

Tackling Corruption in the University: Fraud Prevention, Market Making and the Big Four

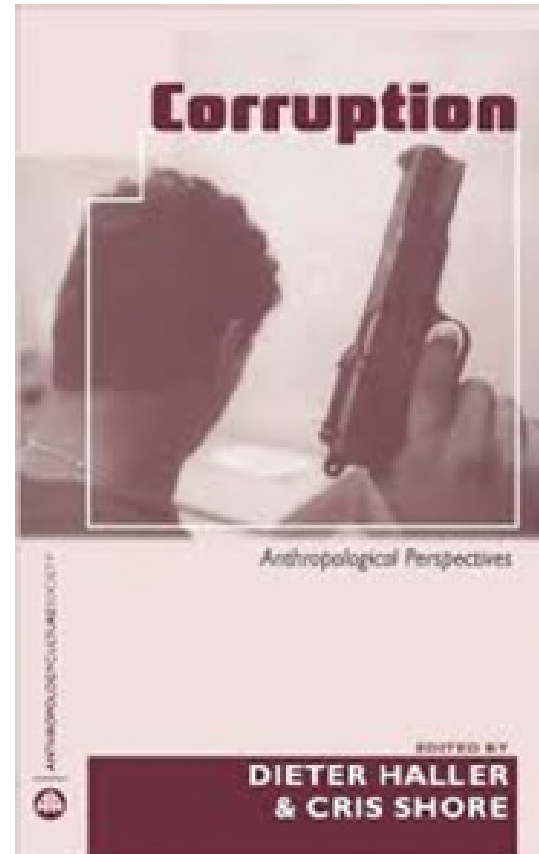
Centre for Global Higher Education

Cris Shore, Goldsmiths University of London



Starting Premises: corruption narratives

- **Corruption hard to study/define**
- **Performativity of Corruption narratives** (Butler 1997) ... as 'speech acts' (Austin 1955;) that bring social reality into being ('dynamic nominalism' – Ian Hacking 2002)
- **Corruption' narratives like Witchcraft accusations** - lens for analysing cultural norms and social relations ('corruption is good to think with' cf Levi-Strauss)



Have universities become more prone to corruption?

- Global/Institutional Context:
- NPM & financialization of universities increases risk aversion
- Enterprise university model / academic capitalism promote rise of 'audit culture' & logics of accountancy
- UNESCO + TI Reports found evidence that corruption has increased
- Pressure on unis to generate income/financialization -- new spaces of opportunity



Combatting University Fraud and Corruption: An Antipodean Story

'NO BUTTS ABOUT IT'
Smoke Free Campuses
Support is available via Quitline
NO BUTTS ABOUT IT
SMOKE FREE 2010
THE UNIVERSITY OF AUCKLAND
NEW ZEALAND
KPMG

GOOD CALL

Let's protect our University
As staff of The University of Auckland we are committed to protecting the reputation of our University.
If you suspect a staff member is defrauding the University, or is engaging in unethical behaviour, please make a good call. Contact KPMG Fair Call on **0800 100 526**. Our independent experts will provide you with support.

Did you know?
In 2009, our University used 44% less energy and 73% less water per student than thirty years ago.

Please help us to keep improving:

- Turn off unnecessary lights and equipment
- Report all leaks and dripping taps

For more information, see our Sustainability and Environment web portal www.auckland.ac.nz/environment

THE UNIVERSITY OF AUCKLAND
NEW ZEALAND
Te Whare Whangai o Tamaki Makaurau

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KPMG says more fraudsters are being caught in New Zealand

Radio New Zealand Newswire — 28 Mar 2011 : 12:01:37

The accounting firm, KPMG, says increased vigilance from business managers is partly behind figures showing fraud prosecutions reached a record value of 100-million dollars in the second half of last year.

The KPMG Fraud Barometer identified 30 high value fraud cases in the six months to December, almost a third more than in the first half of the year.

It says the most common offence was accounting fraud, with men and managers most likely to be the perpetrators.

A partner at KPMG, Stephen Bell, says the Serious Fraud Office has launched more prosecutions against large frauds, but that is not the only reason behind the increase.

IN AS A RESULT OF THE GLOBAL

OUTCOLLAPSES, AND OTHER MATTERS

Fraud Barometer

March 2011



SUMMARY

- There has been a new record high for the value of fraud in the six months to December 2010 when compared to the first half of 2010.
- In this time period, the value of large fraud cases totalled NZ \$100 million (up from NZ \$72m in the first half of 2010).
- This is also the first time the KPMG Fraud barometer has recorded \$100m in a single period.
- There were 30 cases in total (up from 26 in the last period).
- The second half of 2010 has also seen a number of high value cases ("supercases"), with five cases over \$3 million. Four of these cases have involved investors or Financial Institutions as the ultimate victim.

Victims

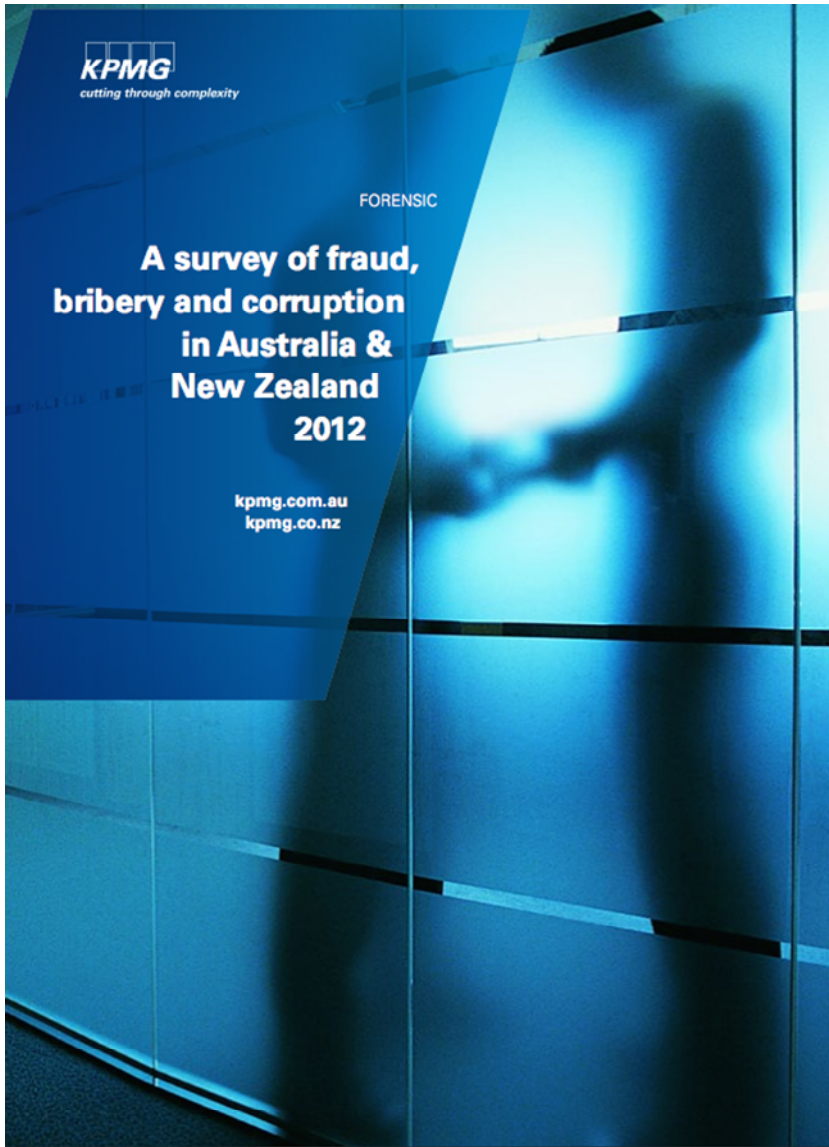
- The most common victim is the **Government** (7 cases) – external fraud and internal fraud
- Most prominent victims, by value, were **investors** (\$66m) – investment scams and theft of investor's funds under management.
- Financial Institutions: Value exceeds all other categories of

Perpetrators

- A large proportion of fraud in commercial businesses was committed by internal staff. However when looking at all victim categories, management are more likely to commit fraud than lower level employees.
 - Employees and management accounted for 18 of the 30 cases (Employees – 8 cases; Management – 10 cases).
 - Fraud by Management - highest number and value for cases (10 cases with \$70m in value).
 - For a fourth consecutive period, the KPMG barometer found that those in management tend to be more likely to commit fraud than lower level employees, and when they do commit fraud generally misappropriate far higher amounts due to their access to information, authorisation capabilities and ability to understand and override internal controls.
 - Other prominent perpetrators were customers (5 cases with \$18.7m in value) – fraudulent loans against Financial Institutions.

Type

Most common type of fraud is **accounting fraud** (7 cases). These generally involve internal staff (employee or management) as the perpetrator.



Deloitte.

Deloitte Bribery and
Corruption Survey 2012
Australia & New Zealand
A storm on the horizon?



Warnings from Serious Fraud Office

“It would be easy to sit back and say that New Zealand is the country perceived to have the least corruption, and that it only happens to others. However, we are seeing more instances of domestic corruption such as bribes paid to public officials, and corrupt payments made within the private sector.

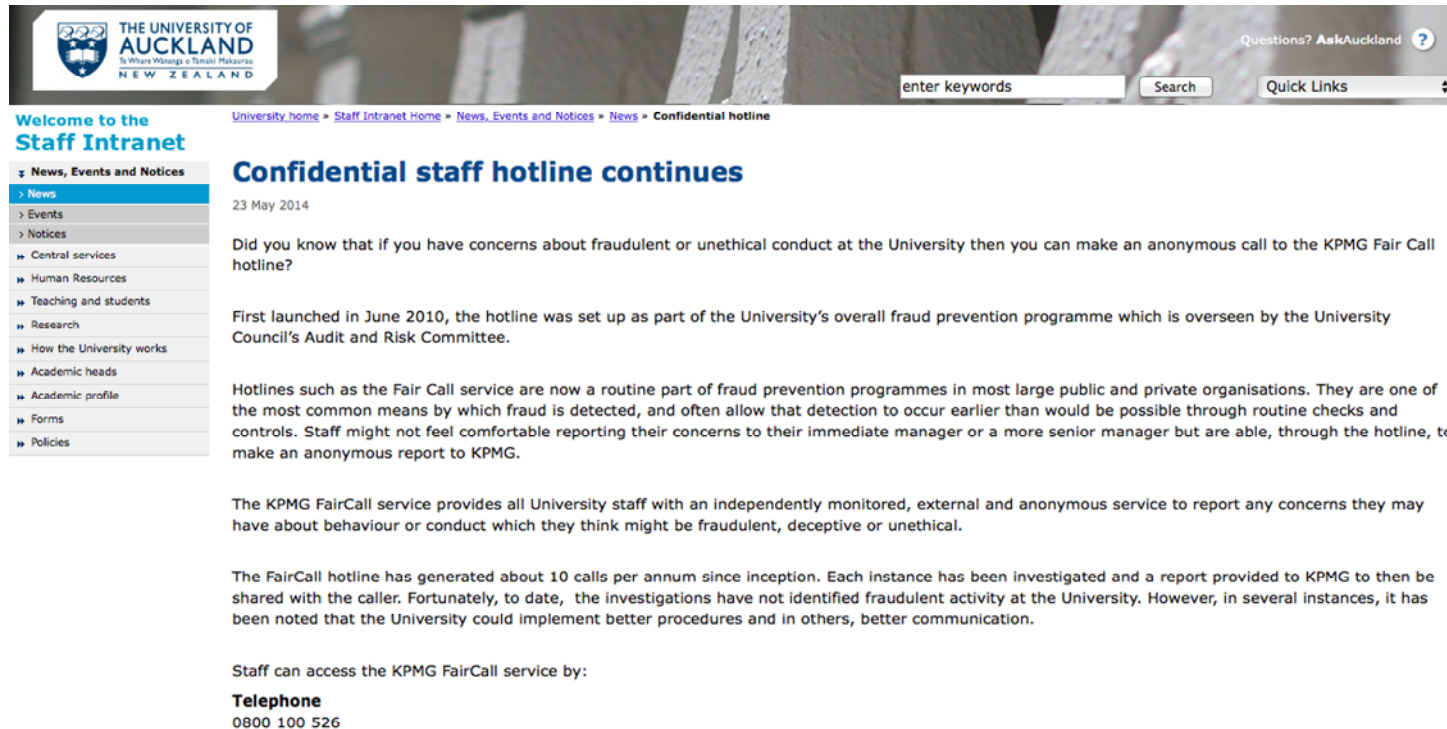
Organisations need to be awake to the changing environment as well as the legal and reputational risks and consequences associated with engaging in corrupt practices.”

Nick Paterson, General Manager, Fraud & Corruption, NZ Serious Fraud Office

Performativity of corruption

- Cultivating climate of risk & anxiety has helped Big Four expand into new markets.
- Anticorruption industry
- Rise of ‘moral capitalism’ (Sampson 2016) ... Ethics as vital company asset

Genealogy of the Anti-Fraud Hotline



The screenshot shows the University of Auckland Staff Intranet. The header includes the university logo, navigation links (University home, Staff Intranet Home, News, Events and Notices, News, Confidential hotline), a search bar, and a 'Quick Links' dropdown. The main content area features a sidebar with a 'News, Events and Notices' menu and a main article titled 'Confidential staff hotline continues' dated 23 May 2014. The article text discusses the KPMG Fair Call hotline, its history since 2010, and its role in fraud prevention.

Welcome to the Staff Intranet

[University home](#) » [Staff Intranet Home](#) » [News, Events and Notices](#) » [News](#) » [Confidential hotline](#)

News, Events and Notices

- > News
- > Events
- > Notices
- » Central services
- » Human Resources
- » Teaching and students
- » Research
- » How the University works
- » Academic heads
- » Academic profile
- » Forms
- » Policies

Confidential staff hotline continues

23 May 2014

Did you know that if you have concerns about fraudulent or unethical conduct at the University then you can make an anonymous call to the KPMG Fair Call hotline?

First launched in June 2010, the hotline was set up as part of the University's overall fraud prevention programme which is overseen by the University Council's Audit and Risk Committee.

Hotlines such as the Fair Call service are now a routine part of fraud prevention programmes in most large public and private organisations. They are one of the most common means by which fraud is detected, and often allow that detection to occur earlier than would be possible through routine checks and controls. Staff might not feel comfortable reporting their concerns to their immediate manager or a more senior manager but are able, through the hotline, to make an anonymous report to KPMG.

The KPMG FairCall service provides all University staff with an independently monitored, external and anonymous service to report any concerns they may have about behaviour or conduct which they think might be fraudulent, deceptive or unethical.

The FairCall hotline has generated about 10 calls per annum since inception. Each instance has been investigated and a report provided to KPMG to then be shared with the caller. Fortunately, to date, the investigations have not identified fraudulent activity at the University. However, in several instances, it has been noted that the University could implement better procedures and in others, better communication.

Staff can access the KPMG FairCall service by:

Telephone
0800 100 526

Whistleblowers' hotline was response to the Auditor General's (2012) fraud prevention guidelines

Also part of the Uni's overall fraud prevention programme, overseen by Uni Council's Audit and Risk Committee

Outsourced to a private company based Australia to ensure confidentiality

Challenges of Researching one's own Institution

UNIVERSITY OF AUCKLAND
RESEARCH PROJECT APPLICATION FORM (2006)

Authorisation: _____
The form will be signed and its contents accepted by the UNPA Ethics Committee. This form is available on the UNPA website: www.unpa.auckland.ac.nz

**University of Auckland Human Participants Ethics Committee
RESEARCH PROJECT APPLICATION FORM (2006)**

Applicants will only be accepted on terms specified in the current year. Please complete this form in accordance to the UNPA Guidelines (2006) available on the University of Auckland website under Research and Research Ethics and [UNPA Guidelines](http://www.unpa.auckland.ac.nz). Send your completed form with copies of the form and all supporting documentation to the Research Ethics and Integrity Safety Administration, the University, Auckland Office (not the Auckland Office) for this or the research ethics administration that will apply. Your language that is true that you are completing this form.

GENERAL INFORMATION / COVER SHEET

- PROJECT TITLE:** Proposing International and social context. Interpretation of social and psychological phenomena in a cross-cultural context.
- APPLICANT INFORMATION: SUPERVISOR (P.S.)** (The criteria required for a supervisor is)
Name: Melissa Lee-Hwa
Address: Department of Psychology, University of Auckland
Email address: melissa.lee@unpa.auckland.ac.nz
Phone number: 011 352 3431
E-mail address: name of degree, Department and Supervisor
- NAME OF STUDENT** (if applicable)
Name: _____
Email address: _____
Phone number: _____
Name of degree and Department
- ETHICS INSTITUTION:**
Name: _____
Organisation: Department of Psychology, University of Auckland
Is ethical approval being applied for from another institution?
- ETHICS REVIEW PANEL** (if the institution provided a review)
- UNIVERSITY OF AUCKLAND**
HEAD OF DEPARTMENT: _____ Date: _____
ECU name printed: _____ Department: _____
- APPLICANT'S DECLARATION**
The information supplied is to the best of my knowledge and belief accurate. I have read the current University of Auckland Human Participants Ethics Guidelines (2006) and I hereby declare that I have read and the terms of the participants' privacy and consent in relation to this research project.
Signature of P.S. Supervisor: _____ Date: _____
Signature of Student: _____ Date: _____
It is stated on behalf of the research ethics administration of the University of Auckland and the student who has signed

Japan fines Ernst & Young affiliate \$17.4 million over Toshiba audit



A Japanese national flag flies in front of the building of Japan's Financial Services Agency in Tokyo August 7, 2014. REUTERS/TOMU HANADA

Japan's financial regulator has fined an Ernst & Young affiliate 2.1 billion yen (\$17.4 million) after the firm's audit of Toshiba Corp's accounts failed to spot irregularities in the country's worst accounting scandal in years.

BREAKINGVIEWS

Turkey will pay high price for stability

Payments & Savings in Gold

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KPMG Off The Hook In Hollinger Scandal

By Bailey Somers

Law360, New York (January 25, 2006, 12:00 AM ET) -- The man who accused ousted Hollinger founder Conrad Black of piloting a "corporate kleptocracy," has been vaulted into the position of special monitor at the media conglomerate. Meanwhile, the company has decided not to pursue litigation against its auditor KPMG, the company announced this week.

The appointment of Richard Breen, a former chairman of the United States Securities and Exchange Commission, kicked in after Hollinger Inc., the Canadian parent company of Chicago newspaper publisher Hollinger International Inc., forced two of its own directors onto the U.S. based company's board during the latter's annual meeting.

FRC fines KPMG £700,000 for poor audit

FRC fines KPMG £700,000 for poor audit

Author: Tim Lennan
Date published: April 2, 2020
Categories: Audit, Big Four



The FRC has fined KPMG UK £700,000 and reprimanded KPMG UK's former senior partner for Manchester Nicola Quayle for a "failure to apply sufficient professional scepticism" in the audit of an unnamed company in the financial year 2015/16.

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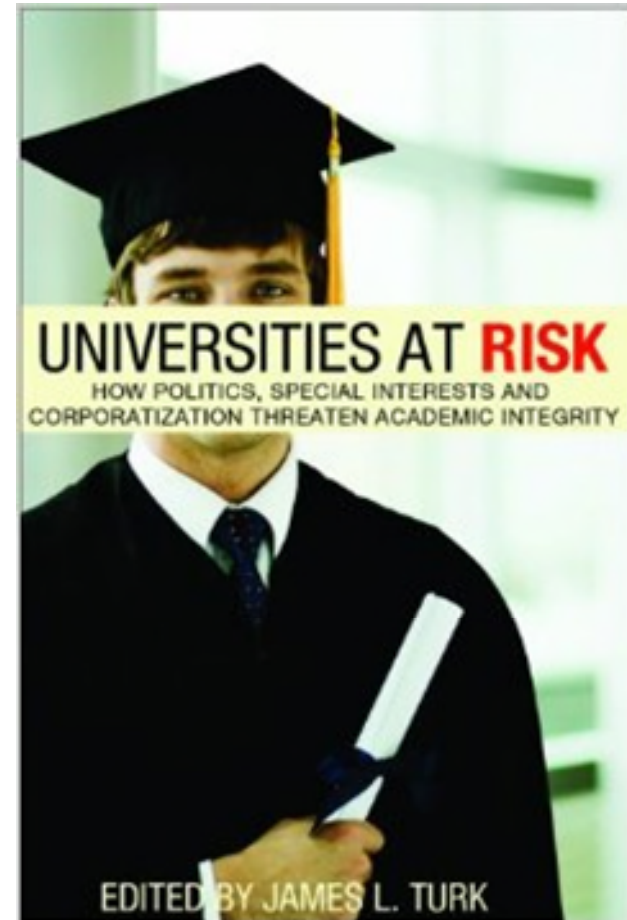
Resources & Whitepapers

How to optimise your compliance

Why the Big Four? Warriors of integrity ar agents of corruption? Accountancy firms' long history of audit failure and corporate scandals

Conclusions

- Financial logics and the conflicts of interest in international accountancy firms.
- Big Four collude in/exploit the risk and corruption they claim to ameliorate.
- Illustration of how commercial interests are capturing university assets ... A new phase of academic capitalism & unbundling/marketising public universities?



Why Choose KPMG?

The UoA Audit and Risk Committee

Partners Solicitors



Peter Klely
Partner

+64 9 366 5110
kiely@ktc.co.nz



Janice (Jan) Dawson, Deputy Chair

BCom, FCA

Independent Non-Executive Director (Appointed 1 April 2011)

Ms Dawson is a director of AIG Insurance New Zealand Limited, Beca Group Limited, Meridian Energy Limited and Chairman of Westpac New Zealand Limited. Ms Dawson is a member of the University of Auckland Council, the Capital Investment Committee of the National Health Board and a Trustee of the National Maritime Museum.

Ms Dawson was a partner of KPMG for 30 years, specialising in audit and risk advisory, and the Chair and Chief Executive of KPMG New Zealand from 2006 until 2011.

Ms Dawson holds a Bachelor of Commerce from the University of Auckland. She is a Fellow of the New Zealand Institute of Chartered Accountants, a Fellow of the Institute of Directors in New Zealand, a Paul Harris Fellow and a North Shore Business Hall of Fame Laureate (2010). Ms Dawson was named Chartered Accountant of the Year in 2011 by the New Zealand Institute of Chartered Accountants. Ms Dawson is Chairman of the Air New Zealand Audit Committee.



New Pro-Chancellor for University

18 January 2007

Roger France, a prominent chartered accountant and company director, has been elected Pro-Chancellor of The University of Auckland.

He will deputise for Chancellor Hugh Fletcher whose governance role includes chairing University Council meetings, and who presides at graduation ceremonies and represents the University on formal occasions.

Mr France has been on the University Council since 2001 and chairs its Finance Committee. He was a partner of what is now PricewaterhouseCoopers for 15 years, concentrating on corporate advisory work. He served for a time as managing partner in Auckland and as a member of the firm's governance board.



THANK YOU - Questions welcome