Building public sector integrity during times of crisis or emergency

This resource aims to help the **public sector** review and strengthen integrity responses and improve capacity to prevent corrupt conduct during times of emergency and crisis.

The current COVID-19 pandemic is having an unprecedented impact on social and work environments. Significant funding and other measures are being progressively announced and implemented by all levels of government in response to the public health, economic and social impacts of the pandemic. This is in addition to the funding committed in response to the state's bushfires emergency last summer.

The need for an immediate response to emergencies, coupled with remote work arrangements and pressing demands on our public sector, presents new opportunities and risks for corruption. Experiences in other jurisdictions and overseas also show that changes to the way government services are delivered during times of crisis can create misconduct and corruption risks.

To support the Victorian public sector, IBAC has identified key corruption risks facing state government agencies during emergencies and crisis situations, associated warning signs or 'red flags', and suggested prevention measures to help minimise risk.

This information sheet highlights corruption risks during times of emergency and alerts public sector agencies to opportunities to strengthen systems, and practices to mitigate them. It is appropriate that agencies review their corruption prevention and detection strategies during times of crises, to ensure strategies are effective in minimising misconduct and corruption risks, but also proportionate to the circumstances.

IBAC will continue to engage with key agencies across the Victorian public sector to help raise awareness of the risks highlighted in this information sheet, and to help them develop appropriate corruption prevention strategies.

Crisis-related increasing demands and pressure on public sector employees

Crisis-related funding increases can lead to changed conditions that increase existing fraud and corruption risks. Key risks typically stem from the transfer of funds from the public sector to the private sector for service delivery and other support. Employees undertaking activities in areas at higher risk of corruption, such as procurement and tendering, recruitment, grant assessment and acquittal, distribution of public funds, licensing, and resource management need to pay particular attention to the following warning signs and prevention measures.

Red flags:

- groups or individuals – particularly those that have not been previously registered – attempting to submit fraudulent claims for grants or support

- suppliers submitting suspicious bids for tenders, which may involve incomplete applications or repeated claims using the same or different ABN, or other individual identifiers

- suppliers pressuring government agencies to rush procurement or payments, or to agree to irregular variations of contracts or competitive tendering processes

- unusually excessive claims by suppliers for completed work

- unusual changes to vendor and employee data, such as bank account details

- government employees releasing sensitive information to bidders or not declaring and properly managing conflicts of interest

- processes not being correctly followed or documented

- service delivery and contract management being poorly monitored or supervised.

Suggested control measures:

- provide integrity training for staff

- ensure agreed processes are followed and, where exemptions are required, documented

- obtain advice from a procurement adviser before starting procurement processes

- form a diverse team representing different areas of your organisation to assess supplier quotes and submissions

- establish a project management team to regularly monitor contract delivery and timeframes

- mandate reporting of suspected corruption or misconduct, and reinforce ways for employees or suppliers to report suspected fraudulent and corrupt conduct

- ensure activities, particularly those relating to procurement decisions and approvals, are appropriately segregated

- conduct regular and random audit and risk reviews to identify trends and patterns that may indicate the presence of fraud and corruption

- consider internal data collection and analysis to identify changes in behaviour and transaction patterns, particularly as emergency response restrictions lift, to help detect corrupt and fraudulent behaviour

- ensure suppliers to the Victorian State Government understand, agree with and conform to public sector standards and obligations outlined in the Victorian Public Service Supplier Code of Conduct.

Find out more about procurement risks and prevention strategies, view IBAC's resource *The red flags of corruption: procurement*.

Risks associated with working remotely

Working from home increases security and privacy risks to public sector employees. Risks may include inadvertently discussing or exposing information to unauthorised individuals, either in person within shared work spaces, via social media or other electronic means.

Cyber threats also pose a risk in remote workforces. Cybercriminals have increased their use and adaptation of malicious online strategies to exploit working from home conditions. Their strategies include phishing emails, malicious websites, and text messages – sometimes disguised as COVID-19-related communication – that seek to obtain private information.[1]

Emergency and crisis situations can also place public sector employees and their families under financial hardship. Remote working can create perceptions of isolation and lack of support from team members. If these issues are not addressed, they have the potential to increase employees' vulnerability to corruption and fraud risks.

Red flags:

- lack of installed and updated anti-virus and anti-malware software on work devices

- lack of password and multi-factor authentication on work devices

- storage of work material on private devices

- lack of regular communication between team leaders and members.

Suggested control measures:

- review the principles of the Victorian Protective Data Security Framework to ensure secure information management

- comply with guidelines issued by the Office of the Victorian Information Commissioner (OVIC) and the Australian Cyber Security Centre (ACSC) and incorporate these into agencies' internal policies

- support employees to protect the integrity and security of their work when working from home, including by:

  — using secure communications and conferencing technology

  — arranging for file sharing and electronic signature approval methods for remote working that permit collaboration and shared document authentication using a government-approved, file-sharing service and email system

  — reminding employees to ensure confidential material on screens and printed documents cannot be viewed by others in shared work spaces

  — locking computer screens when leaving work stations, and closing doors when discussing confidential or sensitive information

  — securing hardcopies of confidential material in lockable home safes or mobile secure cases

  — reporting suspected losses of confidential information

- maintain regular communication within your team to discuss work requirements, while ensuring all employees are able to discuss issues and pressures affecting them

- promote employee assistance programs for employees.

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[1] Australian Cyber Security Centre, 2020, '*Threat update: COVID-19 malicious cyber activity*', 20 April 2020.

Risks to governance processes and oversight

It is always important to ensure there are clear and transparent policies and procedures around decision-making. However, during emergency or crisis situations, government agencies face increasing pressure to deliver services, with less opportunities for face-to-face interactions. In this environment, public sector employees may come under pressure to take shortcuts to accelerate delivery, such as bypassing proper processes, and reducing or stopping routine consultations with stakeholders and experts. This can increase or exacerbate risks, including nepotism and cronyism, failure to document decision making, lack of transparency, and overall poorer decisions being made.[2]

Virtual meetings can offer increased opportunities for public engagement while employees work from home. In the interests of transparency, employees should continue to document meetings, and continue to declare and manage conflicts of interest.

Red flags:

- failure to comply with policies and procedures
- reduced stakeholder involvement in decision-making
- failure to appropriately document records of meetings
- not declaring or managing conflicts of interest.

Suggested control measures:

- regularly review and record any temporary amendments to decision-making procedures in response to emergency situations
- ensure employees complete conflict of interest declarations when necessary, and follow management strategies
- strictly adhere to all employment protocols and provide realistic and adapted training to employees to help them, and managers, identify conflict of interest
- make meeting agendas (including online), minutes and other relevant documentation accessible to stakeholders in a timely way
- ensure each relevant stakeholder provides written support (or otherwise) of decisions made outside of standard conventions.

Supporting corruption resistant cultures during crisis and emergencies

The need to provide exemplary leadership and corruption awareness training to the workforce remains crucial during emergency or crisis situations. There is a risk that agencies' integrity-related education and training programs may be postponed or cancelled due to increased service delivery demands or logistical issues associated with remote working. It is important that such training continues and that leaders encourage and support their staff to maintain the highest standards of integrity and professionalism.
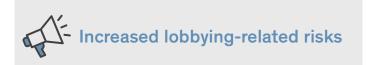
Red flags:

- reduced focus or cessation of corruption awareness and prevention training
- employee uncertainty about proper processes and how they can and cannot be adapted
- employee uncertainty about the processes around reporting corruption and fraud, either internally or to IBAC.

Suggested control measures:

- adapt existing training for online and remote delivery to inform good practice, dissuade corrupt behaviour and continue to develop corruption-resistant cultures
- ensure that any critical and specialised training continues to be undertaken
- use case studies relevant to the current crisis situation to help staff recognise and respond effectively to fraud and corruption risks
- communicate with employees to determine areas of uncertainty regarding processes and reporting of suspected fraud or corruption
- clear and consistent communication from senior leaders to reinforce the agency's values, public sector standards and codes of conduct, and to raise awareness of internal reporting channels and IBAC.

2 Donaldson, David, 2020, *'Record-keeping in a crisis: hasty decisions create accountability problems – and are difficult to implement'*, The Mandarin, 16 April 2020.

📣 Increased lobbying-related risks

The COVID-19 crisis has led a wide range of industry lobby groups to seek government support.[3] Agencies are advised to be aware of lobbying efforts to place undue influence on, or accelerate, government decision-making, and to ensure decision-making is always conducted in the public interest. Be alert to attempts to conduct unregistered lobbying, which can compromise probity and due diligence measures and decrease transparency about lobbyist identities, interests and meetings.

Red flags

- higher levels of lobbying of state governments, particularly from lobbyists that do not conform to established lobbying guidelines
- lobbying by individuals not listed on the Victorian Public Sector Commission's (VPSC) register of lobbyists
- failure by lobbyists to disclose details of the parties they represent
- failure by public sector employees involved in discussions with lobbyists to declare that they could have a conflict of interest
- attempts to influence government decision-making through payment, gifts, benefits and hospitality.

Suggested control measures

- state government agencies ensure that contact with lobbyists remains compliant with the Victorian Professional Lobbyist Code of Conduct (VPLCC) and that lobbyists are registered with the VPSC Register of Lobbyists
- public service employees maintain appropriate recordkeepings of all meetings with industry advocates and lobbyists, for transparency, and to avoid perceptions of undue influence.

Useful resources

IBAC resources

IBAC's integrity framework review of state government highlights good practices and opportunities for state government agencies to strengthen their integrity frameworks and improve their capacity to prevent corrupt conduct.

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

IBAC's fact sheets address key areas of public sector corruption and fraud risk and provide useful strategies to manage them.

www.ibac.vic.gov.au/publications-and-resources/article/red-flags-of-corruption-procurement

www.ibac.vic.gov.au/publications-and-resources/article/information-sheet-conflicts-of-interest-myths-misconceptions-and-management

Victorian Government Supplier Code of Conduct

The Code of Conduct sets out the ethical standards required from suppliers to the Victorian Government.

www.buyingfor.vic.gov.au/supplier-code-conduct

www.ovic.vic.gov.au/about-us/news-and-media/covid-19/

Office of the Victorian Information Commissioner (OVIC) – COVID-19 news

OVIC's COVID-19 website lists information and guidance regarding freedom of information, privacy, information security and business continuity under COVID-19.

www.ovic.vic.gov.au/about-us/news-and-media/covid-19/

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[3] Loussikian, Kylar and Hutchison, Samantha, 2020, *'Pandemic a boom time for nation's lobbyists'*, Sydney Morning Herald, 29 April 2020; Victorian State Government, 2020, 'New Taskforce to bolster building and development industry', 24 April 2020; ABC News, 2020, *'Coronavirus prompts Victoria to launch $2.7b construction blitz to stimulate state's economic recovery'*, 2020, 'Master Builders Australia, 2020, *'Joint Statement – Master Builders Australia and CFMEU National Construction Division'*, 23 March 2020; Millar, Royce, 2020, *'Builders call for fast track out of crisis',* The Age, 15 April 2020; Sakkal, Paul, 2020, *'Secret plans to reopen pubs, clubs and Crown Casino'*, The Age, 1 May 2020.

State Government

Victorian Public Sector Commission

Maintaining Integrity When Working Remotely guide

The *Maintaining Integrity When Working Remotely* guide provides practical advice that Victorian public sector employees can follow to ensure they continue to comply with the Code of Conduct while they work remotely.

www.vpsc.vic.gov.au/resources/working-remotely/

Engaging with Lobbyists in the Victorian Public Sector guide

As a Victorian public sector employee, lobbyists may contact you to influence Government decisions. This guide helps you understand your obligations and what to do when you're working in the office or remotely.

www.vpsc.vic.gov.au/html-resources/guide-to-engaging-with-lobbyists-in-the-victorian-public-sector/

Australian Cyber Security Centre (ACSC) – COVID-19 advice

The ACSC regularly posts cyber threat updates and other forms of guidance to organisations in order to protect systems, data and personal information during the COVID-19 crisis.

www.cyber.gov.au/COVID-19

Interstate resources

NSW Independent Commission Against Corruption

www.icac.nsw.gov.au/prevention/corruption-prevention-publications/latest-corruption-prevention-publications/managing-corrupt-conduct-during-the-covid-19-outbreak

www.icac.nsw.gov.au/prevention/corruption-prevention-publications/latest-corruption-prevention-publications/supplier-due-diligence-a-guide-for-nsw-public-sector-agencies

NT Office of the Independent Commissioner Against Corruption

www.icac.nt.gov.au/__data/assets/pdf_file/0008/816155/Fraud-and-the-COVID-19-Stimulus-Package.pdf

www.icac.nt.gov.au/__data/assets/pdf_file/0004/816232/COVID-19-fraud-watch-checklist_FINAL.pdf

SA Independent Commissioner Against Corruption

www.icac.sa.gov.au/report/public-admin-in-pandemic

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 the Translating and Interpreting Service on **13 14 50** or visit **www.ibac.vic.gov.au/general/accessibility/tr**