aid Queensland  
Mt Gravatt Showgrounds Trust  
Milmerran Shire River Improvement Trust  
Motor Accident Insurance Committee  
Pioneer River Improvement Trust  
Princess Alexandra Hospital Research and Development Foundation  
Prostitution Licensing Authority  
QLeave  
Queensland Abattoir Corporation  
Queensland Building Services Authority  
Queensland Building Tribunal  
Queensland Competition Authority  
Queensland Institute of Medical Research Trust  
Queensland Nursing Council  
Queensland Law Society Incorporated  
Queensland Performing Arts Trust  
Queensland Rural Adjustment Authority  
Queensland Studies Authority  
Queensland Tertiary Education Foundation  
Queensland Treasury Corporation  
Safe Food Production Queensland  
Raine Island Corporation  
Residential Tenancies Authority  
Royal Brisbane Hospital Research Foundation  
Royal Children's Hospital Foundation

<sup>17</sup> Due to an administrative error on the part of the Commission, the University of the Sunshine Coast did not receive the survey form.



Royal Queensland Theatre Company  
South Bank Corporation  
Sunshine Coast Health Services  
Foundation  
Toowoomba Hospital Foundation  
Tourism Queensland  
Townsville Hospital Foundation  
Whitsunday River Improvement Trust  
WorkCover Queensland

## **Boards and committees**

Ayr Cane Protection and Productivity  
Board  
Babinda Cane Protection and  
Productivity Board  
Babinda Swamp Drainage Board  
Benleith Water Board  
Board of Architects of Queensland  
Board of the Queensland Museum  
Board of Professional Engineers of  
Queensland  
Board of Teacher Registration  
Board of Trustees of Newstead House  
Board of Trustees of the State Public  
Sector Superannuation Scheme (Q-  
Super)  
Bones Knob Water Board  
Boondooma Water Board  
Brigooda Water Board  
Bundaberg Cane Protection and  
Productivity Board  
Callandoon Water Supply Board  
Condamine Plains Water Board  
Coreen Water Board  
Crowley Vale Water Board  
Dalby Agricultural College Board  
Darling Downs–Moreton Rabbit Board  
Dental Board of Queensland  
Dental Technicians and Prosthetists  
Board of Queensland  
Dundowran–Nikenbah Water Board  
East Deeral Drainage Board  
East Euramo Drainage Board  
Electrical Workers and Contractors  
Board  
Emerald Agricultural College Board  
Gladstone Area Water Board

Gladstone Economic and Industry  
Development Board  
Glamorgan Vale Water Board  
Grevillea Water Board  
Inkerman Cane Protection and  
Productivity Board  
Invicta Cane Protection and  
Productivity Board  
Isis Cane Protection and Productivity  
Board  
Island Industries Board  
Juandah Water Board  
Kaywana Bore Water Board  
Kelsey Creek Water Board  
Koorringal Water Board  
Letherbrook Water Board  
Library Board of Queensland  
Longreach Pastoral College Board  
Mackay Cane Protection and  
Productivity Board  
Marathon Bore Water Supply Board  
Maryborough Cane Protection and  
Productivity Board  
Matthews Road Drainage Board  
Merlwood Water Board  
Moreton Cane Protection and  
Productivity Board  
Mount Isa Water Board  
Mourilyan Cane Protection and  
Productivity Board  
Non-State Schools Accreditation Board  
North Burdekin Water Board  
Oakey Creek Water Board  
Office of the Health Practitioners  
Registration Boards  
Palmgrove Water Board  
Pioneer Valley Water Board  
Proserpine Cane Protection and  
Productivity Board  
Queensland Art Gallery Board of  
Trustees  
Queensland Harness Racing Board  
Queensland Racing Board  
South Burdekin Water Board  
South Maroochy Drainage Board  
Supreme Court Library Committee  
Surveyors Board of Queensland

Tully Cane Protection and Productivity  
Board  
Valuers Registration Board of  
Queensland  
Woodmillar Water Board  
Yambocully Water Board

## **Local government councils**

Aramac Shire Council  
Atherton Shire Council  
Balonne Shire Council  
Banana Shire Council  
Barcaldine Shire Council  
Barcoo Shire Council  
Bauhinia Shire Council  
Beaudesert Shire Council  
Belyando Shire Council  
Bendemere Shire Council  
Biggenden Shire Council  
Blackall Shire Council  
Brisbane City Council  
Broadsound Shire Council  
Boonah Shire Council  
Booringa Shire Council  
Boulia Shire Council  
Bowen Shire Council  
Bulloo Shire Council  
Bundaberg City Council  
Bungil Shire Council  
Burdekin Shire Council  
Burke Shire Council  
Burnett Shire Council  
Caboolture Shire Council  
Cairns City Council  
Calliope Shire Council  
Caloundra City Council  
Cambooya Shire Council  
Cardwell Shire Council  
Carpentaria Shire Council  
Charters Towers City Council  
Chinchilla Shire Council  
Clifton Shire Council  
Cloncurry Shire Council  
Cook Shire Council  
Cooloola Shire Council  
Crow's Nest Shire Council

Croydon Shire Council  
Dalby Town Council  
Dalrymple Shire Council  
Diamantina Shire Council  
Douglas Shire Council  
Duaranga Shire Council  
Eacham Shire Council  
Eidsvold Shire Council  
Emerald Shire Council  
Esk Shire Council  
Etheridge Shire Council  
Fitzroy Shire Council  
Flinders Shire Council  
Gatton Shire Council  
Gayndah Shire Council  
Gladstone City Council  
Gold Coast City Council  
Goondiwindi Town Council  
Herberton Shire Council  
Hervey Bay City Council  
Hinchinbrook Shire Council  
Ilfracombe Shire Council  
Inglewood Shire Council  
Ipswich City Council  
Isisford Shire Council  
Isis Shire Council  
Jericho Shire Council  
Johnstone Shire Council  
Jondaryan Shire Council  
Kilcoy Shire Council  
Kilkivan Shire Council  
Kingaroy Shire Council  
Kolan Shire Council  
Laidley Shire Council  
Livingstone Shire Council  
Logan City Council  
Longreach Shire Council  
Mackay City Council  
McKinlay Shire Council  
Mareeba Shire Council  
Maroochy Shire Council

Maryborough City Council  
Millmerran Shire Council  
Mirani Shire Council  
Miriam Vale Shire Council  
Monto Shire Council  
Mornington Shire Council  
Mount Morgan Shire Council  
Mount Isa City Council  
Mundubbera Shire Council  
Murgon Shire Council  
Murilla Shire Council  
Murweh Shire Council  
Nanango Shire Council  
Nebo Shire Council  
Noosa Shire Council  
Paroo Shire Council  
Peak Downs Shire Council  
Perry Shire Council  
Pine Rivers Shire Council  
Pittsworth Shire Council  
Quilpie Shire Council  
Redcliffe City Council  
Redland Shire Council  
Richmond Shire Council  
Rockhampton City Council  
Roma Town Council  
Rosalie Shire Council  
Sarina Shire Council  
Stanthorpe Shire Council  
Tambo Shire Council  
Tara Shire Council  
Taroom Shire Council  
Thuringowa City Council  
Tiaro Shire Council  
Toowoomba City Council  
Torres Shire Council  
Townsville City Council  
Waggamba Shire Council  
Wambo Shire Council  
Warwick Shire Council  
Warroo Shire Council

Whitsunday Shire Council  
Winton Shire Council  
Wondai Shire Council  
Woocoo Shire Council

## **Indigenous councils**

Aurukun Shire Council  
Badu Community Council  
Bamaga Community Council  
Boigu Community Council  
Cherbourg Aboriginal Council  
Dauan Community Council  
Doomadgee Aboriginal Council  
Erub Community Council  
Hammond Community Council  
Hopevale Aboriginal Council  
Iama Island Council  
Injinoo Aboriginal Council  
Kubin Community Council  
Kowanyama Aboriginal Council  
Lockhart River Aboriginal Council  
Mabuiag Community Council  
Mer Community Council  
Napranum Aboriginal Council  
New Mapoon Aboriginal Council  
Mapoon Aboriginal Council  
Mornington Island Aboriginal Council  
Palm Island Aboriginal Council  
Pormpuraaw Aboriginal Council  
Poruma Community Council  
St Paul's Community Council  
Saibai Community Council  
Seisia Island Council  
Ugar Community Council  
Umagico Aboriginal Council  
Warraber Island Council  
Wujal Wujal Aboriginal Council  
Woorabinda Aboriginal Council  
Yarrabah Aboriginal Council  
Yorke Island Council

## APPENDIX 2: ORGANISATIONAL CHARACTERISTICS

**Table A2.1: What departments identified as their main area of business**

Main area of business	Departments	
	n	%
Public order and safety	3	10.7
Other purposes	3	10.7
General public services	3	10.7
Agriculture, forestry, fishing and hunting	3	10.7
Education	2	7.1
Social security and welfare	2	7.1
Transport and communication	2	7.1
Other economic affairs	1	3.6
Regulation/oversight	1	3.6
Recreation and culture	1	3.6
Health	1	3.6
Local government	1	3.6
Housing and community amenities	1	3.6
Finances, funding, fundraising	1	3.6
Other (please specify)	3	10.7
<b>Total</b>	<b>28</b>	<b>100.0</b>

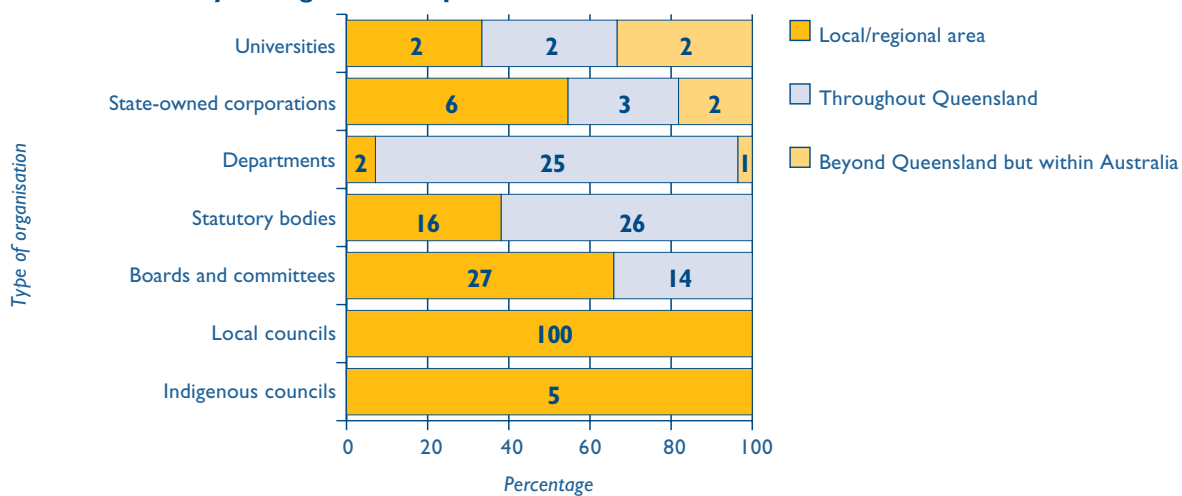
**Table A2.2: What statutory bodies identified as their main area of business**

Main area of business	Statutory bodies	
	n	%
Health	7	16.7
Recreation and culture	6	14.3
Finances, funding, fundraising	5	11.9
Water supply or management	5	11.9
Public order and safety	3	7.1
Other economic affairs	3	7.1
General public services	2	4.8
Education	2	4.8
Regulation/oversight	2	4.8
Other purposes	2	4.8
Local government	1	2.4
Social security and welfare	1	2.4
Housing and community amenities	1	2.4
Agriculture, forestry, fishing and hunting	1	4.8
Other (please specify)	1	2.4
<b>Total</b>	<b>42</b>	<b>100.0</b>

**Table A2.3: What boards and committees identified as their main area of business**

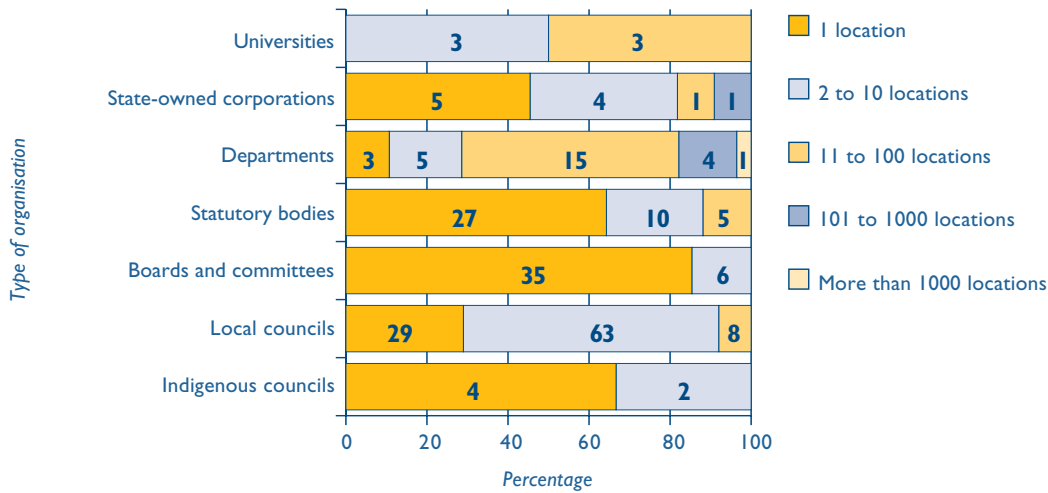
Main area of business	Boards and committees	
	n	%
Water supply or management	13	31.7
Agriculture, forestry, fishing and hunting	10	24.4
Regulation/oversight	5	12.2
Education	4	9.8
Recreation and culture	4	9.8
Health	1	2.4
Housing and community amenities	1	2.4
Finances, funding, fundraising	1	2.4
Other (please specify)	2	4.9
<b>Total</b>	<b>41</b>	<b>100.0</b>

**Figure A2.1: Where does your organisation operate?**

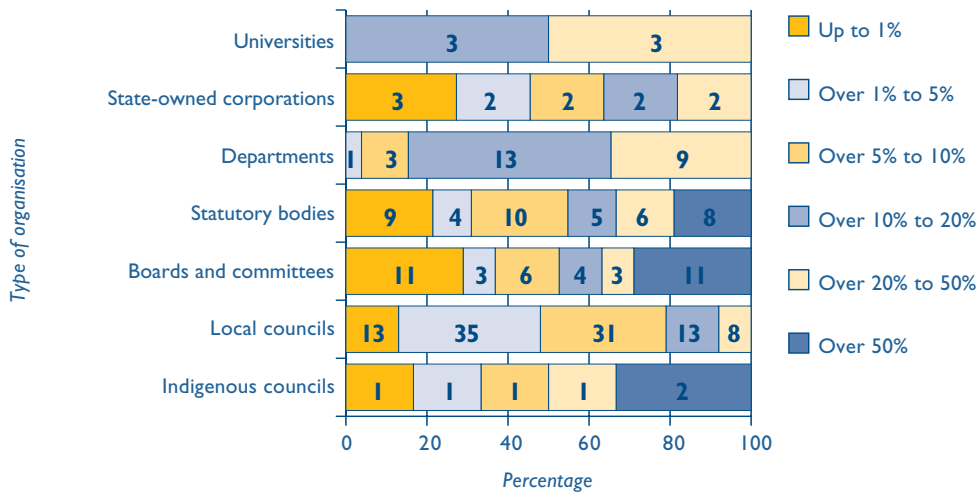


Note: One Indigenous council did not answer this question.

**Figure A2.2: How many locations does your organisation have?**

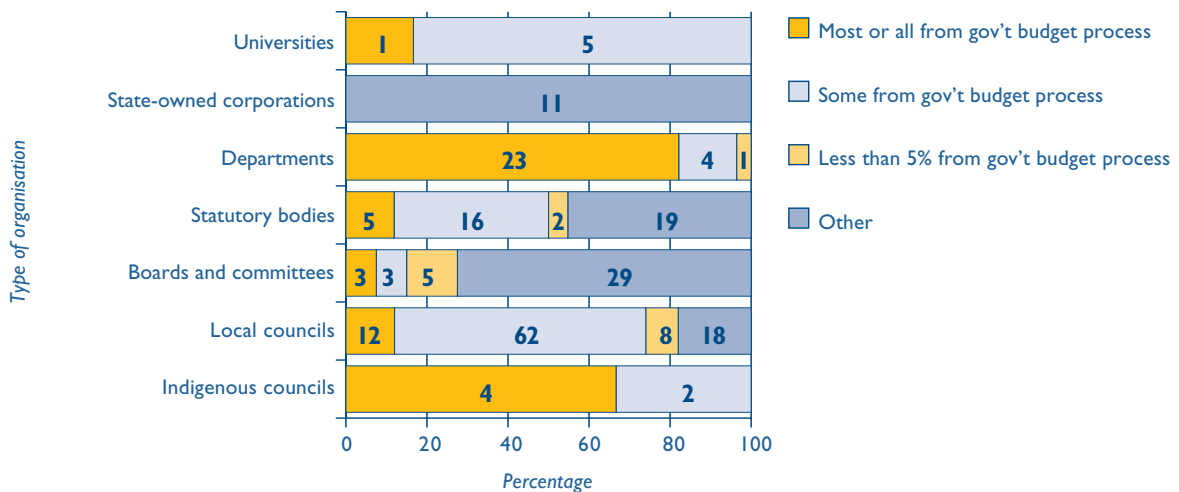


**Figure A2.3: What proportion of your organisation’s staff is temporary, casual and/or contract staff?**



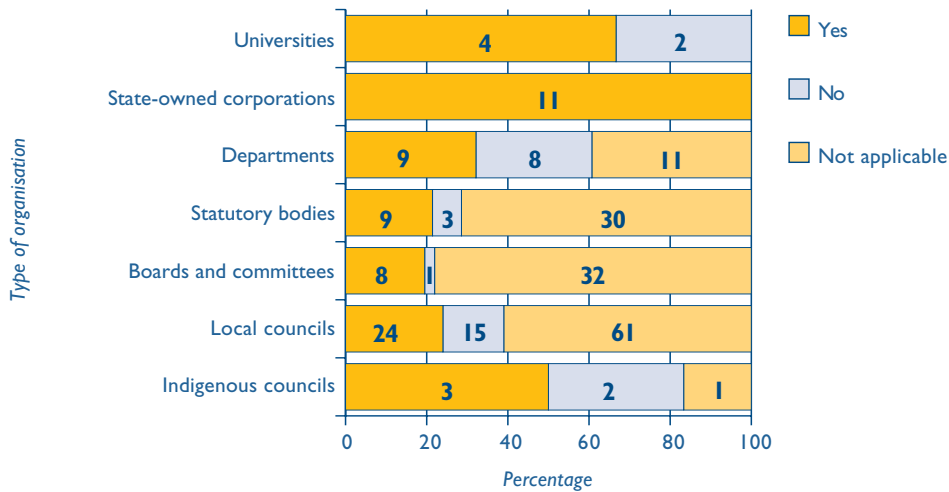
Note: A small number of agencies (3 boards or committees and 2 departments) did not answer this question.

**Figure A2.4: How is your organisation funded?**



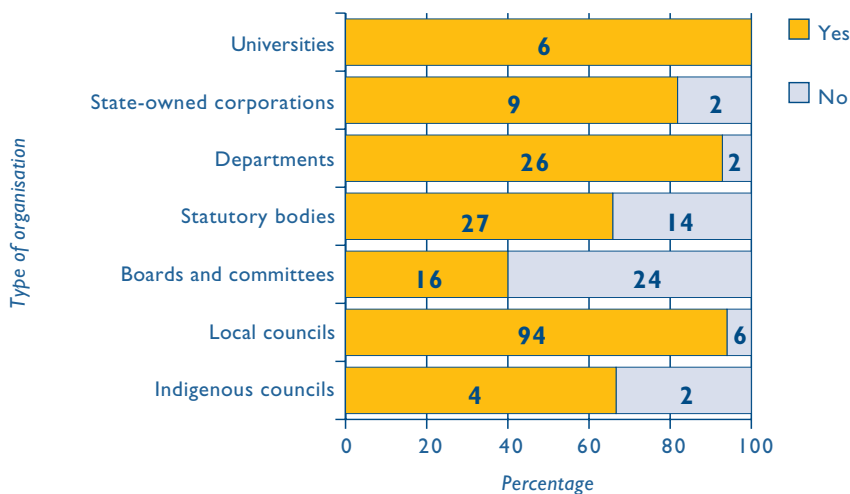
Note: One board or committee did not answer this question.

**Figure A2.5: Does your organisation’s business unit(s) operate on a similar basis to a private sector business, i.e. profit-driven?**



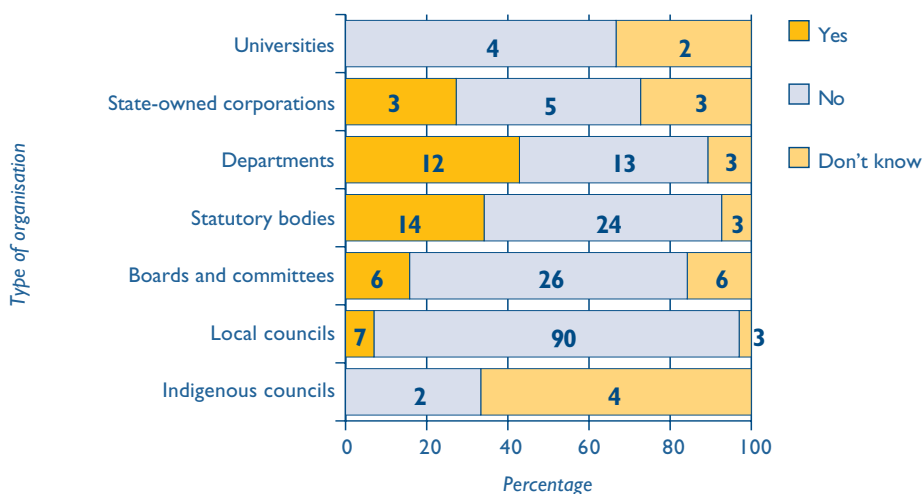
Note: Organisations that stated that they did not provide marketable or commercial services are coded as ‘not applicable’ — see Figure 1.5.

**Figure A2.6: Does your organisation view itself as a public sector organisation?**



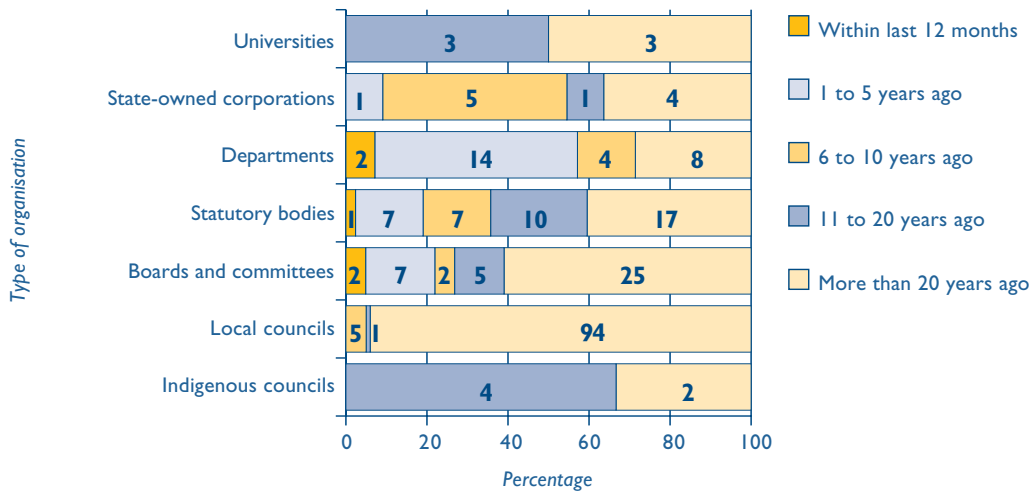
Note: A small number of organisations (1 board or committee and 1 statutory body) did not answer this question.

**Figure A2.7: Are there groups within your organisation who, although paid from public moneys, do not consider themselves as part of the public service?**

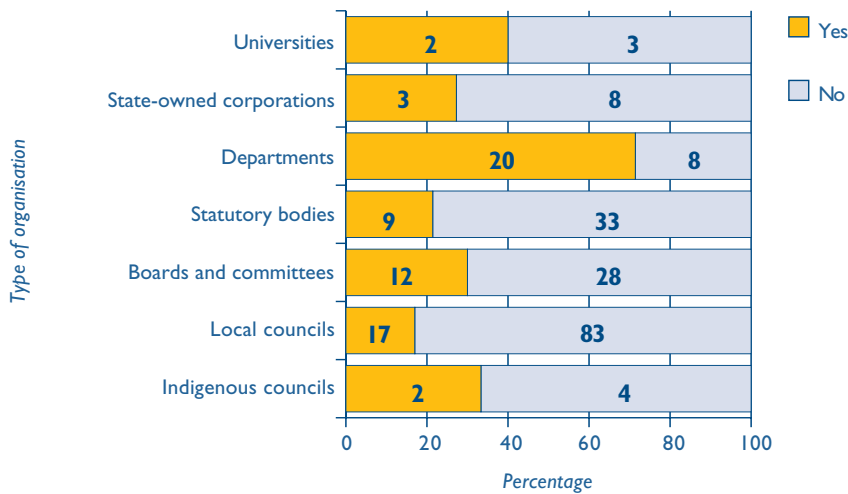


Note: A small number of organisations (3 boards or committees and 1 statutory body) did not answer this question.

**Figure A2.8: How long ago did your organisation in its current form commence operation?**

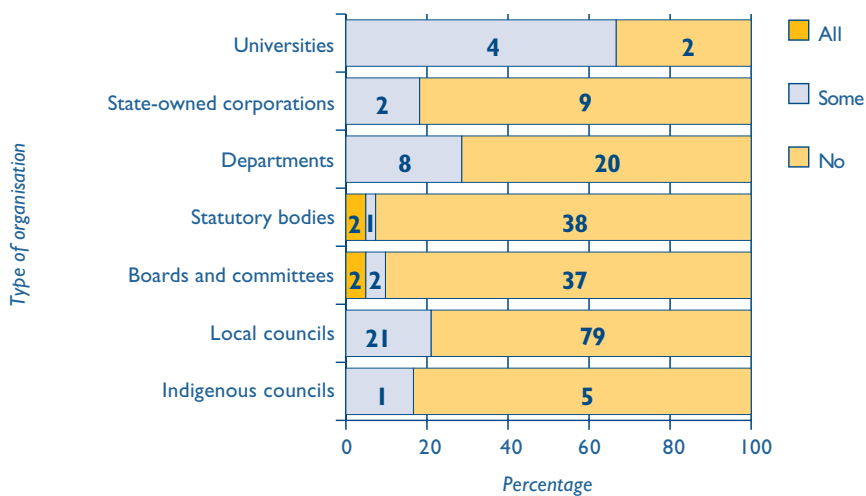


**Figure A2.9: Has your organisation experienced a major restructure during the past 3 years?**



Note: A small number of organisations (1 board or committee and 1 university) did not answer this question.

**Figure A2.10: Has your organisation corporatised, commercialised or privatised all or some of its functions during the past 3 years?**



Note: One statutory body did not answer this question.

## APPENDIX 3: ADDITIONAL FINDINGS

**Table A3.1: Indicate the extent to which your organisation considers these activities to be a potential risk**

Workplace activities	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Development application/rezoning</b>				
Major risk area being well handled	4.6	0.0	24.5	12.8
Major risk area requiring more attention	1.1	0.0	9.4	4.7
Minor risk area	13.8	2.4	43.4	25.2
Not a risk area at all	4.6	2.4	16.0	9.4
Not applicable	74.7	92.7	2.8	45.3
<b>Purchasing or tendering for goods for organisation</b>				
Major risk area being well handled	21.8	2.4	30.2	22.2
Major risk area requiring more attention	5.7	0.0	18.9	10.7
Minor risk area	62.1	61.0	37.7	50.9
Not a risk area at all	3.4	17.1	9.4	8.5
Not applicable	4.6	17.1	0.0	4.7
<b>Tendering or contracting for services for organisation</b>				
Major risk area being well handled	24.1	4.9	28.3	22.6
Major risk area requiring more attention	5.7	0.0	18.9	10.7
Minor risk area	58.6	51.2	35.8	47.0
Not a risk area at all	5.7	12.2	13.2	10.3
Not applicable	3.4	29.3	0.0	6.4
<b>Disposal and sale of organisational assets</b>				
Major risk area being well handled	9.2	2.4	21.7	13.7
Major risk area requiring more attention	5.7	0.0	10.4	6.8
Minor risk area	58.6	43.9	44.3	49.6
Not a risk area at all	17.2	24.4	19.9	19.7
Not applicable	8.0	26.8	0.0	7.7
<b>Relationships between staff and clients</b>				
Major risk area being well handled	21.8	7.3	12.3	15.0
Major risk area requiring more attention	13.8	4.9	8.5	9.8
Minor risk area	44.8	46.3	57.5	50.9
Not a risk area at all	14.9	17.1	16.0	15.8
Not applicable	3.4	22.0	0.0	5.1



Workplace activities	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>How services are allocated to the public</b>				
Major risk area being well handled	6.9	0.0	11.3	7.7
Major risk area requiring more attention	4.6	0.0	5.7	4.3
Minor risk area	25.3	22.0	49.1	35.5
Not a risk area at all	28.7	22.0	27.4	26.9
Not applicable	33.3	53.7	2.8	23.1
<b>Issues to do with waste management or recycling</b>				
Major risk area being well handled	5.7	0.0	12.3	7.7
Major risk area requiring more attention	2.3	2.4	7.5	4.7
Minor risk area	27.6	9.8	42.5	31.2
Not a risk area at all	25.3	17.1	28.3	25.2
Not applicable	37.9	68.3	5.7	28.6
<b>Issues to do with ticket vending</b>				
Major risk area being well handled	3.4	0.0	1.9	2.1
Major risk area requiring more attention	1.1	0.0	0.9	0.9
Minor risk area	8.0	2.4	20.8	12.8
Not a risk area at all	2.3	9.8	10.4	7.3
Not applicable	83.9	85.4	61.3	73.9
<b>How licences, qualifications or certificates are issued</b>				
Major risk area being well handled	9.2	12.2	12.3	11.1
Major risk area requiring more attention	4.6	0.0	5.7	4.3
Minor risk area	19.5	12.2	26.4	21.4
Not a risk area at all	5.7	9.8	22.6	14.1
Not applicable	59.8	63.4	29.2	46.6
<b>Use of discretionary powers (e.g. discretionary use of spot fines)</b>				
Major risk area being well handled	4.6	4.9	8.5	6.4
Major risk area requiring more attention	2.3	0.0	7.5	4.3
Minor risk area	20.7	7.3	43.4	28.6
Not a risk area at all	10.3	4.9	15.1	11.5
Not applicable	60.9	80.5	20.8	46.2
<b>Sponsorship arrangements</b>				
Major risk area being well handled	3.4	0.0	7.5	4.7
Major risk area requiring more attention	3.4	0.0	1.9	2.1
Minor risk area	39.1	12.2	28.3	29.5
Not a risk area at all	20.7	22.0	33.0	26.5
Not applicable	32.2	63.4	25.5	34.6

Workplace activities	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Grant administration</b>				
Major risk area being well handled	13.8	4.9	17.0	13.7
Major risk area requiring more attention	3.4	0.0	1.9	2.1
Minor risk area	27.6	4.9	35.8	27.4
Not a risk area at all	13.8	14.6	35.8	23.9
Not applicable	40.2	73.2	4.7	29.9
<b>Revenue assessment and collection of money</b>				
Major risk area being well handled	19.5	17.1	31.1	24.4
Major risk area requiring more attention	2.3	2.4	7.5	4.7
Minor risk area	44.8	46.3	39.6	42.7
Not a risk area at all	12.6	17.1	17.9	15.8
Not applicable	18.4	14.6	0.0	9.4
<b>How confidential information is used</b>				
Major risk area being well handled	26.4	17.1	19.8	21.8
Major risk area requiring more attention	17.2	0.0	19.8	15.4
Minor risk area	39.1	39.0	50.9	44.4
Not a risk area at all	13.8	39.0	5.7	14.5
Not applicable	1.1	2.4	0.0	0.9
<b>Use of the Internet/e-mail/e-commerce at work</b>				
Major risk area being well handled	21.8	7.3	11.3	14.5
Major risk area requiring more attention	14.9	2.4	24.5	17.1
Minor risk area	47.1	39.0	48.1	46.2
Not a risk area at all	11.5	22.0	11.3	13.2
Not applicable	2.3	26.8	0.9	6.0
<b>Use of organisation's resources, materials and equipment</b>				
Major risk area being well handled	21.8	4.9	12.3	14.5
Major risk area requiring more attention	11.5	0.0	25.5	15.8
Minor risk area	51.7	70.7	51.9	55.1
Not a risk area at all	11.5	14.6	5.7	9.4
Not applicable	1.1	7.3	0.0	1.7
<b>Use of organisation's vehicles</b>				
Major risk area being well handled	10.3	4.9	13.2	10.7
Major risk area requiring more attention	5.7	0.0	17.9	10.3
Minor risk area	56.3	39.0	51.9	51.3
Not a risk area at all	16.1	12.2	13.2	14.1
Not applicable	10.3	41.5	0.0	11.1

Workplace activities	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Staff with second jobs</b>				
Major risk area being well handled	2.3	0.0	5.7	3.4
Major risk area requiring more attention	5.7	0.0	3.8	3.8
Minor risk area	44.8	22.0	50.9	43.6
Not a risk area at all	37.9	31.7	34.0	35.0
Not applicable	8.0	43.9	1.9	11.5
<b>Post-separation employment</b>				
Major risk area being well handled	0.0	0.0	3.8	1.7
Major risk area requiring more attention	1.1	0.0	3.8	2.1
Minor risk area	47.1	14.6	46.2	41.0
Not a risk area at all	37.9	24.4	39.6	36.3
Not applicable	12.6	56.1	2.8	15.8
<b>Responding to reports of misconduct</b>				
Major risk area being well handled	16.1	4.9	8.5	10.7
Major risk area requiring more attention	10.3	7.3	26.4	17.1
Minor risk area	43.7	46.3	38.7	41.9
Not a risk area at all	21.8	22.0	21.7	21.8
Not applicable	3.4	14.6	0.9	4.3
<b>Cash handling</b>				
Major risk area being well handled	17.2	9.8	34.9	23.9
Major risk area requiring more attention	2.3	7.3	10.4	6.8
Minor risk area	56.3	48.8	41.5	48.3
Not a risk area at all	13.8	22.0	9.4	13.2
Not applicable	9.2	9.8	0.0	5.1
<b>Use of organisation's funds (not specifically cash) or bank accounts</b>				
Major risk area being well handled	31.0	14.6	33.0	29.1
Major risk area requiring more attention	3.4	0.0	5.7	3.8
Minor risk area	50.6	58.5	38.7	46.6
Not a risk area at all	12.6	19.5	17.0	15.8
Not applicable	1.1	4.9	0.9	1.7
<b>Use of travel claims and travel allowance</b>				
Major risk area being well handled	13.8	14.6	23.6	18.4
Major risk area requiring more attention	4.6	2.4	3.8	3.8
Minor risk area	59.8	39.0	46.2	50.0
Not a risk area at all	12.6	19.5	21.7	17.9
Not applicable	8.0	22.0	0.9	7.3

Workplace activities	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Delegation of spending authority</b>				
Major risk area being well handled	25.3	9.8	25.5	22.6
Major risk area requiring more attention	3.4	0.0	8.5	5.1
Minor risk area	48.3	34.1	41.5	42.7
Not a risk area at all	18.4	34.1	20.8	22.2
Not applicable	3.4	19.5	0.0	4.7
<b>Recordkeeping</b>				
Major risk area being well handled	17.2	14.6	9.4	13.2
Major risk area requiring more attention	18.4	9.8	19.8	17.5
Minor risk area	48.3	58.5	47.2	49.6
Not a risk area at all	14.9	14.6	19.8	17.1
Not applicable	0.0	0.0	0.0	0.0
<b>How staff are recruited</b>				
Major risk area being well handled	13.8	9.8	21.7	16.7
Major risk area requiring more attention	10.3	0.0	6.6	6.8
Minor risk area	40.2	26.8	42.5	38.9
Not a risk area at all	32.2	31.7	25.5	29.1
Not applicable	2.3	29.3	0.0	6.0
<b>How staff receive promotions</b>				
Major risk area being well handled	12.6	7.3	16.0	13.2
Major risk area requiring more attention	5.7	0.0	3.8	3.8
Minor risk area	44.8	17.1	50.9	42.7
Not a risk area at all	26.4	36.6	25.5	27.8
Not applicable	8.0	36.6	0.0	9.4
<b>How work is allocated to staff</b>				
Major risk area being well handled	4.6	2.4	2.8	3.4
Major risk area requiring more attention	4.6	0.0	4.7	3.8
Minor risk area	44.8	24.4	51.9	44.4
Not a risk area at all	41.4	39.0	36.8	38.9
Not applicable	3.4	31.7	0.0	6.8
<b>How staff are managed</b>				
Major risk area being well handled	9.2	4.9	11.3	9.4
Major risk area requiring more attention	11.5	0.0	9.4	8.5
Minor risk area	55.2	39.0	55.7	52.6
Not a risk area at all	17.2	24.4	19.8	19.7
Not applicable	4.6	29.3	0.0	6.8

Workplace activities	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>How staff treat each other</b>				
Major risk area being well handled	8.0	9.8	9.4	9.0
Major risk area requiring more attention	9.2	0.0	13.2	9.4
Minor risk area	62.1	34.1	62.3	57.3
Not a risk area at all	16.1	22.0	11.3	15.0
Not applicable	2.3	31.7	0.0	6.4
<b>How staff are dismissed or made redundant</b>				
Major risk area being well handled	14.9	12.2	17.0	15.4
Major risk area requiring more attention	5.7	2.4	7.5	6.0
Minor risk area	48.3	36.6	49.1	46.6
Not a risk area at all	27.6	14.6	22.6	23.1
Not applicable	2.3	31.7	0.0	6.4
<b>How staff are accountable for time worked</b>				
Major risk area being well handled	11.5	4.9	15.1	12.0
Major risk area requiring more attention	5.7	4.9	16.0	10.3
Minor risk area	57.5	34.1	51.9	50.9
Not a risk area at all	19.5	29.3	12.3	17.9
Not applicable	4.6	24.4	0.9	6.4
<b>How staff take leave</b>				
Major risk area being well handled	11.5	4.9	8.5	9.0
Major risk area requiring more attention	2.3	2.4	3.8	3.0
Minor risk area	52.9	22.0	50.9	46.6
Not a risk area at all	25.3	39.0	32.1	30.8
Not applicable	6.9	29.3	0.9	8.1
<b>How board members are appointed</b>				
Major risk area being well handled	11.5	4.9	4.7	7.3
Major risk area requiring more attention	0.0	0.0	0.9	0.4
Minor risk area	19.5	9.8	12.3	14.5
Not a risk area at all	29.9	68.3	25.5	34.6
Not applicable	36.8	14.6	52.8	40.2
<b>How the board makes decisions</b>				
Major risk area being well handled	20.7	19.5	14.2	17.5
Major risk area requiring more attention	1.1	4.9	7.5	4.7
Minor risk area	27.6	53.7	28.3	32.5
Not applicable	21.8	0.0	23.6	18.8

Workplace activities	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Board accountability</b>				
Major risk area being well handled	18.4	14.6	14.2	15.8
Major risk area requiring more attention	2.3	9.8	11.3	7.7
Minor risk area	27.6	53.7	24.5	30.8
Not a risk area at all	26.4	19.5	22.6	23.5
Not applicable	20.7	0.0	22.6	17.9
<b>Corporate governance issues</b>				
Major risk area being well handled	31.0	14.6	19.8	23.1
Major risk area requiring more attention	6.9	7.3	17.0	11.5
Minor risk area	34.5	53.7	38.7	39.7
Not a risk area at all	17.2	12.2	19.8	17.5
Not applicable	6.9	7.3	0.9	4.3
<b>Concurrent employment/interests of board members</b>				
Major risk area being well handled	11.5	2.4	21.7	14.5
Major risk area requiring more attention	1.1	0.0	4.7	2.6
Minor risk area	34.5	34.1	31.1	32.9
Not a risk area at all	24.1	39.0	17.9	23.9
Not applicable	25.3	22.0	20.8	22.6
<b>Relationship between board members/councillors and stakeholders</b>				
Major risk area being well handled	8.0	4.9	17.0	11.5
Major risk area requiring more attention	1.1	2.4	12.3	6.4
Minor risk area	35.6	36.6	45.3	40.2
Not a risk area at all	26.4	41.5	15.1	23.9
Not applicable	24.1	12.2	6.6	14.1
<b>Relationship between board members/councillors and staff</b>				
Major risk area being well handled	3.4	2.4	17.0	9.4
Major risk area requiring more attention	0.0	12.2	11.3	7.3
Minor risk area	40.2	26.8	47.2	41.0
Not a risk area at all	28.7	39.0	16.0	24.8
Not applicable	24.1	17.1	4.7	14.1

**Table A3.2: Indicate the extent to which your organisation considers each of these types of misconduct to be a risk**

Types of potential misconduct	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Forgery or fraud</b>				
Major risk within organisation	12.6	4.9	17.9	13.7
Minor risk within organisation	63.2	56.1	66.0	63.2
Not a risk within organisation	20.7	36.6	12.3	19.7
Don't know whether or not it is a risk	1.1	0.0	0.9	0.9
<b>Intentional failure to document significant information</b>				
Major risk within organisation	4.6	2.4	6.6	5.1
Minor risk within organisation	71.3	53.7	69.8	67.5
Not a risk within organisation	21.8	39.0	18.9	23.5
Don't know whether or not it is a risk	1.1	2.4	0.9	1.3
<b>Failure to separate authorisation and approval processes</b>				
Major risk within organisation	6.9	7.3	10.4	8.5
Minor risk within organisation	58.6	39.0	66.0	58.5
Not a risk within organisation	29.9	46.3	18.9	27.8
Don't know whether or not it is a risk	3.4	4.9	0.9	2.6
<b>Improper use of information, e.g. revealing or selling</b>				
Major risk within organisation	16.1	2.4	15.1	13.2
Minor risk within organisation	50.6	39.0	57.5	51.7
Not a risk within organisation	28.7	56.1	19.8	29.5
Don't know whether or not it is a risk	3.4	0.0	3.8	3.0
<b>Perverting the course of justice/tampering with evidence</b>				
Major risk within organisation	2.3	4.9	4.7	3.8
Minor risk within organisation	37.9	19.5	38.7	35.0
Not a risk within organisation	49.4	68.3	42.5	49.6
Don't know whether or not it is a risk	9.2	2.4	9.4	8.1
<b>Failure to advertise appropriately, e.g. tenders, job vacancies</b>				
Major risk within organisation	3.4	7.3	13.2	8.5
Minor risk within organisation	58.6	41.5	47.2	50.4
Not a risk within organisation	36.8	48.8	36.8	38.9
Don't know whether or not it is a risk	0.0	0.0	0.0	0.0
<b>Failure to disclose a conflict of interest or abuse of a conflict of interest</b>				
Major risk within organisation	13.8	7.3	19.8	15.4
Minor risk within organisation	62.1	53.7	63.2	61.1
Not a risk within organisation	23.0	34.1	12.3	20.1
Don't know whether or not it is a risk	0.0	2.4	0.9	0.9
<b>Favouritism/nepotism</b>				
Major risk within organisation	6.9	7.3	15.1	10.7
Minor risk within organisation	64.4	34.1	63.2	58.5
Not a risk within organisation	24.1	53.7	17.0	26.1
Don't know whether or not it is a risk	3.4	2.4	0.9	2.1

Types of potential misconduct	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Bribery/gifts/secret commissions</b>				
Major risk within organisation	8.0	2.4	12.3	9.0
Minor risk within organisation	57.5	26.8	58.5	52.6
Not a risk within organisation	32.2	65.9	20.8	32.9
Don't know whether or not it is a risk	1.1	2.4	5.7	3.4
<b>Collusion (secret agreement for a fraudulent purpose)</b>				
Major risk within organisation	10.3	4.9	14.2	11.1
Minor risk within organisation	52.9	31.7	50.9	48.3
Not a risk within organisation	28.7	61.0	23.6	32.1
Don't know whether or not it is a risk	6.9	0.0	7.5	6.0
<b>Misuse of public resources by a public official</b>				
Major risk within organisation	10.3	7.3	19.8	14.1
Minor risk within organisation	60.9	36.6	63.2	57.7
Not a risk within organisation	27.6	51.2	12.3	24.8
Don't know whether or not it is a risk	0.0	0.0	1.9	0.9
<b>Theft of public resources by a public official</b>				
Major risk within organisation	12.6	4.9	17.0	13.2
Minor risk within organisation	65.5	43.9	65.1	61.5
Not a risk within organisation	20.7	43.9	11.3	20.5
Don't know whether or not it is a risk	0.0	2.4	2.8	1.7
<b>Failure to take action if misconduct is reported</b>				
Major risk within organisation	3.4	9.8	5.7	5.6
Minor risk within organisation	52.9	34.1	47.2	47.0
Not a risk within organisation	42.5	51.2	44.3	44.9
Don't know whether or not it is a risk	0.0	0.0	0.0	0.0
<b>Neglect of public duty</b>				
Major risk within organisation	3.4	12.2	10.4	8.1
Minor risk within organisation	59.8	36.6	52.8	52.6
Not a risk within organisation	34.5	43.9	26.4	32.5
Don't know whether or not it is a risk	1.1	2.4	6.6	3.8
<b>Harassment/victimisation/discrimination</b>				
Major risk within organisation	13.8	7.3	13.2	12.4
Minor risk within organisation	67.8	46.3	73.6	66.7
Not a risk within organisation	17.2	39.0	8.5	17.1
Don't know whether or not it is a risk	0.0	2.4	1.9	1.3
<b>Sexual assault/sexual misconduct/sexual harassment</b>				
Major risk within organisation	12.6	4.9	10.4	10.3
Minor risk within organisation	65.5	43.9	71.7	64.5
Not a risk within organisation	16.1	43.9	14.2	20.1
Don't know whether or not it is a risk	4.6	2.4	1.9	3.0



Types of potential misconduct	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
<b>Assault (non-sexual)</b>				
Major risk within organisation	10.3	4.9	11.3	9.8
Minor risk within organisation	57.5	43.9	69.8	60.7
Not a risk within organisation	26.4	43.9	15.1	24.4
Don't know whether or not it is a risk	4.6	2.4	1.9	3.0
<b>Threats/extortion/blackmail/undue influence</b>				
Major risk within organisation	4.6	4.9	7.5	6.0
Minor risk within organisation	56.3	34.1	64.2	56.0
Not a risk within organisation	34.5	51.2	21.7	31.6
Don't know whether or not it is a risk	3.4	4.9	4.7	4.3
<b>Perjury (making a false statement under oath)</b>				
Major risk within organisation	2.3	0.0	4.7	3.0
Minor risk within organisation	31.0	24.4	38.7	33.3
Not a risk within organisation	56.3	63.4	43.4	51.7
Don't know whether or not it is a risk	9.2	7.3	9.4	9.0
<b>Drug trafficking at work</b>				
Major risk within organisation	2.3	2.4	3.8	3.0
Minor risk within organisation	43.7	17.1	42.5	38.5
Not a risk within organisation	43.7	68.3	34.0	43.6
Don't know whether or not it is a risk	9.2	9.8	17.0	12.8
<b>Drug use at work</b>				
Major risk within organisation	2.3	2.4	8.5	5.1
Minor risk within organisation	49.4	22.0	58.5	48.7
Not a risk within organisation	36.8	65.9	21.7	35.0
Don't know whether or not it is a risk	10.3	7.3	9.4	9.4
<b>Alcohol use at work</b>				
Major risk within organisation	3.4	2.4	9.4	6.0
Minor risk within organisation	57.5	24.4	65.1	55.1
Not a risk within organisation	27.6	63.4	18.9	29.9
Don't know whether or not it is a risk	10.3	7.3	3.8	6.8
<b>Gambling while at work</b>				
Major risk within organisation	2.3	0.0	5.7	3.4
Minor risk within organisation	50.6	26.8	56.6	49.1
Not a risk within organisation	34.5	63.4	25.5	35.5
Don't know whether or not it is a risk	11.5	7.3	9.4	9.8

**Table A3.3: Matters incorporated in the organisation's code of conduct and/or other policies and procedures**

Area covered	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
Responsibilities of staff	94	63	97	90
Responsibilities of senior/executive managers	91	49	92	84
Responsibilities of board members	63	78	67	68
Statement of ethical values or principles by which your organisation operates	85	61	86	81
Gifts and benefits	86	51	87	80
Use of information	87	49	86	80
Use of resources	91	49	89	82
Public interest disclosures	77	37	80	71
Pecuniary interests/financial conflicts of interest	85	41	91	80
Non-pecuniary interests/non-financial conflicts of interest	77	32	55	59
Use of Internet/e-mail	86	34	64	67
Secondary employment	66	22	58	55
Restrictions on post-separation employment	38	7	11	21
Interaction between staff and managers	70	17	58	55
Dealing with ethical dilemmas	75	27	44	53
Public duty principles	68	37	58	58
Alcohol and other drug use	78	29	74	68
Complaints handling for complaints from members of the public	62	34	57	55
Complaints handling for complaints from staff	70	20	54	54
Sanctions related to breaches of the code of conduct	63	24	51	51
Client service relationships	63	27	29	41
Dress standards	62	27	52	51
Media and public statements	77	37	62	63
Exercise of delegation/spending authorities	84	37	73	71

**Table A3.4: What organisations consider to be their main strengths in minimising corruption**

Main strengths	Organisations (%)			
	Universities, SOCs, depts, statutory bodies (n = 87)	Boards and committees (n = 41)	Local and Indigenous councils (n = 106)	All organisations (n = 234)
Policies and procedures	40	27	22	29
Size	22	17	28	24
Audits or other checks	25	7	11	16
Training	15	2	15	13
Internal control systems	18	5	8	12
Staff honesty/integrity etc.	5	29	8	11
Code of conduct	13	7	9	10
Culture	15	0	5	8
Strong management/leadership	14	2	5	8
Experienced/professional staff	9	7	6	7
Staff awareness/knowledge	8	2	8	7
Unit/person to prevent/deal with misconduct	15	2	1	6
Good communication channels	7	5	5	6
Close working relationships/monitoring	5	10	2	4
Reporting	2	7	3	3
Separation of duties	5	2	2	3
Values/ethical standards	5	0	3	3
Openness and transparency	1	5	3	3
Risk management	2	0	3	2
Encourage whistleblowers	1	0	2	1
Board decisions	0	2	0	0
Change and adaptability	0	0	1	0
Crime and Misconduct Act	0	0	1	0
Commitment to client service	1	0	0	0
Employee empowerment	0	0	1	0
External support	0	0	1	0
Good relationship with CMC	1	0	0	0
Good staff relationships	1	0	0	0
Public confidence	0	0	1	0
Reference to council for decisions	0	0	1	0
Resource commitment	1	0	0	0
Trust	0	2	0	0
Type of service provided	1	0	0	0
No response	1	15	9	7

### CMC advisory materials

#### For local councils

- Clarke, M 2004, *In your interest: managing material personal interests*, Building Capacity, No. 4, CMC, Brisbane.
- Crime and Misconduct Commission 2004, *Codes of conduct for councillors: a guide for councillors and CEOs*, Prevention Pointer, No. 2, CMC, Brisbane.
- 2004, *Confidential information — how to keep it confidential: a guide for councillors and CEOs*, Prevention Pointer, No. 7, CMC, Brisbane.
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