



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 to better understand corruption risks and improve their prevention capabilities.

Note: This audit was completed in November 2021 and agencies were assessed for their compliance with the legislation, standards and policies in force at that time. Some content in this report has been updated to reflect legislative change that has come into effect since the original publication date. Readers should refer to the [Queensland legislation website](#) for further information about in force legislation.

1 A person registered to practice 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)

Audience

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

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

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 secured.²

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.



Overcoming 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. 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 2023*.
- 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 years,³ 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.

³ Australian Standard AS-8001-2021 *Fraud and Corruption Control* states that fraud and corruption control systems should be reviewed at intervals appropriate to the entity but, at a minimum, once every two years or when there are substantial or emerging changes in the structure, activities or functions of the entity. 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.



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. This data source can help Health Services identify discrepancies between their Services' gifts and benefits registers and the data provided to Medicines Australia by member companies.

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.

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 \$108,171.4 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%)
 - 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 required 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.

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.

6 The Department's policy does not automatically apply to any Health Services unless formally adopted by the Health Service.)



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.⁶ 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 should 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 Health Service Chief Executive, 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 should 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 Health Service.
- Clearly explain the purpose and principles of the policy and state that it applies to all employees including board members, the health service chief executive, 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 health service chief executive 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 (health service chief executive)

- 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
 - 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.

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 Advisories](#) are a series of publications designed to help the public sector identify and manage major corruption risks.

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



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