

PROCUREMENT TALK, S7 E13

WHY PROBITY IS SO IMPORTANT

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Welcome to Procurement Talk and this is your host David Byrne. Procurement Talk is for procurement and business professionals, where we provide insights and solutions to your procurement challenges.

Hello and welcome to Procurement Talk. This is your host David Byrne. It's great to be back for another episode. This episode is titled "Why Probity Is So Important".

Probity is a cornerstone principle that ensures fairness, transparency, accountability and Integrity, the adherence to the highest principles and ideals and is synonymous with honesty, honour and integrity.

The principles of probity must be applied throughout procurement practices and all business activity to build trust, reduce the risk of legal challenges or corruption, and to ensure value for money and ethical use of resources.

Now there are some guiding principles that are extremely important and very common across procurement practices, which you'll see in most policies, procedures and guidelines around procurement.

Probity, which descends from the Latin word probus, means honest, implies tried and proven honesty and integrity. Really the cornerstone, like I mentioned before, of procurement.

Probity ensures impartial tendering in contract management, and it can be embedded in your organisation through a probity plan or a framework, and it can establish conflict of interest declaration, inclusion of employee code of conduct, ethics training, whistleblower protection, enabling open and transparent activity involvement, and independent oversight by engaging probity advisors in certain procurement activity that is of a high value or sensitive nature.

These tools would help the procurement team and organisation stay on track and providing those safeguards and rails to ensure fraud is deterred, and we are making honest and fair decisions, and that they are very transparent for all parties that are involved.

Other areas of the business where probity is important include HR, to ensure fairness in recruitment, unbiased promotions, and transparent grievance handling, all key parts of the HR component of your business.

In Finance, it ensures that transparent budgeting, proper approvals and ethical spending is in place.

In IT, it's around secure data management, ethical vendor selection, and being responsible for technical uses of equipment.

Our leaders must demonstrate this ethical behaviour and set the tone of the organisation for how we operate and all the practices around probity, and how we do things at our organisation.

And by having those clear guidelines around honesty, honour, and integrity through strong probity decisions, strong policies, procedures, and guidelines to help your organisation, that would make a significant difference in setting the tone and the values under which an organisation operates.

Integrity is doing the right thing when no one is watching, and that's a common phrase you would hear time and time again.

But like is commonplace and you see it in any organisation, in Australia here we've seen some real probity failures. One breach, for example, of confidentiality and misuse of privileged government information resulted in massive public backlash and a loss of government contracts for a major organisation. And it's a real major shake-up in that organisation within that consulting firm, when they were poor in their probity and how they were responding to the government.

Another example is a large casino enabled money laundering due to lack of proper oversight, ethical lapses in compliance, and a failure to uphold responsible conduct.

These are some key principles around probity, and it just goes to show that these cases show how breaches of ethical standards, whether through deception, poor management or misuse of power can unravel even the most established organisations, and the end result being dragged through the court, poor reputation, sometimes leading to insolvency for some organisations. That's the severe end of poor probity practices.

And you see it time and time again. There's consistency around not having a strong probity ethics and guidelines within your organisation to build that trust, to have that level of honesty, integrity throughout your business and throughout all the processes that you operate.

Now there are some guiding principles for you as an organisation, and I just highlighted some of the things you could do in procurement, some things you could do in HR, some things you could do in finance and IT, and it covers the whole breadth of an organisation. Probity is a company-wide issue. Yes, it has a strong emphasis in procurement, but there are other touches across the organisation where probity is integral to your decision-making, how you behave, and the ethics of an organisation.

Well, there you have it. I hope I've explained why probity is so important in any organisation and no matter what part of the organisation you reside in.

Well, all the very best, and bye for now.

This concludes this episode of Procurement Talk. Thank you for listening. Procurement Talk is brought to you by David Byrne and BWD Consulting. We're helping organisations transform procurement.

Talk to you again soon. Bye for now.