

SCENARIO

GIFTS AND BENEFITS

The benefits of over-ordering

Len works for the council and is responsible for managing the supplies used by the Parks and Gardens Division. They go through quite a few consumables every month and these need to be restocked regularly.

TNC AG-Supply is a local agricultural dealer and they regularly sell to the council. However, economic times are tough and there is stiff competition amongst suppliers. The business is connected to a large national chain that also has shops in the clothing, entertainment and supermarket sectors.

The manager of TNC AG-Supply has a quiet word to Len and offers to give him anonymous gift cards from the national chain. All Len has to do is ensure that the council spends at least \$3,000 per month with them and he'll then get a gift card worth \$150 each time.

Len can't see a problem with that. He already deals with TNC AG-Supply, so it just means adjusting orders from other suppliers downwards slightly. Stock levels are not monitored very well and the council seems to just trust what he orders without question. So even if it means having excess stock on hand, he thinks it should be no problem.

What are the ethical issues in this situation?

- Acceptance of a gift or benefit.
- Inappropriate use of power and authority to gain a gift or benefit.
- Lack of honesty and integrity.

What risks are inherent in this situation?

- Unethical behaviour leading to:
 - wastage
 - breach of public trust
 - setting a bad example for other staff
 - other suppliers becoming aware of the situation
 - current supplier expectation.



What should Len have done when offered the gift cards?

- Declined the offer.
- Informed his line manager of the offer.
- Recorded the offer on the gifts and benefits register.

What strategies could be implemented to prevent this?

- A clear gifts and benefits policy that all staff are aware of.
- Multiple levels of authorisation for orders over a specific spending limit – even if there is a regular spending pattern or supply process.
- Removing single-person responsibility for ordering and sharing the task between staff.
- Clearly documented procedures for staff involved in procurement.
- Improved stock control and accountability.
- Training for staff involved in procurement on issues such as conflict of interest and gifts and benefits.
- A code of conduct that is well known and accessible to staff.

Information used in this scenario is not based in fact, but has been created for the purpose of education and discussion. Any likeness to real persons or events is coincidental.