



Corruption risks in the public health sector

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This is a summary of IBAC's report *Corruption risks associated with the public health sector*.

The *Corruption risks associated with the public health sector* report provides a snapshot of complaints and cases in the public health sector during IBAC's first four years of operation. In addition to these cases, the report's conclusions are also based on a review of published research reports, and consultation with and information provided by other integrity agencies and the Department of Health and Human Services.

This summary is designed to help public health sector agencies identify corruption issues relevant to their organisations and to strengthen their prevention and detection strategies to help prevent corrupt conduct. The full report is available on IBAC's website.¹

Corruption vulnerabilities associated with the public health sector

The Victorian public health sector employs the most people and has the largest budget in the Victorian government sector. The sector faces some unique corruption risks which reflect the size, complexity and nature of the public health system. It also shares integrity issues which exist across the Victorian public sector, such as procurement and conflict of interest.

Cover-ups of clinical malpractice

Cover-ups of clinical malpractice may amount to misconduct in public office which constitutes corruption under the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC Act). Factors that may contribute to environments where cover-ups of clinical malpractice occur include strongly hierarchal cultures, a fault-based approach to medical compensation, and where people serving on hospital and health service boards have limited clinical skills or medical knowledge.²

¹ www.ibac.vic.gov.au/publications-and-resources/article/corruption-risks-associated-with-the-public-health-sector

² Hospital Safety and Quality Assurance Review Panel, *Targeting Zero: Supporting the Victorian hospital system to eliminate avoidable harm and improve quality of care*, October 2016.

³ 'Bill splitting' is the practice where a surgeon submits individual invoices for each procedure in a single surgery where multiple operations are performed and receives the full 100 per cent fee for each operation rather than being paid on a sliding scale for each procedure.

Theft of controlled drugs

The theft of controlled drugs for personal use or to be sold for financial gain is a significant corruption risk within the public health sector. The risks associated with staff access to these drugs have increased in line with growing demand for and misuse of prescription medications in the community.

Fraudulent billing practices

Billing practices in relation to compensable patients (whose medical costs are billed to state insurance authorities) create opportunities for corrupt conduct. Such concerning billing practices include bill splitting³, and instances where some medical practitioners fraudulently bill the Transport Accident Commission and WorkCover for procedures that are not performed.

Corrupt procurement and contract management practices

Pressure to deliver large hospital capital works projects within tight timeframes can create corruption vulnerabilities, particularly when there are failures in following proper process or there is a lack of oversight by those responsible for maintaining checks and balances.

Conflicts of interest

The identification and management of conflicts of interest is an issue across the public sector. In the health sector, there is potential for medical practitioners and administrators to be influenced by private sector organisations when procuring medical supplies and equipment. There are also potential conflicts of interest around medical practitioners' involvement with medical technology and pharmaceutical companies.

Corrupt recruitment practices

The public health sector employs more than 106,000 people, almost one-third of the entire Victorian public sector. Although employment-related activity is generally well managed, nepotism and conflicts of interest in recruitment are significant corruption risks. In addition, the highly qualified and specialised nature of the sector's workforce can lead to 'recycling' of problematic employees.

Thefts of cash and portable assets

Opportunities to misappropriate cash exist across the public health sector, for example, through cash-based fundraising activities or cash-based services such as cafeterias. Other portable assets are also at risk of misappropriation, such as tools and building materials.

Drivers of corruption in the public health sector

A number of factors have the potential to drive or increase corrupt conduct in the public health sector:

- Bullying and harassment have been identified as concerns within the public health sector. While bullying is not corrupt in itself, it can contribute to conditions where corruption is more likely to occur. Bullying in the workplace can impact morale and create a climate where employees fear reprisals if they speak out.
- There are a number of integrity and complaints bodies that oversight the public health sector. This may create confusion among patients and medical practitioners about where suspected corrupt conduct should be reported and may lead to corrupt conduct not being exposed or addressed.
- Many public hospitals offer practitioners the opportunity to practise privately using public hospital facilities such as outpatient clinics and consultation rooms. The lack of clear guidance about how much time doctors employed by public hospitals can spend treating private patients can be a driver of corruption. Whilst these arrangements are important to attract specialists, a lack of transparency in these individually negotiated agreements may lead to exploitation.
- The use of non-government organisations (NGOs) to deliver publicly funded health services can create corruption vulnerabilities where those NGOs are unfamiliar with public sector values and principles. Potential corruption risks and vulnerabilities include NGOs' clients' fear of being cut off from services if they report issues, or a fear within NGOs of losing funding if they report corrupt or fraudulent conduct by their own staff. There are also challenges with scrutinising how NGOs apply for and use public funding.

Corruption Risks Associated with the Public Health Sector, October 2017, is available at www.ibac.vic.gov.au/publications-and-resources/article/corruption-risks-associated-with-the-public-health-sector.

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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.

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