

MEANINGFUL DOCUMENTS

THE STORY

Proactive Health is a government funded program designed to promote and educate the community on well-being and preventative health measures.

It has a mobile education resource centre, which regularly visits community events in metropolitan and regional areas to promote Proactive Health. The manager of the program, Jane, is authorised to approve purchases and payments of business related items up to a value of \$10,000. Anything above this amount must be approved by Jane's manager.

Jane regularly orders merchandise including t-shirts, drink bottles, caps, stickers, pens and other items. She also ensures the mobile centre is adequately stocked with other necessary supplies.

Adam, a member of the finance department is responsible for paying the accounts for the Proactive Health program. He notices something strange about an invoice from a plumbing company for \$2800. The invoice states the fee was for plumbing repairs. Adam can't imagine what plumbing repairs the program would require so he contacts Jane who explains that the sink and toilet in the mobile education vehicle required replacing and that she was in a regional area at the time, therefore used a local supplier. Adam was satisfied with Jane's explanation and paid the invoice.

Sometime later he noticed that Jane had ordered 500 white t-shirts. However, according to the invoice, only 400 t-shirts were printed. Adam asked Jane via email what happened to the remaining 100 t-shirts. Jane replied that the t-shirts were still in her office and that they had been kept aside for a country show later in the year. Printing would be organised at a later time.

Shortly after, Adam received an approved automotive repair invoice for \$6,000. The invoice stated the repairs were for vehicle registration number 5S34 AAB, which was the registration number of the mobile education vehicle. The agency had a service agreement with the vehicle supplier, so Adam was curious as to why the vehicle had not been taken to them. He also noticed that the text on the invoice kept changing fonts between different line items. He contacted the automotive repair shop and asked if they could email him another copy of the invoice. When the invoice arrived, it was quite different to the one that had been approved by Jane and sent to him for payment.

Adam reported the matter to the Office for Public Integrity. The matter was considered to raise a potential issue of corruption and an investigation ensued. As a result of that investigation it was discovered that the \$6,000 worth of vehicle repairs were carried out on Jane's private vehicle. The vehicle registration number on the invoice had been changed as had some of the line item descriptions.

Furthermore, the investigation uncovered that the plumbing repairs were not for a replacement of sink and toilet for the mobile education vehicle, but for the supply and installation of a solar hot water system at Jane's residence.

Many items said to be purchased for merchandising purposes could not be accounted for including t-shirts, caps and a significant number of drink bottles.

Although Jane reported directly to a senior executive in the department, she enjoyed considerable autonomy in the way she ran the program. Jane could purchase whatever she liked on the condition it did not go above her \$10,000 purchase approval. Unfortunately, Jane was also authorising payment approval, meaning there was no segregation of duties between purchasing and authorising payment.

GOVERNANCE AND OPERATIONAL ISSUES

What operational issues can you identify in this case study?

Why is it important to understand exactly how this offending occurred?

How culpable, if at all, is Jane's direct line manager for not supervising the program more closely?

How culpable, if at all, is Adam?

How can the agency minimise the risk of this happening again in the future?

What policies and procedures need to be implemented or reviewed in order to minimise the risk of this happening again?

What effect could this type of conduct have on the reputation of the agency?

What effect could this type of conduct have on the community?

What effect could this type of conduct have on the morale and motivation of employees of the agency?