ACT AUDITOR–GENERAL'S REPORT

FRAUD PREVENTION

REPORT NO. 2 / 2022

ACT Audit Office

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PA 20/12

The Speaker
ACT Legislative Assembly
Civic Square, London Circuit
CANBERRA ACT 2600

Dear Madam Speaker

I am pleased to forward to you a Performance Audit Report titled 'Fraud Prevention' for tabling in the Legislative Assembly pursuant to Subsection 17(5) of the *Auditor-General Act 1996*.

The audit has been conducted in accordance with the requirements of the *Auditor-General Act 1996* and relevant professional standards including *ASAE 3500 – Performance Engagements*.

Yours sincerely

Michael Harris
Auditor-General
3 March 2022

The ACT Audit Office acknowledges the Ngunnawal people as traditional custodians of the ACT and pays respect to the elders; past, present and future. The Office acknowledges and respects their continuing culture and the contribution they make to the life of this city and this region.

CONTENTS

SUMMARY

Fraud in the public sector takes resources away from the services on which the public depend and undermines the integrity of government.

In the last five years there have been 131 allegations of fraud being perpetrated by ACT public servants, of which 42 were substantiated. While the cost of fraud to the ACT Public Service is unknown, these acts damage the ACT community's trust in the integrity of the ACT Public Service and its capacity to effectively protect public resources.

The Commonwealth Fraud Prevention Centre, in the Commonwealth Attorney-General's Department, advises that fraud is often underestimated and unchecked in government and can be a costly and challenging problem to address. The Centre also advises that prevention measures are the most cost-effective way to limit the size and impact of an organisation's fraud risk.

This audit considers the fraud prevention measures of three ACT Government agencies: Community Services Directorate (CSD), Transport Canberra and City Services Directorate (TCCS) and Access Canberra (Chief Minister, Treasury and Economic Development Directorate (CMTEDD)). It considers fraud prevention planning and monitoring, the management of conflicts of interest and the provision of training and related fraud awareness activities.

Conclusions

FRAUD PREVENTION PLANNING

The agencies considered as part of the audit undertake activities designed to prevent or minimise the risk of internal fraud. This includes developing and implementing Fraud and Corruption Prevention Plans and reviewing fraud and corruption risks on a regular basis. The Plans are effective in providing a clear indication of how the agency will address allegations of fraud, and the roles and responsibilities of employees and senior management in minimising fraud and corruption risks. The agencies have also implemented effective assurance mechanisms for the management of fraud and corruption risks, which include oversight by audit committees and regular reporting from the Senior Executive Responsible for Business Integrity Risk (SERBIR).

CONFLICTS OF INTEREST

The expectations of agencies in relation to the management of conflicts of interests is set out in whole-of-government policy. There are also whole-of-government policies for activities that have a higher risk of conflicts of interest, such as when public servants hold second jobs or receive gifts, benefits and hospitality and undertake recruitment.

The effectiveness of agencies' conflict of interest practices is in large part determined by employees being transparent about when a conflict of interest exists and managers having the tools available

to actively monitor the conflict. A shift towards 'positive reporting', which puts the onus on employees to declare that they do not have a conflict of interest, may assist this.

FOSTERING A CULTURE OF FRAUD PREVENTION

The agencies considered as part of the audit undertake activities designed to foster fraud awareness among employees. Common activities include making policies and procedures available on the intranet and regularly releasing all-staff emails reminding employees about fraud and corruption procedures or emerging risks. The SERBIR and other members of the agency's Executive have a strong presence in these messages. Differences in how these communications are designed and delivered reflect attention to the operating environment and workplace profile unique to each of the agencies.

All three agencies have developed and provide training about integrity to new employees. CMTEDD and CSD provide this training online, while TCCS provides it online and in person to accommodate the diversity of its workforce profile. In CSD and CMTEDD, further work could be done to ensure the training is tailored to the agency's unique business risks, the effectiveness of the learning is tested and participation numbers recorded and tracked.

More could be done to measure staff perceptions of fraud and corruption risks in the agency, and test the effectiveness of the communication and training activities on staff awareness. The annual staff survey is one means of achieving this.

Key findings

FRAUD PREVENTION PLANNING   Paragraph

The *ACTPS Integrity Policy* (2010) has provided a sound basis for fraud and corruption prevention activity in the ACT Government since 2010. However, the framework for fraud and corruption prevention has developed and evolved since this time and the Policy contains outdated and incorrect references. A review of the Integrity Policy is currently underway and a revised policy is expected in early 2022.   2.7

The three agencies considered in this audit each have a Fraud and Corruption Prevention Plan, which has been updated every two years. The coverage of topics in these Plans is broadly similar. The Plans provide a statement of commitment to prevent fraud and corruption, and outline for staff the legislative and policy obligations for ACT government agencies and public servants, the various roles and responsibilities for fraud and corruption prevention and the avenues for reporting and processes for responding to allegations of fraud and corruption. The three agencies' Plans do not contain time-bound action items that address specific fraud and corruption risks, which is a requirement of the Integrity Policy. However, the Plans serve the useful purpose of providing a contemporary overview of each agency's approach to minimising fraud and corruption. Further, there is a need to review the Integrity Policy and whether its requirements remain fit for purpose.   2.21

Implementation of an agency's Fraud and Corruption Prevention Plan is led by the agency's SERBIR, who is identified as the 'champion' of integrity and the contact point for staff on fraud and corruption matters. SERBIRs are not formally recruited, trained or resourced for this role, and undertake the role in addition to their substantive responsibilities. SERBIRs are assisted by internal teams with expertise in audit, risk and security, and by the Community of Practice established by the ACT Integrity Commission. TCCS has established an internal SERBIR Support Network, which meets every 6 weeks. It is made up of senior representatives from the legal and contracts, human resources, governance, and security areas of TCCS. This is a positive initiative that is likely to enhance the SERBIR's capacity to deliver on their responsibilities.	2.26
The three agencies' fraud and corruption risks have been documented in a fraud and corruption or integrity risk register that is updated at least biennially, with input from a variety of business areas. The three agencies have developed their risk registers using different tools (Word, Excel, software); however, each describes the source, implications, and treatment options to mitigate specific fraud and corruption risks. The three agencies' risk registers recognise internal fraud risks that are common to the public sector (e.g. falsifying time-keeping records, or the misuse of credit cards) as well specific risks to the agency's operations (e.g. misappropriation of rent from public housing tenants, conflicts of interest influencing a decision to issue a permit).	2.40
The COVID-19 pandemic significantly affected the ACT Public Service's operating environment and the policy and program priorities of some areas of government. As envisaged by the Integrity Policy, the three agencies considered in this audit actively responded by either reviewing their risk profiles and associated documents, or raising staff awareness of the risks and challenges these changes posed and reminding them of their obligations in relation to fraud and corruption prevention.	2.47
The SERBIRs of the three agencies considered in this audit report to the audit committee on fraud and corruption control activities multiple times a year. The reports provide updates on fraud and corruption prevention activities and the number and nature of allegations of fraud and corruption that have been received, including public interest disclosures. This information assists audit committees to fulfill a responsibility to oversee the agency's Fraud and Corruption Prevention Plan and identify areas for audit or compliance review.	2.58
The recent work programs of the agencies' audit committees show that they undertake a number of assurance activities annually that focus on business activities or processes that are vulnerable to internal fraud such as payment of entitlements, use of credit cards and grants management. This is a positive indication that agencies have an assurance program that includes functions that may be vulnerable to internal fraud.	2.59
The three agencies considered in this audit are publicly reporting most of the information required by legislation and policy in relation to fraud case numbers and prevention activities. The 2006 Standards and the *Annual Reports (Government Agencies) Directions* also require the details of fraud and corruption risk assessments	2.67

to be reported; however given that annual reports are public, it is appropriate that this information is not reported.

A consolidated report of the total number of fraud incidents reported each year is not published. It is therefore difficult to establish what the full extent, source and cost of internal fraud is to the ACT Public Service, and what new vulnerabilities may be emerging. CMTEDD and the ACT Integrity Commission may wish to consider the need for such a report.

2.68

CONFLICTS OF INTEREST

Paragraph

In June 2021 the *ACTPS Conflict of Interest Policy* was developed and promulgated by the CMTEDD Workforce Capability and Governance Division as a whole-of-government policy for managing conflicts of interest. The Policy provides detailed guidance to ACT public servants to enable them to meet their obligations. It also sets a 'minimum standard' for agencies and provides comprehensive policy and associated guidance on the nature, risks, and management of conflicts of interest. It sets an expectation the conflicts of interest are formally declared, and that this information is provided to both the supervisor and the human resources team. It also suggests that conflicts of interest are 'reflected on platforms such as the whole of government Conflict of Interest Register'. There is, however, no further advice on what this entails, and the management considerations associated with maintaining an agency or whole of government conflict of interest register.

3.19

In addition to the *ACTPS Conflict of Interest Policy*, which was promulgated in June 2021, CMTEDD and TCCS have continued to have their own conflict of interest policies: CMTEDD has a *Conflict of Interest Policy* (February 2021) and TCCS has *Conflict of Interest Guidelines* (2016). CSD no longer has its own over-arching policy or guidelines, as it has explicitly adopted the ACTPS COI Policy. The agencies manage conflict of interest declarations differently: in CMTEDD and CSD the Disclosure Form is retained in the business area and not provided to the human resources team; in TCCS the Disclosure Form is retained in the business area and is also provided to the human resources team. The three agencies do not record conflicts of interest disclosures on a central register within the agency. TCCS' *Conflict of Interest Guidelines* indicate that one will be established, while CMTEDD's *Conflict of Interest Policy* is silent on this requirement. CSD has been developing a register that may be made available to all agencies as an agency or as a whole-of-government conflict of interest register. There is no further information on the timing of the development of this register, its capability or protocols associated with its use.

3.30

Consistent with the *ACTPS Conflict of Interest Policy*, the three agencies have implemented additional strategies to manage the potential for conflicts of interest in some higher risk business areas and functions. In CMTEDD there are additional declaration processes for employees involved in grants management and in CSD there is additional guidance and requirements for staff involved in child and youth protection activities. TCCS has specifically recognised the risk of conflict of interest in its licensing and permit approval processes and has documented the sources of risk, existing controls and treatment activities in its risk register.

3.36

The *ACTPS Second Jobs and Volunteering Policy* (ACTPS Second Jobs Policy) was released in July 2021. It requires employees to seek approval to undertake a second job or volunteering activities so that risks of conflict of interest (as well as work health and safety concerns) can be identified and addressed. The agencies have adopted this Policy and use induction training and/or all-staff communication activities to advise staff of its requirements.

3.41

The *ACTPS Gifts, Benefits and Hospitality Policy* was released in 2016. The Policy requires that gifts, benefits and hospitality above an estimated $40 in value be declared and a decision made by a delegate whether it can be kept or disposed of by various means. The details of the gift, benefit or hospitality received are expected to be kept on a register. The Policy requires the SERBIR or Senior Executive to periodically review (at least annually) the register and provide the Director-General a report on compliance, highlighting any matters of concern.

3.59

In practice, TCCS requires all gifts, benefits and hospitality to be recorded on its register, whereas in CSD and CMTEDD this is only required when the value is above $40. CSD's register promotes transparency as it is visible to all staff and has useful functionality in that it can distil data about organisations providing gifts, or business areas or employees receiving gifts, to see if patterns are emerging. In TCCS the SERBIR cites all declarations of gifts, while in CSD and CMTEDD the SERBIR regularly reviews the register.

3.60

Recruitment processes in the three agencies are guided by the *ACTPS Recruitment Policy and Guidelines* (2021). The Policy acknowledges that conflicts of interest can be a risk in recruitment processes. The agencies' recruitment practices require panel members to complete a conflict of interest declaration form. CMTEDD and TCCS have a positive reporting approach in that panel members are required to declare that they don't have a conflict of interest, while CSD only requires panel members to make a conflict of interest declaration if a conflict exists. The positive reporting approach represents better practice as it places a greater onus on panel members to actively consider and recognise potential conflicts of interest.

3.68

FOSTERING A CULTURE OF FRAUD PREVENTION

Paragraph

A positive workplace culture, together with leadership that exemplifies integrity, is an important control on fraud and corruption. The opening statements in each of the agencies' Fraud and Corruption Prevention Plans, which are endorsed by each agency's Director-General, illustrate the 'tone at the top' in relation to fraud and corruption. CMTEDD emphasises the legislative obligations to prevent fraud, and a commitment to protecting the agency from risks. CSD focuses on its responsibilities for the ethical use of public resources and the importance of honesty and trust in its relationship with the ACT community. TCCS focuses on personal qualities of public servants - competency, ethics and professionalism - and how these are reflected in the agency's activities. This messaging shows agency leaders seek to foster a culture of fraud awareness that aligns with the characteristics of the work force and business profile of their agency.

4.17

Over the past two years the three agencies have issued emails or news bulletins reminding staff about policies and procedures for fraud and corruption control, specifically conflicts of interest, second jobs and gifts and benefits. Messages that acknowledge the challenges of COVID-19 for ACT Public Service staff, and the heightened vulnerabilities to fraud and corruption that this may pose, are positive examples of more nuanced and context specific awareness raising messaging. Maintaining a schedule of frequent messaging from the SERBIR across a diverse range of fraud and corruption topics is a positive practice.

4.18

All three agencies provide staff with access to the Fraud and Corruption Prevention Plan and related policies and procedures on the intranet. This includes contact details for the SERBIR and instructions for reporting fraud. All three agencies use the intranet 'landing page' to communicate about fraud and corruption. Current examples include: the organisational values in relation to integrity; alerting staff to the ACT Government Conflict of Interest Policy; and reminding staff to report suspicious or unethical behaviour. CMTEDD's approach is a good example of how to use the landing page to create a high profile for integrity issues, together with bold questions and colour and imagery to attract attention.

4.22

CMTEDD and CSD have used information campaigns as an additional means of raising the profile of fraud and corruption issues for staff. The campaigns use colour, humour and imagery to attract attention in ways that may be difficult to achieve in email or intranet messages. These examples show that campaigns can also raise the profile of related activities, like the release of new fraud training modules or a new fraud control procedure. Information campaigns diversify the communication channels on fraud and corruption issues.

4.30

The three agencies provide *induction training* on integrity-related issues, with different degrees of coverage of fraud and corruption issues. CMTEDD's training includes a core module on fraud and corruption, related legislation and policy and avenues to report corrupt conduct. However, since 2019 less than 40 percent of new starters have completed this training. CSD's training includes the ACTPS Code of Conduct and conflicts of interest but does not specifically address fraud and corruption. CSD's induction training is mandatory and has been completed by 119 new starters since 2017. TCCS delivers training both online and face to face and the training includes a video that shows five fraud scenarios specific to the TCCS workplace. In 2020-21 80 percent of new starters completed this training. TCCS and CMTEDD provide *refresher training* on fraud and corruption while CSD does not, preferring to focus on messages to staff on fraud and corruption matters. TCCS and CMTEDD provide tailored fraud training as requested by different business areas as a refresher. For TCCS and CMTEDD, complete numbers of staff that have participated in *refresher training* is difficult to ascertain due to legacy record keeping arrangements.

4.55

The capacity of agencies to accurately track staff participation in fraud awareness and integrity training has been improved by the shift to online systems. The adoption of online training systems provides an opportunity to target business areas or staff cohorts that have neglected to complete training on integrity matters. TCCS is taking

4.56

the shift to a whole of government system (HRIMS) as an opportunity to further improve the tracking of training participation.

Staff perceptions of the overall integrity of an agency and its leadership are an indicator of the effectiveness of an agency's activities to foster a culture of fraud and corruption prevention. Annual staff surveys are a means of collecting these insights and can provide data that can be benchmarked year on year. The agencies considered in this audit have conducted staff surveys. CSD's survey does not include questions relevant to integrity-related matters, while CMTEDD and TCCS have asked different questions relating to integrity. CMTEDD's 2019 Staff Survey identified that 80 percent of Access Canberra staff agreed that their manager acts in accordance with the ACTPS Values in their everyday work. TCCS used the results of its 2020 Staff Engagement Survey to identify an additional risk relating to perceptions of favouritism in the workplace.	4.62
A whole-of-government survey was conducted in July-August 2021 by the Strategy and Transformation Office in CMTEDD. The survey included three specific questions that are expected to provide insight into the scale and nature of fraud and corruption in the ACT Public Service. The questions ask staff whether they have witnessed any behaviour that might be viewed as corruption in the past 12 months, what the nature of the behaviour was (with reference to 12 possible descriptors) and what they did in relation to the matter (with reference to seven possible actions). The results of the survey have not yet been made available. By periodically asking these questions, relevant and useful information on ACT Public Service fraud and corruption risks is expected to be generated. This should provide agencies with information to inform their fraud and corruption prevention and control activities.	4.63

Recommendations

RECOMMENDATION 1   FRAUD AND CORRUPTION PLANS AND REPORTING

CMTEDD should provide clarity on the purpose of Fraud and Corruption Prevention Plans and the requirements for annual reporting of fraud and corruption issues. This may be achieved through the current review of the *ACTPS Integrity Policy* (2010), which is scheduled for completion in early 2022.

RECOMMENDATION 2   CONFLICT OF INTEREST REGISTERS

CMTEDD should provide guidance to ACT government agencies on requirements for the documentation and recording of conflict of interest declarations. The guidance should address:

a)   whether conflict of interest declarations are expected to be recorded in a centralised register in the agency; and

b)   if they are, the circumstances in which the information in the register is to be used and for what purpose.

| RECOMMENDATION 3 | MANDATORY REPORTING OF CONFLICTS OF INTEREST |

Where not already in place, ACT Government agencies should require all recruitment panel members to complete a conflict of interest declaration form when participating in a recruitment, including that they have no known actual or potential conflicts of interest.

| RECOMMENDATION 4 | FRAUD AND CORRUPTION INDUCTION TRAINING |

Where not already in place, ACT Government agencies should:

a) provide mandatory induction training about the nature and risks of fraud and corruption and relevant ACT Public Service and agency policies. The training should be delivered with reference to examples and scenarios relevant to the business of the agency; and

b) keep timely and accurate records of the number of staff completing the mandatory induction training.

| RECOMMENDATION 5 | AGENCY STAFF SURVEYS |

Where not already in place, ACT Government agencies should undertake staff surveys that collect information about the level of staff awareness of their fraud and corruption reporting obligations and the reporting channels they should use, as well as staff perceptions of the integrity of agency senior leadership. This information should be used to benchmark staff awareness levels and inform priorities for fraud and corruption prevention activities.

| RECOMMENDATION 6 | WHOLE-OF-GOVERNMENT STAFF SURVEY |

CMTEDD should:

a) conduct a regular ACT Public Service survey that includes questions relating to fraud and corruption and integrity-related risks; and

b) publicly report on the results of these surveys.

Response from agencies

In accordance with subsection 18(2) of the *Auditor-General Act 1996* entities were provided with a draft proposed report for comment. All comments were considered and required changes were reflected in the final proposed report. The final proposed report was provided for further comment.

Entities provided with the draft and final proposed report were:

- Chief Minister, Treasury and Economic Development Directorate;
- Transport Canberra and City Services Directorate; and
- Community Services Directorate.

No comments were provided for inclusion in this Summary Chapter.

1   INTRODUCTION

1.1   Fraud and corruption have many of the same characteristics. Corruption can be broadly defined as involving a breach of trust in the performance of official duties, or as conduct that is not honest or impartial. Fraud is usually associated with dishonestly obtaining a benefit or causing a loss, by deception or other means. In both cases the 'benefit' of the act for a public official can be tangible - such as money or property, or intangible - such as power, information, or opportunities.

1.2   Practically, ACT Government agencies do not make a distinction between fraud and corruption in their plans and strategies to prevent, detect or investigate these acts. The audit focuses on fraud, but in keeping with the agency practices considered in this audit, also refers to corruption.

Fraud and corruption defined

Corruption

1.3   Subsection 9(1)(b) of the *Integrity Commission Act* (2018) defines corrupt conduct as conduct that is any of the following:

(i)   conduct by a public official that constitutes the exercise of the public official's functions as a public official in a way that is not honest or is not impartial;

(ii) conduct by a public official or former public official that:

(A) constitutes a breach of public trust; or

(B) constitutes the misuse of information or material acquired by the official in the course of performing their official functions, whether or not the misuse is for the benefit of the official or another person;

(iii) conduct that adversely effects, either directly or indirectly the honest or impartial exercise of functions by a public official or a public sector entity;

(iv) conduct that:

(A) adversely affects, either directly or indirectly the exercise of official functions by a public official or public sector entity; and

(B) would constitute, if proved, an offence against a provision of the Criminal Code, Chapter 3 (Theft, fraud, bribery and related offences);

(v)   conduct that involves any of the following:

(A) collusive tendering;

(B) fraud in relation to applications for licenses, permits or other authorities under legislation designed to protect health and safety, protect the environment or facilitate the management and commercial exploitation of resources;

(C) dishonestly obtaining or assisting in obtaining, or dishonestly benefiting from, the payment or application of public funds for private advantage or the disposition of public assets for private advantage;

(D) defrauding the public revenue; or

(E) fraudulently obtaining or retaining employment or appointment as a public official.

Fraud

1.4   In the ACT *Public Sector Management Standards* (2006) fraud is defined as:

> Taking or obtaining by deception, money or another benefit from the government when not entitled to the money or benefit, or attempting to do so – this includes evading a liability to government.

Internal fraud

1.5   Fraud may be identified as internal fraud or external fraud or collusion. The audit focuses on internal fraud.

1.6   Internal fraud is perpetrated against the agency by officials or contractors of the agency. In contrast:

- external fraud is perpetrated against the agency by individuals who are not officials or contractors; and

- collusion is perpetrated against the agency by internal and external parties working together.

1.7   Some examples of internal fraud in the public sector are:

- theft, misuse, or unapproved access to government assets, equipment, vehicles or facilities;

- accounting fraud, such as processing of false invoices, misappropriation of funds or false claims for reimbursement;

- charging personal expenditure on government issued credit or fuel cards;

- falsifying documents, including emails and identity, to divert payments and/or influence official decisions; and

- releasing misleading or inaccurate information for deceiving, misleading or to hide wrong-doing.

Fraud in the public sector

1.8   The Australian Institute of Criminology's *Fraud against the Commonwealth (2019-20)* statistical bulletin reported over 1,000 cases of internal fraud in which the allegations were substantiated in part or in full. The 'targets' of this fraud were information (e.g. security

information), entitlements of officials (e.g. leave entitlements) and financial fraud (e.g. payment cards). The top three methods for perpetrating these acts of fraud were:

- misuse of Information Communication Technology (ICT) - accessing information via a computer without authorisation, and misuse of email (69 percent);

- misuse of documents - creating and/or using false or altered documents (10 percent); and

- misuse of personal information - failure to use/omission of information, and false declarations (8 percent).

1.9   The *Fraud against the Commonwealth (2019-20)* statistical bulletin identified the top three methods of detecting internal fraud to be:

- data analytics, such as using analytics software to identify trends or anomalies and exceptions with data (51 percent);

- tip-offs from other staff within the entity (22 percent); and

- detection by staff members (12 percent).

1.10   These three methods were responsible for detection in 85 percent of finalised investigations, most of which resulted in APS Code of Conduct sanctions, including suspension or reassignment of duties for the officers involved.

Fraud and corruption in the ACT public sector

1.11   Information about fraud and corruption within the ACT Public Service can be found in the annual *ACT State of the Service Report* and in material published by the ACT Integrity Commission.

1.12   The annual *ACT State of the Service Report* dedicates a chapter to reporting progress towards a 'values driven culture' for the ACT Public Service. The 2020 Report includes information about performance management, risk management, misconduct cases, public interest disclosures and bullying and harassment matters.

1.13   The ACT Integrity Commission's *Corruption Vulnerabilities Report* (2019-20) identified five areas of concern in the ACT public sector. These can be summarised as follows:

- a trend of public officials underestimating the risks associated with actual, potential, and perceived conflicts of interest and overestimating their ability to manage these conflicts appropriately;

- poor or inconsistent record keeping practices that may increase the risk of corrupt conduct occurring or remaining undetected and hinder investigations by law enforcement and oversight bodies;

- the potential for corrupt conduct to occur or remain undetected where pre-existing relationships and associations are undeclared or have been understated - limiting the

opportunity for public sector entities to effectively manage any associated risks, including conflicts of interest;

• unauthorised disclosure of information by public officials to external parties. Unauthorised disclosure occurs when a public official, intentionally or inadvertently, makes information available or accessible to others without having the authority to do so; and

• instances where established workplace cultures may enable or encourage, systemic non-compliance with the integrity expectations of the agency – potentially leading to increased corruption vulnerability for agencies and public officials.

Directorates' reporting of fraud

1.14   A review of the annual reports of ACT Government directorates in the last five years shows that there have been 131 allegations of internal fraud reported. Of these, 42 (32 percent) were substantiated, meaning the allegations of fraud were confirmed following an investigation. Table 1-1 shows the numbers of allegations (or set of allegations against an individual) for each directorate since 2015. The shaded column shows the number of allegations that were substantiated in the same period.

Table 1-1   Allegations of internal fraud (2015-2020)

Directorate	2015-16		2016-17		2017-18		2018-19		2019-20	
Justice and Community Safety	4	2	4	1	2	1	0	0	1	1
Education	3	0	1	0	4	*	4	*	7	*
Health^	1	1	0	0	4	*	3	*	6	6
Community Services	7	0	5	5	4	4	4	4	4	3
Transport Canberra and City Services	0	0	5	0	21	18	10	3	3	1
Chief Minister, Treasury and Economic Development	0	0	0	0	3	1	5	0	6	1
Environment, Planning and Sustainability	0	0	0	0	6	0	2	0	2	0
Total	15	3	15	6	44	24	28	7	29	12

Source: ACT Audit Office, based on annual reports of ACT Government directorates (2015 to 2020).

Notes: *no breakdown of the outcomes was provided; ^ for 2018/19 and 2019/20 this total includes both Canberra health Services and ACT Health

1.15   The number of substantiated allegations may be higher or lower than shown. This is because:

• in each reporting period there are 'unresolved' cases and it is not clear whether the outcomes of these are or are not included in the subsequent reporting periods; and

- two directorates did not report on the outcomes of the investigations in some years, and the total number of allegations that were substantiated is unknown.

1.16   The Justice and Community Safety Directorate (JACS) and Transport Canberra and City Services Directorate (TCCS) include information about the types of internal fraud alleged to have occurred in their annual report. These include theft of cash, misuse of credit cards, misuse of government equipment or property, undisclosed conflicts of interest and the submission of false documents.

Legislation and policy

Legislation

Public Sector Management Act 1994

1.17   The legislative obligations for ACT public servants in relation to fraud and corruption are identified in the *Public Sector Management Act 1994* (PSMA). The Act sets out the:

- public sector values expected to be demonstrated and applied (section 7);

- public sector principles expected to be adhered to (section 8); and

- standards of conduct expected to be met, including the obligation to report misconduct, corruption and fraud (section 9).

1.18   Section 9 of the PSMA is particularly relevant to public sector integrity. In summary, this section establishes that a public servant must:

- take all reasonable steps to avoid a conflict of interest, and declare or manage a conflict of interest that cannot reasonably be avoided (subsection 9(1));

- not behave in a way that is inconsistent with the public sector values, or undermines the integrity and reputation of the service, or take improper advantage of the job or information gained through the job or Territory resources (subsection 9(2)); and

- report any maladministration or corrupt or fraudulent conduct by a public servant or a public sector member of which the discloser becomes aware (subsection 9(4)).

Public Sector Management Standards 2006

1.19   The *Public Sector Management Standards 2006* (the 2006 Standards) set out the responsibilities of ACT Public Service leaders in relation to fraud and corruption prevention. The 2006 Standards were repealed in 2016 and updated in 2019, however Part 2.3 relating to fraud and corruption continues to apply.

1.20   Subsection 13(1) of the 2006 Standards states that Directors-General 'must pursue a systemic approach to integrity'. Section 13 elaborates on this and requires Directors-General to:

- ensure risks to the integrity of the agency are assessed and treated and 'addressed in [a] detailed fraud and corruption prevention plan';

- ensure that integrity arrangements are assessed and reviewed every two years, or more frequently if needed; and

- explore opportunities to actively detect fraud and corruption within the agency.

1.21   Section 14 of the 2006 Standards provides further requirements in relation to 'monitoring and recording integrity strategies'. Section 14:

- provides for a role for the agency's audit committee in oversighting the effectiveness of integrity arrangements;

- requires managers to 'regularly and systematically assess the potential … for theft, fraud and corruption to ensure that control procedures are being followed and are effective'; and

- outlines annual reporting requirements in relation to the agency's fraud and corruption prevention plan.

Integrity Commission Act 2018

1.22   The *Integrity Commission Act (2018)* sets out the functions of the ACT Integrity Commission in relation to the prevention, investigation and exposure of corrupt conduct in the ACT Public Service, with a specific focus on serious and systemic corruption. This includes improving the capacity of the ACT public sector to prevent corrupt conduct and educating public officials and the community about the detrimental effects of corrupt conduct on public administration.

1.23   The *Integrity Commission Act (2018)* requires heads of ACT public sector entities and senior executives to notify the ACT Integrity Commission of serious or systemic corrupt conduct. Failure to do so is an offence.

Whole-of-government policy

1.24   A range of whole-of-government policies provide instruction on individual and agency level responsibilities to maintain high levels of integrity, and in turn prevent and respond to fraud and corruption. Whole-of-government policies are listed in Table 1-2 and discussed in more detail in relevant sections of the report.

Table 1-2   Whole-of-government integrity-related policies

Document title	Issued
ACTPS Integrity Policy	2010
ACTPS Code of Ethics	2010
ACTPS Values and Signature Behaviours	2012
ACTPS Code of Conduct	2013

Document title	Issued
Gifts, Benefits and Hospitality Policy	2016
Conflict of Interest Policy and associated tool kits	2021
Second Jobs and Volunteering Policy	2021

Source: ACT Audit Office

1.25   These policies provide a 'minimum standard' for agencies and may be augmented by additional agency-specific policies and procedures. The ACT Integrity Commission describes this arrangement as a 'hybrid model' in which many elements related to workplace culture are centralised, while agencies retain responsibility for ensuring these are contextualised to suit their operating environments.

ACTPS Integrity Policy (2010)

1.26   The *ACTPS Integrity Policy* (2010) (Integrity Policy) expands on the requirements set out in the PSMA and the 2006 Standards. The Integrity Policy states that it is designed:

> … to protect public money and property, protect the integrity, security and reputation of our public sector agencies while maintaining a high level of services to the community consistent with the good government of the ACT.

1.27   The Integrity Policy is the primary reference for ACT Government agencies in relation to fraud and corruption prevention and its expectations of agencies are discussed throughout this report.

Roles and responsibilities

Directors-General

1.28   Section 31 of the *Financial Management Act (1996)* states that a Director-General of a directorate is accountable to the responsible Minister for the efficient and effective financial management of the public resources for which the directorate is responsible. This responsibility requires the Director-General to manage the directorate in a way that:

- promotes the achievement of the purpose of the directorate; and

- promotes the financial sustainability of the directorate; and

- is not inconsistent with the policies of the government.

1.29   The Director-General has the ultimate authority and responsibility for managing the resources of the directorate and, in doing so, managing the fraud and corruption risks of the directorate.

SERBIRs

1.30   Responsibility for the delivery of effective fraud and corruption prevention activities is assigned to a Senior Executive Responsible for Business Integrity and Risk (SERBIR). SERBIRs

are appointed by the Director-General (or equivalent) to be a champion for integrity matters within their agency. This role is set out in section 21 of the 2006 Standards and includes dealing with allegations of fraud and corruption, establishing information systems, triage and oversight of investigations, integrity risk assessment and planning, and raising awareness.

1.31   SERBIRs are supported by teams within the agency that have capabilities in a range of relevant areas including risk management, internal audit and assurance and security. Of particular relevance is the directorates' audit and assurance teams, which provide administrative support to the SERBIR and undertake audit activities to provide assurance to audit committees and the Director-General on fraud and corruption matters.

Audit committees

1.32   Audit committees undertake an important role in providing advice and assurance to Directors-General with respect to their agency's governance, risk and control frameworks and external accountability responsibilities. According to the Integrity Policy, audit committees are expected to provide independent assurance to the Director-General regarding the adequacy of the agency's risk management processes, including on matters of integrity and fraud and corruption control. The Integrity Policy also expects the audit committee to be advised of all fraud and corruption cases.

ACT Integrity Commission

1.33   In addition to its investigative functions, the ACT Integrity Commission provides advice, education, and training services to the public sector to prevent corruption in the ACT and foster confidence in the integrity of the ACT Government. It works closely with SERBIRs and Directors-General to achieve this and has assisted the agencies considered in this audit in doing so.

Workforce Capability and Governance Team (CMTEDD)

1.34   CMTEDD's Workforce Capability and Governance Team plays a key role in developing whole of government policies and tools on integrity-related topics. Recent examples include the *Conflict of Interest Policy* (2021) and the *Second Jobs and Volunteering Policy* (2021). CMTEDD also supports the Public Sector Standards Commissioner to conduct investigations into allegations related to the conduct of ACT public servants, including matters that may represent fraud.

Audit objective and scope

Audit objective

1.35   The objective of the audit was to assess the effectiveness of the fraud prevention activity in a selection of ACT Government agencies.

Audit scope

1.36 The audit focused on the fraud prevention activities of three different and distinctive areas of the ACT Government:

- Access Canberra in the Chief Minister, Treasury and Economic Development Directorate;
- Transport Canberra and City Services Directorate; and
- Community Services Directorate.

1.37 These three agencies are responsible for various and diverse public administration functions that may be vulnerable to fraud and corruption in unique ways. For example, they have enhanced access to systems or information, or undertake a high volume of financial transactions or have officers that are physically distant from the agency's main operating environment.

Access Canberra (Chief Minister, Treasury and Economic Development Directorate) (CMTEDD)

1.38 Access Canberra is a function of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD). It provides a 'one stop shop' for ACT Government customer and regulatory services. This includes over 700 different types of service (e.g. issuing drivers licenses), as well as inspection and investigation activities in relation to fair trading, road safety and the building industry, amongst other functions. The audit set out to focus on the fraud prevention activities of Access Canberra but in many instances these were addressed by whole-of-directorate activities.

Community Services Directorate (CSD)

1.39 CSD is responsible for providing services and support for the Canberra community, specifically vulnerable members including those with a disability, Aboriginal and Torres Strait Islander people, seniors and veterans, and children. This involves the management of public housing, regulation of community service providers, and provision of grants, scholarships and awards to community organisations and the not-for-profit sector, amongst other functions.

Transport Canberra and City Services (TCCS)

1.40 TCCS is responsible for managing roads, footpaths, cycle paths and the public transport system. It collects and recycles waste, provides public libraries and is responsible for the majority of the Territory's parks and reserves. The Directorate also manages ACT NoWaste, Capital Linen Service, Yarralumla Nursery, and the ACT Public Cemeteries Authority.

1.41 The audit considers the three agencies fraud prevention activities in the past two to five years, as available and appropriate.

Audit criteria, approach and method

Audit criteria

1.42 To form a conclusion against the objective, the following audit criteria were used:

- Are auditees effectively planning to prevent fraud?

- Are auditees effectively preventing conflicts of interest?

- Are auditees fostering a culture of fraud prevention?

1.43 In the conduct of this performance audit the ACT Audit Office complied with the independence and other relevant ethical requirements related to assurance engagements.

Audit approach and method

1.44 The audit considered the following three areas of fraud prevention activity:

- risk-based planning, and the implementation, monitoring and reporting of the measures detailed in the agency's Fraud and Corruption Prevention Plan;

- the management of conflicts of interest as well as the potential of conflicts of interest arising from public servants holding second jobs and receiving gifts and hospitality; and

- organisational awareness of fraudulent activities and how to report them, delivered through training, communication campaigns and executive leadership.

1.45 The audit involved:

- a review of each agency's internal planning and reporting documentation including Fraud and Corruption Prevention Plans, risk registers, SERBIR reports, internal audit workplans, policies and procedures and factsheets;

- a review of each agency's internal communications with staff, intranet pages, information campaigns, induction and refresher training materials and training data;

- discussions with each agency's SERBIRs, and staff that support the internal audit committee, security advisors and human resource teams; and

- discussions with the ACT Integrity Commission and the Professional Standards Unit in CMTEDD.

1.46 The audit was performed in accordance with *ASAE 3500 – Performance Engagements.* The audit adopted the policy and practice statements outlined in the Audit Office's *Performance Audit Methods and Practices* (PAMPr) which is designed to comply with the requirements of the *Auditor-General Act 1996* and *ASAE 3500 – Performance Engagements*.

2 FRAUD PREVENTION PLANNING

2.1 This chapter considers the agencies' planning for fraud prevention. This includes consideration of the agencies' development and implementation of Fraud and Corruption Prevention Plans and the activities of the SERBIR and audit committees to monitor and report on the effectiveness of fraud and corruption prevention activities.

Summary

Conclusions

The agencies considered as part of the audit undertake activities designed to prevent or minimise the risk of internal fraud. This includes developing and implementing Fraud and Corruption Prevention Plans and reviewing fraud and corruption risks on a regular basis. The Plans are effective in providing a clear indication of how the agency will address allegations of fraud, and the roles and responsibilities of employees and senior management in minimising fraud and corruption risks. The agencies have also implemented effective assurance mechanisms for the management of fraud and corruption risks, which include oversight by audit committees and regular reporting from the Senior Executive Responsible for Business Integrity Risk (SERBIR).

Key findings

	Paragraph
The *ACTPS Integrity Policy* (2010) has provided a sound basis for fraud and corruption prevention activity in the ACT Government since 2010. However, the framework for fraud and corruption prevention has developed and evolved since this time and the Policy contains outdated and incorrect references. A review of the Integrity Policy is currently underway and a revised policy is expected in early 2022.	2.7
The three agencies considered in this audit each have a Fraud and Corruption Prevention Plan, which has been updated every two years. The coverage of topics in these Plans is broadly similar. The Plans provide a statement of commitment to prevent fraud and corruption, and outline for staff the legislative and policy obligations for ACT government agencies and public servants, the various roles and responsibilities for fraud and corruption prevention and the avenues for reporting and processes for responding to allegations of fraud and corruption. The three agencies' Plans do not contain time-bound action items that address specific fraud and corruption risks, which is a requirement of the Integrity Policy. However, the Plans serve the useful purpose of providing a contemporary overview of each agency's approach to minimising fraud and corruption. Further, there is a need to review the Integrity Policy and whether its requirements remain fit for purpose.	2.21
Implementation of an agency's Fraud and Corruption Prevention Plan is led by the agency's SERBIR, who is identified as the 'champion' of integrity and the contact	2.26

point for staff on fraud and corruption matters. SERBIRs are not formally recruited, trained or resourced for this role, and undertake the role in addition to their substantive responsibilities. SERBIRs are assisted by internal teams with expertise in audit, risk and security, and by the Community of Practice established by the ACT Integrity Commission. TCCS has established an internal SERBIR Support Network, which meets every 6 weeks. It is made up of senior representatives from the legal and contracts, human resources, governance, and security areas of TCCS. This is a positive initiative that is likely to enhance the SERBIR's capacity to deliver on their responsibilities.

The three agencies' fraud and corruption risks have been documented in a fraud and corruption or integrity risk register that is updated at least biennially, with input from a variety of business areas. The three agencies have developed their risk registers using different tools (Word, Excel, software); however, each describes the source, implications, and treatment options to mitigate specific fraud and corruption risks. The three agencies' risk registers recognise internal fraud risks that are common to the public sector (e.g. falsifying time-keeping records, or the misuse of credit cards) as well specific risks to the agency's operations (e.g. misappropriation of rent from public housing tenants, conflicts of interest influencing a decision to issue a permit). | 2.40

The COVID-19 pandemic significantly affected the ACT Public Service's operating environment and the policy and program priorities of some areas of government. As envisaged by the Integrity Policy, the three agencies considered in this audit actively responded by either reviewing their risk profiles and associated documents, or raising staff awareness of the risks and challenges these changes posed and reminding them of their obligations in relation to fraud and corruption prevention. | 2.47

The SERBIRs of the three agencies considered in this audit report to the audit committee on fraud and corruption control activities multiple times a year. The reports provide updates on fraud and corruption prevention activities and the number and nature of allegations of fraud and corruption that have been received, including public interest disclosures. This information assists audit committees to fulfill a responsibility to oversee the agency's Fraud and Corruption Prevention Plan and identify areas for audit or compliance review. | 2.58

The recent work programs of the agencies' audit committees show that they undertake a number of assurance activities annually that focus on business activities or processes that are vulnerable to internal fraud such as payment of entitlements, use of credit cards and grants management. This is a positive indication that agencies have an assurance program that includes functions that may be vulnerable to internal fraud. | 2.59

The three agencies considered in this audit are publicly reporting most of the information required by legislation and policy in relation to fraud case numbers and prevention activities. The 2006 Standards and the *Annual Reports (Government Agencies) Directions* also require the details of fraud and corruption risk assessments to be reported; however given that annual reports are public, it is appropriate that this information is not reported. | 2.67

A consolidated report of the total number of fraud incidents reported each year is not published. It is therefore difficult to establish what the full extent, source and cost of internal fraud is to the ACT Public Service, and what new vulnerabilities may be emerging. CMTEDD and the ACT Integrity Commission may wish to consider the need for such a report.

2.68

Legislation and policy

Public Sector Management Standards (2006)

2.2   Subsection 13(1) of the *Public Sector Management Standards* (2006) (2006 Standards) requires a Director-General to 'pursue a systematic approach to integrity'. In doing so, subsection 13(2) requires a Director-General to ensure that risks to the integrity of the agency are:

- assessed and treated in accordance with the 'Risk Management Standard and associated policy guidance'; and

- addressed in detailed fraud and corruption prevention plans.

2.3   Subsection 13(3) requires the Director-General to ensure that the agency's integrity arrangements are assessed and reviewed every two years, or more frequently if any significant suspected fraud or corruption is discovered or there is a significant change in the nature or scope of operations, procedures or systems.

2.4   Subsection 14(1) states that the Director-General should also request that the audit committee oversee the effectiveness of the integrity arrangements and in particular the conduct of the risk assessment and the implementation of the Fraud and Corruption Prevention Plan.

ACTPS Integrity Policy (2010)

2.5   The *ACTPS Integrity Policy* (2010) (Integrity Policy) is the key policy instruction to ACT Government agencies in relation to fraud. Since its development it has provided a sound basis for preventative activity. However, the Integrity Policy was drafted in 2010 and the framework for fraud and corruption prevention has developed and evolved since this time. These developments include, but are not limited to:

- the introduction of new whole-of-government policies, e.g. the *Conflict of Interest Policy* (2021) and *Gifts, Benefits and Hospitality Policy* (2021);

- the establishment of the ACT Integrity Commission. This has introduced several changes including a new definition of corruption, mandatory reporting obligations,

and a community of practice for SERBIRs as well as new insights into corruption risks in the ACT public service.

2.6   The Integrity Policy includes an undertaking from the Chief Minister's Department (now CMTEDD) to evaluate the effectiveness of the Policy every three years. A review of the Integrity Policy is currently underway and a revised policy is expected in early 2022.

2.7   The *ACTPS Integrity Policy* (2010) has provided a sound basis for fraud and corruption prevention activity in the ACT Government since 2010. However, the framework for fraud and corruption prevention has developed and evolved since this time and the Policy contains outdated and incorrect references. A review of the Integrity Policy is currently underway and a revised policy is expected in early 2022.

Fraud and Corruption Prevention Plans

2.8   The Integrity Policy references the requirement of the 2006 Standards for an agency to develop and implement a Fraud and Corruption Prevention Plan and confirms that 'the preparation of this plan follows on from the formal risk assessment of the Agency'. The Integrity Policy further notes that there is no set format for the Plan, but that the Plan should:

- be based upon a recent assessment of the risks to the agency and deal with those risks in priority order. Risks to the integrity of the agency should be dealt with by 'reducing their likelihood by improving controls and raising employee awareness';

- clearly identify the line area responsible for dealing with the risk;

- set detailed and clearly identified actions for each of the risks. The actions should be 'cast in such a way as to easily identify when the action has been completed'; and

- have a realistic timetable for implementation that reflects 'the priority afforded the risk in the risk assessment process'.

2.9   The Integrity Policy requires agencies to review their Fraud and Corruption Prevention Plan every two years. The review is expected to involve:

- determining that the risk assessment methodologies are valid;

- conducting a risk assessment;

- reviewing changes in the programs operations and environment since the last Plan;

- addressing recommendations in the last Plan not yet implemented; and

- developing a further two year program for fraud and corruption prevention which will rectify residual shortcomings in the procedures.

2.10   The three agencies considered in this audit all have a Fraud and Corruption Prevention Plan. A review of the last three iterations of the agencies' Plans shows that they have similar

content, although there are different stylistic choices in presentation. Key features of the agencies' Plans are shown in Table 2-1.

Table 2-1   Key features of agencies' Fraud and Corruption Prevention Plans

Topic	Inclusions
Overarching policy statement	Statement of commitment to prevent fraud, signed by the Director-General
Introduction	Conceptual framework, definitions, objectives, and scope of the Plan
Roles and responsibilities	Listing of the functions of the SERBIR, Executive, Audit Committee, Agency Security Advisor, internal advisory and support teams, and employees as relevant
Prevention and detection	Statements of commitment to provide staff awareness and training, and foster good ethical culture
Risk assessment	Methodology for identifying and evaluating risks, strategies to address risks, reporting of risks
Incident response and case handling	Processes for reporting suspected fraud and public interest disclosures, including information on confidentiality, rights, reporting, investigation process (flowchart)
Monitoring of the Plan	Processes for the review of the Plan, recording of information and annual reporting
References and supporting material	Links to legislation, policy, contacts and resources and frequently asked questions

Source: ACT Audit Office, based on Fraud and Corruption Prevention Plans of TCCS, CSD and CMTEDD.

2.11   CSD calls its Plan a Framework. It contains similar topics to the other agencies' Plans as listed above, with the addition of more narrative about the context and motivations for fraud.

Updating Fraud and Corruption Prevention Plans

2.12   Consistent with the expectations of the 2006 Standards and the Integrity Policy, the agencies have reviewed and refreshed their Plans approximately every two years. The frequency of these updates is shown in Table 2-2.

Table 2-2   Fraud and Corruption Prevention Plan updates

Agency	Update	Update	Update	Update
Community Services Directorate	2014	2016	2019	2021
CMTEDD (Access Canberra)	2014	2016	2018	2020
Transport Canberra and City Services	-	2016	2018	2020

Source: ACT Audit Office, based on Fraud and Corruption Prevention Plans of TCCS, CSD and CMTEDD.

2.13   A review of the agencies' recent Plans identified few substantive amendments in each iteration of the Plan. The most significant amendments to the Plans in recent years have been in response to:

- the introduction of the ACT Integrity Commission in 2019 and associated changes to reporting arrangements for corruption and new definitions of corrupt conduct; and

- the introduction of online training delivery techniques.

2.14 In 2020 TCCS added to its Plan the role of the Agency Security Executive (ASE). In TCCS' Plan, the ASE is supported by an Agency Security Advisor (ASA) who is responsible for recording all instances of fraud and corruption, delivery of fraud and ethics awareness training, recording and tracking all instances of suspected fraud, and monitoring the investigation process. CMTEDD and CSD do not identify a specific role for their ASE in their Fraud and Corruption Prevention Plans.

2.15 Agencies' activities to refresh the fraud risk profile and/or review changes in the organisational environment are discussed further below.

Implementation of fraud and corruption prevention plans

2.16 Subsection 13(2) of the 2006 Standards discusses the need for risks to the integrity of an agency to be 'addressed in detailed fraud and corruption prevention plans.' The Integrity Policy further requires the Fraud and Corruption Prevention Plan to 'set detailed and clearly identified actions' against each of the integrity risks and that the 'action items … be cast in such a way to easily identify when the action has been completed'. Furthermore, the Plan should have a 'realistic timetable for implementation' that reflects the priority afforded to the risks.

2.17 As shown above in Table 2-1, the three agencies' Plans predominantly contain information about legislation and policies, processes and procedures and roles and responsibilities. The agencies' Plans do not specifically identify fraud and corruption risks, nor do they identify time-bound action items that would address specific risks. The Plans were not accompanied by an implementation or action strategy or specific statements that would drive prevention activities such as times, dates and targets for deliverables.

2.18 Notwithstanding the absence of time-bound action items that address specific integrity risks, the Plans provide useful information on the agencies' frameworks and intentions for managing fraud and corruption. In practical terms, the Plans are published documents and it is not appropriate for the Plan to identify specific integrity risks along with the controls and mitigation strategies to address these risks. Providing information about specific integrity risks and related mitigation strategies discloses these vulnerabilities and may provide information to potential fraudsters.

2.19 Agencies' Fraud and Corruption Prevention Plans are a useful resource for staff. The key benefit of the Plan is that it provides guidance to staff on:

- what constitutes fraud and corruption and how to recognise it in their day-to-day activities;

- the roles and responsibilities of various stakeholders in fraud and corruption prevention, detection and ongoing monitoring; and

- avenues for reporting suspected fraud and corruption and assurances that these reports will be handled appropriately.

2.20   It is important that an agency's Fraud and Corruption Prevention Plan serve these purposes, and that this key information is not lost in detailed information about risks and intended action items or implementation strategies. The agencies approach to proactively identifying and mitigating fraud and corruption risks are considered later in this chapter.

2.21   The three agencies considered in this audit each have a Fraud and Corruption Prevention Plan, which has been updated every two years. The coverage of topics in these Plans is broadly similar. The Plans provide a statement of commitment to prevent fraud and corruption, and outline for staff the legislative and policy obligations for ACT government agencies and public servants, the various roles and responsibilities for fraud and corruption prevention and the avenues for reporting and processes for responding to allegations of fraud and corruption. The three agencies' Plans do not contain time-bound action items that address specific fraud and corruption risks, which is a requirement of the Integrity Policy. However, the Plans serve the useful purpose of providing a contemporary overview of each agency's approach to minimising fraud and corruption. Further, there is a need to review the Integrity Policy and whether its requirements remain fit for purpose.

Roles and responsibilities

2.22   The agencies' Plans contain detailed descriptions of roles and responsibilities for fraud and corruption prevention activities. The Plans also include a statement about all staff having a responsibility for reducing the risk of fraud and corruption and contributing to a professional and ethical workplace culture. This is consistent with the obligations of public servants under the PSMA.

2.23   As shown in Table 2-3, the agencies have nominated and described the roles and responsibilities for fraud and corruption prevention in similar terms. These roles are prescribed in legislation or have otherwise been standardised across ACT Government agencies.

Table 2-3   Roles and responsibilities in fraud and corruption prevention planning

Roles	Responsibilities
Director-General	The obligations of the Director-General in relation to fraud and corruption are described in the 2006 Standards.
	In the Plan, the Director-General typically has high level, organisation-wide responsibilities that include complying with the Integrity Policy, fostering a fraud aware environment, developing systems and processes for responding to and recording incidents, appointing a SERBIR and ensuring that details are reported to the Minister in the annual report.

Roles	Responsibilities
Senior Executive Responsible for Business Integrity Risk (SERBIR)	The SERBIR is appointed by the Director-General and has primary responsibility for the development and implementation of the Fraud and Corruption Prevention Plan. In the Plan, the SERBIR's responsibilities include coordinating risk assessments and treatments, dealing with allegations and investigations of fraud, promoting awareness of fraud and recording instances of fraud and corruption.
Executive management	Executive Management is the leadership team from across the agency. They assist the SERBIR, provide input to and disseminate and support the plan, while also demonstrating ethical behaviour and actively monitoring compliance.
Audit and Risk Committee	While risk management is the responsibility of senior management, the audit and risk committee provides an independent opinion on the adequacy of the risk management process, including monitoring the implementation of the fraud and corruption plan and reviewing the effectiveness of the fraud control arrangements.

Source: ACT Audit Office based on Fraud and Corruption Prevention Plans from CSD, TCCS and CMTEDD

2.24   SERBIRs have an important role in the effective implementation of the Plan and the successful management of fraud and corruption allegations should they arise. In the three agencies considered as part of this audit, the SERBIRs were not recruited for specific expertise in this area; they fulfill the role in addition to their main functions, with the support of internal teams with expertise in fraud control, risk management and related topics. CSD has recently developed a job description for the SERBIR and advertised the position on the CSD intranet. The SERBIRs had not received specific training in relation to their role, nor did they have an allocated budget to assist them to carry out the SERBIR role.

2.25   SERBIRs are aided by a Community of Practice for Corruption Prevention that was established in 2020 by the ACT Integrity Commission. In 2022, the Commission intends to convene the Community of Practice twice a year. SERBIRS are also aided in their roles through informal networks between SERBIRs. In TCCS a SERBIR Support Network, made up of senior representatives from the legal and contracts, human resources, governance, and security areas of TCCS, meets every 6 weeks.

2.26   Implementation of an agency's Fraud and Corruption Prevention Plan is led by the agency's SERBIR, who is identified as the 'champion' of integrity and the contact point for staff on fraud and corruption matters. SERBIRs are not formally recruited, trained or resourced for this role, and undertake the role in addition to their substantive responsibilities. SERBIRs are assisted by internal teams with expertise in audit, risk and security, and by the Community of Practice established by the ACT Integrity Commission. TCCS has established an internal SERBIR Support Network, which meets every 6 weeks. It is made up of senior representatives from the legal and contracts, human resources, governance, and security areas of TCCS. This is a positive initiative that is likely to enhance the SERBIR's capacity to deliver on their responsibilities.

Fraud risk assessments

2.27   The 2006 Standards identify a clear nexus between an agency's Fraud and Corruption Prevention Plan and risks to the integrity of the agency. The Integrity Policy notes that the Plan 'follows on from the formal risk assessment of the Agency'. Furthermore, that key stakeholders within and external to the agency should be identified and consulted in the identification and assessment of integrity risks.

2.28   The Plans considered in this audit do not specifically describe the agencies' fraud and corruption risks and how the agency will respond to them. The integrity risks for the three agencies are documented in a separate fraud and corruption or integrity risk register. For the three agencies, these are in different formats (on software, a Word document and an Excel spreadsheet) but each capture the same types of information about the risk, including:

- risk type or category;

- risk owner;

- risk description, risk source and risk consequence;

- risk rating and control risk level;

- contributing factors and impact (external and internal);

- controls and mitigating factors; and

- risk treatment options, responsibility and timeframe for action.

2.29   A review of each agency's current risk register shows that they identify many of the same types of internal fraud risks. These are summarised in Table 2-4.

Table 2-4   Common internal fraud risks for TCCS, CSD and CMTEDD

Areas of risk	Types of fraud risks
Human resources	Payroll fraud, falsifying timesheets, recruiting without merit
Theft or misuse of assets	Personal gain through access to credit cards, computer and travel entitlements, inappropriate use of equipment and unethical disposal of assets
Theft of financial assets	Diverting accounts receivable, falsifying invoices
Procurement	Manipulating procurement outcomes and contracting arrangements for personal financial gain, undeclared conflicts of interest
Information	Leaking information, altering records, stealing an identity, unauthorised use of information
IT and cyber	Identify theft, on-selling data, hacking and malware

Source: ACT Audit Office based on risk assessment information from CSD, TCCS and CMTEDD

2.30   Each agency's approach to undertaking an assessment of fraud and corruption risks, and how they undertake to mitigate the unique fraud risks identified through this process, are outlined in the following sections.

CMTETDD (Access Canberra)

2.31   CMTEDD prepares a Fraud Risk Register together with its Fraud and Corruption Prevention Plan. CMTEDD reviews its Fraud Risk Register every two years, or more frequently following major changes to business operations and/or priorities. The 2016, 2018, 2019 and 2021 risk registers were prepared by an external consultant. The 2019 and 2021 reviews indicate that the consultant consulted with senior staff from CMTEDD's corporate areas, as well as the directorate's major business divisions: Access Canberra, Treasury, Revenue Management, Procurement ACT, ICT Security and Shared Services.

2.32   CMTEDD's 2019 and 2021 risk registers identified 22 fraud risks. These risks include fraud generated by internal and external parties, and include risks that are unique to CMTEDD's organisational and business environment including:

- fraudulent insurance claims leading to loss of revenue/incorrect payments;

- false claims leading to loss of revenue/incorrect payments;

- licenses being issued or maintained without proper assessment and approval;

- grant recipients using grants funding for unapproved/unofficial purposes; and

- contractors gaining financial advantage from CMTEDD without appropriate or sufficient delivery of goods/services.

2.33   With two exceptions, CMTEDD identified that its fraud risks were adequately controlled by existing measures and did not need further treatment. The two exceptions were for 'contractors gain financial advantage from CMTEDD without appropriate or sufficient delivery of goods/services' and 'grant recipients use grants funding for unapproved/unofficial purposes'. These risks were first recognised in 2019 and were assigned a range of mitigation strategies, such as establishing procurement and contract management operating structures that create segregated duties or conducting ad hoc audits. In the 2021 version of the Fraud Risk Register these two risks and their mitigation strategies appear unchanged. They have been assigned to the same senior manager, although there are no identified timeframes for completion or other indicators of progress.

Community Services Directorate

2.34   CSD's 2020 Integrity Risk Register is a spreadsheet of 11 integrity risks; this is a consolidation of separate registers for CSD and Housing ACT, which in 2018 contained 35 integrity risks. CSD has indicated that it updates its risks everyone to two years. The Integrity Risk Register includes fraud risks similar to those recognised by the other agencies (e.g. fraudulent misuse of employee allowances or assets) as well as risks that are unique to CSD's operating environment. Risks specific to CSD have internal and external elements and include:

- contractors failing to provide the correct level of service care, or incorrectly reporting client needs in order to facilitate an increase in service funding (Disability ACT);

- financial funding fraud in relation to Housing ACT's growing and renewal of public housing program (2019-2024);

- collusion with valuers to manipulate the valuation of properties, or the purchase of land for development above market rates during the acquisition of property (Housing ACT); and

- manipulation or misappropriation of revenue or funds received through rents from tenants, rebates etc (Housing ACT).

2.35   CSD's 2018 risk register did not identify details of responsibilities for the risk, or timeframe for completion. In the organisation-wide 2020 risk register, integrity risks are generally assigned to 'senior executives' and the timeframe for completion is 'ongoing'.

2.36   For the purpose of developing the 2020 Integrity Risk Register CSD commissioned consultants to conduct two workshops with CSD and Housing ACT. The workshops involved middle management from a range of corporate areas including policy and business transformation, client services, strategic policy, regulation. The workshops focused on refreshing managers' understanding of fraud risk, the role of internal fraud controls and building their awareness of the functions of the ACT Integrity Commission.

Transport Canberra and City Services

2.37   TCCS' Fraud and Corruption Risk Profile is managed through its Enterprise Risk Management software (RiskWare). This can generate a range of reports by business function or specific risks, including the treatment actions that have been assigned to individuals and the status of their completion.

2.38   Updates to the Fraud and Corruption Risk Profile occur at multiple stages. Operational risk owners that are responsible for the control and treatment of specific risks are required to review the risk every six months, while the SERBIR, Director, Risk and Audit Programs, Assistant Director, Risk and Business Assurance and Agency Security Advisor conduct workshops to review operational risks every six months. A directorate-wide Fraud and Corruption Risk Assessment is conducted every two years, or more regularly if there is a significant chance in the services delivered.

2.39   In both 2020 and 2021 TCCS' Fraud and Corruption Risk Profile identified 15 fraud-related risks. These were rated as a medium or low overall risk to the agency, and were each assigned to the relevant business area for ongoing monitoring or compliance activity against a 'completion date', against which the percentage of activity undertaken could be indicated. The risks that are unique to TCCS are both internal and external risks and include:

- licenses/permits being issued or maintained without proper assessment and approval;

- inappropriate, unauthorised or improper use of assets, including attractive and portable items for private use (chainsaws or other machinery);

- misuse or unauthorised use of ACT Government credit cards, fuel cards, MyWay and CabCharge cards or accounts;

- clients, developers and officials attempting to influence TCCS officers to approve Development Applications which do not meet relevant codes or policy, or influencing the refusal of an Application that does meet relevant codes or policy; and

- supplier or contractor or third-party receiving payment for goods or services not provided.

2.40   The three agencies' fraud and corruption risks have been documented in a fraud and corruption or integrity risk register that is updated at least biennially, with input from a variety of business areas. The three agencies have developed their risk registers using different tools (Word, Excel, software); however, each describes the source, implications, and treatment options to mitigate specific fraud and corruption risks. The three agencies' risk registers recognise internal fraud risks that are common to the public sector (e.g. falsifying time-keeping records, or the misuse of credit cards) as well specific risks to the agency's operations (e.g. misappropriation of rent from public housing tenants, conflicts of interest influencing a decision to issue a permit).

COVID-19 specific fraud risks

2.41   The COVID-19 pandemic affected the operating environment of the three agencies considered in this audit. As noted earlier in the report, the Integrity Policy recommends that events or changes such as these should prompt agencies to revisit their risk registers and Fraud and Corruption Prevention Plans and ensure they remain fit for purpose. Reiterating the importance of this, in April 2020 the ACT Integrity Commission provided Directors-General and SERBIRs with an information brief on managing corruption risks during the COVID-19 pandemic. It draws attention to the fact that:

> … different working arrangements – such as working from home – coupled with challenging time and resourcing pressures to delivery essential services, may cause employees additional stress and affect behaviour. The efficacy of standard oversight arrangements, such as day to day supervision from managers and regular interaction with colleagues – both of which may identify changes in behaviour or potential 'red flags' – may be reduced during extended periods away from the workplace.

2.42   Each of the three agencies responded differently to the possibility of additional or different fraud risks during the COVID-19 pandemic, the key features of which are outlined below.

CMTEDD (Access Canberra)

2.43   In January 2021 CMTEDD engaged an external consultant to undertake a COVID-19 Business Focus Business Continuity Plan, Risk and Fraud Prevention Review. The consultants considered whether the business continuity documents, strategic risks and Fraud and Corruption Prevention Framework reflected changes in CMTEDD's business practices during the COVID-19 pandemic. It involved wide-ranging internal consultations to identify weaknesses in the management of risks. Overall, the review made positive observations about CMTEDD's preparedness and response and identified three recommendations to enhance CMTEDD's business continuity framework.

2.44   In August 2021 the SERBIR issued an all-staff email titled 'Governance and Probity is important during lockdown'. The email drew attention to the risk that rapid implementation of government initiatives can lead to shortcuts and reminded staff of the principles of good administration, such as maintaining a focus on objectives and identifying risks. The email also drew attention to the conflicts of interest declaration process, particularly in recruitment and procurement, and the importance of good records management, handling sensitive information, procurement thresholds and delegated authorities.

Community Services Directorate

2.45   In May 2020 CSD's SERBIR issued an all-staff email under the heading of 'Fraud and Corruption Prevention during COVID-19', which was followed up a week later with a reminder in the all-staff Daily Bulletin. The email acknowledged that it had been a dynamic and uncertain time, and that staff were shifting to different ways of working, including being offsite and embracing digital communication, while maintaining essential services and delivering new programs to the community. The message reaffirmed that the Executive Team had confidence in the integrity of CSD staff and provided a list of reminders, which included maintaining confidentiality, being alert to cyber fraud, keeping records of decisions and avoiding gifts and hospitality.

Transport Canberra and City Services

2.46   In 2020 TCCS reviewed its Fraud and Corruption Risk Profile in light of the COVID-19 pandemic, in consultation with affected business areas. These were revisited again in May 2021 by TCCS' SERBIR, Agency Security Advisor, the Director of Risk and Audit Programs, and the Assistant Director, Risk and Business Assurance. The assessments identified that the COVID-19 pandemic raised additional risks in relation to information security and the management of government assets, and in the governance of the delivery of *COVID-19 Stimulus (Screwdriver Ready)* packages. Standard treatments and actions in relation to these were identified as adequate, with additional controls required for monitoring procurement and contracting to deliver the Stimulus packages. In 2021 TCCS also undertook an assessment of its practices against better practices identified by the ACT Integrity Commission and presented these findings to the Executive Board for consideration and endorsement.

2.47   The COVID-19 pandemic significantly affected the ACT Public Service's operating environment and the policy and program priorities of some areas of government. As envisaged by the Integrity Policy, the three agencies considered in this audit actively responded by either reviewing their risk profiles and associated documents, or raising staff awareness of the risks and challenges these changes posed and reminding them of their obligations in relation to fraud and corruption prevention.

Monitoring and reporting

2.48   Monitoring and evaluating the effectiveness of fraud and corruption prevention activities are indicators of effective planning. They provide assurance that the prevention activities in place are fit for purpose and achieving the desired outcomes over time. Making public the basic details of fraud and corruption incidents, and what measures will be put in place to prevent fraud and corruption from occurring in the future, supports public accountability and can encourage innovation and better practice.

2.49   Assessing the 'effectiveness' of fraud and corruption prevention activities is challenging. While the numbers of substantiated cases of fraud and corruption and the scale of their financial impact on the public sector are insightful, these metrics overlook the fact that generating awareness of fraud and corruption and encouraging it to be reported (thereby increasing the numbers) are the intended outcomes of prevention activities. The International Public Sector Fraud Forum (IPSFF) in its *Guide to Designing Counter Fraud and Corruption Awareness Training* (2020) suggests 'finding fraud is a good thing. If you don't find fraud you can't fight it. This requires a change in perspective, so the identification of fraud is viewed as a positive and proactive achievement'.

Audit committees

SERBIR reports

2.50   Section 14 of the 2006 Standards states that the audit committee is to provide 'oversight of the effectiveness of an organisation's integrity arrangements, in particular the conduct of the risk assessment and implementation of the Fraud and Corruption Prevention Plan'. Audit committees receive reports from the SERBIR to facilitate this task. The SERBIRs of the three agencies considered in this audit each report to the audit committee four to five times a year. As shown in Table 2-5 the SERBIRs' reports contain similar content.

Table 2-5   Key contents of the SERBIR report to audit committees

Report content	CMTEDD	CSD	TCCS
Status of the Fraud and Corruption Prevention Plan	✓	×	✓
Details of fraud and corruption allegations received	✓	✓	✓
Allegations referred to the ACT Integrity Commission or Professional Standards Unit	✓	✓	✓
Public Interest Disclosures received	✓	✓	✓
Status of fraud risk registers and mitigation activities	✓	✓	✓
SERBIR initiated activities (e.g. staff communications)	✓	✓	✓
Numbers of participants in fraud and corruption training	✓	×	✓

Source: ACT Audit Office based on 2019-2021 SERBIR reports provided by CMTEDD, CSD and TCCS

Audit and assurance programs

2.51   The audit committees of the three agencies considered in this audit each prepare an annual work program identifying their assurance and compliance priorities. These priorities may be nominated by management or by the SERBIR, or be in response to standing or new items on the risk registers, or recommendations from previous internal and external audits. The committees' work programs contain a mix of performance audits or assurance reviews that may be carried out by external consultants, and compliance reviews (sometimes called 'spot checks' or 'pulse audits') that are smaller investigations usually conducted by audit and risk teams within the agency.

2.52   The business functions or processes related to fraud risks that have recently featured on the work programs of the audit committees in each agency is outlined below.

CMTEDD (Access Canberra)

2.53   In addition to the standard inclusions identified in Table 2-5, CMTEDD's SERBIR's report to the Audit and Risk Committee also provides an update on risk management, business continuity and the progress of SERBIR specific matters through an annual Compliance Review Program. This Program provides 'spot checks' on operational matters and helps to identify the need for the Audit and Risk Committee to undertake a more comprehensive review.

2.54   CMTEDD's Audit and Risk Committee uses external providers (contractors and audit service providers) to undertake the nominated audits, while the annual Compliance Review Program is carried out internally by the Governance and Audit Team. Table 2-6 shows the topics that have been (or will be) addressed in 2020 and 2021, that are related to fraud and corruption risks.

Table 2-6   CMTEDD's internal audit program on fraud related matters

Internal audit	Compliance reviews
− Public servant responsibilities: integrity Commission, FOI, delegations, gifts and hospitality, travel − Recruitment	− Gifts and Hospitality Policy compliance − Access to drives and email accounts of ACT Executive prior to the ACT election − Review of procurement delegations in ACT Property Group − Review of the Access Canberra COVID-19 Compliance Unit's business engagements − Review of portable and attractive assets

Source: ACT Audit Office based on information provided by CMTEDD

2.55   In addition to oversight by the Audit and Risk Committee, two functions in Access Canberra have specific oversight and audit arrangements in place. These are Cashlink and Rego.ACT:

- Cashlink supports counter payment services at Access Canberra Service Centres, and third-party payment data such as BPAY payments, online payments for land titles, sports grounds and Australia Post payments, among other examples. The *User Access Policy* describes the processes for monitoring user access and privileges and auditing

logs of activity within the application each month. Results are reported to agency Managers and any issues investigated; and

- Vehicle registration (Rego.ACT) information is only accessible to authorised officers, and access to the system is logged for auditing purposes. The *Terms of Access Protocol* sets out the monitoring arrangements to ensure the basis and means by which vehicle registration data is released to various other parties is reviewed periodically for the purposes of security and privacy.

Community Services Directorate

2.56   CSD's Audit and Risk Management Committee (ARMC) has an annual work program which is delivered by CSD's Internal Audit and Risk Management Unit (IARM) and through the engagement of external consultants. This includes performance audits of business processes (e.g. grants management, complaints handling), reviews of legislative compliance and 'pulse audits' which are annual recurring audits to assess compliance with relevant financial policies and procedures (e.g. credit cards and petty cash). Components of CSD's audit programs from 2020-2022 that are expected to consider internal fraud and corruption controls are shown in Table 2-7.

Table 2-7   CSD's internal audit program on fraud related matters

Internal audit	Pulse audits
– IT Security, Record keeping and information sharing – COI management during recruitment process – Attendance times on flex-sheets – Staff entry and exit processes – mitigate risks of unauthorised access – Grants management (financial risk, business processes and systems) – Contracts management (financial risk, business processes and systems)	– Payments and delegations – Multicultural festival transactions – Petty cash and credit cards

Source: ACT Audit Office based on information provided by CSD

Transport Canberra and City Services

2.57   TCCS' Audit Committee provides scrutiny and oversight of fraud and corruption matters through an annual assurance program. The Fraud and Corruption Risk Assessment details the program of internal audit and compliance testing that the Committee will undertake to assess whether established controls are effectively preventing and detecting fraud and corruption. Internal audits are conducted by contracted service providers and internal compliance reviews are undertaken by the TCCS Assurance and Risk Team. The audit and compliance reviews that may consider fraud vulnerabilities for the 2019-2020 period are shown in Table 2-8.

Table 2-8   TCCS internal audit on fraud related matters

Internal audit	Compliance review
− Waste Code of Practice (Development Applications) − Cessation of employees − Payment of salaries and entitlements − Records management review − Use of credit cards	− Compliance assurance statements − Use of Credit Cards − Transport Canberra procurement

Source: ACT Audit Office based on information provided by TCCS

2.58   The SERBIRs of the three agencies considered in this audit report to the audit committee on fraud and corruption control activities multiple times a year. The reports provide updates on fraud and corruption prevention activities and the number and nature of allegations of fraud and corruption that have been received, including public interest disclosures. This information assists audit committees to fulfill a responsibility to oversee the agency's Fraud and Corruption Prevention Plan and identify areas for audit or compliance review.

2.59   The recent work programs of the agencies' audit committees show that they undertake a number of assurance activities annually that focus on business activities or processes that are vulnerable to internal fraud such as payment of entitlements, use of credit cards and grants management. This is a positive indication that agencies have an assurance program that includes functions that may be vulnerable to internal fraud.

Reporting on fraud and corruption prevention

2.60   Communicating the results and outcomes of fraud and corruption prevention activities across the organisation is an effective way of increasing the visibility of these activities, highlighting achievements and motivating leaders to prioritise prevention efforts.

2.61   As outlined above, SERBIRs have a regular practice of reporting to the audit committee, and in turn senior management. In addition, the 2006 Standards require the Director-General to report details of the agency's implementation of its Fraud and Corruption Prevention Plan in its annual report. Subsection 14(6) also specifically requires the Director-General to certify that:

- an assessment of the risks to the integrity of the agency has been conducted in accordance with the 'Risk Management Standard and the associated policy guidance';

- treatments for adequately dealing with the integrity risks identified have been addressed in the Fraud and Corruption Prevention Plan; and

- where the Agency has engaged, or is contemplating engaging, service providers from outside the service, that the integrity risks have been assessed and dealt with in the fraud and corruption prevention plan.

2.62   The Director-General is also to certify 'progress during the reporting year on the implementation of the fraud and corruption prevention plan'.

2.63   The Integrity Policy expands on the requirements set out in the 2006 Standards. It requires that an agency's annual report includes information about prevention and detection activities, such as the 'details of risk assessments conducted' and the cases of fraud and corruption where formal action has been finalised.

2.64   The requirements of the Integrity Policy, combined with the certification required by the 2006 Standards, are listed in Table 2-9. Whether the agencies have addressed these in their 2019-2020 annual report is also shown.

Table 2-9   Reporting obligations and annual reports (2019-2020 snapshot)

Reporting requirements	CSD	TCCS	CMTEDD
Certification under the 2006 Standards	✓	✓	✓
Details of risk assessments	✗	✗	✗
Fraud and Corruption Prevention Plan prepared	✓	✓	✓
Other integrity strategies adopted	✓	✓	✓
Integrity awareness training provided	✗	✓	✓
Total number of reports of fraud received and investigated	✓	✓	✓
Of finalised cases, the cost of the case	✗	✗	✗
Of finalised cases, how the case was perpetrated	✗	✓	✗
Of finalised cases, the outcome	✓	✓	✓
Of finalised cases, remedial action that resulted	✓	✓	✓

Source: ACT Audit Office, based on 2019-20 annual reports of CSD, TCCS and CMTEED

2.65   Table 2-9 shows that agencies are not reporting details of risk assessments (the agencies provide high level and general advice), the cost of finalised fraud cases, and how the cases were perpetrated, although TCCS provides information of this nature.

2.66   The *Annual Reports (Government Agencies) Directions* require agencies to report similar information to the Integrity Policy: prevention policies and strategies, details of risk assessments, fraud and corruption control plans prepared (or revised) and the number of allegations of fraud or corruption received and investigated during the year, as well as the outcomes of any investigations. The Directions do not require that agencies report on how fraud was perpetrated and the cost of cases for government.

2.67   The three agencies considered in this audit are publicly reporting most of the information required by legislation and policy in relation to fraud case numbers and prevention activities. The 2006 Standards and the *Annual Reports (Government Agencies) Directions* also require the details of fraud and corruption risk assessments to be reported; however given that annual reports are public, it is appropriate that this information is not reported.

2.68　A consolidated report of the total number of fraud incidents reported each year is not published. It is therefore difficult to establish what the full extent, source and cost of internal fraud is to the ACT Public Service, and what new vulnerabilities may be emerging. CMTEDD and the ACT Integrity Commission may wish to consider the need for such a report.

RECOMMENDATION 1	FRAUD AND CORRUPTION PLANS AND REPORTING
CMTEDD should provide clarity on the purpose of Fraud and Corruption Prevention Plans and the requirements for annual reporting of fraud and corruption issues. This may be achieved through the current review of the *ACTPS Integrity Policy* (2010), which is scheduled for completion in early 2022.	

3   CONFLICTS OF INTEREST

3.1   This chapter considers the agencies' practices for managing conflicts of interest. It considers general practices for the management of conflicts of interest, as well as practices for the recognition and management of specific conflicts of interest arising through second jobs and volunteering, gifts, benefits and hospitality and recruitment.

Summary

Conclusions

The expectations of agencies in relation to the management of conflicts of interests is set out in whole-of-government policy. There are also whole-of-government policies for activities that have a higher risk of conflicts of interest, such as when public servants hold second jobs or receive gifts, benefits and hospitality and undertake recruitment.

The effectiveness of agencies' conflict of interest practices is in large part determined by employees being transparent about when a conflict of interest exists and managers having the tools available to actively monitor the conflict. A shift towards 'positive reporting', which puts the onus on employees to declare that they do not have a conflict of interest, may assist this.

Key findings

	Paragraph
In June 2021 the *ACTPS Conflict of Interest Policy* was developed and promulgated by the CMTEDD Workforce Capability and Governance Division as a whole-of-government policy for managing conflicts of interest. The Policy provides detailed guidance to ACT public servants to enable them to meet their obligations. It also sets a 'minimum standard' for agencies and provides comprehensive policy and associated guidance on the nature, risks, and management of conflicts of interest. It sets an expectation the conflicts of interest are formally declared, and that this information is provided to both the supervisor and the human resources team. It also suggests that conflicts of interest are 'reflected on platforms such as the whole of government Conflict of Interest Register'. There is, however, no further advice on what this entails, and the management considerations associated with maintaining an agency or whole of government conflict of interest register.	3.19
In addition to the *ACTPS Conflict of Interest Policy*, which was promulgated in June 2021, CMTEDD and TCCS have continued to have their own conflict of interest policies: CMTEDD has a *Conflict of Interest Policy* (February 2021) and TCCS has *Conflict of Interest Guidelines* (2016). CSD no longer has its own over-arching policy or guidelines, as it has explicitly adopted the ACTPS COI Policy. The agencies manage conflict of interest declarations differently: in CMTEDD and CSD the Disclosure Form	3.30

is retained in the business area and not provided to the human resources team; in TCCS the Disclosure Form is retained in the business area and is also provided to the human resources team. The three agencies do not record conflicts of interest disclosures on a central register within the agency. TCCS' *Conflict of Interest Guidelines* indicate that one will be established, while CMTEDD's *Conflict of Interest Policy* is silent on this requirement. CSD has been developing a register that may be made available to all agencies as an agency or as a whole-of-government conflict of interest register. There is no further information on the timing of the development of this register, its capability or protocols associated with its use.

Consistent with the *ACTPS Conflict of Interest Policy*, the three agencies have implemented additional strategies to manage the potential for conflicts of interest in some higher risk business areas and functions. In CMTEDD there are additional declaration processes for employees involved in grants management and in CSD there is additional guidance and requirements for staff involved in child and youth protection activities. TCCS has specifically recognised the risk of conflict of interest in its licensing and permit approval processes and has documented the sources of risk, existing controls and treatment activities in its risk register.   3.36

The *ACTPS Second Jobs and Volunteering Policy* (ACTPS Second Jobs Policy) was released in July 2021. It requires employees to seek approval to undertake a second job or volunteering activities so that risks of conflict of interest (as well as work health and safety concerns) can be identified and addressed. The agencies have adopted this Policy and use induction training and/or all-staff communication activities to advise staff of its requirements.   3.41

The *ACTPS Gifts, Benefits and Hospitality Policy* was released in 2016. The Policy requires that gifts, benefits and hospitality above an estimated $40 in value be declared and a decision made by a delegate whether it can be kept or disposed of by various means. The details of the gift, benefit or hospitality received are expected to be kept on a register. The Policy requires the SERBIR or Senior Executive to periodically review (at least annually) the register and provide the Director-General a report on compliance, highlighting any matters of concern.   3.59

In practice, TCCS requires all gifts, benefits and hospitality to be recorded on its register, whereas in CSD and CMTEDD this is only required when the value is above $40. CSD's register promotes transparency as it is visible to all staff and has useful functionality in that it can distil data about organisations providing gifts, or business areas or employees receiving gifts, to see if patterns are emerging. In TCCS the SERBIR cites all declarations of gifts, while in CSD and CMTEDD the SERBIR regularly reviews the register.   3.60

Recruitment processes in the three agencies are guided by the *ACTPS Recruitment Policy and Guidelines* (2021). The Policy acknowledges that conflicts of interest can be a risk in recruitment processes. The agencies' recruitment practices require panel members to complete a conflict of interest declaration form. CMTEDD and TCCS have a positive reporting approach in that panel members are required to declare that they don't have a conflict of interest, while CSD only requires panel members to make a conflict of interest declaration if a conflict exists. The positive reporting   3.68

> approach represents better practice as it places a greater onus on panel members to actively consider and recognise potential conflicts of interest.

General conflicts of interest

3.2   The ACT Integrity Commission's *2019-20 Annual Report* highlighted the importance to good governance of effectively managing conflicts of interest. In relation to the management of conflicts of interest, the ACT Integrity Commission observed:

> … despite a strong governance and policy framework around their management, conflicts of interest are poorly understood and regularly mismanaged. It is not uncommon for public officials to underestimate the risks associated with actual, potential and perceived conflicts of interest, and overestimate their ability to manage these conflicts appropriately, increasing the risk of corrupt compromise and damaging the reputation of the public sector.

3.3   The *ACT Public Service Conflict of Interest Policy* (2021) defines a conflict of interest as arising:

> … when an employee's private interests or connections may lead to improperly influencing the performance of their official duties and responsibilities. It includes any interests resulting from a connection, resentment or otherwise personal involvement by the employee in a matter outside of work that would influence their judgement when taking action or making decisions.

Public Sector Management Act 1994

3.4   The *Public Sector Management Act (1994)* (PSMA) contains specific provisions relating to the management of conflicts of interest. Subsection 9(1) specifically requires public servants to:

- take all reasonable steps to avoid a conflict of interest; and

- declare or manage a conflict of interest that cannot reasonably be avoided.

3.5   Section 244 of the PSMA also requires a public servant to have the approval of the Head of Service for any of the following activities (other than in the exercise of the public servant's functions):

- paid employment;

- business activities; and

- membership of a board or committee.[1]

3.6   In practice, the approval of the Head of Service is delegated to Directors-General and chief executive officers.

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[1] However, a public servant does not need approval to be a member or shareholder of, or hold an unpaid position in, an incorporated company, a political party or a body registered under a law of the Territory, a State or the Commonwealth.

Public Sector Management Standards 2016

3.7   The *Public Sector Management Standards 2016* (2016 Standards) have two specific requirements that relate to the management of conflicts of interest.

3.8   Subsection 46(1) requires a Senior Executive Service (SES) member to disclose in writing any material interest relevant to the SES member's engagement:

- prior to their engagement;

- if the SES member's circumstances change in relation to their material interests; and

- 12 months after they made their last disclosure.

3.9   Section 108 concerns public servants' activities outside the ACT Public Service in 'second jobs' that require approval by virtue of section 244 of the PSMA. Subsection 108(1) requires ACT public servants to notify 'as soon as practicable before the public servant plans to start the activity'. Subsection 108(2) states that approval must not be given if the activity:

- would not be consistent with the public sector principles; or

- would create a real or perceived conflict of interest for the public servant.

Whole-of-government policies

3.10   Conflict of interest is also referred to in a range of whole-of-government policies, as shown in Table 3-1. These set a 'minimum standard' that agencies are expected to adhere to. The policies recognise that agencies may wish to put in place policy and procedural documents to recognise differences in their organisational or operating environment.

Table 3-1   Whole-of-government policies related to conflicts of interest

Whole-of-government policy documents	Released
ACTPS Integrity Policy	2010
ACT Public Service Code of Conduct	2013
ACT Government Gifts and Hospitality Policy	2016
ACTPS Conflict of Interest Policy and toolkits	2021
ACT Government Second Jobs and Volunteering Policy	2021
ACT Government Recruitment Policy and Guidelines	2021

Source: ACT Audit Office

3.11   The core contents and procedural requirements of the policies are set out in the following sections. The extent to which the three agencies considered in this audit comply with or augment these policies is also discussed.

ACTPS Conflict of Interest Policy

3.12   The *ACTPS Conflict of Interest Policy* (ACTPS COI Policy) was developed by CMTEDD's Workforce Capability and Governance Division and released in June 2021. It is the most contemporary source of advice to ACT Government agencies on these matters. The Policy sets a 'minimum standard' but notes that agencies may want to 'put in place their own policy and procedural documents which recognises differences in their operating environments and organisational structures'.

3.13   The ACTPS COI Policy sets out the key legislative provisions related to conflicts of interest. It also provides definitions of perceived, potential, and actual conflicts of interest, and the difference between pecuniary and non-pecuniary scenarios. The Policy highlights the most common scenarios in which conflicts of interest may arise, with reference to more expansive policy documents where relevant. These scenarios are outlined in Table 3-2.

Table 3-2   ACTPS COI Policy – common conflict of interest scenarios

Considerations	Key message
Private/personal interests	Private/personal interests are those interests that can bring benefits or disadvantages to employees as individuals, or to others whom they may wish to benefit or disadvantage. A conflict may be perceived if a person has significant personal/family relationships with clients, contractors or other staff working in the same or a related organisation.
Gifts	A gift offered to and accepted by an employee that is related in any way to the performance of their official duties has the potential to damage the reputation or affect the public's trust in their agency's independence and integrity. References the *Gifts, Benefits and Hospitality Policy.*
Work outside the ACT Public Service	Second jobs and volunteering roles for employees outside the ACTPS have the potential to cause and contribute to a conflict of interest. References the *Second Jobs and Volunteering Policy*.
Political activity	All employees can in their own time participate in political campaigns, including doorknocking, rallies, private commentary. It is imperative that this does not give the impression that they are acting in an official capacity or representing the ACTPS.
Public comment	An employee must not, without lawful authority, disclose confidential information gained through their job or make a comment that reasonably appears to be an official comment. References the *Use of Social Media Policy.*
Recruitment	Actual conflicts of interest may arise in recruitment and selection processes. All panel members must complete a Declaration Form, following which a decision will be made whether the employee should stand aside. References the *Recruitment Guidelines*.
Procurement	Employees involved in certain procurement activities must follow the requirements of the *Probity in Procurement Guide*. A Declaration Form (Procurement ACT) will need to be completed to confirm no conflicts of interest exist or are likely to arise, and will be disclosed if circumstances change in the course of the procurement.

Considerations	Key message
Decision making	Certain decision making processes (e.g. awarding grants, administrative duties like processing invoices and exercising a delegation) may be conflicted where a personal relationship exists. To allow this to occur could be misconduct and attract disciplinary action.

Source: ACT Audit Office, based on ACTPS *Conflict of Interest Policy* (2021)

3.14   The ACTPS COI Policy requires employees to declare a conflict of interest to their supervisor. The details are to be documented in a Disclosure Form, for which a template is attached to the Policy. In addition to the details of the employee, the Form requires information about:

- the duties affected by the conflict;

- whether the conflict is actual, perceived or potential, and is pecuniary or non-pecuniary in nature;

- whether the conflict poses a high, medium or low risk; and

- the details of the restrictions and management strategy that has been put in place and a date for a review.

3.15   The ACTPS COI Policy requires the Form to be kept as a record within the business unit, with a copy to be sent to the Directorate's human resources team. When the conflict of interest is reviewed, a new Form should be completed and attached to the original, as necessary.

3.16   The Policy also requires that supervisors, managers, and executives maintain a record of conflicts of interest disclosed to them and 'ensure they are reflected on platforms such as the whole of government Conflict of Interest Register'. There is, however, no further advice on the function and management issues associated with maintaining an agency or whole of government conflict of interest register.

3.17   The ACTPS COI Policy includes a framework to assist employees and supervisors identify the most appropriate management strategy for the conflict of interest. Adapted from a 2004 Queensland ICAC Toolkit, it provides employees and managers with a pragmatic and transparent framework to deciding how a conflict will be mitigated depending on the risks it poses. According to the ICAC Toolkit, the first strategy (that conflicts are formally registered) enables the agency to ensure all declarations are captured, consistent, informative, reliable and available for review. It also notes that agencies need to develop appropriate record keeping practices and access rights to ensure the disclosures on the register are kept confidential. This framework is set out in Table 3-3.

Table 3-3   Management strategies for conflict of interest

Strategy	What this strategy means	When this strategy is most suitable
Register	The employee formally registers details of the existence of perceived or potential conflict of interest.	For very low risk conflicts, where recording is sufficient to maintain transparency.

Strategy	What this strategy means	When this strategy is most suitable
Restrict	Restrictions are placed on employee's involvement in the matter to oversee part or all other process that deals with the matter.	You can be effectively separated from parts of the activity or process. The conflict of interest is not likely to arise frequently.
Recruit	Recruit a disinterested third-party to oversee part or all the process that deals with the matter.	It is not feasible or desirable for you to be removed from the decision making process. In small or isolated communities where your expertise is necessary and genuinely not easily replaced.
Remove	You are removed completely from the matter.	For ongoing serious conflicts of interest, where restriction or recruitment or others is not appropriate.
Relinquish	The private interest that is creating the conflict is relinquished.	Where your commitment to public duty outweighs your attachment to your private interest.
Resign	You resign from your position with the agency.	No other options are workable. Where you cannot or will not relinquish your conflicting private work. Where you prefer this course as a matter of principle.

Source: ACT Audit Office, based on ACTPS *Conflict of Interest Policy* (2021)

3.18   The ACTPS COI Policy is supported by three toolkits. These expand on the content in the Policy in the following ways:

- *Toolkit 1 (Examples and Definitions).* The purpose of this toolkit is to provide examples of the differing conflicts of interest and situations that may arise, to help determine the most appropriate method in managing the situation;

- *Toolkit 2 (Information sheet)*. The purpose of this toolkit is to assist public servants, managers and delegates to deal with any conflicts of interest and expands on the procedural advice on managing conflicts; and

- *Toolkit 3 (Supervisor/manager checklist)*. The purpose of this checklist is to highlight to supervisors and managers the considerations (via questions) when monitoring conflicts of interest (e.g. 'Have I sufficiently monitored my staff members' involvement in the situation?' and 'Have all declarations, re-assessments, decisions and actions been formally recorded?').

3.19   In June 2021 the *ACTPS Conflict of Interest Policy* was developed and promulgated by the CMTEDD Workforce Capability and Governance Division as a whole-of-government policy for managing conflicts of interest. The Policy provides detailed guidance to ACT public servants to enable them to meet their obligations. It also sets a 'minimum standard' for agencies and provides comprehensive policy and associated guidance on the nature, risks, and management of conflicts of interest. It sets an expectation the conflicts of interest are formally declared, and that this information is provided to both the supervisor and the

human resources team. It also suggests that conflicts of interest are 'reflected on platforms such as the whole of government Conflict of Interest Register'. There is, however, no further advice on what this entails, and the management considerations associated with maintaining an agency or whole of government conflict of interest register.

Agency conflict of interest policies

3.20   The ACTPS COI Policy was promulgated relatively recently in June 2021. CSD had a draft Conflict of Interest policy that was in place since 2017, but it has since explicitly adopted the ACTPS COI Policy and no longer has its own. CMTEDD and TCCS continue to have their own Conflict of Interest policies:

- CMTEDD renewed its *Conflict of Interest Policy* in February 2021. The ACTPS COI Policy draws its content from CMTEDD's Policy; and

- TCCS drafted its *Conflict of Interest Guidelines* in 2016. These are in the process of being updated.

3.21   Table 3-4 compares the contents of CMTEDD's and TCCS' conflict of interest policies. The following sections describe how the agencies' policies and procedures reinforce or augment the ACTPS COI Policy.

Table 3-4   Content of CMTEDD and TCCS conflict of interest policies

ACT Government COI Policy topics	CMTEDD Policy	TCCS Guideline
Key legislative provisions	✓	✓
Definitions/types of conflicts of interest	✓	✓
Conflicts of interest and gifts	X	Refers to specific policy
Conflicts of interest and work outside the ACT Public Service	✓	X
Conflicts of interest and political activity	✓	X
Conflicts of interest and public comment	✓	X
Conflicts of interest and recruitment	X	X
Conflicts of interest and procurement	X	X
Conflicts of interest and decision making	✓	✓
Procedures: what to do if you have conflict	✓	✓
Responsibilities: employees, managers, executives, SERBIRs	✓	✓
References and resources	✓	✓

Source: ACT Audit Office, based on documents provided by CMTEDD and TCCS

CMTEDD (Access Canberra)

3.22 CMTEDD updated its *Conflict of Interest Policy* in February 2021. The ACTPS COI Policy replicates some of its content. For this reason, CMTEDD's Policy identifies a similar set of workplace scenarios in which employees should consider whether to declare a conflict of interest. With respect to the declaration of conflicts of interest, CMTEDD's Policy states:

> Conflict of interest forms and written declarations of no conflicts of interest may be required in certain instances prior to undertaking investigations, inspections, audit and participating in recruitment and tender evaluation panels, or as membership of a committee.

3.23 In CMTEDD the declaration is expected to be recorded on CMTEDD's Disclosure Form, which captures the same information as the ACTPS Disclosure Form. In practice the Form is retained in the business area, but is not provided to the human resources team.

3.24 Since 2018 CMTEDD's supervisors have had access to a checklist of 16 items (posed as questions) to assist them effectively manage conflicts that have been declared, and if changes in the mitigation strategy are required. This checklist has been replicated in the ACTPS COI Policy as a Toolkit (Toolkit 3).

Transport Canberra and City Services

3.25 TCCS' *Conflict of Interest Guidelines* were drafted in 2016 and are currently being updated. As shown in Table 3-4 they do not reference the same range of workplace scenarios that the ACTPS COI Policy references to prompt an employee to reflect on whether they have a conflict of interest to declare. However, the Guidelines go some way to overcoming this because they include a table of common misconceptions about conflicts of interest and corrects these by setting out the 'facts'. For illustrative purposes Table 3-5 shows three of the six misconceptions that TCCS' Guidelines address.

Table 3-5   TCCS Conflict of Interest Guidelines - misconceptions

Misconception	Fact
If a conflict of interest exists, this means there must be corruption.	While not declaring a conflict of interest could amount to inappropriate conduct, in general corruption occurs once a decision is influenced by a private interest rather than by public duty.
A public official with a conflict of interest should be removed totally from a situation.	While conflicts should always be declared, there are a range of measures for managing them. Managers are to implement the most appropriate measures, taking into account the facts of the situation.
A private interest implies just that – and no one at work needs to know about it.	Private interests need to be declared when they have the ability to conflict with public duty. As ACTPS employees we are required under the PSM Act and PSM Standards to obtain approval for secondary employment.

Source: ACT Audit Office, based on TCCS *Conflict of Interest Guidelines* (2016)

3.26   Similar to the ACTPS Disclosure Form, TCCS' Disclosure Form requires the discloser to document the duties affected by the conflict and the strategies to manage the conflict. Unlike the ACTPS Disclosure Form it does not require the discloser to identify the severity of the risk nor refer to the same management framework (i.e. register, restrict, remove etc). TCCS' *Conflict of Interest Guidelines* do not identify a process or tools to assist in monitoring or updating a conflict of interest once it has been declared.

3.27   According to TCCS' *Conflict of Interest Guidelines* the Disclosure Form is to be sent to the Human Resources Branch to be recorded on a conflict of interest register. In practice the Disclosure Form is sent to the Human Resources Branch and is kept as a record on that employee's personnel file (so that it can move with them, if they move) but it is not kept on a register. An online register of conflicts of interest is under consideration, pending the outcome of the register being developed by CSD.

Community Services Directorate

3.28   As noted, CSD developed a draft Conflict of Interest policy in 2017 and tabled it with the Audit and Risk Management Committee. CSD subsequently adopted *the ACTPS COI Policy* and Disclosure Form once it became available. In CSD the Disclosure Form is retained in the business area and not sent on to the Human Resources Team as a matter of course, as expected by the ACTPS COI Policy. An exception to this relates to declarations relating to second jobs, which are sent as a matter of course.

3.29   CSD has been developing an online conflict of interest register which it intends to make available to all agencies for use as an agency-level conflict of interest register, and potentially a whole-of-government conflict of interest register. There is no further information on the timing of the development of the register, its capability or protocols associated with its use as either an agency or whole-of-government initiative.

3.30   In addition to the *ACTPS Conflict of Interest Policy*, which was promulgated in June 2021, CMTEDD and TCCS have continued to have their own conflict of interest policies: CMTEDD has a *Conflict of Interest Policy* (February 2021) and TCCS has *Conflict of Interest Guidelines* (2016). CSD no longer has its own over-arching policy or guidelines, as it has explicitly adopted the ACTPS COI Policy. The agencies manage conflict of interest declarations differently: in CMTEDD and CSD the Disclosure Form is retained in the business area and not provided to the human resources team; in TCCS the Disclosure Form is retained in the business area and is also provided to the human resources team. The three agencies do not record conflicts of interest disclosures on a central register within the agency. TCCS' *Conflict of Interest Guidelines* indicate that one will be established, while CMTEDD's *Conflict of Interest Policy* is silent on this requirement. CSD has been developing a register that may be made available to all agencies as an agency or as a whole-of-government conflict of interest register. There is no further information on the timing of the development of this register, its capability or protocols associated with its use.

RECOMMENDATION 2	CONFLICT OF INTEREST REGISTERS

CMTEDD should provide guidance to ACT government agencies on requirements for the documentation and recording of conflict of interest declarations. The guidance should address:

a) whether conflict of interest declarations are expected to be recorded in a centralised register in the agency; and

b) if they are, the circumstances in which the information in the register is to be used and for what purpose.

Conflict of interest and organisational risks

3.31 The NSW Independent Commission Against Corruption's (ICAC NSW) *Guide to managing conflicts of interest in the NSW public sector* (2019) states that the type of workplace activity being undertaken is one of the most important determinants of risk in relation to conflict of interest. The Commission identifies procurement and contract management, inspections, regulation, issuing fines or penalties, awarding grants or subsidies and recruitment as the areas of highest risk.

3.32 Consistent with the expectations of the ACTPS COI Policy, the three agencies have identified certain processes or business units that may be vulnerable to conflict of interest risks, and have put in place additional management strategies. These are described below.

CMTEDD (Access Canberra)

3.33 CMTEDD has been responsible for rolling out various initiatives to support the ACT community during the COVID-19 lockdown, including the COVID-19 Business Support Grants. Prior to undertaking a role in this program CMTEDD staff were required to make a conflict of interest disclosure. The disclosure required the staff member to confirm:

- they and their immediate family would not make an application for a Business Support Grant;

- they will notify their supervisor if they become aware of a conflict of interest when assessing a grant or their circumstances have changed which may create a conflict of interest;

- they will notify their supervisor if they review a grant from a business that is owned or managed by someone they know or if they attend the business frequently; or

- if they have conflicts of interest, those conflicts are detailed in the form.

3.34   Child and Youth Protection Services (CYPS) is a business unit within CSD. It has a statutory responsibility to support children, young people and families requiring care.[2] Conflicts of interest may occur for CYPS staff when they are assigned responsibility for a child that they are related to, or if that child has school or social connections with the staff member's own children. In response to these risks, CYPS has developed three Practice Guidelines to manage conflicts of interest specific to this function:

- *Allocation and reallocation of a CYPS Case manager.* This guideline details the decision to reallocate the management of a child or young person from one case manager to another;

- *Staff complaints – making a complaint.* This guideline details how staff can raise concerns about a conflict of interest with their supervisor; and

- *After hours crisis and bail service.* This guideline is specifically for staff at Narrabundah House and requires them to specifically notify CYPS immediately of a conflict of interest.

Transport Canberra and City Services

3.35   TCCS' risk register acknowledges a range of conflict of interest sources and/or controls, such as 'staff accept or donate gifts and hospitality for an improper purpose' or 'inability to ensure unbiased merit-based selection process'. The function of issuing licences and permits provides one example of how conflicts of interest are addressed. As shown in Table 3-6, TCCS applies a range of both existing controls and new risk treatments to this risk, providing a multi-pronged approach to effective conflict of interest mitigation.

Table 3-6   TCCS risk register – conflict of interest and license/permit approval

Category	Details
Risk	– Licenses/permits are issued or maintained without proper assessment and approval
Consequences	– Loss of reputation – Systems/process circumvented – Increases in expenditure – Conflicts of interest realised
Risk source	– Deciding or recommending not to pursue prosecution because of a personal relationship with the person or business – Choosing not to audit a person or business because of a personal relationship with that person or business
Existing controls	– Conflict of interest declarations – Toolkit sessions to ensure interpretation of standards and code compliance is uniform across all authorise officers – Enhanced investigation functions and Regulatory Advisory Committee to review investigations

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[2] https://www.communityservices.act.gov.au/ocyfs/children/child-and-youth-protection-services

Category	Details
	− Availability of legislative power should there be a breach of license conditions
Risk treatment plan	− Review procedures for issuing licenses/permits − Fraud and ethics awareness training every 2 years − Improve awareness of the role of the SERBIR − Review procedures and guidelines for conducting audits and investigations staff to undertake Cert IV in investigations

Source: ACT Audit Office, based on information provided by TCCS

3.36   Consistent with the *ACTPS Conflict of Interest Policy*, the three agencies have implemented additional strategies to manage the potential for conflicts of interest in some higher risk business areas and functions. In CMTEDD there are additional declaration processes for employees involved in grants management and in CSD there is additional guidance and requirements for staff involved in child and youth protection activities. TCCS has specifically recognised the risk of conflict of interest in its licensing and permit approval processes and has documented the sources of risk, existing controls and treatment activities in its risk register.

Specific conflicts of interest

Conflicts of interest and second jobs

ACT Government Policy

3.37   The *ACTPS Second Jobs and Volunteering Policy* (ACTPS Second Jobs Policy) was released in July 2021. The purpose of the *ACTPS Second Jobs Policy* is to provide clear guidance on when employees are required to seek prior approval before engaging in second jobs and volunteering activities. It notes that:

> Conflicts of interest, whether perceived, potential or actual, can arise in various circumstances. This includes situations where employees engage in activities outside of their work in the ACTPS, such as having a second job or participating in volunteering programs.

3.38   The ACTPS Second Jobs Policy requires employees to seek delegate approval, using the *Second Jobs Application Form*, before commencing a second job inside or outside the ACT Public Service. According to the Policy, applications to work in second jobs should be approved by the delegate unless there is a demonstrated conflict of interest, work health and safety or other relevant risks to the employee or their workplace. These Forms are required to be sent to Shared Services, and a copy retained by the supervisor. The application should be reviewed by a delegate at a minimum of every 12 months to ensure that it is still appropriate.

3.39   Pre-approval is not required for employees who intend to participate in volunteering activities, although employees are encouraged to still make a self-assessment of whether a conflict of interest exists between their volunteer and work-related functions. If the

volunteering role raises conflicts of interest, the Disclosure Form attached to the *ACTPS COI Policy* should be completed.

Agencies' practices

3.40   All three agencies considered in this audit have adopted the ACTPS Second Jobs Policy. To inform employees of their obligations with respect to second jobs and volunteering:

- CMTEDD and TCCS employees are educated about the approval process as part of their induction training; and

- CSD and TCCS have sent out all staff emails from senior management to remind employees to seek approval prior to obtaining a second job or volunteering, and what the process involves. CMTEDD has not issued specific communications to its employees on this topic.

3.41   The *ACTPS Second Jobs and Volunteering Policy* (ACTPS Second Jobs Policy) was released in July 2021. It requires employees to seek approval to undertake a second job or volunteering activities so that risks of conflict of interest (as well as work health and safety concerns) can be identified and addressed. The agencies have adopted this Policy and use induction training and/or all-staff communication activities to advise staff of its requirements.

Conflicts of interest and gifts, benefits and hospitality

ACT Government policy

3.42   The *ACTPS Gifts, Benefits and Hospitality Policy* (ACTPS Gifts Policy), was released in 2016. It explains the link between conflicts of interest and gifts, benefits and hospitality as follows:

> A gift, benefit or hospitality offered and accepted regardless of its value has the potential to place an employee in a conflict of interest situation and/or to damage the reputation of the employee or of the ACTPS.

3.43   As with other whole of government policies, the ACTPS Gifts Policy sets a 'minimum standard' while also recognising that agencies may put in place their own procedures, in this case in relation to the value thresholds for gifts received and the delegation arrangements.

3.44   The ACTPS Gifts Policy describes a gift, benefit or offer of hospitality as 'any good or service of value or personal benefit that is over and above employment or engagement entitlements, in the form of free or highly discounted goods or services to or from members of the public'. A gift is also any property that is transferred voluntarily and without compensation. Examples include prizes, promotional materials, tickets, equipment, offers of cash or shares, sponsored travel and provision of meals.

3.45   The ACTPS Gifts Policy explains that public sector employees should generally not accept or provide gifts, benefits or offers of hospitality if in doing so they give an appearance of a conflict of interest. On the persistent offer or repeated provision of gifts, the ACTPS Gifts

Policy requires that these to be reported to the agency's Governance area, and that any obvious advances in the form of bribes should immediately be reported.

3.46   In instances where a gift, benefit or hospitality is accepted, if it is under $40 in value the employee is *not required* to complete a Gift Declaration Form. A sample Gift Declaration Form is provided with the Policy. Should the value of the gift be estimated to exceed $40 in value, the approval of the SERBIR or authorised Senior Executive Officer must be obtained, unless different Directorate rules apply.

3.47   Depending on the estimated value of the gift (provided it is over the $40 threshold), the ACTPS Gifts Policy describes a range of options for what can be done with the gift. This can include:

- return the item to the giver;

- let the recipient retain the gift;

- retain the gift within the Directorate for display or use;

- donate the gift to charity, or to a gallery or museum; or

- donate the gift to the Directorate's social club to use or give as a prize.

3.48   The ACTPS Gifts Policy requires that a Directorate maintain a Gift and Hospitality Register for items offered and/or received that are at or over their threshold value levels. It provides an example of a Register, but again acknowledges that Directorates may design their own. The ACTPS Gifts Policy requires the SERBIR or Senior Executive to periodically review (at least once annually) the Register content and provide the Director-General a report on compliance, highlighting any matters of concern.

Agencies' practices

3.49   Each of the agencies considered as part of the audit has developed specific practices for the management of gifts, benefits and hospitality and the potential for conflicts of interest.

CMETDD (Access Canberra)

3.50   CMTEDD has developed its own *Gifts and Hospitality Policy*, which has been in place since November 2019. It applies the same definitions and range of examples as the ACTPS Gifts Policy, however it asserts that:

> … as a basic premise *you should not* accept gifts offered to you due to your work, and should never accept gifts of money, accept gifts from a person involved in a tender process and never solicit personal gifts or benefits.

3.51   This sets a higher bar than the whole-of-government policy which advises employees that receiving gifts or benefits is unacceptable if doing so would give rise to (or give the appearance of) a conflict of interest.

3.52   CMTEDD has adopted the gift declaration process outlined in the ACTPS Gifts Policy. The Directorate expects employees to declare gifts that are over the $40 threshold value. Declared gifts are expected to be entered into an online register. The 2020-21 register indicates that CMTEDD employees registered the receipt of 90 hospitality items and 9 gifts over the financial year.

3.53   CMTEDD's Governance and Audit team does not have real time access to the register as it is maintained by Shared Services. The team may request a copy from Shared Services which then provides the contents in an Excel spreadsheet. The team advised that the register is reviewed quarterly.

Community Services Directorate

3.54   CSD has adopted the ACTPS Gifts Policy. To reflect the nature of its interactions with the ACT community, CSD applies a $40 threshold on gifts, benefits and hospitality, above which the items need to be declared. CSD's online register captures information about the gift or benefit offered, the estimated value and the delegate's decision on what to do with the gift. All staff have 'read only' access to the register, while CSD's Governance Team and SERBIR can access and amend the register and can use a number of tools to sort the data and identify trends in the source of gifts and the items being offered to various business units or individual employees. The register is regularly reviewed by the SERBIR and the Internal Audit and Risk Management Unit and reported to the Audit and Risk Committee.

Transport Canberra and City Services

3.55   TCCS complements the ACTPS Gifts Policy with an internally drafted procedural document as well as additional guidelines. TCCS requires employees to declare all gifts, regardless of their value, including those that have been declined. TCCS also requires different delegates to review the gift depending on its value (e.g. gifts valued at less than $25 should be noted by a Director, whereas gifts over $100 are reported to the Director-General). This process is overseen by the SERBIR who also views and signs each declaration. CSD and CMTEDD do not require employees to declare gifts below the threshold or that they have been declined.

3.56   TCCS' completed Gift Declaration forms are expected to be entered into its register by the Governance and Ministerial Services (GAMS) team. Access to the register is restricted to GAMS and the SERBIR. According to the policy, the SERBIR is required to review the register at least annually, but this has not occurred.

3.57   The arrangements for the management and reporting of gifts, benefits and hospitality across the three agencies are summarised in Table 3-7.

Table 3-7   Summary of agency requirements for reporting gifts, benefits and hospitality

Directorate	Value threshold	Declaration form required	Register
CMTEDD	$40	If above threshold	✓

Directorate	Value threshold	Declaration form required	Register
CSD	$40	If above threshold	✓
TCCS	$25	In all instances but goes beyond immediate manager for approval if above the threshold	In all instances

Source: ACT Audit Office based on information provided by CMTEDD, CSD and TCCS

3.58   CMTEDD and TCCS policies both encourage employees and decision makers to use the 'GIFT' test when deciding how to appropriately respond to a gift, benefit or hospitality. The Giver, Influence, Favour and Trust (GIFT) test prompts the following range of questions, encouraging a fulsome consideration of the potential it will create a conflict of interest:

- **Giver** – who is providing the gift, benefit or hospitality and what is their relationship to me? Does my role require me to select contractors, award grants, regulate or determine government policies? Could the person or organisation benefit from a decision I make?

- **Influence** – are they seeking to influence my decisions or actions? Has the gift, benefit or hospitality been offered to me publicly or privately? Is it a courtesy, a token of appreciation or highly valuable? Does its timing coincide with a decision I am about to make?

- **Favour** – are they seeking a favour in return for the gift, benefit or hospitality? Has the gift, benefit or hospitality been offered without prejudice? Has the person or organisation made several offers over the last 12 months? Would accepting it create an obligation to return a favour?

- **Trust** – would accepting the gift, benefit or hospitality diminish public trust? How would I feel if the hospitality, gift or benefit became public knowledge? What would my colleagues, family, friends or associates think?

3.59   The *ACTPS Gifts, Benefits and Hospitality Policy* was released in 2016. The Policy requires that gifts, benefits and hospitality above an estimated $40 in value be declared and a decision made by a delegate whether it can be kept or disposed of by various means. The details of the gift, benefit or hospitality received are expected to be kept on a register. The Policy requires the SERBIR or Senior Executive to periodically review (at least annually) the register and provide the Director-General a report on compliance, highlighting any matters of concern.

3.60   In practice, TCCS requires all gifts, benefits and hospitality to be recorded on its register, whereas in CSD and CMTEDD this is only required when the value is above $40. CSD's register promotes transparency as it is visible to all staff and has useful functionality in that it can distil data about organisations providing gifts, or business areas or employees receiving gifts, to see if patterns are emerging. In TCCS the SERBIR cites all declarations of gifts, while in CSD and CMTEDD the SERBIR regularly reviews the register.

Conflicts of interest in recruitment

ACT Government Recruitment Policy

3.61   Recruitment is another area of public sector activity that can be compromised by undeclared conflicts of interest. The risks associated with conflicts of interest arising in recruitment are explained in *Identify, Disclose and Manage: Conflicts of Interest in Public Administration* (ICAC South Australia) as follows:

> When recruitments and other appointments are undermined by nepotism, favouritism or cronyism, the public loses confidence in the integrity of those doing the recruiting. The merit and calibre of those appointments, and ultimately the quality of government services can also come under question.

3.62   The ACTPS COI Policy suggests that employees involved in recruitment selection and procurement processes declare if a conflict of interest is present or not. This creates a positive reporting obligation and lessens the agency's reliance on employees to successfully recognise and declare their conflicts. This is consistent with advice in the ACT Integrity Commission's *2019-20 Annual Report* that agencies should make conflict of interest declarations a mandatory component of key decision making processes, including that employees declare that they have no known actual or potential conflicts of interest.

3.63   The *ACTPS Recruitment Policy and Guidelines* were released in 2021. It is principally about recruitment processes but also establishes an obligation to report conflicts of interest before and during a selection process. The Policy states:

> Care must be taken to avoid selecting committee members who may have (or be perceived to have) a conflict of interest in the process e.g. a personal interest in the success or otherwise of a particular applicant. Before commencing a selection process, or if it becomes known during a selection process, committee members must disclose any conflicts of interest…that may influence their selection decision.

3.64   The *ACTPS Recruitment Policy and Guidelines* (2021)does not prescribe the procedure for declaring conflicts of interest, nor does it provide a disclosure form. It states, however, that the Chairperson is responsible for ensuring the integrity of the recruitment selection process, and the Delegate is responsible for ensuring that the Chairperson and members of the selection committee have no real or perceived conflict of interest. Selection committee members are responsible for declaring any relationships they may have with the applicants.

Agency recruitment policies

3.65   TCCS and CMTEDD complement the *ACTPS Recruitment Policy and Guidelines* (2021) with internal guidelines or factsheets. CMTEDD and TCCS selection panel members have a positive reporting obligation for recruitment panel members (i.e. they are required to declare that no conflict of interest exist), while CSD selection panel members are only required to make a conflict of interest declaration if they have a conflict of interest to declare. In response to the draft proposed report, CSD advised that it is supportive of positive reporting, but that the obligation on ACT public servants to avoid, declare or manage a conflict of interest as set out in section 9 of the *Public Sector Management Act*

(1994), provides sufficient assurance that if no declaration is made, then no conflicts of interest are present.

3.66   All three agencies use the ACT Public Service employment portal as a guide to managing the recruitment process. The portal supports the recruitment process by reminding agencies that the Chair should undertake training about conflicts of interest in the recruitment process. CMTEDD and TCCS consider this training mandatory and CSD states it 'should' be undertaken. Both TCCS and CMTEDD have developed and provide this training in-house.

3.67   The three agencies' risk registers all acknowledge that an inability to ensure a merit-based recruitment process, or corruption of the employment process, is an integrity risk. The treatment control for this risk includes panel selection members having to complete a conflict of interest declaration, recruitment training and additional guidance that reflects best practice.

3.68   Recruitment processes in the three agencies are guided by the *ACTPS Recruitment Policy and Guidelines* (2021). The Policy acknowledges that conflicts of interest can be a risk in recruitment processes. The agencies' recruitment practices require panel members to complete a conflict of interest declaration form. CMTEDD and TCCS have a positive reporting approach in that panel members are required to declare that they don't have a conflict of interest, while CSD only requires panel members to make a conflict of interest declaration if a conflict exists. The positive reporting approach represents better practice as it places a greater onus on panel members to actively consider and recognise potential conflicts of interest.

RECOMMENDATION 3	MANDATORY REPORTING OF CONFLICTS OF INTEREST

Where not already in place, ACT Government agencies should require all recruitment panel members to complete a conflict of interest declaration form when participating in a recruitment, including that they have no known actual or potential conflicts of interest.

Assurance processes

3.69   Assurance that conflict of interest processes are being followed and are effective has recently been a consideration for both the TCCS and CSD audit committees.

3.70   In April 2020 TCCS engaged a consultant to audit the management of Development Applications (DA) in relation to waste collection within the ACT. One of the objectives of the audit was to assess records of decisions and conflict of interest declarations. The audit found that conflict of interest declarations did not apply to all relevant staff and the declaration process was an ineffective control for fraud. In response to recommendations, TCCS included a commitment that all staff involved in DA processing complete an annual conflict interest declaration.

3.71   CSD's audit program for 2021-22 includes reference to an audit on the management of conflicts of interest during recruitment processes. This was requested by the SERBIR and will be undertaken by the Internal Audit and Risk Management team. No further information is provided in the program. In response to the draft proposed report CSD also advised 'the [Internal Audit and Risk Management team] consistently monitors the fraud risks and include this aspect in performing all the audits, including performance and compliance assignments. In most of the audit reports a statement regarding Fraud and Corruption findings, if any, are included, including a nil response'.

4   FOSTERING A CULTURE OF FRAUD PREVENTION

4.1   This chapter focuses on the agencies' activities to encourage fraud and corruption awareness amongst employees. It includes consideration of communication and training initiatives and the dissemination of information on processes for reporting suspicions of fraudulent or corrupt behaviour.

Summary

Conclusions

The agencies considered as part of the audit undertake activities designed to foster fraud awareness among employees. Common activities include making policies and procedures available on the intranet and regularly releasing all-staff emails reminding employees about fraud and corruption procedures or emerging risks. The SERBIR and other members of the agency's Executive have a strong presence in these messages. Differences in how these communications are designed and delivered reflect attention to the operating environment and workplace profile unique to each of the agencies.

All three agencies have developed and provide training about integrity to new employees. CMTEDD and CSD provide this training online, while TCCS provides it online and in person to accommodate the diversity of its workforce profile. In CSD and CMTEDD, further work could be done to ensure the training is tailored to the agency's unique business risks, the effectiveness of the learning is tested and participation numbers recorded and tracked.

More could be done to measure staff perceptions of fraud and corruption risks in the agency, and test the effectiveness of the communication and training activities on staff awareness. The annual staff survey is one means of achieving this.

Key findings

	Paragraph
A positive workplace culture, together with leadership that exemplifies integrity, is an important control on fraud and corruption. The opening statements in each of the agencies' Fraud and Corruption Prevention Plans, which are endorsed by each agency's Director-General, illustrate the 'tone at the top' in relation to fraud and corruption. CMTEDD emphasises the legislative obligations to prevent fraud, and a commitment to protecting the agency from risks. CSD focuses on its responsibilities for the ethical use of public resources and the importance of honesty and trust in its relationship with the ACT community. TCCS focuses on personal qualities of public servants - competency, ethics and professionalism - and how these are reflected in	4.17

the agency's activities. This messaging shows agency leaders seek to foster a culture of fraud awareness that aligns with the characteristics of the work force and business profile of their agency.

Over the past two years the three agencies have issued emails or news bulletins reminding staff about policies and procedures for fraud and corruption control, specifically conflicts of interest, second jobs and gifts and benefits. Messages that acknowledge the challenges of COVID-19 for ACT Public Service staff, and the heightened vulnerabilities to fraud and corruption that this may pose, are positive examples of more nuanced and context specific awareness raising messaging. Maintaining a schedule of frequent messaging from the SERBIR across a diverse range of fraud and corruption topics is a positive practice.

4.18

All three agencies provide staff with access to the Fraud and Corruption Prevention Plan and related policies and procedures on the intranet. This includes contact details for the SERBIR and instructions for reporting fraud. All three agencies use the intranet 'landing page' to communicate about fraud and corruption. Current examples include: the organisational values in relation to integrity; alerting staff to the ACT Government Conflict of Interest Policy; and reminding staff to report suspicious or unethical behaviour. CMTEDD's approach is a good example of how to use the landing page to create a high profile for integrity issues, together with bold questions and colour and imagery to attract attention.

4.22

CMTEDD and CSD have used information campaigns as an additional means of raising the profile of fraud and corruption issues for staff. The campaigns use colour, humour and imagery to attract attention in ways that may be difficult to achieve in email or intranet messages. These examples show that campaigns can also raise the profile of related activities, like the release of new fraud training modules or a new fraud control procedure. Information campaigns diversify the communication channels on fraud and corruption issues.

4.30

The three agencies provide *induction training* on integrity-related issues, with different degrees of coverage of fraud and corruption issues. CMTEDD's training includes a core module on fraud and corruption, related legislation and policy and avenues to report corrupt conduct. However, since 2019 less than 40 percent of new starters have completed this training. CSD's training includes the ACTPS Code of Conduct and conflicts of interest but does not specifically address fraud and corruption. CSD's induction training is mandatory and has been completed by 119 new starters since 2017. TCCS delivers training both online and face to face and the training includes a video that shows five fraud scenarios specific to the TCCS workplace. In 2020-21 80 percent of new starters completed this training. TCCS and CMTEDD provide *refresher training* on fraud and corruption while CSD does not, preferring to focus on messages to staff on fraud and corruption matters. TCCS and CMTEDD provide tailored fraud training as requested by different business areas as a refresher. For TCCS and CMTEDD, complete numbers of staff that have participated in *refresher training* is difficult to ascertain due to legacy record keeping arrangements.

4.55

The capacity of agencies to accurately track staff participation in fraud awareness and integrity training has been improved by the shift to online systems. The adoption of online training systems provides an opportunity to target business areas or staff cohorts that have neglected to complete training on integrity matters. TCCS is taking the shift to a whole of government system (HRIMS) as an opportunity to further improve the tracking of training participation.

4.56

Staff perceptions of the overall integrity of an agency and its leadership are an indicator of the effectiveness of an agency's activities to foster a culture of fraud and corruption prevention. Annual staff surveys are a means of collecting these insights and can provide data that can be benchmarked year on year. The agencies considered in this audit have conducted staff surveys. CSD's survey does not include questions relevant to integrity-related matters, while CMTEDD and TCCS have asked different questions relating to integrity. CMTEDD's 2019 Staff Survey identified that 80 percent of Access Canberra staff agreed that their manager acts in accordance with the ACTPS Values in their everyday work. TCCS used the results of its 2020 Staff Engagement Survey to identify an additional risk relating to perceptions of favouritism in the workplace.

4.62

A whole-of-government survey was conducted in July-August 2021 by the Strategy and Transformation Office in CMTEDD. The survey included three specific questions that are expected to provide insight into the scale and nature of fraud and corruption in the ACT Public Service. The questions ask staff whether they have witnessed any behaviour that might be viewed as corruption in the past 12 months, what the nature of the behaviour was (with reference to 12 possible descriptors) and what they did in relation to the matter (with reference to seven possible actions). The results of the survey have not yet been made available. By periodically asking these questions, relevant and useful information on ACT Public Service fraud and corruption risks is expected to be generated. This should provide agencies with information to inform their fraud and corruption prevention and control activities.

4.63

Communicating about fraud and corruption

4.2   Positive workplace cultures that promote the good conduct of employees are important in preventing fraud and corruption. According to the *Australian Standard on Fraud and Corruption Control* (2008), staff awareness of what constitutes fraud and corruption and how to report it is directly linked to fraud and corruption prevention levels:

> A significant proportion of fraud and corruption is not identified at an early stage because of the inability of the entity's staff to recognise early warning signs, because they are unsure how to report their suspicions or they have a lack of confidence in the integrity of the reporting system or the investigation process.

4.3   In its *Corruption Vulnerability Review (2019-2020)* the ACT Integrity Commission reported that it was aware of instances where workplace culture had enabled, and in some cases encouraged, non-compliance with the behavioural expectations of the agency – leading to

increased corruption vulnerability for agencies and public officials. The Commission has reported that:

> … the absence of clear and consistent integrity messaging may lead to the establishment of sub-cultures, structures, policies and procures that maintain little identification with their agency's expectations and values.

4.4   There is no legislative obligation on heads of ACT Government agencies in relation to building an organisational culture of fraud and corruption awareness. However, the Integrity Policy encourages Directors-General to use every available opportunity to highlight to staff the importance of integrity and the role they play in its maintenance, and to exemplify honesty, integrity and probity in all work-related activities.

Tone at the top

4.5   The New South Wales Audit Office's *Fraud Control Improvement Kit* notes that a successful fraud control framework is led by a committed and accountable executive. It suggests that organisational leaders should be seen to be endorsing the organisation's fraud control activities and that this can be achieved by:

- regularly presenting on the topic to senior managers;

- emailing staff and publishing articles on the intranet;

- promoting the fraud control framework via a podcast to the whole organisation; and

- championing the risk assessment process and using internal audit findings to improve processes, rather than as a criticism of current practice.

4.6   SERBIRs have the primary responsibility for the implementation of fraud and corruption prevention strategies in ACT Government agencies. The Integrity Policy describes them as a 'champion of integrity' with responsibility to promote awareness and acceptance of the Policy at every opportunity. Together with the Director-General and broader senior management, SERBIRs set the 'tone at the top'.

4.7   Each of the three agencies' Fraud and Corruption Prevention Plans begins with a Policy Statement endorsed by the Director-General. While the Policy Statements address core principles, they each take a different approach to emphasising the nature of employees' and the agencies' obligations to minimise fraud and corruption. The Policy Statements, and the communications from SERBIRs to staff on integrity matters, are described for each agency in the following sections.

CMTEDD (Access Canberra)

4.8   As a central agency, CMTEDD's workforce provides strategic advice and support to the Chief Minister and to other Directorates on policy, economic and financial matters, service delivery and whole of government issues. According to CMTEDD's SERBIR, the CMTEDD workforce is mostly desk-based, and to 'cut through' the volume of emails that staff receive

each day corporate communications on fraud and corruption need to be engaging and interesting.

4.9   The Policy Statement at the introduction to CMTEDD's Fraud and Corruption Prevention Plan emphasises the agency's legislative obligations to prevent fraud and corruption, and the agency's intention to protect itself by investigating and prosecuting any instances:

> The Chief Minister, Treasury and Economic Development Directorate is committed to complying with the applicable ACT Public Sector Management Acts and Standards to minimise the incidence of fraud and corruption through the development, implementation and regular review of a range of fraud prevention and detection strategies.
>
> CMTEDD does not tolerate fraudulent behaviour in any form or to any degree and will protect itself wherever possible from the risks associated as a result of fraud. Any instances of fraud and corruption detected will be investigated and perpetrators prosecuted.

4.10   In CMTEDD, messages to employees are communicated through all-staff emails and the internal newsletter (*The Loop*) which is issued monthly. Any business area can contribute content to *The Loop*. Table 4-1 shows the all-staff communication on fraud and corruption and integrity related matters since 2019.

Table 4-1   CMTEDD all staff communication on fraud and corruption

Release date	Topic
November 2021	**Email – SERBIR** Deterring fraudulent and corrupt behaviour
October 2021	**Email – all staff - conflict of interest and second jobs** Message related to managing conflicts of interest and second jobs
August 2021	**Email – SERBIR message - Probity and good governance** Recognising heightened risks during the rapid implementation of government initiatives, a reminder about fraud, conflicts of interest and confidentiality, records management, procurement thresholds and delegated authority and the range of training available on these topics.
June 2021	**Loop article – Do you have a conflict of interest?** Definitions of conflict of interest, the implications of not acting on conflicts, and where to find more information.
May 2021	**Loop article - Fraud prevention and integrity (same as March and October 2019)** Fraud and Corruption Plan, employee obligations, links to the poster campaign (see below) and the availability of awareness training. Additional instruction for matters to be reported to the SERBIR and for SES to notify the ACT Integrity Commission of reasonable suspicions of serious corrupt conduct.
April 2020	**Email – SERBIR message - COVID-19 update to Managers** Message included information on managing corruption risks during the COVID-19 pandemic.
Oct 2019	**Loop article - Fraud prevention and integrity (as March 2019)** Encourages staff to view the Fraud and Corruption Plan, states employee obligations with links to the characters in the poster campaign and the availability of awareness training.

Release date	Topic
August 2019	**Email - SERBIR message** Zero tolerance approach, upcoming training (general and targeted) and notice of the poster campaign.
March 2019	**Loop article - Fraud prevention and integrity** Encourages staff to view the Fraud and Corruption Plan, states employee obligations for maintaining highest standards of ethics and integrity, with links to the characters in the poster campaign (see below) and the availability of awareness training.

Source: ACT Audit Office, based on information provided by CMTEDD

Community Services Directorate

4.11   CSD's responsibilities centre on supporting the needs of vulnerable Canberrans, and includes, for instance, child protection services and the provision of public housing. According to CSD's SERBIR, many of CSD's employees operate in emotionally challenging or sensitive scenarios, and as such it is important for employees to feel supported and trusted and that senior members of staff are readily available if they have concerns to discuss. Communications on fraud and corruption and integrity matters are designed to convey trust and understanding and foster a sense of organisational support and inclusivity.

4.12   The Director-General's Foreword in CSD's 2020 Fraud and Corruption Prevention Framework focuses on the ethical obligations of every employee, and the obligations of the agency to create a culture of trust and honesty in its relationship with the ACT community. The opening paragraphs state:

> The Community Services Directorate is accountable for the efficient and effective use of public resources, and every employee is responsible for creating and maintaining the highest standards of ethical behaviour. CSD is fully committed to promoting a culture of trust, integrity and honesty in the services it provides to the ACT community, and in the administration of those services.

> While it doesn't occur often, the unfortunate reality is that on occasion, some individuals do endeavour to obtain benefit by deception or use their position for corrupt purposes.

4.13   In CSD, messages to employees about fraud and corruption and integrity issues are issued by the SERBIR via all-staff emails or the Daily Bulletin (an internal daily newsletter to all staff). As shown in Table 4-2, in the past two years these have been issued approximately four to five times each year. CSD's SERBIR also periodically provides presentations to forums of senior leaders on integrity related topics, as well as 'meet and greet' sessions to encourage staff to get to know the SERBIR.

Table 4-2   CSD all staff communication on fraud and corruption

Release date	Topic
July 2021	**New ACTPS Conflict of Interest Policy** Reminds staff of their responsibilities and resources on Conflict of Interest and the development of a Register.
December 2020	**International Anti-Corruption Day**

Release date	Topic
	Promoting two webinars developed by the ACT Integrity Commission and reminders on how to prevent and report corruption at work. Also included in a Daily Bulletin.
December 2020	**Gift Register and Seasons Greetings** Reminder of the policy and process in relation to receiving gifts.
May 2020	**Integrity made easy – stay informed during COVID** Daily Bulletin providing a brief reminder, referencing the SERBIR message about COVID risks.
May 2020	**Fraud and Corruption prevention during COVID** Highlights new risks, the need for staff diligence, and further reading.
March 2020	**Conflicts of Interest and Recruitment Practices** CSD policy, membership of the Selection Committee and advertising vacancies.
December 2019	**Gifts, Benefits and Hospitality Register** Reminds staff of the process, policy and related directions in relation to declaring gifts, benefits and hospitality.
November 2019	**International Fraud Awareness Week** On fraud and the common forms, common methods and how to prevent and report matters.
July 2019	Invitation to **meet and greet sessions** with the SERBIR.

Source: ACT Audit Office, based on information provided by CSD

Transport Canberra and City Services

4.14   TCCS' workforce is diverse. It includes bus drivers, waste collection officers, ACT Library staff and policy staff as well as people at territory businesses such as the Yarralumla Nursery and the Capital Linen Service. According to the TCCS SERBIR, extended time in front of a computer is not the norm for many TCCS employees. For this reason, TCCS uses both face to face and multi-media (video) delivery methods for its communications and training on fraud and corruption and integrity related matters. The timing of messages to employees is also an important trigger – for example, the reminder to declare gifts and hospitality comes out at the end of the year to coincide with the festive season.

4.15   The Director-General's statement in TCCS's 2020 Fraud and Corruption Prevention Plan links personal qualities to community expectations of integrity and fairness. The opening paragraph states:

> As public servants we are entrusted by both government and the community to deliver services in a competent and ethical manner. Integrity, both as a personal quality and signature behaviour under the ACT Public Service Code of Conduct, must remain foremost in all our activities. Preventing fraud and corruption is the responsibility of all employees and we must act with integrity, professionalism and fairness in all our dealings.

4.16   TCCS' messages to staff about fraud and corruption are communicated in an all-staff bulletin called *Connections* that is released each week. The bulletin covers a range of issues. Table 4-3 shows those that included updates on integrity matters that have been issued since

2019. Since 2020 TCCS has issued frequent messages on fraud and corruption related topics, although they were less frequent prior to this.

Table 4-3   TCCS all staff communication on fraud and corruption

Release date	Topic
September 2021	**Second jobs and volunteering** Announces updates to the ACT government second jobs and volunteering policy and reminds staff of their obligations to declare these.
December 2020	**Declaring gifts and benefits** A reminder about TCCS policy and procedures, including a link to the declaration form for use in instances where a gift has been given, or an invitation to a private function received.
December 2020	**International Anti-Corruption Day (SERBIR message)** This is a message from the ACT Integrity Commission about a webinar for all ACTPS on the nature of corruption and the role and functions of the Commission. It also reminded staff about the role of the SERBIR and the availability of training.
September 2020	**TCCS Fraud and Corruption Plan (SERBIR message)** Discusses the importance of integrity, encourages staff to read the Fraud and Corruption Plan, refers to the availability of training in fraud and ethics, as well as onsite facilitated sessions being available through the Security and Emergency Management Team.
September 2020	**Second Job and Volunteering Declaration** Examples of activities that need to be declared due to the risk of extra demands or create conflicts of interest. Links to the application for work outside the ACTPS, and to contact Employee Relations for further information.
July 2020	**Second Job Declaration Reminder** Reminder to seek approval for outside employment and volunteer work because of conflicts of interest, or its impact on work safety and performance, with links to the approval form.

Source: ACT Audit Office, based on information provided by TCCS

4.17   A positive workplace culture, together with leadership that exemplifies integrity, is an important control on fraud and corruption. The opening statements in each of the agencies' Fraud and Corruption Prevention Plans, which are endorsed by each agency's Director-General, illustrate the 'tone at the top' in relation to fraud and corruption. CMTEDD emphasises the legislative obligations to prevent fraud, and a commitment to protecting the agency from risks. CSD focuses on its responsibilities for the ethical use of public resources and the importance of honesty and trust in its relationship with the ACT community. TCCS focuses on personal qualities of public servants - competency, ethics and professionalism - and how these are reflected in the agency's activities. This messaging shows agency leaders seek to foster a culture of fraud awareness that aligns with the characteristics of the work force and business profile of their agency.

4.18   Over the past two years the three agencies have issued emails or news bulletins reminding staff about policies and procedures for fraud and corruption control, specifically conflicts of interest, second jobs and gifts and benefits. Messages that acknowledge the challenges of

COVID-19 for ACT Public Service staff, and the heightened vulnerabilities to fraud and corruption that this may pose, are positive examples of more nuanced and context specific awareness raising messaging. Maintaining a schedule of frequent messaging from the SERBIR across a diverse range of fraud and corruption topics is a positive practice.

Access to information about fraud

4.19   For employees to effectively play their part in organisational fraud and corruption prevention strategies they need to understand why fraud and corruption is problematic, how to recognise it, who to raise it with and how to report it. At a minimum, whole-of-government and organisational policies, procedures and guidelines, along with contact details for the SERBIR, need to be easily accessible to employees at any time.

4.20   For the agencies considered as part of the audit, the intranet is the primary means by which fraud and corruption-related information is made available to all staff. The intranet site's 'landing page' is the most visible location on the intranet and is typically where important all-staff messages, news items or reminders are featured. At the time of the audit the three agencies featured the following integrity related messages:

- CMTEDD's landing page displayed a prominent banner that scrolls through different messages. One of the messages says: '*Fraudulent? Unethical? Not quite right? Get to know your obligations as a CMTEDD employee*' with a link to further information;

- CSD's landing page features a news item from the SERBIR announcing the ACTPS Conflict of Interest Policy and related tools. The SERBIR indicated that fraud and corruption is sometimes featured more prominently as a tile (e.g. announcing the release of the new Fraud and Corruption Prevention Framework); and

- TCCS' landing page features a banner about TCCS Values – one of these is Integrity - there is otherwise no reference to fraud or corruption on the front page.

4.21   Table 4-4 shows the standard fraud and corruption related information on the intranets of each of the agencies considered in the audit. This information is typically located from drop-down menus along with corporate or governance related information.

Table 4-4   Intranet content on fraud and corruption

	CMTEDD	CSD	TCCS
Fraud and Corruption Prevention Plan	✓	✓	✓
Organisational fraud risk register	✓	✓	X
Fraud reporting instruction or form	✓	✓	✓
Conflict of Interest policy and procedures	✓	✓	✓
Gifts, benefits and hospitality policy and procedures	✓	✓	✓
Public interest disclosure instructions	✓	✓	✓

	CMTEDD	CSD	TCCS
SERBIR and related contacts	✓	✓	✓

Source: ACT Audit Office, based on a review of agencies' intranets

4.22   All three agencies provide staff with access to the Fraud and Corruption Prevention Plan and related policies and procedures on the intranet. This includes contact details for the SERBIR and instructions for reporting fraud. All three agencies use the intranet 'landing page' to communicate about fraud and corruption. Current examples include: the organisational values in relation to integrity; alerting staff to the ACT Government Conflict of Interest Policy; and reminding staff to report suspicious or unethical behaviour. CMTEDD's approach is a good example of how to use the landing page to create a high profile for integrity issues, together with bold questions and colour and imagery to attract attention.

Awareness raising campaigns

4.23   The Commonwealth Fraud Prevention Centre suggests that effective fraud messages are those designed to:

- prompt people when they are likely to be most receptive;
- attract attention, through the use of images, colour or personalisation;
- use plain language and direct questions;
- reinforce positive social norms and show that most people perform the desired behaviour; and
- make reporting fraud easy.

4.24   CSD and CMTEDD have recently launched internal communication campaigns to raise awareness about fraud. These demonstrate consideration of the design principles listed above. These campaigns are described in the following sections.

Community Services Directorate

4.25   '*Speak up – Your Voice can Make a Change*' is the headline of a colourful A3 poster that was launched in 2019 and has been re-issued each year. The poster is located across CSD's various locations and, according to the SERBIR, is designed to raise the profile of the SERBIR so that employees feel comfortable approaching them with questions about fraud and corruption matters. It complements other email and intranet communication in which a photo of the SERBIR is included.

4.26   The poster highlights three points:

- the employee's legislative responsibility to report instances of suspected fraud and corruption;
- the agency's commitment to promoting a culture of trust, integrity and honesty in the service it provides to the ACT community; and

- the three different channels for reporting suspicion behaviour.

CMTEDD (Access Canberra)

4.27   In 2019 CMTEDD launched an eight-week campaign to promote information and training on fraud and ethics. This was in response to an annual review of CMTEDD's Fraud and Corruption Prevention Plan in 2019 that found 'there is an overall low level of fraud awareness training participation and there are areas for improvement in the regularity of information which promotes awareness'.

4.28   The campaign produced a suite of posters that are present in all CMTEDD buildings. The campaign took a phased approach to building awareness:

- Phase 1 highlighted staff responsibilities. Three posters were produced;

- Phase 2 created awareness of different types of internal fraud. Four posters were produced, each highlighting an example of a fraudulent or unethical behaviour in the workplace; and

- Phase 3 focused on training awareness and Executive responsibilities. This was a single poster that linked the characters used in phase 2 posters to the e-learning module on fraud and ethical behaviour.

4.29   The campaign also included all-staff email messages from the SERBIR and the Head of Service about CMTEDD's zero tolerance approach, staff obligations to report and links to key policy documents.

4.30   CMTEDD and CSD have used information campaigns as an additional means of raising the profile of fraud and corruption issues for staff. The campaigns use colour, humour and imagery to attract attention in ways that may be difficult to achieve in email or intranet messages. These examples show that campaigns can also raise the profile of related activities, like the release of new fraud training modules or a new fraud control procedure. Information campaigns diversify the communication channels on fraud and corruption issues.

Fraud awareness training

4.31   The Commonwealth Fraud Prevention Centre advises that a lack of trained staff to identify and report fraud and corruption may lead to:

- a dysfunctional workplace culture;

- fraud or corrupt activity that goes unnoticed or unchallenged;

- fraudsters feeling more confident their actions will not be identified and reported; and

- less action and accountability to prevent, detect and respond to fraud.

4.32   The *Integrity Policy* discusses the importance of incorporating fraud awareness training into overall fraud prevention strategies, with specific reference to induction and refresher training:

> The responsibility for determining training needs and delivering the training lies primarily with Agencies. However, Agencies are strongly urged to arrange for all new starters with the Agency to undergo at least one-half day training in this area as well as regular courses to refresh employees on the importance of integrity.

4.33   The agencies' Fraud and Corruption Prevention Plans recognise the importance of training as a strategy for fraud and corruption prevention. A review of the last three iterations of the Plans shows that CMTEDD and TCCS have made clear commitments to the delivery of fraud-awareness training for new employees and as a topic of refresher training every two or three years. CSD's Framework refers to training workshops as one of a range of strategies in its ongoing fraud and corruption awareness and continuous improvement program.

Training content and delivery

4.34   The content of each agency's training, how staff participation levels are tracked, and the training delivery rates of the past two years are discussed in the following sections.

CMTEDD (Access Canberra) – induction and refresher training

4.35   CMTEDD started the transition to online training in March 2019, although some face-to-face training was still being provided in October 2019. Since late 2019, CMTEDD has only provided induction training online. Fraud and ethical behaviour forms part of the induction training.

4.36   CMTEDD's fraud and ethics ***induction training*** launches from the e-learning platform. This allows staff who are unable to complete the training in one sitting to complete it when they are able. It also tracks the staff member's completion of modules within the course, and therefore enables the agency to monitor progress. After all modules are recorded as complete, the staff member's completion of training is automatically recorded in the e-learning system.

4.37   As shown in Figure 4-1, the training course focuses on the following topics:

- concepts of fraud and corruption: what is fraud and corruption, consequences and remedies;

- legislation and policy: ethical behaviour, gifts and hospitality, conflicts of interest; misuse of resources, working outside the ACTPS and use of social media; and

- reporting: how to report suspected fraud or corruption, role of the SERBIR and the role of the ACT Integrity Commissioner.

Figure 4-1   CMTEDD induction training intended outcomes

Source: ACT Audit Office, based on CMTEDD training materials

4.38   The training course takes a humorous approach and uses animated characters to communicate about fraud concepts and provide examples. The online training module was developed by an external provider with content provided from CMTEDD.

4.39   The training course does not allow employees to skip through the content. This ensures that the content in each section is displayed on the screen for a set amount of time, presumably to ensure it has been read and understood. The training does not include a testing component that would validate the employee's understanding of the material that has been presented.

4.40   CMTEDD's Fraud and Corruption Prevention Plan recommends that *refresher training* on fraud should be completed every three years (every two years for higher risk profile areas). However, undertaking refresher training is voluntary, and staff cannot therefore be compelled to complete it.

4.41   CMTEDD's risk and governance team also provide fraud awareness training to business areas on request. This training is based on the online training material described above but is customised to the business unit receiving the training. A selection of business areas that have requested and received tailored training is shown in Table 4-5.

Table 4-5   CMTEDD tailored training to business areas

CMTEDD business area	Date provided
Construction and Planning Regulation	October 2021
Mitchell shopfront (Access Canberra)	July 2019
ACT Revenue Office	October 2018
Venues Team	June 2018
ACT Property Group	June 2018

Source: ACT Audit Office, based on information from CMTEDD

4.42   Table 4-6 shows fraud awareness training undertaken by new starters in Access Canberra for the past two financial years. Prior to moving to the e-learning system in 2019, records of training were kept in various formats and therefore a consolidated report of training on fraud topics prior to this is not available. This means that CMTEDD does not have a clear view of the number of employees that have not participated in fraud awareness training.

Table 4-6   Access Canberra fraud awareness training completion data

	2019-2020	**2020-2021**
Number of new starters*	194	142
Number of new starters that completed fraud awareness training	40 completed, 4 in progress	49 completed, 1 in progress
Percentage of new staff completing training	21%	35%
Number of other staff that completed fraud awareness training	90	161

Source: ACT Audit Office, based on Access Canberra provided training completion data (*this includes permanent, temporary and casual employees and may capture individuals' multiple times if their employment status has changed)

4.43   Between March 2019 and to July 2021 CMTEDD surveyed employees that had completed the Fraud and Ethical Behaviour module. The results suggest a high level of success, and include:

- 83 percent of the staff agreed that the training had increased their knowledge of the topic;

- 90 percent of the staff agreed that they felt confident that they can implement the knowledge in the workplace;

- 73 percent of the staff agreed that the training was engaging; and

- 91 percent of the staff agreed that the training was an appropriate length.

Community Services Directorate - induction and refresher training

4.44   CSD provides **induction training** through its online training system called *CSD Capabiliti*, which came online in 2015. References to integrity are in a section on 'Purpose Value', which includes information about the ACT Public Service Code of Conduct and avoiding conflicts of interest. There is no dedicated fraud and corruption awareness component. CSD has advised that the induction training is mandatory and has recorded 119 employees conducted the induction training from June 2017 to June 2020.

4.45   Although CSD does not provide specific training on fraud matters, employees are provided with a 'learning pathway' that identifies the core learning required for a person's role. In some roles this may include instruction on internal fraud controls. For example, staff training on data breaches is a core module that references a requirement to ensure appropriate access to business systems.

4.46   CSD does not provide **refresher training** on fraud. CSD has indicated a preference for internal communications about integrity, including the ongoing Speak Up campaign, as the

means to build fraud awareness across the Directorate and promote the profile for the SERBIR as a point of contact for raising questions about fraud and corruption. The SERBIR has advised that e-learning modules on fraud related matters and on conflicts of interest are being developed and will be available in the near future.

Transport Canberra and City Services – induction and refresher training

4.47   Fraud awareness forms part of the ***induction training*** offered to TCCS new employees. Depending on the employee's access to a computer, this training is delivered face to face together with either a Powerpoint presentation or through an online module.

4.48   The induction training includes a five-minute video, which commences with the Agency Security Executive conveying the Policy Statement from the Fraud and Corruption Prevention Plan. This serves to remind employees of their obligations and the Directorate's zero-tolerance approach to fraud. These remarks are followed by a video that includes five scenarios specific to TCCS in which fraud is being committed.

4.49   These five scenarios are set out in Figure 4-2 below and are the basis of subsequent tests of fraud awareness levels. The online training concludes with the staff member being required to complete two quizzes and obtain a score of 100 percent before they can complete the course. For training that is provided without the aid of an online component, TCCS organises the attendees into groups who then collaborate on a 'task card'. The task card lists a number of scenarios and the group have to identify what type of fraud each scenario reflects.

4.50   Successful completion of the online or face to face fraud awareness training is recorded in the MyLearning system, which came into effect in 2018. In TCCS both supervisors and Learning and Development staff have a role in identifying staff that have not completed fraud awareness training or are due for refresher training, however responsibility lies with the employee to attend the refresher training. Learning and Development staff can provide that list of names to the relevant branch manager but cannot compel staff to attend training.

Figure 4-2   Fraud scenarios in TCCS fraud training

A library employee with access to borrowing records accesses their account and deletes her overdue fines.

An employee in charge of ACT Government equipment offers to lend a chainsaw to a friend for use over the weekend.

An employee uses an ACT Government fuel card to pay for fuel pumped into an ACT Government lawn mower and a personal gerry-can.

An employee arrives at an empty office, takes office supplies from a cupboard and puts them in their handbag. The employee also records an earlier attendance time than when she actually arrived in the office in her timesheet.

An ACTION bus driver is invited to lunch by two other employees. The driver discovers he has no money in his wallet and takes money from the bus fare takings.

Source: ACT Audit Office, based on training video supplied by TCCS

4.51   TCCS' fraud awareness training directly addresses the types of fraud identified in its current risk register. Table 4-7 summarises the common types of risk in TCCS' risk register, how frequently those risks are identified in the register and how these risks have been addressed in the fraud awareness training.

Table 4-7   TCCS training components addressing fraud risks

Type of risk	Frequency	Addressed in training
Improper influence	5	Yes – consisting of a basic overview of Conflict of Interest
Misuse of government funds	3	Yes – see librarian example, gerry can example and bus driver example in video
Probity in procurement	3	No
Misuse of government assets	2	Yes - see lending tools to a friend example in video
Improper access or manipulation of records	2	Yes – see employee entering false information into timesheet example in video

Source: ACT Audit Office, based on information provided by TCCS

4.52   Training is also delivered on request to different business areas of TCCS, such as conflicts of interest in decision making for Domestic Animal Services team. These are delivered by TCCS staff that are familiar with the directorate's breadth of activities and therefore includes examples of fraud that are relevant to the staff in attendance and the business unit they work in.

4.53   With the upcoming deployment of the new Human Resources Information Management System (HRIMS) across the ACT Government, TCCS plans to integrate staff training records into HRIMS. Currently TCCS consults two databases (employment database and MyLearning database) for staff training completion rates. Having to only consult a single database will enable TCCS to have a better understanding of training completion rates (including fraud awareness training). It will also instate a 'reset point' (i.e. HRIMS commencement date) where in two years' time an employee will be reminded to complete fraud awareness refresher training.

4.54   TCCS began offering fraud awareness training to new employees and recording attendance in MyLearning in the 2019-20 financial year. Table 4-8 shows training delivery figures for the past two financial years. Although training is mandatory, the overall percentage of staff completing training is less than 100 percent as some staff leave the agency before completing the training, or are yet to complete the training.

Table 4-8   TCCS fraud awareness training completion data

	2019-2020	2020-2021
Number of new starters	335	403
Number of new starters that completed fraud awareness training	266	325
Percentage of new staff completing training	67%	80%

Source: ACT Audit Office, based on TCCS training completion data

4.55   The three agencies provide *induction training* on integrity-related issues, with different degrees of coverage of fraud and corruption issues. CMTEDD's training includes a core module on fraud and corruption, related legislation and policy and avenues to report corrupt conduct. However, since 2019 less than 40 percent of new starters have completed

this training. CSD's training includes the ACTPS Code of Conduct and conflicts of interest but does not specifically address fraud and corruption. CSD's induction training is mandatory and has been completed by 119 new starters since 2017. TCCS delivers training both online and face to face and the training includes a video that shows five fraud scenarios specific to the TCCS workplace. In 2020-21 80 percent of new starters completed this training. TCCS and CMTEDD provide *refresher training* on fraud and corruption while CSD does not, preferring to focus on messages to staff on fraud and corruption matters. TCCS and CMTEDD provide tailored fraud training as requested by different business areas as a refresher. For TCCS and CMTEDD, complete numbers of staff that have participated in *refresher training* is difficult to ascertain due to legacy record keeping arrangements.

4.56   The capacity of agencies to accurately track staff participation in fraud awareness and integrity training has been improved by the shift to online systems. The adoption of online training systems provides an opportunity to target business areas or staff cohorts that have neglected to complete training on integrity matters. TCCS is taking the shift to a whole of government system (HRIMS) as an opportunity to further improve the tracking of training participation.

RECOMMENDATION 4   FRAUD AND CORRUPTION INDUCTION TRAINING

Where not already in place, ACT Government agencies should:

a)   provide mandatory induction training about the nature and risks of fraud and corruption and relevant ACT Public Service and agency policies. The training should be delivered with reference to examples and scenarios relevant to the business of the agency; and

b)   keep timely and accurate records of the number of staff completing the mandatory induction training.

Assessing the culture of fraud awareness

4.57   As noted in Chapter Two, it is difficult to establish measures or metrics that show whether fraud and corruption prevention activity has been effective overall, such as falling numbers of substantiated cases over time. The annual work program of each of the agency's audit committees provides a level of confidence that checks on staff compliance with fraud and corruption controls is being undertaken.

4.58   The Commonwealth Fraud Prevention Centre provides a range of approaches to assessing the impact of fraud and corruption prevention activities in an organisation including:

•   conducting interviews, workshops or surveys with staff to measure their understanding of fraud control policies;

- analysing training data, including the percentage of staff who have undertaken the training and measure results against key performance indicators; and

- undertaking a staff census and asking questions relevant to fraud risk and corruption.

4.59   A key means by which the 'tone at the top' of the organisation and staff understanding of fraud and control may be gauged is using staff surveys. The agencies considered in this audit have conducted staff surveys. CSD's survey does not include questions relevant to integrity-related matters. CMTEDD's and TCCS' most recent surveys included questions that generate some insights about staff perceptions of the standards of integrity practiced by their colleagues:

- CMTEDD's 2019 Staff Survey asked employees to rate their response to the question 'My manger acts in accordance with the ACTPS Values in their everyday work'. In 2019 80 percent of Access Canberra employees respondents positively to this question - this was the same response level as all CMTEDD employees to the same question in the same year; and

- TCCS' 2020 Staff Engagement Survey asked staff about their trust in the executive and middle management and what they (staff) would do if they observed behaviour that was contrary to the organisational values. The survey identified a staff perception that there is favouritism in the workplace. This was subsequently entered on the risk register for regular review and treatment.

4.60   An ACT whole-of-government survey was conducted in July-August 2021 by the Strategy and Transformation Office in CMTEDD. The survey included three questions that are expected to provide direct insight into the scale and nature of fraud and corruption in the ACT Public Service:

1)   Excluding behaviour reported to you as part of your duties, in the last 12 months have you witnessed anyone working in or for your organisation who has engaged in behaviour that you consider may be serious enough to be viewed as corruption?

2)   Which of the following best describes the corrupt behaviours you witnessed? (Select all that apply). This question is followed by a list of 12 choices, including: insider trading, blackmail, failing to disclose a conflict of interest, nepotism, bribery, fraud.

3)   Did you do any of the following in response to the incident you witnessed? (Select all that apply). This question is followed by a list of 7 choices including: confronted or discusses the matter with the perpetrator, submitted a formal report within my organisation, submitted a formal report to a body outside my organisation, did not take any action.

4.61   The results from staff responses have not yet been made available.

4.62   Staff perceptions of the overall integrity of an agency and its leadership are an indicator of the effectiveness of an agency's activities to foster a culture of fraud and corruption prevention. Annual staff surveys are a means of collecting these insights and can provide data that can be benchmarked year on year. The agencies considered in this audit have

conducted staff surveys. CSD's survey does not include questions relevant to integrity-related matters, while CMTEDD and TCCS have asked different questions relating to integrity. CMTEDD's 2019 Staff Survey identified that 80 percent of Access Canberra staff agreed that their manager acts in accordance with the ACTPS Values in their everyday work. TCCS used the results of its 2020 Staff Engagement Survey to identify an additional risk relating to perceptions of favouritism in the workplace.

4.63   A whole-of-government survey was conducted in July-August 2021 by the Strategy and Transformation Office in CMTEDD. The survey included three specific questions that are expected to provide insight into the scale and nature of fraud and corruption in the ACT Public Service. The questions ask staff whether they have witnessed any behaviour that might be viewed as corruption in the past 12 months, what the nature of the behaviour was (with reference to 12 possible descriptors) and what they did in relation to the matter (with reference to seven possible actions). The results of the survey have not yet been made available. By periodically asking these questions, relevant and useful information on ACT Public Service fraud and corruption risks is expected to be generated. This should provide agencies with information to inform their fraud and corruption prevention and control activities.

RECOMMENDATION 5	AGENCY STAFF SURVEYS

Where not already in place, ACT Government agencies should undertake staff surveys that collect information about the level of staff awareness of their fraud and corruption reporting obligations and the reporting channels they should use, as well as staff perceptions of the integrity of agency senior leadership. This information should be used to benchmark staff awareness levels and inform priorities for fraud and corruption prevention activities.

RECOMMENDATION 6	WHOLE-OF-GOVERNMENT STAFF SURVEY

CMTEDD should:

a)   conduct a regular ACT Public Service survey that includes questions relating to fraud and corruption and integrity-related risks; and

b)   publicly report on the results of these surveys.

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