

MEDIA RELEASE

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Commission review of leading agency holds lessons for all

The Corruption and Crime Commission's *Review of Misconduct Risks Within the Department of Finance: Lessons for all Government Authorities* has been tabled in State Parliament.

The report outlines the action taken by the Department of Finance (the Department) in response to three matters of alleged serious misconduct and its governance arrangements. All three matters related to conflicts of interest held by Finance staff involved in procurement processes.

The Department is considered a leader in government procurement policy and process. However, the Department's capacity to manage serious misconduct risks within its own agency was tested when the Commission reviewed the Department's action into three allegations of serious misconduct received between April 2021 and September 2022.

"Our review of these three matters demonstrated repeated breaches of policy, some of which were undetected for many years, demonstrated that the agency's confidence in its internal controls and their effectiveness in creating a low-risk environment was misplaced," said Commissioner John McKechnie.

The Department provided a response to the Commission indicating that the three matters were all examples of individuals' conduct contravening expectations clearly outlined in policies and procedures and reinforced by regular training.

The Commission's view is the Department missed opportunities to really understand how the individuals' conduct occurred and address the vulnerabilities within its systems and processes that may be exploited again in the future.

"In focussing on the individual's conduct, the Department gave limited or no consideration to understanding how the employee was able to bypass authorisation or supervisory processes, or why the behaviours went undetected," said Commissioner John McKechnie.

Though the Department's initial response to all three matters was deemed inadequate by the Commission, it has responded to the Commission's review with an encouraging series of actions and strategies to address integrity risks at the agency.

They include two integrity audits, developing and introducing an Integrity Framework, new positions dedicated to managing risk and improving governance, and raising staff awareness of the importance of integrity and what is expected of them in terms of their own behaviour.

The Commission's report provides a valuable reminder to all public sector agencies to regularly assess and ensure their governance frameworks are robust and they have the internal capability to appropriately identify and respond to misconduct risks in a timely manner - "in the hope that all agencies

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might draw lessons from it, in assessing and improving their own misconduct mitigation measures,” said Commissioner McKechnie.