

Review of an investigation
by Water Corporation into
serious misconduct
allegations in
procurement

28 January 2021



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CHAPTER ONE

Introduction

- [1] The Water Corporation (Water Corp) is the principal supplier of water, wastewater and drainage services in WA. It manages an asset base of over \$37 billion and is owned by the WA Government. It is accountable to the Minister for Water for delivery of services in a commercial manner.¹
- [2] Water Corp currently operates the only laboratory in WA offering public testing of water flow meters. This testing is a statutory function² and is critical to the accurate billing of residential, commercial and industrial customers.
- [3] The equipment in Water Corp's meter testing laboratory in Shenton Park is over 30 years old. It needs to be replaced to meet the current demand for testing.
- [4] In November 2016, Water Corp approved the Meter Lab Capability Improvement Project (the project) to re-equip the facility. This required the purchase of two small rigs to test domestic water meters and two larger rigs to test industrial and commercial meters.
- [5] This report documents how the procurement process for the rigs went awry when a Water Corp employee, responsible for the process, engaged a neighbour and friend to procure the rigs from China. Water Corp paid over \$600,000 for the four rigs before their arrival in Australia in late 2018. Upon delivery, the rigs were found to be completely defective and unusable. Water Corp is exploring its legal options to recover the financial loss. Water Corp is also considering selling the rigs for scrap. They have been valued at about \$28,000.
- [6] The project and associated investigations are estimated to have cost Water Corp, and ultimately taxpayers, more than \$1 million.
- [7] In this report, the Commission will refer to the reports of the various persons appointed by Water Corp to investigate this matter, and an interview by the WA Police Force with the subject officer.

¹ Water Corp, 'The way we work', (Web Page) <<https://www.watercorporation.com.au/About-us/The-way-we-work>>.

² *Water Services Regulations 2013* (WA) reg 26.

[8] This report does not contain the true names of the persons and businesses involved. Aliases have been used to preserve the confidentiality of those persons and businesses.

CHAPTER TWO

The project

- [9] The project involved re-equipping Water Corp's Shenton Park water flow meter testing facility.
- [10] Mr Ryan Walker was a director of the project. He was a Water Corp manager with 15 years' experience. He had previously been responsible for projects at Water Corp involving the purchase of equipment of a similar value. He later claimed those previous projects were somewhat different to this project.
- [11] Mr Walker was assisted by Mr Edward Moss, a technical advisor, to determine how to replace the rigs. The rigs were a specialised product that had not been procured by the State for many years. Mr Moss was appointed project manager, despite having no prior tender experience.
- [12] Mr Moss used Google searches and contacted other meter laboratories to locate suppliers of the rigs. He found three companies, a Chinese, an American and an Australian company.
- [13] Mr Moss consulted with Water Corp's contracts team which advised that a tender process directed to selected companies would be suitable for this project.
- [14] Ms Grace White, a temporary Water Corp employee, was appointed contracts consultant to facilitate the tender process. Mr Walker and Mr Moss both stated that they relied heavily on her for advice. While her manager believed Ms White had enough experience, others were unsure about her competency for the role.
- [15] When Mr Moss located the potential suppliers, he told Mr Walker. Mr Walker had concerns about the Chinese company and the information provided by it.
- [16] Mr Walker turned to his neighbour and friend, Mr Hugo Bates, for advice.

Mr Bates

- [17] Mr Walker and Mr Bates had been next-door neighbours since 2013. They struck up a friendship about a year later and socialised every month or so.
- [18] Mr Bates was managing director of a company that had previously procured a product from China for a WA government agency. He was also

a shareholder in his wife's company, Usund Pty Ltd (Usund). He was not a director of Usund.

- [19] Mr Walker was aware that Mr Bates had business interests in China and provided Mr Bates with the Chinese company's information. He asked for Mr Bates' help translating the information and researching the company.
- [20] Mr Bates recommended that Mr Walker bypass the Chinese company and get the rigs directly from the manufacturer in China.
- [21] Mr Walker had no concerns about disclosing information about the project and the Chinese company's involvement to Mr Bates. Mr Walker likened it to a conversation happening around a barbeque. He later stated that these types of disclosures were normal at Water Corp, even by management. He believed that that was how things worked.
- [22] Mr Walker was concerned about going straight to the Chinese manufacturer, believing that he needed someone who could speak both languages involved in the process. Mr Bates offered to help and Mr Walker invited Usund to be included in the tender process. It was intended that Usund would submit a tender to supply the rigs on the basis that Usund would buy the rigs from the Chinese manufacturer.
- [23] In March 2017, Mr Walker and Mr Bates exchanged a series of emails about this arrangement using Mr Walker's private email address. Mr Walker forwarded these emails to his Water Corp email address and asked Mr Moss to "progress the tender including...Bates' company details".³
- [24] On 7 April 2017, six weeks before the tender process formally started, Mr Walker sent Mr Bates the draft tender specifications for the project. Mr Moss was copied into this email. Mr Walker later said that these were just preliminary specifications sent to all companies. However, there is no documentary evidence of other tenderers getting the draft specifications before the tender process commenced.

The tender

- [25] On 22 May 2017, bid invitations were issued to the Chinese company, the American company, the Australian company and to Usund. The bid closed on 6 June 2017.
- [26] Mr Walker selected Mr Moss and Mr Daniel Griffin, a Water Corp team leader, to join him on the bid evaluation panel. Both Mr Moss and

³ Email from Mr Walker to Mr Moss, 29 March 2017.

Mr Griffin directly or indirectly reported to Mr Walker. Together with Ms White, they were responsible for evaluating the bids received.

- [27] All of the bidders submitted bid documentation that was incomplete, to a greater or lesser extent. The American and Australian companies requested extensions of time to submit their bid documentation. Both of those requests were denied. Ms White however, agreed to Usund's request to provide some information after the bid closed. Usund was the only company deemed technically and commercially compliant.
- [28] Ms White arranged for a financial capacity assessment of Usund to be undertaken to assess its viability to complete the project. Usund only scored 8%. Ms White was informed that the company was likely just an Australian shell company.
- [29] Ms White sent an email asking whether a large cash injection would assist to change Usund's *unsatisfactory* rating. On 27 June 2017, Mr Bates confirmed that his wife had transferred \$600,000 from her personal account into the company's business account. A Water Corp employee later conceded that allowing this cash injection was "a little bit unorthodox".⁴
- [30] All panel members agreed that Usund provided the most complete bid and was the best value for money. Mr Walker stressed that the panel members assessed the bids separately to ensure an equitable process.
- [31] Mr Walker later stated that he could not see how it was not of benefit to Water Corp to have someone he trusted involved in the process, who could interpret for the manufacturer, and who had previously procured products for Government.
- [32] The contract with Usund was signed on 31 July 2017. Mr Bates, despite not being a registered company officer of Usund, signed the contract on its behalf.
- [33] The contract was for \$592,558. Subsequent variations increased the price to \$652,124.
- [34] Usund's bid set out the following progress payment schedule:
- 45% to be paid after design acceptance by Water Corp;
 - 40% to be paid after factory acceptance testing by Water Corp;
 - 10% to be paid after site acceptance of the equipment; and

⁴ Record of interview with a Water Corp employee, 29 January 2020.

- 5% retention to be paid after expiration of the 12-month warranty.

- [35] The payment schedule was reflected in the contract.
- [36] Mr Moss was replaced as project manager by Ms Lucy Weaver in August 2017. Mr Moss was "relieved"⁵ to be replaced as it was his first attempt at undertaking a contract bid of this nature and he felt that he "didn't have the experience".⁶
- [37] It is not clear whether Ms Weaver was more experienced than Mr Moss. Ms Weaver had managed projects, but not capital projects. She undertook online training to help her fulfil the role.
- [38] Ms Weaver said later that she was aware that Mr Walker and Mr Bates lived next door to each other as they were candid about their friendship and did not try to hide it. She noted that her line manager did not raise any concerns.

Trips to China

- [39] Water Corp personnel involved with the project went to China twice in connection with the project.
- [40] The first trip was undertaken in November 2017 by Mr Walker and Ms Weaver. Mr Bates went with them.
- [41] Ms Weaver and Mr Walker were approved to undertake the first trip to China to review and approve the detailed design of the equipment. The approval documentation for the trip noted that Mr Walker had a background in engineering.⁷
- [42] Mr Bates interpreted for Mr Walker and Ms Weaver in dealing with the manufacturer. Mr Walker had rejected Ms Weaver's request for an independent interpreter.
- [43] Ms Weaver and Mr Walker deemed the first trip to China a success. Following detailed discussion about the design, a number of issues were identified and rectified. Usund then submitted its first progress claim for 45% of the contract price. While the design had not yet been finalised, Water Corp paid this invoice by two payments, one of \$202,468.11 on 27 February 2018 and the other of \$63,900 on 8 March 2018.
- [44] Ms Weaver went on maternity leave in April 2018. She was replaced as project manager by Ms Alice Ford.

⁵ WA Police Force witness statement, Mr Moss, 22 January 2020.

⁶ Ibid.

⁷ Water Corp memorandum, Proposal for International Travel, 23 October 2017.

- [45] Ms Ford was selected by Mr Walker despite having no engineering or project management experience. She later stated that all directions came from Mr Walker. She also said that he did not hide the fact that he and Mr Bates were neighbours and that it was common knowledge in the office.
- [46] Ms Ford approached Mr Griffin and said that she was uncomfortable with the personal relationship between Mr Walker and Mr Bates. Mr Griffin assumed that, given the approval process for the project, Mr Walker would know what he was doing. Mr Griffin did not identify anything wrong with the relationship. He asked Ms Ford if she wanted him to follow this up. She said "no".
- [47] In April 2018, Mr Walker and Mr Moss undertook a second trip to China to inspect the rigs and undertake factory acceptance testing. The rigs were not ready for inspection. The small rigs were still being put together at the factory. Only one component of the larger rig was ready.
- [48] Even at that early stage, concerns about the quality of the rigs were identified by Mr Walker. His emails to Water Corp during this trip showed that he had identified over 200 hazards.⁸ He later said that he told Mr Bates to get the welding sorted out and that he believed appropriate modifications would be made before the equipment arrived in Australia.
- [49] Following this trip, the second instalment of \$346,634.41 was paid to Usund on 26 June 2018, although only the small rigs had been tested in China.

Arrival of the rigs in Australia

- [50] The manufacturer sent the rigs from China to Perth between June and October 2018.
- [51] When the smaller rigs arrived, some defects were noted but no active steps were taken to address the situation. Two days after the larger rigs arrived, Mr Walker took leave from Water Corp due to an unrelated matter. He later resigned.
- [52] More significant defects were identified in the larger rigs. Water Corp arranged for an engineering inspection to determine if any of the rigs met minimum Australian Standards and could be used. Issues were identified with the pressure vessels, welding, electrical control switchboards, electric motors and structural integrity of the rigs.
- [53] The engineers noted that:

⁸ Email from Mr Walker to a Water Corp manager, 28 April 2018.

"In addition to fundamental concerns regarding conformity to the applicable standards, it is apparent the manufacturer has not applied particular care to supply the vessels to meet typically accepted work practices".⁹

- [54] They also noted little or no attempt by the manufacturer to conform with design rules in Australian standards, although this was a contractual requirement.
- [55] Water Corp cannot use the rigs supplied by Usund.
- [56] Some of the ageing equipment at the Shenton Park facility is still being used. However, ongoing maintenance concerns are causing productivity issues requiring some work to be outsourced.
- [57] Water Corp has told the Commission that the facility must still be upgraded. Water Corp has not yet established which supplier will provide the equipment, or how much more it will cost Water Corp and the State.

⁹ Engineers, Meter Lab Capacity Improvement Vessel Assessment, 23 November 2018, p 6.

CHAPTER THREE

Potential misconduct - Water Corp investigation

- [58] Apart from the concerns raised by Ms Ford, the personal relationship between Mr Walker and Mr Bates was not identified as an issue until late 2018, after an internal business unit structure change. At this point, a senior Water Corp employee became aware of the relationship and reported it internally.
- [59] On 31 October 2018, the Commission received a notification of suspected serious misconduct from Water Corp pursuant to s 28 of the *Corruption, Crime and Misconduct Act 2003* (CCM Act). The notification alleged that between July 2017 and October 2018, Mr Walker corruptly used his position to benefit his neighbour's company and himself.
- [60] Water Corp hired an external investigator to conduct an investigation into the alleged conflict of interest and the procurement process.
- [61] As an appropriate investigation was underway, the Commission referred the matter back to Water Corp for action.¹⁰ Because of the significant financial loss to the State, the Commission decided to monitor the investigation undertaken by Water Corp and to review the investigation and its result.¹¹
- [62] Water Corp was open to feedback from the Commission during the process and, on the Commission's advice, extended the scope of their enquiries to examine the conduct of staff other than just Mr Walker.
- [63] Water Corp later engaged two additional investigators.
- [64] The three investigators were engaged to:
- a) inquire into whether there was evidence of an undeclared conflict of interest between Mr Walker and Mr Bates;
 - b) examine the procurement process end-to-end and identify breaches of policy and procedure; and
 - c) determine if any Water Corp staff, other than Mr Walker, engaged in misconduct during the process.

¹⁰ CCM Act s 33(1)(c).

¹¹ CCM Act ss 40 and 41.

- [65] As to the conflict of interest, the investigators found that:
- a) Mr Walker gave Usund the provisional tender specifications before the procurement process had commenced;
 - b) Mr Walker told Mr Bates the details of another bidder;
 - c) the relationship between Mr Walker and Mr Bates was common knowledge;
 - d) based on emails and social media posts there was a pre-existing relationship between them;
 - e) Mr Walker did not declare a conflict of interest at any time during the procurement process, although he signed a tender document declaring that he had no real or perceived conflict of interest; and
 - f) Mr Walker's failure to declare the relationship and the disclosure of tender documentation brought him in breach of Water Corp's Code of Conduct, Conflicts of Interests Policy, Ethics and Fair Dealings Policy, and Procurement of Goods and Services Policy.

- [66] The investigators also found the tender process breached Water Corp policies and procedures in the following ways:
- a) The method of sourcing suppliers did not sufficiently address their capacity to provide the product.
 - b) Water Corp did not give due consideration to conducting an open tender process despite insufficient information provided by the bidders.
 - c) There were significant discrepancies in the referee, financial and employee information provided by Usund.
 - d) There were drafting issues with the contract.
 - e) Some documentation in support of Usund's bid was not provided in English and was not translated.
 - f) The bidders were treated inconsistently. Usund was provided with the bid specification six weeks prior to tender and was allowed to provide documentation after the process had closed. Other bidders had requests for extensions of time denied.
 - g) Usund was allowed to transfer \$600,000 to its business account after failing the financial capacity assessment.

- h) The Water Corp staff involved were inexperienced in procurement and did not have sufficient technical expertise.
- i) None of the bidders would have progressed to the bid evaluation phase if an adequate commercial compliance check had been performed by the contracts consultant.
- j) A risk assessment which could have identified the conflict of interest was not completed.
- k) Progress payments were made despite incomplete factory acceptance testing on the second trip to China.
- l) Usund should not have passed the initial compliance check and ultimately should not have been assessed by the panel.

[67] As to the culpability of staff other than Mr Walker, the investigators noted that unqualified or inexperienced staff were appointed by Mr Walker to manage the contract. They were not found to be guilty of misconduct. The investigators concluded that:

- a) Each of the persons appointed to the role of project manager admitted to being inexperienced or not suitably qualified. However, while they failed to perform their roles satisfactorily, they were subject to the directions of Mr Walker.
- b) The contracts consultant did not fulfil her role with the required level of care or adequately perform her responsibilities for the project. However, she lacked experience at Water Corp and may have been acting under Mr Walker's direction.
- c) It was possible that Mr Walker may have intentionally appointed persons to the project that he knew to be inexperienced, to ensure the contract was awarded to Usund.

[68] Mr Walker was not interviewed during this process. However, these investigations all pointed to the same conclusion: Mr Walker appeared to have deliberately manipulated people and processes at Water Corp for the benefit of his friend, Mr Bates.

Potential criminality - the WA Police Force investigates

[69] While undertaking its investigations, Water Corp reported this matter to the WA Police Force, which initiated a criminal investigation.

- [70] The WA Police Force considered the evidence gathered by Water Corp, email communications between Water Corp staff, financial information and witness statements.
- [71] Mr Walker voluntarily participated in an interview with police officers. During that interview, he denied the allegation of corruption. He said that he had always tried to act in the best interests of Water Corp. He believed Mr Bates to have been the best supplier of the rigs. He said he was happy to have someone he trusted involved who could act as interpreter with the manufacturer.
- [72] Mr Walker stated that he tried to be transparent about his relationship with Mr Bates. He used his work emails for correspondence and was open about it in the workplace. He did not declare a conflict of interest because relationships with contractors were common in his workplace. He had never previously declared a conflict for such a relationship. He indicated that it may be common for staff at Water Corp to utilise external providers they know and trust, to try to get work done for Water Corp's benefit.
- [73] Mr Walker stated that he tried to maintain distance from Mr Bates during the procurement process to ensure it occurred in accordance with procedure, and to separate their personal and work relationships.
- [74] The WA Police Force noted that Mr Walker's account was, in part, corroborated by other staff. The police investigators considered that Mr Walker was clear and transparent in his answers, particularly about his relationship with Mr Bates.
- [75] The WA Police Force decided not to pursue criminal charges against Mr Walker because there was insufficient evidence to meet the elements of a charge of corruption. On 5 May 2020, the WA Police Force closed its file.

CHAPTER FOUR

Procurement risks at Water Corp

- [76] When the concerns with this procurement process became apparent, Water Corp put significant effort into determining whether these deficiencies were systemic within the organisation.
- [77] Water Corp engaged another consultant to investigate six other contracts. This investigation did not identify any systemic matters that would lead to a conclusion of a heightened risk of fraud. However, this investigation did identify opportunities to improve practices relating to documentation governance, diligence in complying with policies and procedures, and monitoring of contractual terms and conditions.
- [78] A further external investigator was engaged to undertake a comprehensive review of Water Corp's procurement to pay and contract management processes. This further investigation identified 12 risk areas. The investigation did not uncover any 'erroneous' transactions, but did observe control gaps that could increase the likelihood of these transactions occurring and not being detected.
- [79] The following areas of improvement were identified:
- a) the need for an improved Contract Management Framework;
 - b) a lack of defined roles and responsibilities which have led to inconsistency in contract management;
 - c) the current control environment could be insufficient to prevent and detect non-compliant practice;
 - d) the lack of contract management policy led to contract managers using their discretion;
 - e) key controls such as a three way matching process could not be easily identified; and
 - f) system capabilities were "not fully configured...to act as a central register and repository for all bidding and contract related data".
- [80] The same investigator also reviewed Water Corp transactions worth less than \$50,000 for two periods - July 2012 to July 2013 and July 2018 to November 2019. It found instances where purchase orders and invoices were not approved in accordance with delegated authority, sole source requests were not properly approved and a lack of documentation.

- [81] This investigator also conducted an independent review of Water Corp's Fraud and Misconduct Framework. The framework was found to be compliant with Australian Standards.
- [82] Water Corp has informed the Commission that a range of controls have been implemented to address these matters and a schedule of management actions developed to address the recommendations.
- [83] In addition to addressing the findings in these investigations, Water Corp has also reviewed its Procurement of Goods and Services Policy. It has prepared an online contract management training package and has taken steps to improve its record keeping practices.

CHAPTER FIVE

The Commission's review

- [84] Water Corp estimated that the cost of this matter, including all associated investigations, exceeds \$1 million. In light of the size of this cost, the Commission conducted a comprehensive review of the action taken by Water Corp.¹²
- [85] The Commission's review found that Water Corp undertook substantial investigations of this matter. The investigations have been discussed earlier in this report.
- [86] In the Commission's opinion, Water Corp's responses were thorough and appropriate. The findings of the various Water Corp investigations were open to be made on the evidence available.
- [87] The investigations show that the loss of public money was largely the result of breaches of policy and procedure by Mr Walker and led to a financial benefit for Mr Bates. Inexperienced support staff working on the project and tender process aided Mr Walker's conduct and contributed to the poor outcome.
- [88] The evidence clearly establishes that Mr Walker and Mr Bates had an undeclared conflict of interest and that Usund received favourable treatment during the tender process. Departures from the normal procurement process meant that risks were not identified and were not managed appropriately.
- [89] While the WA Police Force conducted an investigation into Mr Walker's conduct, its investigation did not result in criminal charges. At first blush, this was a surprising outcome given the personal, undisclosed relationship between Mr Walker and Mr Bates and the benefits received by Mr Bates.
- [90] The Commission independently assessed the evidence and considered whether serious misconduct occurred.
- [91] Serious misconduct¹³ requires the Commission to find that the subject officer acted corruptly. The standard of proof applied by the Commission

¹² CCM Act s 41.

¹³ CCM Act s 4(a), (b) or (c).

is the balance of probabilities, which is less onerous than the criminal standard of beyond a reasonable doubt.¹⁴

- [92] The Commission examined evidence provided by Water Corp including tender documentation, payment and invoicing information and statements taken during their investigations.
- [93] The Commission also examined the WA Police Force investigation file, which included witness statements by Water Corp staff, and the interview with Mr Walker.
- [94] Together, this evidence supports Water Corp's finding that Mr Walker breached conflict of interest and procurement policies in failing to formally disclose and manage his conflict of interest. It also confirms that he provided the tender specifications to Mr Bates/Usund before the tender process started.
- [95] The evidence supports the finding that Usund was treated favourably compared to other bidders once the tender process started. Both Mr Walker and others involved in the process provided Usund a number of allowances and opportunities to permit it to win the tender.
- [96] The Commission appreciates that the team was under pressure to find a supplier to re-equip the facility. It may have believed Usund to be their best chance of procuring the equipment for a reasonable price. However, their willingness to cut corners and disregard policy in pursuit of this goal had serious consequences. Staff inexperience and trust in Mr Walker meant that no concerns were raised about the departures from the normal procurement process.
- [97] Mr Walker was naive and lacked awareness of his obligations around confidentiality and management of conflicts of interest. He indicated that personal relationships with contractors are commonplace at Water Corp. While the evidence is anecdotal, his conflict of interest was common knowledge and remained unreported. This may indicate a cultural issue within Water Corp.
- [98] However, no evidence was found that Mr Walker personally received a financial or other benefit as a result of the contract being awarded to Usund. His frankness in the workplace, and to the WA Police Force about his relationship with Mr Bates, suggests that his behaviour was not dishonest and was motivated by a desire to benefit Water Corp.

¹⁴ The Commission may be satisfied on the balance of probabilities having regard to the serious nature and consequences on the individual of an opinion of serious misconduct, generally in accordance with *Briginshaw v Briginshaw* (1938) 60 CLR 336.

Deviations from processes were not the result of his actions alone. Other inexperienced staff were involved in the process.

- [99] In the present context, 'serious misconduct' involves conduct which is corrupt. Conduct which involves a bona fide mistake will frequently not be corrupt.
- [100] While Mr Bates received a significant financial benefit from his relationship with Mr Walker, the Commission is not satisfied that Mr Walker's conduct was corrupt. It may well have been the result of a genuine, albeit mistaken, belief that it was for the benefit of Water Corp. The Commission's conclusion is consistent with the conclusion reached by the WA Police Force.
- [101] The Commission does not form the opinion that Mr Walker's conduct was serious misconduct.
- [102] This outcome does not excuse Mr Walker's behaviour or minimise the damage caused by his disregard for policy and procedure. As project director, other staff were led by his behaviour. The financial cost has been prohibitive. Water Corp faces continued challenges fulfilling its legislative obligations.

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CHAPTER SIX

Conclusion

- [103] In May 2020, the Joint Standing Committee on the Corruption and Crime Commission (JSCCCC) released a report on corruption risks in public procurement. That report exposed the inherent vulnerability of that process to non-compliance and misconduct.¹⁵
- [104] While an opinion of serious misconduct was not formed in this case, it demonstrates serious misconduct risks. On this occasion, Mr Walker may have been incompetent rather than dishonest. However, the JSCCCC noted that incompetence and corruption are not separate issues but exist on a continuum of behaviour, as "incompetence left unchecked is a breeding ground for corrupt behaviour".¹⁶
- [105] Of greater concern than a single officer's incompetence is an agency's culture supporting its behaviour. Water Corp, to its credit, has expended considerable effort examining its procurement processes and fraud and misconduct risks. Its investigations did not identify fraud in other transactions but did identify opportunities to improve its practices which are being addressed.
- [106] However, policy improvement is not enough to combat serious misconduct risks. Internal controls must be supported by organisational culture. The JSCCCC noted that:
- Culture influences whether lip service is paid to compliance, accountability and integrity or whether these measures are genuinely implemented in the spirit intended. Culture also influences whether staff feel it is their duty to report anomalies they may see, and whether they feel safe and supported in doing so.*¹⁷
- [107] While Water Corp is actively tightening its procurement policies, Mr Walker's lack of concern about his conflict of interest and other employees' acceptance of this relationship, may be indicative of wider cultural issues at Water Corp.
- [108] Mr Walker may have been well-intentioned and endeavoured to complete the task assigned to him. Generally, this is the objective of most public sector employees as they go about their work.

¹⁵ Joint Standing Committee on the Corruption and Crime Commission, *Corruption risks in public procurement in Western Australia*, May 2020.

¹⁶ Ibid 9.

¹⁷ Ibid 84.

- [109] However, this matter should serve as a reminder of the serious consequences that can arise when the rules are disregarded in favour of simply getting the job done. If agency culture supports this approach, opportunities for corruption will arise and, in time, be exploited.
- [110] Water Corp informed the Commission that a number of proactive steps have been implemented to improve employee awareness, training and reporting, including a new Code of Conduct and Whistleblowing policy. Water Corp has also stated that measuring, improving and addressing cultural issues will be an ongoing focus for management.
- [111] The Commission acknowledges these initiatives and encourages Water Corp to continue its efforts in addressing cultural issues.