



Case study – Operation Carson

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IBAC received a notification from the then Department of Economic Development, Jobs, Transport and Resources (the Department) regarding allegations of an undeclared conflict of interest and misuse of position by a senior employee.

Background

It was alleged the employee had engaged in serious corrupt conduct by improperly using their position to provide business opportunities for their partner. It was also alleged the employee had an undeclared financial interest in their partner's private business. Once the employee's conduct was raised with the Department by industry stakeholders, the Department acted swiftly to alert IBAC and promptly complied with IBAC's requests for information.

What did IBAC do?

IBAC commenced Operation Carson in June 2016, and used a range of investigation powers to conduct the investigation. Amongst other measures, IBAC:

- issued more than 60 summonses including 18 for information from financial institutions
- interviewed 29 witnesses
- took fourteen witness statements
- seized and analysed mobile phones and digital devices
- held seven private examinations.

What were the outcomes?

Although the employee resigned while under investigation, IBAC substantiated allegations they provided preferential access and treatment to their partner. IBAC also established the employee and their partner were engaged in a private business that had not been declared to the agency. The employee sought to exploit the knowledge and networks they had developed through their public sector employment to further their business interests. The employee failed to declare their conflicts of interest and did not act in the public interest.

Lessons learned, challenges and outtakes

IBAC identified opportunities for the Department to review its policies and procedures and provide appropriate training to staff to address the corruption vulnerabilities identified in IBAC's investigation, including in relation to:

- conflicts of interest
- gifts, benefits and hospitality
- information management and security measures.

As a result, the Department has built and strengthened their integrity frameworks, particularly in the areas identified above. It has committed to continue to strengthen training and awareness activities, including the introduction of a mandated training program for all staff to embed awareness of integrity policies and related matters.

Vulnerabilities and prevention measures

IBAC identified the following vulnerabilities and prevention measures as a result of Operation Carson. Public sector agencies and others can build their corruption resilience by identifying if they are susceptible to these vulnerabilities and undertake appropriate prevention measures.

Issue	Vulnerability	Prevention measures
Gifts and benefits	Staff member, knowingly, not declaring gifts and benefits contrary to policy	<ul style="list-style-type: none"> Supervisors need to be aware of the expected level of gifts and benefits (offers and acceptances) certain high-risk staff would generally be offered and supervisors should be acutely aware of the warning signs if such a staff member does not declare any gifts and benefits (offers and acceptances)
Record keeping	Poor record keeping and data entry practices	<ul style="list-style-type: none"> Staff in high-risk positions operating with minimal supervision should be subject to appropriate levels of oversight Lack of transparency is a 'red flag' in high risk roles and a high priority should be compliance with recording work and actions within IT systems
Conflict of interest	Undeclared and poorly managed conflicts of interest	<ul style="list-style-type: none"> Clear policies that identify what constitutes a perceived, potential and actual conflict of interest and how it is to be managed by staff and managers Regular training and awareness raising to be conducted within the organisation Require employees to identify, declare and manage declarable associations in accordance with policy
Culture	Minimal oversight of staff in a high risk position	<ul style="list-style-type: none"> Management should have almost zero tolerance for a lack of transparency especially related to roles that are very autonomous and operate in a high-risk environment
Persons not speaking up	Staff and industry stakeholders not feeling confident or empowered enough to speak-up or complain	<ul style="list-style-type: none"> Ensure staff and industry stakeholders are aware of Public Interest Disclosure policies and procedures Encourage staff and industry stakeholders to raise concerns and provide a contact point(s) for even anonymous contact (such as providing a hotline)

Useful links and information

IBAC research report examining the corruption risks associated with conflict of interest, and includes examples of good practice:
www.ibac.vic.gov.au/publications-and-resources/article/managing-corruption-risks-associated-with-conflicts-of-interest-in-the-victorian-public-sector

IBAC research report reviewing integrity frameworks in a sample of Victorian state government agencies; identifying examples of good practice and opportunities for improvement. A key objective of this project was to help state government agencies review and strengthen their own integrity frameworks, to improve their capacity to prevent corrupt conduct:

www.ibac.vic.gov.au/publications-and-resources/article/state-government-integrity-frameworks-review

IBAC checklist on controlling fraud and corruption, designed to assist organisations assess their fraud and corruption prevention practices and identify areas for improvement:

www.ibac.vic.gov.au/publications-and-resources/article/controlling-fraud-and-corruption-a-prevention-checklist

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IBAC is Victoria's anti-corruption agency responsible for preventing and exposing public sector corruption and police misconduct. We do this by:

- investigating serious corruption and police misconduct
- informing the public sector, police and the community about the risks and impacts of corruption and police misconduct, and ways in which it can be prevented.

To report corruption now, visit **www.ibac.vic.gov.au** or call **1300 735 135**.

If you need help with translation, call Translating and Interpreting Service on **13 14 50** or visit **www.ibac.vic.gov.au/general/accessibility/tr**

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