



Managing gifts and benefits for Hospital and Health Service employees

Introduction

The CCC completed an audit evaluating the effectiveness of management controls and transparency in relation to reporting of gifts and benefits made by pharmaceutical (pharma) companies to Queensland Government healthcare professionals¹ in selected Hospital and Health Services (Health Services).

Two Health Services participated in the audit:

- Gold Coast Hospital and Health Service, and
- Metro North Hospital and Health Service.

The selection of the agencies was based on the population and size of the region in which they are located. Highly populated regions can correlate to an increased demand for medical services, which potentially translates to a greater corruption risk associated with gifts and benefits accepted by healthcare professionals from pharma companies.

The CCC acknowledges that one of the Health Services has undertaken an internal audit of the management of gifts and benefits and implemented prevention measures in relation to identified risks. The other Health Service has begun significant work to improve its gifts and benefits framework.

For the purposes of this summary the CCC does not identify which of the Health Services were involved in the observations and the statistical results. The intent of this audit summary is to help other Health Services, including their line managers, to better understand corruption risks and improve their prevention capabilities.

Audience

This audit summary is for the advice of Chief Finance Officers (CFOs), staff involved in organisational compliance functions, and line managers.

Employees' obligations with respect to accepting and declaring gifts and benefits are derived from their agency's Code of Conduct and local policies.

1 A person registered to practise in Australia who during their professional activities may prescribe, dispense, recommend, supply or administer a prescription medicine in Australia. For example, a doctor, nurse, pharmacist, psychologist, optometrist, physiotherapist, dentist, podiatrist or nutritionist/dietician. (Code of Conduct, Edition 19, Medicines Australia, p.34)



Key observations from the audit

Dealing with gifts and benefits is not straightforward given the different operating contexts for each public agency. However, it is important that corruption risks relating to gifts and benefits are minimised.

The CCC audit found three challenges to managing gifts and benefits in the Health Services:

1. The absence of local policy and procedures for gifts and benefits
2. Employees' lack of awareness of their obligations in relation to gifts and benefits, and
3. The need to monitor employees' acceptance of gifts and benefits.

You should be aware of the following corruption risks:

- Accepting gifts and benefits can pose integrity risks and:
 - create a potential, perceived or actual conflict of interest when staff prioritise or may be seen to prioritise personal gain over their requirement to act in the public interest
 - create a culture of entitlement
 - escalate into bribery or corruption.
- Allegations that healthcare professionals who are receiving gifts and benefits are preferencing their own interests over the economical, efficient and effective administration of their Health Service. This action by healthcare professionals can damage the reputation of the agency (e.g. through loss of public trust) and key staff working within the Health Service.
- Gifts or benefits for sponsored travel or fees for service by organisations could be seen as:
 - an advertising opportunity for a new product or service
 - a desire to create an ongoing business relationship, and/or
 - a reward or payment for a decision that has already been or will be secured².

Overcoming those challenges

You have a responsibility to oversee the ongoing management of gifts and benefits, the effectiveness of internal controls, current and emerging risks, and the implementation of strategies to minimise identified risks. As a manager you also have a responsibility to act when you know, or suspect, that employee behaviours may represent a risk to the efficient and effective management of your Health Service or be a breach of legislation or other mandatory policies. The CCC recommends that you:

- a. Identify corruption risks relating to employees receiving gifts or benefits.
- b. Develop policy and procedures on managing gifts and benefits to address the identified risks.
- c. Communicate policy and procedures, including clearly stating your agency's expectations that employee behaviours meet not only the requirements set out in policies, but also those in the code of conduct.
- d. Ensure written records of declarations are made regarding an employee's gift or benefit and that managers who consider these declarations record their decisions, and the reasons for their decisions, on the declaration form. These forms are to be filed as a record under the *Public Records Act 2002*.

2 There are several relevant criminal offences in the Criminal Code including section 87 Official Corruption, section 92A Misconduct in Relation to Public Office and section 98C Bribery.



- e. Ensure declared gifts and benefits are recorded on the Gifts and Benefits Register and published on the Health Service’s website consistent with the principles in the *Right to Information Act 2009*.
- f. Review corruption risks at least once every two years³, and develop further prevention strategies where required.

Statistical results from the audit

The CCC audit identified, reported and validated inconsistencies between the Health Services’ gifts and benefits registers and the data provided to Medicines Australia by member companies for the period November 2018 to October 2020 (two years).

About Medicines Australia and its transparency reporting data

In May 2015, Medicines Australia introduced the 18th Edition of its Code of Conduct (the Pharma Code) for innovative Australian pharma companies. This new edition strengthened the requirements for reporting of payments by companies to healthcare professionals for the provision of services and where educational support is provided.

Since October 2015, Medicines Australia’s member companies have been required to collect information about healthcare professionals who receive payments or educational support (e.g. through airfares, accommodation or registration fees). For the first year, companies requested the agreement of the healthcare professionals who received payments or educational support for their information to be published in a report. After 12 months of settling into the new system, the Pharma Code transitioned to mandatory reporting of these payments to healthcare professionals for member companies.

In August 2019, Medicines Australia launched a centralised reporting system that brought together all its member companies’ reports into a searchable platform available at www.DisclosureAustralia.com.au.

Findings from the analysis of the Medicines Australia database

The CCC’s analysis of the Medicines Australia database found that:

- Medicines Australia has 540 records relating to 230 Health Service employees, who received a combined total of \$848,443 in payments from pharma companies.
- By dollar value, the highest total payments were made to doctors (\$724,843), followed by payments to nurses (who received the significantly lower total amount of \$91,156) (see table 1).
- One pharma company was paying more than double the amount being paid by other companies (see table 2 – only the top five payments are shown).

A comparison of Medicines Australia’s database with the gifts and benefits registers held by the Health Services themselves showed that:

- Pharma companies paid \$848,443 according to the Medicines Australia database, but when matched against the gifts and benefits registers, only \$178,380 had a matching disclosure – leaving an undisclosed/undeclared amount of \$670,063.
- These exception reports related to 500 records and 230 employees.

³ Australian Standard AS-8001-2008 *Fraud and Corruption Control* states that the fraud and corruption control plan should be reviewed at intervals appropriate to the entity but, at a minimum, once every two years. Changes to an agency’s operating or regulatory environment or significant technological change can impact how effective its anti-corruption program is in minimising incidences of corruption.



The CCC notes that these figures need to be treated with caution as some of the undisclosed amounts may relate to secondary employment (in which case the relevant salary/wages do not have to be disclosed in a gifts and benefits register). The reasons for the exception reports are discussed further below.

Table 1 – Value of payments from pharma companies to healthcare professionals – by employee type

Medical Practitioner	\$724,843
Nurse	\$91,156
Pharmacist	\$30,133
Nutritionist / dietician	\$1,816
Physiotherapist	\$495

Table 2 – Top five aggregated payments by pharma companies to healthcare professionals

Pharma company 1	\$146,555
Pharma company 2	\$66,892
Pharma company 3	\$64,350
Pharma company 4	\$61,787
Pharma company 5	\$59,646

Outcomes from the validation of the exceptions

In one of the Health Services, the CCC selected 42 samples from the 142 exceptions (or 58% of total benefits). A summary of the results is shown below.

- 57 per cent (or 24 instances) had received gifts and benefits but had not declared them.

The total benefits were \$113 891⁴. The employees involved gave the following reasons for not recording the gift or benefit:

- the events took place during their private time (19%)
- professional development leave (PDL) had been applied for (17%)⁵
- declaration forms had been completed, but could not be located (10%)

4 Consisting of registration fees \$4 857, travel costs \$53 224 and fees for service \$50 090.

5 A PDL is relief from work duties to attend educational activities or other professional development opportunities. Employees completing PDL forms believe gifts or benefits received are included. This is not correct because the PDL is an entitlement from the Health Service and not the donor.



- declaration forms had been completed and not processed by the Finance unit (7%)
- other (5%).
- 43 per cent (or 18 instances) had received benefits from pharma companies through their private practice or external to their role at the Health Service. Employees should be aware that if they are employed in the public agency and they accept a gift or benefit (even if it is received in the context of their secondary employment) they are to declare it.

Further enquiries with sampled employees, line managers of sampled employees, and the Clinical Governance units showed that:

- 83 per cent of employees were aware of the gifts and benefits declaration process.
- 71 per cent of the employees' line managers were aware of the gifts and benefits process (i.e. to progress and endorse the declaration form).
- None of the employees had been involved with any procurement with the pharma companies (though 24 per cent could not be confirmed through enquiry with line managers). However, there is an inherent risk that healthcare professionals could still be influenced not to prescribe a competitor's or a generic drug.

Recommendation: Develop policy and procedures

Policy and procedures set the agency's intent to achieve a particular outcome, detail the minimum action required to comply with the policy, and identify responsibilities for staff. Procedures are also vital for staff to follow the processes efficiently and effectively. Clear policies and procedures set a benchmark for employees' personal behaviour and standards of performance that, if followed, will help prevent corruption.

One of the Health Services had opted not to develop its own policy and procedure for gifts and benefits; instead, it had adopted the Department of Health's policy as its own but had failed to document that it had done so. (The Department's policy does not automatically apply to any Health Services unless formally adopted by the Health Service.) This created a risk as it could have led employees to believe that the Department's policy on gifts and benefits did not apply to them, resulting in ambiguity about, or non-compliance with, the requirements for managing gifts and benefits. Further risks would be a potential failure of accountability and transparency, and inconsistent management of gifts and benefits.

Recommendation 1

- a. Health Services are to develop a policy and procedure (or formally adopt the Department's policy) for managing gifts and benefits to ensure that all gifts/benefits are declared, managed and reported to the chief executive officer, and disclosed in the public register. The minimum requirements and accountabilities provided below are a guide to assist in the development of a policy and procedure.
- b. Health Services are to communicate the new policy and procedures to staff.

Minimum requirements for policy and procedures (targeting employees)

- Be in accordance with the principles and standards set out in the Code of Conduct.
- Include a clear definition of gifts and benefits supported by examples that are relevant to your business.
- Clearly explain the purpose and principles of the policy and state that it applies to all employees including board members, the chief executive officer, senior executives and employees.
- Provide clear instructions around the receiving of gifts and benefits by staff. For example:
 - Staff are to refuse all offers from people or organisations about whom they are likely to make decisions involving tender documentation, procurement decisions, or patient care.



- Staff are to refuse all offers of money or items easily convertible into money, including shares.
- Staff are to refuse bribes and report bribery attempts to the chief executive officer or CCC liaison officer.
- Staff are to declare the acceptance of a gift or benefit (and should know where to find the declaration form).
- Staff are not to ask for or encourage the giving of any form of gifts and benefits.
- Staff are to seek advice if unsure about how to respond to a gift or benefit of more than nominal value.
- Staff are to report and disclose gifts and benefits received.

Minimum accountabilities for public official (chief executive officer)

- Regularly review policy and procedure and processes to respond to offers of gifts and benefits. Policy, procedures and processes should deal with, amongst other things:
 - multiple offers from the same source to one or more healthcare professionals, and
 - multiple acceptances from the same source by a healthcare professional.
- Circulate and establish a range of information products to raise awareness and compliance with the gifts and benefits policy and procedure for all staff.
- Reinforce to staff that a breach of the gifts and benefits policy could constitute corrupt conduct, or a breach of the Code of Conduct and result in disciplinary and/or criminal actions.
- Ensure records are kept of accepted gifts and benefits of more than nominal value specified in the policy and that records are subject to regular scrutiny.

Recommendation: Develop a prevention campaign

Prevention initiatives are necessary to effectively communicate obligations and responsibilities to employees. Effective risk management and internal controls are required by the *Financial and Performance Management Standard 2019* and the *Financial Accountability Act 2009*.

The CCC's audit showed that risks had not been flagged and appropriately treated. These risks included employees **incorrectly** assuming that if they took gifts and benefits during their private time or when on professional development leave, the gifts and benefits were not declarable.

Any policies to be developed should make it clear that if an employee accepts a gift or benefit during their agency employment, such a gift or benefit is declarable. This is because the acceptance of that gift or benefit could raise the perception that it had, or could have, influenced the decision of the employee.

Health Services and their employees would benefit from developing and promoting local policies and procedures, using specific examples to clarify any incorrect staff assumptions.

Receiving gifts and benefits presents a particular management challenge to Health Services. Acceptance of gifts and benefits can diminish the public's trust if such activities actually, or are believed to, create conflicts of interest between an employee's personal interests and their public duty. Health Services need to be more effective in overseeing and monitoring their business units to ensure the risks presented by acceptance of gifts and benefits are minimised.

Recommendation 2

- a. Health Services develop a prevention campaign – *Declare It Anyway* – to raise awareness about gifts and benefits processes and employees' obligations to declare gifts and benefits in certain circumstances. This campaign should include:
 - A factsheet or poster of a decision tree to help employees make effective decisions about gifts and benefits (see "Further information and resources").
 - A Frequently Asked Questions (FAQs) document, with examples, for employees about:



- o what constitutes a reportable gift/benefit (e.g. paid conferences, accommodation, flights)
- o their obligations as an employee when receiving a gift/benefit within the course or because of their employment, whether in their private time, using professional development leave or at any other time when they are not attending the agency (see “Further information and resources”).
- b. Health Services roll out the prevention campaign across their agency, including a combined message clarifying expectations and the processes to follow.
- c. The finance unit and managers ensure employees provide the required gift/benefit declaration.
- d. The finance unit develop and implement bi-annual monitoring controls over employees.

Help guide on data analytics using data from Medicines Australia

This help guide has been developed for Health Services as an external data source that they could use to compare to their gifts and benefits registers and identify any variance. Other public agencies should consider if there are external data sources they could examine.

The following methodologies and analysing techniques can be applied by the Finance Unit or Internal Audit as part of their monitoring activities. They do not comprise a complete set of instructions.

Step one – Download the Medicines Australia data

1. Go to www.DisclosureAustralia.com.au.
2. Scroll down the page and click on

Search For Your Healthcare Professional Now

3. Enter the following responses to the relevant fields:

Field	Response
Healthcare professional's State	Queensland
Reporting period	Select the period range of your data mining procedures

Note: Leave all other fields as are to extract all of the responses.

4. Download the *Payments to Healthcare Professionals* data⁶ by clicking on the “Submit” button.
5. A new web page will show all the records. Click on the following text, “Export to CSV” which is just below the “Submit” button.
6. A CSV file will be generated – referred to as the **Medicines data**. (Note that the records of payments given to healthcare professionals across Queensland include public health services, private hospitals and private practices.)

Step two – Extract your Health Service’s payroll data

7. Extract your Health Service’s payroll data which should include the following fields:

⁶ Disclaimer: The CCC is not substantiating that the payments and transfers of value information disclosed by member companies in Medicines Australia are accurate and completed.



- First name
- Last name
- Position title
- Business unit
- Commencement date
- End date.

8. A CSV file (or an Excel file) will be generated – referred to as the [Payroll data](#).

Step three – Analyse both datasets

9. Use the [Payroll data](#) against the [Medicines data](#) to extract the relevant records from the [Medicines data](#), being the Health Service employees who were provided with payments from pharma companies.

You will need a data analytic tool such as IDEA, R Programming, or Excel (if you are able to use Excel through advanced functions).

Data analysis limitation: There will be some employee names between both datasets that could not be matched. For example, some employees use their middle name as their first name and other employees abbreviate their first name. So, you will need to consider this limitation and implement data cleansing activities.

10. An extracted file will be generated – referred to as the [EmpMedicines data](#).

Step four – Extract and analyse your Health Service’s gifts and benefits registers

11. Ensure you have an Excel file of your Health Service’s gifts and benefits registers.

12. Perform data cleansing to correct employees’ names and donors, and check amounts.

Data limitation: It is possible that your gifts and benefits data are not categorised by types of donors. You may like to sort records by donor name and apply a “pharma” or other category, by looking up the donors through Google.

13. This Excel file is referred to as the [Gifts data](#).

Step five – Identifying exceptions

14. Compare the [EmpMedicines data](#) to the [Gifts data](#) to identify employees who did not have a record of declaring a gift or payment within the [Gifts data](#).

You will need a data analytic tool such as IDEA, R Programming, or Excel (if you are able to use Excel through advanced functions).

15. An extracted file will be generated – referred to as the [Exceptions data](#).

Step six – Validating the exceptions

16. Using the [Exceptions data](#), you should select samples (36 will be sufficient⁷) to perform the audit exceptions process to assess whether the gifts or benefits should have been declared and reported by the employees.

7 It is up to agencies how many samples to select to obtain assurance about the exceptions identified in the data. Internal Audit Units can provide further information.



Your sampling should be based on your analysis of the [Exceptions data](#). For example, you might focus on employees with the most total payments received, the different types of services the payments were for and the types of healthcare professionals.

17. Perform the following lines of inquiry for each sample.

Enquiries with sampled employee

- to see if they are aware of your Health Service gift/benefit process and their responsibilities to declare
- to better understand the nature of the gift/benefit they received
- whether the gift/benefit received should have been declared and why.

Enquiries with line manager of sampled employee

- to see if they understand your Health Service gift/benefit process, including ensuring that their staff declare any gift/benefit
- whether the sampled employee had any responsibilities in procurement activities in the sampled transaction.

Enquiries with the Clinical Governance unit

- to review the sampled employees' and line managers' responses against the sampled transactions and provide their conclusion about whether the sampled employees should have declared the gifts/benefits they received.

18. Evaluate your results and develop a prevention response.

Conclusion

Our audit of two Health Services found that, overall, they had satisfactory prevention systems in place for managing gifts and benefits.

Our recommendations have been designed to strengthen the agencies' corruption prevention and integrity systems and, by extension, build public confidence in the way in which they oversee and carry out public duties and decision-making. We believe that implementing the recommendations made in this summary can bring significant benefits by:

- clarifying what a gift and/or benefit is and the requirement to declare it
- clarifying the risks involved in healthcare professionals attending educational events and undertaking speaking duties paid for by pharma companies
- reducing corruption risks in relation to gifts and benefits
- enhancing the monitoring and management of gifts and benefits.

It is anticipated that by implementing the recommendations in this report, the Health Services who participated in the audit and other public agencies (including other Health Services) who choose to take up these recommendations can expect improved transparency and accountability of employees through compliance with policies. These improvements will assure senior management and the broader community that employees are acting in the public interest, rather than self-interest.



Further information and resources

You should read this guide in conjunction with other CCC publications:

- The prevention guide *Managing gifts and benefits: a guide for Hospital and Health Service employees* includes some frequently asked questions (FAQs) and a decision tree that highlights decision points and recommended courses of action for receiving gifts or benefits.
- The corruption prevention advisory *Gifts and benefits* is part of a series of publications designed to help the public sector identify and manage major corruption risks.

You should also consider the Public Service Commission's [Gifts and Benefits Directive](#).

