



Internal Audit of Conflict of Interests Management

April 2021

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1 Executive Summary

1.1 Introduction

OCM were engaged by the Environment, Planning and Sustainable Development Directorate (the **Directorate** or **EPSDD**) of the ACT Government to undertake an internal audit of Conflict of Interest (**COI**) management.

The purpose of the internal audit was to establish a baseline of the Directorate's maturity with respect to the administration and management of COI, including the identification of business improvement opportunities and related risks.

Specifically, the internal audit considered the workforce's understanding of the process to identify, declare, record and manage COI, the Directorate's level of compliance with applicable legislative frameworks and whole-of-government policy and the effectiveness of internal management controls following the identification of a potential, perceived or actual COI.

Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in **Appendix B** and the Inherent Limitations and Restrictions of Use Statement in **Appendix F**.

1.2 Background

All ACT Public Service employees are required to comply with the *Public Sector Management Act 1994* (PSM Act), the ACT Public Service Code of Conduct, the ACT Integrity Policy and Public Sector Management (PSM) Standards 2016.

The primary obligation of employees regarding conflicts of interest is set out in s 9 of the *Public Sector Management Act 1994*. Relevantly, s 9(1) provides that:

- (1) A public servant must –
 - (a) take all reasonable steps to avoid a conflict of interest; and
 - (b) declare or manage a conflict of interest that cannot reasonably be avoided.

These principles apply to anyone engaged to deliver government programs and services, whether for remuneration or not.

The Directorate Conflicts of Interest register and Fact Sheet are currently maintained by the Directorate's People and Capability Branch.

1.3 Good Practices Observed

During the internal audit, evidence of good practices in conflict-of-interest management were observed during interviews and via survey responses, which included:

- A high degree of general awareness across the Directorate of the ethical requirements to identify relationships and circumstances which could present a COI, particularly in relation to procurement and recruitment panel involvement.
- High level awareness and operational strategies for managing local conflicts of interest in business areas including:
 - Statutory Planning and
 - Climate Change and Energy divisions
- Detailed risk assessment and preparation of action plans in relation to conflicts of interest specific to the Statutory Planning division.

1.4 Summary of Findings

The findings of the internal audit as they relate to each audit objective are outlined below on an exception basis.

All findings, risk ratings and agreed management actions have been discussed and agreed with key stakeholders. Each finding has been categorised as either an internal control issue (IC) or a performance improvement opportunity (PI). All findings have also been given a Finding Risk Rating (classification in **Appendix D**) to indicate to management the significance of the finding and the attention required to reduce its probability and/or impact.

One matter of significance (high risk) and four medium risk issues identified, which can be found in the *Detailed Findings* section of this report.

Only audit findings with a rating Medium or above are detailed in the table below.

Reference to Detailed Finding	Audit Objective	Finding Summary	Issue Type (IC/PI)	Rating as per Appendix D
2.1	<p>1. Governance Structures supporting conflict of interest management are adequate, effective, economic and efficient.</p> <p>3. Staff are aware of their responsibilities regarding conflicts of interest</p>	<p>Improvements are required to policy, procedural guidance and tools including:</p> <ul style="list-style-type: none"> • Inclusion of content on specific scenarios relevant to the Directorate. • Definition of responsibilities. • Further information on options for mitigation of risks associated with COI. 	IC/PI	Medium
2.2	<p>1. Governance Structures supporting conflict of interest management are adequate, effective, economic and efficient.</p> <p>3. Staff are aware of their responsibilities regarding conflicts of interest</p>	<p>Training and awareness activities require more targeted and effective implementation, including:</p> <ul style="list-style-type: none"> • Completion of E-learning consistently and in a timely manner. • Enhancement of COI training programs with additional and targeted content/examples. • Other informal avenues for raising awareness could be pursued. 	IC/PI	Medium
2.3	<p>1. Governance Structures supporting conflict of interest management are adequate, effective, economic and efficient.</p> <p>2. Appropriate processes exist to manage, monitor, and report conflicts of interest.</p> <p>3. Staff are aware of their responsibilities regarding conflicts of interest</p>	<p>Processes for the registering and tracking of executive personal interest declarations require improvement. During the internal audit, the Directorate has commenced development of a revised more rigorous process.</p>	IC/PI	Medium
2.4	<p>1. Governance Structures supporting conflict of interest management are adequate,</p>	<p>Improvements are required to the COI Register and workflows to facilitate effective</p>	IC	High

Reference to Detailed Finding	Audit Objective	Finding Summary	Issue Type (IC/PI)	Rating as per Appendix D
	effective, economic and efficient.	management of conflicts of interest, specifically in relation to: <ul style="list-style-type: none"> • Appropriate segregation of duties. • Central maintenance of complete records of key data required for oversight. • Accessibility of the register to facilitate ongoing management by managers. • Gaps or delays in central declaration records 		
2.5	1. Governance Structures supporting conflict of interest management are adequate, effective, economic and efficient.	The ACT government risk assessment matrix is inconsistently applied to the evaluation of COIs.	PI	Medium
2.6	1. Governance Structures supporting conflict of interest management are adequate, effective, economic and efficient. 2. Appropriate processes exist to manage, monitor, and report conflicts of interest.	Monitoring and reporting processes for COI management require improvement to facilitate effective: <ul style="list-style-type: none"> • Compliance monitoring • Trends and issues analysis. 	PI	Medium

1.5 Acknowledgement & Consultation

We wish to take this opportunity to thank the Directorate (EPSDD) personnel who participated in this review for their co-operation and assistance.

The contents of this report were discussed and agreed with the following members of staff at the exit interview:

	Name	Designation
1	Chantel Potter	Executive Branch Manager, Governance, Compliance & Legal
2	Craig Simmons	Chief Operations Officer
3	Jaime Elton	Executive Business Manager, People & Capability
4	Anne Miller	Senior Director Performance and Assurance

1.6 Audit Rating

Based on the scope of our engagement, the Directorate's performance relevant to this internal audit is outlined below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed.

The rating is intended to assist the Directorate's senior management and the Audit and Risk Committee to focus on areas of greatest concern and does not form part of our opinion. The rating is from 1 to 5 and is explained more fully in the following table:

		Rating
1	Minimal opportunities for improvement identified.	
2	A small number of minor control weaknesses / business improvement opportunities (efficiency, effectiveness or economy)	
3	Several control weaknesses of concern identified / several business improvement opportunities (efficiency, effectiveness or economy)	✓
4	Significant control weaknesses found in a number of areas/ significant opportunities for business improvement (efficiency, effectiveness or economy)	
5	Pervasive, significant weaknesses in controls identified. / Processes are not efficient, effective or economic	

1.7 Conclusion

Based on the work performed, there are some weaknesses in the design and application of controls and/or opportunities to increase efficiencies in conflict-of-interest management, impacting on the achievement of the audit objectives identified in **Appendix A**. Improvements are required to ensure achievement of the following objectives.

- Objective 1: Governance Structures supporting conflict of interest management are adequate, effective, economic, and efficient.
- Objective 2: Appropriate processes exist to manage, monitor, and report conflicts of interest.
- Objective 3: Staff are aware of their responsibilities regarding conflicts of interest.



Andrew Marsden
Partner

1.8 Management Acceptance

I agree that the findings within this report are factually accurate and confirm that management will implement the agreed actions.

X



Chantel Potter
Executive Branch Manager

X



Jaime Elton ✓
Executive Branch Manager

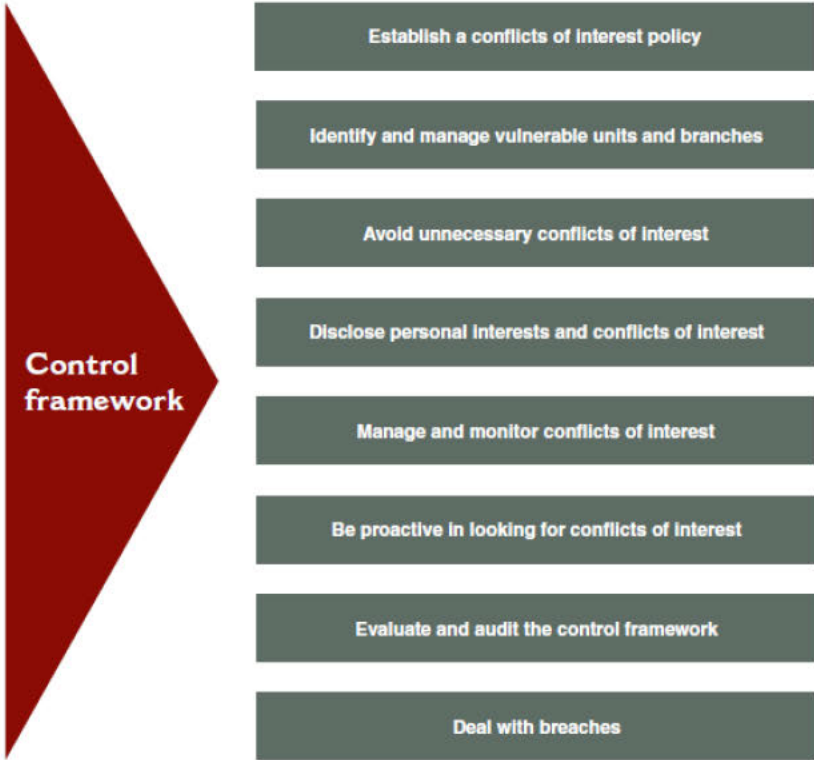
2 Detailed Findings

2.1 Policy, procedural guidance and tools

FINDING CATEGORY	Internal Control	FINDING RATING	Medium
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Observation

The control framework for managing conflicts of interest (COI) recommended by the NSW Independent Commission Against Corruption includes the following complimentary elements articulated in a conflicts of interest policy:



EPSDD has an established Conflicts of Interest Fact Sheet which references underlying whole of ACT Government legislative and policy provisions and explains COI at a high level. However, discussions with managers responsible for day-to-day COI management, review of documentation and information gathered from survey respondents indicate that the following in relation to the adequacy and efficiency of guidance and tools for managing conflict of interests:

- a) The Fact Sheet does not sufficiently:
 - articulate the procedures for identifying, disclosing, managing, and monitoring a COI.
 - Define the responsibilities for all relevant groups of EPSDD officers and related entities. This should include staff, contractors, consultants, and volunteers or other entities acting on behalf of or providing services on behalf of EPSDD. Although the Delegations of Authority schedule does provide some guidance in relation to COI management responsibilities.
 - Consistently reference and provide links to:

- Whole of ACT government integrity framework documents, including section 5.1 of the ACTPS Integrity Policy on COI.
 - Internal Directorate (EPSDD) policies and/or procedures and tools including procurement, recruitment, secondary employment and gifts and benefits.
- Provide guidance on how to identify conflict of interest situations specific to the range of Directorate workplace activities, except in relation to second jobs, and involvement in recruitment or procurement evaluation panels.
 - Provide guidance on the possible strategies to mitigate risks associated with conflicts of interest. Discussions with managers indicated that for conflicts arising in relation to recruitment panels, there is a perception that the only appropriate strategy is removal from the panel which may not always be practical due to the relatively small population of the ACT and the likelihood that candidates will be known to appropriate panel members. The following table of outlines potential strategies for managing a conflict of interest which could be provided as guidance to staff.

Strategy	What this strategy means	When this is most suitable
Register	You formally register details of the existence of a perceived or potential conflict of interest.	For very low-risk conflicts of interest. Where recording the conflict of interest is sufficient to maintain transparency.
Restrict	Restrictions are placed on your involvement in the matter to oversee part or all of the process that deals with the matter.	You can be effectively separated from parts of the activity or process. The conflict of interest is not likely to arise frequently.
Recruit	Recruit a disinterested third-party to oversee part or all of the process that deals with the matter.	It is not feasible or desirable for you to be removed from the decision-making process. In small or isolated communities where your particular expertise is necessary and genuinely not easily replaced.
Remove	You are removed completely from the matter.	For ongoing serious conflicts of interest, where restriction or recruitment of others is not appropriate.
Relinquish	The private interest that is creating the conflict is relinquished.	Where your commitment to public duty outweighs your attachment to your private interest.
Resign	You resign from your position with the agency.	No other options are workable. Where you cannot or will not relinquish your conflicting private work. Where you prefer this course as a matter of principle.

- b) Individual work areas have developed their own workplace instructions or informal mechanisms for providing guidance on specific circumstances which could give rise to a conflict of interest. For example:
- In the DA area there is a Work Instruction document on how to deal with COI, however there are regular conflict of interest queries regarding how long after a staff member leaves a prior employer who is a developer or planning consultant will the potential for conflict of interest expire. It would be useful for case study examples to contain guidance on possible time thresholds for such situations.
 - In Climate change there are multiple informal prompts and avenues for procurement related guidance on identifying and managing COIs.
- c) The Governance Branch commenced development of a Directorate wide Integrated Governance program including an Integrity Framework in 2020. It is being developed with consideration to the ACT Integrity Commission objectives. Statutory Planning was provided support to develop an interim integrity framework specific to their planning role which will supplement the Directorate wide Integrity Framework once complete. Branches will be required to integrate the principles of the EPSDD Integrity framework into their specific policies and procedures.
- d) Registering and tracking annual renewal and other updates to Executive Personal Interest declarations and associated conflicts of interests was recently established as a process coordinated by People and Capability

and the procedure and requirements are not outlined in the Directorates guidance documents. (Refer to section 2.3 for findings on establishing a suitable process)

- e) Referral of ongoing conflict of interest strategies to new supervisors when officers change roles within EPSDD (Refer to section 2.4 for further context relating to workflows and accessibility of the register for ongoing day to day management and oversight)
- f) Risk assessment requirements and methodology in accordance with the whole of government risk management framework have not been articulated in either the fact sheet or conflict of interest declaration form as an integral element of developing a suitable strategy for mitigating the risks associated with identified COIs. (Refer to section 2.5 for detailed findings on additional process/guidance recommended)
- g) Monitoring and/or reporting activities which should be established in relation to compliance, and managing risks associated with conflict of interest occurring in the Directorate. (Refer to section 2.6)

Implications

The procedural guidance on conflicts of interest does not provide adequate control and guidance on sound management of the associated risks leading to non-compliance with legislation and government policy and potential financial and reputational loss.

Agreed Management Action

Agreed Management Action	Responsible Officer/ Title	Date to Complete
<p>Management will:</p> <p>2.1.1 Enhance procedural guidance to cover the principles, processes, tools and responsibilities for:</p> <ul style="list-style-type: none"> • Identifying evaluating & developing strategies for • Declaring (including approvals) • Managing and monitoring <p>conflict of interest specific to the risks and vulnerabilities present within the Directorate and to address issues outlined elsewhere in this report.</p> <p>2.1.2 Revise the conflict of interest declaration form to include further detail based on the risk assessment per the whole of government ERM Risk Matrix.</p>	EBM GCL	30 November 2021

2.2 Training and awareness activities

FINDING CATEGORY	Internal Control /Performance Improvement	FINDING RATING	Medium
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Observation

To assess the levels of awareness of the principles and practices for sound COI management, we:

- Reviewed structured training and education programs containing content related to conflicts of interest principles, procedures, or systems.
- Tested a sample of new recruits for evidence of completion of training related to conflicts of interest.
- Surveyed of a cross section of EPSDD officers to ascertain their knowledge and awareness of the guidance available and established systems and processes.
- Interviewed officers (12) in key branches or Directorate areas with responsibilities for day-to-day management of COIs to obtain information and specific examples on levels of awareness and concerns or issues with the systems, processes, or specific areas of vulnerability.

As a result of these activities, we identified that training and awareness activities:

- a) Do not include principles, processes, and supplementary information on the range of strategies to address conflicts of interest. Managers identified that often the perception is that removal from the situation is the only option.
- b) Lack specific practical examples, relating to high-risk sections, divisions and workplace activities.
- c) Are not delivered in a manner which is:
 - Dedicated to COI (stand-alone and more comprehensive)
 - Customised for key officers in identified high risk or vulnerable areas of EPSDD.
 - Consistent across EPSDD. 27% of the sample of 15 recruits had not completed the online induction training at the time of the internal audit, and two of the officers interviewed joined the Directorate within the last 12 to 18 months and had not completed their induction within six months as required. Executive managers receive monthly and quarterly reports on completion of training
 - Centrally coordinated based on trends or particular issues identified through analysis of the register, requests for advice, or feedback from staff and managers.

1. Training and education content

Overall, there is general awareness of the concept of personal interests or relationships and the need to raise issues around secondary employment, procurement and recruitment activities.

In 2020 formal/structured programs were delivered via e-learning programs which provide familiarity with high level values and ethics including:

- a) ACTPS induction course (brief mention of COI in content, 57.5% completion)
- b) Fraud, ethics, and corruption (more comprehensive including case studies and quiz, 40.6% completion)
- c) Recruitment and selection (addresses COI in the specific context which aligns with observed clear understanding despite only 36% completion)
- d) Respect, Equity and Diversity (RED) and the Code of Conduct, (only covers COI so far as mentions S9 of the PSM Act and completion rate 56%).

These programs align with the Fact Sheet defining actual, perceived and potential conflicts, and emphasising the importance of properly managing COI, however, did not provide sufficient explanations of options for addressing or managing conflicts of interest.

Informal conversations or requests for advice are routine throughout the Directorate, however there is a perception with some staff that the existence of a conflict means that the officer is doing something wrong and/or that they should be removed from the situation completely.

Managers advised that they were not aware of any training which focused on detailed information regarding management of conflict of interest on a day to day basis.

2. Survey and sample testing results

77 officers across all levels and areas of business were provided with the survey and 29 responses were received. Refer Appendix A for survey results. The responses indicated the following in relation to training and awareness:

- 40% were either aware of how to access the fact sheet but did not fully understand it or were not aware of how to access it
- At commencement 45% did not consider they had been trained on identifying, reporting and/or managing conflicts of interest, and 79% responded that they had not been provided with refresher training during the past 24 months.

3. Day to day management practices

Officers interviewed generally confirmed the results of the survey regarding lack of knowledge of the fact sheet, how to access it and inadequate targeted examples relating to vulnerable or high risk areas.

One manager did recall that an email was circulated regarding the release of the fact sheet, noting that it was questionable whether it was read by staff. Another manager, who joined the Directorate in the last 12 months, considered that messaging regarding COI and other integrity issues comes through clearly from the Director General and filters down through the organisation.

Several managers advised that they were not aware of the existence of the register having not had to declare or manage conflicts of interest within their team.

Awareness of COI management for specific processes including recruitment, procurement, and interactions with community or political/environmental groups was generally high with informal and formal education and awareness mechanisms in place. For example, for external committees, community, and other groups there were often formal agenda items for raising any relevant interests or conflicts of interest. However, in relation to internal business as usual meetings, COI is not routinely raised or documented.

Similarly, COI is not typically raised during annual or ongoing performance evaluation discussions except in some areas as part of forward planning for upcoming projects or work programs. Managers advised that raising of potential COI issues through meeting agendas and annual performance discussions could be accommodated and useful.

Managers also advised that they had frequent conversations and provided advice to staff regarding issues associated with conflict of interests, which resulted in identification of personal relationships or interests which could trigger a declaration and associated strategy to manage the situation, however often there was no record made as the threshold for making a declaration was not considered to be met.

The Statutory Planning division identified that they have developed COI guidance specific to their business requirements. The development of the Directorate-wide Integrity framework being undertaken by the Governance Branch will assist with the development and review of conflicts of interest policies and procedures.

Overall, there is widespread awareness of the principles and concepts of COI as part of the broader integrity framework, but awareness of some of the more detailed elements including identifying specific situations, assessing the risk, developing, and monitoring strategies are absent.

Formal e-learning programs are available but have completion rates not higher than 60% and have limited content to address the gaps in awareness highlighted by the survey and discussions with managers.

Although there have been periodic communications through newsletters and emails regarding COI and integrity requirements, more targeted content would be useful to enhance awareness.

Implications

Inadequate training or awareness activities results in lack of operational effect of policy and procedure, and failure to manage the risks associated with COI.

Agreed Management Action

Agreed Management Action	Responsible Officer/ Title	Date to Complete
<p>Management will:</p> <p>2.2.1 Consider options for enhancement of awareness of procedures responsibilities and tools including:</p> <ul style="list-style-type: none">• A dedicated course on end to end COI management customised to EPSDD business areas, or vulnerable/high risk functions as periodic mandatory training or refresher when policy or procedure changes.• Regular articles highlighting trends, identified issues or specific examples.• Incorporate into annual (periodic) performance evaluation conversations and process.• Establish as standing item on agendas for regular or significant internal and external meetings. <p>2.2.2 Include lessons learned from monitoring and review activities into training and awareness activities to address issues raised.</p>	EBM GCL and EBM P&C	14 February 2022

2.3 Executive personal interest declarations

FINDING CATEGORY	Internal Control	FINDING RATING	Medium
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Observation

The ACTPS Executive Handbook (January 2010) outlines terms and conditions of employment for executives under the Public Sector Management (PSM) Act and section 46 of the PSM Standards, including providing a written statement of their personal and financial interests (EPI declaration) on commencement which should be updated:

- Annually at the same time as the performance review
- As soon as possible after any relevant facts requiring a change come to the employee's notice.
- Whenever the circumstances change.

Executives are required to indicate whether a conflict exists in relation to each matter included on the EPI declaration and if so, complete a separate conflict of interest declaration. The whole of government policy framework requires that the Directorate utilise the Shared Service process and forms for documenting and submitting the EPI and associated conflict of interest declarations to Shared Services Human Resources. However, this framework does not provide the Directorate with visibility over executive declarations and facilitate management of associated conflicts by responsible officers within the Directorate either centrally or in the relevant work areas.

Copies of EPI declarations were requested, and the following issues were noted:

- Only five declarations made between July 2019 and July 2020 were held by EPSDD. As the whole of government requirement is that EPI declarations are submitted directly to Shared Services, resulting in the Directorate not establishing a register to monitor or track that all executives had made appropriate declarations on commencement, annually or to update for changing personal or workplace circumstances. During the audit, the Directorate requested copies of EPI declarations (and associated conflict declarations) from Shared Services however none were provided.
- Three of the five 2019 to 2020 executive personal interest declarations identified the existence of conflicts of interest which were submitted directly to Shared Services on the whole of government conflicts of interest declaration form. The form does not capture the range of information which is captured on the Directorate's form, nor does it facilitate notification to the executive's manager of the conflict and recording of proposed management strategies.

Consequently (during the initial stages of the internal audit), People and Capability requested and received new EPI declarations (and associated conflict declarations) from Executive staff and established a new process to coordinate, document and process the declarations in a register which will facilitate:

- i. Coordinated annual (and as required) executive personal interest and associated conflict of interest declarations.
- ii. Ensuring direct managers of Executives are aware of their Executive's conflicts, controls and management requirements while preserving privacy by not providing the underlying personal interests declaration.
- iii. Separate monitoring of strategies to address executive conflicts of interest.
- iv. Referral of executive conflict of interest declarations to the general register to monitor all of Directorate conflict of interest management.

No further recommendations for improvement are made with the exception that the new process be reference in the guidance established in section 2.1.

Implications

That Directorate executive do not have visibility over completion of annual declaration of personal interests and declarations of associated conflicts of interest, leading to inadequate management of risks and penalties or financial/reputational losses.

Conflicts of interest and related management strategies arising from executive personal interest declarations are not recorded for monitoring purposes.

Agreed Management Action

Agreed Management Action	Responsible Officer/ Title	Date to Complete
2.3.1 Management will further develop the Directorate process and tools for registering and monitoring executive personal interest and associated conflict of interest declarations in accordance with section 46 of the PSM Standards and to provide capacity to adequately monitor.	EBM GCL and EBM P&C	30 November 2021

2.4 Conflict of Interest Register and Workflow

FINDING CATEGORY	Internal Control /Performance Improvement	FINDING RATING	High
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Observation

The existing COI register, process workflows and responsibilities for registering declarations do not facilitate:

- a. A reliable central source of information for monitoring, review and reporting of conflicts of interest:
 - To assess levels of compliance with requirements generally
 - For consistency and adequacy of actions to mitigate the risks
 - For analysis of trends or issues
 - To assist in an audit or investigation.
- b. Timeliness and completeness of identification, evaluation, and declarations
- c. Accessibility and functionality for ongoing management by managers – including for staff movements within the Directorate.

The COI Register

People and Capability division currently maintain the register via manual data entry to an excel spreadsheet which includes the following fields:

- Date entered into register.
- Date signed by the delegate (date of declaration)
- Name of officer
- Agency – EPSDD, CRA, SLA, other (former names of agencies)
- Circumstance to be declared and duties affected by the circumstance declared
- Restrictions/strategy recommended by management.
- Conflict type – potential, actual perceived
- Conflict type – pecuniary or non-pecuniary
- Conflict type – risk level (low, medium, high)
- Approved – yes, no, noted
- Approved by - officers name.

The declaration form includes additional data which is not entered onto the register including position titles, and relevant areas of the Directorate such as Branch or Division. This information would facilitate reporting and granting of relevant register access to managers responsible for managing conflicts of interest.

Additionally, categories of COI are not currently used for classifying COI in relation to the nature or circumstances, however, would assist in identifying and reporting on trends or systemic issues. For example, categories which could be used include:

1. Financial
2. Personal
3. Contractual
4. Professional.

Further, where relevant, data could be collected in relation to the business process involved or impacted. For example, recruitment, development application decisions, or assessment of grants.

The register custodian is currently the People & Capability division which is also responsible for dealing with alleged breaches of policy and procedure or disciplinary matters relating to conflicts of interest. This does not represent appropriate segregation of duties and we consider that ownership of the COI framework including register and policy, or procedure would be better aligned with ownership of the Directorate’s integrity framework within the Governance, Compliance and Legal division.

The process workflow and accessibility

Whilst there is good awareness and knowledge of the requirements to make COI declarations in relation to recruitment, procurement and secondary employment, there are low levels of knowledge regarding the roles and workflow for managing conflicts. The following matters were identified, during discussions with ten managers and through the survey, on the process for identifying and making declarations, developing mitigation strategies and capacity for ongoing monitoring:

1. The current format and system of maintaining the register limits accessibility and ongoing use of the register by the subjects of the conflicts and their responsible managers. The approving officers who are responsible for monitoring the conflicts and associated mitigation strategies are unable to add a declaration, review and update details or refer to a new supervisor in relation to staff movement within the Directorate. For example, a high risk ongoing conflict of interest was identified by an employee in the Parks and Conservations team and a separate risk register and action plan document was set up to manage the strategies as the central COI register was not accessible and did not facilitate ongoing management
2. There is no control mechanism to ensure that all declarations identified and documented on the form will be assessed, approved and forwarded to People and Capability for entry onto the register.
3. The system, process and, workflows for recording, assessing and developing strategies and associated approvals rely on manual documentation, in person conversations, and email transmission which by their nature have resulted in delays in submission of forms to be registered, or declarations not being submitted for registering at all. Two examples were provided of staff declarations which were not provided to People and Capability (P&C), and one example where submission to P&C was delayed by management due to lack of progression in the assessment and development of the strategy.
4. In relation to business activities involving management of public land (nature reserves, parks, forestry etc), the manager advised that there are significant opportunities for COI to arise and that there are frequent conversations with staff which are not currently recorded for future reference or follow up. There is no Directorate procedure or mechanism for recording and monitoring these issues at a local level. Other managers advised that they had similarly open and informal discussions with staff which were not recorded and where it may not be efficient to do so
5. 45% of survey respondents who identified a conflict of interest did not use the form to declare it which raises the question of whether the declarations were registered and managed adequately or in accordance with the Directorate's process and requirements.

Implications

The central register:

- Does not record all existing conflicts of interest.
- Does not record key data required to facilitate monitoring and reporting on Directorate wide conflicts.
- Is not accessible to relevant stakeholders to adequately manage conflicts.

Agreed Management Action

Agreed Management Action	Responsible Officer/ Title	Date to Complete
<p>Management will:</p> <p>2.4.1 Enhance the register by expanding the minimum recorded data set to include:</p> <ul style="list-style-type: none"> • Position titles of declaring officers and managers responsible for approving and monitoring mitigation strategies • The applicable section, division, or branch of the Directorate 	EBM GCL and EBM P&C	30 November 2021

Agreed Management Action	Responsible Officer/ Title	Date to Complete
<ul style="list-style-type: none"> • The category of conflict • The timeframe/due date for review of the conflict, risks and associated mitigation strategy. <p>2.4.2 Consider options for establishing a live electronic register to be maintained by the governance team which accommodates:</p> <ul style="list-style-type: none"> • Automated workflow of the declaration, risk assessment, development & approval of the mitigation strategy/action, and timeframes for review • Granting of appropriate access to monitor • Refer responsibilities for monitoring ongoing conflicts of interest to new supervisors when staff move roles within the Directorate. <p>2.4.3 Issue a reminder to all staff on the importance of making appropriate records of consideration of situations and issues related to conflicts of interest, for monitoring and follow up at a local level.</p> <p>2.4.4 Subsequent to implementation of enhancements to the register for accessibility and functionality, document the process and incorporate into procedural guidance and training recommended at 2.1.1.</p>		

2.5 Application of risk assessment matrix

FINDING CATEGORY	Performance Improvement	FINDING RATING	Medium
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Observation

The existing process and form for identifying and evaluating conflicts of interest, does not provide direction for officers to consistently apply the ACT government ERM risk assessment matrix or reinforce that accurate risk assessment is an integral element of developing a suitable strategy for mitigating the risks associated with identified COIs.

The review of 15 declarations registered during 2020 identified that:

- The form provides for officers making the declaration to identify a risk rating category from low to high, however there are no instructions, prompts or provision for explanation of the methodology or reasons to support the rating.
- Four of the declarations did not include a risk rating, which would have a flow on effect to the range of strategies considered necessary or appropriate to mitigate the risk associated with the conflict of interest. i.e., if there is no risk rating, has the specific risk been identified.
- For seven of ten declarations where a risk assessment was provided, we and/or the responsible manager consider that the risks associated with the conflict of interest had been underestimated by the officer involved.
- One example declared and managed by the Statutory Planning division, illustrates appropriate application of the ACT government risk matrix and risk management framework for a high-risk ongoing conflict of interest. Evidence was provided of a full risk assessment including a schedule of controls to address key risks and a customised risk register developed by People & Capability officers to assist management with day to day management of the matter.

Given that the Directorate has a high degree of interaction with the community, and that at least part of the organisation is a statutory planning authority the appetite for COI risk is very low (close to zero) therefore having an accurate assessment of risk is vital to developing adequate mitigation strategies.

Related issues of procedural guidance (at section 2.1) and lack of accessibility to the register to manage conflicts (at section 2.4) provide further detail and context.

Implications

The risk associated with conflicts of interest is not consistently or accurately identified and evaluated to allow the design of an appropriate mitigation strategy which is aligned to the risk.

Agreed Management Action

Agreed Management Action	Responsible Officer/ Title	Date to Complete
Management will: 2.5.1 Include provisions in the conflict-of-interest procedural guidance and training and awareness activities to ensure that a risk assessment is performed against the ACT government ERM risk matrix and is recorded on the declaration form to be reviewed and confirmed with the approving manager.	EBM - GCL	30 November 2021

2.6 Monitoring and reporting

FINDING CATEGORY	Performance Improvement	FINDING RATING	Medium
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Observation

Use of the COI register is limited to recording data from the declaration form, and does not extend to review or analysis of Directorate wide data by the custodians in relation to:

- Monitoring compliance with requirements.
- Reviewing consistency and adequacy of risk rating and actions to mitigate the risks.
- Analysing information for trends or issues.
- Providing sufficient information to assist in an audit or investigation.

As outlined at section 2.4, issues with the:

- inadequacy of the data set contained in the register,
- restrictions of the system in terms of functionality and accessibility,

limit the capacity of both the custodians and responsible managers to monitor or report using the central register. No managers interviews identified any alternate mechanisms for monitoring and reporting on COIs in their areas of business.

In relation to conflicts of interest associated with EPI declarations, it is not clear whether these COIs have previously been included in the general conflict of interest register as the executive officers submitted the declarations directly to Shared Services HR. However, the separate register of these matters should be enhanced to align with the format and data set recommended for the general register to facilitate overall or separate reporting of the matters identified above.

Recommended improvements to the register to facilitate future monitoring and reporting are outlined in section 2.4.

Implications

There is limited capacity to utilise the register as a source of meaningful information for monitoring and review of conflicts on an individual or collective basis for managing ongoing conflicts, identifying trends for training purposes, or assisting in audit or investigation activities.

Agreed Management Action

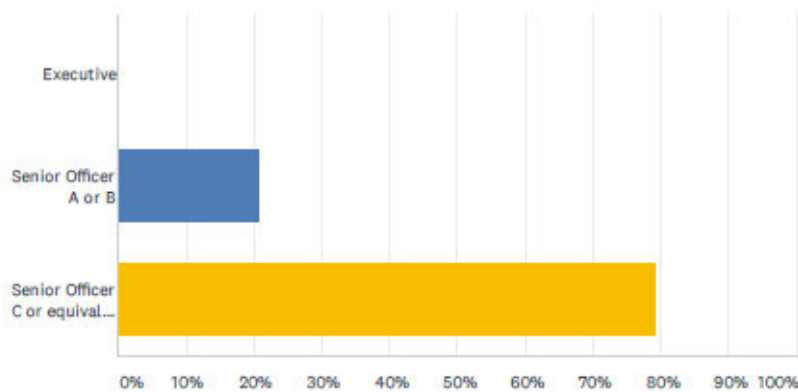
Agreed Management Action	Responsible Officer/ Title	Date to Complete
<p>2.6.1 Management will establish responsibilities and a central process for periodic review and analysis of the conflicts of interest register (and EPI register as necessary) to monitor for:</p> <ul style="list-style-type: none"> i. Compliance ii. Identifying trends, issues and opportunities for improvement to the framework for managing COI iii. provide lessons learned and example scenarios for inclusion in training and education activities. 	EBM GCL and EBM P&C	30 November 2021

Appendix A: Report on Survey Responses

Conflict of Interest Survey

Q1 What is your position level at the Directorate?

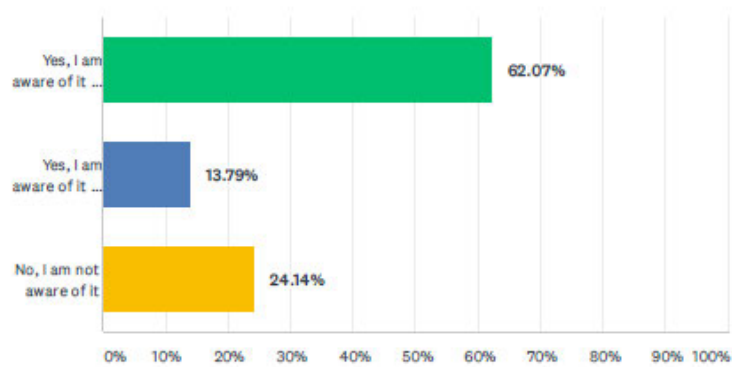
Answered: 29 Skipped: 0



ANSWER CHOICES	RESPONSES
Executive	0.00% 0
Senior Officer A or B	20.69% 6
Senior Officer C or equivalent or below	79.31% 23
TOTAL	29

Q2 Are you aware that the Directorate has a Conflicts of Interest Fact Sheet?

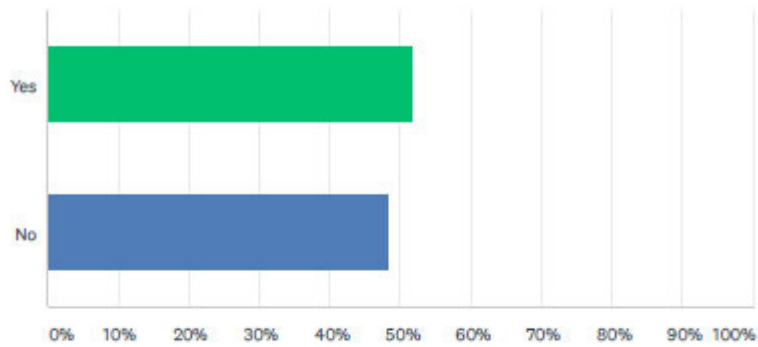
Answered: 29 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes, I am aware of it and I understand it	62.07%	18
Yes, I am aware of it but do not understand it completely	13.79%	4
No, I am not aware of it	24.14%	7
TOTAL		29

Q3 Are you aware of how to access the Conflicts of Interest Fact Sheet?

Answered: 29 Skipped: 0

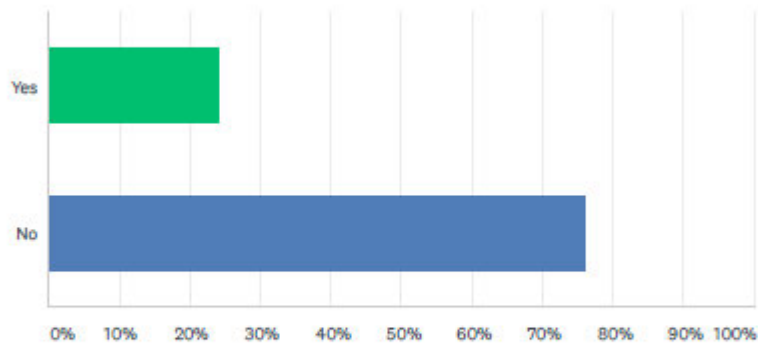


ANSWER CHOICES	RESPONSES	
Yes	51.72%	15
No	48.28%	14
TOTAL		29

#	PLEASE SPECIFY:	DATE
1	Can be accessed directly on the EPSDD Intranet or through a link on the New Starters Manager's Checklist	2/15/2021 2:10 PM
2	Intranet	2/12/2021 8:18 AM
3	Intranet page	2/11/2021 4:22 PM
4	Through the intranet or failing that ask someone in Corporate area	2/10/2021 9:40 PM
5	It is on the Intranet. Also, in the DA area where my substantive position is, there is a Work Instruction document on how to deal with conflict of interest.	2/10/2021 4:50 PM
6	Only the conflict of interest form not the fact sheet	2/10/2021 2:17 PM
7	But if I was worried or wanted to know more I would ask Finance	2/10/2021 2:08 PM
8	Shared services directory	2/10/2021 12:54 PM
9	through sharepoint	2/10/2021 12:31 PM
10	intranet	2/10/2021 12:16 PM
11	On the Intranet	2/10/2021 12:02 PM

Q4 Have you needed to access the Conflicts of Interest Fact Sheet on the Intranet in the last 12 months?

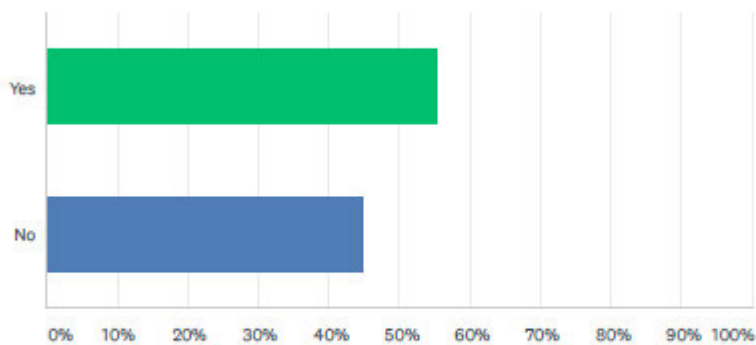
Answered: 29 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	24.14%	7
No	75.86%	22
TOTAL		29

Q5 At the time you joined the Directorate, were you provided any training on identifying, reporting and/or managing Conflicts of Interest?

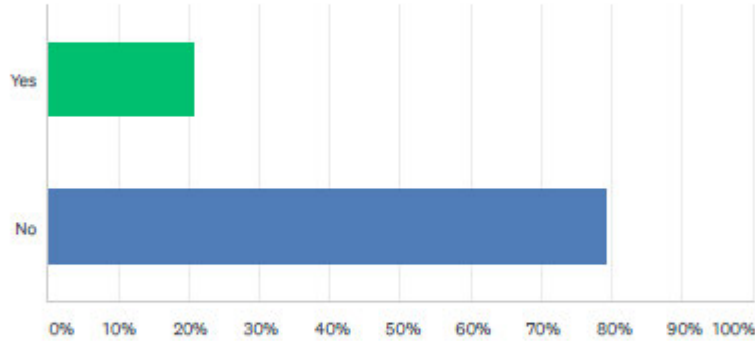
Answered: 29 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	55.17%	16
No	44.83%	13
TOTAL		29

Q6 Have you been provided any further/refresher training on identifying, reporting and/or managing Conflicts of Interest in the last 12 to 24 months?

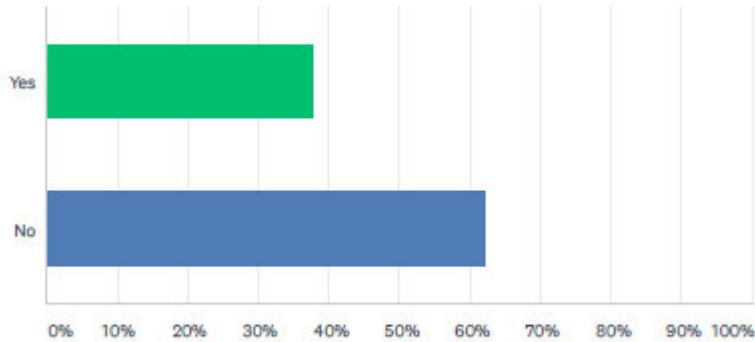
Answered: 29 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	20.69%	6
No	79.31%	23
TOTAL		29

Q7 Have you ever identified or declared a perceived, potential or real Conflict of Interest between your personal interests and your official duties with the EPSDD?

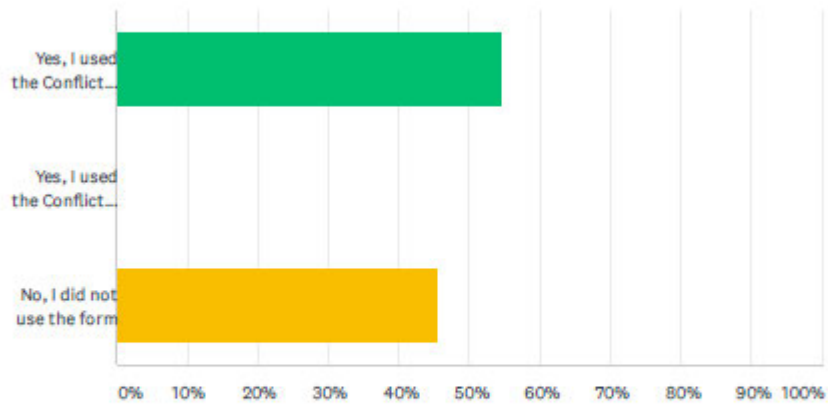
Answered: 29 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	37.93%	11
No	62.07%	18
TOTAL		29

Q8 If yes to question 7, Did you use the relevant form to declare the Conflict of Interest?

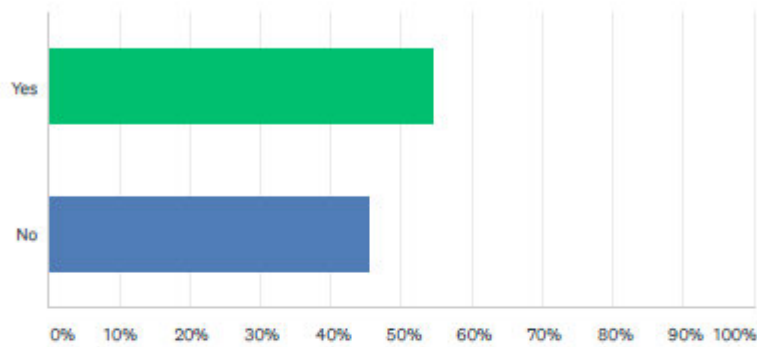
Answered: 11 Skipped: 18



ANSWER CHOICES	RESPONSES	
Yes, I used the Conflict of Interest Declaration form	54.55%	6
Yes, I used the Conflict of Interest Disclosure (Land Purchase) form	0.00%	0
No, I did not use the form	45.45%	5
TOTAL		11

Q9 If yes to question 7, Was a mitigation strategy, developed, approved and monitored?

Answered: 11 Skipped: 18

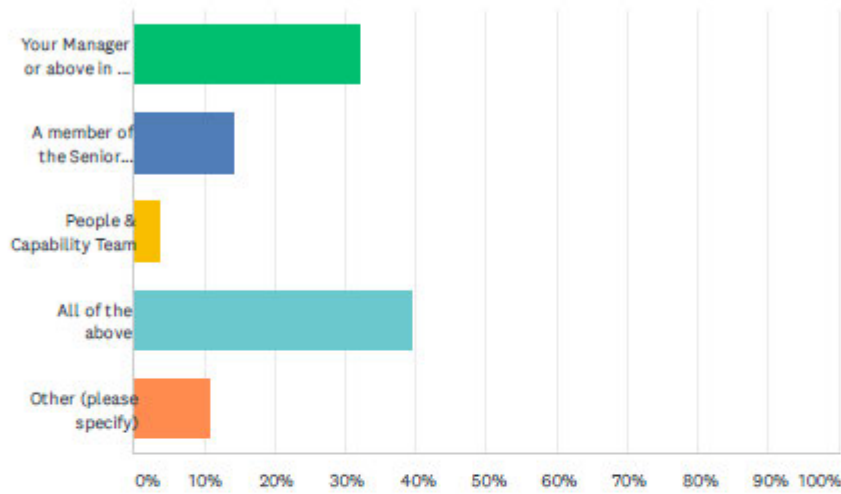


ANSWER CHOICES	RESPONSES	
Yes	54.55%	6
No	45.45%	5
TOTAL		11

#	PLEASE DESCRIBE:	DATE
1	To show I advised I was assessing an application made by a previous employer, but from a different state, and it was decided that this did not meet the standard of COI	2/15/2021 2:14 PM
2	To show During a recruitment process	2/12/2021 8:18 AM
3	To show I described my concerns to my then manager in Planning Delivery, who advised that the matter did not create a conflict.	2/10/2021 6:21 PM
4	To show In the DA area, where my substantive position is, a mitigation strategy exists. I have always fulfilled my part of the strategy, rest of it is for my manager and HR to implement. I am not responsible for following up on that.	2/10/2021 4:51 PM
5	To show I was advised by my manager what was perceived as the specifics of my potential COI and told to report if / when it occurred	2/10/2021 12:32 PM

Q10 Who is responsible for approving any Conflict of Interest declared and related management strategy in your division?

Answered: 28 Skipped: 1

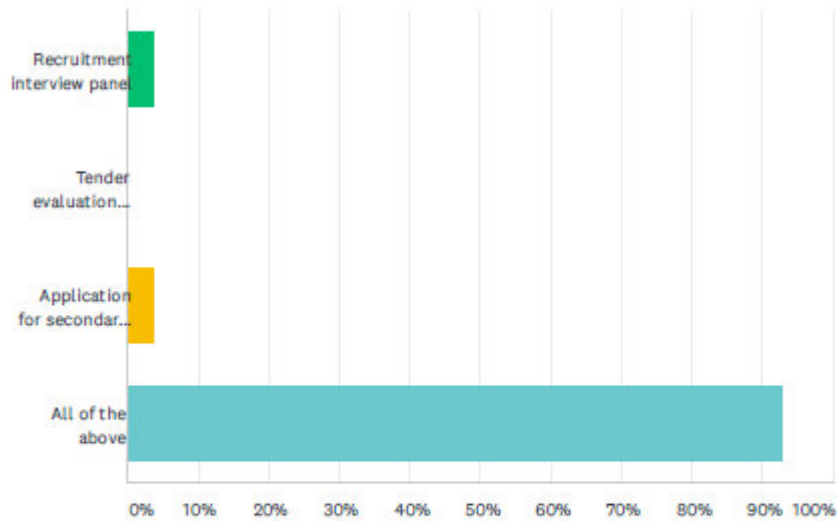


ANSWER CHOICES	RESPONSES	
Your Manager or above in the division	32.14%	9
A member of the Senior Executive	14.29%	4
People & Capability Team	3.57%	1
All of the above	39.29%	11
Other (please specify)	10.71%	3
TOTAL		28

#	OTHER (PLEASE SPECIFY)	DATE
1	Trick question. A member of the senior executive is responsible but would take advice from the Manager and People and Capability.	2/10/2021 9:47 PM
2	don't know - assume senior manager (SOGA)	2/10/2021 12:45 PM
3	I'm unsure who is responsible for approving	2/10/2021 12:19 PM

Q11 Which (if any) of the following processes require participants to: make a declaration of conflict of interest, including statement of nil conflict?

Answered: 28 Skipped: 1

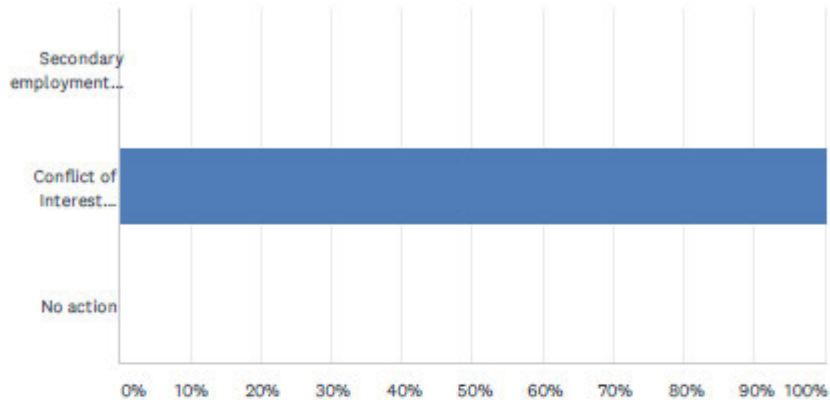


ANSWER CHOICES	RESPONSES
Recruitment interview panel	3.57% 1
Tender evaluation committee	0.00% 0
Application for secondary employment	3.57% 1
All of the above	92.86% 26
TOTAL	28

#	OTHER COMMENTS:	DATE
1	Item 3 only if it could relate to or interfere with work responsibilities	2/10/2021 9:47 PM

Q12 You are on the procurement panel for a tender evaluation for which your friend's wife is the owner/director of the company bidding to provide services to the Directorate. What would be the appropriate action?

Answered: 28 Skipped: 1

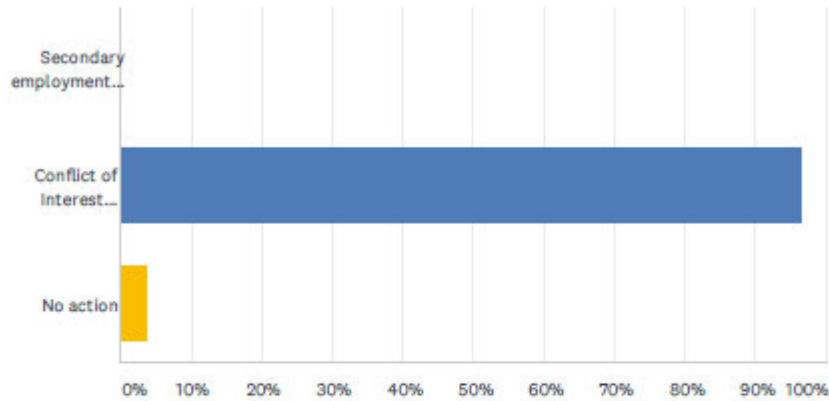


ANSWER CHOICES	RESPONSES
Secondary employment declaration	0.00% 0
Conflict of Interest declaration	100.00% 28
No action	0.00% 0
TOTAL	28

#	PLEASE SPECIFY ANY MANAGEMENT STRATEGIES WHICH ARE REQUIRED IN THIS SITUATION:	DATE
1	Perceived conflict which would be managed by having several panel members and you're not the decision delegate. If it cant be managed, withdraw from the tender panel.	2/15/2021 2:15 PM
2	Declare the possible conflict to other members on the panel or exclude yourself from the panel	2/10/2021 9:47 PM
3	Removing myself from the panel.	2/10/2021 6:26 PM
4	Should follow the conflict of interest management strategy as set by the Directorate for this type of situation.	2/10/2021 4:53 PM
5	Stand down from participating in the decision making, or request the selection criteria are 'de-identified'	2/10/2021 2:16 PM
6	Exclusion from deliberation (voting) on that candidate and probable exclusion from the panel	2/10/2021 1:38 PM
7	Declare a potential conflict. Management would likely excuse me from the panel	2/10/2021 12:36 PM
8	Formal declaration	2/10/2021 12:23 PM

Q13 You are on the assessment panel for recruitment of a candidate who happens to be an ex workmate's daughter. What would be the appropriate action?

Answered: 28 Skipped: 1

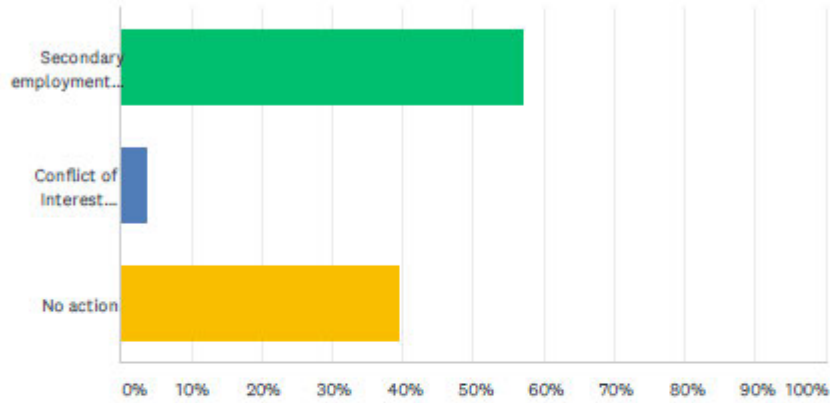


ANSWER CHOICES	RESPONSES	
Secondary employment declaration	0.00%	0
Conflict of Interest declaration	96.43%	27
No action	3.57%	1
TOTAL		28

#	PLEASE SPECIFY ANY MANAGEMENT STRATEGIES WHICH ARE REQUIRED IN THIS SITUATION:	DATE
1	Potentially perceived conflict - Canberra is a small town. Declare. There are usually multiple panel members, you are not the chair or delegate that is making the recruitment recommendation. If it can't be managed, withdraw from the panel.	2/15/2021 2:15 PM
2	Remove yourself from the panel. This example seems a minor conflict if at all.	2/10/2021 9:47 PM
3	Unsure - I would discuss it with my manager - there might not be an actual conflict of interest depending on the relationship with the ex-workmate	2/10/2021 6:26 PM
4	My ex-workmate's daughter is different to a friend's daughter. Unless my ex-workmate is also a friend, no action is required.	2/10/2021 4:53 PM
5	Discuss with the panel the perceived/potential conflict	2/10/2021 2:16 PM
6	Depending on the relationship with the ex-workmate possible exclusion from voting on the candidate	2/10/2021 1:38 PM
7	Declare potential conflict, report extent of relationship with ex-workmate. Likely no action.	2/10/2021 12:36 PM

Q14 You volunteer occasionally for another organisation, however that organisation does not have any dealings with the Directorate. What would be the appropriate action?

Answered: 28 Skipped: 1

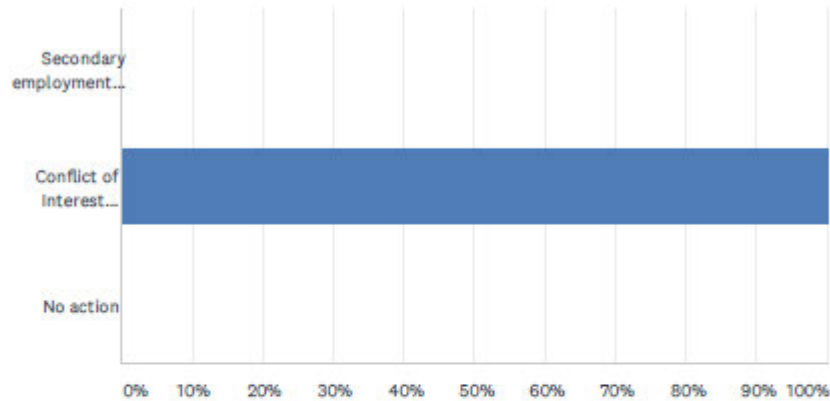


ANSWER CHOICES	RESPONSES	
Secondary employment declaration	57.14%	16
Conflict of Interest declaration	3.57%	1
No action	39.29%	11
TOTAL		28

#	PLEASE SPECIFY ANY MANAGEMENT STRATEGIES WHICH ARE REQUIRED IN THIS SITUATION:	DATE
1	All secondary employment (paid or unpaid) should be declared. Secondary employment declarations is not only about perceived reputational/contractual risk, its also there to ensure WHS and Wellbeing.	2/15/2021 2:15 PM
2	I would ensure that my manager was aware of the activity, in case any circumstances changed which led to a conflict of interest.	2/10/2021 6:26 PM
3	No management strategy required as there is no conflict of interest.	2/10/2021 4:53 PM

Q15 You are on an evaluation panel for an environmental grant to be awarded to community organisations. An organisation you are a member of has applied for the grant. What would be the appropriate action?

Answered: 28 Skipped: 1



ANSWER CHOICES	RESPONSES
Secondary employment declaration	0.00% 0
Conflict of Interest declaration	100.00% 28
No action	0.00% 0
TOTAL	28

#	PLEASE SPECIFY ANY MANAGEMENT STRATEGIES WHICH ARE REQUIRED IN THIS SITUATION:	DATE
1	Removing myself from the panel. Not having any direct contact with the workings of the panel. Not discussing the matter with anyone on the panel.	2/10/2021 6:26 PM
2	Follow the management strategy set by the Directorate for this type of situation.	2/10/2021 4:53 PM
3	Remove yourself from the discussions and decisions made regarding your grant	2/10/2021 2:16 PM
4	State and manage any conflict of interest through exculsion of deliberation for that applicant	2/10/2021 1:38 PM
5	Declare potential conflict, excuse myself from the panel	2/10/2021 12:36 PM

Appendix B: Terms of Reference

Objectives and Scope

The table below outlines the audit objectives and related risks.

Audit Objectives	Related Risks
Governance structures supporting conflict of interest management are adequate, effective, economic, and efficient.	<ul style="list-style-type: none"> • Responsibility structures (including delegations) are not adequately defined, communicated, or understood. • The COI Management framework is not aligned with relevant legislation and government policy. • The COI Management framework is not aligned with the organisational structure. • The risk associated with conflicts of interest is not identified or evaluated.
Appropriate processes exist to manage, monitor, and report conflicts of interest.	<ul style="list-style-type: none"> • Processes are not in place to report, assess and manage conflicts of interest. • Conflicts of interest are not declared and managed. • Conflicts of interest and related management strategies are not recorded. • Conflicts of interest and related management strategies are not approved. • EPSDD is not adequately protected from negative publicity or adverse reputational issues caused by undisclosed or unmanaged conflicts of interests. • COI declarations are not a mandatory component of any key decision-making process, including procurement and recruitment exercises. • COI monitoring and reporting processes are not effective.
Staff are aware of their responsibilities regarding conflicts of interest	<ul style="list-style-type: none"> • Conflicts or changes in the personal circumstances of staff are not declared at regular intervals (including as part of performance discussions or when they change roles) • Staff are unaware of what, when, and how to declare COI and where to go for advice and support, • Training and/or awareness programs in relation to conflicts of interest are not provided to staff. • Training and/or awareness programs are not adequate or effective.

Appendix C: Personnel who assisted the review

We wish to take this opportunity to thank EPSDD as well as the following personnel for their co-operation and assistance during the course of our review:

	Name	Designation
1.	Jamie Elton	Executive Business Manager, People & Capability
2.	Myfanwy Greenwood	Senior Director People & Capability
3.	Rory Martin	Senior Director Culture & Capability
4.	Yvette Polonyi	Assistant Director, Audit Risk and Assurance
5.	Ellyse Sharp	Learning & Development Support Officer
6.	George Cilliers	Executive Business Manager, Development Assessments
7.	James Bennett	
8.	Daniel Iglesias	Executive Business Manager, Parks & Conservation Services
9.	Lea Durie	Executive Business Manager, Development & Implementation
10.	Ros Malouf	Senior Director Climate Change & Energy Policy
11.	Stuart Jeffress	Senior Director Projects and Capital Works
12.	Jeffrey Brown	Surveyor General
13.	Bethel Sendaba	Executive Business Manager, Building Reform
14.	Rosie Cooney	Senior Director, Conservation Research and Evaluation
15.	Thao Le	Chief Financial Officer
16.	Toby Pearson	Assistant Director, Household Programs (related to procurement/tender documentation)

Appendix D: Key Documentation Reviewed

Document Details	Date
EPSDD Organisation Structure	February 2021
EPSDD-HR-Delegations	
Integrated Governance - Risk and Assurance Framework - FINAL	13 October 2020
Integrity-Policy	
Conflict of Interest Fact Sheet	
Conflict of Interest Policy_ - Close Personal Relationships	
Elected-body-conflicts-of-interest-policy	
List of all Staff with New starters identified	5 February 2021
Application for Work Outside Service Form	
COI Undertaking & Deed of Confidentiality	
Conflict of Interest Declaration Form	
Executive Conflict of Interest Disclosure	
Director-General Financial Instruction Procurement of Goods and Services Policy	
Gift Register Notification Form	
Gifts-Benefits-Hospitality-Policy	
List of EPSDD Major Contracts executed in 2020	
Information and references on new Integrity framework being developed	
Practice Note 5 - Probity in procurement	
Purchase of Land Conflict of Interest Disclosure Form (A21201196)	
Quotation-Evaluation-Team-Responsibilities	
Conflict of interest register and declaration forms for 2020	
Executive personal interest and conflict of interest declarations and register	February 2021
Information on relevant complaints related to conflicts of interest	
EMB Agendas and Minutes	
Induction training attendance documentation for sample new starters and access to content of e-learning training programs	
Tender evaluation and associated COI documentation for a sample of climate change and energy major and minor contracts/procurement	12 March 2021

Appendix E: EPSDD Risk Ratings



		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Assets	Loss or destruction of assets up to \$2,000	Loss or destruction of assets \$2,000 to \$10,000	Loss or destruction of assets \$10,000 to \$100,000	Loss or destruction of assets \$100,000 to \$5M	Loss or destruction of assets greater than \$5M	
Compliance/regulation	Non-compliance with work policy and standard operating procedures which are not legislated or regulated	Numerous instances of non-compliance with work policy and standard operating procedures which are not legislated or regulated	Non-compliance with work policy and standard operating procedures which require self reporting to the appropriate regulator and immediate rectification.	Restriction of business operations by regulator due to non-compliance with relevant guidelines and / or significant non-compliance with policy and procedures which threaten business delivery.	Operations shut down by regulator for failing to comply with relevant guidelines and / or significant non-compliance with internal procedures could result in failure to provide business outcomes and service delivery.	
People	Injuries or ailments not requiring medical treatment	Minor injury or First Aid Treatment Case	Serious injury causing hospitalisation or multiple medical treatment cases.	Life threatening injury or multiple serious injuries causing hospitalisation.	Death or multiple life threatening injuries.	
Environment	Limited effect to something of low significance	Transient, minor effects	Moderate, short-term environmental harm	Significant, medium-term environmental harm	Long term environmental harm	
Financial	1% of Budget or <\$5K	2.5% of Budget or <\$50K	> 5% of Budget or <\$500K	> 10% of Budget or <\$5M	>25% of Budget or >\$5M	
Products and Services	No disruption to services	Minor disruption to services for up to 1 month	Total cessation of service for up to 1 to 2 months	Total cessation of service for up to 2 to 3 months	Total cessation of service for more than 1 week and disruption over subsequent months involving a major facility	
Technology	Interruption to electronic records and data access less than ½ day.	Interruption to electronic records and data access ½ to 1 day	Significant interruption (but not permanent loss) to data and electronic records access, lasting 1 day to 1 week	Complete, permanent loss of some electronic records and/or data, or loss of access for more than one week	Complete, permanent loss of all electronic records and data	
Reputation & Image	Internal Review	Scrutiny required by internal committees or internal audit to prevent escalation.	Scrutiny required by external committees or ACT Auditor General's Office, or inquest, etc.	Intense public, political and media scrutiny. E.g. front page headlines, TV, etc.	Assembly inquiry or Commission of inquiry or adverse national media.	
Cultural & Heritage	Low-level repairable damage to commonplace structures	Mostly repairable damage	Permanent damage to items of cultural significance	Significant damage to structures or items of cultural significance	Irreparable damage to highly valued items of cultural significance	
Business Process & Systems	Minor errors in systems or processes requiring corrective action, or minor delay without impact on overall schedule.	Policy/procedural rule occasionally not met or services do not fully meet needs.	One or more key accountability requirements not met. Inconvenient but not client welfare threatening.	Strategies not consistent with Government's agenda. Trends show service is degraded.	Critical system failure, bad policy advice or ongoing non-compliance. Business severely affected.	

Likelihood	Frequency		Matrix	Risk Rating				
	Is expected to occur in most circumstances	>1 in 10		1	2	3	4	5
Almost Certain	Is expected to occur in most circumstances	>1 in 10	5	Medium	High	High	Extreme	Extreme
Likely	Will probably occur	1 in 10 - 100	4	Medium	Medium	High	High	Extreme
Possible	Might occur at some time in the future	1 in 100 - 1,000	3	Low	Medium	Medium	High	Extreme
Unlikely	Could occur but doubtful	1 in 1,000 - 10,000	2	Low	Medium	Medium	High	High *
Rare	May occur but only in exceptional circumstances	1 in 10,000 - 100,000	1	Low	Low	Medium	Medium	High *

Priority for Attention / Action		
Priority	Suggested Timing of Treatment	Authority for continued tolerance of risk
Extreme	Short term – normally within one month * Detailed action plan required	Director- General
High	Medium term – normally within three months Needs senior management attention	Senior Executive
Medium	Normally within 1 year Specify management responsibility	Managers
Low	Ongoing control as part of a management system Manage by routine procedures	All staff

Risk Control Effectiveness	
Control Effectiveness	Guide
Adequate	Nothing more to be done except review and monitor the existing controls. Controls are well designed for the risk, are largely preventative and address the root causes and Management believes that they are effective and reliable at all times. Reactive controls only support preventative controls.
Room for Improvement	Most controls are designed correctly and are in place and effective however there are some controls that are either not correctly designed or are not very effective. There may be an over-reliance on reactive controls. Some more work to be done to improve operating effectiveness or Management has doubts about operational effectiveness and reliability.
Inadequate	Significant control gaps or no credible control. Either controls do not treat root causes or they do not operate at all effectively. Controls, if they exist are just reactive. Management has no confidence that any degree of control is being achieved due to poor control design and/or very limited operational effectiveness.

Appendix F: Inherent Limitations & Restrictions on Use

This Internal Audit has been completed in accordance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (the IIA Standards).

The matters raised in our report came to our attention as a result of testing performed during the course of our internal audit. Testing is conducted on a sample basis, over a specific period of time, and our report therefore provides assurance regarding the operating effectiveness of the actual controls tested. The possibility therefore exists that our report may not include all weaknesses that exist to improvements that may be made where these relate to controls not tested as part of this internal audit.

Our internal audit is not a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities. Management should therefore not rely solely on our report to identify all weaknesses that may exist.

Our comments should be read in the context of the scope of our work as detailed in the terms of reference. Where possible, management representations are independently verified, though some findings in this report may have been prepared on the basis of management representations which have not been independently tested.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented. This report has been prepared solely for the use of management and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.