

Misuse of public resources: how effectively are agencies minimising risks?

AUDIT SUMMARY

June 2022



Misuse of public resources: how effectively are agencies minimising risk?

In 2021, the Crime and Corruption Commission (CCC) conducted a corruption audit of seven agencies to ascertain how effectively they had:

- dealt with allegations of corruption involving misuse of public resources
- reduced the incidence of corruption, and
- in particular, minimised the risk of fuel consumption fraud.

What the audit found

The CCC identified satisfactory outcomes across the seven agencies. The audit found that:

- Agencies had appropriately dealt with allegations of corruption in most of the audited cases.
- They had sound policies and procedures in place relating to the use of public resources.
- They undertook sound awareness-raising activities targeted at the risk of misuse of resources.
- They had in place sound regimes for monitoring the use of resources in order to detect wrongdoing.

Opportunities for improvement were identified relating to:

- maintaining adequate recordkeeping in the conduct of investigations
- developing a centralised register for recording staff secondary employment
- developing policy and procedures for the monitoring and management of bulk fuels
- improving bulk fuels stock management to detect fuel theft or discrepancies, and
- considering measures to automate and increase the accuracy of fuel data.

Overall, agencies have put in place sound practices to monitor and manage public resources but could benefit from taking additional corruption prevention precautions.

Agencies involved in the audit have already commenced significant programs to improve their investigation and prevention frameworks.

The CCC also advises that, with the current increase in the cost of fuel, agencies may need to strengthen their theft prevention mechanisms in relation to this particular asset.

What are corruption audits?

The CCC conducts corruption audits to examine the response of public sector agencies to complaints about corruption and to evaluate the robustness of their complaints management and prevention frameworks. The audits are targeted at controlling the risks of corruption.

To determine what audits the CCC will undertake, every two years a corruption audit plan is prepared, setting out the proposed program of audits. Audits can and will be reprioritised to ensure the plan incorporates emerging corruption risks identified and continues to be responsive to areas of public interest throughout that period.



Public resources and the employee

Public resources are intended to assist employees to perform tasks associated with their work duties and to aid the efficient delivery of services to the community.

Misuse of resources can involve *unauthorised* use – for example, an employee using:

- work time for non-work-related activities
- agency assets or bulk consumables (e.g. bulk fuel) for secondary employment or personal use
- excessive personal use of an agency’s ICT resources (e.g. internet, emails)
- use of an agency vehicle for private work purposes without authorisation.

Employees working in the public sector have a responsibility to act in the public interest and the effective, efficient and fair use of public resources is part of that responsibility.¹ Managers and supervisors also have a responsibility to supervise effectively, including promoting good workplace cultures.

The code of conduct and standards of integrity are critical. These, along with local policies and the responsible use of agency resources, should be designed to prevent wrongdoing by employees.

Misappropriation of fuel

A particular focus of the audit was on the misappropriation or misuse of fuel. While the theft of a relatively small quantity of fuel may not be considered worth pursuing on a cost-recovery basis, it is important to remember:

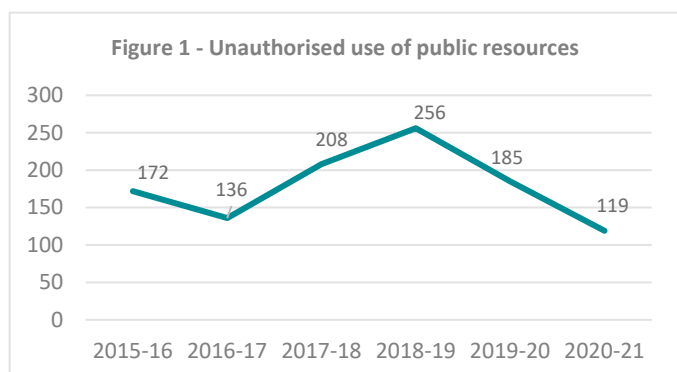
- Fuels are purchased by an agency to be used for the public benefit.
- Depriving the agency of any bulk fuel it owns, or of any potential benefits derived from that fuel, is stealing and amounts to corrupt conduct, and is reportable to the CCC.

Since the conduct of this audit, fuel prices have increased significantly because of global pressures. It is likely that fuel prices will be elevated for a considerable period. The increased value of fuel has the effect of increasing the risk of theft or misuse of fuel stores and consequently the risk of corrupt behaviour.

Corruption allegations

In the 2020–21 financial year², the CCC received 119 allegations of unauthorised use of public resources (see Figure 1).

Despite the decline in allegations during the past three periods, it should not be assumed that the prevalence of misuse of public resources is decreasing. Allegation data is reliant on the willingness of staff to report suspected corruption and the visibility of the activity.



The sharp decline in the number of these allegations since 2018–19 may be attributed to underreporting of allegations involving such misuse, or possibly the impact on workplaces of COVID-19. It is necessary to consider other data and intelligence to better assess the corruption risk.

¹ Public Sector Ethics Act 1994, section 7(c) – Promoting the public good.

² Up to 31 March 2021; 0.75 year. [Source: CCC corruption allegations data; July 2015 to March 2021]

Audit methodology

The audit involved state government departments, three local government councils and one government-owned corporation.

The selection of agencies was based on trends in corruption allegations as an indicator of prevalence and as a measurement of risk, allegations relating to misuse of varying types of resources, and the nature of the agencies' business.

The audit was undertaken in four stages:

1. Examination of agencies' dealings with allegations of corruption relating to misuse of public resources.
2. Review of policies, procedures and information relevant to the use of public resources.
3. A site visit to inspect systems, review control mechanisms, and consult with relevant staff.
4. Identification of prevention initiatives which could be used more broadly by agencies to minimise corruption risks.

The CCC examined 59 investigation files from the seven agencies, using the following methods:

- Assessing whether agencies had dealt with allegations of corruption according to the CCC's standards (its *Corruption in focus* guide).
- Evaluating whether agencies had appropriately investigated allegations of corruption and effectively dealt with the conduct of the individuals to maintain proper standards of conduct for their staff.
- Reviewing each agency's relevant policies and procedures to ensure they were adequate to guide supervisors and employees on the use of public resources, including what is appropriate and inappropriate use of these resources. Policies and procedures reviewed included the code of conduct and those relating to conflicts of interest, secondary employment, and use of resources.

Site visit

The CCC conducted one site visit to inspect an agency's depot where bulk and mobile fuels were used and managed. During the visit, the CCC discussed with staff, including the Fleet Manager, how fuels were monitored and managed. The CCC worked with the agency to identify additional corruption prevention opportunities to minimise fuel consumption fraud.

Recommendations and prevention initiatives

The CCC examined the outcomes from the 59 investigations to determine the reasons for any breakdown of controls and identify possible corruption prevention responses — for example, agencies could audit the efficacy of internal controls around the use of public resources and encourage their internal audit staff to make greater use of data analytics.

The CCC's recommendations to agencies, designed to help them review and self-assess their governance mechanisms and processes, can be found in Appendix A. Appendix B sets out the minimum requirements for effective policy and procedures relating to the management of bulk and mobile fuels.

To assist agencies protect themselves and their assets against potential misuse of public resources, the CCC has prepared the following materials:

- A corruption prevention advisory on [Use of official resources](#), part of a series of publications designed to help the public sector identify and manage major corruption risks.
- A short publication entitled [Preventing fuel theft: a guide for agencies](#) that includes recommendations for monitoring and managing bulk fuel stores.



Conclusion

In dealing with complaints about corruption related to misuse of public resources, the CCC audit identified that most of the cases were dealt with appropriately. There was a strong need to maintain adequate recordkeeping of the investigations.

While the CCC audit identified sound practices in relation to monitoring and managing public resources, there were further prevention opportunities for those agencies. The CCC acknowledges that agencies have commenced significant programs to improve their investigation and prevention frameworks.



Appendix A: Recommendations and associated case studies³

Recommendation 1: Use appropriate outcome language

In the following case study, at the conclusion of an agency investigation the outcome notice stated, “no finding recorded”, in circumstances where the subject officer had admitted to misuse of a corporate credit card.

Case study 1: “No finding recorded”

The agency issued the subject officer with an outcome notice advising them of:

- the “no finding recorded” outcome
- the obligations to comply with the guidelines for the use of the corporate card
- the obligations under both the code of conduct and standard of practice in relation to maintaining accurate records.

The agency did not record an adverse finding because the investigation did not identify and treat the officer as a subject officer. As a result, it was not considered fair to use the officer’s admissions against them as the agency had not followed the appropriate procedural steps which would usually be afforded to a subject officer.

The CCC did not agree that “no finding recorded” was the appropriate outcome. In the CCC’s view, to do so meant that the investigation concluded that the allegation was “not substantiated” or “not capable of substantiation”.

The agency could have used different outcome language – for example, “‘Take no action’ recorded” — reflecting a decision that further dealing with the allegation would be an unjustifiable use of resources.

This raised a concern as to how the investigation deviated from the investigation plan. There was no information or documents in the agency file as to failures in the investigation and how the agency would prevent it from happening again.

The CCC found that the agency should have considered any investigation risk and minimised it by:

- developing a comprehensive investigation plan
- providing an interview notice to the subject officer
- properly preparing for the interview, and
- providing oversight of the investigation.

It is important to ensure investigators know what they are to do from the commencement of the investigation. Where it will not always be possible to remedy a denial of procedural fairness, it may then be advisable not to act on any recommendations contained in a report.

Recommendation 1

- a. Prepare a comprehensive investigation plan to detail the investigation (use a scaling guide: ensure that the plan is adequate to the risk, complexity, nature and timing of the investigation).
- b. Use correct terminology to describe the findings and outcomes (e.g. substantiated, not substantiated, no further action).

³ For the purposes of this summary the CCC does not identify which of the agencies were involved in the observations.



Recommendation 2: Maintain adequate recordkeeping

There were investigative matters that were lacking information and documents. The CCC was unable to sufficiently audit these matters to ensure that the allegations of corruption had been dealt with appropriately.

The following case studies demonstrate how poor recordkeeping of investigative and preventive information impact on the CCC's regulatory efforts. In these cases, the CCC was not able to help the agencies with capacity building in investigation and prevention, nor to provide assurance to the public about the administration of complaints management in those agencies.

Case study 2: Lack of investigation material

The matter involved three allegations, one of which was outside the scope of the audit (that is, it did not involve misuse of public resources), and the other was assessed by the CCC as not constituting corrupt conduct. The third allegation concerned the subject officer misappropriating chemicals for personal use.

The CCC could not identify an investigation report, or similar, about the outcomes of the third allegation. However, the CCC noted a table in an email highlighting the allegations, findings, investigator's comments and next steps. This table only includes the four sub-allegations of the first allegation.

Based on the CCC's review of the investigation file, it was unclear why the third allegation had not been addressed in the investigation. The CCC could not identify relevant records.

The CCC found that the agency should have considered investigation risk and minimised it by:

- preparing an investigation report for the matter in the required format, clearly stating the findings and recommendations for each of the allegations
- ensuring the investigation file was fully completed and presentable, enabling a third party to understand the process and the paperwork.

Case study 3: Poor recordkeeping and lack of investigation information

The agency provided the CCC with six records from its investigation of fuel theft.

The agency had gaps in the recordkeeping and information available. The CCC was unable to adequately audit the matter or make an assessment as to whether it had been appropriately dealt with. For example:

- What internal controls were missing or inadequate?
- Were there indications of shortcomings in policies, procedures, supervision or workplace culture which might expose the agency to the possibility of corrupt conduct in the future?
- What was the agency's prevention response and had it been implemented?

While the CCC's audit observations might not acknowledge the improvements the agency has made to systems and practices since the complaint a couple of years ago, any control procedural issues must be addressed during the investigation. Anyone examining the investigation file in two years' time must be able to understand the process and the paperwork.

The CCC found that the agency should have considered investigation risk and minimised it by:

- ensuring the investigation file was fully completed and presentable, enabling a third party to understand the process and the paperwork
- creating a good recordkeeping culture within the agency, through awareness-raising incentives and compliance reviews
- examining gaps in current internal controls or practices which exposed the agency to an identifiable risk of corruption
- developing a prevention response to minimise further corruption and strengthen internal control measures.

Even if the CCC does not require any outcome advice in the first instance, the investigation may still become the subject of an audit by the CCC.



Recommendation 2

- a. Deal with all allegations of corrupt conduct referred to under section 44(2) of the CC Act.
- b. Maintain full records of an investigation, including communications and prevention responses.
- c. Provide better training to staff in recordkeeping requirements.
- d. Identify deficiencies in policy and procedures, systems and operations, and develop appropriate remedies.
- e. Prepare an investigation report that includes:
 - scope of investigation
 - the complaint
 - *précis* of allegations
 - summary of the investigation
 - matters for consideration
 - discussion of evidence and conclusions
 - procedural and systemic weaknesses
 - recommendations.

Recommendation 3: Use reliable and verified evidence in an investigation

In one matter, the CCC found that an investigator did not use reliable and verified evidence in an investigation. Case study 4 demonstrates how a third-party application can have an impact on investigation findings.

Case study 4: Use of unreliable *Google Maps*

The investigation concerned an allegation of the removal of material on a complainant's property. The investigator checked *Google Maps*⁴ to compare the state of the property at different points in time to photos supplied by the complainant.

There was no evidence that the investigator had validated the accuracy and reliability of *Google Maps*. It was the CCC's view that *Google Maps* are not always accurate and updated, particularly in regional and remote locations. Therefore, it cannot prove the images are accurate or the actual date and time an image was taken.

Rather, the investigator compared photographs taken by the complainant with images from *Google Maps*⁵.

The CCC found that the agency should have considered investigation risk and minimised it by:

- attending the site, which would be an accurate method of determining the accuracy of the image provided by the complainant
- using the government spatial imagery sites which show the actual date and time an image was taken. For example, the Department of Resources has spatial imagery. A council would also have its own geographic information system, which contains mapping and layers of additional data (characteristics of the land, roads drainage, sewer, levels, etc.) throughout the region.

Overall, conducting a site inspection or using more reliable and verifiable image services would have provided more reliable evidence.

4 *Google Maps* is a web mapping platform and consumer application offered by Google. It offers satellite imagery, aerial photography, street maps, etc.

5 The *Google Maps* images were from 10 years prior to the date of the complaint.



Recommendation 3

Use a more reliable evidential tool such as spatial imagery or by visiting the site of the incident.

Recommendation 4: Develop a centralised register for recording staff secondary employment

In four of the seven agencies audited, there was no centralised register to record declarations of secondary employment by staff. Each of these agencies filed employees' secondary employment declarations on individual personnel files. Each business unit within the agencies was working autonomously to manage and monitor employees' secondary employment. As a result, the agencies could not demonstrate a consolidated position in terms of how declared secondary employment was being risk-managed, particularly in relation to the use of public resources.

Case study 5: How agencies filed secondary employment declarations

- Agency one – filed on individual employee files and managed at a local level.
- Agency two – in the Aurion⁶ system – that is, in individual personnel files.
- Agency three – filed on individual personnel files.
- Agency four – filed on individual personnel files.

A centralised register for secondary employment will help the compliance function and allow an anti-corruption practitioner to assess the risk of misuse of resources at the various local levels. For example, the level of risk relating to the use of resources may be higher in some locations than others. Some local levels may have more staff engaged in secondary employment, leading to a significant increase in corruption risks associated with use of resources.

Knowing where corruption related to misuse of resources is most likely to occur is essential to managing the risk effectively.

Recommendation 4

Develop a centralised secondary employment register that consolidates information from all business units. The register should include how secondary employment (including conflicts of interest) is being managed and the processes implemented to monitor the arrangements.

Agencies will need to ensure that they comply with their obligations under Information Privacy Principle (IPP) 4 in the *Information Privacy Act 2009*, relating to the security of personal information and the implications under IPP 10 and IPPs 1 – 3 relating to sharing personal information. These should be addressed upfront in the declaration of secondary employment.



6 Aurion is a system used to manage payroll and human resources information.

Recommendation 5: Develop policy and procedures for monitoring and managing bulk fuels

The CCC identified that in one agency the processes for monitoring and managing bulk fuels were not documented in policy and procedures. For this reason, staff could not be held accountable for inappropriate fuel usage other than through the code of conduct, which highlights appropriate conduct of employees more broadly.

All public agencies are likely to have policy and procedures for the management and use of fuel cards — for example, use of the fuel card (current odometer/hour reading and PIN), time restriction for re-fuelling, and the correct type of fuel. However, it does not clearly highlight what an employee can and cannot do with bulk fuel.

Processes, procedures and policies are a key source of information on how to monitor and manage bulk fuels. They significantly influence risk management implementation and outcomes for that reason. If they do not reflect all the key information and steps, an agency's processes, ethics and culture and other anti-corruption programs may not either.

Recommendation 5

- a. Document processes for monitoring and managing bulk and mobile fuels in policy and procedures, as per the suggestions contained in Appendix B.
- b. Communicate the policy and procedures relating to bulk and mobile fuels to all staff.

Recommendation 6: Improve bulk fuels stock management to detect fuel theft or discrepancies

As noted in Recommendation 5, one agency had not developed policy and procedures for monitoring and managing its bulk fuels, resulting in a fuel stock management process that was not an effective control against the risk of fuel theft.

The audit identified inconsistent refilling processes across the agency — for example, there were no minimum and maximum thresholds set for any of the bulk and mobile fuels, making it difficult to know whether stock levels were what they should have been (i.e. whether there were discrepancies or variances).

Case study 6: How an agency refills its bulk and mobile fuel tanks

- Bulk fuel tank (10,000L) – The supply officer reorders 10,000L fuel (safe fill level). The fuel supplier will check the current stock level via the fuel dip stick and then refill to safe fill. The stock level is then checked again via the fuel dip stick to confirm.
- Mobile fuel tank 1 (600L) – The fuel dip gauge is used to determine when to refill, but there are no records of that gauge reading being made prior to refilling the tank. Driver fills up to capacity at the service station as needed.
- Mobile fuel tank 2 (400L) – No fuel dip stick feature. Driver has a rough estimation when to refill. Driver fills up to capacity at the service station as needed.
- Mobile fuel tank 3 (400L) – Per tank 2 process.
- Mobile fuel tank 4 (400L) – Per tank 2 process.

As shown above, only two fuel tanks had a fuel dip stick feature installed. However, an analysis of the agency records showed that employees were not undertaking fuel dip inspections of fuel stock levels, including periodic independent fuel dip checks by supervisors. There were no records of this anywhere. The other three fuel tanks did not have a fuel dipping feature.

An inadequate fuel stock management process poses serious risks to agencies, with potentially valuable fuel being diverted by employees for personal use.



Regular fuel dipping ensures the detection of fuel loss and/or theft early and allows for early intervention.

Recommendation 6

- a. Conduct a risk assessment of bulk and mobile fuel tanks that do not have a fuel dipping feature and consider prevention measures to minimise the potential for corrupt behaviour.
- b. Establish minimum and maximum fuel stock thresholds for all bulk and mobile fuel tanks.
- c. Use minimum and maximum fuel stock thresholds as a refilling tool.
- d. Ensure that drivers perform fuel dipping immediately before and after filling the tanks and record these levels into the logbook.
- e. Ensure that the Fleet Services or Works Supervisor performs periodic independent fuel dipping, records the levels in spreadsheets and reconciles these with the estimated balance in logbooks. This should identify potential variances, which must be investigated.

Note: Recommendations d and e are relevant to agencies who have manual data entry processes. However, periodic independent fuel dipping is still required for agencies with automated fuel data management.

Recommendation 7: Consider the potential to automate and increase fuel data accuracy

The agency that participated in this audit maintained a logbook for each of its bulk and mobile fuels, using a manual data entry process. This form of data entry exposes the agency to an increased risk of human error and inefficiencies and increased opportunities for fraudulent tampering with fuel usage recordings. It also hampers the compliance function's (i.e. Fleet Services') monitoring of fuel management effectiveness and detecting potential corruption risks.

Figure 2 shows some of the features of the bulk fuel tank – for example, above ground tank, pump, hose, pistol with meter readings (counter and grant totaliser), dip stick and lockable lid to protect the pump compartment.

Figure 2: Bulk fuel tank (10,000L) including features



The bulk fuel tank is fixed above ground, surrounded by security barriers. The fuel pump compartment is locked by key entry access.



The secured fuel pump compartment to prevent theft of fuel consumption.



The fuel meter readings gauge (counter and grant totaliser).



The manual fuel dip stick to measure stock level.



The mobile fuel tank (600L) had different features (see Figure 3) – for example, automated gauge dip reading and multiple lockable points for security, including a lockable lid to protect the pump compartment.

Figure 3: Mobile fuel tank (600L) including features



A compactable fuel tank on a trailer.



The secured fuel pump compartment with meter readings gauge.



An automated fuel dip gauge to show stock level (similar to the fuel gauge in a motor vehicle).



A separate secured compartment to store the battery and cable to operate the fuel tank. The cable is put away after use in the secured compartment.

Figure 4 shows fewer fraud prevention measures than the bulk and mobile fuel tanks – for example, there is no gauge dip or access for a dip stick.

Figure 4: Mobile fuel tank (400L) including features



A smaller fuel tank that can be carried on the back of a utility. The utility could be parked anywhere after hours, increasing the risk of theft.



The secured fuel pump compartment with meter readings gauge, but no gauge dip or access for a dip stick to measure stock level to detect fuel theft.



Access to the pump compartments for all bulk fuel tanks are by fob keys. Fob keys are not activated because the padlocks do not have the security feature for the fob keys. Further, the pistols with meter flow reading in all fuel tanks are not always accurate and communicate to Fleet Services unit when fuel has been used. Therefore, there are no audit trails for when the pump compartments were opened and when fuels were consumed (e.g. date, time and by whom). It can be difficult to identify the employee responsible as some bulk and mobile fuels have more than one operator.

The CCC also found that the compliance function maintained separate spreadsheets for the bulk and mobile fuels and analysed the data for potential exceptions. The data in the spreadsheets were incomplete and resulted in information that was insufficient to effectively monitor fuel and to detect losses or theft.

Examples: What the spreadsheets of the compliance function's fuel monitoring activities told us

- Bulk fuel tank – The tank had been refilling more than 10,000L (its safe fill level). Therefore, either the tank was over-filled or the amount of fuel removed was incorrectly (i.e., under) stated. There were no follow-ups about these.
- Mobile fuel tank 1 – Staff assumed that when the tank was filled with fuel it was filled to its maximum level of 600L, without verifying the actual quantity filled. The spreadsheet did not record the fuel stock level physically sighted by an independent officer.
- Mobile fuel tank 2 – There were figures in the spreadsheet where the estimated fuel stock level was less than 0 or more than the size of the 400 litres tank. There was no documented explanation for this and whether the number of litres removed was accurate.

Although the logbooks recorded the fuel refill, removal and usage, and the fuel refill could be checked against the fuel supplier's electronic data, the fuel stock level and usages could not be checked accurately because of human errors and process inefficiencies.

The agency was therefore relying heavily on the integrity of its staff and the accuracy of manual data entries in logbooks.

Recommendation 7

- a. Maintain up-to-date spreadsheets for fuel monitoring and management processes.
- b. Complete and validate all data entries into the spreadsheets against all logbooks and fuel purchases transactions, and document explanations for any discrepancies.
- c. Analyse fuel refills and removals and identify any variances to stock levels. Any variances are to be followed up, actioned and documented.
- d. Investigate the possibility of purchasing and installing an automated fuel management system to better manage the security of and control over bulk fuel tanks, as well as obtain exception reporting from the system.
- e. Investigate the possibility of replacing the three 400L mobile fuel tanks with tanks that are better able to be secured, including the ability to fuel dip the stock level. (Note that these fuel tanks are being refilled more frequently and a larger tank might further reduce risk.)

Recommendation 8: Implement other corruption prevention measures

The CCC identified a potential corruption risk in relation to a person removing fuel from the bulk or mobile fuel tank. This risk had not been identified and analysed by the agency to enable them to develop a prevention response.

Fuel is consistently a target for thieves. It is important to clearly identify which agency assets and consumables will have value to those who are not authorised to access them for personal use.

Through physical observations of the five bulk and mobile fuel tanks, the CCC identified two risks relating to fuel being either removed or diverted during refuelling for personal use.



- The first risk is where a person refuels a vehicle⁷ or equipment from the bulk/mobile tank. There is no easy way for the agency to verify that the litres of fuel went directly into a vehicle and not to another container, such as a personal jerry can. For example, an employee could remove 100L of fuel into a vehicle and 20L into a personal jerry can and record a data entry of 120L into the vehicle in the logbook.
- The second risk is where mobile fuel tanks are refilled at a service station. It is not always possible for the station attendant to check that the fuel card is correctly used for the fuel tank it is assigned to. The driver could refill a personal jerry can. For example, a 400L fuel tank could be refilled to 280L with 20L going into a personal jerry can. The logbook will record 300L refilled into the mobile fuel tank.

The CCC acknowledged there were compensating controls established for the security and management of the bulk and mobile fuel tanks being held, including:

- multiple built-in lockable security points, with the user holding the key
- a pump compartment protection lid for extra security
- fuel usage being recorded in the logbook against a plant or work order
- use of an external surveillance camera near the bulk fuel tank
- use of an artificial surveillance camera inside a shed for the 600L mobile fuel tank.

The challenge for the agency was maintaining a culture of integrity by setting conditions such that employees willingly meet those expectations, as well as implementing internal controls to prevent fuel theft. Although cost is a major factor when considering the implementation of strong internal controls, the CCC believed this would enhance inventory control and enable fuel theft to be detected.

Recommendation 8

- Analyse the risk by determining the significance of fuel theft so it can be prioritised for treatment. This is done by applying sound judgement or informed decision-making, often known as “qualitative risk analysis”. Assess how likely it is that fuel theft will happen or how frequently it might occur and determine how serious the potential consequences would be if the event occurred.
- Evaluate the risk by deciding on the course of action to take, including:
 - whether an activity should be undertaken
 - whether a risk needs treatment
 - priorities for treatment.
- Treat the risk by considering whether to:
 - accept the risk without further treatment (e.g. the risk is low)
 - minimise the likelihood of the risk occurring, or
 - minimise the consequences if the situation occurs.

The decision will be based on the agency’s risk appetite for fraud and corruption, and the cost–benefit analysis of the available mitigation measures (e.g. internal controls).

- Develop a prevention response where the risk is to be minimised further. Examples include:
 - conducting regular inspections around the depot and mobile fuels (e.g. “Be seen”)
 - clearly documenting and communicating ethical boundaries in policies and procedures
 - two employees being present when fuel is being removed from bulk or mobile fuels
 - undertaking data analytics of fuel removed against fuel consumption by plant

⁷ In this context, the term “vehicle” includes machinery, motor vehicles and other plant assets.



- installing surveillance cameras near the fuel pump and regularly viewing the footage.
- e. Maintain records of the risk assessment process and decisions made.

Appendix B: Minimum requirements for inclusion in policy and procedures relating to the management of bulk and mobile fuels

For processes, procedures and standards (policies) to be effective, they must be documented and communicated to employees and to Fleet Services staff.

The following suggestions give examples of the type of information which should be documented in processes, procedures and policy for bulk and mobile fuels. They are not an exhaustive list and should be commensurate to the risk.

Policy objectives

- Facilitate compliance with relevant legislation, regulations and the Code of Conduct.
- Provide a framework to:
 - ensure that bulk and mobile fuels are secured in an effective containment system, handled in accordance with the relevant Australian Standard, and managed to minimise the risk of fraud
 - assess the potential risk of fuel theft
 - identify and implement appropriate risk-mitigation measures.

Policy scope and applicability

- Identify the types of fuels stored and managed across the agency.
- Describe the agency's approach to the monitoring and management of bulk fuels.
- Specify to whom the policy and procedure apply.

Bulk and mobile fuel assets

- Include an indicative list of the bulk and mobile fuel types and quantities stored throughout the agency.

Bulk and mobile fuel monitoring and management framework

- Describe the process for fuel risk assessment in relation to theft:
 - fraud risk identification, analysis and evaluation relating to bulk fuels.
- Describe the control measures used to manage, store and handle fuels, and prevent theft:
 - physical environment security (e.g. perimeter, video surveillance, lighting, access points)
 - bulk and mobile fuels security (e.g. locked)
 - access controls
 - authorisation
 - management reviews.
- Describe the process for fuel management:
 - what can and cannot be used for personal use
 - use and management of fuel cards
 - accurate usage meter reading supplied
 - accurate grand totaliser reading supplied
 - minimum and maximum fill level thresholds
 - plant asset and/or project centre recording
 - fuel ordering



- safe fill level for each of the bulk fuel tanks and mobile fuel tanks
- fuel dips and reconciliation.
- Describe the process for fuel monitoring:
 - regular fuel dips and stocktakes
 - regular review of fuel purchases and usages
 - discrepancies identified, or fraud incidents, will be investigated and reported through appropriate channel of authority.
- Describe the requirements for training and awareness for employees, managers and fleet staff members:
 - key fuel monitoring and management principles, including preventing fuel theft
 - what can and cannot be used for personal use
 - increase awareness of any fuel related issues/theft
 - tailored to the different roles and responsibilities.

Evaluation and review

- Describe the evaluation process for the implementation and effectiveness of this policy and procedure:
 - controls and self-assessment reviews
 - audits
 - review of non-compliance issues and fraud incidents.
- Review the policy and procedure every two years or sooner if any of the following occur:
 - non-compliance issues and fraud incidents
 - changes to legislative requirements
 - changes to processes and practices
 - changes in bulk and mobile fuels.

Roles and responsibilities

- responsibilities of employees
- responsibilities of managers
- responsibilities of the Fleet Manager
- responsibilities of senior management.

References

- *Public Sector Ethics Act 1994*
- Code of Conduct
- Fraud and Corruption Control Plan
- Other legislation and regulations
- Australian Standards:
 - AS 1940:2017 – *The storage and handling of flammable and combustible liquids*
 - AS 2809.2:2020 – *Road tank vehicles for dangerous goods, Part 2: Road tank vehicles for flammable liquids*
- Related processes, procedures and policies.

