

CASE STUDY NO. 4 – CONFLICT OF INTEREST INVOLVING RECEIPT OF GIFTS

DESCRIPTION¹

Ross Smith, a purchasing officer for expensive laboratory equipment items for the University, is discussing with a colleague on the phone a presentation that he is going to be giving at a conference at the Broadwater Resort Hotel in a few weeks. Ross is on a joint university decision-making committee for the purchase of such items across the University sector. The outcome of that Committee's work will have a major impact on the biggest supplier of those items in WA, Dodgy Electronics Company, which has operations in the Perth region. Rick Dodgy, the company's CEO, will also be participating at the conference.

In the conversation with his colleague, Ross indicates that he will be staying on to play golf at the Resort on the Saturday, the day after he has presented his paper.

On the Friday evening of the conference, Ross is introduced to Rick whilst relaxing at the bar. Rick indicates to Ross that he has lined up Tiger Woods to play golf with him the following day. Ross is overwhelmed by this gesture and though he provides some indication that he is uncomfortable about the arrangement being made for him, he doesn't cancel his golf booking.

On his arrival at the Club House on Saturday morning, Ross finds that Rick has paid his green fees for him and that indeed, Tiger Woods is waiting to play a round of golf with him. On his return to his room after the golf game, there are also a couple of expensive bottles of Moet and Chandon wine on his bedside table.

Whilst Ross is a bit perturbed about such gifts, he justifies it to himself by thinking "they can't influence me if I won't be influenced".

WHAT ARE THE RISK ISSUES, AND WHAT MEASURES COULD HAVE BEEN/SHOULD BE TAKEN TO PREVENT, MINIMISE OR MANAGE THEM?

Risk Issues:

1. Multiple breaches of the University's Code of Conduct.
2. Potential conflict of interest resulting in biased decision-making and financial loss to the University. Refer to Conflict of Interest Procedures. Staff member could be challenged later as to whether his participation in making the final decision on supplier selection was done honestly and impartially given that he received gifts from a one of the suppliers involved in the procurement process.

¹ Adapted from the ATO's "Play it Again Sam" or "Judge for Yourself" Presenters' Guides.

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3. Adverse reputation effect should the receipt of gifts by a public officer during the procurement cycle be reported in the press.
4. Corrupt behaviour by a public officer; possible criminal charges.

Measures:

1. Avoid getting into situations where a potential conflict of interest may arise e.g. in this particular case, the officer concerned perhaps should not have stayed over the weekend to play golf.
2. Reject any offers of gifts, benefits or hospitality where these gifts, benefits or hospitality may influence or be seen to be influencing in any way your duties as a public officer.
3. If the gifts, benefits or hospitality illustrated here have been accepted, immediately declare a potential conflict of interest and withdraw from the joint university decision-making committee. Refer to the Conflict of Interest Procedures. In addition, attempt to make financial restitution for the benefits received (i.e. for the green fees) and give up the expensive wine bottles by returning them to Rick, or if this is not possible, to your line manager who can decide what to do with them.
4. Always act within the law – The University is a public authority operating within a state public sector legal and accountability framework and you have a responsibility to perform your duties professionally, both as a public officer and in accordance with expected internal standards of behaviour – again refer to the Code of Conduct.
