



POWER AND AUTHORITY and CONFLICT OF INTEREST

Business opportunity for partner

A senior employee has knowledge of a business opportunity for their partner's business. What happens next?

The story

It was alleged that a senior employee of the then Department of Economic Development, Jobs, Transport and Resources (the Department) had engaged in serious corrupt conduct by improperly using their position to provide business opportunities for their partner. It was also alleged the employee had an undeclared financial interest in their partner's private business.

Once the employee's conduct was raised with the Department by industry stakeholders, the Department acted swiftly to alert IBAC and promptly complied with IBAC's requests for information.

IBAC commenced Operation Carson in June 2016, and used a range of investigation powers to conduct the investigation.

What were the outcomes?

Although the employee resigned while under investigation, IBAC substantiated allegations they provided preferential access and treatment to their partner. IBAC also established the employee and their partner were engaged in a private business that had not been declared to the agency.

The employee sought to exploit the knowledge and networks they had developed through their public sector employment to further their business interests. The employee failed to declare their conflicts of interest and did not act in the public interest.

With thanks to Independent Broad-based Anti-corruption Commission (IBAC), Victoria

Questions – Facilitator copy

1. List all of the ethical issues around this situation.
 - ▽ Misuse of position, power and authority
 - ▽ Conflict of interest
 - ▽ Gifts and benefits
 - ▽ Record keeping
 - ▽ Culture of not speaking up

2. What are the vulnerabilities, or misconduct risks, associated with each issue?
 - ▽ See table below

3. What prevention measures could be put in place to prevent this from recurring?
 - ▽ IBAC identified opportunities for the Department to review its policies and procedures and provide appropriate training to staff to address the corruption vulnerabilities identified in IBAC's investigation, including in relation to:
 - conflicts of interest
 - gifts, benefits and hospitality, and
 - information management and security measures.
 - ▽ As a result, the Department has built and strengthened their integrity frameworks, particularly in the areas identified above. It has committed to continue to strengthen training and awareness activities, including the introduction of a mandated training program for all staff to embed awareness of integrity policies and related matters.

Issue	Vulnerability	Prevention measures
Gifts and benefits	Staff member, knowingly, not declaring gifts and benefits contrary to policy	Supervisors need to be aware of the expected level of gifts and benefits (offers and acceptances) certain high-risk staff would generally be offered and supervisors should be acutely aware of the warning signs if such a staff member does not declare any gifts and benefits (offers and acceptances).
Record keeping	Poor record keeping and data entry practices	Staff in high-risk positions operating with minimal supervision should be subject to appropriate levels of oversight. Lack of transparency is a 'red flag' in high risk roles and a high priority should be compliance with recording work and actions within IT systems.
Conflict of interest	Undeclared and poorly managed conflicts of interest	<p>Clear policies that identify what constitutes a perceived, potential and actual conflict of interest and how it is to be managed by staff and managers.</p> <p>Regular training and awareness raising to be conducted within the organisation</p> <p>Require employees to identify, declare and manage declarable associations in accordance with policy.</p>
Culture	Minimal oversight of staff in a high risk position	Management should have almost zero tolerance for a lack of transparency especially related to roles that are very autonomous and operate in a high-risk environment.
Persons not speaking up	Staff and industry stakeholders not feeling confident or empowered	Ensure staff and industry stakeholders are aware of Public Interest Disclosure policies and procedures.

	enough to speak-up or complain	Encourage staff and industry stakeholders to raise concerns and provide a contact point(s) for even anonymous contact (such as providing a hotline).
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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