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D16/194143

Dear Commissioner

In accordance with recommendation 6 of IBAC's report on its Operation Ord investigation, I am writing to you to provide information on the implementation of the corruption prevention and integrity action plan (**the Action Plan**) of the Victorian Secretaries Board (**VSB**).

A Corruption Prevention and Integrity Subcommittee (**Subcommittee**) has been established to lead work on the Action Plan, co-ordinate integrity related work in VSB organisations and share good practice. Membership of the Subcommittee consists of departmental Deputy Secretaries and Deputy Commissioners of the Victorian Public Sector Commission (VPSC) and Victoria Police and is chaired by the Department of Premier and Cabinet.

The Subcommittee is responsible for ensuring the completion of the Action Plan, and more broadly, to identify opportunities for collective action to strengthen integrity frameworks. Guiding the Subcommittee's work have been the broad themes of enhancing ethical leadership, ensuring compliance with the Code of Conduct for Victorian Public Sector Employees and strengthening policies relating to procurement, conflicts of interest and the handling of offers of gifts, benefits and hospitality and other matters. The Subcommittee also provides a useful information sharing forum, providing an opportunity for member organisations to share experiences and best practice. Formation of the Subcommittee has also encouraged a shared culture of integrity across the Victorian Public Service and facilitates appropriate coordination on matters of common interest.

Set out below is an update on the significant progress made by VSB and the Subcommittee on the Action Plan. All items are expected to be completed in early 2017, consistent with initial expectations and commitments.

Conflicts of interest

Action plan commitments (6 month timeframe):

- *VSB (through the VPSC) to review (and revise, as required) policies and procedures for identifying and managing actual and potential conflicts of interest, including consideration*

of real time disclosure of conflicts, identifying 'high risk' functions within the Victorian public sector, and advice on implementing more robust monitoring regimes.

- *VSB (in conjunction with the Victorian Government Purchasing Board (VGPB)) to investigate means to ensure commercial partners and suppliers act in an ethical manner when dealing with Government. VSB will work with the VGPB to ensure commercial partners are aware of, and comply with, expected levels of integrity and ethics in Government contracting. This may include exploring the imposition of ethical attestation requirements on major suppliers and the introduction of integrity commitments.*

Ensuring strengthened conflicts of interest policies and procedures has been a significant priority for VSB. In July this year, the VPSC issued revised conflict of interest guidance materials, following consultation with the Subcommittee and VSB. The materials include a model conflict of interest policy, template forms and guidance on three core principles for the management of conflicts of interest. The materials provide for effective management of conflicts, specify timelines for the disclosure of conflicts and identify high risk functions within the VPS.

The Subcommittee has also investigated, in conjunction with the VGPB, means to ensure commercial partners and suppliers act in an ethical manner when dealing with government and has approved an approach to ensure commercial partners and suppliers act ethically and acknowledge the VPS values.

Gifts, Benefits and Hospitality

Action plan commitment (6 month timeframe):

- *VSB (through the VPSC) to review and revise Gifts, Benefits and Hospitality policies, and identify and recommend appropriate Australian and/or international better practice standards with respect to preventing the acceptance of inducements.*

In October 2016, the VPSC issued revised gifts, benefits and hospitality guidance material, reflecting input from VSB, the Subcommittee and the broader public service. The resources include a policy framework, minimum accountabilities and a model policy on gifts, benefits and hospitality. The materials draw a clear distinction between token and non-token offers, and organisations are required to publish gift registers on public websites.

In developing the revised material, the VPSC considered recent findings and recommendations made by the Victorian Auditor-General's Office. The model policy and related materials will bring consistency and minimum standards to member organisations' policies and processes. In recognition that organisations operate in different contexts, the materials encourage organisations to build on the material and go beyond the minimum standards to suit unique operating environments and specific vulnerabilities.

Code of Conduct for VPS employees

Action plan commitment (9 month timeframe):

- *VPSC to review the guidance given to Departments for managing breaches of the Code of Conduct for VPS Employees*

The VPSC has issued revised guidance to assist departments to address behavioural issues amongst employees. A new 'Guide to managing poor behaviour in the workplace' aims to help organisations address behavioural concerns effectively and constructively. It provides advice on disciplinary and non-disciplinary approaches and when each is appropriate;

important principles in dealing with poor behaviour in the workplace (such as natural justice and confidentiality); and factors to consider when determining appropriate sanctions, if an investigation concludes that misconduct has occurred. It is intended that the guide will encourage organisations to achieve the best levels of people management practice, and help reduce the incidence of employee grievances relating to behavioural matters.

Tendering and procurement

Action plan commitment (9 month timeframe):

- *VSB (through DTF and DPC) to develop options to improve assurance for major Information and Communication Technology (ICT) projects including: requiring independent project experts to provide ongoing quality assurance to the project governance team at key points of the Project Assurance Review and, where needed, provide independent advice to Government.*

VSB recognises that ICT projects present particular project management challenges. As part of its Information Technology Strategy 2016-2020, the Government has developed an approach to improve assurance for major ICT projects. Projects will be required to be subject to rigorous independent review, have a probity focus, and use independent project experts to provide ongoing quality assurance during project implementation. Projects with an ICT component that are high value or high risk will continue to be treated as a special investment category, with specific technical guidance to address recurring planning, management and implementation issues.

Integrity structure and governance

Action plan commitment (12 month timeframe):

- *VSB members to implement outstanding actions arising from internal audit committees and external integrity bodies with rigour*

VSB organisations are progressing the implementation of outstanding actions arising from internal and external integrity bodies. As a group, the Subcommittee has confirmed that all organisations are committed to prioritising progress on such recommendations now and in the future.

Ethical leadership

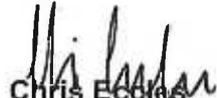
Action plan commitments (12 month timeframe):

- *VSB to support the development of an Institute of Public Administration Australia Integrity Leadership Training Program in consultation with the VPSC.*
- *VSB to facilitate inclusion of integrity as a performance measure in performance agreements.*

VSB is committed to supporting ethical leadership and decision making at all levels across the VPS. Both VSB and the Subcommittee have contributed feedback to the content and development of the program, which is on track to be delivered by March 2017. Further, Executive Officer contracts are being refreshed to include strengthened integrity measures, and include other changes recommended by the VPSC in a review of Victoria's Executive Officer employment and remuneration framework which was commissioned by the Premier. This task is also on track to be finalised by March 2017.

I once again reiterate VSB's commitment to championing a culture of integrity in our organisations and demonstrating the highest level of ethical leadership. I appreciate efforts IBAC has made to work collaboratively with VSB in exposing corruption and making recommendations to enhance the Victorian Public Service's ability to prevent such behaviour occurring, and to promote a stronger integrity culture.

Yours sincerely


Chris Eccles
Secretary