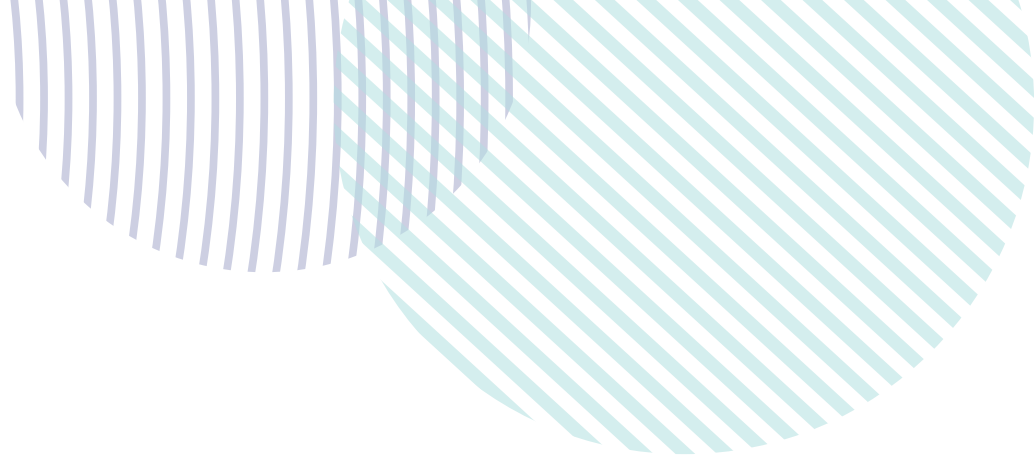




Building integrity and compliance in South West TAFE

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board chair and ceo foreword

We are pleased to provide the Independent Broad-based Anti-corruption Commission (IBAC) with this report on the action taken by South West Institute of TAFE (the Institute) to build integrity and compliance over the past four years, including as a result of the issues identified in Operation Lansdowne. This report complements the Institute's initial response to IBAC dated 3 November 2017 and identifies how the Institute has strengthened systems and controls (including in relation to third party agreements and around student proof of identity) and ensuring compliance with these systems and controls. As a result of this work, there has been a significant change in the Institute's organisational culture.

The achievements described in this report demonstrate the commitment by the Institute to continually improve our culture through refining appropriate policies and processes in relation to contract management, improving employees understanding of fraud and corruption, reviewing and implementing systems and controls and providing an encouraging environment where employees can identify and report concerns.

We are proud of the steps we have taken since identifying system and control discrepancies in 2014, with our continuous improvement program and ongoing work to promote a culture of openness and transparency. As an educational provider we are well positioned to model and share our learnings from Operation Lansdowne and support organisations in developing an organisational culture based on integrity, openness and transparency.



Presently, and as demonstrated by our actions over the past 4 years, the Institute continues to review and implement rectification strategies in relation to identified issues. The Institute welcomed the findings from IBAC's Operation Lansdowne Special Report dated December 2017 and incorporated these findings and recommendations into our existing strategy.

The Institute has continued to make significant progress in implementing key reforms across the organisation resulting in a more ethical and transparent culture. One key reform was the implementation of 'Speak Up', an independent service where staff can report suspected fraud, corruption and serious misconduct without fear of reprisal. Speak Up was first implemented by the Department of Education & Training (the Department) in 2015 as a result of their own IBAC investigations and the impact this service had on restoring confidence within the Department has been significant.

Through our continuous improvement program and commitment to building a culture of openness and transparency, the Institute has not only addressed the issues identified in Operation Lansdowne, but it has taken the opportunity to be a leader in the TAFE sector in building a strong ethical culture.

Our achievements are reflected in our 2018 People Matter Survey results, which identify the Institute as the number one TAFE in five out of the seven Victorian Public Sector Values. These results demonstrate that our work over the past four years has had a positive impact on our staff and restored confidence within the Institute.

We would also like to take this opportunity to thank the Department for their support and assistance and sharing their learnings from Operations Ord and Dunham. We have worked closely with the Department's Integrity & Assurance Division who have assisted in the implementation of various initiatives (including Speak Up).

The Department's ongoing support over the past 12 months has allowed the Institute to take the lead in adopting the Department's internal integrity reform program and implement initiatives that we believe will have a positive impact in the TAFE sector. This is evident through continual communication with various TAFEs across Victoria who have sought advice and guidance on the initiatives that the Institute has implemented.

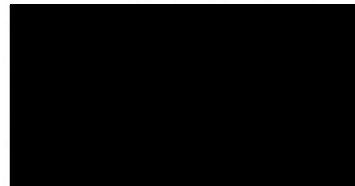
We will continue to work with the Department and provide support across the sector to ensure that our experiences and embedded processes can be shared to increase the integrity and transparency of all TAFE Institutes across the state. Currently the Institute has representatives in the Department's TAFE Integrity Reform Program which is assisting the Victorian TAFE Sector in strengthening the governance structures in TAFE institutes.



Embedding a culture of openness and transparency is an ongoing journey for the Institute. We are proud to continue to place a focus on building the trust of our students, staff, south west community and the broader Victorian community.



CEO



Board Chair

overview

IBAC's Investigation and Findings

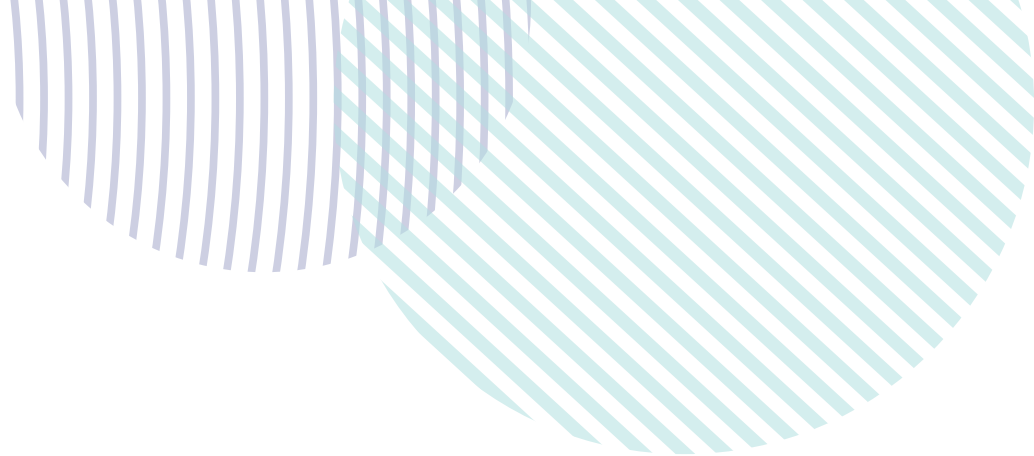
IBAC's Operation Lansdowne investigation into allegations of serious corrupt conduct at the Institute, Bendigo Kangan Institute (Kangan) and V/line, identified weaknesses in the systems, controls and cultures of the Institute and Kangan.

Through the Operation Lansdowne hearings, IBAC identified that the Institute needed to improve the following:

- Systems, controls, policies and processes for the negotiation and management of third party contracts;
- Quality assurance of the training and delivery;
- Systems and controls around student proof of identification, and;
- Awareness of the risk of fraud associated with third party agreements.

there has been an ongoing review of existing practices that has resulted in the implementation of strengthened systems and controls across the Institute.

As a result of the internal review and IBAC's Operation Lansdowne Special Report, the Institute has also focused on increasing the awareness and understanding of potential fraud related activities and has implemented an educational program that encourages identification and reporting of such risks.



IBAC's Recommendation

The Institute accepted IBAC's recommendation presented in the special report for Operation Lansdowne.

The Institute has not only addressed the issues identified in Operation Lansdowne, but has also considered the recommendations made by IBAC to the CEOs of the other Operations Lansdowne entities to ensure that as an Institute there are strong systems and controls in key areas where the potential for fraud and corruption is prevalent.

Recommendation 1

The CEOs of South West Institute of TAFE and Bendigo Kangan Institute of TAFE respectively to provide IBAC with reports by 31 December 2018 on how they have addressed the issues identified in Operation Lansdowne, including how they have strengthened systems and controls for oversighting third party agreements, ensuring compliance with those agreements and implementing stronger controls around student proof of identity.

Initial Response to IBAC

The Institute's initial response to IBAC on the 3 November 2017 (appendix one) detailed the continuous improvement program implemented across the Institute as a result of the system and control deficiencies identified in 2014. The Institute acknowledged IBAC's Special Report and welcomed its findings and recommendations. The Institute committed to improving systems and controls for third party agreements and student proof of identity. The Institute also identified a number of contributing actions that lead to the failure of Institute systems and controls to prevent the serious misconduct at the Institute.

The Institute's initial response focused on the work that commenced in 2014 across the following areas:

- Culture
- Leadership
- Systems and controls
- Training and awareness

This report focuses on the continued work of the Institute to improve the internal systems and controls and strengthen the organisational culture to focus on a culture of integrity and transparency.

The report provides a holistic view of the Institute's current position in relation to the issues identified in Operation Lansdowne, with a focus briefly on what the Institute has achieved since the deficiencies were identified, what it is continuing to do since the Operation Lansdowne Special Report and its future focus to ensure the Institute continues to strengthen organisational culture.



**culture is at
the forefront
of everything
we do**

what we have done (2014-2017)

In 2012-2013 there were significant changes to the government funding model of the VET Sector severely affecting TAFE Institutes' ability to remain financially viable. As a result of these changes the Institute's culture and staff morale was impacted with a failure to maintain an open and transparent culture.

The Institute placed a focus on a number of key areas to improve the Institute's culture as a result of the [REDACTED] these key areas included;

- Management of Conflicts of Interest
- Protected Disclosure Awareness
- Staff Morale

Operation Lansdowne raised concerns regarding conflicts of interest within the procurement processes of those organisations involved in the investigation. The Institute implemented policies and processes that provide assistance to staff in identifying potential, perceived or actual conflicts of interest and how to appropriately report and manage these conflicts.

In the Victorian Public Sector Commission's 2017 People Matter Survey, 78% of staff agreed they had received information about the Institute's policy on giving and receiving gifts, benefits or hospitality, and 80% agreed they had received information about policies and procedures to assist employees avoid conflicts of interest.

Throughout the internal investigation one consistent piece of feedback was the fear of speaking up and raising concerns by staff. As a result of this the Institute placed a focus on improving culture and ensuring staff were aware of their options for reporting suspected fraud and corruption through a targeted internal educational program. Protected Disclosure was continually promoted within the Institute to ensure staff knew what they can do in the event they suspect fraud and corruption.

The Institute placed a focus on improving staff morale within the organisation as this was a defining factor in the investigation with staff not feeling supported in raising concerns for fear of reprisal. The work since 2014 focused on providing stability and avenues for raising concerns to allow staff to restore confidence in the Institute and strengthen the overall organisational culture of integrity and transparency.

As a result of the revised continuous improvement educational program for all staff, the 2017 People Matter Survey results highlighted significant staff awareness and improvements in the following key areas over the past 2 years:

	2017 Results	Movement From 2016 Results
The Code of Conduct for Victorian public sector employees	76%	+27%
The Public Sector values	68%	+29%
Organisation's processes for reporting improper employee conduct	86%	+24%
Organisation's processes in place to support the Protected Disclosure Act (2012)	68%	+25%
My organisations policies and procedures to assist employees avoid conflict of interest	80%	+37%

what we continue to do (since 2017)

Values

The Institute has conducted a review of its values, which resulted in the adoption of the Victorian Public Sector Values (figure 1). These values are integrity & impartiality, respect & human rights, leadership, accountability and responsiveness. The Institute is currently developing an implementation plan to ensure the values are embedded across the Institute and will continue to work with the Department to maintain a consistent approach to their rollout in the public sector.



Figure 1: The Institute's Values

The adoption of the Public Sector Values will not see a dramatic change for staff in terms of the transition from the Institute's previous values. In recent years, the Institute has sought to ensure staff understand the Institute's broad alignment to the Public Sector Values and the Code of Conduct for Victorian Public Sector Employees, through corporate refresher training completed on an annual basis.

As a result of this training and communication, 92% of staff identified that they had seen or heard of information relating to the Code of Conduct for Victorian Public Sector Employees.

At the same time, the Institute is committed to now adopting the Public Sector Values in full. The revised Institute values will be formally launched to all staff in January 2019 at the Institute's 'Evolve Conference'.

Integrity Framework

Operation Lansdowne highlighted a number of deficiencies within the Institute's systems and controls. The Institute believes it is important to promote a culture of integrity, trust and respect, underpinned by the Institute's values to restore the confidence not only in the Institute but the wider Vocational Education and Training Sector.

The Institute has developed an Integrity Framework (figure 2) which will play an integral role in preventing misconduct, and to deter, detect and prevent corruption. The Integrity Framework will support the organisations ethical culture and values and will be embedded across the organisation. The Integrity Framework will strengthen the Institute's resistance to corruption and promote ethical leadership and behaviour from senior management down to every level within the Institute.

The framework is based on three key principles which are the foundation for a strong organisational culture based on integrity and impartiality, these principles include:

- Values
- Ethical Leadership
- Compliance & Assurance

To support these principles four core functions have been identified; policy, guidance, assurance and monitoring that strengthen the integrity framework.



Figure 2: Integrity Framework

Speak Up

In January 2018 the Institute launched Speak Up, a service for employees to report their concerns of improper conduct confidentially and anonymously to an external provider. The service is restricted to reports of suspected fraud, corruption and serious misconduct and does not replace the Institute's internal processes for raising concerns on various workplace matters. The objective of this initiative is to provide an alternative option for staff who feel they cannot report their concerns regarding suspected fraud, corruption or serious misconduct to any individual within the Institute.

Restoring confidence within the Institute to raise concerns has been a key focus [REDACTED]. [REDACTED]. It was evident from Operation Lansdowne that staff did not feel confident to raise concerns. The Institute acknowledged this and committed to restoring staff confidence to speak up.

The results of the 2018 People Matter Survey showed that 67% of Institute staff were confident they would be protected from reprisal for reporting improper conduct. This is a 10% increase from the 2017 results. The Institute will continue to build confidence in staff to raise concerns without fear of reprisal and demonstrate a culture of openness and transparency.

The Institute believes the Speak Up Program will be beneficial in the Vocational Education and Training sector, in encouraging staff to report improper conduct and assist in building a culture where improper conduct will not be tolerated and valid complaints will be addressed. The Institute has been working with other TAFEs to share the Institute's experience with Speak Up and the implementation of this service. This has already resulted in Kangan adopting and rolling out the Speak Up Service within their institute. The Institute is continuing to provide guidance and advice to other institutes on the benefits of this service at a sector level.

Conflict of Interest

The Victorian Public Sector Commission identifies that management of conflict of interest is fundamental to ensure high levels of integrity and public trust in the Victorian public sector. Operation Lansdowne raised concerns regarding conflicts of interest within procurement processes. In response to these findings the Institute believes it important to ensure clear processes are in place to identify, manage and monitor conflicts of interest.

The Institute has implemented policies and process that will assist staff in identifying potential, perceived or actual conflicts of interest and how to appropriately report and manage these conflicts. The Institute has incorporated conflict of interest into the induction program to ensure all new staff are fully aware of the Institute's conflicts of interest processes. The Institute also identified conflicts of interest as a key area of focus when developing the workforce development plan and will ensure continual training is provided to all staff.

In the Victorian Public Sector Commission's 2018 People Matter Survey, 80% of Institute staff agreed their managers see avoiding conflicts of interest as being important. This is a 9% increase from the 2017 results and is a reflection of the work that has been conducted in this space to raise awareness of conflicts of interest and how to appropriately manage them.

Gifts, Benefits & Hospitality

Appropriately managing gifts, benefits and hospitality allows the Institute to maintain public trust and ensure that as Victorian public officials we are placing the public's interests at the forefront of everything we do. By considering the impact of being offered or providing gifts, benefits and hospitality, the Institute sets a strong foundation for integrity and avoids the potential for reputational damage to the public sector.

A recent review of the Institute's Gifts, Benefits and Hospitality Policy has resulted in the development of stronger guidelines for the management of gifts, benefits and hospitality and the importance as public officials in avoiding conflicts of interests that may arise from the offering of gifts, benefits and hospitality.

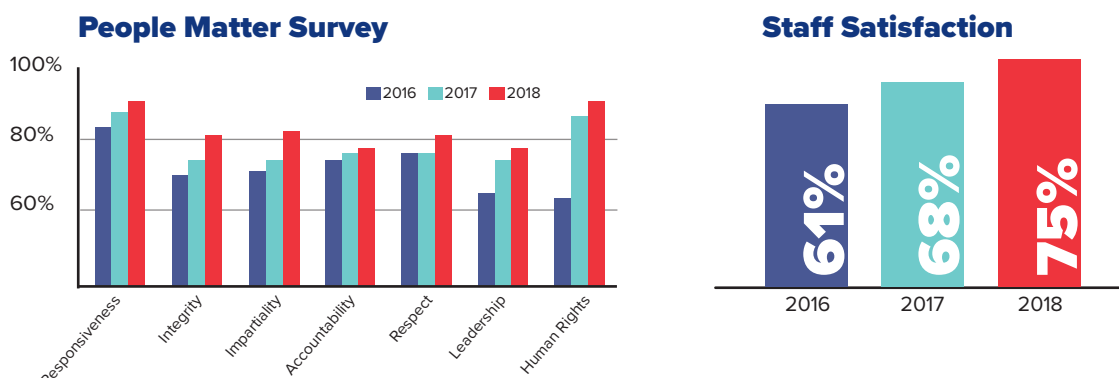
The Institute has adapted the 'Thanks is Enough' Campaign (figure 3) developed by the Tasmania Integrity Commission and which has been adopted by the Department. The campaign encourages staff to demonstrate that we do not need gifts or benefits and that a simple thank you is enough. The approach does not replace the Institute's existing Gifts, Benefits and Hospitality Policy and Guidelines, but sets a standard for best practice.



Figure 3: Thanks is Enough

People Matter Survey Results

The Institute's People Matter Survey data over the past three years demonstrates the Institute's success in strengthening the overall organisational culture along with the improved systems and controls within the Institute. The Institute has seen a significant improvement in all areas of the Public Sector Values and overall staff satisfaction. This improvement provides the Institute confidence that the continuous improvement program that was put in place leading up to and following Operation Lansdowne has strengthened organisational culture and restored confidence within the Institute.



Not only has the Institute's People Matter Survey results improved as a result of the continued work in improving organisational culture, systems and controls, but we are now the number one TAFE in the following key areas identified in the survey:

- **Accountability**
- **Integrity**
- **Impartiality**
- **Leadership**
- **Human Rights**
- **Equal Opportunity**
- **Avenue of redress**
- **Staff Satisfaction**



leadership - setting the tone at the top

what we have done (2014-2017)

Operation Lansdowne identified the following leadership failures:

- Lack of Institutional governance processes
- Lack of due diligence or review of the training services contract
- [REDACTED]

In addition to Operation Lansdowne's findings the Institute, through its own internal investigations, identified the need to improve the induction of Executive Officers in accordance with the Victorian Public Sector's Code of Conduct with particular focus on:

- Roles and responsibilities of Executive Officers
- Good governance, ethical leadership and accountabilities

IBAC's Operation Lansdowne investigation demonstrated that a strong ethical culture is paramount in reducing fraud and corruption within the public sector. As an educational institution it is recognised that at all times the Institute must demonstrate a strong ethical culture that begins at the top through strong ethical leadership and commitment. The Institute has placed a focus on ensuring Institute leaders promote an ethical culture that focuses on integrity and respect.

what we continue to do (since 2017)

Leadership Program

Operation Lansdowne has demonstrated that a strong ethical culture is paramount in reducing fraud and corruption. The Institute has placed a focus on ensuring Institute leaders promote an ethical culture that focuses on integrity and respect.

The Institute is developing a Leadership Program for its leaders to provide the skills, knowledge and tools needed to lead and model the Institute's values and behaviours. The program will be delivered throughout 2019 to the Institute Leadership Group and will focus on the following areas:

- Communication Skills
- Empowerment and Delegation
- Emotional Intelligence
- Behaviours
- Financial Acumen
- Change Management

The Institute's leaders are the key to demonstrating and modelling ethical behaviour and the Institute is committed to developing desired capabilities and empowering Institute leaders to lead by example.

Leadership Charter & Capabilities

As part of the Institute's commitment to strengthen ethical culture within the Institute and ensure its leaders promote this culture, all Institute leaders will be required to commit to a Leadership Charter which outlines the expected behaviours of Institute leaders. All leaders must abide by this Leadership Charter to ensure they are acting in accordance with the Institute's values and mission. Sitting alongside this charter will be a set of leadership capabilities that set the tone of a strong ethical culture leading from the top down.



robust systems & controls

what we have done (2014-2017)

Operation Lansdowne identified a number of inadequate internal systems and controls, which needed to be strengthened in order to reduce the risk of fraud and corruption.

The following inadequate systems and controls were identified:

- Contract Management
- Policies, procedures and processes
- Student Management System access rights
- Student eligibility & proof of identity

Contract Management

Prior to Operation Lansdowne the Institute implemented a number of changes to strengthen contract management processes including:

- Improved policies, procedures and guidance material for oversight of all training contract arrangements whether delivered through the Institute or by third parties.¹
- More rigorous approval process for third party contracts with requirement of a business case and executive approval for training contracts involving a significant amount of funds ²
- Stronger internal audit processes, which include reviews of contract training delivery and overall contract reviews ³
- implementation of a revised Contracts Officer role to oversee all training contracts and independently monitor the negotiation, implementation and review of contracts.

[REDACTED]. The Institute's policies now require the following tasks to be undertaken generally in relation to any contracting arrangement:

- a basic company search of the contract counterparty and any red flags raised with the appropriate officer ⁴
- independent legal advice to be obtained in relation to the proposed contract where required ⁵
- the qualifications, skills and experience of the contract counterparty is actively considered prior to entering into the proposed contract ⁶
- audit, observe, supervise and oversee the delivery of services required by the proposed contract. ⁷

If the Institute decided to enter into third party training and assessment contracts in the future the Institute would ensure additional controls such as the following were implemented:

- any third party training and assessment contract would be subject to a business case that would allow the Institute to undertake a financial analysis of the proposed contract or the proposed allocation of fees before it is approved ⁸
- appropriate analysis of the maximum number of students to be trained under any such third party training and assessment contract, seeking to limit the amount of funding that any particular third party contractor could claim from the Institute ⁹
- oversight by the Institute of the content and structure of the training and when, where and how the training will be delivered. ¹⁰

¹ IBAC Special Report, December 2017, clauses 1.4, 7.2.2.

² IBAC Special Report, December 2017, clause 4.4.4.

³ IBAC Special Report, December 2017, clause 7.2.2.

⁴ IBAC Special Report, December 2017, clause 4.4.4.

⁵ IBAC Special Report, December 2017, clause 7.2.1.

⁶ IBAC Special Report, December 2017, clause 4.4.4.

⁷ IBAC Special Report, December 2017, clause 1.4, 4.4.4 and 7.1.

⁸ IBAC Special Report, December 2017, clause 4.4.2.

⁹ IBAC Special Report, December 2017, clause 7.2.2.

¹⁰ IBAC Special Report, December 2017, clauses 1.4, 4.4.4, 7.1 and 7.2.2.

Policies, procedures & processes

Operation Lansdowne identified a clear lack of policies and procedures to adequately manage and oversee training contracts. The Institute has implemented a number of policies and procedures to ensure adequate oversight and monitoring is occurring in relation to all training contracts. As mentioned above, there has been a clear focus on ensuring current processes are adequate and meet the needs of the Institute.

The Institute has placed a focus on ensuring all policies, procedures and processes at a minimum align to the regulatory requirements and obligations to ensure full compliance and accountability. In addition, the Institute believes it is crucial to ensure Institute policies, procedures and processes are up to date, accurate and align to what is actually occurring through the day to day operations of the Institute.

Student management system

The student management system was implemented in 2013 and presented a number of implementation and amalgamation issues throughout the 2013 period. This saw a lack of oversight on access rights across the Institute [REDACTED].

The access rights to the student management system that allow the entering of student participation and results were reviewed and improved by the Student Management System Team.

Student eligibility & proof of identity

As identified previously the Institute no longer enters into third party training and assessment contracts, reducing the risk of students being enrolled without their knowledge and consent.

The enrolment process is completed by the Institute, including the completion of the Pre-Training Review, assessment of eligibility and the citing and retaining of identification. There are a number of guidance documents that are utilised by the customer service and teaching departments when assessing eligibility, citing and retaining student identification in accordance with the Skills First Program – VET Funding Contract.

The Department enforced the use of a Unique Student Identifier (USI) in 2016 to ensure students were eligible for funding under the VET Funding Contract at the point of enrolment. This requirement has been incorporated into the Institute's enrolment processes.¹¹

Internal audit and review processes

In 2014 the Institute implemented a more rigorous internal audit process that aligned to the Institute's regulatory obligations. As part of this process the monitoring of internal and external audits became centralised to ensure all audits were being adequately captured into the overarching audit plan, with all findings and recommendations being addressed.

An emphasis was placed on the independent auditing of student files (encompassing both enrolment and assessment) against the Department's Service Agreements (VET Funding Contracts) to ensure the Institute was meeting its compliance obligations and identifying areas for improvement.¹²

In conducting these audits the approach was to gain a clearer picture of the Institute's teaching areas and identify any areas of concern. This approach extended into all third party agreements to ensure the issues identified in Operation Lansdowne were not systemic.¹³

¹¹ IBAC Special Report, December 2017, clause 7.2.3.

¹² IBAC Special Report, December 2017, clause 7.2.2 and 7.2.3.

¹³ IBAC Special Report, December 2017, clause 4.4.4.

what we continue to do (since 2017)

Good Governance

The Institute's Board of Directors continue to provide stewardship and guidance to the CEO and Executive Managers. The Board have significant involvement in the leadership of the Institute, including the strategic direction, vision, mission and purpose.

The Institute's Governance structure (figure 6) allows the Institute to remain focused on achieving its Strategic Plan whilst supporting the Institute's key objectives of being "Stronger, Better, Smarter".

The Board and its committees have responsibility for overseeing integrity and transparency across the organisation. The Board have delegated responsibility to the Chief Executive Officer (CEO) to develop structures, processes, procedures and guidelines to carry out the board's intent of integrity management.

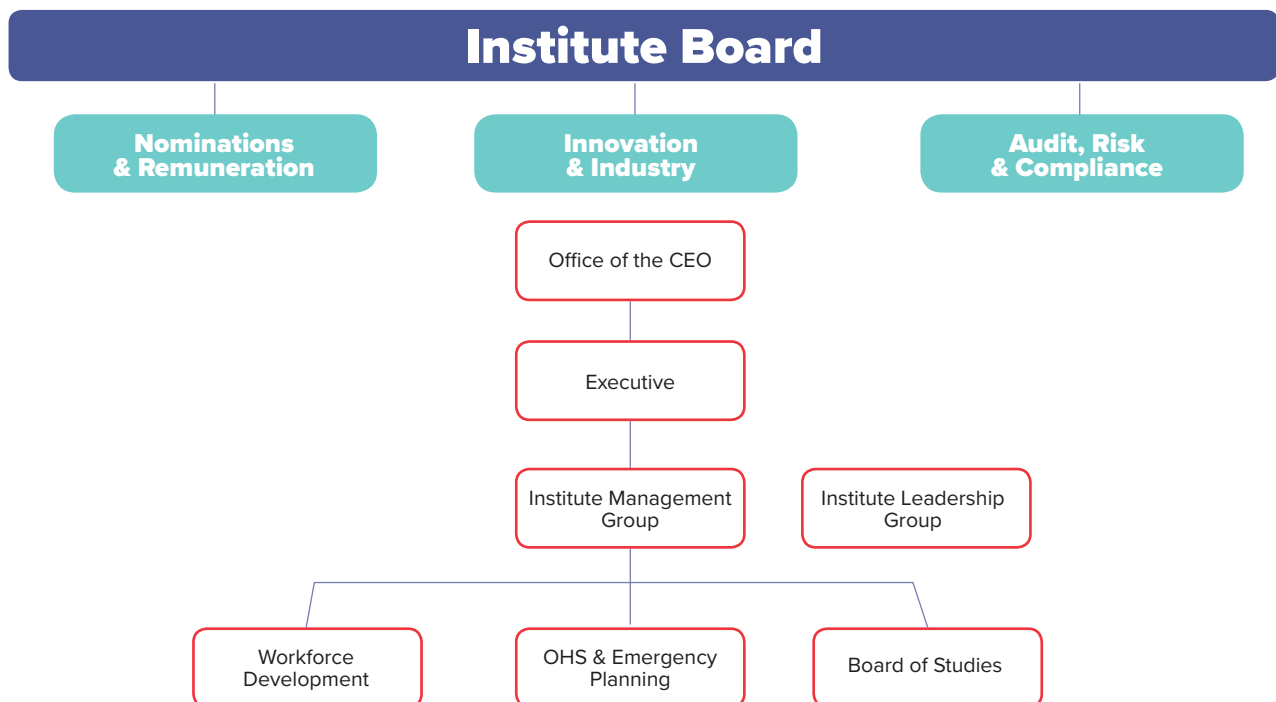


Figure 6: Governance Structure

Risk Management

The Institute has conducted a full review of its Risk Management Framework which was implemented in July 2018. The objective of this framework is to allow the Institute to meet its strategic objectives, whilst complying with relevant legal and regulatory requirements, through the effective management of risks. The framework's design is underpinned by the principles and key elements of the Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines.

A training module has been developed and has been incorporated into the Institute's Workforce Development Plan. The training module provides an overview of risk management focusing on the risk management process with the aim of engaging staff in understanding how this process works in an interactive format.



Figure 7: Elements of Risk Management

Fraud & Corruption Control Plan

The Institute has conducted a full review of the Fraud & Corruption Control Plan which incorporates the Fraud & Corruption Control Framework which was implemented in May 2018. The Fraud & Corruption Control Plan which documents the strategic and operational approach to controlling fraud and corruption within the Institute. It provides an overview of how fraud and corruption risks will be managed and compiles with the Australian/New Zealand Standard AS/NZ ISO 31000:2009 Risk Management Principles and Guidelines.

The Institute is committed to preventing and controlling fraud and corruption whether initiated within the organisation or externally.

The Fraud & Corruption Control Plan aims to:

- build a culture within the Institute that seeks to prevent fraud and corruption;
- reduce the potential for fraud and corruption within and against the Institute;
- explain how the Institute will use risk management practices to prevent and control fraud and corruption; and
- provide guidance on how any suspected instances of fraud or corruption within the organisation will be dealt with by the Institute.

Contract management

The Institute continues to improve its contract management processes to ensure appropriate controls are in place to adequately manage and monitor all training contracts for training which is delivered by the Institute (as set out above, the Institute no longer enters into third party training and assessment contracts). The Institute has undertaken a full review of the current contract management processes with the aim of increasing the independent oversight of all training contracts and ensuring a clear process is undertaken when negotiating, implementing and monitoring training contracts.

Amongst other measures, a mandatory checklist must be completed before entry into any proposed training contract. In addition, different Institute officers have shared responsibility in relation to the entry into a proposed training contract. This includes approval from the relevant Teaching Manager and where financial delegation requires, approval by the appropriate financial delegate with the delegation to commit the Institute to the financial expenditure/income contemplated by the contract.

A contract review panel has been implemented for all training contracts exceeding an income threshold of \$50,000 to provide additional due diligence and oversight and further strengthen the Institute's financial delegations policy.¹⁴ The panel includes the Contract Owner, Contract Officer and Audit, Risk & Compliance Manager.

The review process has seen a significant change in the quality of training contracts, with improved management and oversight of all training contracts by the Institute. This includes allowing the Institute to have better control and oversight of the hours of service provided under a training contract and the fees earned.¹⁵

The Institute's contract owners have also gained a better understanding of contract management and the importance of due diligence at every level of the contract management process.

Key stakeholders have undertaken contract management training which aimed to provide an overview of the revised contract management process and roles and responsibilities of those parties involved in contract management.

Data analytics

The Institute has established a specialised Data Analytics Team that have focused on providing relevant and timely information to assist in making informed decisions across all aspects of the Institute.

The Data Analytics Team provides an added layer to internal audit and compliance through the process of examining data to identify and predict anomalies and trends. A key focus for this team moving forward will be on data analytics relating to fraud and corruption to assist the organisation in making informed decisions in relation to control measures.

Student management system

The student management system access rights continue to be monitored and improved through the Student Management System Team. Employees who are not required to enter such information into the system are not granted access.¹⁶

Online enrolment

The Institute has recently implemented an online enrolment process for students to increase efficiencies and allow a more seamless enrolment process for students. The enrolment process includes the requirement for students to verify their identity using an online identity verification system named greenID by Vix Verify. This system will allow the Institute to securely verify the identity of students during the application and enrolment process, using a secure digital platform.¹⁷

The customer service department are provided continual training in accordance with the Skills First Program – VET Funding Contract to ensure they are fully aware of the requirements for student eligibility and evidence of identification in order for the Institute to be fully compliant.

¹⁴ IBAC Special Report, December 2017, clauses 4.4.4 and 7.2.2.

¹⁵ IBAC Special Report, December 2017, clause 4.9.1.

¹⁶ IBAC Special Report, December 2017, clause 7.2.2.

¹⁷ IBAC Special Report, December 2017, clause 7.2.3.

Audit

The Institute continues to place a focus on internal audit processes which are aligned to its regulatory obligations. An Audit, Risk & Compliance Department has been formed to assist in the monitoring and carrying out of audits across the Institute. This department works closely with the Office of the Registrar to ensure the appropriate reviews are taking place to address the regulatory environment in which the Institute operates.

The Institute's Internal auditors continue to develop annual audit plans based on current risk register, identifying the Institute's high and extreme risks as focus areas. The Institute's internal auditors also consult with key stakeholders of the Institute to better understand the operations of the organisation and ensure a tailored audit plan is structured to assist the Institute in meeting its strategic objectives along with providing quality training to the region.

The Institute's internal auditors, at the request of the Audit, Risk & Compliance Committee along with the Executive Team, conducted a Governance Review focusing on the Institute's initial response to IBAC and key areas which related to the investigation, these areas included [REDACTED] contract management. This review provided insight into the Institute's progress in the implementation of key reforms and identified areas of continuous improvement and provided assurance to the Board on the current status of the Institute's continuous improvement strategy.

External Environment

Victorian Government Agencies and officials continue to face significant scrutiny in areas such as fraud, corruption and conflicts of interest and the Institute believes it is important to take into consideration all reviews that are conducted at a state level which may have a direct or indirect impact on the Institute.

The Institute has taken on board recent findings and recommendations from external reports conducted by IBAC and VAGO on such areas as fraud and corruption and organisation culture to continually improve and develop improved systems and controls.

The following reports compiled by VAGO and IBAC have identified key themes around the management of fraud and corruption across the Victorian public sector:

- IBAC's Corruption and misconduct risks associated with employment practices in the Victorian Public Sector Report
- IBAC's Corruption Risks Associated With Public Regulatory Authorities Report
- IBAC's Organisational culture and leadership is at the heart of any defence against corruption report
- VAGO's Fraud and Corruption Control Report

The key themes which are addressed in these reports include the management of conflicts of interest (actual, potential or perceived), gifts, benefits and hospitality, recruitment and procurement. These reports and key themes confirm the objectives of the Institute's continuous improvement program and provide the assurance needed to continue the work



training & awareness



what we have done (2014-2017)

being completed in these areas.

Throughout the investigation it was evident that there was a lack of training and awareness around fraud and corruption management. It was evident in the People Matter Surveys conducted on an annual basis that staff were not aware of what actions were required if potential fraud and/or corruption was identified.

The Institute placed a focus on ensuring all employees are provided with appropriate training and awareness regarding the Institute's values, culture, systems and controls. This was completed through various avenues including the following:

- A more robust induction process broken down into two categories; a Corporate Induction and a Workplace Induction.
- Mandatory training for all staff was implemented in 2017 with a focus on fraud management and prevention which provided staff with an understanding of current Institute policies and processes regarding fraud and corruption.
- Development of the 2018-2019 Workforce Development Plan focused on maintaining the momentum of the previous Workforce Development Plan and addressing future directions of the Institute. The plan placed a focus on organisational capabilities and is aligned to the Institute's strategic objectives and values with the aim to build a

what we continue to do (since 2017)

stronger ethical culture within the Institute.

Workforce Development

The 2018-2019 Workforce Development Plan was developed to maintain the momentum of the previous Workforce Development Plan and to address the future directions of the Institute. The plan focused on organisational capabilities and is aligned to the Institute's strategic objectives and values with the aim to build a stronger ethical culture within the Institute.

The plan was broken down into eight streams which focus on key organisational capability areas that are aligned to the Institute's strategy and values. Of these eight streams, the streams below placed a particular focus on increasing the Institute's integrity, ethical culture and leadership:

- Leadership Capability
- Systems and Compliance, and;
- Ethical, Behavioural & Cultural Competence

The 2018-2019 Workforce Development Plan has resulted in an increase in the capability of staff in the above areas and has set the tone for staff on the importance of an ethical culture and having strong systems and controls to ensure this ethical culture can be demonstrated.

Induction

The Institute's induction processes continue to be a key focus to ensure all staff are provided with appropriate training and awareness of the Institute's values, culture, systems and controls upon commencement.

The induction process has been further refined in 2018 to ensure a seamless and welcoming on boarding experience for all staff. The induction process remains a two stage process, however these have been revised to a 'Day One Induction' and 'Corporate Induction'.

The Day One Induction is a combination of face to face activities and an online program comprising three modules, one of which is devoted to ethics. The ethics module provide staff with a series of ethical scenarios unpacking a range of the Institute's policies and procedures, including the Code of Conduct, Statement of Intent Child Protection and Safety, Equity and Fairness in the Workplace, Financial Delegations Policy, and Fraud and Corruption Control Policy.

The Corporate Induction is held at regular intervals throughout the year and conducted by a member of the People and Culture Team and the Audit Risk and Compliance Manager at each of the Institute's campuses, covering content which aligns with current Institute priorities. Topics for discussion at each round of Corporate Inductions vary but have included Governance, Risk, Conflicts of Interest, Gifts, Benefits & Hospitality, and Preventing Fraud which includes Speak up and Protected Disclosures.

Corporate Refresher Training

In 2017 mandatory training was rolled out and completed by all staff. Due to the success of this training, the Institute rolled out mandatory training in 2018, which maintained a focus on fraud management and prevention, but also placed a focus on areas in which the Institute required additional training and awareness. The aim for this training is to focus on key risk areas that have been identified in the previous year and ensure staff have the appropriate knowledge and awareness of the Institute's policies and procedures in relation to these key risk areas.

The Institute's 2018 Corporate Refresher Training focused on the below areas:

- Code of Conduct
- Human Rights
- Child Safe Standards
- Bullying & Harassment
- Fraud & Corruption

The Institute will continue to focus on areas identified through various avenues including the People Matter Survey, internal and external audits and regulatory reports to strengthen induction and the workforce development plan and continue to strengthen staff knowledge and awareness of ethical behaviour.



future focus

The Institute is committed to continually improving current strategies, systems, controls and processes with the focus on continuing to strengthen not only confidence in the Institute but strengthening public confidence in the Victorian TAFE sector as a whole.

The Institute will look to implement the following moving forward:

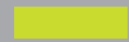
- The rollout of the Leadership program to strengthen the knowledge and capabilities of the Institute's leadership group.
- The implementation of an online contract management tool to further strengthen current systems and controls.
- Continue to introduce training modules across the Institute that focus on raising awareness and providing guidance on the systems and controls implemented as a result of Operation Lansdowne.
- Development of an online Conflict of Interest register.
- Development of an online Gifts, Benefits and Hospitality register.

conclusion

As a leading educational organisation, the Institute recognises the important role it plays in educating individuals and organisations on what has been implemented at the Institute.

We aim to share our learnings and provide advice that will assist other organisations to improve their own integrity and compliance that ultimately leads to a stronger organisational culture.

Over the past two years the Institute has accepted and implemented the findings from Operation Lansdowne.



appendix



OPERATION LANSDOWNE

South West Institute of TAFE

Response

3 November 2017

IBAC Recommendation

Recommendation 1

The CEOs of South West Institute of TAFE and Bendigo Kangan Institute of TAFE respectively to provide IBAC with reports by 31 December 2018 on how they have addressed the issues identified in Operation Lansdowne, including how they have strengthened systems and controls for overseeing third party agreements, ensuring compliance with those agreements and implementing stronger controls around student proof of identity.

Executive Summary

South West Institute of TAFE (the Institute) is a publicly funded training organisation that is registered as a training provider with the Australian Skills Quality Authority (ASQA). The Institute is located in the south west region of Victoria with training predominately delivered from Warrnambool, Portland, Hamilton and the great south coast.

The Institute is committed to providing quality education and training and its values are closely aligned to the Victorian Public sector values, including responsiveness, respect, integrity, leadership, impartiality, accountability, and human rights.

[REDACTED]

Our culture is our main focus

The Institute embodies our Institute values with the aim to further develop an open and transparent culture. As the leading educational and training provider in our region our Institute is driven to provide a workplace culture that demonstrates best practice to all stakeholders including students, staff, industry and the community.

Our Institute's senior leadership team recognises the importance of the role we play in creating a positive integrity based culture that encourages open, transparent and ethical behaviour. As the leading education and training provider in our region the development of an ongoing training program for all staff to understand and become aware of fraud identification and reporting is paramount in ensuring the Institute becomes the region's organisation of best practice.

Since identifying control and systems deficiencies in 2014 the Institute has implemented a continuous improvement program that focuses on improving our culture through refining appropriate policies and processes in relation to contract management, improving employees understanding of fraud and corruption, reviewing and implementing systems and controls and providing an encouraging environment where employees can identify concerns in a safe and encouraging environment.

Our key achievements

The Institute has made significant progress in implementing key reforms across the organisation resulting in a more ethical and transparent culture. These reforms include:

- Ongoing professional development for all staff including fraud awareness and reporting training
- Leadership training focussing on conflicts of interest, good governance and contract management
- Improved internal systems and controls

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1 INTRODUCTION

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

2 BACKGROUND

[REDACTED]

[REDACTED]

[REDACTED]

3 KEY FINDINGS FROM IBAC

Through the Operation Lansdowne hearings, the Independent Broad-based Anti-corruption Commission (IBAC) identified that the Institute needed to improve on the following:

- Processes, policies and/or systems for the negotiation and management of third party contracts, including the quality assurance of the training and delivery.
- Processes and controls around student proof of identification.
- A general lack of awareness of the risk of fraud associated with third party agreements.

Since the Institute identified, investigated and [REDACTED] in 2014 there has been an ongoing review of existing practices that has resulted in the implementation of strengthened systems and controls across the Institute.

Throughout this review the Institute has also focused on increasing the awareness and understanding of potential fraud related activities and had implemented an educational program that encourages identification and reporting of such risks.

4 CULTURE

In 2012-2013 there were significant changes to the government funding model of the VET Sector severely affecting TAFE Institutes' ability to remain financially viable. The government funding for Registered Training Organisations (RTOs) extended to not just TAFE Institutes but to private RTOs and due to the accessibility of government funding in the VET Sector the number of private RTOs increased dramatically.

During this period the Institute was forced to undergo a major restructure that saw a significant amount of redundancies across the organisation. This major restructure was in response to the new education and training funding environment in which the Institute operated with the aim to remain competitive and financially viable.

Staff morale and culture decreased during this time, with the large number of department and staff redundancies affecting employee morale. The uncertainty regarding long term employment created a culture of poor communication across the organisation resulting in the failure to maintain an open communication culture.

Managing conflicts of Interest

The Victorian Public Sector Commission identifies that management of conflict of interest is fundamental to ensure high levels of integrity and public trust in the Victorian public sector. Operation Lansdowne raised concerns regarding conflicts of interest within procurement processes. In response to these findings we believe it important to ensure clear processes are in place to identify, manage and monitor conflicts of interest.

The Institute is implementing policies and process that will assist our staff in identifying potential, perceived or actual conflicts of interest and how to appropriately report and manage these conflicts. The institute has incorporated conflict of interest into the induction process to ensure all new staff are fully aware of the Institutes conflicts of interest processes. Further to this we have identified conflicts of interest as a key area of focus when developing our workforce development plan and will ensure continual training is provided to all staff.

In the Victorian Public Sector Commission's 2017 People Matter Survey, 78% of our staff agreed they had received information about our policy on giving and receiving gifts, benefits or hospitality, and 80% agreed they had received information about our policies and procedures to assist employees avoid conflicts of interest.

Protected disclosure awareness

The Institute has placed a focus on ensuring our staff are aware of their options for reporting suspected fraud and corruption through a targeted internal educational program. Protected Disclosure is now continually promoted within the Institute to ensure staff know what they can do in the event they suspect fraud and corruption. We have seen a significant improvement with our process through our people matter survey with a 25% increase from our 2016 to 2017 results with 68% of our staff indicating awareness to the Institutes processes for supporting the Protected Disclosure Act 2012.

In response to previous Victorian Public Sector Commission's People Matter Surveys and internal practices over the past three years the Institute focused on an education campaign to raise staff awareness in such areas as protected disclosure, conflict of interest and fraud and corruption. This has resulted in significant improvements from previous years.

As a result of our revised continuous improvement educational program for all staff our 2017 People Matter Survey highlighted significant staff awareness and improvements in the following key areas over the past 2 years:

	2017 Results	Movement From 2016 Results
The Code of Conduct for Victorian public sector employees	76%	+27%
The Public Sector values	68%	+29%
Organisation's processes for reporting improper employee conduct	86%	+24%
Organisation's processes in place to support the Protected Disclosure Act (2012)	68%	+25%
My organisations policies and procedures to assist employees avoid conflict of interest	80%	+34%

Staff morale

The Institute has worked hard since 2014 to address the poor staff morale that resulted from the major restructures that took place throughout 2012-2013. The staffing adjustments that followed was a key factor in staff not speaking up and identifying potential issues [REDACTED] with many fearing reprisal and loss of jobs.

We continue to place a focus on our staff to ensure they are provided with stability and avenues to raise their concerns. As a result of focussing on the health and well-being of our staff over the past three years we have seen a steady increase in staff satisfaction and in the 2017 Victorian Public Sector Commission's People Matter Survey our results showing a 7% increase from the 2016 results, with 68% of staff satisfied with their employment at the Institute.

5 LEADERSHIP

Operation Lansdowne identified the following leadership failures:

- lack of Institutional governance processes
- lack of due diligence or review of the training services contract
- [REDACTED]

Further to Operation Lansdowne's findings the Institute through its own internal investigations identified the need to improve the induction of Executive officers in accordance with the Victorian Public Sector's Code of Conduct with particular focus on:

- Roles and responsibilities of Executive Officers
- Good governance, ethical leadership and accountabilities

The Institute has placed a focus on workforce capability and leadership training with ongoing professional development identified as a key focus for our senior leadership team. This training is incorporated into our workforce development program for 2018 and will be extended to those staff in roles that have been identified as key succession planning roles across the Institute.

We have provided a number of professional development opportunities to date with particular focus on integrity and believe that this has increased the capabilities and knowledge of our leadership group in creating a strong ethically positive culture across the organisation.

A number of processes have been put in place regarding the due diligence and review processes of all training contracts which is further discussed in section 6.

Strong ethical leadership

Operation Lansdowne has demonstrated that a strong ethical culture is paramount in reducing fraud and corruption within the public sector. As an educational institution it is recognised that at all times we must demonstrate a strong ethical culture that begins at the top through strong ethical leadership and commitment. Our Institute has placed a focus on ensuring our leaders promote an ethical culture that focuses on integrity and respect.

6 INSTITUTE CONTROLS

Operation Lansdowne identified a number of inadequate internal control processes to reduce the risk of fraud and corruption with third party agreements, and that the Institute lacked appropriate controls in other functions that assisted in fraudulent activities.

The following inadequate controls were identified:

- Contract Management
- Policies, procedures and processes
- Student Management System access rights
- Student eligibility & proof of identity

Contract Management

IBAC's Operation Lansdowne found the following contract management failures:

- [REDACTED]
- lack of processes, policies and/or systems for the negotiation and management of third party contracts
- lack of action on red flags evident throughout the contract
- lack of understanding regarding the Department of Education and Training's (Department) VET Funding Service Agreement regarding subcontracting arrangements

As identified in Operation Lansdowne, the Institute implemented a number of controls to strengthen our contract management processes including;

- improved policies, procedures and guidance material for oversight of all training contract arrangements whether third party or delivered through the Institute
- more rigorous approval process for third party contracts with requirement of a business case and executive approval for training contracts involving a significant amount of funds
- stronger internal audit process, which included reviews of contract training delivery and overall contract reviews
- implementation of a revised Contracts Officer role to oversee all training contracts and independently monitor the negotiation, implementation and review of contracts.

The Institute continues to review its current processes in relation to contract management to ensure we have appropriate controls to adequately manage and monitor all training contracts. [REDACTED]

As part of the contract review process we are looking to adopt a contract review panel which will provide an additional control measure to ensure due diligence has been addressed. This panel will consist of key stakeholders that are relevant to the contract, including those that have compliance responsibilities within the Institute. This panel will be established for the monitoring of contracts that exceed an income threshold of \$50,000.

We see the separation of duties as a crucial control mechanism in reducing the chance for fraud and corruption and have taken this approach with our contract management process. Defining clear roles for the contract officer and contract owner was one approach taken that increases the level of accountability and responsibilities. Clearly establishing these accountabilities and responsibilities allows a level of separation and oversight by the contract officer whose main role is to ensure all contracts are reviewed and meet appropriate quality and compliance requirements and are continually monitored.

Board Involvement & Reporting

The Institute's Board requires appropriate communication and reporting from the Executive Officers on all relevant strategic operations of the Institute. The Institute has adopted an open and transparent approach in accordance with our Financial Delegations Policy to ensure the Board are continually informed of all significant operations that have a material impact on the Institute.

Policies, procedures & processes

Operation Lansdowne identified a clear lack of policies and procedures to adequately manage and oversee training contracts. The Institute has implemented a number of policies and procedures to ensure adequate oversight and monitoring is occurring in relation to all training contracts. As mentioned above, there has been a clear focus on ensuring our current processes are adequate and meet the needs of the Institute.

We have placed a focus on ensuring all our policies, procedures and processes at a minimum align to our regulatory requirements and obligations to ensure full compliance and accountability. Further to this we believe it is crucial to ensure our policies, procedures and processes are up to date, accurate and align to what is actually occurring through the day to day operations of the Institute. In particular, the Institute has placed a focus on the following policies and procedures in 2017:

- Financial Delegations Policy
- Contract Management Policy
- Contract Management Procedure
- Gifts and Entertainment Policy
- Conflict of Interest Policy

The Institute has ensured that the above policies and procedures assist not only in the monitoring and oversight of training contracts but the monitoring and oversight of the Institute's operations holistically to promote a strong ethical culture and maintain integrity. All Institute policies are reviewed and approved at Board level to ensure oversight and adherence to relevant legislative requirements and strategic direction of the Institute.

We continue to review our processes to ensure we are developing relevant, understandable and accurate policies, procedures and processes within our Institute to assist staff in meeting their responsibilities.

Student management system

The student management system was implemented in 2013 and presented a number of implementation and amalgamation issues throughout the 2013 period. This saw a lack of oversight on access rights across the Institute

[REDACTED]

The student management system access rights that allow the entering of student participation and results has been reviewed with control managed through the Student Management System Team. Employees who are not required to enter such information into the system are not granted access. Executive Officers do not have access to the system and where such access is required, 'view only' access is granted.

Moving forward, the Institute will implement a Data Analytics Team whose key focus will be to provide relevant and timely information to inform decision making across all aspects of the organisation.

Student eligibility & proof of identity

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

As identified previously the Institute no longer enters into third party contracts, reducing the risk of students being enrolled without their knowledge and consent.

The enrolment process is fully completed by the Institute, including the completion of the Pre-Training Review, assessment of eligibility and the citing and retaining of identification. There are a number of guidance documents that are utilised by the customer service and teaching departments when assessing eligibility, citing and retaining student identification in accordance with the Skills First Program – VET Funding Contract.

The customer service department are provided continual training in accordance with the Skills First Program – VET Funding Contract to ensure they are fully aware of the requirements for eligibility and evidence of identification and in order for the Institute to be fully compliant.

The Department enforced the use of a Unique Student Identifier (USI) in 2016 to ensure students were eligible for funding under the VET Funding contract at the point of enrolment. This requirement has been incorporated into the Institute's enrolment processes.

Internal audit and review processes

In 2014 the Institute implemented a more rigorous internal audit process that aligned to our regulatory obligations. As part of this process the monitoring of internal and external audits became centralised to ensure all audits were being adequately captured into the overarching audit plan, with all findings and recommendations being addressed.

An emphasis was placed on the independent auditing of student files against the Department's Service Agreements (VET Funding Contracts) to ensure we were meeting our compliance obligations and identifying areas for improvement. In conducting these audits our approach was to gain a clearer picture of our teaching areas and identify any areas of concern. This approach extended into all third party agreements to ensure the issues [REDACTED] were not systemic.

The internal audit process saw the Audit, Risk and Finance Committee (ARF) initiate additional reporting requirements to assist with achieving an improved compliance status and allow for greater controls to ensure the Institute continued to meet its compliance obligations under the Department's Service Agreements.

The Institute's Internal Auditors continue to develop our annual audit plans based on our current risk register, identifying our high and extreme risks as focus areas. Not only do they review the risk register they also consult with

key stakeholders of the Institute to better understand the operations of the organisation and ensure a tailored audit plan is structured to assist the Institute in meeting its strategic objectives along with providing quality training to the region.

7 TRAINING AND AWARENESS

Throughout the investigation it was evident that there was a lack of training and awareness around fraud and fraud Management. It was evident in the People Matter Surveys conducted on an annual basis that staff were not aware of what actions were required if potential fraud and/or corruption was identified.

The Institute has placed a focus on ensuring all employees are provided the appropriate training and awareness regarding risk and fraud management through the following process.

Induction

The Institute's induction processes have been a key focus in 2017 to ensure all staff are provided with appropriate training and awareness of the Institute's values, culture, systems and processes upon commencement.

The employee inductions have been broken into two categories; the Corporate Induction and the Workplace Induction. The Corporate Induction is designed to provide a high level overview of the Institute's values, culture, strategy, goals and departments and the Workplace Induction is designed to provide greater understanding of specific areas and processes at the Institute to prepare and support staff in their role.

Risk and Fraud Management is a component of the Corporate Induction which looks at all aspects of risk and fraud and provides employees with an understanding of fraud and what processes and tools the Institute has in place should they suspect misconduct or corruption.

Training

In 2017 mandatory training was implemented and completed by all staff, within the training there was a focus on fraud management and prevention which provided staff with an understanding of current Institute policies and processes regarding fraud and corruption. Our aim with this mandatory training was to ensure all staff were fully aware of what they could do if they suspected misconduct, fraud and/or corruption and provided them with the tools needed to act appropriately.

Workforce Development Plan

Throughout 2017 significant projects and staff training conducted across the Institute has provided both future direction and information to inform future Workforce Development Plans. The 2018-2019 Workforce Development Plan has been developed to maintain the momentum of the previous Workforce Development Plan and addresses future directions of the Institute. The plan places a focus on organisational capabilities and is aligned to our strategic objectives and values with the aim to build a stronger ethical culture within the Institute.

In order to achieve the objectives set out in the plan, it will be broken down into eight streams which focus on key organisational capability areas that are aligned to the Institute's strategy and values.

Of the eight streams within the plan the streams below place a particular focus on increasing the Institute's integrity, ethical culture and leadership which has been a key finding from Operation Lansdowne and the Institute's internal reviews:

- Leadership Capability
- Systems and Compliance, and;
- Ethical, Behavioural & Cultural Competence

These streams capture the Institute's commitment to improving not only its ethical culture but its systems and processes for the monitoring and oversight of fraud and corruption, risk and contract management.

8 CONTINUOUS IMPROVEMENT

[REDACTED]

In line with the findings and recommendations from Operation Lansdowne and Institute identified findings, the following further actions have been identified:

Implementation of an Integrity Framework

Operation Lansdowne highlighted a number of deficiencies within the Institute's systems and processes, many of these deficiencies relate back to the lack of integrity by some employees within the Institute. We believe it is important to promote a culture of integrity, trust and respect underpinned by the Institute's and public sector values and restore the confidence not only in the Institute but the wider Vocational and Education Sector.

The Integrity Framework will play a central role within the Institute in preventing misconduct and to deter, detect and prevent corruption. The Integrity Framework will support the organisations ethical culture, values and will be embedded in all aspects of the organisations operation. The Integrity Framework will strengthen the Institute's resistance to corruption and promote ethical leadership and behaviour from senior management to embed at every level within the Institute.

Implementation of a Speak Up Program

In December 2015 the Department launched a Speak Up service for employees to report their concerns of improper conduct confidentially and anonymously to an external provider. Since its launch the Speak Up service has received approximately 287 calls, with the Department continuing to strengthen its reporting avenues.

The Institute believes the Speak Up Program would be beneficial in the Higher Education and Skills Sector in encouraging staff to report improper conduct and assist in building a culture where improper conduct will not be tolerated and valid complaints will be addressed.

The Institute has identified that they wish to be a 'Pilot Institute' for the speak up program and sees this program as one that will provide employees with a safe avenue to report improper conduct and strengthen the ethical culture of the Higher Education and Skills Sector.

Review of the Fraud & Corruption Control Framework

The Institute is currently conducting a full review of our Fraud & Corruption Control Framework ahead of implementation between December 2017 - February 2018. This review has included the development of a Fraud & Corruption Control Plan which documents the strategic and operational approach to controlling fraud and corruption within the Institute. It provides an overview of how fraud and corruption risks will be managed and compiles with the Australian/New Zealand Standard *AS/NZ ISO 31000:2009 Risk Management Principles and Guidelines*.

The Institute is committed to preventing and controlling fraud and corruption whether initiated within the organisation or externally.

The Fraud & Corruption Control Plan aims to:

- build a culture within the Institute that seeks to prevent fraud and corruption
- reduce the potential for fraud and corruption within and against the Institute

- explain how the Institute will use risk management practices to prevent and control fraud and corruption
- provide guidance on how any suspected instances of fraud or corruption within the organisation will be dealt with by the Institute.

Review of the Risk Management Framework

The Institute is currently conducting a full review of our Risk Management Framework ahead of implementation between December 2017-February 2018. The framework's objective is to allow the Institute to meet its strategic objectives, whilst complying with relevant legal and regulatory requirements, through the effective management of risks. The framework's design is underpinned by the principles and key elements of the Australian/New Zealand Standard *AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines*.

The Institute will focus on training and awareness for all staff in relation to risk management to ensure they are fully informed of the Institute's risk management processes and the avenues they can take to report suspected risks to the Institute.

Development and Implementation of a Leadership Charter

Operation Lansdowne has demonstrated that a strong ethical culture is paramount in reducing fraud and corruption. Our Institute has placed a focus on ensuring our leaders promote an ethical culture that focuses on integrity and respect.

To support this, the Institute will develop a Leadership Charter which will outline the behaviours expected of all leaders at the Institute. All leaders will be required to sign up to and abide by this Leadership Charter to ensure they are acting in accordance with the Institute's mission and values.

Implementation of a Specialised Data Analytics Team

The Institute will implement a specialised Data Analytics Team in 2018 that will focus on providing relevant and timely information to assist in making informed decisions across all aspects of the Institute.

The Data Analytics Team will provide an added layer to internal audit and compliance through the process of examining data to identify and predict anomalies and trends. A key focus for this team will be on data analytics relating to fraud and corruption to assist the organisation in making informed decisions in relation to control measures.

Review of Contract Management Process

Since the review of the contract management process over the past 2 years the Institute has revised the Contract Officer role and appointed a new Contracts Officer in April 2017. The Institute has undertaken a full review of the current contract management processes with the aim of increasing the independent oversight of all training contracts and ensuring a clear process is undertaken when negotiating, implementing and monitoring training contracts.

As mentioned in section 6 of this report the Institute will implement a contract review panel which will provide additional due diligence and oversight of contracts that exceed an income threshold of \$50,000.

The revised contract management process will be rolled out in December 2017 with a number of workshops and training provided to key stakeholders to ensure understanding of the processes that must be followed by all Institute employees.

9 FINAL COMMENTS

The Institute is committed to providing quality training to our region and ensuring a safe and ethical working environment for our employees. To ensure we maintain the confidence of the VET Sector we have taken, and will continue to take action to improve our Institute's ethical culture and values.

The Institute is committed to strengthening our integrity and developing and implementing appropriate systems and controls.

Felicity Melican
Board Chair

Mark Fidge
Chief Executive Officer



Published December 2018.

All information is correct at the
time of printing.

PROUDLY TAFE

Registered Training Organisation
Number: 3120

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