



Detect corruption in the delivery of major transport infrastructure projects

Victorian major transport infrastructure projects make up a large and complex sector that receives significant public funds each year.

These projects face similar corruption risks to other public sector agencies including fraud, collusion, bribery during procurement and favouritism in recruitment.

The impact of corruption risks, however, is often higher for major infrastructure transport projects than other sectors due to project size, complexity, expenditure and delivery pressures.

Organisational culture red flags

- Managers or directors focus on 'getting the job done at all costs' by justifying irregular practices as being in the project's best interest
- Managers are apathetic or unwilling to fully explore wrongdoing
- Conflicts of interest are managed poorly
- Teams conceal information from reviewers or auditors
- Compliance policies and procedures are unclear or not adequately enforced
- Checks such as audits or independent reviews are lacking
- Employee supervision and performance management are inadequate
- Employees are unusually guarded or anxious
- Managers and employees have hostile relationships
- Internal governance or complaints teams have ineffective systems for identifying and reporting corrupt conduct
- Colleagues who suspect or witness improper conduct are unwilling to report it.

It is the responsibility of all major infrastructure agencies to develop corruption-resistant cultures where employees are well trained and empowered to recognise warning signs for risk or wrongdoing.

Red flags can be observed within the organisational culture, and at an individual level among employees or contractors.

Here are some common red flags that may indicate corruption risks within your project.

Staff or individual red flags

- Has a history of non-compliance with policies and processes
- Has a history of internal misconduct
- Exhibits lifestyle changes in excess of their salary
- Won't share information with team members
- Has undeclared personal, financial or social interests that could be perceived or actual conflict of interests
- Has overly close relationships with external stakeholders (e.g. with principal contractors)
- Frequently accepts gifts, benefits or hospitality from a contractor or supplier
- Has high levels of discretion in their decision-making with minimal supervision
- Can initiate, process and approve or authorise transactions without consultation
- Ignores competitive processes during procurement or recruitment
- Accesses systems or processes transactions outside of working hours
- Has excessive annual leave balances
- Prone to absences from work area.

Third party contractor red flags

<input type="checkbox"/> Underquoted tenders (e.g. significantly lower than other submissions)	<input type="checkbox"/> History of errors in claims submissions or poor documentation and records
<input type="checkbox"/> Sole contractors or trust entities are set up where the ownership is unclear or is controlled by the one individual	<input type="checkbox"/> Lacks required licenses (or licence recently acquired)
<input type="checkbox"/> Not a prequalified supplier (where there is a prequalification supplier scheme in place)	<input type="checkbox"/> Company directors with a history of closing down and re-starting businesses under a new name (phoenix activity)
<input type="checkbox"/> No trading history or an ABN check shows the entity was recently registered	<input type="checkbox"/> ABN matches to a similarly named, but not identical or related, entity
<input type="checkbox"/> No ABN or invalid ABN, or the ABN does not match to the Australian Business Register	<input type="checkbox"/> Poor project management (e.g. slippages in schedule, cost and scope)
<input type="checkbox"/> De-registered	<input type="checkbox"/> No physical, website or online presence
<input type="checkbox"/> High level of complaints against them (e.g. late payments to subcontractors, safety issues, code violations and regulatory non-compliances)	<input type="checkbox"/> Business name or ABN on invoices do not match on emails, correspondences, website or on contract
<input type="checkbox"/> History of performing works or undertaking changed work scope without approval	<input type="checkbox"/> Financial viability concerns
<input type="checkbox"/> High reliance on use of related parties	<input type="checkbox"/> Bank account number on invoices do not match those provided initially
<input type="checkbox"/> Negative media coverage exists on the company or its directors	<input type="checkbox"/> Inexperienced subcontractors (e.g. inspection failures)
<input type="checkbox"/> Not insured or produces certificates of currency that don't appear genuine	<input type="checkbox"/> Subcontractors change often
<input type="checkbox"/> High claim variations.	<input type="checkbox"/> Significant use of labour-hire workers.

Useful resources

The red flags of corruption: Procurement (fact sheet)

www.ibac.vic.gov.au/docs/default-source/education-resources/red-flags-of-corruption-procurement.pdf

Acknowledgement

IBAC acknowledges the Traditional Custodians of the lands on which we work and pays respect to Elders past, present and emerging. We recognise and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of Victoria.