Jo-Anne Moorfoot
Executive Director Australian Centre for Healthcare Governance
Director of Projects and Consulting Victorian Healthcare Association

Background: Integrity Framework

March 2017 → Independent Broad-based Anti-Corruption Commission tabled the report "Operation Liverpool" in parliament.

Findings → Integrity breaches, fraud and corruption by Officers at Bendigo Health

Recommendations → Seven in total
Recommendations 1-6 to Bendigo Health
Recommendation 7 to the DHHS

DHHS Response (September 2017) → DHHS Response to IBAC
DHHS committed to 17 discrete actions

Identified vulnerabilities

| Identified vulnerabilities |
| --- |
| Ability to circumvent procurement polices |
| Lack of monitoring to ensure appropriate financial and procurement polices and controls |
| Insufficient oversight of individuals |
| Failure to act on financial anomalies when brought to the attention of management |
| Level of focus on corruption risks, organisational culture and executive leadership |
| Level of control over assets of high and low value |

ibac independent broad-based anti-corruption commission
Victoria

Operation Liverpool
An investigation into the conduct of two officers of Bendigo Health, Adam Hardinge and John Mulder.
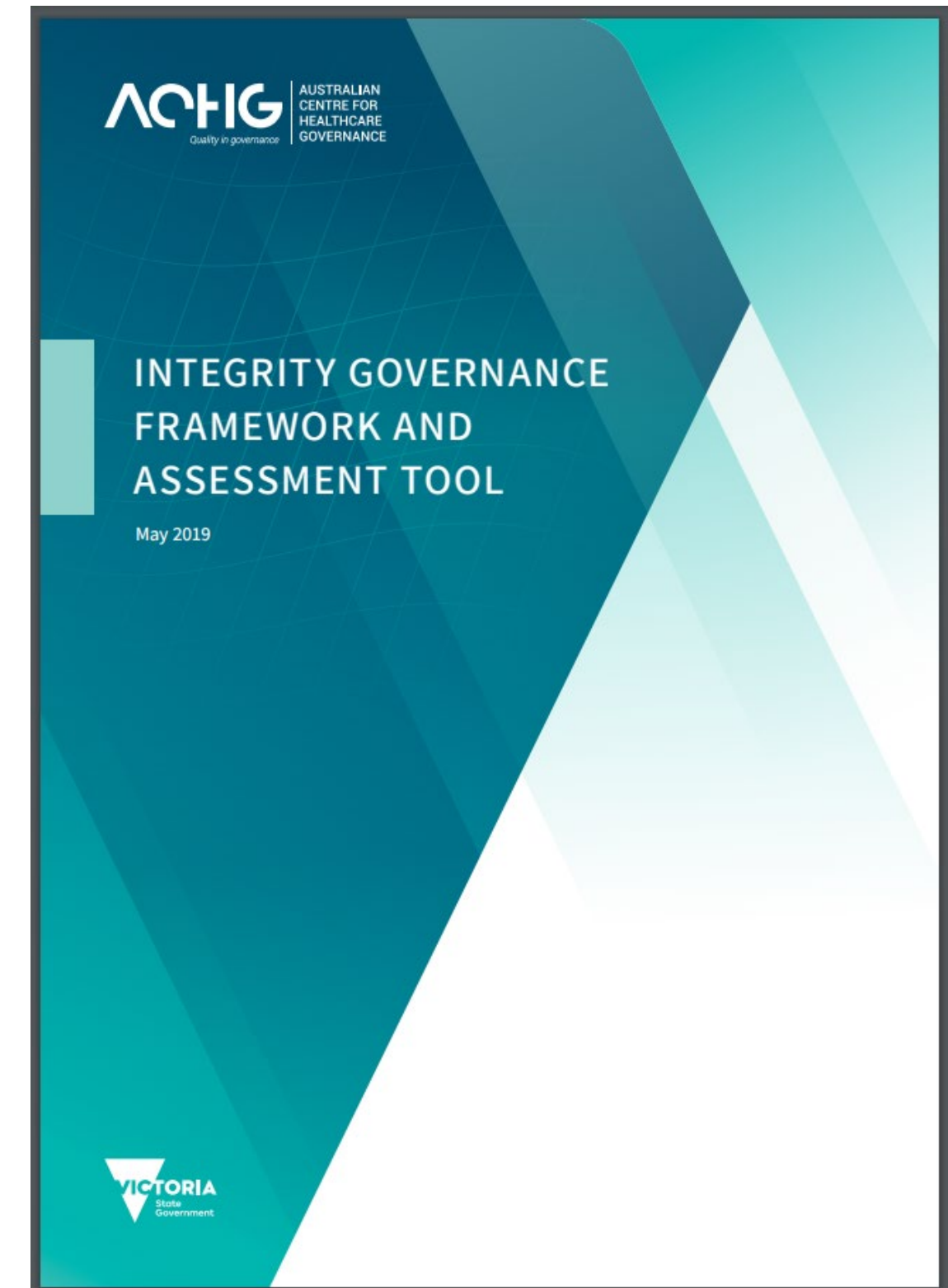
March 2017
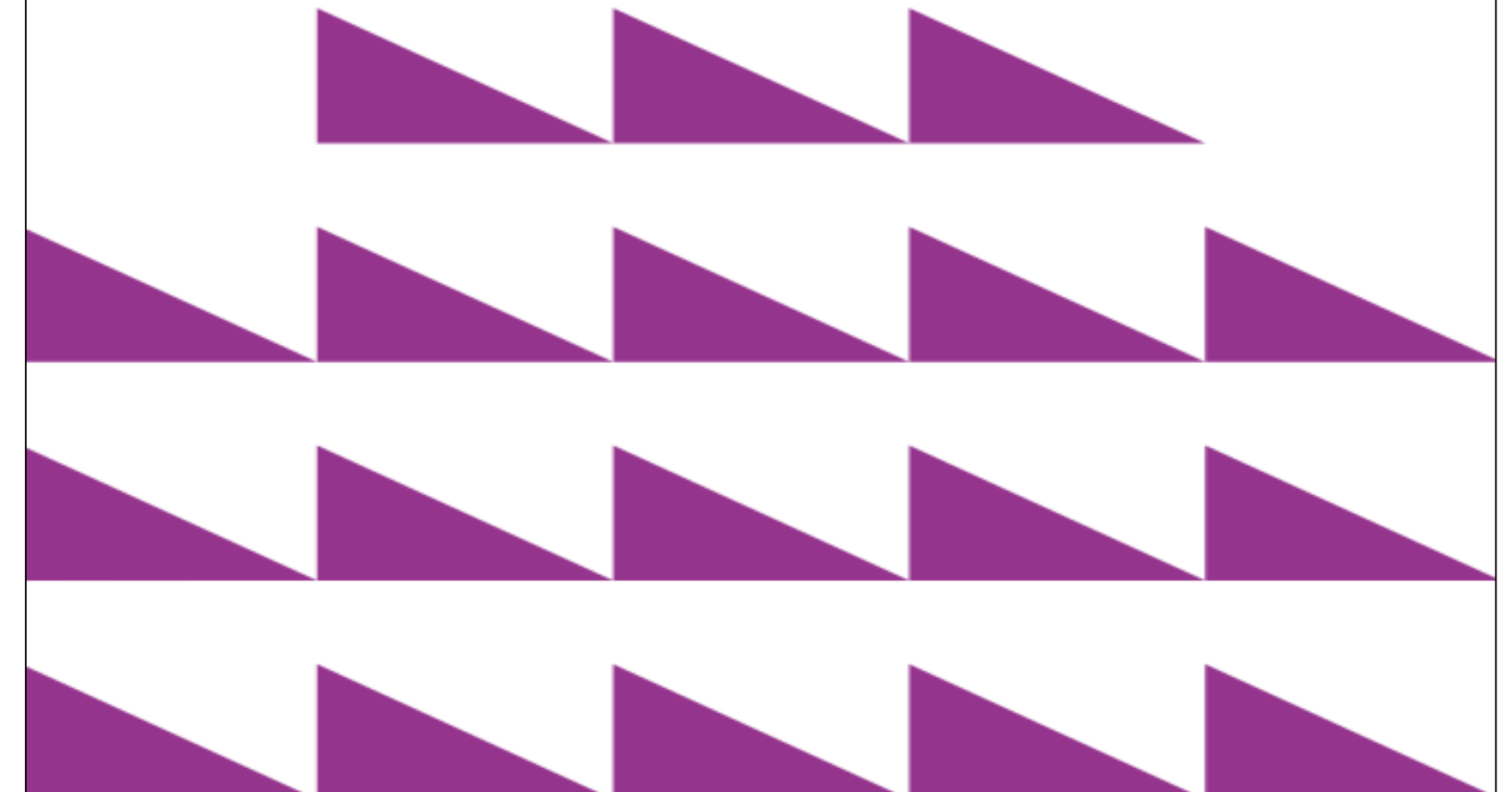
IBAC Recommendation

The department will engage independent consultants to develop an integrity capability assessment for distribution to health services for the purpose of:

- *Ensuring that the health services review of policies has addressed salient integrity risks and fraud and corruption issues;*
- *Assisting health services to identify weaknesses within their current policies and processes that require fixing; and*
- *Providing guidance on how to assess integrity risks.*

Integrity Governance framework and Capability Assessment Tool

Aims

- Ensure that the health services' review of policies has addressed salient integrity risks and fraud and corruption issues;

- Assist health services to identify weaknesses within their current policies and processes that require fixing; and

- Provide guidance on how to assess integrity risks

- Provide an action plan template to assist to address risks

ACHG | AUSTRALIAN CENTRE FOR HEALTHCARE GOVERNANCE

INTEGRITY GOVERNANCE FRAMEWORK AND ASSESSMENT TOOL

May 2019

VICTORIA State Government

Methodology

Best practice review and needs analysis

- Best practice review of corruption and fraud prevention: cross sector consultation (DET, DTF, DHHS, HPV, VMIA, VPSC)

- Survey 36 CEO/CFOs from across the hospital sector

- CEO focus groups: Discussed key challenges and what would help the sector in practical ways

- Deep dive reviews: 3 health services of different sizes and complexity

- User testing and feedback

Sector Insights

What would help health services?

- Show them what a good integrity system looks like

- Identify the pillars of integrity governance and develop a framework

- Articulate the key requirements so they can be addressed

- Education on what good practice is

- Catch us in – don't catch us out

- A document to guide practice at the leadership, exec and board level - "We don't want another checklist"

Integrity Governance framework and Capability Assessment Tool

Integrity framework

Integrity Better Practice Assessment and Reporting Tool

Action Plan Template

The Integrity Framework and Assessment Tool

Foundational organisation principles (minimum requirements)

Culture and code of conduct
Delegations of authority
Reporting, disclosure and resolution processes

The Tool: 3 lines of defence assessed against 4 domains

1st line of defence	**2nd line of defence**	**3rd line of defence**
People & Practices	Setting rules & monitoring compliance	Assuring the process
OWNER = EVERYONE	**OWNER = MANGEMENT & EXEC**	**OWNER = BOARD & EXEC**

Domains

| Employment principles & personnel	Procurement, contract/project management	Finance	Governance

Three Lines of Defence

First Line: People and Practices

Priorities

- Effective policies and procedures in place and correctly utilised
- Awareness and understanding of policies and procedures at all levels
- Organisational values form a key part of the recruitment process
- Effective induction and ongoing training
- Right people in the right places

Who Owns this?

Everyone
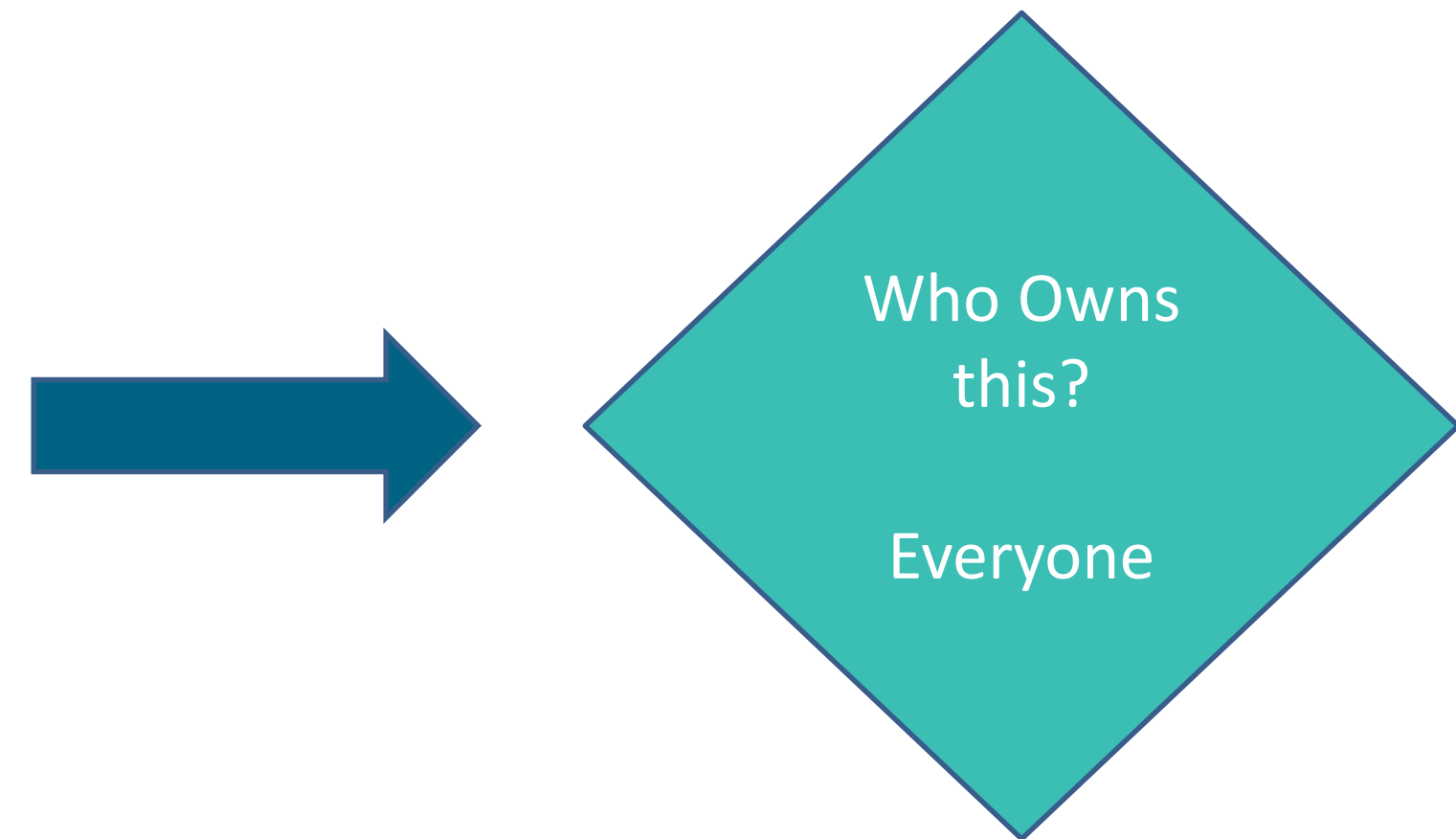
Three Lines of Defence

Second Line: Oversight

Priorities

- Setting and reviewing organisational frameworks, policies and procedures in line with local, state and federal requirements
- Ensuring compliance through internal controls
- Identifying and managing risk
- Monitoring and oversight of people and practices

Who Owns this?

Management and Executive
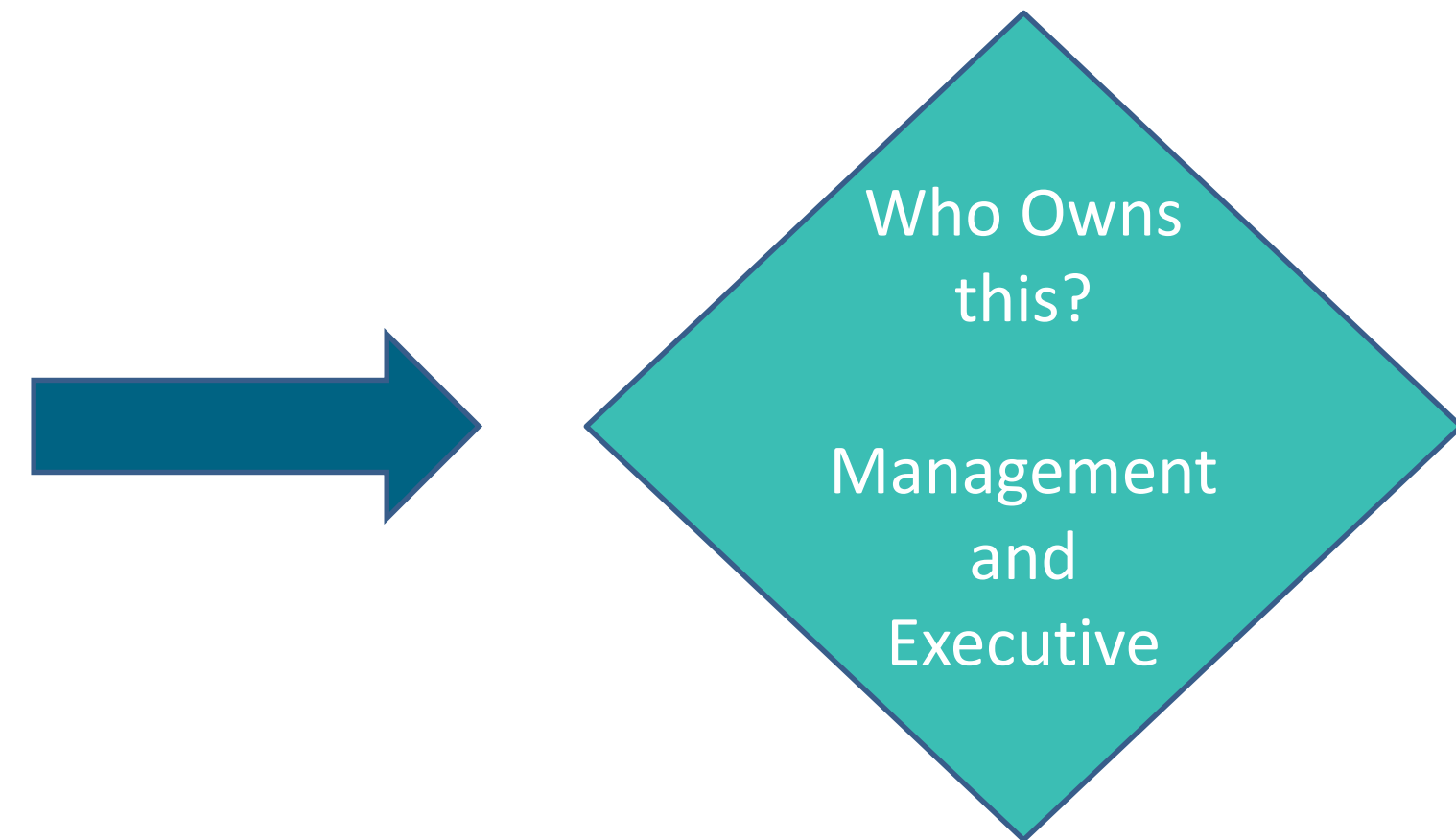
Three Lines of Defence

Third Line: Assurance

Priorities

- Understanding the first and second line of defence
- Reviewing control measures for effectiveness
- Providing the final check
- Interrogation of issues and concerns
- Oversight of third party review and input

Who Owns this?

Board and Executive
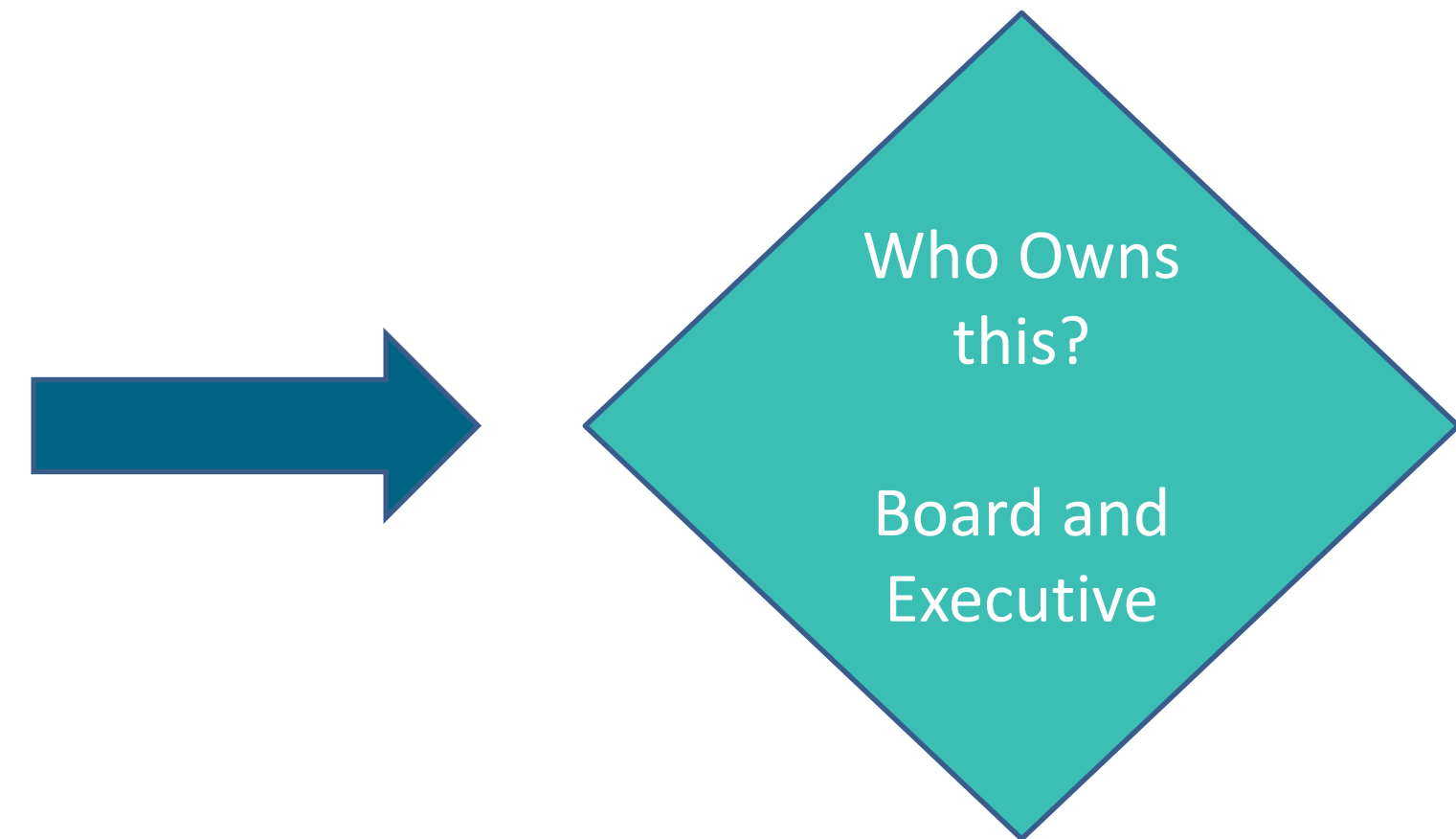
Three Lines of Defence Model

Best practice

Identified for each line of defence
- Employment principles and personnel
- Procurement; contract/project management
- Finance
- Governance

What systems need to be in place

Signs of an effective line of defence

Self Assessment Tool

- Designed to be completed at a high level and is not intended as an audit tool

- Ideally completed by senior management with a good working knowledge in each of the domains

- Identifies gaps in practice and opportunities for improvements

- Designed to be completed electronically

- Auto populates integrity map for each domain and integrity overall

- Can be repeated to check progress and measure improvement in integrity systems

Self Assessment Tool

Overview of the domain

Provides better practice integrity requirements for each line of defence

Rating of current practice

Suggested processes to implement better practice

Procurement, contract and project management

Procurement and contract management are high risk areas for an integrity breach. Key personnel must be suitably qualified and experienced in the requirements of government compliant procurement and contract management practice. All purchasing and commercial activity must meet the requirements for appropriate use of public funds and should ensure value for money. Due to the vulnerabilities in this area, systems must exist to make sure that continuous monitoring and oversight of practice and effectiveness of risk management controls occurs at all levels of the organisation.

FIRST LINE OF DEFENCE

Better practice integrity	Rating (Please check the box next to the appropriate response)	Suggested processes	Comments
Procurement officers, contract managers and other key integrity personnel are appropriately qualified, credentialed and experienced	☐ never ☐ inconsistently ☐ consistently	Position descriptions state minimum standards in regard to qualifications, skills and experience Recruitment practices ensure applicants meet or exceed minimum position requirements Appropriate checks of employment history, discipline and criminal history for personnel in high risk positions are completed as part of the recruitment process Personnel in these positions undertake regular professional development to ensure they are up to date with legislative and government policy requirements	
New staff are educated on local integrity systems	☐ never ☐ inconsistently ☐ consistently	A formal induction process is applied to new employees in integrity sensitive positions to ensure that they are educated on the practice requirements, expectations and accountabilities of their role	
Staff with purchasing authority are appropriately trained in the organisation purchasing process and requirements	☐ never ☐ inconsistently ☐ consistently	Organisational procedures and documents facilitate sound purchasing processes consistent with organisational policy Frontline purchasing behaviour is regularly reviewed by management and procurement officers to ensure compliance Breaches of policy or inappropriate purchasing are investigated and addressed	

ACHG AUSTRALIAN CENTRE FOR HEALTHCARE GOVERNANCE
Quality in governance

healthcaregovernance.org.au @ACHGgovernance

Integrity map

BETTER PRACTICE ASSESSMENT AND REPORTING TOOL

Employment principles and personnel

A culture of integrity is at the core of the organisation's ability to reduce the likelihood of fraud and corruption. The organisation's values and Code of Conduct should set the integrity standard for all interactions, decisions and behaviours within the health service. Leaders must model these values and behaviours and ensure that all personnel are aware of and understand their role in applying these values in the workplace. There must be a clear pathway to raise issues of concern, and address behaviour and actions that sit outside of the code of conduct. Employment practices should reflect the public sector employment principles.

FIRST LINE OF DEFENCE			
Better practice integrity	**Rating** (Please check the box next to the appropriate response)	**Suggested processes**	**Comments**
All staff are provided with a copy of the organisation Code of Conduct and orientated to the expected behaviours and values	☐ never ☐ inconsistently ✔ consistently	Code of Conduct and values form an integral part of the organisational and local induction process	
All personnel are evaluated against the Code of Conduct and organisational values annually	☐ never ✔ inconsistently ☐ consistently	Occurs as part of the performance appraisal/review process	
Conversations regarding the integrity of processes and decisions are a regular occurrence	☐ never ✔ inconsistently ☐ consistently	Integrity discussions are a standard process in team meetings	
Integrity breaches are reported and addressed	☐ never ☐ inconsistently ✔ consistently	There is a documented process for reporting and investigating breaches of the code of conduct and unacceptable employee behaviour	
The recruitment processes ensures the appropriate application of the public sector employment principles	☐ never ✔ inconsistently ☐ consistently	All vacancies are advertised internally and externally. Staff are trained and have tools to support capability, values and behavioural based recruitment techniques. Pre-employment checks are completed	
Staff in high risk or integrity sensitive positions are regularly rotated and leave is appropriately managed	✔ never ☐ inconsistently ☐ consistently	A policy of rotating staff in high risk/sensitive positions is implemented and a leave management process occurs to ensure that staff in these roles take leave at appropriate intervals	
Other: Please add any local practices that support effective processes in this line of defence	☐ never ☐ inconsistently ☐ consistently		

Employment principles & personnel

Better Practice Application		1st Line of Defence	2nd Line of Defence	3rd Line of Defence
	Consistent	2	0	0
	Inconsistent	3	0	0
	Never	1	0	0

Risk Management

INTEGRITY GOVERNANCE MAP

Objectives

- Map current practice against the three lines of defence in the four key operational pillars

- Highlight better practice integrity gaps and identify potential integrity vulnerabilities

- Identify areas for improvement and assist in prioritising remedial actions

Limitations

- The self-assessment is based on a subjective review of current integrity practice **and therefore results are not intended for comparison or benchmarking with other health services.**

- The assessment is not a measure of the quality or effectiveness of a practice

- The results are a self-assessed snapshot at a point in time and not an indicator of compliance

INTEGRITY GOVERNANCE
FRAMEWORK ACTION PLAN

Organisational Pillar – Culture/Code of Conduct – Employment principles and personnel – Finance – Governance	Line of Defence First Second Third	Better Practice Process	Action Required	By Whom	Due Date
For Example: Culture / Code of Conduct	First	Staff are evaluated against code of conduct and organisational values as part of the appraisal / performance review process	Revise performance appraisal procedure and form to include a section to record a discussion on the organisational values and professional behaviours required in the role being appraised and for the manager to comment on the workplace conduct of the staff member	Human Resources Manager	30/06/19

Implementation from June 2019

- Released on the DHHS and ACHG websites (https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/integrity-governance-framework)

- CEO forum roadshow conducted

- DHHS regional managers presented to hospital board chairs

- Discussed at peak body governance forums (Board members and executive)

DHHS expectations:

- Annual CEO attestation in annual reports

- Integrity Governance Framework and Assessment tool use and improvement actions discussed and monitored in quarter 3 performance meetings

- Require health services to use the tool when an increase in risk is identified