



ICAC

Independent Commission
Against Corruption
SOUTH AUSTRALIA

Integrity State

Corruption prevention recommendations

A report by the Hon. Ann Vanstone KC
Commissioner

November 2022



Integrity State

Corruption prevention
recommendations

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Letter of Transmittal

30 November 2022

The Hon. Terence Stephens MLC
President
Legislative Council
Parliament House
North Terrace
ADELAIDE SA 5000

The Hon. Daniel Cregan MP
Speaker
House of Assembly
Parliament House
North Terrace
ADELAIDE SA 5000

Dear President and Speaker

In accordance with section 41(2) of the *Independent Commission Against Corruption Act 2012* I present to you a report on the recommendations the Commission made to public authorities during the period 1 July 2021 to 30 June 2022.

Section 41(3) of the Act requires that you each lay the report before your House of Parliament on the first sitting day after receiving it.

Yours sincerely



The Hon. Ann Vanstone KC
Commissioner

Commissioner's foreword

Corruption prevention is an important aspect of the Commission's work. Investigations of potential corruption offer valuable insights that inform those prevention activities.

Many of the Commission's investigations do not result in criminal proceedings. Investigators may uncover a reasonable explanation for the alleged conduct, or find insufficient evidence to support it. Sometimes, the practices, policies and procedures of a public authority are so poor that, while there is evidence to support the allegations, they cannot be proved to the criminal standard.

Irrespective of whether investigations result in criminal proceedings, they often provide opportunities for public authorities to strengthen their means of detecting and preventing corruption. Where vulnerabilities exist, I bring them to the authority's attention and make recommendations to address them.

It is clear that many public authorities do not well understand corruption risks and so are ill equipped to address them.

This report summarises 15 corruption prevention letters I sent to public authorities between 1 July 2021 and 30 June 2022. Undeclared and unmanaged conflicts of interest are relevant to many corruption investigations, and were the subject of comment in more than half of those letters. I also made observations and recommendations about workplace culture, the supervision of staff and business functions, and the management of activities and environments which are inherently susceptible to corruption. In a number of cases, the public authority has informed me of action taken to address my recommendations.

Not all investigations conducted during the reporting period resulted in a prevention letter. In some instances, the corruption prevention outcomes arising from an investigation were used to develop educational resources. In other cases, those outcomes informed published reports or briefings to the relevant public authority on specific integrity issues. On two occasions I wrote to a public authority outlining observations relevant to corruption prevention, but did not make recommendations.

The Commission's visibility of misconduct and maladministration in public administration was markedly reduced as a result of changes to the *Independent Commission Against Corruption Act 2012* in late 2021. As a result, no agency has an overall picture of the integrity landscape in South Australia. This makes corruption prevention difficult because corruption is often enabled by misconduct and maladministration.

This report has been prepared in accordance with section 41 of the ICAC Act, which requires the Commission to report the recommendations it makes to public authorities. I intend to periodically report on the Commission's recommendations.

I hope this report assists public authorities to promote integrity and prevent corruption.



The Hon. Ann Vanstone KC
Commissioner



Overview of prevention letters

The prevention letters sent to public authorities in 2021-2022 involved a range of public authorities and integrity issues, which are summarised in Table 1.

TABLE 1:
PREVENTION LETTERS AT A GLANCE

DETAIL	NUMBER OF LETTERS
Type of public authority	
Local government: council or council subsidiary	5
Law enforcement	4
Emergency services	2
Disability services	1
Regulatory authority	1
Statutory board and public sector department	1
Public sector department	1
Total	15
Integrity theme	
Conflicts of interest	9
Supervision and culture	2
Controls in high risk activities and settings	4
Total	15
Letter resulted from	
Completed corruption investigation – no criminal proceedings	9
Completed corruption investigation – no criminal proceedings, matter referred to public authority for possible internal investigation	3
Completed misconduct investigation by a public authority – findings reported to Commission	1
Multiple completed corruption investigations involving one public authority – no criminal proceedings	1
Completed corruption investigation with criminal proceedings arising as a result	1
Total	15

Managing conflicts of interest

Many of the Commission's investigations involve undeclared or unmanaged conflicts of interest. Despite the Commission's efforts to educate public officers on this issue, vulnerabilities and deficiencies continue to be seen in practices, policies and procedures regarding recruitment, procurement, secondary employment and information access.

Conflict of interest in recruitment

DEPARTMENT FOR ENVIRONMENT AND WATER AND THE BOARD OF THE BOTANIC GARDENS AND STATE HERBARIUM

Date: September 2021

Following a recruitment process for a senior role, an offer of employment was made to an applicant who worked for an interstate institution. After the offer was made, it was revealed that the public officer chairing the selection panel was being considered for a position at the same institution, which was not declared. This gave rise to suspicions that the public officer favoured the applicant to advance their own interests.

The Commission's investigation did not reveal evidence of corruption in the recruitment process. However, given the close timing of the separate appointments, the public officer ought to have declared a conflict of interest.

Members of the selection panel did not at any stage discuss the issue of conflicts of interest. There was ambiguity in relation to who was responsible for managing the recruitment process, given the involvement of the Board, the Department and a recruitment agency.

The Commissioner recommended that the Department:

1. promote the Commission's report on conflicts of interest¹ to its staff and members of boards overseen by the Minister.
2. review its recruitment processes with a view to:
 - a. strengthening and standardising the ways conflicts of interest are dealt with,
 - b. clarifying accountability for managing recruitment processes,
 - c. ensuring that appropriate processes exist to identify, disclose and manage conflicts of interest.

In response, the Chief Executive of the Department advised that a review was being conducted of recruitment practices, policies and procedures in light of the Commissioner's recommendations.

¹ Independent Commission Against Corruption, *Identify, Disclose and Manage: Conflicts of Interest in Public Administration* (Report, 2021) <https://www.icac.sa.gov.au/publications/published-reports/identify-disclose-manage>.

Conflict of interest in procurement

CITY OF HOLDFAST BAY

Date: February 2022

The Commission investigated alleged corruption in the award of a Council contract.

No evidence of corruption was found. However, the chair of the tender evaluation panel was aware of, but did not document, an association between other panel members and the successful contractor. The panel members were unaware that the association could constitute a conflict of interest. At the relevant time, the Council's procurement (contracts and tendering) policy did not address conflicts of interest.

While the Council had since updated the policy, the revised policy did not provide any guidance about how conflicts should be managed once declared. Further, the Council did not always conduct reference checks for contractors who tendered for work.

The Commissioner recommended that the Council:

1. ensure that reference checks are completed and formally recorded during the tender evaluation process
2. encourage its staff to consult the Commission's report² and advisory³ on conflicts of interest.

In response to the Commissioner's letter, the Council's Chief Executive Officer advised that a review of the Council's procurement policy and associated procedures was being undertaken, with a focus on conflicts of interest and reference checks. An internal process was being conducted to improve staff understanding of procurement principles.

2 Independent Commission Against Corruption, *Identify, Disclose and Manage: Conflicts of Interest in Public Administration* (Report, 2021) <https://www.icac.sa.gov.au/publications/published-reports/identify-disclose-manage>.

3 Independent Commission Against Corruption, *Integrity Spotlight: Conflicts of Interest* (Advisory, 2021) <https://www.icac.sa.gov.au/education/education-resources/integrity-spotlight-conflicts-of-interest-advisory>.

Interactions with former employer

SAFEWORK SA

Date: February 2022

A SafeWork SA inspector was responsible for inspecting a site managed by his former employer. The Commission investigated allegations that the inspector failed to act on serious occupational health and safety breaches because of that association. The allegations were not substantiated.

The inspector had not declared a conflict in accordance with SafeWork SA's Conflict of Interest Policy. The inspector's manager was aware of the association but did not direct the inspector to complete a conflict of interest declaration. The Commissioner concluded that the inspector ought to have made a declaration.

During the investigation, it was discovered that SafeWork SA inspectors travelled to the remote site on aircraft owned by the company under inspection, which also provided accommodation and meals for inspectors. Despite requests by SafeWork SA for these services to be invoiced, the company advised that it would be inefficient for them to recover costs from SafeWork SA.

The Commissioner recommended that SafeWork SA:

1. review its conflicts of interest training and ensure that staff understand the potential conflict that can arise when they undertake their duties in a previous place of employment
2. amend the conflicts of interest policy and procedure to include a requirement that employees declare previous employment relevant to their work
3. ensure that inspectors are not in receipt of what could be considered a gift or benefit.

The Commissioner commended a joint initiative between SafeWork SA, the Department of Energy and Mining and the Environmental Protection Authority to develop a policy to deal with the payment of costs associated with inspectors visiting worksites for compliance and investigation purposes.

In response to the Commissioner's recommendations, the Executive Director of SafeWork SA advised that the conflicts of interest policy, procedure and declaration form were being updated. Staff were required to complete an annual conflict of interest declaration. Managers had received further training and online training was being developed for all staff. The Executive Director also reported that SafeWork SA was developing a new travel policy which would address the circumstances in which flights, accommodation and meals were provided to inspectors.

Undeclared conflicts and secondary employment

DEPARTMENT OF HUMAN SERVICES

Date: October 2021

The Commission investigated allegations that departmental employees influenced disability services clients to engage the services of their private business. The employees had not declared secondary employment or conflicts of interest.

The Commissioner recommended that the Department consider:

1. directing employees (particularly those with influence over vulnerable clients) to complete annual declarations relating to conflicts of interest and secondary employment
2. introducing a requirement for conflict of interest and secondary employment declarations to be addressed during the recruitment, performance review and promotion processes
3. sending regular emails to staff to remind them of their obligations in respect of conflicts and secondary employment
4. conducting a review to identify how supervisors can more effectively prevent staff from exploiting their influence over vulnerable clients.

The Commissioner referred the Department to the Commission's conflict of interest report⁴ and 'Trusted Insider' report.⁵

In response, the Department's Chief Executive advised of a number of actions being undertaken:

- ▶ Staff working in disability support roles were now required to complete annual conflict of interest declarations.
- ▶ An internal audit had commenced to examine how supervision could be improved to prevent staff taking advantage of clients.
- ▶ The Department was considering more frequent reminders to staff about their obligations under the Department's conflicts of interest and outside employment policies.
- ▶ Consideration was being given to implementing strategies to ensure that options for support services were presented and discussed with clients in an objective manner.

⁴ Independent Commission Against Corruption, *Identify, Disclose and Manage: Conflicts of Interest in Public Administration* (Report, 2021) <https://www.icac.sa.gov.au/publications/published-reports/identify-disclose-manage>.

⁵ Independent Commission Against Corruption, *The Trusted Insider: An Examination of Issues from Two ICAC Investigations* (Report, 2019) <https://www.icac.sa.gov.au/publications/published-reports/the-trusted-insider>.

Accessing and releasing confidential information

DEPARTMENT OF TREASURY AND FINANCE

Date: March 2022

The Commission investigated allegations that an officer within the Fines Enforcement and Recovery Unit accessed and released information to an associate for criminal purposes. The allegations were not substantiated.

The Commissioner commended the Department on its thorough policy and procedure in relation to the identification and management of conflicts of interest, and for its robust policies and practices for managing information access.

The Commissioner recommended that the Department consider introducing a requirement for staff working in the Unit to declare a conflict of interest in situations where an associate (for example, a family member, friend, acquaintance or colleague) is known to be engaging with the Unit.

DIRECTOR OF PUBLIC PROSECUTIONS

Date: April 2022

The Commission investigated circumstances suggesting that an employee accessed and disclosed information about a case in which they had an interest.

The Commissioner recommended that the Director implement a conflicts of interest policy, and ensure its communication to all staff. To the extent that such a policy already existed, the Commissioner recommended that it be reviewed in light of the allegations that prompted the investigation.

Further, the Commissioner recommended that the Director consider:

1. expanding the audit capability of its information management system to include:
 - a. date and time of user access
 - b. duration of user access
 - c. whether a user had exported or shared a particular record or document
2. delivering regular training to staff on conflicts of interests
3. implementing pre-access warning messages in the system that would be displayed when users attempted to view certain information
4. developing a schedule for auditing user access of the information technology system. Audits of user access could occur every six to twelve months. Audits of staff access could also occur at the end of probation, and upon exit. Audits of staff working in roles with high levels of information access could occur more frequently.
5. providing regular training to staff on the risks of improper access to and disclosure of information, and on the agency's audit capabilities
6. introducing a policy requiring staff to disclose any personal association with individuals who have a criminal history.

Recruiting and supervising a family member

MID MURRAY COUNCIL

Date: June 2022

The Commission investigated allegations that a council employee recruited a family member to a role at the Council, and subsequently promoted them. It was further alleged that the employee accepted gifts from council suppliers which were not declared. The allegations were not substantiated.

The Council's Code of Conduct required employees to disclose conflicts of interest. However, it did not provide any guidance for employees on how to disclose conflicts.

Investigators observed other deficiencies in council policies and practices. The Council's disposal of assets policy allowed elected members and employees to make confidential bids to purchase council property, contrary to the guidance provided by the Local Government Association. Further, there were inadequacies in the Council's records relating to plant and equipment.

The Commissioner alerted the Council to the Commission's conflict of interest report.⁶ She recommended that the Council:

1. incorporate guidance about conflicts of interest into its policy
2. ensure that the conflicts of interest policy include the requirement that members of recruitment panels declare and document any actual, perceived or potential conflicts of interest
3. consider ongoing education and training for staff about conflicts of interest
4. ensure it has procedures to manage situations where a council employee directly supervises a family member
5. amend its disposal of assets policy to make clear that elected members and employees cannot purchase council assets unless it is the result of a competitive public process
6. rectify inadequacies in record keeping identified during the course of the investigation and review the Commission's City of Playford evaluation report,⁷ paying particular attention to the recommendations concerning asset and record management.

⁶ Independent Commission Against Corruption, *Identify, Disclose and Manage: Conflicts of Interest in Public Administration* (Report, 2021) <https://www.icac.sa.gov.au/publications/published-reports/identify-disclose-manage>.

⁷ Independent Commission Against Corruption, *Evaluation of the Practices, Policies and Procedures of the City of Playford* (Report, 2019) <https://www.icac.sa.gov.au/evaluations-and-reviews/city-of-playford>.

Insufficient policy and procedure

METROPOLITAN FIRE SERVICE

Date: June 2022

The Service conducted an internal investigation into allegations that a staff member procured equipment from a business operated by a family member.

The Service's conflicts of interest policy was outdated, and the procedure it referenced no longer existed. Consequently, staff lacked guidance on identifying, disclosing and managing conflicts of interest. The Service intended to include information about conflicts of interest in its respectful behaviour procedure, which was yet to be finalised. However, the Commissioner observed that a standalone conflicts of interest policy and procedure was appropriate.

The draft respectful behaviour procedure stated that anonymous reports cannot be adequately investigated and conflict with the principle of procedural fairness. The Commissioner noted that there are many instances where the allegations raised in an anonymous report can be independently verified and procedural fairness duly accorded to the person of interest. She noted that anonymous reports are often made by public officers who raise legitimate issues, but do not want to be named in fear of retribution. The Commissioner advised that all reports should be considered with these matters in mind.

The Commissioner recommended the Service:

1. separate guidance on conflicts of interest from the respectful behaviour procedure, and introduce a new conflicts of interest policy
2. remove from the respectful behaviour procedure any reference to anonymous reports preventing adequate examination.

Managing conflicts of interest in a volunteer workforce

SOUTH AUSTRALIA FIRE AND EMERGENCY SERVICES COMMISSION (SAFECOM)

Date: June 2022

The Commission investigated allegations of corruption in a procurement process in an emergency services agency. The allegations were unsubstantiated.

The agency had issued guidelines regarding outside employment and conflicts of interest. However, those guidelines did not apply equally to employees and volunteers.

The Commissioner recommended that SAFECOM:

1. review all relevant policies, procedures and guidelines to incorporate a requirement that all officers, both employees and volunteers, annually declare conflicts of interest
2. provide regular training to all employees and volunteers on their obligations for reporting conflicts of interest, and in particular, for identifying conflicts in procurement processes
3. consult the Commission's conflict of interest report⁸ for guidance to strengthen the way in which conflicts are identified, disclosed and managed.

⁸ Independent Commission Against Corruption, *Identify, Disclose and Manage: Conflicts of Interest in Public Administration* (Report, 2021) <https://www.icac.sa.gov.au/publications/published-reports/identify-disclose-manage>.

Improving supervision and culture

Poor workplace culture can increase an agency's risk of corruption and other impropriety. Strong leadership and proper supervision can mitigate that risk. The Commissioner made recommendations to two public authorities to improve workplace supervision and culture.

A culture of poor practices

SOUTH AUSTRALIA POLICE

Date: August 2021

The Commission investigated allegations that certain police officers working at a particular station were corrupt. The allegations were unsubstantiated. However, police officers at the site demonstrated poor behaviours and inadequate record keeping that contributed to the suspicions of corruption. There was scope to improve integrity at the site.

The Commissioner recommended that:

1. the South Australia Police Internal Investigation Section conduct informal reviews of the relevant officers' body-worn camera footage
2. the South Australia Police Audit and Risk Management Section conduct targeted reviews of compliance with investigatory practices, policies and procedures.

Commission staff received information that South Australia Police were reviewing body-worn camera footage in response to the Commissioner's recommendations.

Employee discretion and prisoner supervision

DEPARTMENT FOR CORRECTIONAL SERVICES

Date: August 2021

The Commissioner made recommendations to the Department for Correctional Services in response to matters observed during a number of corruption investigations.

Some correctional officers worked alone with prisoners. Those officers exercised considerable discretion in respect of the supervision and privileges provided to prisoners. This required a great deal of trust and, without appropriate controls, posed a corruption risk.

Investigators also observed vulnerabilities in the security of independent living accommodation for prisoners at two sites.

The Commissioner recommended that the Department:

1. review the circumstances in which it is acceptable for correctional officers to work alone with prisoners
2. review existing controls to minimise opportunities for correctional officers to exercise discretion in respect of prisoner privileges and supervision
3. assess the feasibility of fitting departmental vehicles with GPS technology, which would allow for the verification of staff and prisoner movements
4. review the mechanisms for monitoring prisoner whereabouts in independent living accommodation at all prison sites
5. prioritise recommendation 12 of the Commission's evaluation,⁹ namely that the Department "reinforce the need for absolute compliance with access control screening procedures for all persons entering a prison, including staff".

⁹ Independent Commission Against Corruption *Evaluation of the Practices, Policies and Procedures of the Department for Correctional Services* (Report, 2021) <https://www.icac.sa.gov.au/evaluations-and-reviews/correctional-services>.

Improving corruption controls in high risk activities and settings

Some activities and environments are particularly susceptible to corruption. Those activities include procurement, resource and asset management, information and records management, and the use of purchase cards. Prisons are an environment vulnerable to corruption. It is critical that public authorities are aware of the risks that arise from these activities and environments, and have robust controls to guard against them.

Vulnerabilities in procurement and asset management

CITY OF PORT ADELAIDE ENFIELD

Date: August 2021

The Council's procurement and asset management processes were scrutinised during an investigation regarding the misuse of council funds.

Council staff could raise and approve purchase orders without managerial approval, and there was no monetary limit on the transactions some staff could approve. Items purchased for less than \$1500 were not recorded on the Council's asset register.

The Council had begun to rectify these issues by introducing purchase cards for low value purchases and implementing an approval process for purchase orders. The Council had also commenced audits for small plant and equipment assets.

The Commissioner commended the Council for introducing these measures and recommended that the Council review a number of relevant resources. These included the Commission's City of Playford evaluation report,¹⁰ the Commission's report entitled *Facilities Maintenance in Local Government*¹¹ and three Auditor-General reports regarding purchase card use in local government.¹²

¹⁰ Independent Commission Against Corruption, *Evaluation of the Practices, Policies and Procedures of the City of Playford* (Report, 2019) <https://www.icac.sa.gov.au/evaluations-and-reviews/city-of-playford>.

¹¹ Independent Commission Against Corruption, *Facilities Maintenance in Local Government* (Report, 2021) <https://www.icac.sa.gov.au/publications/published-reports/facilities-maintenance-local-government>.

¹² Auditor-General's Department, *Examination of credit card use and management: City of Charles Sturt* (Report, 2020); Auditor-General's Department, *Examination of credit card use and management: City of Playford* (Report, 2020); Auditor-General's Department, *Examination of credit card use and management: The Coorong District Council* (Report, 2020)

Information sharing and decision making

CITY OF ONKAPARINGA

Date: October 2021

The Commission investigated allegations that council staff deliberately provided inaccurate information to the Council's elected members in respect of a project. Those allegations were found to be without substance. However, there were opportunities to improve the quality and availability of information provided to elected members.

The Commissioner alerted the Council to observations made in the Commission's City of Playford evaluation report.¹³ That report detailed a number of initiatives implemented by the City of Playford to improve information sharing between council staff and elected members.¹⁴

The Commissioner recommended that the Council consider introducing similar initiatives.

¹³ Independent Commission Against Corruption, *Evaluation of the Practices, Policies and Procedures of the City of Playford* (Report, 2019) <https://www.icac.sa.gov.au/evaluations-and-reviews/city-of-playford>.

¹⁴ Independent Commission Against Corruption, *Evaluation of the Practices, Policies and Procedures of the City of Playford* (Report, 2019) <https://www.icac.sa.gov.au/evaluations-and-reviews/city-of-playford>.

Use of purchase cards and gift cards

NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

Date: December 2021

Deficiencies were observed in relation to the Northern Adelaide Waste Management Authority's purchase card policy and approach to using public funds.

The policy did not describe responsibilities in regard to purchase card use, or provide adequate guidance about acceptable expenditure. The Authority spent a considerable amount on gift cards which were provided to staff in recognition of their work.

The Commissioner recommended that the Authority:

1. amend the purchase card policy to make explicit the types of expenditure acceptable for purchase card use
2. ensure that records of purchase card expenditure include an explanation of the business purpose to demonstrate appropriate use of public funds
3. review training for purchase card holders
4. ensure that managers responsible for approving purchase card expenditure receive training on the purchase card policy
5. introduce a requirement for staff to sign an acknowledgement that purchase card holders understand their responsibilities
6. review its policies in respect of staff rewards and recognition
7. clearly document the purchase of gift cards, including justification for the purchase and confirmation that the gift card has been received by the intended recipient.

Monitoring prisoner communications

DEPARTMENT FOR CORRECTIONAL SERVICES

Date: March 2022

During the course of a Commission investigation, it was discovered that prisoners had provided false names on their approved caller lists. These are lists of individuals who prisoners can contact using the prison telephone system. If the Department does not verify these names, there is a risk that prisoners can make contact with associates for improper or unlawful purposes.

The Commissioner recommended that the Department consider measures to verify the details of persons nominated on prisoner telephone lists, in addition to regularly auditing prisoner telephone calls. The Commissioner suggested the removal of telephone access and other privileges for prisoners found to have misused the telephone system.

Conclusion

The Commission seeks opportunities to prevent corruption and improve integrity in public administration wherever possible. The observations and recommendations made by the Commissioner suggest that there are significant opportunities for many public authorities to strengthen their practices, policies and procedures to reduce corruption risks.

Many of the issues addressed in this report are the subject of previous publications by the Commission and other integrity agencies. This report adds to a body of resources that can assist public authorities to promote integrity.

Notes

