

A Prominent Performing Arts Educator Defrauded Te Amorangi Mātauranga Matua of \$1.25 Million

Background

False Documents were Created to Meet an Eligibility Criteria

An internal programme coordinator defrauded an educational institute, and government funded programmes, of \$1.25 million. The funding was secured from Te Amorangi Mātauranga Matua/Tertiary Education Commission after the programme coordinator fabricated the delivery of Māori arts courses led by Te Whare Wānanga o Awanuiārangi.

To fabricate the delivery of the courses, the programme coordinator:

- ▶ created false attendance records for enrolment including reusing past students' credentials
- ▶ partly delivered an 18-week course in one day and manipulated the students into signing documentation stating that they had participated in the full course
- ▶ forged emails pretending to be students enrolled in the course.

None of the Te Amorangi Mātauranga Matua funded courses claimed for were delivered in full, which was a requirement to receive the funding.

A Lack of Personal Benefit was Used to Rationalise the Behaviour

The programme coordinator rationalised the fraud by saying that they did not profit personally and that it was for the benefit of other charitable organisations. She used the Te Amorangi Mātauranga Matua funding to prop up other community-based charitable organisations that she was involved with.

An Anonymous Tip-Line Led to an Investigation

The fraud was discovered after an internal staff member of Te Whare Wānanga o Awanuiārangi used an anonymous tip-line to send a letter to Te Amorangi Mātauranga Matua. They raised concerns of consistent deceptive behaviours and non-compliance by the programme coordinator, to obtain government funding they were not eligible for.

An investigation found that the delivery of the courses led by Te Whare Wānanga o Awanuiārangi fell well short of the required teaching hours and enrolments to receive funding. Administration, attendance and reporting systems had been manipulated. This resulted in qualifications being awarded to students who had only engaged in a small portion of the course or not engaged at all. The case was referred to the Serious Fraud Office and the offender received 12 months home detention.

Fraud Prevention Observations

Impacts

Te Whare Wānanga o Awanuiārangi:

- ▶ Some New Zealanders lost faith in the credibility of the qualifications attained by graduates.
- ▶ Te Whare Wānanga o Awanuiārangi reported that the reputation damage took the organisation to the brink of closure. Whānau, hapū, iwi and whole communities lost confidence in the organisation's ability to provide high-quality opportunities to them. It took years to rebuild trust and confidence.
- ▶ The organisation had to repay the funding lost to fraud back to Te Amorangi Mātauranga Matua.
- ▶ The investigation took up significant resources including \$34,000 worth of internal reviews and audits.

Te Amorangi Mātauranga Matua:

- ▶ The financial loss was \$1.2 million of allocated learning resources.
- ▶ Te Amorangi Mātauranga Matua can now provide fewer educational opportunities to students.

Case Study

<p>Fraudster Personas</p>	<ul style="list-style-type: none">▶ The Exploiter - The programme coordinator exploited vulnerabilities in the education reporting system to benefit another.▶ The Fabricator – The programme coordinator created fake documents to make it appear as if they were delivering the courses.
<p>Red Flags</p>	<ul style="list-style-type: none">▶ Students who had already completed a level four course were enrolled in a level three course.▶ Contracts for third parties delivering the course were signed up to one month after the course was completed▶ Additional students were added to course lists after the course was completed, to ensure it met the funding threshold.
<p>Effective Countermeasures</p>	<ul style="list-style-type: none">▶ The case highlights that effective countermeasures such as a whistle blower policy can empower individuals to speak up when they suspect fraud or corruption.▶ Other effective countermeasures include quality assurance checks to ensure processes are being followed correctly, and audits of contracting processes.
<p>Mitigations and Responses</p>	<ul style="list-style-type: none">▶ Internal audits were conducted using an external agency. This assured them that the incident was due to the deliberate actions of a particular individual and not a wider behavioural and integrity issue of staff and the organisation as a whole.▶ A new compliance framework was introduced and will be continuously developed and updated over six years. This included new processes, procedures and quality control systems.
<p>Link to sources</p>	<p>SFO Media Release</p>

Case Study

Fraud Tags

Public Sector, Not-for-Profit, Administrative and Supportive Services, Education and Training, Service Delivery and Operations, Abuse of Position of Trust.



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