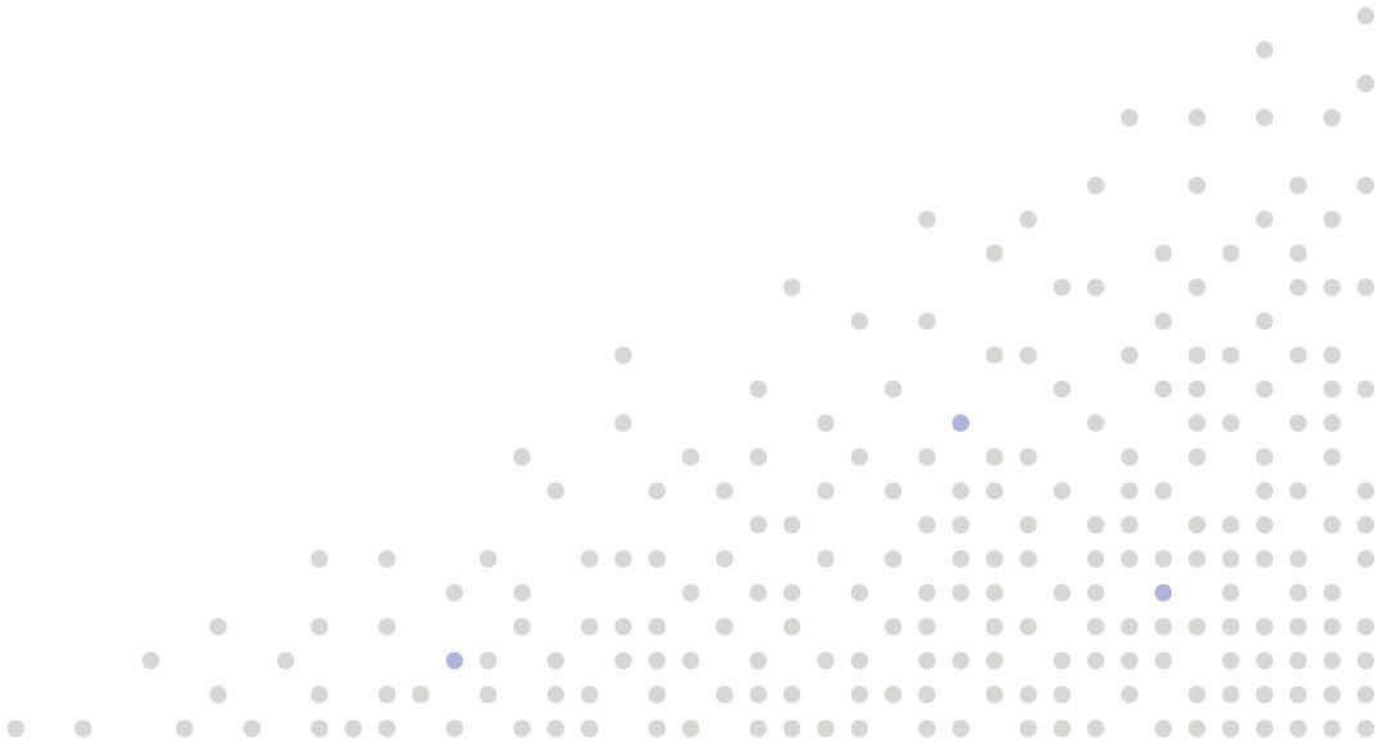




Australian Government
Department of Finance



Department of Finance

Supplementary submission to the
Joint Committee of Public Accounts and Audit
Inquiry into probity and ethics in the Australian Public Sector

December 2023

Introduction

1. The Department of Finance (Finance) provides this submission in addition to the submission provided to support the Joint Committee of Public Accounts and Audit's Inquiry into probity and ethics in the Australian Public Sector.
2. This submission provides further information in relation to the concept of integrity following the hearing of 20 November 2023, notes current reforms underway and proposed amendments to Resource Management Guidance to support entities.

Objects of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)

The objects of the PGPA Act are outlined in Division 2, section 5:

Division 2—Objects of this Act

5 Objects of this Act

The objects of this Act are:

- (a) to establish a coherent system of governance and accountability across Commonwealth entities; and
- (b) to establish a performance framework across Commonwealth entities; and
- (c) to require the Commonwealth and Commonwealth entities:
 - (i) to meet high standards of governance, performance and accountability; and
 - (ii) to provide meaningful information to the Parliament and the public; and
 - (iii) to use and manage public resources properly; and
 - (iv) to work cooperatively with others to achieve common objectives, where practicable; and
- (d) to require Commonwealth companies to meet high standards of governance, performance and accountability.

Integrity is a key concept in the PGPA Act

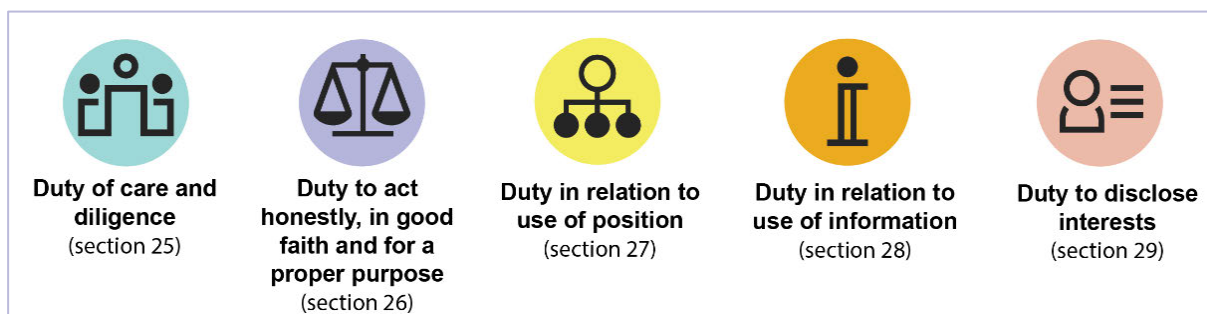
Integrity is a key concept of the PGPA framework. Integrity is incorporated in the objects of the PGPA Act, specifically at section 5(c).

The PGPA Act requires Commonwealth entities to meet high standards of governance. Good governance provides the foundation for high performance and community confidence in the public sector. Good governance is grounded in accountability, transparency, leadership, integrity and stewardship. The governance arrangements for entities should clearly outline the roles, responsibilities and accountabilities of leaders and officials¹.

As stated in the APS Integrity Taskforce Final Report, leading with integrity means more than complying with rules. Behaving ethically is a key APS Value.

¹ Public Governance, Performance and Accountability Bill 2013, Revised Explanatory Memorandum – paragraph 87, pg. 13.

Under the PGPA Act, officials are required to act with integrity at all times and specifically as required by section 26 of the PGPA Act—the ‘Duty to act honestly, in good faith and for a proper purpose’. The duties of officials are outlined in sections 25 to 29 of the PGPA Act below.



Current reforms related to integrity

Finance has been working closely with the Attorney-General's Department to implement reforms to the Commonwealth Fraud and Corruption Control Framework.

The Commonwealth Fraud and Corruption Framework, under the PGPA Act, is designed to support Australian Government entities to effectively manage the risks of fraud and corruption. The Framework has three parts:

- 1. Section 10 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule):** the Fraud and Corruption Rule is a legislative instrument binding all PGPA Act entities. It sets out the minimum standards for accountable authorities of PGPA Act entities in relation to managing the risk and incidents of fraud and corruption relating to their entity. The Finance Minister is amending the PGPA Rule to include a requirement that accountable authorities take all reasonable measures to prevent, detect and respond to fraud and corruption relating to the entity, with effect from 1 July 2024.
- 2. The Commonwealth Fraud and Corruption Control Policy:** the Fraud and Corruption Policy is an Australian Government Policy that is binding for all non-Corporate Commonwealth entities. Corporate Commonwealth entities and Commonwealth Companies are encouraged to adopt the Fraud and Corruption Policy as better practice. The Fraud and Corruption Policy sets out the procedural requirements entities must implement in relation to specific areas of fraud and corruption control such as investigations and reporting. This work is being led by the Attorney-General's Department and the policy is currently in the consultation phase.
- 3. Resource Management Guidance 201 – ‘Preventing, detecting and dealing with fraud and corruption’:** the fraud and corruption guidance sets out better practice for fraud and corruption control and articulates in more detail the Australian Government's expectations for fraud and corruption control arrangements within all Commonwealth entities.

The objectives of PGPA Rule 10 and the Commonwealth Fraud and Corruption Control Policy are to:

- protect public resources, including money, information and property.
- protect the integrity and good reputation of entities and the Commonwealth, and
- provide for accountability in entities as to the implementation of their fraud and corruption control arrangements.

Resource Management Guidance enhancement

To further support Commonwealth officials in understanding their duties, Finance proposes to include additional information in relevant Resource Management Guides to clearly specify integrity as a key concept. This will include referencing information already available on the Australian Public Service Commission website on integrity in the Australian Public Service.

- [Resource Management Guide 200 – Duties of Accountable Authorities](#)
- [Resource Management Guide 203 – General duties of officials](#)