



MEDIA STATEMENT

WA Health urged to tackle corruption risks

12 June 2014

A Corruption and Crime Commission report tabled in State Parliament today warns the WA Health Department does not have adequate processes in place to prevent fraud and corruption across its multi-billion dollar health procurement activities.

The report says the significance of the "systemic failure" cannot be overstated when billions of dollars are spent on health procurement annually: "It is a problem that requires immediate and urgent attention from the WA Health executive".

The Commission conducted its review of procurement risks across the public health system in 2012-13 after the activities of a corrupt facilities manager at a public hospital were exposed.

Wathumallage "Tikka" Wickramasinghe was jailed for four years in January this year after an investigation by the Commission in 2010 found he used his position to corruptly obtain over \$490,000 in benefits from procurement projects he was managing.

Despite the public airing of his activities at public hearings and in court, the Commission's review found many of the flaws that enabled Wickramasinghe's corrupt conduct to go undetected for six years were still not resolved. It identified:

- widespread non-compliance with legislation and government policies;
- ongoing failure by staff to declare conflicts of interest, gifts and secondary employment;
- close relationships with suppliers and contractors;
- a lack of transparency around procurement contracts, including failing to publish details of many awarded contracts over \$20,000 as required by government policy;
- a lack of staff training and awareness of corruption risks specific to procurement; and
- limited internal audits to detect procurement fraud.

In a statement to the Commission in February 2014, the Department of Health acknowledged the risks identified in the report and said steps had been taken "to remedy the issues of immediate concern" and plan to implement all of the CCC recommendations (p5).

The report says health procurement projects costing \$20 million or more receive strong oversight but projects under that threshold - including facilities management works like those managed by Wickramasinghe - receive far less scrutiny.

It says the \$20 million threshold used by health is considerably higher than that used by other agencies: "Consequently, a figure such as \$5 million, which would normally be significant in other contexts, drops off the radar in the WA Health context."

The report says the circumstances that underpinned Wickramasinghe's corruption were not unique to one hospital: "It was a symptom of systemic failure to manage fraud and corruption risks in procurement across WA Health".

The Commission makes a series of recommendations to better identify and manage procurement risks, ensure compliance with legislation, improve contract transparency and provide better training for staff to recognise misconduct risks.

The Commission acknowledged the cooperation by the Department during its investigation and the commitment by its Director-General to address the concerns identified in the report.

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