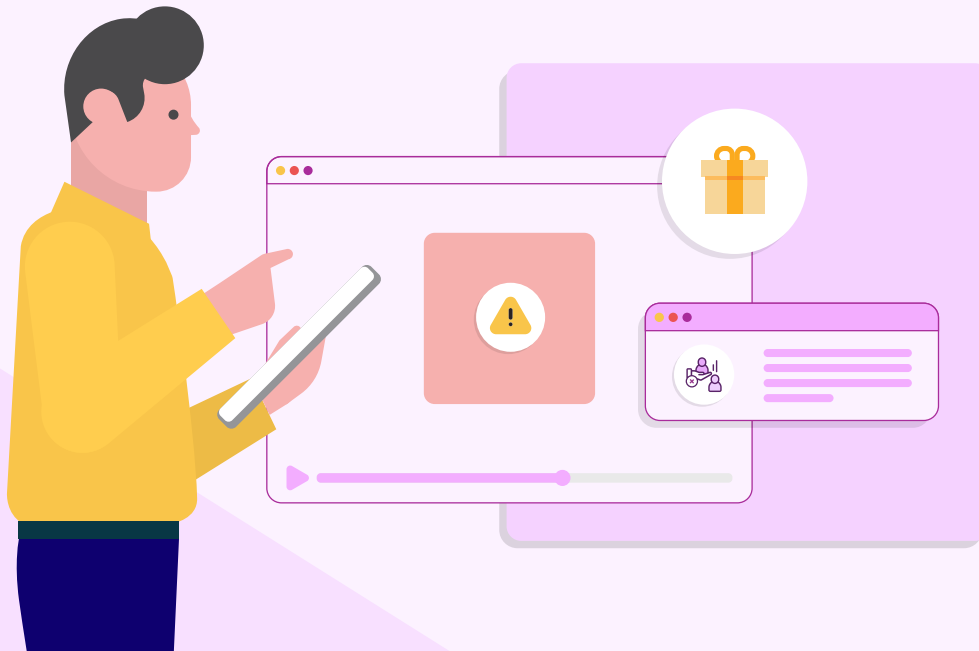




Misuse of equipment and favouritism in procurement

Guidance material – integrity scenario

This guidance material presents an ‘integrity scenario’ which is intended to assist in public sector training regarding integrity risks, exploring the misuse of equipment and the risks of accepting gifts and benefits. It follows a procurement specialist who misuses equipment from a vendor and gets involved in more serious corruption over time. The scenario emphasises the need for clear rules and close oversight in purchasing with public money to prevent unethical behaviour and maintain public trust.

The situation

A public health service in Victoria initiated a project to upgrade its medical equipment to improve patient care and electronic health records management. The procurement of high-quality tablet computers was a critical part of this project. The role of the procurement specialist was to evaluate different vendors’ products to ensure the best equipment was chosen.

In the evaluation phase, the procurement specialist received a tablet configured for medical use and provided for evaluation purposes from a vendor. The tablet was intended solely for assessing its suitability for hospital use.

However, the procurement specialist took the tablet home and used it for personal activities like streaming movies and browsing the internet. The misuse of equipment ignored existing ethical guidelines and blurred the lines between personal and professional conduct.

How did the misconduct start?

The tablet’s misuse was the start of further unethical behaviour. Over time, the procurement specialist accepted small gifts from multiple vendors, such as gift cards and free lunches. Initially viewed as minor perks, these gifts soon influenced the procurement specialist’s decisions, leading to favouritism towards vendors who provided personal benefits.



How did it escalate?

As the procurement process continued, the procurement specialist started to favour bids from these vendors, even when other offers were more suitable or cost-effective. The procurement specialist's bias affected the process, leading to the choice of equipment that was not fit-for-purpose.

The organisational culture and policies at the health service played a crucial role in enabling the procurement specialist's misconduct. There were no clear rules about accepting gifts from vendors or using equipment provided for testing, for personal use. This lack of clarity created a situation where misconduct could turn into bigger problems without being noticed or stopped right away.

In addition, the health service lacked effective oversight mechanisms. Audits and reviews of procurement activities were infrequent due to skill shortages and did not identify the procurement specialist's unethical behaviour early on.

The situation escalated when the procurement specialist awarded a major contract to a vendor following significant personal inducements. An internal audit, triggered by staff concerns, revealed that the selected tablets were overpriced and unsuitable for medical use.

Further investigations confirmed a pattern of the procurement specialist favouring vendors offering personal benefits, leading to other purchases of substandard and overpriced equipment. This resulted in financial losses for the health service, a decline in staff efficiency and ultimately affected patient care. The findings were leaked to the media, which reported on the overpriced and unsuitable equipment.

This media exposure led to a loss of confidence in the health service's ability to manage public funds responsibly, and a perception of disinterest in quality patient care.

The procurement specialist was dismissed, and the health service faced significant reputational damage and was forced to implement extensive procurement reforms.

Lessons learned

- Create clear policies for vendor interactions including guidelines on how staff should engage with vendors, rules for accepting gifts and using vendor-provided equipment.
- Promote openness in procurement decisions by sharing evaluation criteria, selection processes, and reasons for choosing vendors with stakeholders.
- Implement processes to ensure that procurement evaluations and decisions involve multiple staff to avoid concentration of power.
- Provide regular training on ethical behaviour and procurement rules tailored to procurement roles. Use fictionalised examples like those in this integrity scenario to reinforce ethical decision-making.
- Increase oversight with regular checks and reviews of procurement activities to ensure compliance with ethical standards, like proper use of vendor-provided resources.
- Encourage employees to report suspected ethical breaches promptly.
- Apply clear consequences for breaking ethical rules, including disciplinary actions, such as termination of employment for serious cases of misconduct.

This product was prepared based on findings from research and stakeholder consultations from IBAC's 2024 Public Sector Strategic Assessment. It is representative and created for educational purposes only. Any resemblance to real persons, organisations, or incidents is purely coincidental.

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