

A review of integrity frameworks in six Victorian councils

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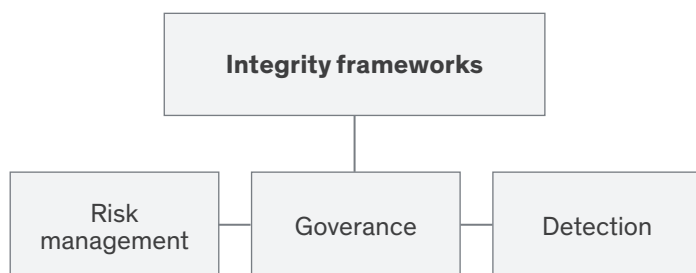
This information sheet provides a picture of integrity frameworks observed in councils, recognising that a range of corruption prevention measures are already in place in the local government sector.

An integrity framework is defined as the instruments, processes, structure and conditions required to foster integrity and prevent corruption in public organisations.¹

IBAC explored the integrity frameworks in a sample of six councils in order to identify good practices and areas for improvement and increase the sector's capacity to prevent corrupt conduct.

The councils who participated in the project ranged from municipalities with:

- recurrent revenue of around \$25 million to \$300 million and expenditure of around \$20 million to \$200 million per annum
- industries including agriculture, horticulture, forestry, retail and residential services
- staffing sizes of 100 to more than 1300 employees.



The first survey asked managers about their council's integrity frameworks in place in terms of risk management, governance and detection.

Surveys

IBAC conducted two surveys. The first survey was provided to senior managers and asked for one organisational response about their council's arrangements in relation to risk management, governance, detection, prevention and education of corruption risks.

The second survey was circulated to council staff with computer access and asked about their awareness of their council's policies, perceptions of corruption risks within council, and willingness to report suspected corrupt conduct.

A total of 631 responses were received from council staff who undertook the survey. Some interesting responses included:

- 65 per cent of respondents (332 people) stated that they would report corruption, almost half of whom (47 per cent) indicated they would first report to their immediate manager.
- 35 per cent of respondents (171 people) stated that they would not or did not know if they would report corruption, 164 of whom provided at least one reason for not reporting, including:
 - 71 per cent who stated they would need to have evidence
 - 59 per cent who stated that they were concerned a report could affect their career
 - 44 per cent who stated that management would not take appropriate action on suspected corruption.

The published review provides a snapshot of the risk management, governance and corruption detection measures in place in the sample of councils surveyed, along with further responses to the surveys conducted.

¹ This definition is based on the definition developed by the Organisation for Economic Co-operation and Development (OECD).

Key findings

Risk management

Half of the councils involved in the project have adopted risk assessment models that are integrated into budget and/or business planning processes. While there are business management advantages of integration, corruption risks may not always be identified through that approach. As such, it is important to ensure corruption risks are not forgotten in the process.

Overall, the councils surveyed were quite good at identifying and rating risks. However, the surveyed councils could do more to implement and actively monitor the effectiveness of controls (eg. conducting audits and implementing recommendations).

Good practices observed for risk management included:

- councils requiring staff to record details of all gifts, benefits and hospitality offered so the council can monitor external approaches and attempts to influence council staff
- establishing and maintaining a central register of all councillor requests for information to ensure equal and transparent access to information and resources
- regularly requesting that council staff declare whether they have other external employment and confirm that appropriate measures are in place to identify and manage potential conflicts of interest.

Governance

Documented guidance, sound leadership, education and information for both staff and the public must complement each other in order to support the other risk management and detection elements of a council's integrity framework. The project suggested there was little to indicate that councils have evaluation strategies in place to measure staff's knowledge after attending training related to corruption, fraud or risk management training.

Good practices observed for governance included:

- including a clear statement that council can take disciplinary action if staff breach council policies (including termination of employment) in the code of conduct.
- periodically requiring written acknowledgement of the code of conduct to formalise council's agreement with staff and convey the importance of that key policy.

Detection

The review found that the two most common means of detecting suspected corrupt conduct are internal reports by work colleagues and external reports from the public and stakeholders. This highlights the importance of implementing clear and effective complaint handling and protected disclosure procedures and creating a safe reporting environment that people have confidence in.

Good practices observed for detection included:

- applying a range of options such as engaging a third party-provider to receive complaints and reports, allowing employees to maintain anonymity
- monitoring and reporting trends in relation to a range of issues to allow senior management to detect adverse developments so that appropriate action can be taken in a timely manner.

Conclusions

The instances of good practices addressed in this review are prompts for councils to review existing practices, controls and governance arrangements and consider how these can enhance their integrity frameworks.

**What are the perceptions at your council?
Take the survey to find out!**

For more information about the survey, email education@ibac.vic.gov.au

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IBAC is Victoria's first anti-corruption body with responsibility for identifying and preventing serious corrupt conduct across the whole public sector, including members of Parliament, the judiciary and state and local government.

IBAC also has a broad oversight role in relation to police personnel misconduct and an important education function to proactively assist public sector agencies to improve their systems and processes to prevent corrupt conduct.

To report corruption phone 1300 735 135 or visit www.ibac.vic.gov.au