



# Fraud and Corruption in New Zealand's Public Sector

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# Definitions of fraud and corruption

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## Fraud

- obtaining a gain
- causing a loss
- imperilling economic interests of another, and
- dishonestly influencing a public official in the exercise of their duty

## Corruption

- “The abuse of entrusted power for private gain”

# A quick survey of some cases affecting the Public Sector

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- Australian Customs and Border Protection Service
- Securrency and Note Printing Australia
- UK parliamentarians' allowances
- AWB
- Taito Phillip Field

# Causes

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culture

system flaws

context

# Culture

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- ❑ Large scale fraud requires collusion – who colludes?
  - offenders who act together
  - collusion to serve or enhance the position of the organisation
  - collusion based upon kinship or other long standing ties

# Offenders who act together

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- UK parliamentarians
- Australian Customs and Border Protection Service

# Collusion to enhance the position of the organisation

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- AWB
- Securrency and Note Printing Australia



# Collusion based on kinship or long standing ties

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- Australian Customs and Border Protection Service
- UK Parliamentarians
- Field



# System flaws

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- ❑ Individual fraud and corruption
- ❑ Large scale fraud and corruption
  - Australian Customs and Border Protection Service
  - UK Parliamentarians

# Context

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- AWB
- Australian Customs and Border Protection Service

# Detection and prevention

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- ❑ External factors influencing culture
  - distance
  - identity
  - success in highly competitive circumstances
- ❑ Audit red flags
- ❑ Whistleblowers

# Whistleblowers

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- ❑ The biggest opportunity to detect fraud and corruption
- ❑ The opportunity most often squandered

# Questions?

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