



INTEGRITY MATTERS

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Rather than debating the merits of whether an organisation has/needs a risk culture and what that may/should look like, this article suggests it is timely to focus instead on ensuring the organisation has a culture of integrity in the first instance. Embedding a culture of integrity is the key to maintaining trust and confidence in an organisation for staff, stakeholders, customers/clients and the community.

Integrity matters in the public sector especially, given that public funding and support creates and enables government agencies and works. There is an expectation that infrastructure and assets will be appropriately maintained, and that development, resources and services provide maximum value. Public sector employees are expected to perform their duties fairly and honestly. Misconduct, fraud and corruption waste public money and resources and also damage the reputation of the public sector.

Insights for managing integrity risks in relation to fraud and corruption are readily available from government agencies established to ensure accountability. Risk insight from two such agencies is provided for fellow risk practitioners to further inform risk discussions and decision making.

Fraud

Maintaining a culture of integrity, supported by strong internal controls, is the fundamental means by which public organisations prevent and detect fraud.

Each year the Office of the Auditor General (OAG) shares information on fraud incidents to assist public organisations to consider where their risks might lie. The current data set spans the period 2012/13-2019/20 and identifies some key trends which could be useful in identifying risk factors and informing mitigation measures. The data is grouped into broad categories: the type of fraud, the methods and reasons for fraud being committed and how the fraud was identified.

The most commonly reported type of fraud was theft of cash, with the most common reason for committing fraud being that the fraudster didn't think they would get caught (!). As mentioned earlier, internal controls were the key method by which the fraud was detected, followed by internal and external tipoffs.

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For each category, the top 3 incidents (where identified) are listed below:

Reporting	Central government	Local government
Types of fraud	1. Theft of cash 2. False invoicing 3. Credit or fuel card fraud	1. Theft of cash 2. Theft of inventory 3. Credit or fuel card fraud
Methods and reasons for fraud	1. Didn't think they'd get caught 2. Policies and procedures not followed 3. Easy access to cash	1. Didn't think they'd get caught 2. Easy access to cash 3. Policies and procedures inadequate

Because the OAG is dependent on information being provided by public organisations the full extent of fraud cannot be reliably known. For further information go to: [OAG/data/fraud](#)

Corruption

In 2020, the independent broad-based anti-corruption commission (IBAC), based in Victoria, published information on building integrity in times of crisis (such as COVID-19). The resources aim to help the public sector (central and local government) review and strengthen integrity responses and improve capacity to prevent corrupt conduct during times of emergency and crisis.

IBAC identified key opportunities for misconduct and corruption arising from changes to the way services are delivered in such circumstances. These are summarised as:

1. Increasing demands and pressure on employees

Crisis-related funding can increase existing fraud and corruption risks. Key risks typically stem from the transfer of funds from the public sector to the private sector for service delivery and other support.

2. Working remotely

Working from home increases security and privacy risks to public sector employees. Risks include inadvertently discussing or exposing information to unauthorised individuals, either in person within shared work spaces, via social media or other electronic means. Cyber threats also pose a risk in remote workforces.

3. Risks to governance processes and oversight

During emergency or crisis situations, employees may come under pressure to take shortcuts to accelerate delivery, such as bypassing proper processes, and reducing or stopping routine consultations with stakeholders and experts.

4. Reduced attention to corruption resistant culture

There is a risk that agencies' integrity-related education and training programs may be postponed or cancelled due to increased service delivery demands or logistical issues associated with remote working.

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5. Increased lobbying

Lobbying efforts by groups seeking government support can place undue influence on government decision-making which, if successful, may compromise probity and due diligence measures and decrease transparency.

For each of these 'opportunities', associated warning signs or 'red flags' and suggested prevention/control measures to help minimise risk are set out in the information sheets.

For further information go to: IBAC publications and resources



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Sue Trezise has over 12 years experience providing risk expertise and advice for government and organisations on strategic, enterprise and operational risk management. An experienced facilitator, Sue assists communication between technical experts and non-technical