

Corruption

Some things you need to know!

SOLGM Conference

Graham Gill

General Manager Business Services



What is corruption?

- There is no NZ definition of corruption.
- Conventional views
 - Corruption: obtain advantage via misuse of influence, abuse of trust, collusion
 - Asian Development Bank defines corruption as the abuse of public or private office for personal gain
- We find talking about corrupt behaviours more useful from a prevention perspective.

Conduct

Unacceptable conduct

Theft
offences

Other dishonesty
offences

Misconduct

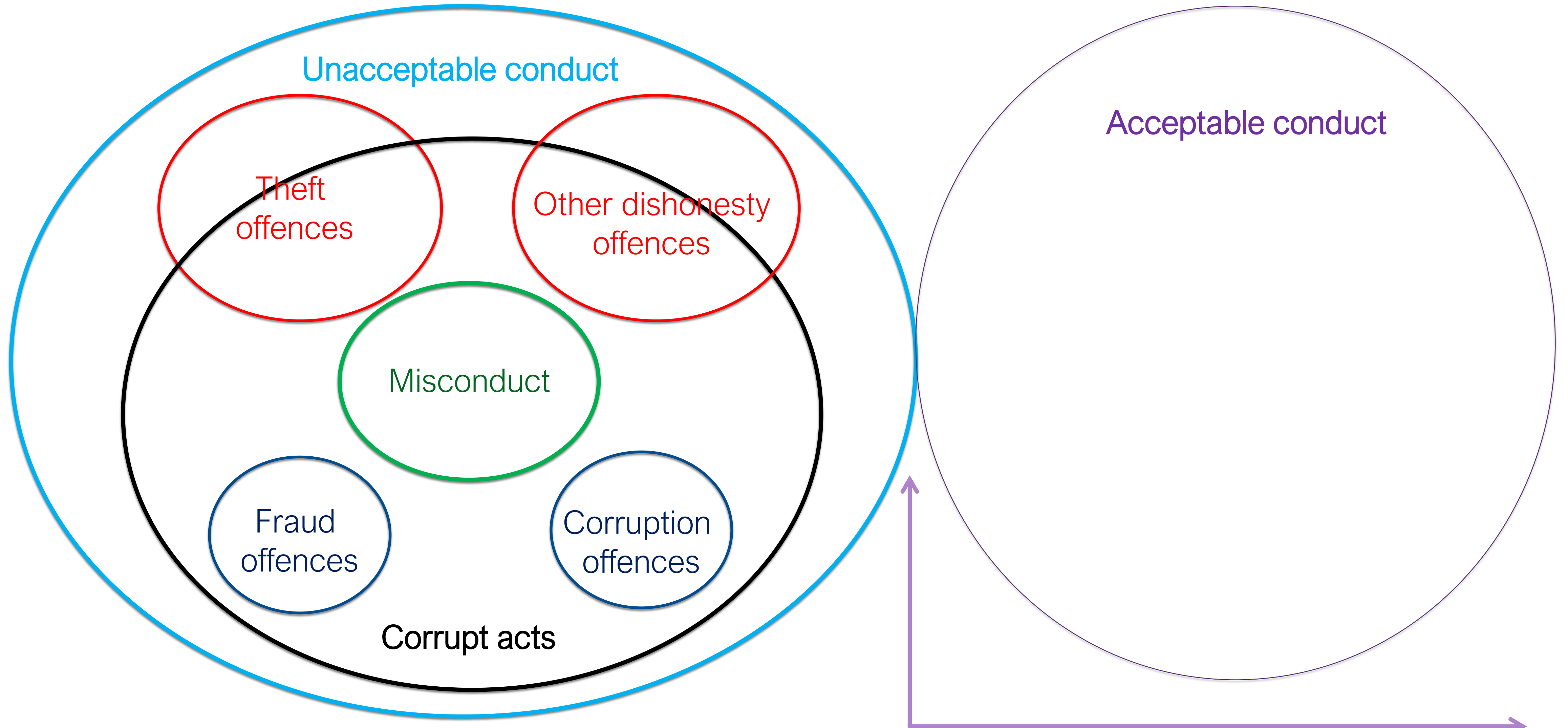
Fraud
offences

Corruption
offences

Corrupt acts

Acceptable conduct

Opportunity



Joanne Harrison



- Is an outlier in New Zealand terms
- Stole \$726,000 from Ministry of Transport
- Four charges of using a document (2016)
- Sentenced to 3 years 7 months imprisonment
- Red flag - First questioned about 'dubious' contract in 2014 – claimed genuine misunderstanding
- Red flag - Subject of fraud investigation in Australia – Police contacted MoT
- Subsequently convicted of benefit fraud

But also not an isolated incident?

Former Waitangi Trust manager sentenced for stealing \$1.2 million

Imogen Neale • 17:28, Feb 22 2019



SUPPLIED

Wallace Te Ahuru was sentenced at the Papakura District Court on Friday to three years and eight months imprisonment.

The man who stole \$1.2 million from the trust that administers the Waitangi Treaty grounds spent the money on overseas travel, clothing and cosmetic surgery.

Two jailed, six leave jobs in country's largest bribery case

23 Feb, 2017 5:00am

4 minutes to read



Fraud investigation after Auckland cake decorator wins contract to build Franz Josef's new sewage plant

15 Mar, 2017 7:18am

4 minutes to read



Home detention for man who defrauded government-funded disabilities trust

27 Mar, 2018 10:17am

4 minutes to read



Saul Roberts received secret cash payments on 90 occasions, totaling more than \$200,000. Photo / Michael

Named: Former Auckland Council official accused of taking bribe

Edward Gay • 11:52, Jul 26 2019

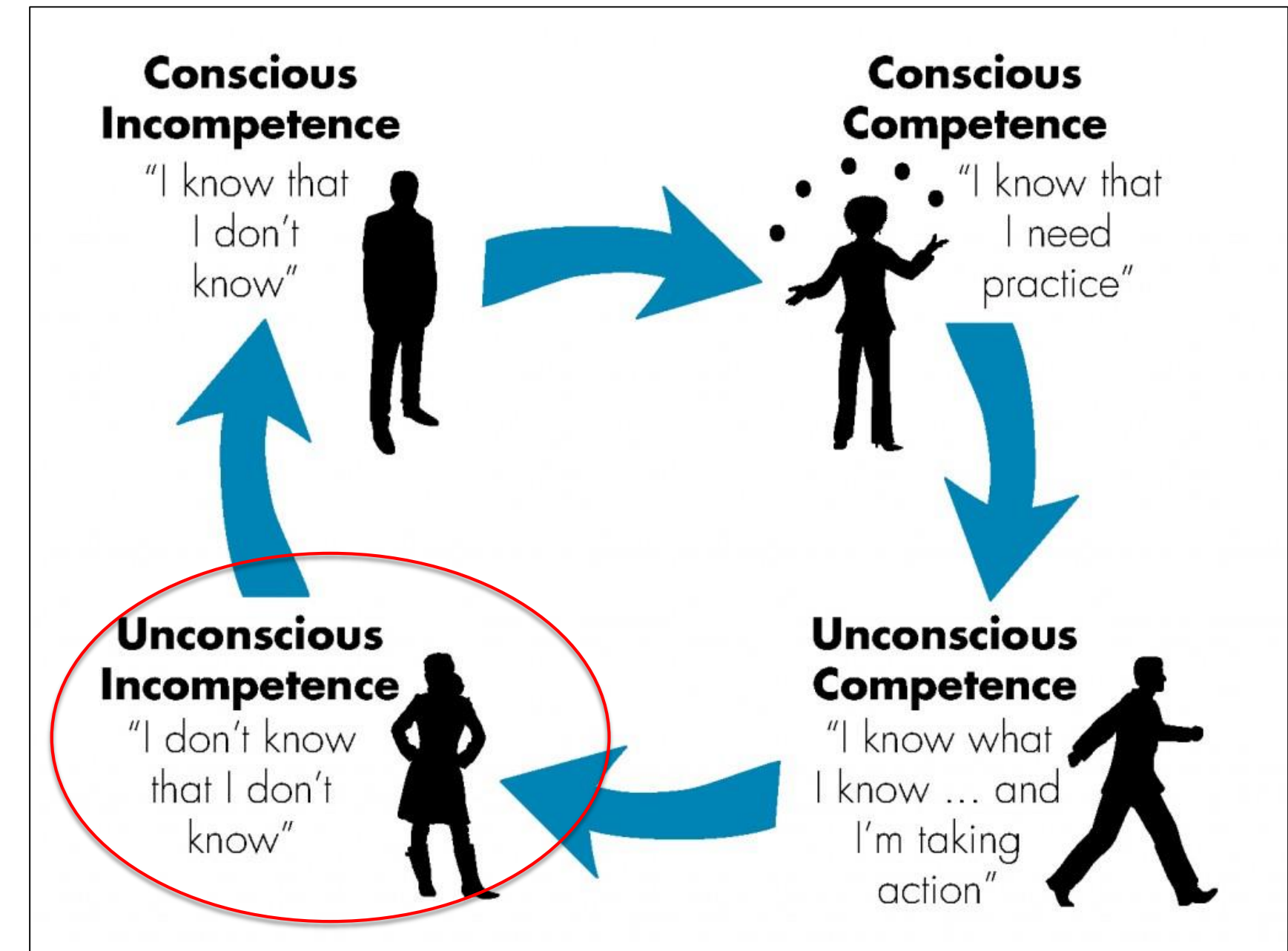


The former Auckland Council worker, Sundeep Dilip Rasila, is said to have taken a \$7500 bribe for awarding a contract initially worth over \$150,000.

A former Auckland Council official accused of taking a bribe in exchange for helping his friend get a council contract worth over \$150,000 can now be named.

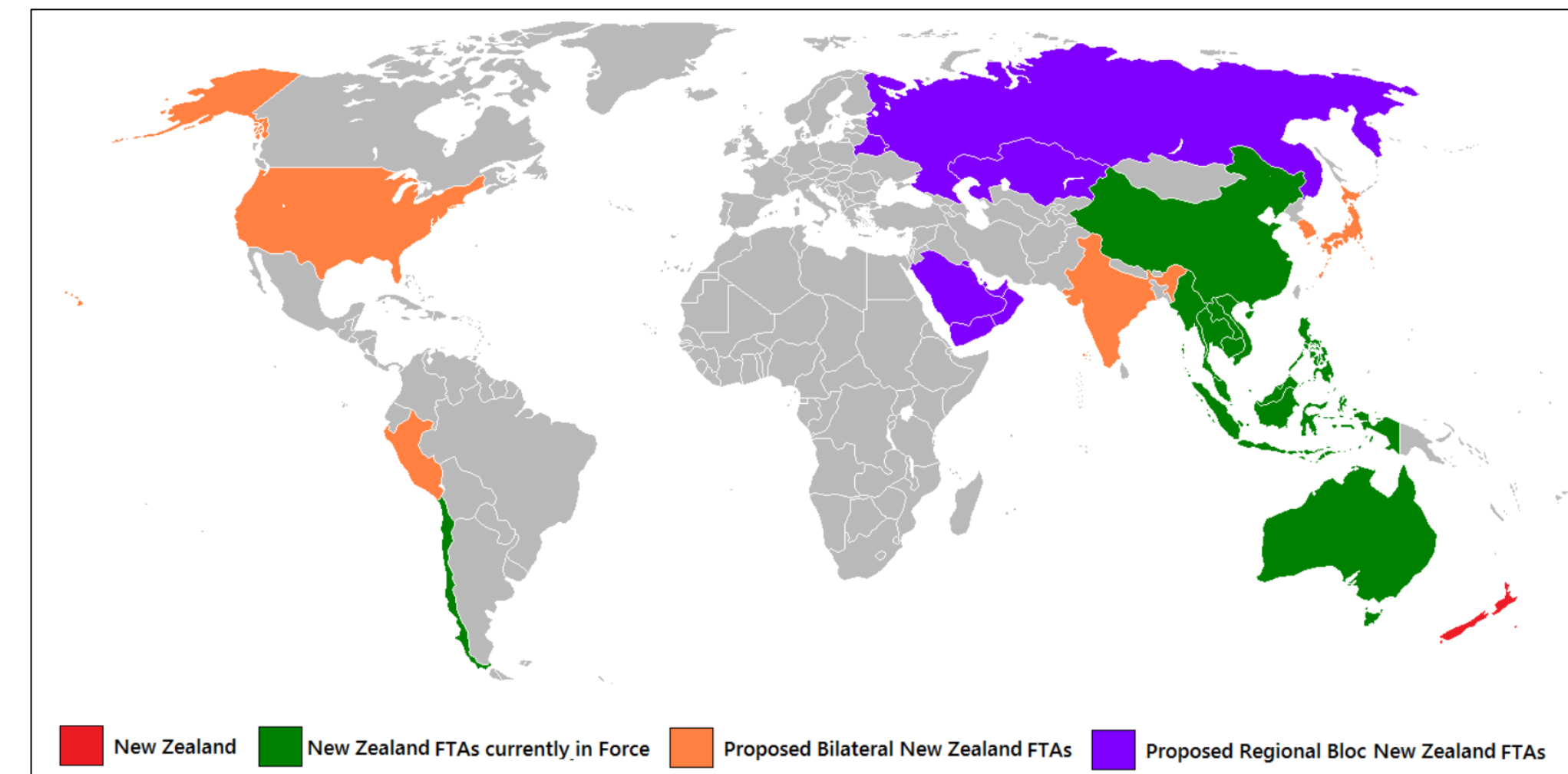
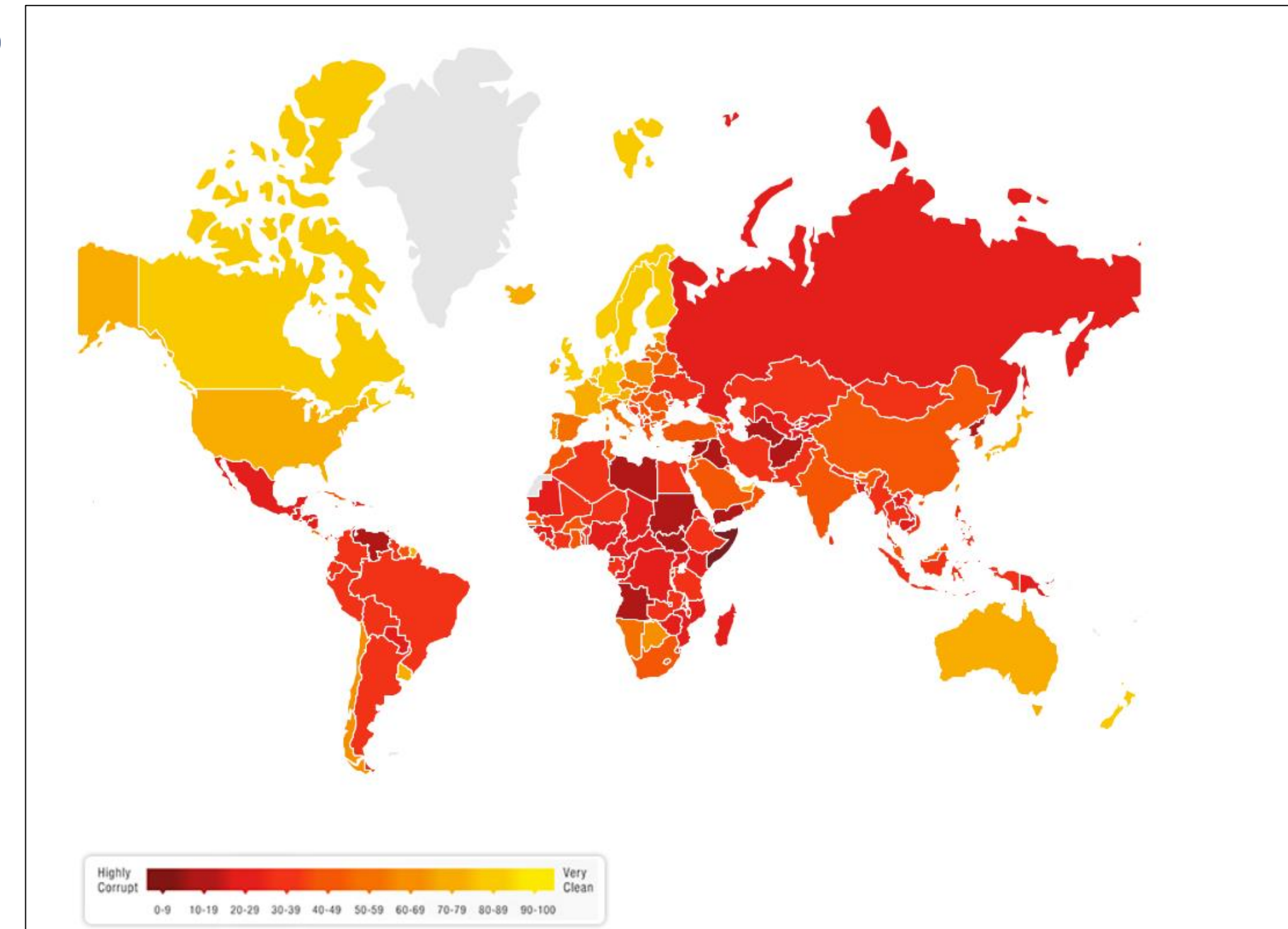
Kiwi context

- 40% increase in SFO public sector cases since 2014
- Nine out of 20 current SFO investigations are public sector related – two include possible instances of foreign bribery
- 51% of NZ organisations have experienced economic crime in the past two years
- The most common types of domestic corruption are
 - undisclosed conflicts of interest
 - inappropriate gifts and favours
 - misappropriation of assets
 - procurement fraud



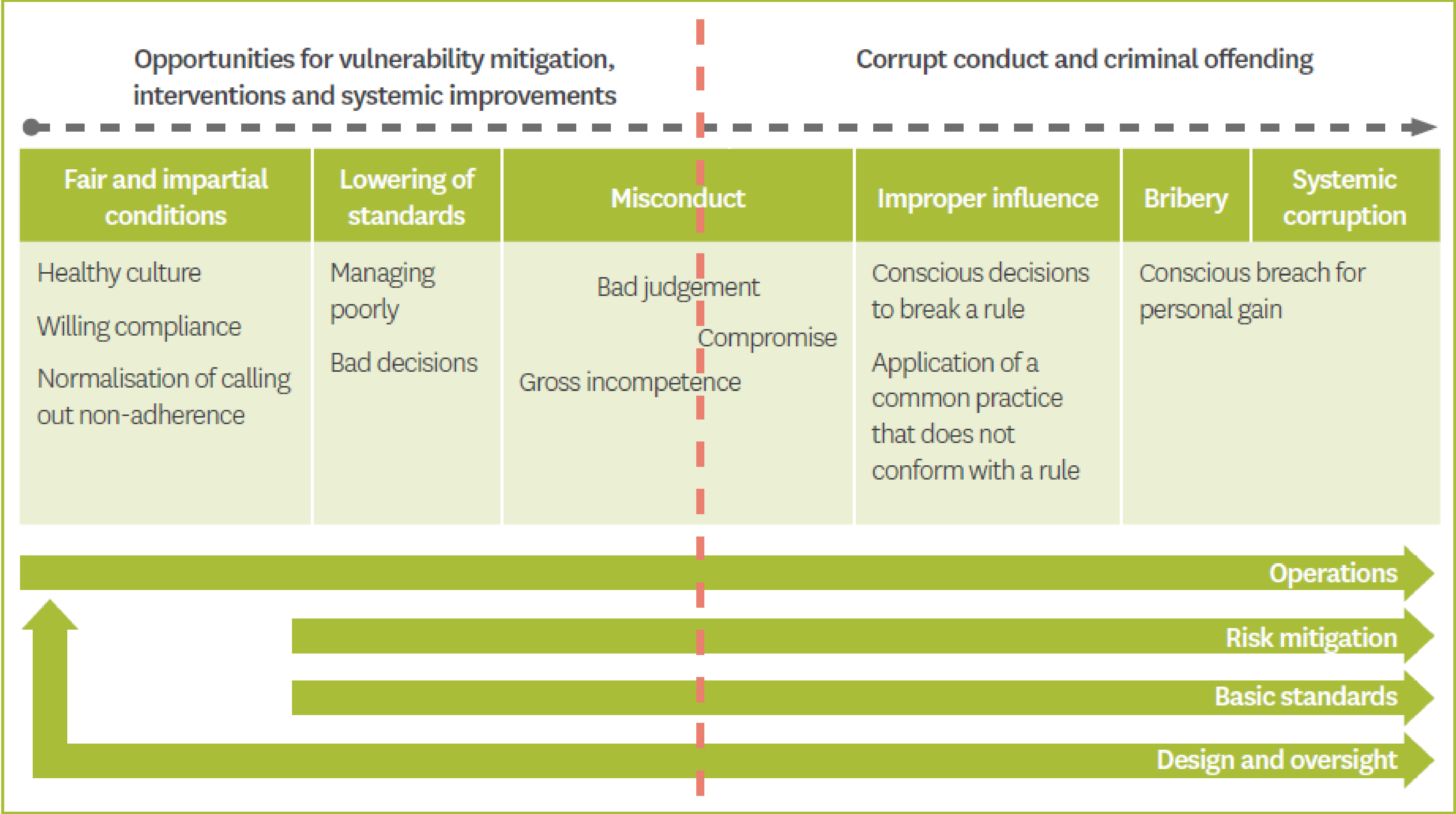
Emerging risks and vulnerabilities?

- Population growth
 - New Zealand's population density at 30 June was 18/km compared with 13 in 1991
 - Change in demographics
 - up to 18,000/km in Central Auckland
- Wealth distribution
- Diversity of cultural norms
 - willingness to engage in corruption reflects universalistic social norms internalised by people where they grew up (*Barr and Serra 2010, Fisman and Miguel 2008*)
- Increase in diversity of trading partners
- Organised Crime influences
- Trust – New Zealand is characterised by individuals who think the best of one another
- **Complacency....**



Slippery slope? Cause and effect....

Figure 5: Behavioural continuum



Corruption myths

<p>Bad apples</p> <p>Can draw attention away from considering organisational vulnerability and integrity systems as a whole</p> <p>Bad apple then turns in to bad barrel</p>	<p>The training fix-all</p> <p>Aimed at ‘average’ employee, which may ultimately be of limited relevance</p> <p>Senior staff model desired behaviour to foster a culture of integrity</p>	<p>It is all in the front line</p> <p>Non-operational staff may be as vulnerable, and less prepared to respond, to improper approaches</p> <p>Many have similar or higher levels of access to sensitive information and systems to operational people</p>
<p>It is all about the money</p> <p>Assuming this misses possible indicators</p> <p>Personal benefit might take other forms, such as social reward, ideological satisfaction, or excitement</p>	<p>The slippery slope</p> <p>Early intervention is possible, if organisation integrity systems are strong, fair and employees have trust in them</p> <p>This empowers staff to take accountability for their decisions, and to report risks</p>	<p>No reports = no problem</p> <p>Transparency should result in knowing exactly what is going on, the near misses and the fluid nature of risks</p> <p>If nobody is ever raising anything, be concerned</p>

Misconduct diamond – Harrison context

Opportunity

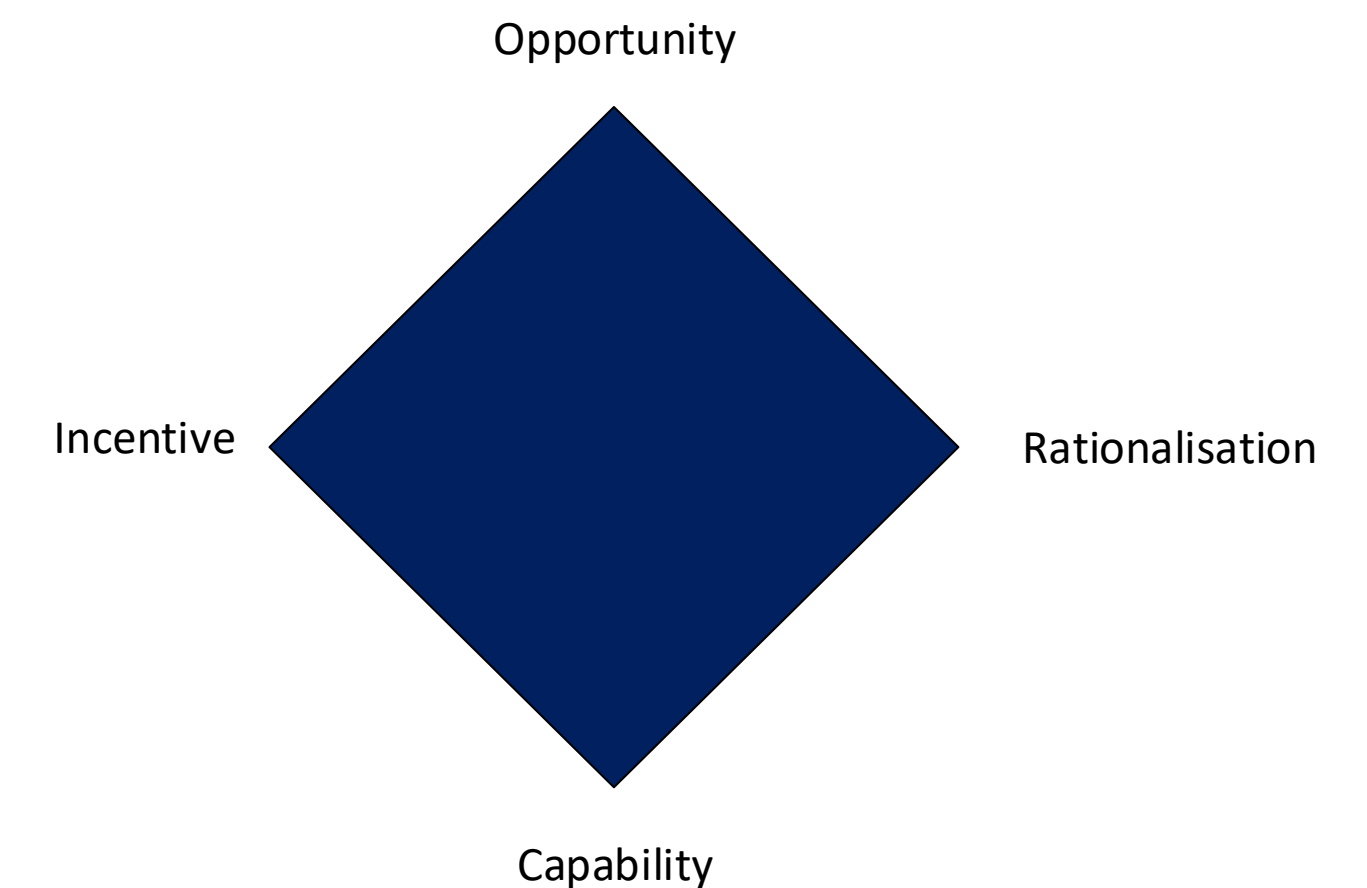
- Limits kept to operational needs
- Regular audit
- 3rd party scrutiny
- Central point for integrity reporting

Incentive

- Employee support
- Whistleblower policies
- Education
- Recognition for values led behaviours

Rationalisation

- Clear guidelines
- Integrity applies to all
- Tone at the top/Mood in the middle
- Organisational culture



How can we help you.....?

- Guidance and training resources, created in partnership with Local Government New Zealand and SOLGM. Based on common themes identified in recent procurement-related prosecutions.
- Visit www.sfo.govt.nz/detection-and-prevention
- Joint SFO/LGNZ Webinar to be launched in December (available at the above link)
- New section in the LGNZ handbook about corruption
- Further procurement good practice guidance at Ministry of Business, Innovation and Employment and Office of Auditor-General websites
- **Any concerns please contact the SFO. We are happy to talk confidentially**

The end

graham.gill@sfo.govt.nz

