

Fraud & Corruption Control Plan



Government of South Australia

Department for Communities
and Social Inclusion

Fraud & Corruption Control Plan



Government of South Australia

Department for Communities
and Social Inclusion

05th February 2013

Foreword

DCSI is committed to a culture of trust, integrity and honesty. This culture underpins DCSI's **zero tolerance of fraud and corruption**. This is reflected in the DCSI Fraud and Corruption Control Policy 2013. The purpose of this document is to provide a plan to help staff gain an understanding of what fraud and corruption is; how to deal with it and how it can significantly impact on our clients.

“DCSI is committed to a culture of trust, integrity and honesty”.

This plan provides some examples of this that will allow our staff to gain a perspective of the financial, emotional and social impacts on people. Further, it draws attention to considerations in the local workplace and provides guidance on the practices and procedures used to prevent or identify corrupt and fraudulent activity. This plan supports DCSI's policy of zero tolerance towards fraud and corruption.

Andrew Thompson

Executive Director, Financial Services

Purpose of this plan

This plan;

- Identifies the documents which provide the legislative and regulatory background to the management of fraud and corruption in DCSI
- Describes what fraud and corruption is, and how it impacts on the functions and culture of DCSI.
- Illustrates how the principles in AS 8001:2008 Fraud & Corruption control translate to action in DCSI
- Describes the roles and responsibilities of individuals and business units within DCSI regarding the management of fraud and corruption.
- Describes how selected business units contribute to the implementation of DCSI's **Fraud and Corruption Control** policy.
- Describes the process of reporting fraud and corruption
- Provides a glossary of key terminology

After reading this plan employees will;

- Be aware of the zero tolerance position the department has regarding fraud and corruption
- Be aware of the detrimental effects of such activity occurring in a community service organisation
- Be aware of the commitment of DCSI has made to support employees when such activity is reported



Directive Documents

The management of fraud and corruption in the department is conducted within the context of a number of directive, supportive and related documents, five of which are named below

- **Public Sector Act 2009**
- **Code of Ethics**
- **DCSI Fraud and Corruption Control Policy**
- **Treasurers Instructions (TI) 2 & 28**
- **AS 8001:2008 Fraud & Corruption Control**

These documents can be sourced from the internet by simple search.

What is Fraud and Corruption

Fraud and corruption can take many forms. Fraud is a deliberate deception to assist or cover up the misuse of assets, whereas corruption involves a breach of trust in the performance of official duties and may be considered as official misconduct. Many forms of fraud and corruption exist including but not limited to:

- Extortion
- False pretence
- Theft
- Forgery
- Bribery
- Stealing
- Misappropriation of property
- Accounting fraud

The definition of fraud is determined as:

“Dishonestly obtaining a benefit, or causing a loss, by deception or other means” (Commonwealth Fraud Control Guidelines 2011).

What fraud may look like

The department is not immune from internal or external risks of fraud. Fraud appears in many forms, some examples of fraud could include the following:

- Falsifying timesheets
- Falsification of Work cover claims
- Collusion in the awarding of acquisition contracts
- Nepotism in grants approvals
- Kickbacks from suppliers
- Misuse of government equipment and/or resources
- False invoicing
- Destruction or removal of DCSI business records
- Accessing systems and records not relevant to work practices or needs
- Misuse of reward programs (Everyday rewards, frequent flyer programs, fly buys)

- Concession claims

What corruption may look like

Corruption may not be as direct as theft or an illegal act. It can occur in many forms, particularly in a community service organisation. Examples include but are not limited to:

- Approving a housing claim for a family member out of turn
- Gaining disability equipment for a friend who has not followed the correct procedure
- Advising a person who has put in a tender for a contract with DCSI of their “**competitions**” tender
- Rejecting a customer’s **application for services based on a dislike** of that person
- Release of confidential information for non-business purposes in exchange for non-financial benefit or advantage
- Collusive tendering
- Favouritism towards family (known as nepotism) or friends (known as cronyism) in granting benefits when they are not eligible to receive them.
- Non-disclosure of conflicts of interest.

The definition of corruption is determined as:

“Dishonest activity in which a director, executive, manager, employee or contractor of an organisation acts against the interests of that organisation and abuses their position of trust in order to achieve some personal gain or advantage for themselves, another person or organisation” (AS 8001:2008 Fraud & Corruption Control)”.

The concept of “corruption” can also involve corrupt conduct by the people of an organisation, or people claiming to act on behalf of the organisation in order to secure some form of improper advantage for the organisation. This advantage could be either direct or indirect.

Culture

Fraud can have a significant impact on an organisation at all levels. DCSI has developed fraud and corruption control measures that help employees identify such activity and minimise the risks and associated costs brought about by criminal conduct in the workplace. These measures are continuously reviewed and improved in collaboration with departmental business units.

“Transparency at every level is the best defence...”

These fraud and corruption control activities communicate a zero tolerance approach integrated with a commitment to combating fraud and such behaviour. This integrated approach includes, but not limited to, the following:

- Risk assessments
- Internal controls
- Reporting systems
- Investigative capabilities
- Staff awareness training
- The development and review of the Fraud Corruption & Control Policy and the Fraud Corruption & Control Plan.

Fraud and Corruption awareness is promoted through the Risk Assessment Facilitator network and on the DCSI electronic corporate newsletter, the Buzz. The work of the department promotes a culture of care for the people in the community most in need of support and assistance including the elderly and people with disabilities.

When a fraud has been committed against a client or the organisation, the flow on effect can damage the good work of DCSI staff as well as harming the reputation and image of the organisation.

DCSI has a culture that not only supports our clients but also our staff. In such circumstances where fraud has been committed, DCSI will be fair in its response whilst supporting the alleged offender, but will also ensure that the alleged person will be held to account for their actions. DCSI offers access to an Employee Assistance Program to staff who may need it. Information regarding this program can be found on the DCSI Intra and Internet sites

How Fraud and Corruption Impacts on people

DCSI is an organisation that serves the community and the threat of fraudulent and/or corrupt activities, that would adversely affect the department and its clients, is considered a substantial risk. The level of risk is heightened due to the consequences of such activity rather than the likelihood of it happening. DCSI is the caretaker of a substantial amount of public finances and resources. Should any of those resources be victim to fraud or corruption, the people of South Australia are the ones who suffer. The time and effort that it takes to investigate an alleged offence requires those resources to be redirected and assigned to the investigation of illegal activity, reducing the capacity of services DCSI is able to provide. The loss of morale and the possibility of a tainted reputation for staff members, teams, units or even the Department as a whole, exists and is quite often more damaging than the financial loss itself.

Principles Table

The table below shows the principles as shown in AS 8001:2008 Fraud & Corruption control and how these are interpreted and used by DCSI.

Principles / Elements	The adherence to this principle in DCSI means:
Example setting by senior management	<p>Senior management will follow up reported fraudulent activity, adhering to the reporting procedures. Senior management will support people who report fraudulent activity and treat the information in the strictest confidence.</p> <p>Any person subjected to harassment due to making a report will have the full support of senior management and the people involved in the harassment will be dealt with according to departmental policy.</p> <p>People who are found guilty of fraudulent activity will have senior management's support in exploring and addressing the reasons that led them to that conduct.</p> <p>Senior management endorse and uphold the values of DCSI by being connected, ethical, brave, respectful and inclusive.</p>
Codes of behaviour & ethical culture	<p>DCSI's publicly stated values are to be connected, ethical, brave, respectful and inclusive. As public sector employees, DCSI employees act in accordance with organisational, professional and personal codes and uphold the Public Sector Code of Ethics.</p> <p>As an organisation that has the welfare of the most vulnerable people in the community as their core service, DCSI staff act and engage in their work with integrity, fairness, transparency and accountability.</p> <p>Our culture provides staff with the knowledge and comfort that should they require assistance in part of their life, DCSI will provide the appropriate advice and help to the best of their ability through programs including the Employee Assistance Program</p>
Allocation of responsibility	<p>Executives and Managers at all levels are required to ensure policies and procedures that minimise the risk of fraudulent behaviour occurring are put in place. They will ensure that fraud risk assessments are undertaken on an annual or as required basis and will include the appropriate Risk Assessment Facilitator in these activities.</p> <p>Employees are responsible for making themselves aware of the practices and procedures of the workplace and are required to report any activity that is suspected to be fraudulent as per the Public Sector Code of Ethics. People who receive a report of fraudulent behaviour are required to notify the Manager, Internal Audit immediately. Manager, Internal Audit will manage the investigation and liaise with South Australian Police (SAPOL) and/or any other authority that may be involved. Further, the Manager, Internal Audit, once notified is responsible to ensure that the site in which the activity occurred is secured.</p> <p>The Director, Human Resources will manage the disciplinary process including recommending actions to the Chief Executive.</p> <p>The Dean, College for Learning and Development will ensure that the DCSI induction program includes information about fraud and corruption and makes reference to the DCSI Fraud and Corruption Control Policy and Plan.</p>

Principles/ Elements	The adherence to this principle in DCSI means:
Communication	<ul style="list-style-type: none"> • Executives and Managers at all levels will communicate DCSI's position and commitment to zero tolerance of fraud and corruption through various measures including the DCSI Fraud and Corruption Control Policy, Fraud and Corruption Control Plan, Fraud Awareness Program, Induction and promotional material. • The Fraud Awareness Program will utilise a range of communication approaches, which may include publicity campaigns, Buzz articles and training and awareness sessions for DCSI staff, as appropriate • Promotional material is reviewed on an annual basis and is available through the Risk Management website and currently includes posters, bookmarks, awareness flyers and seminar slides. • The DCSI induction program will inform new staff about the DCSI Fraud and Corruption Control Policy and Plan.
Awareness & Training	<ul style="list-style-type: none"> • DCSI develops and implements fraud and corruption awareness activities and provides advice on reducing opportunities for fraud and corruption by strengthening internal controls. • DCSI provides training in relation to conducting fraud risk assessments during the Manage Risk course. • DCSI has a continuous improvement plan and further training opportunities and materials for fraud and corruption awareness are available.
Reinforcement of zero tolerance	<ul style="list-style-type: none"> • DCSI has the right to investigate all reports of fraudulent behaviour and will commit to ensuring the process of reporting such activity is upheld with the highest integrity. • DCSI will engage SAPOL in the investigations conducted and will follow any instruction or advice given by SAPOL to facilitate a comprehensive and timely outcome. • DCSI Executives and Managers at all levels will commit to the risk assessment process regarding the reduction of opportunities for fraudulent activity by conducting fraud risk assessments and including the relevant stakeholders and subject experts in the discussions. • Consequences of committing fraud and corruption may include criminal charges and/or disciplinary action.
Reporting incidents	<ul style="list-style-type: none"> • DCSI requires all employees to understand their responsibilities regarding reporting incidents and make themselves aware of the required timeframes of each step of the reporting process. • DCSI gives a commitment to all staff that if any such report is made, information regarding the identity of people involved will be held in the strictest of confidence if requested • Reports of fraudulent activity that are made under the Whistleblower's Policy, receive the highest level of confidentiality • DCSI is committed to providing protection against victimisation for whistleblowers who in good faith, may report allegations of unethical conduct or decision making that would be considered to be in the public interest. • Any person who victimises a person involved in a reported incident will face disciplinary action and will be subject to consequences as determined by the Director, Human Resources.

Roles & Responsibilities

The following role profiles describe the resources available to support employees at all levels of the organisation.

“Informed and committed employees are the most important resource in reducing the opportunity for fraud and corruption to occur in DCSI.”

The Chief Executive

Is accountable to the Minister for the following:

- Creating, maintaining and enhancing a culture across the Department that reflects the zero tolerance position DCSI has for fraud and corruption.
- Ensuring fraud and corruption control policies and procedures exist.
- A review of such policies is conducted on an annual basis.
- A review of such procedures is conducted on a biennial basis.

Manager Internal Audit

The Manager, Internal Audit under the authority of the Chief Executive, will manage the investigation of any alleged fraud or corruption and where necessary, liaise with SAPOL or other authorities. In doing so, the Manager of Internal Audit will consult and work collaboratively with the relevant Executive Director to ensure that all aspects of the investigation are properly planned and communicated to all relevant stakeholders as defined in the Fraud and Corruption Control Policy.

The Internal Audit unit will undertake the investigation ensuring people who are leading the investigation are competent in conducting such matters. The Director of Quality Assurance, Risk and Business Improvement (QARBI) will report incidents of fraud to the DCSI Risk Management and Audit Committee and the Director, Corporate Services, Housing SA to the South Australia Housing Trust (SAHT) Board Audit and Finance Committee.

Executives and Management

Executives and Managers at all levels are to maintain and review internal control procedures to minimise the risk of fraud, corruption and other similar malpractices by including fraud risk assessments in the annual risk workshop in collaboration with Risk Assessment Facilitators.

To assist Executive and Managers in this area, Internal Audit may periodically conduct (or arrange for) independent review of processes that are highly susceptible to fraud and corruption to ensure that effective controls are in place.



Risk Assessment Facilitators (RAF's)

Risk Assessment Facilitators will work in collaboration with their Executive Directors, Directors and Managers to include fraud as a component in their unit's annual risk assessment.

Employees

Employees, volunteers, agents, contractors, sub-contractors and suppliers of goods and services to DCSI are required to immediately report any suspected fraud or other similar malpractices to an appropriate person as defined in the policy. Notified individuals are responsible for **immediate** notification of reported fraudulent activity to the Manager, Internal Audit.

Relationships

Every employee within DCSI would have a direct relationship with at least one of the listed units.

Quality Assurance Risk & Business Improvement (QARBI), Financial Services

A major component of fraud and corruption relates to organisational financial interests. The Financial Management Compliance Program provides the parameters for many of the controls exercised by Financial Services.

QARBI also maintains the DCSI Gift Register. The register is a database that collects information on gifts, invitations and other benefits received by DCSI staff by outside agencies and clients. The register provides a transparent approach to the departmental employees receiving gifts and benefits from clients or agencies and ensuring the organisation is accountable for all activities.

Financial Services is responsible for establishing levels of authorisation for specific roles within the department, providing segregation of approval processes. The compulsory declaration of pecuniary interests by people within specific positions also gives a level of assurance to the department regarding the involvement of staff members with external parties.

“Fraud can damage DCSI’s good work achieved by staff”

Units governed by Protective Security Arrangements

Some units within DCSI have a specific role to play in the Protective Security Arrangements of the Department. The Protective Security Policy states:

“Failure to adequately protect the security of DCSI resources and business functions/operation may place the department at risk of significant loss, jeopardise the provision of service or undermine public confidence in the Government’s ability to fulfil its role and function”

These units are highlighted below.

Business Technology Security

The Business Technology Unit is responsible for protecting electronic information and communication technology (including procuring ICT services and equipment) and for protecting the integrity of information services (including documents, papers, records, intellectual property and knowledge).

Human Resources

In the context of personnel security, Human Resources is responsible for securing the integrity of personnel employed by DCSI and ensures policies and delegations in relation to human resource management are also in place for the protection of the department and all of its employees.

Furthermore, the Director of Human Resources plays an integral part of the investigation of claims of fraud and corruption that are determined to be knowingly false or misleading. An employee who makes a misleading or vexatious claim is in breach of the Public Sector Code of Conduct and may be subject to disciplinary action, including dismissal.



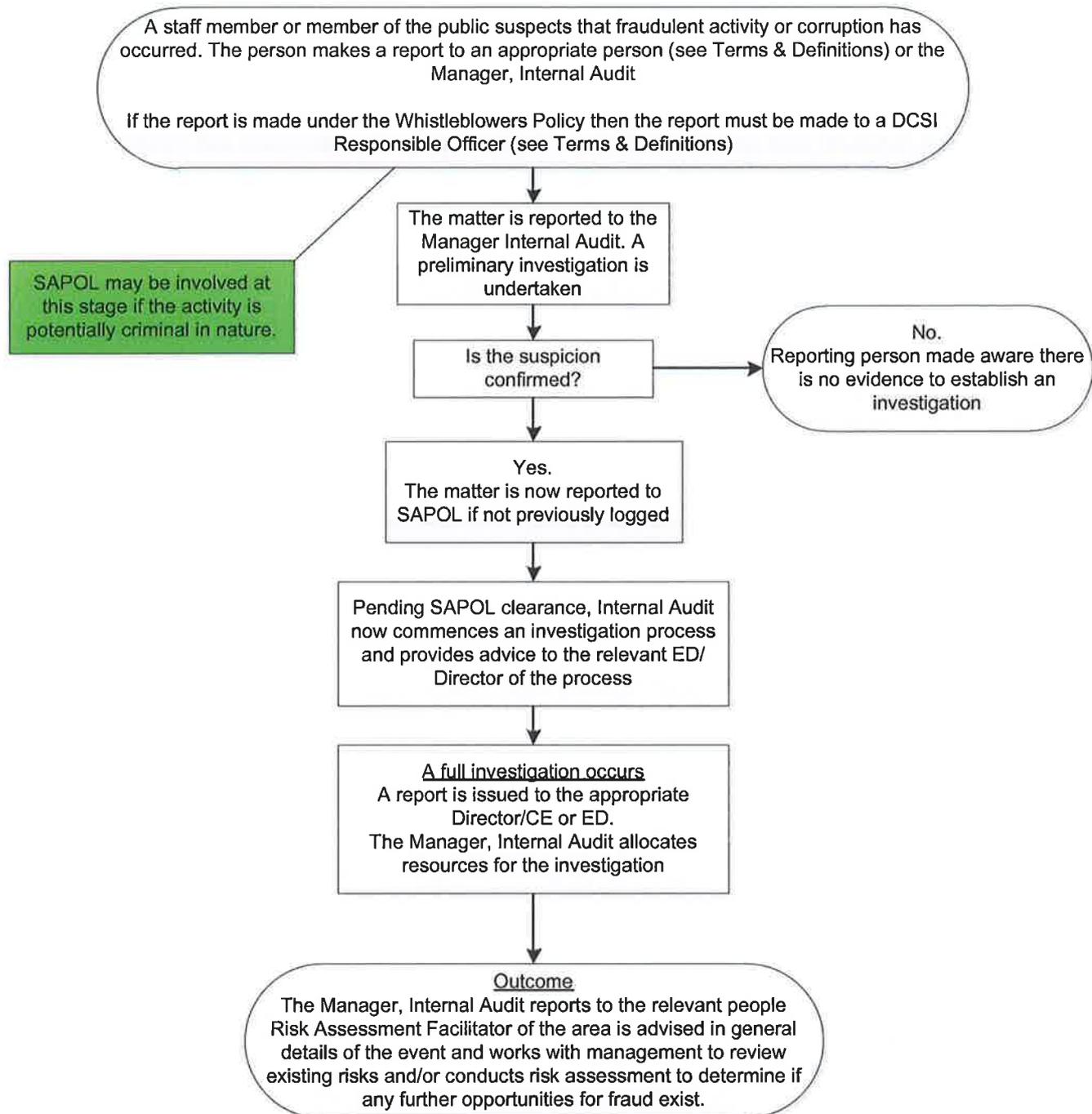
Assets and Facilities

Assets and Facilities are responsible for the coordination of processes and activities to maintain the physical security of assets, staff and premises. The Unit responds to security issues arising across DCSI sites and issues DCSI personal ID passes which control the level of security access. The Unit is responsible for providing specialist security advice, support and guidance to the Executive, business units, management and staff.

Screening Unit

The DCSI Screening Unit conducts background check on all DCSI employees, volunteers and contractors in accordance with the relevant legislation. The Unit provides an essential service to the department not only for the welfare of our clients, but also for the welfare of the department and the protection of its employees in relation to fraud and corruption.

Reporting Flowchart (abridged)



Hyperlink to the Whistleblowers Policy can be found [here](#).

Link to the Manager, Internal Audit email can be found [here](#). Or alternatively can be contacted on 8415 4347.

THIS PAGE INTENTIONALLY LEFT BLANK



Appendices

Appendix A: Terms and Definitions

Appendix B: Some case studies/examples of potential fraud activities

Attachments

Attachment A: Gifts, Benefits and Offers Guidelines

Appendix A:

Terms and Definitions

Appropriate Person:	Also known as a “ trusted person ”. A person of any level who can be trusted by the employee making a report to take on the information received and inform the Manager, Internal Audit. This “ appropriate person ” does not have to be in the same management line or in the same area/directorate/division.
Collusion:	A secret agreement between two or more parties relating to fraudulent, corrupt or illegal behaviour.
Investigation:	A search for evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct that infringes the criminal law or the policies and standards set by the affected entity.
Maladministration:	Can be defined as corrupt or incompetent administration including actions of bias, neglect, inattention, delay, incompetence, ineptitude, perversity and partiality.
Public interest information:	Information that tends to show that there has been illegal activity, unauthorised use of public money, substantial mismanagement of public resources, maladministration or conduct that causes risk to public health or safety or to the environment.
Responsible Officer:	(Applicable to reports made under the Whistleblowers Policy) Within DCSI the responsible officers nominated are: the Chief Executive, the Executive Director Financial Services and the Director of Human Resources.
Risk Assessment:	The process of risk identification, risk analysis and risk evaluation.
Risk Management:	Coordinated activities to direct and control an organisation with regards to risk.
Risk Management Plan:	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organisation.
Risk Management Process:	Systematic application of management policies, procedures and practices to the tasks of communicating, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Stakeholder:	Any person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.
Trusted Person:	See “ appropriate person ” definition.
Zero Tolerance:	Practice of placing consequences on breaches, even minor ones, of a code or policy in order to reinforce its overall importance.

Appendix B:

Some case studies/examples of potential fraud activities

The following examples of fraud are fictitious but reflect the red flags for fraud and control weaknesses that were evident in real cases

Example 1

A long serving employee was seen as the 'salt of the earth' by her colleagues and would willingly provide administrative assistance to any staff on site. The employee had access to the Unit's safe in which petty cash was stored, and, although she would undertake petty cash transactions, she had no need to do so within the scope of her role. However, the arrangement suited Managers in the unit.

One afternoon, the employee was seen placing an amount of money in the safe although no petty cash transactions had taken place that day.

An internal audit investigation revealed that the employee and her husband had fallen on hard times and had taken money from the safe for a loan, and she was caught in the process of returning it.

The investigation revealed the following **red flags**;

- ≈ the employee was seen going to the local tavern up to 3 times a week to have a flutter on the pokies at lunchtime
- ≈ the employee often got to work early and left late
- ≈ the employee was open about her dire financial situation.

The investigation revealed the following **control weaknesses**;

- ≈ the employee handled petty cash despite it not being one of her responsibilities
- ≈ the employee had access to the safe where the cash was stored when she didn't need access to it for her role
- ≈ the officer responsible for the management of petty cash did the reconciliations so irregularly that she did not notice any fluctuation in cash on hand.

Example 2

A Director under considerable work pressure rapidly recruited a Manager who was put in charge of purchasing and despatching assets. The Manager worked quite independently from the Director and was seen as a reliable and trusted colleague at work and socially with staff after hours.

Two years after the recruitment of the Manager, when he eventually went on leave, a discrepancy was noted by his replacement in the orders of equipment and subsequent dispatch to divisional business units.

An internal audit investigation revealed that the Manager had previously misappropriated funds from a tennis club. It also showed that he had purchased equipment for his department and sold it on to staff who were his friends on the basis that he could access for them brand new office equipment wholesale because his cousin worked for a national office supplies retailer.

The investigation revealed the following **red flags**;

- ≈ the Manager worked late and on weekends
- ≈ the Manager had taken no leave up until the time his deception was revealed
- ≈ the Manager offered brand new equipment to people at 'bargain basement' prices

The investigation revealed, among others, the following **control weaknesses**;

- ≈ the recruiting process was rapid and had taken short cuts with the consequence that the Manager had signed his own clearances including a false statement that he had obtained a criminal history check clearance.
- ≈ the Manager had authorised purchases and then payment by himself with no other party involved
- ≈ the Manager had 24 hour access to the business site when there was no reason for him to have it
- ≈ the Manager worked in isolation with no performance reviews
- ≈ the Manager's leave was not being monitored.

Appendix B

Example 3

A business unit received fortnightly allocations of cash for distribution to clients in 6 supported accommodation sites within the local area. Cash was contained in 6 envelopes in one plastic carry bag. Deliveries were receipted in bulk when delivered to the front desk at the site. The cash was then placed in a safe in the same plastic bag.

On most occasions day and night supervisors would individually access the envelopes of cash for their own sites and remove them from the plastic travel bag.

One morning one of the supervisors discovered 3 of the 6 bags missing, resulting in a substantial loss of cash for the agency and causing distress for clients who did not receive their payments in time to do essential shopping.

The internal audit investigation revealed the following **red flags**;

- ≈ there was previously an unexplained loss of a small amount of petty cash from the office when a charity complained that their confectionary fund raiser 'help yourself' display in the staff room was significantly short of cash the week earlier
- ≈ the morning before the cash envelopes were delivered, the safe (albeit empty) was discovered open
- ≈ the site had only a 30% compliance rate with the mandatory policy relating to criminal history checks.

Following an internal audit investigation the following **control weaknesses** were found;

- ≈ no-one at the front desk checked the contents of the plastic bag to ensure the total number of envelopes were contained in it
- ≈ no-one at the front desk checked that the sums of money were in the envelopes when they were delivered in the plastic bag
- ≈ only one person took the bag to the safe
- ≈ all staff in the unit knew the combination of the safe
- ≈ shift supervisors accessed the cash individually
- ≈ shift supervisors often retrieved the envelopes without checking the contents in front of another staff member

Example 4

Chloe had the best decorated work space in the whole DCSI regional office. Chloe, as a part-time volunteer with DCSI, managed to maintain a workspace which was not cluttered with the papers and files like the work spaces of full time paid officers.

The tastefully appointed work area had such things as a blown glass paper weight containing the image of an orchid, a beautiful hand painted wall hanging depicting a village setting in Tuscany and an engraved fountain pen from one of her favourite clients. These all added a bit of class to an otherwise drab office setting. Staff also envied the stunning silk scarf that Chloe wore on those special days when there was an important meeting.

Chloe would often speak of her clients in endearing terms. The clients she took for walks, the clients she helped feed, the clients for whom she provided an interpreting service as they gradually reverted to their native tongue as they got older.

An Internal Audit investigation prompted by a complaint (under the Whistleblowers Protection Act) by the son of one of the clients revealed that Chloe had been accepting gifts from clients with whom she had developed a close relationship. Not only had Chloe received gifts but the audit revealed that Chloe had been included in the wills of at least 2 clients over a period of 5 years and had purchased jewellery from them which she had subsequently on-sold to full time paid employees back at the office.

The internal audit investigation revealed the following **red flags**;

- ≈ Chloe's discussions with staff about her close relationship with clients
- ≈ the length of time Chloe would spend with individual clients on straight forward tasks
- ≈ the array of memorabilia on Chloe's desk which reflected different tastes and origins
- ≈ Chloe's attempts to sell second hand jewellery to staff

Following an internal audit investigation the following **control weaknesses** were found;

- ≈ Chloe, as a volunteer, had not been through an induction program which included reference to ethical behaviour
- ≈ Chloe had little understanding of the differentiation of her role as a quasi employee and her role as carer/friend
- ≈ the gifts, which all staff knew about, were not entered on the departmental gift register
- ≈ no supervisor had ever been with Chloe on visits to clients apart from the first day of orientation

THIS PAGE INTENTIONALLY LEFT BLANK

21st February 2013

Attachment A

Gifts, Benefits & Offers Guidelines

This guideline provides direction to the following:

- Acceptance or non-acceptance of gifts and benefits
- Subsequent reporting of such gifts
- What to do in the event an offer is made

These guidelines should be read in conjunction with the **"Gifts, Benefits and Offers Policy"** and the DCSI **"Fraud & Corruption Control Plan"**.

Gifts and Benefits

In a business context, gifts can have different meanings and purposes as described in the definitions. The purpose of the gift, to a certain extent, affects how it should be managed. Gift refers to articles, items or monies given by one party to another party. A gift may include but is not limited to money, tickets, alcohol or other products.

Gift of gratitude or appreciation

Refers to gifts that are generally given to express gratitude or thanks in appreciation of performing a specific task or for performing duties in an exemplary manner. Gifts to staff who speak at official functions would be considered a gift of gratitude. Gifts of appreciation considered appropriate might include such item as a bouquet of flowers or a box of chocolates. In contrast a watch, gold bracelet or other jewellery are not considered appropriate and must be declined.

It is important for employees to remember that whilst one gift of nominal value may be considered insufficient to cause an employee to deviate from their normal course of duties, the total of multiple or cumulative gifts may be perceived sufficient to do so. For example, one lemon off a tree may not be considered as a lot but a bag of lemons, every week over the course of a few years would be considered substantial.

Thought also needs to be given as to why this gift is being presented. Is there an idea or perception to an outside party of reciprocity (trading of favours) behind the gift? Also, how does the person feel about accepting the gift, are they flattered or appreciative or do they now feel obliged to help the gift giver?

Token Gift

These gifts are offered to the Department or staff representing the Department. They are often small office or business accessories (pens, calendars, folders) that contain a company logo. They are usually products that are mass produced and not given as a personal gift. Employees may be involved in business, social, cultural or community events where presentations or exchange of token gifts is customary. DCSI deems it reasonable to accept token gifts on behalf of the Department.

Official or Ceremonial Gifts

Such gifts are often provided to a host department when official business is conducted with delegates from another organisation. Although these gifts may sometimes be offered to express gratitude, the gratitude usually extends to the work of several people in the Department, and therefore the gift is considered to be for *the entire Department*, not to a particular individual. Gifts that would generally be considered official might include dedicated plaques, plates, vases and trophies.

Benefit

A benefit is anything believed to be of value to the recipient, or that might be perceived by a reasonable person to be of benefit to the recipient. A benefit may include, but is not limited to

- Preferential treatment in regard to environment
- Access to events, functions and information
- Club Memberships
- Discounts in shops

Benefits are often of intangible value and therefore difficult to assess in terms of nominal value. Accordingly, as a precautionary measure, DCSI requires employees to consider all benefits as being greater than nominal value and to manage them as they would a gift of greater than nominal value in accordance with these guidelines.

Gift or Benefit of influence or bribe

Items that are offered to an employee, in order to influence that employee to act in a particular way.

Reporting of Bribes, Potential Bribes and Solicitation of Gifts

Bribes, potential bribes and the witnessing of the solicitation of a gift/benefit must be reported as soon as possible. An employee who is offered a bribe, who believes that the offer of a gift or benefit is a bribe or who believes that they have witnessed another employee receiving a gift or benefit in order to undertake a specific action, must notify their Supervisor or another Senior manager of the incident as soon as possible. It can be in either verbal or written form. If an employee feels uncomfortable speaking to their Supervisor or Senior Manager it is recommended that they contact the Manager, Internal Audit as soon as practicable.

The incident can then be logged on the Integrated Incident Reporting System (Riskman). The report should include:

- The name/s of those involved and their contact details, if known
- The date, time and place of the offer or gift
- The circumstances of the offer or gift (what it involved and what the employee thinks it was intended to persuade the employee to do)
- Any action the employee took at the time (what did the employee say or do)
- Any other relevant details

Conflict of Interest

As per Part 7 of the Gifts, Benefits and Offers Policy:

“Acceptance of any gift that could even give the appearance of a conflict of interest with public duty, or of securing favours or preferment, is to be avoided”

Public servants are not only in a unique position of trust; they are also under the public scrutiny. Gifts in themselves are harmless or innocuous enough. However a third party may perceive the intent of the gift quite differently. All gifts are to be avoided, especially gifts that may give the perception of a conflict of interest.

How to prevent compromising situations

The best way to prevent compromising situations is to decline the offer. The Department applies the following general principles to the acceptance of gifts and/or benefits.

- As a general rule and wherever possible, employees should decline the offer of any gift and or benefit
- An employee must not accept a gift or a benefit at any time that could reasonably be perceived as having been provided with the intent of influencing the employee in carrying out their duties with the Department
- Transparent processes, in themselves, are the best defence against allegations of corruption. Therefore, DCSI requires that all employees report offers of gifts and/or benefits and the outcome of such incidents (either acceptance or refusal of the gift/benefit)

- Employees need to consider both the value, frequency and the intention of the gift or benefit that is being offered. Employees also need to consider the scope of perceptions that may be drawn, particularly from the media or Freedom of Information (FOI) submissions, from a situation involving the acceptance of a gift or benefit. Part D of the “**Code of Conduct**” provides a simple ethics test that might help reduce the level of uncertainty.

DCSI recommends that employees seek advice from their Supervisor/Manager if they have any doubt regarding the acceptance of a gift or benefit. All gifts and benefits that are accepted need to be logged on the DCSI Gift Register as soon as practicable. It is also advised that if the gift or benefit is an event (concert, Tour Down Under Tickets, Clipsal 500) that the gift be logged on the Gift Register **prior** to the event.

Roles & Responsibilities

Supervisors and Senior Managers

Supervisors and Senior Managers main responsibility with regards to these guidelines is to ensure that employees are aware of the **“Gifts, Benefits and Offers” policy and advise to decline gifts and benefits.** Supervisors and Senior Managers must discuss with employees any gift or benefit that the employee has received or been offered and ensure that the employee logs this onto the Gift Register as soon as possible.

“Supervisors and Senior Managers must advise staff to, where practicable decline all gifts and benefits”

If employees have any queries or questions regarding either the guidelines or the policy regarding gifts, benefits or offers they should discuss this with their Manager and/or Supervisor. The intent of these guidelines is to protect DCSI employees against allegations of fraud, corruption or maladministration arising from being presented or accepting a gift or benefit.

If matters around gifts and benefits arise and Supervisors and Senior Managers require clarification they should contact the Custodian of the Gift Register or the Principal Risk Management Consultant. If an employee reports a perceived bribe of gift or benefit to a Supervisor or Senior Manager, it is their responsibility to notify Manager, Internal Audit immediately.

Employees

Employees are required to, wherever possible, decline all offers of gifts and/or benefits. It is also the responsibility of the employee to report all accepted gifts and benefits to their Manager and to log the item on the Gift Register.

Custodian of the Gift Register

The custodian of the Gift Register is the Project Officer, Risk Management, Quality Assurance Risk and Business Improvement.

The custodian is responsible for

- Reviewing all entries made on the Gift Register
- Filing all email notifications and subsequent communications
- Creating reports for the Director, QARBI

The Custodian of the Gift Register has a duty to ensure that the information on the Gift Register is correct and current. The Custodian’s responsibilities also include responding to items listed on the Register and when in doubt, seeking an appropriate response from authorised senior personnel.

Finally, these responsibilities also extend to ensure that senior personnel in QARBI and Internal Audit are kept informed about the Gift Register, any outstanding new editions to the Register and a formalised quarterly report is to be produced to senior personnel. This ensures that all entries are monitored and followed up appropriately and that the Director QARBI is kept informed

Escalation process to the Executive

In some cases the advice that the Custodian of the Gift Register provides will be disputed by the employee. In this case the process is escalated to the Principal Risk Management Consultant. Other reasons as to why items may be escalated to the Principal Risk Management Consultant would be if the item was submitted anonymously on the Gift Register or if the item is deemed as an **“extraordinary” item on the Gift Register**.

This response will be issued back to the employee in an email. If the employee is still not satisfied, then the Director of QARBI is to be notified. Once consulted, a response will be issued to the employee in an email. If there is still no resolution then the appropriate Executive Director is then notified of the situation. Once the Executive Director is consulted a new email response is issued to the employee.

If there is still no resolution regarding the matter the file is to be submitted to the Executive Director for a determination. It is imperative that an audit trail is to be maintained, with records of all emails sent and determinations made, and that all data is save in Objective under the appropriate folders. The responsibility of the audit trail emails and data correctly saved is the responsibility of the custodian of the Gift Register.

It must also be noted that as per policy:

“Gifts which may appreciate in value over time, or gifts which have a retail value over \$200, should also be declared to the relevant Executive Director or Chief Executive, who will provide advice as to what needs to occur based on policy and guidelines”

Escalation process flowchart

