



Works depot purchasing

Employees at a works depot are accused of numerous incidents of misconduct, including undertaking unauthorised works, being paid in cash and fraudulent purchasing of goods. What were the lessons learned?

The story

In 2013, the Victorian Independent Broad-based Anti-corruption Commission (IBAC) received a notification alleging corrupt conduct by Mitchell Shire Council employees at the Broadford Works Depot. The information was assessed by IBAC as a protected disclosure complaint and an investigation commenced.

The allegations included:

- ▼ a corrupt business relationship between a council employee and an external contractor
- ▼ unauthorised works by council employees using council materials, in return for cash payments
- ▼ false invoicing (that is, the council was invoiced for work not undertaken)
- ▼ improper use of council resources by a contractor
- ▼ theft of council property including fuel, tools and vehicle parts, by council employees, and
- ▼ fraudulent purchasing of goods by council employees.

What did IBAC do?

IBAC undertook an investigation, Operation Continent. The council voluntarily provided information to assist with the investigation. IBAC conducted interviews with a number of people of interest under the Crimes Act 1958.

What were the outcomes?

The allegation regarding fraudulent purchasing was substantiated. The other allegations could not be substantiated to IBAC's satisfaction, taking into the account the evidence that was able to be obtained.

However, the investigation identified a number of issues in the conduct, management and supervision of the Broadford depot that had the potential to allow corrupt conduct to go unchecked.

These issues included:

- ▼ poor record keeping
- ▼ a lack of registers for maintaining physical assets
- ▼ inappropriate relationships between contractors and council employees, and
- ▼ inadequate controls such as regular audits, effective segregation of duties, and management of conflicts of interest.

Four employees were dismissed by the council, and a number of other employees resigned.

Lessons learned, challenges and outtakes

As a result of this investigation, Mitchell Shire Council took significant action to address the corruption vulnerabilities identified, and to strengthen processes and systems. The council also undertook a program of awareness raising and training around integrity risks with staff at the depot, and more broadly across the council.

In light of the issues identified in Operation Continent, IBAC conducted a broader review of depots at six councils to determine if they faced similar risks to Mitchell Shire Council. The report focused on four key issues, namely procurement, management of bulk consumables, management of small plant and equipment, and leadership and culture. IBAC's report on this project was published in 2015.

With thanks to IBAC, Victoria

Questions

1. List all of the ethical issues around this situation.
2. What are the vulnerabilities, or misconduct risks, associated with each issue?
3. What prevention measures could be put in place to prevent this recurring?



The Commission can help

We are available to provide support and assistance with identifying, reporting, investigating, managing and preventing misconduct: prevention@integrity.tas.gov.au or 1300 720 289.

For more Integrity Commission resources go to www.integrity.tas.gov.au/resources