

OFFICIAL

# The Crime and Corruption Commission

## Local Government Procurement Audit: Procurement corruption risks

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Crime and Corruption  
Commission

QUEENSLAND



# About us

A stylized map of South Africa is shown in a light grey color against a dark background. A white rounded rectangular box with a blue border is overlaid on the map, containing the word 'JURISDICTION' in blue capital letters.

JURISDICTION



**31 YEARS**  
of independent oversight

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**65M**  
Annual budget

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# | Our vision and purpose

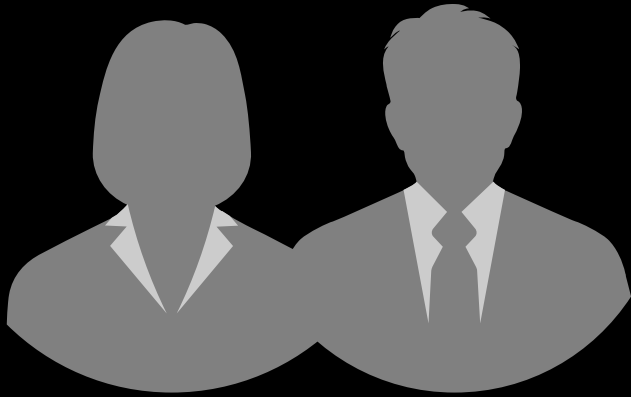


Our vision is to have safe communities supported by fair and ethical public institutions.

We are an independent agency dedicated to combating major crime and reducing corruption in the public sector for the benefit of the Queensland community.



# Who we are



**356**  
staff as at  
31 March 2021

- Police
- Civilian investigators
- Financial investigators
- Lawyers
- Intelligence officers
- Forensic computing experts
- Researchers and policy specialists
- Corporate staff

**Multi-  
Disciplinary  
Teams**



# What we do



## Major Crime

We investigate organised crime, criminal paedophilia, terrorism and other serious criminal offences.



## Corruption

We receive and investigate serious allegations of corruption against police, public servants and elected officials. We help strengthen public Sector anti-corruption efforts.



## Witness Protection

We administer the witness protection program allowing witnesses to provide evidence in court safely.



## Proceeds of Crime

We freeze cash and assets derived from suspected criminal activity and can forfeit them to the State of Queensland.



# About our work

Figures: Year-to-date highlights for 1 July 2020 to 31 March 2021

### Major Crime Investigations




**21** people charged  
463 offences


**24** investigations  
finalised

### Proceeds of Crime

**\$8.118M** cash and assets  
forfeited to the State



### Corruption Investigations




**4** people charged 67 offences

**16** investigations finalised

**15** recommendations for disciplinary action

### Complaints



**2,635** received **2,703** assessed

### Hearings

**191** days of private  
hearings

**0** days of public  
hearings

### Witness Protection

**100%** of witnesses  
kept safe to  
give evidence

# | Our Corruption function

- Raise integrity
- Deal with complaints
- Investigate serious and systemic complaints.



# | Our Corruption Prevention function

- Analyse
- Report
- Recommend
- Empower





# CCC Audit: Local government procurement

## Examined:

- Procurement processes
- Management of corruption risks.

## Recommendations:

- Record keeping
- Processes
- Decision-making



# | Overview of corruption risks

- Align to strategic and business plans
- Plan to meet project specifications
- Document specifications



# | Overview of corruption risks

- Document supplier evaluation
- Explain and document the decision
- Evidence probity considerations, including COIs.



# Corruption risks: External

- Bribes
- Gifts/benefits – grooming
- Substandard goods/services
- Collusion
- Release of confidential information



# Corruption risks: Internal

## Poor work practices:

- Laziness
- Failing to properly follow the approved processes
- Lack of attention to detail
- Mis-placed trust
- Wanting to 'help a mate'.



# | What is *your* role

## Procurement Officer:

- Assess products, services and suppliers
- Negotiate contracts to meet planned needs
- Act according to the applicable laws, policies and processes
- Make procurement decisions to ensure approved purchases are of a sufficient quality, are cost-efficient and achieve value for money.

## Supervisors and managers:

- Implement effective controls and processes to oversight procurement officer activities
- Monitor the effectiveness of those controls and processes.



# Ethics and probity in procurement

Follow your Code of conduct

The *Public Sector Ethics Act 1994* ethics principles apply to your work:

- integrity and impartiality
- promoting the public good
- commitments to the system of government
- accountability and transparency.

Apply the procurement contracting principles:

- value for money
- open and effective competition
- the development of competitive local business and industry
- environmental protection
- ethical behaviour and fair dealing.



# How to get a balanced approach

The CCC promotes a four-step approach for implementing control mechanisms to assist you in preventing procurement wrongdoing:

1. Undertake comprehensive procurement fraud and corruption risk management
2. Ensure your procurement policy and procedures are right
3. Promote a probity-oriented culture through training and awareness
4. Develop and implement the right internal control activities.





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# | Procurement fraud and corruption risk management

- Understand your procurement needs, markets, and operating environment
- Conduct annual procurement fraud and corruption risk assessments
- Prepare and update your fraud and corruption risk register
- Map your internal controls to each risk in the risk register
- Determine your risk tolerance for the procurement corruption risk
- Implement further internal controls to mitigate the risk to an acceptable level
- Show in the register the residual risk ratings for the identified risks
- Review your risks, their controls, and your risk treatments whenever there is a change.



# Procurement fraud and corruption risk management

## Suggested internal audit activities

- Review your procurement fraud and corruption risk assessment for high-risk areas
- Internal audit to target specified procurement according to your procurement plan and the identified needs of the procurement proposal
- Review the procurement activity to ensure it was conducted according to your policies and process



# Procurement fraud and corruption risk management

## Suggested internal audit activities (cont ...)

- Test the procurement activity against the effectiveness of internal controls, including maintenance of recordkeeping
- Close the loop: Ensure audits report on the effectiveness of control mechanisms, capture systematic improvements in risk registers, and that improvements result in updates to procurement policy, procedures, processes and employee training
- Rolling internal audits across all procurement areas, full coverage every two years.



# | Develop and implement the right internal control activities

- Procurement planning activities
- Probity plan
- Written specifications
- Evaluation plan
- Probity obligations and conflicts of interest
- Evaluating offers from suppliers
- Recordkeeping practices



# How to reduce fraud and corruption risk in procurement

- Improved procurement fraud and corruption risk assessment
- Clearer procurement policies and processes
- Internal audit strategies integrated with regular procurement audits
- Procurement planning tailored to your business and operational planning
- Training relating to your organisation's procurement activities and needs
- Conflicts of interest, ethics and probity training for all procurement staff
- Conflicts of interest declarations that are easy to access and use
- Enhanced documentation and recordkeeping
- Easy to follow information about how to complain if wrong-doing is suspected
- Training in all of the above at induction, and every two years.



# Discretionary decision-making powers

## Discretionary decisions:

- Informed by existing guidance (policy/precedent)
- Designed to cater for unique circumstances
- Based on reason and judgement, but still –
  - » Impartial
  - » Transparent
  - » Accountable



# | Corrupt discretionary decision-making

Enabled or **facilitated** by:

- An existing authority with limited oversight
- Ill-defined rules, policies or procedures
- Vague or no requirements to document decisions
- Limited procedural fairness or appeals process
- No or limited audit functions (over previous decisions).





# Minimising corruption and integrity risks

Accountability and transparency are assisted by:

- Proper authorisation / delegations
- Follow standardised policy / procedure / guidance
- Identify critical / relevant factors (as basis for decision)
- Document:
  - » the factors persuading the decision
  - » the comparative reasons why the chosen factors were important
  - » the decision
- Implement regular due diligence reviews / and audit capabilities.



# Summary

## Organisation level:

- Ensure practical and effective procurement policies and procedures
- Ensure procurement aligns to strategic and operational plans
- Implement rolling internal audits and continual improvement processes
- Ensure staff know who and how to make a complaint

## Supervisor and manager level:

- Implement effective controls and processes to oversight procurement officer activities
- Monitor the effectiveness of those controls and processes
- Treat staff concerns or complaints about suspected wrong-doing seriously.



# Summary

Procurement Officer level:

- Work to the procurement (strategic and business) plan
- Set procurement specifications
- Document your evaluations
- Document your decision (and the reason for the decision)
- Complete Conflict of interest declarations
- Co-operate with Conflict of interest management plans
- Keep and store reliable and full records
- Maintain professional distance from suppliers.



Thank you.



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