



INTEGRITY RESPONSIBILITIES OF SENIOR EXECUTIVES

The function of senior executives is to provide strategic leadership of the highest quality that contributes to an effective and cohesive Australian Public Service (APS). The following guide is designed to cover the integrity obligations, expectations and responsibilities required of senior executives in the APS and equivalent roles across Commonwealth public sector entities.

The role of SES

For the purposes of this paper, Senior Executive Service (SES) is used to describe staff members in senior leadership and decision-making positions within entities. SES employees exercise key decision-making powers, are accountable for their entity's integrity framework, and are critical to promoting a strong integrity culture and addressing corruption risks within their entities.

Entity culture is a key control measure, shaped by a consistent 'tone from the top' (which means the messages and the example set by senior leaders in their decisions and their treatment of staff). Senior leaders can ensure that integrity functions are adequately resourced within their entity and that integrity standards are upheld and exemplified by and among staff. How an entity's senior executive and managers behave (the 'tone from the top') sets expectations for entity staff behaviour. Tone from the top is critical to establish a culture of integrity and derives from a leader's demeanour, attitude and reputation.

The tone at the bottom must be aligned with the tone from the top. The more layers of management in an organisation, the greater the risk of incongruities in behaviours and culture, and the greater the risk of senior executives being unaware of serious risks.

“As people progress through the ranks, they have greater personal responsibility for driving integrity culture at an institutional level and are faced with far more complex integrity challenges. It must continue to be strengthened by fostering a culture as well as learnings in which SES do not merely comply with rules, but promote shared values and an understanding that they are accountable for their decisions and should act consistently in the public interest.”

- *Transcript of APSC Commissioner, Peter Woolcott’s Address at the inaugural APSC SES Integrity Masterclass 1 - Friday 13 May 2022*

Strong leadership is required throughout an agency to influence a positive integrity culture. SES employees play a critical role in supporting and promoting mechanisms that enable staff to raise concerns and behave ethically, for example through:

- the Review of Actions scheme (<https://www.mpc.gov.au/review-actions>)
- the Public Interest Disclosure scheme (<https://www.ombudsman.gov.au/Our-responsibilities/making-a-disclosure>)
- Good administrative decision making
- Risk management in projects and day-to-day work

Integrity obligations

There are a number of integrity obligations that SES staff need to follow as part of their employment. These obligations, combined with the entity’s policies, procedures and frameworks, are crucial to holding SES accountable for their behaviour and implementation of an effective integrity framework within their entity.

Section 35 of the Public Service Act 1999 (Cth) (<https://www.legislation.gov.au/Details/C2019C00057>) sets out specific requirements that must be met by SES employees in the APS. Paragraph 35(3)(c) requires that each SES employee ‘by personal example and other appropriate means, promotes the APS Values, the APS Employment Principles, and compliance with the Code of Conduct.’

All SES roles are characterised by a high level of accountability for outcomes, which are reflected in the APS Work Level Standards. As part of their role, SES staff must meet and maintain the work level standards of their classification in terms of span of control, degree of difficulty of

stakeholder management responsibilities, complexity and ambiguity of the job context and environment, impact of judgements made and independence with which roles operate.

The Secretaries' Charter of Leadership Behaviours sets out the behaviours Secretaries expect of themselves and SES, and want to see in leaders at all levels of the APS. The Charter focuses on behaviours that support modern systems leadership within the construct of the APS Values and Code of Conduct. A key component of this charter is for SES to have integrity, which is demonstrated by:

- being open, honest and accountable
- taking responsibility for what happens around them
- having courage to call out unacceptable behaviour.

The Commonwealth Integrity Maturity Framework is a tool for public sector entities to assess and plan to upscale their integrity systems to prepare for the commencement of the National Anti-Corruption Commission and the introduction of other integrity reforms across the Commonwealth. Entities with the most mature integrity frameworks are those whose values and integrity expectations are modelled and reinforced by leaders and practiced by employees and third parties who fulfil their obligations. Further information on the Commonwealth Integrity Maturity Framework can be found on the ACLEI website (<https://www.aclei.gov.au/preventing-corruption/commonwealth-integrity-maturity-framework>).

Further information on integrity obligations for SES staff can be found on the Australian Public Service Commission website:

- APS Values <https://www.apsc.gov.au/working-aps/information-aps-employment/aps-values>
- APS Employment Principles <https://www.apsc.gov.au/working-aps/integrity/employment-principles>
- APS Code of Conduct <https://www.apsc.gov.au/working-aps/integrity/integrity-resources/code-of-conduct>
- APS Work Level Standards <https://www.apsc.gov.au/working-aps/aps-employees-and-managers/classifications/work-level-standards-senior-executive-service>
- Secretaries' Charter of Leadership Behaviours <https://www.apsc.gov.au/sites/default/files/2022-08/Secretaries%20Charter%20of%20Leadership%20Behaviours.pdf>
- APS Leadership Capabilities <https://www.apsc.gov.au/initiatives-and-programs/learning-and-development/leadership-capabilities>

Training and performance agreements

As per their agency's policies and procedures, SES are required to have a performance development agreement in place. These agreements should also be informed through regular conversations with their entity heads.

Integrity management is a valuable element to include in mandatory performance agreements and performance criteria. This includes the commitment to ongoing integrity training as a senior leader and working with teams to foster a healthy, open integrity culture in their entity. SES staff are required to lead by example and influence integrity and professional behaviours in line with their agency's integrity frameworks and the APS Values and Code of Conduct.

Additionally, there may be benefit in agencies implementing 360-degree feedback for SES. These feedback mechanisms, that may be incorporated as part of mandatory performance agreements, allow for SES to receive performance feedback from their agency heads, peers and in some circumstances, their clients. This may enable integrity issues to be identified early and addressed by agency heads.

The Australian Public Service Commissioner's Directions 2022 (<https://www.legislation.gov.au/Details/F2022L00088>) require agency heads to consult with the APS Commissioner on suspected breaches of the APS Code of Conduct by SES employees. This includes the process for determining whether the employee has breached the APS Code of Conduct and sanctions that are being considered.

Conflicts of Interest

Mandatory declarations, coupled with appropriate and effective conflict management plans, provide both the Government and the public with confidence that SES employees have personal integrity and a demonstrated capacity to manage any actual, perceived or potential conflicts of interest with their personal and professional affairs.

Section 13(7) of the Public Service Act 1999 (Cth) requires all APS employees (including SES employees) to take reasonable steps to avoid any conflict of interest (real or apparent) in connection with their APS employment, and disclose details of any material personal interest in connection with their APS employment.

To be 'material', a personal interest needs to be of a type that can give rise to a real or apparent conflict of interest. Personal interests do not give rise to a conflict of interest unless there is a real or sensible possibility of conflict. This obligation is also analogous to the general duty of officials to disclose interests under section 29 of the Public Governance, Performance

and Accountability (PGPA) Act 2013
(<https://www.legislation.gov.au/Details/C2017C00269>).

The PGPA Rule details how and when SES need to disclose material personal interests, and the circumstances when the duty to disclose does not apply. Further information on the PGPA Rule can be found on the Department of Finance's website
(<https://www.finance.gov.au/government/managing-commonwealth-resources/pgpa-legislation-associated-instruments-and-policies#public-governance-performance-and-accountability-rule-2014>).

In addition to the above, APS agency heads and SES employees are subject to a specific regime that requires them to submit, at least annually, a written declaration of their own and their immediate family's financial and other material personal interests.

Generally, SES employees declare their interests to their agency head, and agency heads declare their interests to the Minister. Statutory office holders generally declare their interests to the Minister and in accordance with any requirements in legislation specific to their office. If a conflict is identified, the parties must take steps to resolve it. Employees do so in consultation with their agency head, and an agency head must take steps to resolve any conflict in which they, themselves, are involved, in consultation with the Minister.

For more detailed guidance on management of conflicts of interest, see Prevention in Practice: Conflicts of Interest
(<https://www.aclei.gov.au/resource-centre/prevention-practice-conflicts-interest>).

Gifts, Benefits and Hospitality

During the course of their employment, SES staff may be offered gifts, benefits and hospitality by visiting officials, private individuals and companies or other stakeholders. Public confidence in APS agencies and the APS more broadly can be damaged when gifts and benefits that create a conflict of interest are accepted or not properly declared. As such, the reporting of gifts and benefits accepted by agency heads in the performance of official duties helps to maintain public confidence in the integrity of the Commonwealth.

Heads of APS agencies are required to publish a register of gifts and benefits they accept that are valued at over \$AUD100, and update the register within 31 days of receiving the gift or benefit. They are also required to publish 'nil' returns when an agency head has not received a gift or benefit during the reporting period. An example of a Gifts and

Benefits register can be found on the Australian Public Service Commission website (<https://www.apsc.gov.au/working-aps/integrity/integrity-resources/guidance-agency-heads-gifts-and-benefits>).

Although not a requirement, it is good practice for agency heads to publish gifts and benefits received by staff (including SES employees), that exceed the threshold of \$AUD100.

For more information, refer to the guidance on the Australian Public Service Commission's website:

- Guidance for Agency Heads – Gifts and Benefits
<https://www.apsc.gov.au/sites/default/files/2021-11/ATTACHMENT%20B%20Gifts%20and%20Benefits%20%20-%20Guidance.docx>
- Gifts and Benefits FAQ
<https://www.apsc.gov.au/sites/default/files/2021-11/ATTACHMENT%20D%20Gifts%20and%20Benefits%20FAQ.docx>

Merit in Selection Processes

Merit-based decision making refers to decisions relating to engagement and promotion as defined by the Public Service Act. In recruitment, this contributes to strong institutional integrity and a positive organisational culture. As such, the recruitment integrity of SES employees is particularly important, because of the inherent significance of these roles and the potential influence that the recruitment process can have on staff morale and entity culture.

Section 10A of the Public Service Act sets out the APS Employment Principles and requires agencies to make promotion and engagement decisions based on merit. SES employees may hold a 'delegate' position in approving recruitment processes and in APS agencies. As part of their obligations as a delegate, they must uphold merit in line with the APS Employment Principles.

Any decisions regarding merit-based recruitment processes (including approvals, procurement of external panel members) must be well documented, transparent, defensible and, for APS agencies, in line with the APS Values and APS Employment Principles. Procedural fairness must apply and the applicant should be given the opportunity to respond to any adverse information affecting the decision.

Further information regarding Merit in Selection Processes can be found on the Australian Public Service Commission's website

(<https://www.apsc.gov.au/working-aps/aps-employees-and-managers/guidance-and-information-recruitment/aps-merit-principle>).

The role of entity heads

Accountable Authorities

In most public sector entities, an Accountable Authority is the head of the entity (Secretary or equivalent), a listed entity or the governing body of the entity (Chief Financial Officers or equivalent).

Under the entity head's direction SES employees are required to uphold and implement the responsibilities of their entity's Accountable Authorities, including delegated decision-making, and communicate relevant messaging to staff members. These responsibilities are outlined below.

Public resource management

SES must ensure that their entity manages public resources within the agreed parameters of the entity's frameworks and procedures. The public expects public officials to use public resources in lawful and accountable ways, and not for personal gain.

The Commonwealth Procurement Rules

(<https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules>) require that officials undertaking procurement recognise and deal with 'actual, potential and perceived conflicts of interest.' SES who are managing procurement processes must ensure that decisions are accurately recorded and that any conflicts of interest are managed appropriately. To support this, the PGPA Rule requires that where Accountable Authorities approve a proposed commitment of relevant money, the approval must be recorded in writing as soon as practicable after the approval is given. The Commonwealth Procurement Rules require that officials undertaking procurement recognise and deal with 'actual, potential and perceived conflicts of interest.'

Similarly, the Commonwealth Grants Rules and Guidelines

(<https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-and-guidelines>) outline that Accountable Authorities and officials must consider their obligations under the PGPA Act and Rule when undertaking grants administration. They also ask Accountable Authorities to reinforce mechanisms to identify and manage potential conflicts of interest, including declaration and

management procedures in all phases of grants administration, and maintain a register of staff and other party interests.

Fraud Control and Risk Management

Section 10 of the PGPA Rule requires Accountable Authorities to provide a certification in their annual report that a fraud risk assessment has been conducted and a fraud control plan has been prepared for the entity.

As part of their responsibilities under the Commonwealth Risk Management Policy

(<https://www.finance.gov.au/government/comcover/risk-services/management/commonwealth-risk-management-policy>), SES are required to review, monitor and manage risks within their respective business units. More specifically, they are required to facilitate risk conversations, promote a positive risk culture and embed risk management into the day to day decision making process of their respective business unit.

While not mandatory, an entity's risk management framework and systems should be aligned with and reflect existing standards and guidance such as AS/NZS ISO 31000:2009 – Risk management – principles and guidelines (<https://www.iso.org/standard/43170.html>). SES should ensure they are consistently meeting their requirements under the PGPA Act and the Commonwealth Risk Management Policy.

Pressure testing

Pressure testing refers to the application of different testing measures to determine the effectiveness of frameworks, policies and procedures. Entities should consider pressure-testing their integrity frameworks regularly to ensure that all staff, including SES staff, are aware of and adhere to agency integrity policies and procedures. Pressure testing should include measures to test flaws and weaknesses in SES integrity management and oversight.

SES staff should encourage and support pressure testing in their entity, this can provide assurance that the entity's ability to prevent, detect and respond to integrity matters is adequate and effective.

Further information on pressure testing of frameworks can be found on the Commonwealth Fraud Prevention Centre's website (<https://www.counterfraud.gov.au/sites/default/files/2020-11/commonwealth-pressure-testing-framework.PDF>).

Physical, Personnel and Information Security

The Protective Security Policy Framework (PSPF) helps entities to protect their people, information and assets, both at home and overseas. Under the PSPF, the Accountable Authority of the entity must:

- appoint a Chief Security Officer at the SES level to provide strategic oversight of protective security for the entity and make security decisions.
- ensure employees and contractors meet an appropriate standard of integrity and honesty to use Australian Government resources
 - assess and manage the ongoing suitability of personnel, and share relevant information of security concern, where appropriate
 - ensure contracted providers comply with PSPF requirements
 - ensure that separating personnel are informed of any ongoing security obligations
- manage the entity's security risks, including threats, risks and vulnerabilities that impact the protection of an entity's people, information and assets, and share information on risks where appropriate
- assess the maturity of its security capability and risk culture
- report annually to its portfolio minister and the Attorney-General's Department on whether security outcomes were achieved.

All members of the SES must maintain and uphold the PSPF requirements, regardless of their specific role and responsibilities. Further information on the PSPF can be found on the Protective Security Policy Framework website (<https://www.protectivesecurity.gov.au/system/files/2021-06/security-guidance-for-executives.PDF>).

Cessation and post-separation employment

An SES employee may leave their employment in the APS through resignation, retirement or termination of employment by their employer. Cessation processes (e.g. exit interviews) provide an opportunity to obtain important information about conflicts of interest that could have affected the exercise of an employee's official duties. Care does need to be taken as to what inferences may be drawn from information provided at exit interviews, and what action can be taken if there is an indication of a conflict of interest by an ex-employee while they were still employed.

The misuse of public sector information being carried to private industries, both during an employee's tenure and post-separation, is a key variable that needs to be addressed in agency risk assessments. Regulation 2.1 of the Public Service Regulations 1999 (<https://www.legislation.gov.au/Series/F1999B00307>) provides a duty for employees to not disclose information which they obtained or generated in connection with their employment with the APS. Further, the offence under section 122.4 of the Criminal Code Act 1995 (<https://www.legislation.gov.au/Details/C2019C00043>) covers unauthorised disclosure by former as well as current Commonwealth officers.

Reach-back

'Reach-back' refers to former staff members or known professional connections seeking out and/or using their relationships with current staff members to acquire favours, access and information. This, along with vulnerabilities associated with undue influence by previous SES in a position to provide 'mentoring' or professional guidance, creates a substantial risk of grooming and subsequent corruption for government agencies.

Senior executives in Commonwealth public sector entities play a critical role in their organisation's integrity frameworks — in particular, their actions set a tone for acceptable behaviour. However, without appropriate safeguards, personal dynamics between a former SES and existing employees can lead to corruption risk, including misuse of information and abuse of office.

It is essential that staff members understand the value of the information they have access to, and avoid 'self-managing risk'. Ensuring the protection and proper use of the sensitive information held by government entities is a critical factor in retaining public confidence and encouraging inter-agency cooperation. It follows that such resources and powers should only be used for authorised purposes, and should not be discussed in the context of private conversations or following the request of former SES.

Further information on the risk of reach-back can be found on the ACLEI website (<https://www.aclei.gov.au/preventing-corruption/corruption-risks-and-vulnerabilities/grooming-and-reach-back>).

Further Resources

For more information on senior executive integrity responsibilities, take a look at the following:

- The APS Academy offers the SES Integrity Masterclass Series, which is a 3-part series designed to support SES staff to strengthen integrity culture within their organisation. Further information on this program can be found on the Australian Public Service Commission website (<https://www.apsacademy.gov.au/ses-integrity-masterclass-series>)
- [SES Integrity Responsibilities: Advice for agency integrity areas](#)
- [SES Integrity Responsibilities: Advice for senior executives](#)

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