

Integrity Spotlight

V1.0 – October 2022

Alert

The selection and recruitment of staff can have a considerable impact on the integrity of an organisation.

Recruitment in Local Government

The Commission has recently dealt with matters arising from perceptions of favourable treatment during recruitment processes across local government.

These matters involved recruitment decisions made in the face of a personal connection between the candidate and the Council's decision maker.

The Commission is also aware of allegations that Council employees had received favourable employment conditions as a result of being managed by a family member.

This occurs more often in regional areas where such associations in the workplace are commonplace.

The process of recruiting staff can have a considerable impact on the integrity of an organisation. It is important that recruitments are fair and transparent, and that those involved in the selection of staff understand their roles and responsibilities.

Observations

Matters observed by the Commission in the course of investigations include:

- Selection panel members not declaring associations or relationships with candidates
- Roles being filled by individuals known to employees of the Council without being advertised or following a selection process
- Selection panel members influencing the outcome of recruitment decisions to advantage candidates with a personal association
- Selection criteria for positions being tailored to suit favoured candidates
- Employment terms being enhanced by managers who had a personal relationship with the employee, for example:
 - Part time or contract staff securing full time or permanent positions
 - Employees offered higher duties (in some cases for lengthy periods of time)
 - Existing employees moved into roles with higher salaries without the position being advertised or a selection process taking place.

What's the problem?

Favouritism and nepotism in recruitment can result in unsuitable staff being placed into roles. Where individuals have been, or are seen to have been, recruited through favoured treatment, this can lead to a broader culture of disregard of policies and expectations.

In these scenarios there is an increased risk of inappropriate conduct, and corruption.

Further, where there is the perception that recruitment processes are not fair and transparent, organisations can lose the public's confidence.

Regional councils must be particularly careful when recruiting new staff and managing employees where personal relationships may exist.

Things to consider

Set out the process in policies and procedures

Expectations in respect of recruitment ought to be clearly set out in policies and procedures. This is to ensure that agreed processes are followed, and those involved understand their roles and responsibilities.

A recruitment policy should require all members of a selection panel to declare any conflicts of interest. Doing so would trigger a management plan.

It may be that staff who would ordinarily form part of a selection panel for a particular role must excuse themselves if they encounter candidates with whom they have an association. It would hardly be appropriate to do otherwise.

A policy should set out the requirements for documenting each stage of the process. As a minimum, records ought to be maintained to explain the rationale for the recruitment and the approach adopted, as well as selection panel members' conflict of interest declarations, their assessment of each candidate, and a selection summary report that sets out how a preferred candidate was identified.

The panel must clearly document the justification for preferring a candidate.

The recruitment process should also set out a mechanism for complaints to be managed, ideally by individuals not involved in the process and without any conflict of interest.

Staff involved in a recruitment process should receive appropriate training to ensure they understand their roles and responsibilities.

Managing conflicts of interest in the workplace

In regional areas working with family members or friends is often inevitable. Perceptions of favouritism or bias can arise where employees are seen to be advantaged through their connection with decision makers.

This might be in terms of being awarded promotions, in the allocation of overtime, or in the approval of leave and other entitlements, including favourable changes to working arrangements or contract terms.

Where possible, conflicts ought to be avoided. If unavoidable, steps should be taken to manage the conflict to ensure equity and transparency throughout the process.

A conflicts of interest policy should define what a conflict of interest is, the process for declaring any conflicts, and the approach for managing conflicts when they arise.

Where conflicts of interest exist in the management of staff, a plan for managing approvals like leave, timesheets, overtime and any changes to working arrangements such as higher duties should be put in place. These responsibilities might best rest with an alternative manager when personal relationships give rise to a conflict.

Recommendations

- Clearly set out the recruitment process in policy and procedures, including:
 - roles and responsibilities
 - requirements for selection panel members to declare conflicts of interest
 - records that must be prepared and retained for each stage of the process (ie. selection panel's assessments and selection reports).
- Clearly set out the process for identifying, disclosing and managing conflicts of interest in a policy document. A central register of conflicts should be maintained.
- Have a plan for managing conflicts of interest in the workplace, in particular for those managing staff where there is a personal relationship.
- Ensure staff involved in recruitment and selection processes receive the appropriate training to fully understand their roles and responsibilities.

Further information

Local Government Act 1999

The Local Government Act sets out that the chief executive officer must ensure *that selection processes are based on an assessment of merit, and are fair and equitable*.¹

The Act also describes an employee's obligations in respect of conflicts of interest, and the circumstances where a person is considered closely associated with an employee of a council.²

<https://www.legislation.sa.gov.au>

Code of Ethics for the South Australian Public Sector

obliges public sector employees to avoid actual or perceived conflicts of interest, ensure their personal interests do not influence or interfere with the performance of their role, and disclose in writing to their agency head any actual or potential conflicts of interest.

<https://www.publicsector.sa.gov.au/hr-and-policy-support/ethical-codes/code-of-ethics>

Section 27 of the **Public Sector (Honesty and Accountability Act) Act 1995** imposes a duty on a range of public officers to disclose in writing any personal interests that conflict or may conflict with their duties, and to comply with any written directions to resolve the conflict.

<https://www.legislation.sa.gov.au>

Evaluation of the Practices, Policies and Procedures of the City of Playford Council

Independent Commissioner Against Corruption, November 2019.

<https://www.icac.sa.gov.au/publications/published-reports/evaluation-of-city-of-playford>

Identify, Disclose and Manage: Conflicts of Interest in Public Administration

Independent Commissioner Against Corruption, June 2021.

<https://www.icac.sa.gov.au/publications/published-reports/identify-disclose-manage>

¹ *Local Government Act 1999*, s 107 (2) (a).

² *Ibid* s 120.

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