



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

25th August 2023



Australian Government
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and Aged Care

Contents

Introduction.....	3
Response to CHHP audit findings	3
Upholding Ethical Conduct in the Department’s operations.....	3



Australian Government

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and Aged Care

Introduction

On 4 July 2023 the JCPAA invited the Department of Health and Aged Care (the department) to provide a submission to the inquiry following the JCPAA's decision to conduct the *Inquiry into probity and ethics in the Australian public sector*. The department welcomes the opportunity to make a submission.

The principles of integrity and ethical conduct are at the heart of the Australian Public Services' core values and are fundamental to building trust with both the Government and the Australian people. By consistently demonstrating integrity and ethical behaviour, the department aims to foster confidence in our advice to Government and in the services we provide to increase the health and wellbeing of the Australian people.

Response to CHHP audit findings

The recent ANAO report on the Administration of the Community Health and Hospitals Program (CHHP) found the department's administration of the CHHP was ineffective and fell short of ethical standards. The department notes the findings of the audit, accepts the recommendations, and has commenced implementation of actions to address those recommendations. The ANAO's findings will support the ongoing review and improvement of the department's advice to government and control, governance, and assurance arrangements.

Central to the response to the audit recommendations is a comprehensive external review of the department's financial controls and assurance framework which the department has now commissioned. Enhancements to the framework identified through this review, and through other activities including internal audit and ongoing second line assurance arrangements, will be progressively implemented to increase understanding of and compliance with finance law.

In addition, the department is strengthening governance and oversight of the CHHP program by establishing a dedicated senior executive level board to oversee the delivery of CHHP projects. This model is aligned to the department's project management framework, promoting consistency and supporting increased project management capability across the department. All projects have a Senior Responsible Officer, with projects categorised into one of three tiers based on key attributes including budget, complexity, risk and impact which then determines the appropriate level of governance, documentation and assurance to ensure effective project delivery.

These actions build on significant process improvements the department has already made to strengthen grant and national partnership agreement administration over recent years which is recognised in Appendix 2 of the ANAO's report.

Upholding Ethical Conduct in the Department's operations

The department is committed to ensuring its management of public resources is efficient, effective, economical, and ethical, consistent with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) requirements. The department meets this commitment through application of robust administrative control and assurance processes.



Australian Government

Department of Health
and Aged Care

1. Under its Finance Strategy 2020–24, the Department operates a strong financial controls and assurance framework and a financial governance framework which promote the efficient, effective, economical and ethical use of resources.

The department maintains comprehensive guidance to support staff undertaking grant or procurement processes to promote probity, to act fairly and impartially, to be accountable and transparent and to manage any real or perceived conflicts of interest. The obligations in relation to conflicts of interest extend beyond grant and procurement processes, with the department's Conflict of Interest Policy and Toolkit outlining the need to identify, assess, manage and document all conflicts of interest.

Guidance material also describes when and how staff can engage a probity advisor to advise on a particular process and where to access expert advice from qualified probity advisers within the department.

The department's financial control framework includes comprehensive internal assurance programs over procurement and grant processes, which are supported by regular internal and external audit activities.

Following the audit, the department also established two Centres for Excellence, which centralise expertise on both capital grants and national partnership agreements and have increased investment in the grants internal assurance program.

Additionally, in February 2023 a new performance requirement was added into all performance agreements for the senior executive cohort to:

- familiarise themselves with their obligations under finance law
- ensure they comply with finance law, and
- work to build a culture of compliance with finance law in their respective business units.

This is supported by publication in March 2023 of a new Accountable Authority Instruction (AAI), Financial obligations and accountability, and accompanying Finance Business Rules (FBRs); these new AAI and FBRs set out clear expectations of officials' financial management responsibilities.

2. The department's Fraud and Corruption Control Plan 2023-25 details a range of measures that promote integrity through the prevention and detection of fraud and corruption.



Australian Government

Department of Health
and Aged Care

3. The ICARE principles (Impartial, Committed to Service, Accountable, Respectful, and Ethical) set out the standards of behaviour we expect from all staff, and are embedded in our values, including in all performance agreements and the SES handbook.

In addition, all staff in the Department are required to undertake both Integrity Essentials and Fraud Essentials training annually as part of our suite of mandatory training.

Allegations of unethical behaviour are taken seriously and assessed to determine whether there may be any breaches of legal requirements or the APS Code of Conduct.

Conclusion

The department is serious about ensuring the transparency and accountability of its operations. The department accepts the recommendations of the CHHP audit and is undertaking actions to promote compliance and embed an integrity-based culture.

All departmental officials must model the behaviours outlined in the APS Values and Code of Conduct. This includes always being accountable and impartial, and not being influenced by personal interests.

The department can provide the Committee with more information on any of the policies, strategies and frameworks referred to in this submission on request.