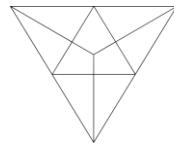


## CONFLICT OF INTEREST



### Conflicts of interest in procurement

Conflicts of interest may arise in various work areas of a public sector organisation. One of the high-risk areas is procurement. All employees must follow conflict of interest processes and procedures to maintain the integrity of procurement practices.

#### What is procurement?

Procurement refers to the entire process of acquiring resources such as goods, services, facilities, capital, and human resources. It includes:

- ▼ planning and designing
- ▼ determining standards
- ▼ writing specifications
- ▼ selecting suppliers
- ▼ financing
- ▼ administering contracts
- ▼ disposal, and
- ▼ other related functions.

As it involves spending public money, procurement is a high-risk area for misconduct, fraud and corruption, and requires stringent adherence to policy and procedures.

Your organisation must ensure that its procurement and contracting practices are transparent and accountable and meet the standards set out in legislation, codes and policies.

#### What is a conflict of interest?

A conflict of interest occurs where a person's interests, affiliations or relationship prejudices either:

- ▼ impact on their impartiality, or
- ▼ might be perceived by a reasonable person as potentially prejudicing their impartiality, or
- ▼ result in an incompatibility with the duties they are required to carry out, such as undertaking procurement or administering a grant.



## CASE STUDY

Investigation Taurus is a 2019 Integrity Commission own-motion investigation. It investigated an alleged conflict of interest and improper performance of functions associated with the procurement of nearly \$2.6m worth of multimedia resources by a Department of Education manager.

The contracted supplier was a friend of the manager. We investigated an allegation that the two had colluded to ensure that multiple procurements were below thresholds nominated in the relevant Treasurer's Instructions.

Our investigation found that the manager had an actual conflict of interest arising from his friendship with the supplier. We also found that he had not properly identified and managed the conflict of interest as required by the State Service Act 2000 and relevant Treasurer's Instructions.

We found that the manager sought to avoid procurement thresholds and disaggregated projects to ensure this occurred. We noted that, while the later projects included an independent probity advisor, the conflict of interest declarations made in those projects did not properly identify the nature of the manager's conflict nor how he intended to manage it.

The manager resigned from the Tasmanian State Service before we finalised the matter.

<https://www.integrity.tas.gov.au/publications/prevention-resources/investigation-summaries/2019-2020/2019-20-investigation-taurus-summary>

## Conflicts of interest in procurement

A conflict of interest can occur when a public sector employee is unable to be impartial in their procurement role, for example:

- ▼ they have a friend or family member who will potentially benefit from a purchase or contract – this may be through employment or as an owner or shareholder of the business
- ▼ they harbour feelings of ill-will towards a supplier or prejudices against a particular product or service that could unfairly bias the selection process
- ▼ they hold a second job with a supplier who is about to do (or is already doing) business with the public sector organisation
- ▼ they have a relationship with a supplier who owns property that will be affected by the organisation's activities, or

- they share an interest in a sporting or community organisation, which could influence the officer's decision making.

It is also a conflict of interest if a public sector employee has been offered a gift or benefit by a person or organisation involved in bidding for a tender or grant.

## Managing conflicts of interest

Conflicts of interest are not wrong in themselves, but the officer concerned must identify, declare, and manage the conflict appropriately, effectively, and transparently. Disclosing actual or potential conflicts is a continuous process because conflict situations may change over time.

### Why does it matter?

In the public sector, decisions must be made – and be seen to be made – on proper grounds, with fairness, and in the public interest.

Not managing a conflict of interest can undermine public trust in government and lead to the community being suspicious of the decisions you make, even when they are fair and proper.

### Good practice tips

- Spot your conflicts of interest early, with help from our resources and tools.
- Talk over your possible conflict of interest with your manager, supervisor, or colleagues.
- Save any documents (like papers, forms, or emails) related to your conflict of interest.
- Plan out how you will manage your conflict of interest with help from your supervisor, and write it down.
- Refer to the 'Six R's' for managing conflicts of interest: Register, Restrict, Recruit, Remove, Relinquish and Resign (on the Integrity Commission website).

### 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](mailto:prevention@integrity.tas.gov.au) or 1300 720 289.

For more Misconduct Prevention resources go to [www.integrity.tas.gov.au/resources](http://www.integrity.tas.gov.au/resources)