

Fraud and Corruption in New Zealand's Public Sector

Presentation to IPANZ, 2 July 2015 By Julie Read, Director, SFO

Definitions of fraud and corruption

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

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



Causes

- **□** culture
- □ system flaws
- □ context



Culture

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



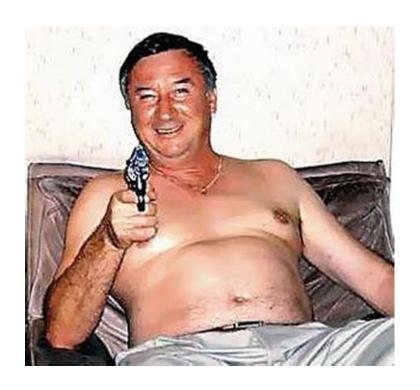
Offenders who act together

- ☐ UK parliamentarians
- Australian Customs and BorderProtection Service



Collusion to enhance the position of the organisation

- ☐ AWB
- ☐ Securency and Note Printing Australia





Collusion based on kinship or long standing ties

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



System flaws

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



Context

- ☐ AWB
- ☐ Australian Customs and Border Protection Service



Detection and prevention

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



Whistleblowers

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



Questions?

