What is a Conflict of Duty?

We have recently updated the Conflict of Interest Procedures to provide more specific guidance on the disclosure of conflicts of duty.

What is a conflict of duty? You may have a conflict of duty if you have multiple University roles which result in competing or incompatible dualities of interest or obligation with respect to the University and other organisations or groups e.g. if as an officer of the University, you are required to also serve as the director of a company in which the University has a controlling or other interest.

More information is available in Section 13 of Appendix 1 to the Conflict of Interest Procedures. Strategies for dealing with conflicts of duty are described in Appendix 3 to the procedures.

Do honoraria have to be disclosed?

The Australian Taxation Office defines an honorarium as... either:
- an honorary reward for voluntary services; or
- a fee for professional services voluntarily performed.

Honoraria include ‘thank you’ gifts received (for example, by a Curtin speaker or presenter) and may be money or property.

We often receive queries concerning the need to disclose honoraria as gifts under the Conflict of Interest Procedures.

The answer is as simple as asking the following question first before taking any action:

Could the honorarium received or to be received by you as a University officer influence, appear to influence or have the potential to influence you in your official capacity?

- If YES, politely decline or repay the amount.
- If NO, then apply the rules for gift disclosure and registration outlined in section 6 of Appendix 1 to the Conflict of Interest Procedures.

Conflict of Interest Procedures

Please refer to the ISU website for information on:
- Complaint Resolution Process (complaint procedures, guidelines, process flowcharts, templates)
- Gifts of Interest / Gifts, Benefits and Hospitality (Coft Register, Coft procedures, Coft types, process flowchart, FAQs)
- Public Interest Disclosures (what, how, when, links to Public Sector Commission information)
- Fraud and Corruption Procedures (plan, policy, risks, case studies, red flags)

and to access the:
- Book of Conduct
- Online Completeness Portal
- Valuing Integrity Toolkit
- Internal avenues for lodging a complaint

Conflicts when recruiting staff

You may have recently become aware of the Corruption and Crime Commission (CCC) report issued on 1 July 2016 titled Report on a Matter of Governance at Murdoch University

The report outlines the failure by the most senior executive at Murdoch university to demonstrate integrity and due process in the recruitment and appointment of other senior executives. How could this have been avoided? Page 16 of the report explains:

The improper use of his position could have been avoided by following the Staff Code of Conduct that required him to excuse himself from a recruitment activity where he had a close personal relationship with an applicant.

If you are unsure of the meaning of close personal relationship, then please refer to the definitions section of the Curtin Conflict of Interest Procedures. More information is available in Appendix 1 to the procedures (particularly in sections 3 and 5).
Complaint Data—Quarter 2, 2016

The ISU collects and reports on complaint data on a quarterly, rolling 13 months, and end of financial year (12 months) basis. For the three months ending 30 June 2016:

- 78 matters which met the University’s definition of complaint were registered.
- Complaint numbers increased by 13% between qtr 1 and qtr 2 (which reflects the academic cycle).
- The number and proportion of in progress complaints more than doubled between the end of qtr 1 and end of qtr 2 (and there was little progress made on outstanding matters from qtr 1).
- As usual, Teaching and General Misconduct-related complaints tend to dominate each qtr, with most Teaching complaints reported by students and General Misconduct complaints reported by staff and others.

Fraud—a university case study

It’s always a good time to remind yourself that fraud and corruption never sleeps, in fact if left to its own devices, it can grow exponentially.

Take for example, a few years ago. A sophisticated network was set up which involved the defrauding of an Australian university of over AUD$30 million and the laundering of funds to purchase property and racehorses. It went something like this:

- Managers at the particular university and the directors of construction companies were complicit in a large fraudulent invoice scheme.
- The university managers would officially approve maintenance work to be carried out by the construction companies. The university managers approved the payment of highly inflated invoices from the construction companies, as well as approving invoices for work that was never undertaken.
- Directors of the construction companies used the profits from the fraud to purchase racehorses and property. The managers at the university were repaid with kickbacks or direct shares in racehorses.
- Law enforcement investigated international funds transfers undertaken and received by associates of the suspects. The associates were identified as accounting firms which were undertaking the transfers on behalf of the suspects.
- Funds were sent to many countries including New Zealand, Canada, Hong Kong and the USA. A large proportion of the funds were sent to companies linked to the horse racing industry. The accounting firms also received a large number of funds transfers from various overseas entities that were similar in value to the amounts the firms had sent overseas initially. The majority of these transfers originated from Hong Kong.
- Authorities suspected that the accounting firms were laundering the funds on behalf of the suspects as part of a professional money laundering syndicate.
- Authorities also believed that the money laundering was an attempt by the directors of the construction company to hide or disguise the ownership of property. The directors distanced themselves from the racehorses by having the ownership of the horses held in the names of associates. The associates then returned any profits generated by the horses back to the beneficial owners (the directors).

Ultimately, law enforcement laid more than 2,000 charges against the suspects involved in the multi-million dollar fraud.

The members of the network were arrested and convicted on a variety of charges, including conspiracy to defraud, obtaining property by deception, theft, aiding and abetting receipt of a secret commission and furnishing false information. The suspects received penalties ranging from fines to six-and-a-half years imprisonment.

The visual analysis to the left and below shows the neural network of the scheme and how it played out until detected.

ISU is making a concerted effort to increase Curtin University’s fraud detection capability and capacity for intelligence gathering through opportunities with Commonwealth and State law enforcement authorities.

In the coming months, there will also be opportunities for the University community to participate in ISU workshops on fraud and corruption awareness.

In the meantime, we encourage you to take the opportunity to look at the ISU’s Fraud and Corruption Prevention web page and become familiar with ‘red flags’ of fraud and how to stop fraud in the workplace.

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