Australian Government

Department of Health and Aged Care

Inquiry into probity and ethics in the Australian public sector

Submission from the Department of Health and Aged Care
to the Joint Committee of Public Accounts and Audit

20 March 2024

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Introduction

On 27 February 2024, the Joint Committee of Public Accounts and Audit (JCPAA) invited the Department of Health and Aged Care (the department) to provide a supplementary submission regarding the *Inquiry into Probity and Ethics in the Australian Public Sector*. This submission focusses on the department's culture, and how it is defined, measured, and embodies the values of integrity and ethical decision-making.

The department is committed to strengthening integrity across all aspects of the department's processes, systems and culture through:
- An emphasis on cultural uplift through a strong tone at top for achieving health outcomes in a way that complies with rules and legislation
- Changes in the department's structure and governance to create a consolidated and dedicated integrity function
- Metrics applied within the department to measure and improve our integrity culture through assurance activities and a focused internal audit program.

Defining Culture

'Organisational culture is the shared values and beliefs that guide how members of an organisation approach their work and interact with each other'.[1] Culture informs a sense of purpose and shared values that guide decision-making throughout the organisation. Culture can be expressed in the signals/behaviours, symbols, and systems within an organisation.[2]

Culture represents the invisible belief systems, values, norms, and preferences of the individuals that form an organisation. Conduct represents the tangible manifestation of culture through the actions, behaviours, and decisions of these individuals. We observe, analyse, and measure culture through metrics that capture the mindset of individuals and groups, combined with objective assessment of their behaviours.

Cultural uplift: How entities can build a culture that fosters integrity and probity

Tone at the top:

The department is serious about ensuring the transparency and accountability of its operations at every level. However, it recognised the commitment to a culture of integrity must be modelled and championed by senior leaders if it is to permeate the breadth of the organisation. By setting a strong tone at the top, the department promotes compliance and embeds an ethical and integrity-based culture. The promotion of ethical behaviours is demonstrated through the department's SES Performance framework. The Framework outlines standard SES behaviours and performance expectations that all SES employees are assessed against including demonstrating and representing the Secretaries' Charter of Leadership DRIVE behaviours which support modern systems leadership within the

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[1]Cooke. R & Szumal, J, 'Measuring normative beliefs and shared behavioural expectations in organisations: the reliability and validity of the organisational culture inventory', Psychological Reports, vol. 72, iss. 3 part 2, June 1993, pp. 1299–1330

[2] Taylor, C. (2005) Walking the Talk: building a culture for success, Random House

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construct of the APS Values and Code of Conduct. All SES are assessed twice a year with equal emphasis on the outcomes they achieve and the behaviours they demonstrate in doing so.

Achieving outcomes in an ethical way:

The department is committed to ensuring staff are supported to manage public resources in a transparent and ethical manner. Comprehensive training ensures working knowledge of legislation and rules is current and supported by clear guidance. This is demonstrated by the successful delivery of:

- the Financial Literacy Program,
- the implementation of comprehensive assurance frameworks for grants and procurement, and
- mandatory training for all staff in security, integrity, fraud awareness, record keeping and workplace conduct.

The department has clear processes in place to support the reporting and assessment of instances of non-compliance and misconduct, and structures in place to support those who report these instances. The principle underpinning these processes is continuous improvement.

Structure and Governance to support an integrity culture

Establishment of the Integrity and Assurance Division:

The department has deliberately increased its focus on ensuring that integrity is central to its culture and is a highly visible function within our structure. To this end the department has announced the establishment of a new Integrity and Assurance Division. Integrity functions were previously dispersed throughout the department and lacked a unified, strategic focus. Consolidation of these functions will ensure we are meeting the expectations of Government for ethical and accountable actions and that we maintain the confidence of stakeholders and the community. The Integrity and Assurance Division brings together the functions of:

- protective and personnel security,
- fraud investigations and control,
- assurance and audit,
- performance reporting, and
- integrity.

Ahead of the Division's announcement, we established a dedicated team to oversee and promote integrity. This includes the development of the department's Integrity Strategy and the implementation of integrity policies. This includes addressing the recommendations of the APS Integrity Taskforce Final Report and Integrity Good Practice Guide.

Governance:

The Security and Workforce Integrity Advisory Committee is a senior governance committee providing a cohesive and coordinated approach to maintaining security and workforce

integrity risks. The Committee aligns activities across different areas of the department to manage security and integrity risks, including work within the Integrity and Assurance Division. The Committee monitors and reports on compliance with the department's security and integrity frameworks, policies and controls. It reports regularly to the Audit and Risk Committee and the Executive Committee.

The establishment of the Integrity and Assurance Division and the clear oversight through the senior governance committees will ensure integrity is a highly visible function. This will send a clear message within the portfolio about the importance the department places on promoting a culture of ethics and integrity.

Measures and metrics

Workforce metrics:

The APSC provides guidance on measurement of an integrity culture.[3] Measurement of culture is through employee surveys and pulse checks, using those benchmarks to track culture over time. This includes collecting feedback at key touch points across the employee life cycle, such as the experience of new starters through to exit surveys. Questions in the APS Employee Census which are indicators of an integrity culture include those around:

- APS Values,
- bullying and harassment,
- corruption and fraud,
- wellbeing,
- innovation, and
- leadership.

While collecting the data is important, how it is used by the organisation is what sends a signal to employees. Organisations that utilise data about culture to drive improvements are signalling the value they place on the feedback and their commitment to acting in response. For example, staff engagement is a strong protective factor enabling an integrity culture. So to is establishing strong psychosocial safety. The department is currently undertaking a psychosocial safety audit, measuring the drivers of psychosocial risk, and supporting managers to mitigate risk factors.

Internal audit measures and metrics:

One of internal audit area's key responsibilities is to assess the adequacy and effectiveness of the internal control environment. This is directly impacted by culture, and the conduct that results from employees demonstrating their own interpretation of the values of that culture. Internal audit is impartial, objective and, given the wide exposure across the department, can assemble and assess evidence on how the tone at the top impacts employees and shapes desired behaviour.

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[3] Integrity Metrics Resource (apsc.gov.au)

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The department has expanded its inclusion of audits of departmental culture through use of metrics such as:

- Assessing programs and procedures that communicate values, strategies, and objectives
- Assessing the value and alignment of culture related training such as code of conduct, conflict of interest, ethics, and workplace harassment
- Analysing cultural information gathered for other purposes such as training rates, compliance measures and employee surveys
- Conducting pre and post surveys that are purpose built to analyse aspects of culture
- Conducting guided behavioural based interviews
- Identifying root causes across areas that have received audit-based recommendations regarding culture to understand positive and negative drivers of culture that can lead to broader improvements.

To illustrate, following a recent audit of cybersecurity culture, the department developed a Security Culture Model and Engagement Plan by which security culture uplift will be measured. The plan featured a year-long roll out of communication activities including Cyber-Awareness month webinars, Q&A sessions, posters, and other corporate communications. Results of a post awareness survey demonstrated the value of the messages and a prominent level of engagement. Activities continue including a re-alignment of corporate security content with the cultural uplift objectives, including a user-research component.

Conclusion

The department is proud to have a very inclusive and respectful culture. Scores on engagement and on leadership from the Capability Review were higher than the APS average by a significant margin. High engagement and the tone at the top from our leadership group supports the promotion and embedding of a strong integrity culture. This is then reflected in the behaviours, actions and decisions made by individuals and groups within the Department. Structural changes to bring integrity to the front as a highly visible function are supported by a strong framework. The department continues to provide ongoing communication and promotion of ethical behaviour, focussed training and specific metrics to assess our culture. These efforts emphasise the importance the department places on promoting compliance and embedding an ethical and integrity-based culture.