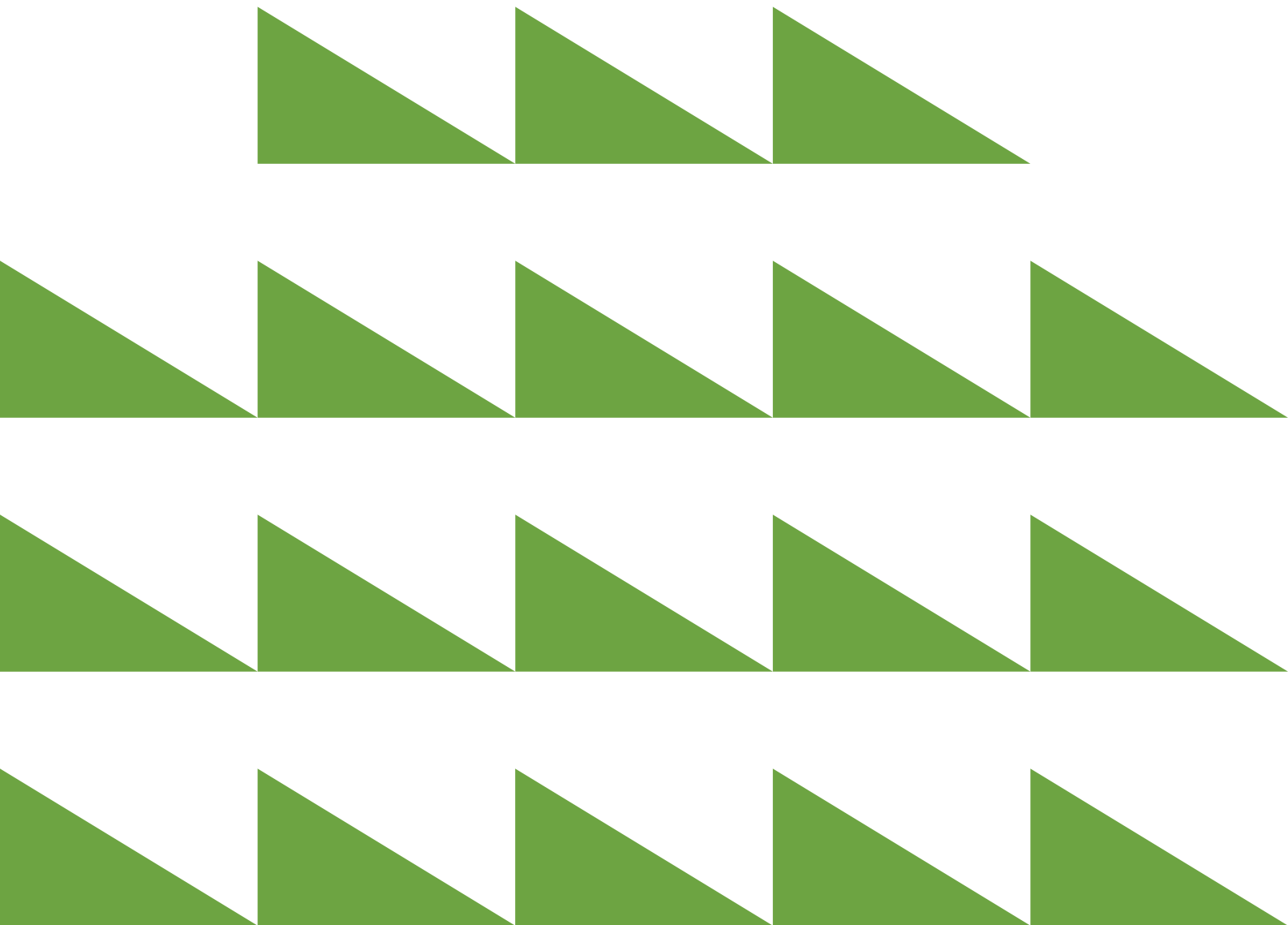


# Corruption and integrity: Perceptions of Victorian public sector employees

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# 1 Introduction

Integrity in the public sector is important to all Victorians. Victorians place their trust in the public sector to appropriately maintain billions of dollars' worth of infrastructure and assets, and ensure that development, resources and services provide maximum value and benefit for the community. The community expects people working in the public sector to perform their duties fairly and honestly. When misconduct or corrupt activities are not identified or left unchecked, public money and resources are wasted. Misconduct and corruption also damage the reputation of the public sector and more broadly, can undermine trust in government.

Based on the findings of three surveys conducted between 2013 and 2019, this report provides an overview of Victorian public sector employees' perceptions of corruption and integrity. A separate report on Victorian local government employee perceptions of corruption and integrity is available on the IBAC website.

Employees' perceptions of organisational behaviours, ethical culture and areas of risk provide insight into possible gaps and weaknesses in corruption prevention controls. They also indicate where employees believe their agencies should increase or focus efforts to reduce corruption risks and vulnerabilities. While in some cases the behaviours described may amount to misconduct rather than corruption, the perceptions of respondents are relevant to understanding the overall ethical culture and risk profile of an agency.

The most discernible difference between the previous surveys' findings and those from 2019 is that respondents now perceive political and ministerial influence in decision-making to be an area of increasing corruption risk. Otherwise, the results in all surveys indicate similar perceptions of corruption risks and barriers to reporting corruption. Perceptions of agencies' ethical culture have improved, but respondents still expressed a desire for increased training and education about appropriate workplace behaviour and professional conduct. Employees also want their agencies to have stronger policies, procedures and controls to mitigate corruption risks.

The 2019 survey results highlight the important role of leaders in setting the example and tone for integrity, and provide insight into the differences of opinion across managerial levels and sectors, particularly around perceived risks and views of organisational health and ethical culture.

Victoria is in a period of significant growth and investment in infrastructure development, which can present additional misconduct and corruption risks. The COVID-19 pandemic is also having an unprecedented impact on social and work environments. The need for an immediate response to emergencies, coupled with remote work arrangements and pressing demands on public sector agencies, presents heightened opportunities and risks for corruption. Further, emergency relief and recovery environments also create increased opportunities for corruption due to increased funding<sup>1</sup> and associated pressure to deliver services. Accordingly, government agencies need to remain alert to corruption and misconduct risks and have effective strategies to minimise those risks.

<sup>1</sup> Natural disasters such as storms, floods and bushfires are estimated to cost Australia an average of \$1.14 billion each year, and place state and territory governments under immense pressure.

## VICTORIAN PUBLIC SECTOR

The Victorian public sector includes state government departments, agencies, schools and universities, public hospitals, parliamentarians and the judiciary.<sup>2</sup> It is comprised of more than 1800 agencies and approximately 322,605 employees.<sup>3</sup>

### 1.1 Methodology

In late 2019, IBAC provided an online survey to heads of Victorian state government departments, agencies and offices for distribution to their employees. The survey was designed to inform IBAC's understanding of public sector employees' perceptions of corruption, and to inform prevention initiatives that improve the sector's resistance to corruption. The survey included questions about the organisation's corruption risks and ability to resist corruption, as well as employee demographic details, in order to analyse how these factors potentially influenced perceptions. IBAC received 1167 responses from public sector employees.

While the sample size is relatively small, the results do provide a level of insight of perceived corruption and misconduct risks within the Victorian public sector workforce..

The responses were compared against relevant data from surveys IBAC conducted in 2013 (resulting in 839 respondents) and 2016 (resulting in 4542 respondents). In terms of limitations around comparison of responses, it is noted that the 2013 and 2016 surveys were part of wider research to gauge employees' understanding of what constitutes corruption, areas perceived as the highest corruption risk, attitudes to reporting, and perceptions of integrity and corruption prevention. This meant that the questions in the 2013 and 2016 surveys differed to those in the 2019 survey.

The analysis is based on perceptions prior to COVID-19 and does not include views about corruption risks that may have emerged or become more prominent for employees during the COVID-19 pandemic.<sup>4</sup> Also, responses were submitted prior to changes to the *Public Interest Disclosures Act 2012* (PID Act) taking effect in January 2020.

<sup>2</sup> The Victorian public sector also includes local councils and Victoria Police, but these agencies have not been included in this report.

<sup>3</sup> Victorian Public Sector Commission, *Workforce data, facts and visuals (state of the public sector)*, Viewed 22 February 2020, <[vpsc.vic.gov.au/data-and-research/data-facts-visuals-state-of-the-sector/](http://vpsc.vic.gov.au/data-and-research/data-facts-visuals-state-of-the-sector/)>.

<sup>4</sup> In 2020, IBAC published two information sheets on building integrity during times of crisis or emergency. The sheets outline the key corruption risks facing Victorian state and local government agencies during emergencies and crisis situations (including COVID-19), the associated warning signs or 'red flags', and suggested prevention measures to help minimise risk. For more information, go to <[www.ibac.vic.gov.au/publications-and-resources/article/information-sheet-building-integrity-during-times-of-crisis-or-emergency](http://www.ibac.vic.gov.au/publications-and-resources/article/information-sheet-building-integrity-during-times-of-crisis-or-emergency)>.

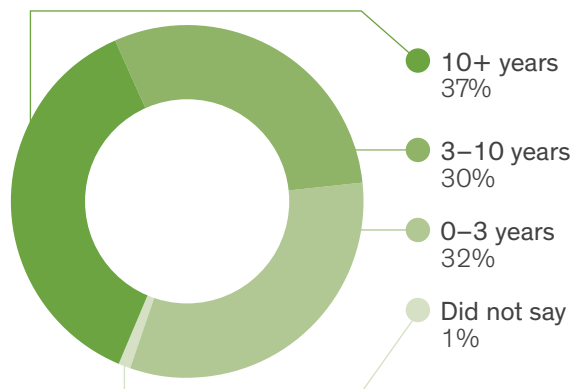
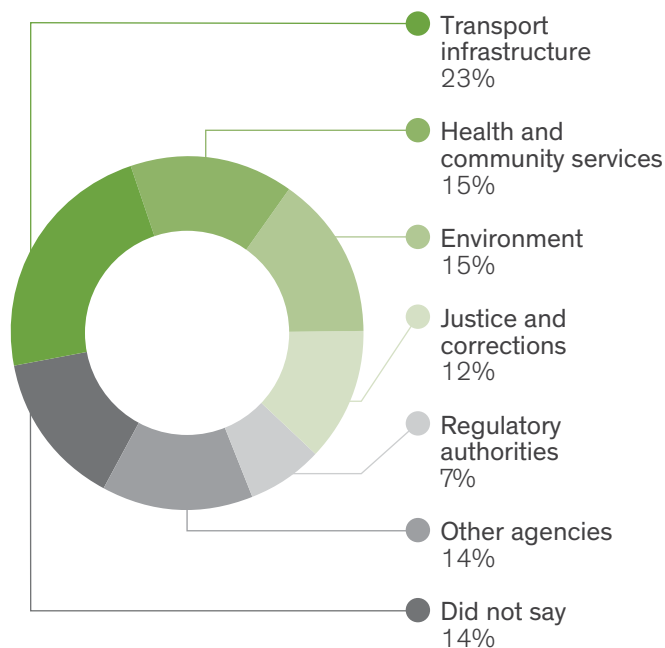
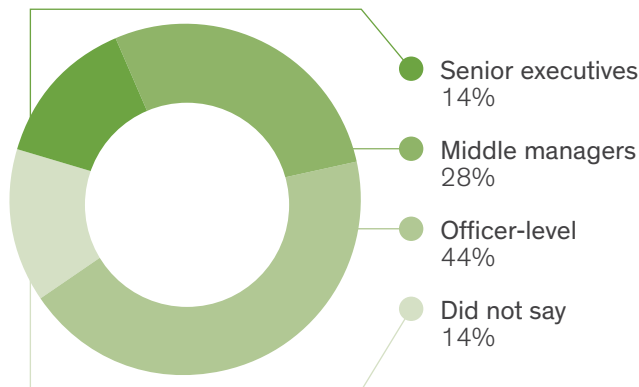
## 1.2 Respondent demographics

Figure 1 provides a breakdown of the 2019 respondents in terms of managerial level, sector and length of experience in the public sector. The 2016 survey also comprised a similar distribution of employees, whereas in 2013 survey respondents were at the VPS 6 level and above, highlighting a more senior perspective and so requiring a level of caution when comparing report data.

The 2019 respondents were generally very experienced, with over a third having 10 or more years of experience in the public sector, and close to a third with between three and 10 years.

There were varying degrees of engagement in the survey across the public sector. For example, there was a high level of engagement from the health and community services, justice and corrections, transport and infrastructure, and environment sectors. There was less engagement from regulatory authorities, and very low levels of engagement from employees within state development, emergency services, education, courts and the judiciary, arts, culture and sports, and central agencies. This limited the comparative analysis of responses to the 2013 and 2016 surveys.

**FIGURE 1: DEMOGRAPHICS OF THE 2019 SURVEY RESPONDENTS (N=1167)**



### 1.3 Key findings

- The following types of **improper behaviours**<sup>5</sup> were identified by respondents as being at greatest risk of occurring in the workplace:



nepotism in recruitment and promotion



favouritism in procurement and awarding contracts



not declaring or managing conflicts of interest



bullying



failure to address/action complaints.

- The **business activities**<sup>6</sup> identified by respondents as being most vulnerable to potential corrupt conduct were:



human resources



procurement



information and records management.

Additionally, respondents identified activities outside of work<sup>7</sup> as an area of vulnerability.

- Respondents perceive external influence or interference to be an increasing corruption risk,<sup>8</sup> particularly in relation to politicians, ministers, lobbyists and unions.
- Perceptions about agencies' ethical culture improved significantly between 2013 and 2019.
- Respondents at the senior executive level have more favourable views towards organisational culture and integrity compared to those in middle management and at the officer-level.
- Respondents' knowledge about mechanisms for reporting corruption increased between 2013 and 2019.
- While respondents have confidence that their organisation will treat reports of corruption and misconduct seriously, barriers to reporting still exist, including concerns around confidentiality and fear of detrimental action.<sup>9</sup>
- Respondents believe senior executives and middle managers who engage in improper behaviour are more likely to be protected from consequences because of their seniority and influence.
- Respondents identified various key integrity initiatives their organisation could undertake to prevent corruption. In particular, undertaking training and education, strengthening policies, procedures and controls, and increasing reviews and audits of projects and programs, and culture and wellbeing activities. Respondents suggest these initiatives be primarily targeted at managers and senior executives to improve culture and trust across their agencies.

<sup>5</sup> Behaviour that is not in accordance with accepted workplace standards and/or values.

<sup>6</sup> Activities or functions performed within the public sector, but not limited to a specific team. For example, procurement can be carried out by any area of the public sector, including a finance and procurement team.

<sup>7</sup> These include personal and off-duty activities that conflict with the professional responsibilities of state public sector employees.

<sup>8</sup> This issue was not prevalent in responses to the 2013 and 2016 surveys.

<sup>9</sup> Detrimental action is an adverse action taken against a discloser in reprisal for having reported alleged misconduct or corruption, including harassment or discrimination.

## 2 Perceptions of corruption and misconduct risks

Survey respondents were asked to identify the most significant corruption risks that could adversely impact the integrity of their organisation as well as the public sector more broadly, and to discuss why these risks were significant. Respondents were also presented with lists of corrupt behaviours and activities and asked to rate the risk or likelihood of each behaviour occurring within their organisation, and for corruption to occur in each business activity.

The list of behaviours included:

- favouritism or nepotism
- breach of professional boundaries
- inaction
- misuse of resources
- collusion
- bribery and inducements
- fraud
- theft
- extortion.

The list of areas/functions comprised:

- human resources
- corporate services
- financial management
- asset management
- information and records management
- procurement
- official licensing
- permits
- approvals.

Activities outside of work were also included in the list.

### 2.1 Corruption and misconduct behaviours

As shown in Figure 2, the four corrupt behaviours considered to be at greatest risk of occurring in the workplace in 2019 were favouritism or nepotism, breach of professional boundaries, inaction and collusion.

#### WHAT IS CORRUPTION AND MISCONDUCT?

Corruption and misconduct in the public sector can take many forms, such as:

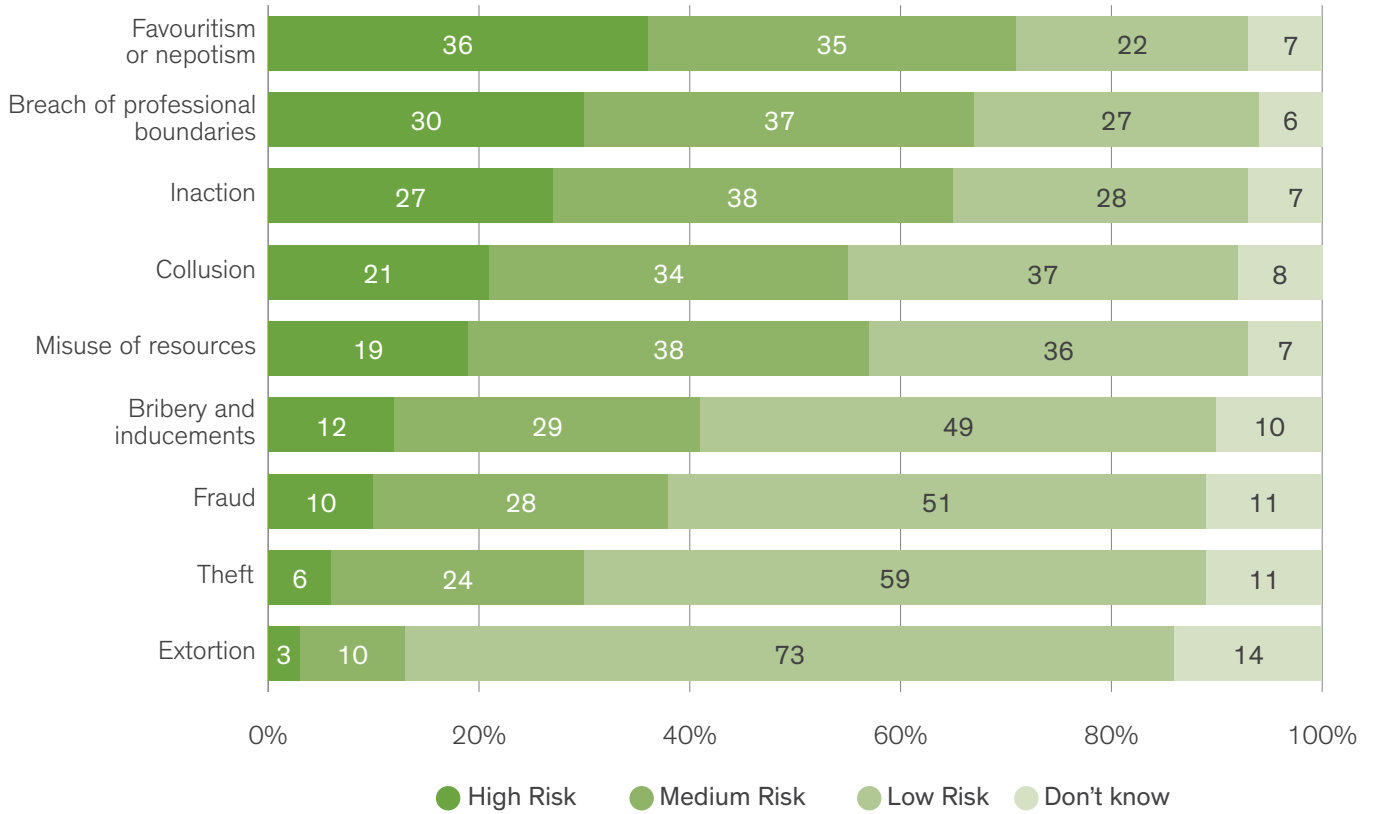
- committing fraud or theft
- taking or offering bribes
- employing or engaging friends or family as contractors without proper process
- awarding contracts to suppliers in return for personal benefit.

All public sector employees at every level have a responsibility to model the values as expressed in the Victorian Public Sector Code of Conduct and to comply with their agency's policies and probity standards.<sup>10</sup>

<sup>10</sup> IBAC 2017, *Public Sector corruption hurts all Victorians* (Information sheet, August 2017), <[www.ibac.vic.gov.au/publications-and-resources/article/public-sector-information-sheet](http://www.ibac.vic.gov.au/publications-and-resources/article/public-sector-information-sheet)>



**FIGURE 2: PERCEIVED LEVEL OF RISK OF CORRUPTION BEHAVIOURS OCCURRING IN THE WORKPLACE (N=1167)**



In comments and responses to open-ended questions, respondents provided specific examples of the corrupt behaviour they perceived to be at the highest risk of occurring. The most common corrupt behaviours were:

- nepotism in recruitment and promotion
- favouritism in procurement and awarding of contracts
- not declaring or managing conflicts of interests
- bullying<sup>11</sup>
- failure to address/action complaints.

*'I've often seen upper management engineer recruitment processes to select their preferred candidate.'*

*'Bullying and failing to act within the department is high even when senior management are aware of the issue.'*

*'Government appears to be making decisions that are not in the interest of the state, but rather their political careers.'*

*'Bad or inconsistent decisions get made because of political pressure.'*

<sup>11</sup> Bullying is a breach of professional boundaries.

## 2 Perceptions of corruption and misconduct risks

Concerns around misuse of information and fraud also appeared frequently in free text responses, even though these were rated as a lower risk of occurring. These concerns mostly related to protection of sensitive information and the risk of unauthorised disclosure of such information, and financial and timesheet fraud.

*'Large amounts of personal and confidential information may be exposed.'*

*'[We] do not have an adequate Information Management Framework in place.'*

*'[Fraud risks are] high because of inadequate application of strong controls around financial and payment systems.'*

Additionally, the results suggest a perception that senior executives and middle managers who engage in improper behaviour are more likely to be protected from consequences due to their seniority and influence. This is discussed further in section 3.2 on *Reporting corruption and misconduct*.

The majority of behaviours identified in the 2019 survey as 'high-risk' are consistent with those identified in previous years, suggesting that perceptions of prevalence remained the same over the six-year period. However, concerns associated with political interference have emerged as a newly identified area of risk in 2019.

While survey respondents were not explicitly asked about this in 2019, they frequently expressed concern regarding politicians and ministers due to the elected nature of their roles, their level of seniority and personal interests in the community.

There are considerable differences between the responsibilities and functions of politicians and public sector employees. Politicians are elected to represent their constituents and, when appointed ministerial responsibilities, they are required to make decisions that can impact the broader Victorian community. Public sector employees are charged with implementing the decisions made, including the development and delivery of services and infrastructure.

Respondents perceive that the interests of politicians and ministers (and to a lesser extent lobbyists and interest groups, such as industry and union representatives) may improperly influence government decisions.

*'The influence on politicians from external forces (money, industry, lobby groups) pushes an agenda that is not in the interest of Victorians at large. This transforms into influence from politicians.'*

*'Organisations like unions calling [t]he shots to management about what they want Inspectors to do/not do.'*

*'Often individuals and groups lobby the Minister to influence outcomes or the Department's work program. There is sometimes a fine line between the Minister acting on the interests of a group/individual in society and instructing the Department to undertake an activity that would impact the integrity of the Department.'*

Also notable are differences in views across sectors in relation to the four corrupt behaviours considered to be at greatest risk of occurring in the workplace.<sup>12</sup> For example, when compared against the perception of all respondents (as set out in Figure 2), transport and infrastructure respondents did not perceive these four corrupt behaviours as 'high risk'.<sup>13</sup> Conversely, justice and corrections respondents did consider them as 'high risk'. Respondents in the environment sector also perceived favouritism/nepotism and inaction as 'high risk'. This demonstrates the importance of tailoring corruption and prevention measures to the risk profile of specific sectors and agencies, rather than developing a generic approach.

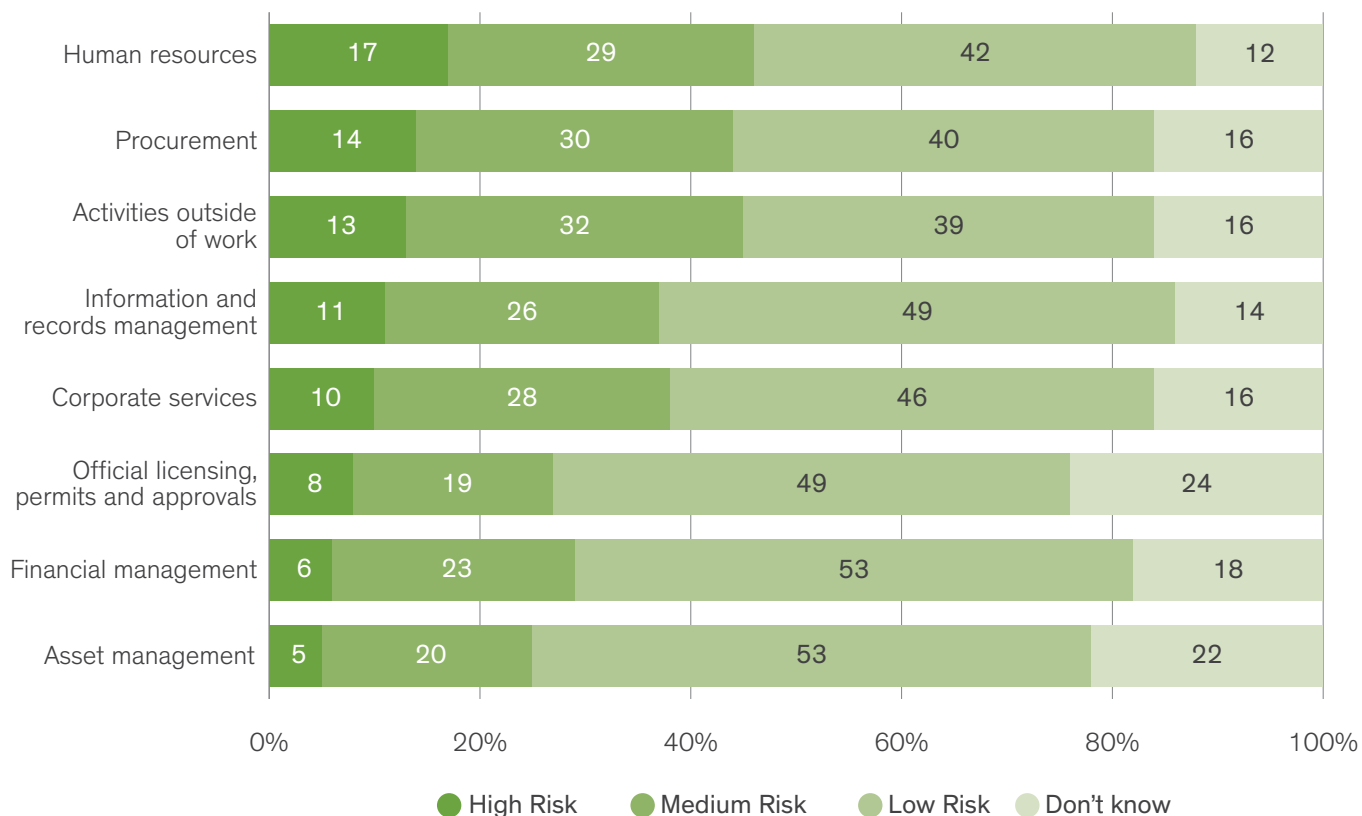
<sup>12</sup> As shown in Figure 2, these behaviours are favouritism/nepotism, breach of professional boundaries, inaction and collusion.

<sup>13</sup> Sectors where survey participation rates were less than 10 per cent of all employees surveyed were not considered in this particular analysis.

## 2.2 Organisational functions and activities

Survey respondents were asked to assess the risk level of a range of work-related functions and activities. As shown in Figure 3, activities with the highest assessed level of risk include human resources, procurement, activities outside of work, and information and records management.

**FIGURE 3: PERCEIVED RISK OF IMPROPER BEHAVIOUR OCCURRING WITHIN SPECIFIC ORGANISATIONAL ACTIVITIES (N=1167)**



## 2 Perceptions of corruption and misconduct risks

In free-text sections, respondents frequently raised concerns with human resources policies and procedures, which they considered to be either deficient or underutilised, particularly in relation to recruitment, promotion and internal movements. Concerns about procurement activities mostly related to the adequacy and strength of policies and procedures, particularly in managing conflicts of interest and bias of those involved in decision-making. A conflict is not corrupt merely because it exists; rather, conflicts of interest often become problematic when they are not appropriately identified (ie concealed or only partially revealed), declared or managed.

*'Procurement decisions are open to favouritism [in some circumstances]. I have seen some reluctance to hold contractors to full account (less than suitable deliverables have been accepted).'*

There was also concern that the use of contractors and consultants can increase opportunities for corruption due to the short-term nature of their work, level of oversight, and outside interests/influences.

*'Fixed-term staff with ongoing work responsibilities may be more susceptible to providing advice or taking action that secures their [ongoing public sector] employment rather than serving the public interest.'*

Another identified issue relates to information storage and records management systems that fail to ensure information is properly handled and protected.

*'The access to information that staff has is in excess of job requirements and the training in managing the information is inadequate. There should be a greater emphasis on the management of the personal information and the legislation pertaining to information. There is also risk in the high level of sensitivity of the information.'*

Concerns associated with activities outside of work are more difficult for respondents to identify, but often relate to disclosures of information as well as conflicts between employees' and contractors' private business activities and/or interests.

*'Access to large amounts of sensitive information that is of interest to external parties.'*

*'Procurement are reliant upon contract managers to do the right thing, therefore may have a little higher exposure to risk. Behaviour outside of work is always a challenge where it is a result of workplace connections. Good policies, and reminders are required.'*

To quantify the perceived risk across these work activities, the perceptions of all respondents were compared with the perceptions of two important subsets. First, those with more than three years of experience in the public sector, given they are likely to have a greater understanding of the sector as a result of their time served. Second, those who believe their organisation has a weak ethical culture and will not treat reports of corruption seriously, given these adverse perceptions were generally a result of their direct experiences or observations. There was a propensity for both subsets of respondents to perceive the risk to be higher, most notably for human resources management.

Consideration was also given to the views of those working in human resources, procurement, and information and records management teams. These respondents have the greatest visibility of day-to-day operations and are potentially better placed to rate the level of risk. The results indicated that those who work in corporate support<sup>14</sup> perceive the risk of corruption occurring in procurement activities to be slightly higher than all employees (17 per cent of this group rank it as 'high risk' compared to 13 per cent of all respondents), but rank human resources activities slightly lower (13 per cent compared to 17 per cent).

This suggests procurement activities may be more prone to corruption, and aligns with findings from previous IBAC investigations into procurement, tendering and contract management.<sup>15</sup> It also highlights the importance of strengthening corruption prevention measures and controls in this area. These measures can include developing rigorous policies on how to identify, address and manage conflicts of interest, or raising awareness around the impact of accepting gifts, benefits and hospitality. Additionally, training on how and why to declare certain associations can also help to reduce opportunities for ministers' personal, political or pecuniary interests to influence departmental matters.

The disparity in perceptions about human resources management presents opportunities to increase transparency and accountability in the operation of human resources teams across the public sector. Such an initiative may also help to improve perceptions around organisational health and ethical culture, discussed in more detail in Section 3 on *Corruption resistance*. This is particularly the case regarding management and transparency in recruitment, promotions and transfers, as respondents perceive these activities to be most vulnerable to nepotism. Public sector employees are expected to make decisions about employment based on impartiality, rather than favouritism, bias or self-interest. A proper recruitment process should be independent and competitive, with any conflicts of interest effectively and transparently managed.

<sup>14</sup> Corporate support roles include human resources practitioners, finance and accounts officers, and those undertaking information and records management activities.

<sup>15</sup> See Operations Dunham, Nepean, Liverpool, and Exmouth on the IBAC website.

## 3 Corruption resistance

Survey respondents were asked a series of questions about their organisation's ability to resist corruption. These related to perceptions of their organisation's ethical health, vulnerability to corruption, and whether they thought an internal report of corruption would be treated seriously. This information helps measure organisational integrity and identify vulnerabilities and potential opportunities for prevention initiatives.

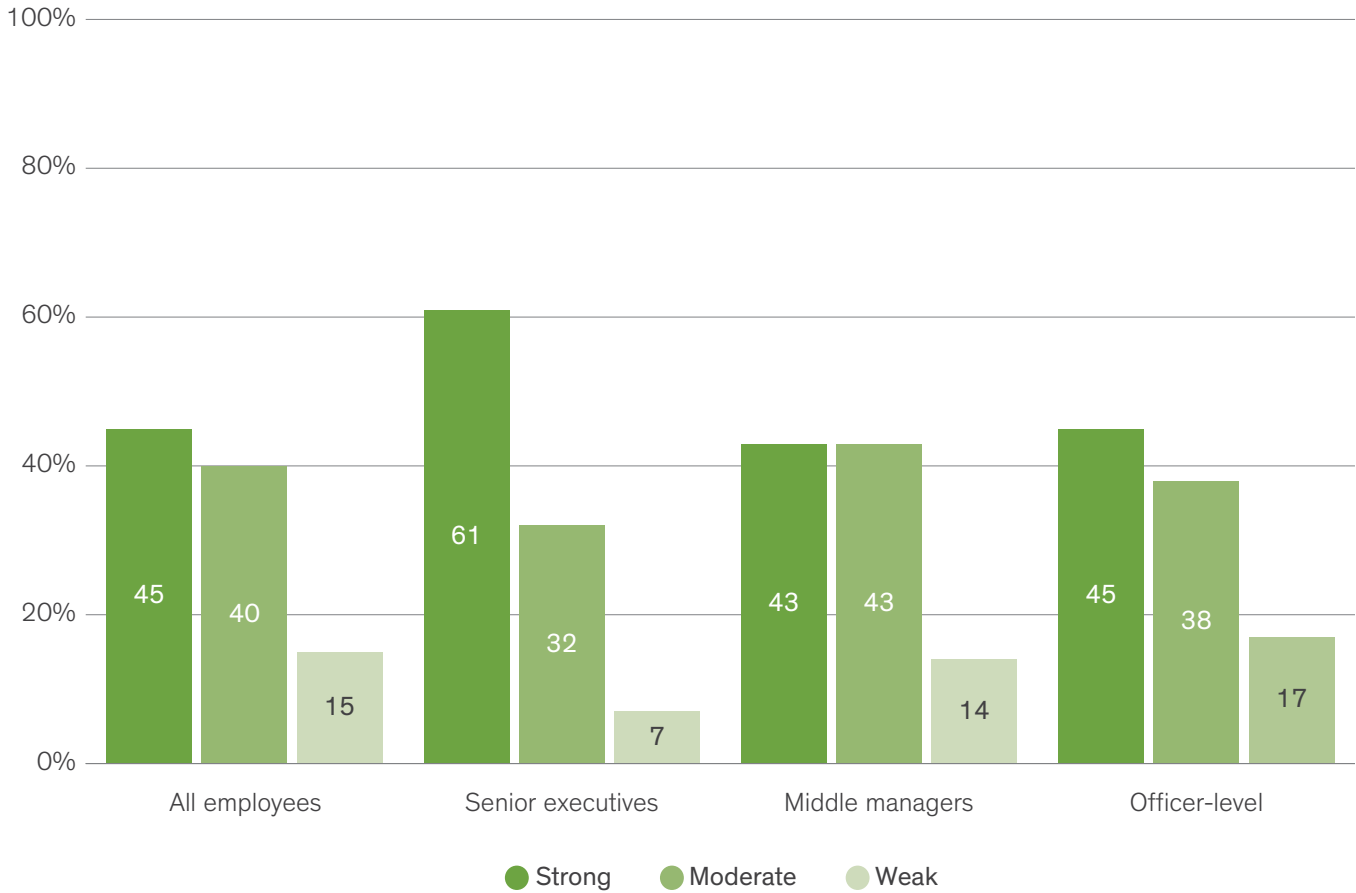
### 3.1 Ethical health and vulnerability to corruption

*A strong and ethical culture exists where organisational values and standards are clearly defined, understood and adhered to by employees.* When asked to reflect on this statement, 85 per cent of respondents in 2019 indicated their organisation has a moderate or strong ethical culture. This appears to be a significant improvement on perceptions of culture from previous years. In 2013, 43 per cent of respondents thought their organisation's integrity framework was effective, and in 2016, 34 per cent of respondents agreed with the statement *the culture at my organisation encourages people to act with honesty and with integrity*.<sup>16</sup>

Perceptions of ethical health are also relative to the seniority of the respondent, with results suggesting the more senior the respondent, the more favourable their views. As shown in Figure 4, a high proportion of senior executives (61 per cent) rated their organisation's ethical culture as strong, compared with 43 per cent of middle managers and 45 per cent of officer-level respondents.

<sup>16</sup> While there are differences in the wording of survey questions in 2013, 2016 and 2019, the questions spoke to a common theme around organisational integrity and culture.

**FIGURE 4: RESPONDENT RATINGS OF ETHICAL CULTURE IN THEIR ORGANISATION (N=1167)**

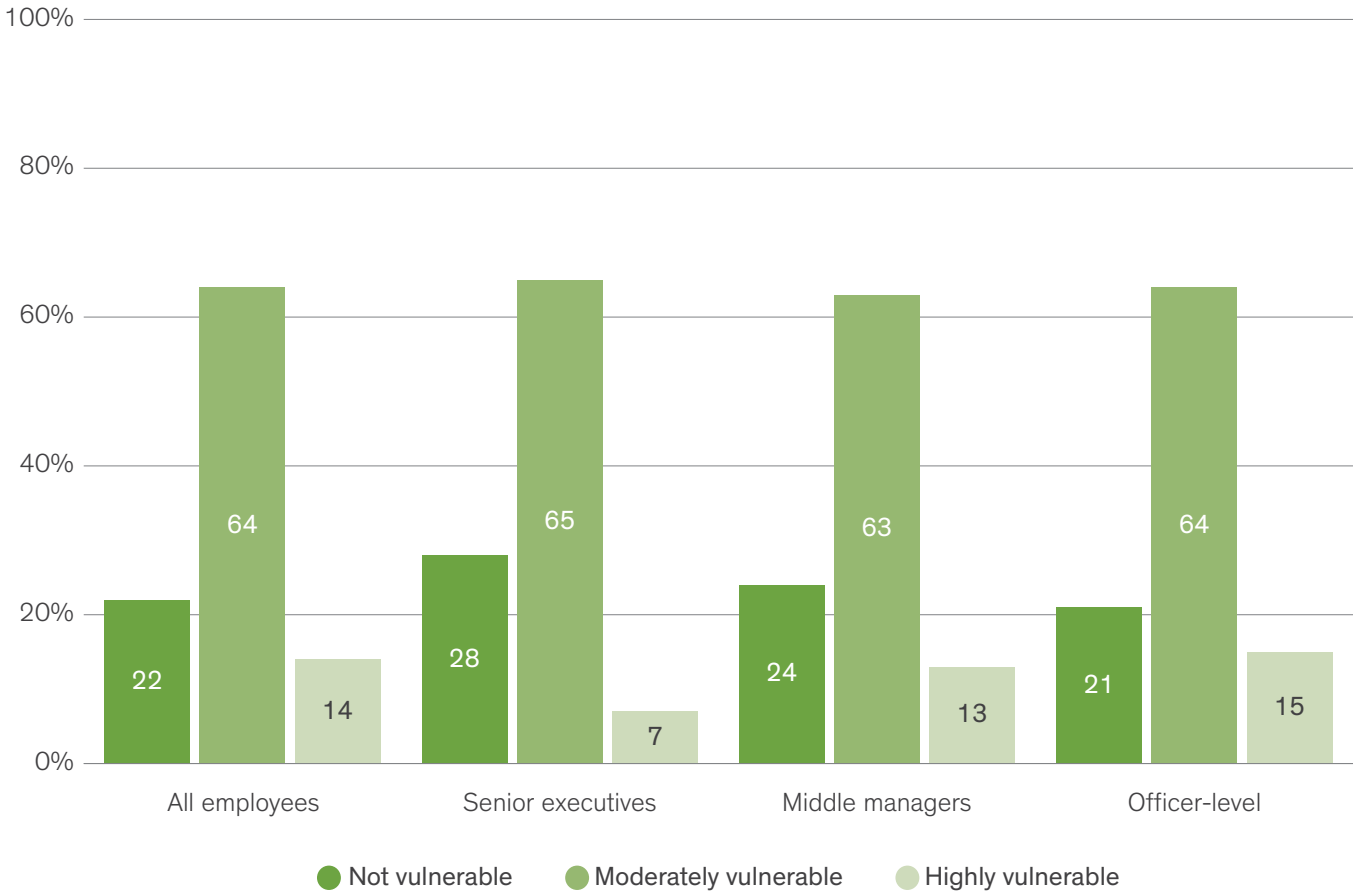


When considering their organisation's ethical culture, internal controls and the specific risks they had already identified in the survey, almost two-thirds of respondents perceived their organisation to be moderately vulnerable to corruption. Figure 5 (on the next page) shows this perception is generally consistent across all levels of the organisation, including those in senior executive positions.

This suggests that while senior executives perceive their organisations as having a high ethical culture, they remain aware of their organisations' vulnerabilities to corrupt conduct. Given senior executives are responsible for setting organisational priorities, it is important they recognise the inherent nature of risk, as this helps to drive robust corruption prevention strategies and initiatives that are adequately resourced.

### 3 Corruption resistance

**FIGURE 5: RESPONDENT RATINGS OF ORGANISATIONAL VULNERABILITY TO CORRUPTION (N=1167)**



There is also a correlation between perceptions of vulnerability and ethical culture. For example, 49 per cent of respondents who rate their organisation’s ethical culture as weak also rate it as highly vulnerable to corruption (in comparison to 14 per cent of respondents overall).

Some variation in perceptions about vulnerability and ethical culture was also evident across the public sector.<sup>17</sup> For example, when compared against the perception of all respondents, those working in transport and infrastructure positions or roles perceive their organisations’ ethical culture and vulnerability significantly better. Conversely, those in justice and corrections, and environment, have poorer perceptions of ethical culture and vulnerability.

<sup>17</sup> Sectors where survey participation rates was less than 10 per cent of all employees surveyed were not considered in this particular analysis.



Explanations given by respondents for poorer ratings generally relate to perceived bullying, failures to address problems when reported, and inconsistencies in the application of organisational values across teams and managerial levels. This presents public sector agencies with an opportunity to focus culture initiatives on these issues.

*'There is nepotism and obvious favouritism of individuals who are known bullies.'*

*'Different divisions appear to have different cultures.'*

*'Management in my area consider and place their own personal risk well above that of the organisation's [sic].'*

Further, respondents across all sectors highlighted a perception that leaders do not always demonstrate the values or appropriately address problems reported to them. This suggests a need for leaders to increase accountability and transparency in their roles.

*'Management have proven incapable of action and only look after themselves. Even when presented with evidence, they hide the fact and do nothing.'*

*'Behaviours that are challenging are put in the 'too hard basket' and never dealt with. As a result, this festers and has a negative impact on the rest of the staff members.'*

*'Executive are partisan and have a culture of talk the talk but not walk the talk.'*

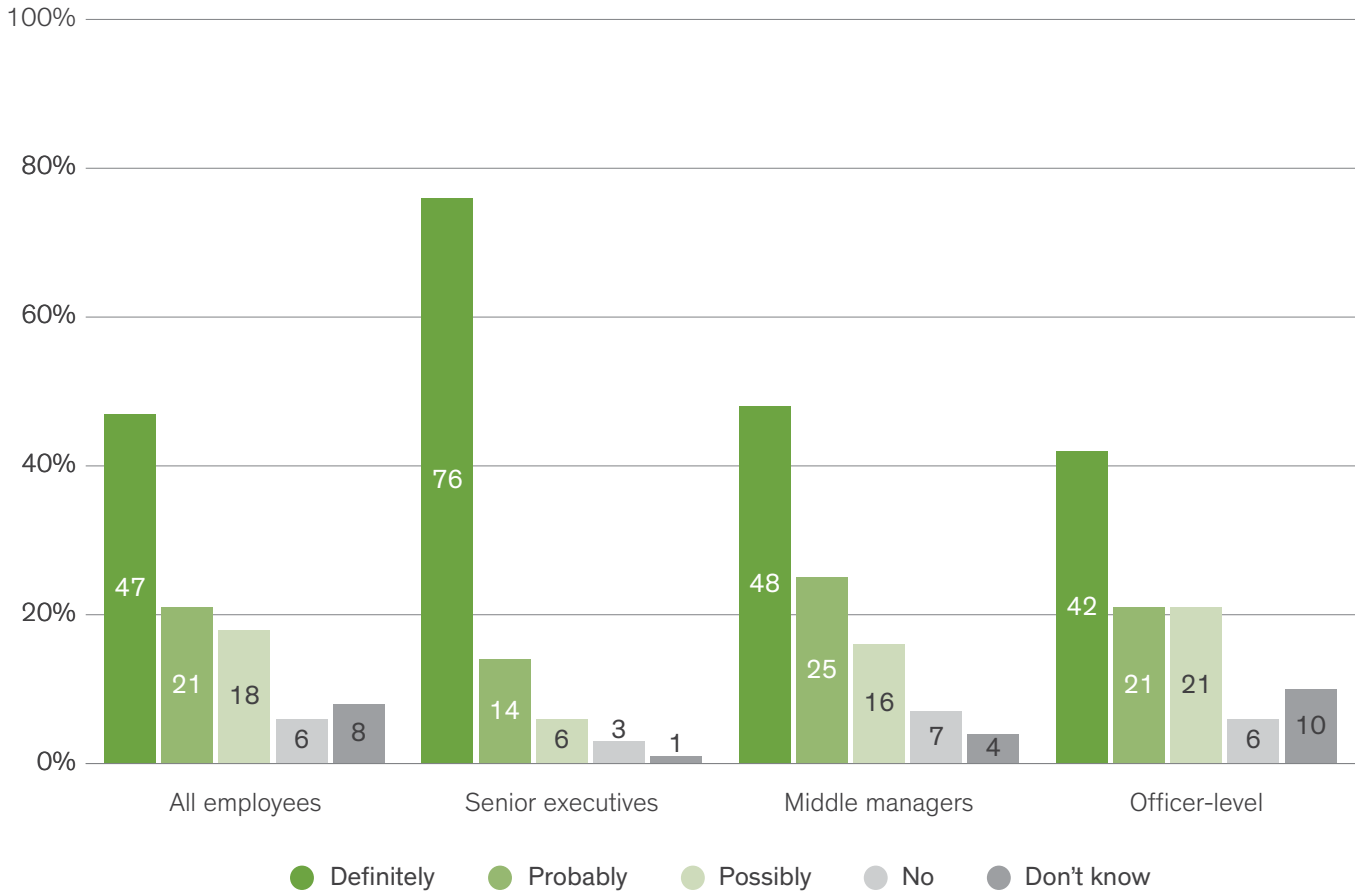
## 3.2 Reporting corruption and misconduct

Approximately five per cent of respondents in 2019 provided specific examples of corrupt conduct observed in their organisation. Many more implied improper behaviour and/or corrupt conduct was occurring. On this basis, it is reasonable to assume this percentage would have been higher if respondents were explicitly asked what they had observed. This presents an opportunity for public sector agencies to consider ways to obtain more detailed and specific information from employees about areas of corruption risk and provide further education on mechanisms for reporting misconduct or corruption.

As shown in Figure 6 (on the next page), respondents are generally confident in how seriously their organisation treats reports of corruption. Consistent with the 2013 results, confidence levels increase with seniority of the respondent.

### 3 Corruption resistance

**FIGURE 6: CONFIDENCE IN ORGANISATIONS TO TREAT REPORTS OF CORRUPTION SERIOUSLY (N=1167)**



Respondents' perceptions towards their organisation's handling of reports of corruption have improved over time, with 47 per cent agreeing that their organisation would *definitely* treat reports seriously in 2019. This is compared to findings in 2013 where 42 per cent of respondents who had made a report of corruption also agreed that their organisation subsequently handled their report *effectively*.

Respondents flagged a connection between leadership and a corruption-resistant workplace. In free text comments, respondents indicated that agencies where leaders actively demonstrate organisational values, and provide clear procedures for reporting misconduct and corruption, result in greater levels of trust in senior executives and overall confidence in organisational integrity.

Respondents mostly commented that their organisations have robust policies and processes, and established mechanisms in place for reporting and responding to allegations of corruption. This is an improvement from 2016, when only one in three respondents stated they knew how to report corruption, despite the majority stating they would report corruption if they observed it.<sup>18</sup>

*'Processes in organisation have been set up to have integrity as highest priority over efficiency or convenience ie leadership cares and would expect any report to be addressed seriously.'*

*'We have a well defined and communicated whistleblower policy and senior management inspire confidence that this would be followed to protect people reporting corruption.'*

*'Our CEO and our lead in major projects talk about corruption all the time ... they are also always talking about adhering to procedures and policies. I think we all know that if we did report something it would immediately be taken seriously.'*

However, there was some sentiment among middle managers and officer-level respondents that senior executives will not action reports of alleged corruption. Additionally, there was a general perception that senior executives are treated more favourably when the subject of complaints and, in some cases, their corrupt behaviours may be covered up as a result of their seniority.

*'I am not sure how seriously a disclosure of political bias against a senior executive would be taken; on the other hand, I feel if I reported a clear case of fraud/theft/maladministration, that would be taken seriously.'*

*'I would really like to see further attention to internal investigations of Management, in situations whereby many staff have come forward and provided statements and evidence and put their own careers on the line.'*

There was also concern about confidentiality and fear of detrimental action resulting in a reluctance to report corruption.

*'Everyone is too scared to challenge issues for fear of reprimand/reprisals.'*

*'I would feel anxious about complaining unless really blatant and witnessed, especially with probable loss of VPS jobs - people talk about "keeping their head down"'*

*'A general reluctance to report for fear of repercussions and a lack of faith in the process.'*

This is consistent with perceptions in previous years. In 2013, 46 per cent of respondents did not feel confident they would be protected from victimisation, and in 2016, 35 per cent were fearful of personal repercussions. This highlights the important role direct managers and public interest disclosure coordinators play in supporting employees when they report suspected corruption.

<sup>18</sup> In 2013, 70 per cent of respondents indicated they knew where to report corruption should the need arise. However, this result is likely reflective of the fact that respondents to the 2013 survey held more senior positions and, due to the nature of their role, were more likely to have that knowledge.

## 3 Corruption resistance

The 2019 survey was conducted prior to changes to the PID Act, which came into effect in January 2020. The changes are designed to simplify the process of public officials making a disclosure and allow a broader range of disclosures to be made. Additionally, the changes now ensure the public official making the disclosure are included in the decision-making associated with their disclosure, even in instances where it is recommended that matters be dealt with outside of the public interest disclosure system.

There is a range of barriers to reporting corruption, with findings between 2013 and 2019 indicating ongoing concerns around confidentiality and detrimental action. This highlights the continued need to improve employee understanding of legislative protections. Organisations should consider ways to foster a 'speak up' culture and increase trust in senior executives. This includes improving awareness of the mechanisms for reporting corruption as well as the systems and processes for protecting discloser identities and information. It is noted that when the updated legislation came into effect, public sector agencies were required to have specific public interest disclosure policies in place, and to raise awareness among employees about the mechanisms for reporting and the protections afforded to disclosers. This may improve employee perceptions about reporting over time.

### 3.3 Integrity initiatives

When asked about specific integrity initiatives organisations could undertake to prevent corruption, respondents identified the following:

- training and education
- strengthening policies, procedures and controls
- increasing reviews and audits of projects and programs
- introducing culture and wellbeing activities.

Respondents flagged the inherent risks associated with the offering and acceptance of gifts, benefits and hospitality, as well as the enduring risks arising from unmanaged conflicts of interest, procurement activities, recruitment and information security as key focus areas for the above initiatives.

Numerous respondents also expressed the importance of directing integrity initiatives towards managers and senior executives to improve organisational culture and trust through a 'top down' approach, noting that greater accountability measures would be required to achieve this.

*'Generally the staff have high integrity, there as [sic] inconsistency in senior management as to how their performance matches the organisational values. Few believe there is any level of accountability at a certain level.'*

*'Auditing, targeting the oversight of managers and executives to ensure that they are appropriately stamping out and addressing corrupt-like behaviours.'*

Consistent with responses about where corrupt conduct was most likely to occur, respondents flagged human resources as an area to focus corruption integrity initiatives. They suggested these initiatives could be led by human resources practitioners in order to empower them to effect change within their own teams and across their agencies more broadly.

*'Education and training – HR to lead – compulsory for all staff.'*

*'Ensuring all recruitment over a given level of seniority has an independent and skilled person in the process, in particular the interviewing and assessment step. Could also use them to do the referee checking step. HR should lead this. The target audience is managers of all levels.'*

There were differences in opinion about which initiatives should be prioritised. Senior executives overwhelmingly see training and education as key, while middle managers tend to focus on the benefits of improving policies and processes. Many middle managers expressed a desire for ways to better manage or reduce situations where politicians, ministers, lobbyists and employee representatives attempt to interfere with or influence decision-making.

*'Senior executives pushing back on unfair, unreasonable, and politically motivated requests from Ministerial [sic] offices. If the Ministerial office does not want to accept Departmental advice, they can choose to pursue something themselves – rather than asking the Department to rubber stamp it.'*

*'All interactions with ministers [sic] offices should be documented.'*

*'Basic administrative law training: not corruption related itself, but a stronger understanding of statutory decision-making duties means better abilities to withstand undue lobbying and influence.'*

Officer-level respondents want to see improved mechanisms for reporting and addressing improper behaviour and corrupt conduct, and ultimately reduce concerns about detrimental action.

*'Internal training/professional development on identifying corruption risks and reporting on potential issues.'*

*'An independent process for reporting all poor behaviour to given [sic] confidence to staff subject to poor behaviour and protection to those that may be falsely accused. Current system is reliant upon managers to do the right thing, which is not always the case due to friendships/working arrangements etc.'*

The differences between results provide an opportunity for senior executives to consider prevention initiatives that are both stratified and tailored to managerial level.

## 4 Perceptions over time

IBAC's earlier surveys on perceptions of corruption focused on understanding public sector employees' knowledge of what constitutes corruption and misconduct, attitudes towards reporting corruption, and perceptions of integrity and corruption prevention. They also found that public sector employees generally rate other agencies as having more serious corruption issues than their own agency.<sup>19</sup> The surveys found respondents understood what constitutes corruption and how to recognise and distinguish between corruption and misconduct behaviours. The surveys also highlighted that respondents had a good understanding of their obligations in conjunction with organisational codes of conduct and relevant legislation, and that the majority would report corruption and were supportive of corruption prevention activities in their organisation.

The key purpose for IBAC's 2019 survey was to understand employees' perceptions of corruption and integrity risks facing the sector and inform prevention initiatives to improve the capability for public sector agencies to resist corruption.

The most discernible difference between the previous surveys' findings and those from 2019 is that respondents now perceive political and ministerial influence in decision-making to be an area of increasing corruption risk. Otherwise, the results in all surveys indicate similar perceptions of corruption risks and barriers to reporting corruption.

The 2019 findings also provide greater clarity around which activities are perceived by public sector employees as being more vulnerable to corruption – namely human resources, procurement, activities outside of work, and information and records management. It is possible that risks associated with activities outside of work and conflicts of interest were prominent in the minds of respondents, as shortly before the survey, IBAC's Operation Esk<sup>20</sup> and its report *Managing corruption risks associated with conflicts of interest in the Victorian public sector*<sup>21</sup> were featured in media reports. In any case, procurement practices and processes are a recurring issue in IBAC complaints and investigations. This, combined with the increased level of concern since 2013, demonstrates it is an area of significant risk and should not be discounted.

<sup>19</sup> IBAC 2013, *Perceptions of corruption in Victoria* (Research paper, September 2013) p 10.

<sup>20</sup> IBAC investigation into a former Castlemaine Committee of Management member obtaining property by deception.

<sup>21</sup> The IBAC report highlighted conflicts of interest in public sector agencies' procurement, recruitment, governance, regulatory functions, custodial management, information management and internal investigations activities.

## 5 Conclusion

The importance of leadership in modelling organisational values and integrity in all aspects of their work can encourage a 'speak up' culture and help minimise opportunities for corruption to occur is well documented in research literature. Responses to IBAC's survey support this theory. A 'speak up' culture would be further enhanced where leaders respond to suspected corruption.

Leaders need to work proactively with human resources teams and people managers to deliver prevention initiatives that are tailored to managerial level. This includes implementing and maintaining robust policies, procedures and processes that reduce corruption risks, and providing engaging training and education initiatives which focus on appropriate workplace behaviour, organisational values and ethical culture. Increasing reviews and audits of projects and programs will also allow leaders and people managers to monitor and reduce risks in their agencies, particularly perceived risks around political influence and decision-making.

Public sector agencies are best placed to manage their own unique corruption drivers and risks. Being proactive with integrity initiatives will improve the trust and confidence of employees. Ultimately, this will also improve the community's trust and confidence in the public sector overall.







