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# Personnel security: Due diligence over Public Service employees

**Tabled 21 May 2020**



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This audit looked at whether the fraud and corruption controls over personnel security are well-designed and operating as intended.

We examined recruitment practices for employees, contractors and consultants in the Victorian Public Service, or VPS.

We focused on the screening policies and procedures in the eight government departments and the Victorian Public Sector Commission, or the VPSC.

We then selected the Department of Health and Human Services, Department of Premier and Cabinet and Department of Treasury and Finance to examine screening practices in more detail and determine whether they are effective.

In particular, we examined employment screening of external candidates, (people who are not currently working for a VPS agency) and internal candidates (current employees applying for a new position).

We also reviewed screening processes for contractors and consultants and looked at how departments identify and manage conflict of interest risks during recruitment.

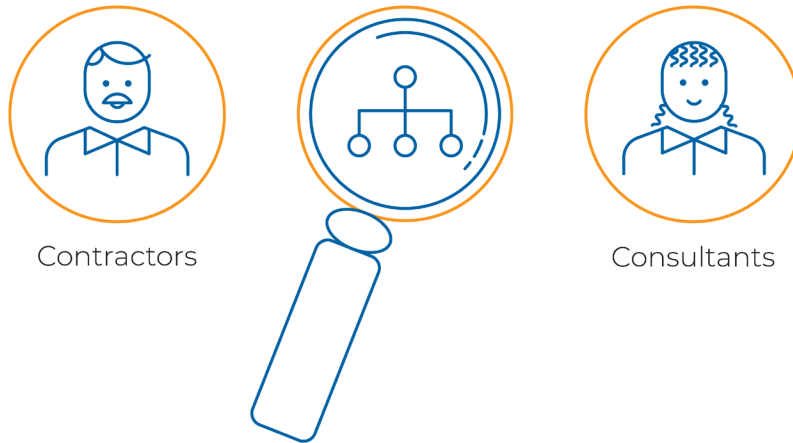
We found that all nine government agencies have effective policies and procedures for screening external candidates.

And they have effective controls to reduce the risk of employing an external candidate with an unsuitable misconduct history.

However, they do not apply the same rigour to internal candidates or to consultants and contractors.

We also found that agencies are not effectively managing conflict of interest risks during recruitment.

In the 2018–19 financial year, the VPS employed over 47 000 people and advertised over 11 000 positions.



VPS work can involve managing public assets, accessing sensitive information and finances, and providing critical services to the Victorian community, including to vulnerable people.

So every candidate applying to the VPS must undergo employment screening appropriate to the risk of the position.

Common screening types include identity, police, qualification, reference and right to work in Australia checks. There are also role-specific checks, such as for working with children.

All agencies have clear policies and procedures to ensure that external candidates complete police checks.

At DHHS, DPC and DTF we found over 90 per cent of new employees had a police check.

Agencies also have fair and thorough processes to assess a candidate's suitability when a check reveals a criminal history.

However, seven of the nine agencies' screening policies and procedures for internal candidates were either unclear or lacked detail regarding police checks, meaning that internal candidates may not have a police check regardless of the risk of the position they are applying for.

We also found that contractors often have not had a police check before starting work in the VPS.

A sample of 299 contractors engaged between 1 July 2017 and 30 June 2019 via the staffing services whole of government purchasing agreement showed approximately 40 per cent had a police check.

DPC and DTF are currently negotiating new whole of government purchasing agreements for contractors and consultants. This is an opportunity to strengthen screening policies and controls.

Reference checking is a critical step in recruiting.

All agencies require two reference checks for external candidates.

We found insufficient evidence to confirm that DHHS, DPC and DTF consistently do this, but this may be due to the poor record keeping practices we observed.

We also found that some departments do not require reference checks for internal candidates at all.

Victorian integrity organisations have highlighted the risk that employees with misconduct histories can move through various VPS positions, without their misconduct histories being known.

We examined misconduct data and compared this to data for new starters from 1 July 2017 to 30 June 2019. We found that only 4 per cent of employees who had been terminated for misconduct, or resigned during a misconduct investigation, had been re-employed at other audited agencies.

During recruitment, agencies must identify, declare and manage conflicts of interest. This is to ensure that selection panels make fair decisions.

Six of the nine audited agencies do not have thorough processes to ensure this happens before interviewing candidates.

In December 2019, the VPSC published a mandatory pre-employment screening policy for the whole VPS. This is a positive step towards a more consistent and thorough approach to employment screening.

However, the policy mainly focuses on candidates' misconduct histories and is not a consolidated and complete guide for VPS agencies.

We made 13 recommendations.

Four for the VPSC to improve its VPS-wide employment screening policy and guidance.

Three for DTF and two for DPC to strengthen their employment screening requirements for contractors and consultants in whole of government agreements.

And four recommendations to all nine agencies to improve both their screening practices for internal candidates and contractors and their procedures and training to manage conflicts of interest during recruitment.

For further information please view the full report on our website.