



Corruption risks when working with external consultants

Guidance material

This guidance material examines corruption risks when public sector employees (including those in the Victorian Public Service or local government) work alongside external consultancies who provide policy advice.

Consulting firms have become more widely used within the public service in recent years. Consultants present unique risks in terms of the influence they can exert on the public service and decision-making processes. However, when engaged appropriately, consultants can bring valuable expertise and innovative solutions that enhance the effectiveness of public sector projects.

This guidance material outlines specific risks that can arise when working with external consultants and how public sector employees can guard against them. See the 'useful resources' section at the end of this sheet for information about risks associated with procurement practices more broadly.

What is the risk?

Consultants are often subject matter experts brought in to address specific challenges the public sector is facing. Their expertise can provide fresh perspectives and innovative solutions that enhance the effectiveness of public sector initiatives.

The consultant's role inherently grants them access to sensitive insights and information. Typically engaged by senior leaders, consultants carry with them a degree of authority linked to these leaders.

They operate on a project or time-and-materials basis, meaning that, unlike ongoing public sector employees, their compensation typically increases with more time spent on a project. Their engagement often includes collaboration with public sector teams, which can improve overall project outcomes, but also creates potential vulnerabilities if not managed properly.

Public sector employees must remain vigilant about the commercial interests of consultants, which may motivate their advice and actions. Key risks when working with consultants that can harm the reliability and transparency of government decision-making have been identified below.

- Consulting firms' incentives differ to the public sector. They are motivated by commercial interests that may not align with public sector aims, public benefit or value-for-money. Their advice should be considered with this in mind.
- Consulting firms may not always disclose conflicts of interest due to financial incentives, competitive pressures or a lack of oversight.
- Consulting firms may seek to glean information and intellectual property from public sector employees outside the remit of their specific contract(s). This could include information about upcoming policy decisions that may not be public, which could be used to help them win future contracts.
- Consulting firms may deliberately manipulate or mislead the public sector on results and findings presented in their work, to appear more favourable and sustain positive relationships with decision makers.
- Consulting firms may not be transparent about the hours they have worked on contracts and commit fraud by incorrectly invoicing the public service.

What does good practice look like?

When working with external consultants, public sector employees should:

- Only provide information to consultants that is needed for the purposes stated in the contract and is authorised to be shared.
- Ensure records are kept when providing information to consultants, including what was shared, when and with whom.
- Validate and scrutinise all findings and results provided by consultants to ensure they are accurate, complete, can be benchmarked against existing results, and support any analysis or conclusions reached.
- Be aware of how commercial interests might influence consultants when working with consulting firms and considering their advice.

By following best practices, public sector employees can reduce corruption risks associated with working with consultants and maintain their commitment to integrity and transparency in public sector work.





Useful resources

IBAC

- Conflicts of interest: myths, misconceptions and management
<https://www.ibac.vic.gov.au/publications-and-resources/article/information-sheet-conflicts-of-interest-myths-misconceptions-and-management>
- Managing corruption risks associated with conflicts of interest in the Victorian public sector
<https://www.ibac.vic.gov.au/publications-and-resources/article/managing-corruption-risks-associated-with-conflicts-of-interest-in-the-victorian-public-sector>
- The red flags of corruption: procurement
<https://www.ibac.vic.gov.au/publications-and-resources/article/red-flags-of-corruption-procurement>
- Preventing corruption in procurement
<https://www.ibac.vic.gov.au/preventing-corruption-procurement>
- Know the warning signs of corruption in procurement
<https://www.ibac.vic.gov.au/know-warning-signs-corruption-procurement>

Victorian Public Sector Commission

- Conflict of Interest guidance for organisations
<https://vpssc.vic.gov.au/ethics-behaviours-culture/conflict-of-interest/conflict-of-interest-guidance-for-organisations/>

This product was prepared based on findings from desktop research and stakeholder consultations from IBAC's 2024 Public Sector Strategic Assessment. All information contained in this document should not be considered as evidence for, or accusations of, corruption.

If you experience or suspect public sector corruption, report it to IBAC



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