

## **ADVANCED MANAGING AND REPORTING ON FRAUD AND CORRUPTION ONLINE COURSE**

**Via Zoom – 01, 08, 15, 22 August 2024**

### **ETHICS SCENARIO**

George Reuben, was the Secretary of the Department of Works. He has an Engineering degree and more than 30 years of experience in the public sector, including 15 years in senior management positions at the Department of Works. He had been Secretary for the past 9 years. His annual salary is \$500,000.

Samuel Fox is a dual citizen of your country and Australia. He is the sole director and shareholder of Super Fix Ltd, a company registered in your country. Mr Fox is also the sole director and shareholder of a company registered in Australia called Hard Work Ltd.

Mr Reuben was responsible for overseeing the Department of Works, including all procurement. As Secretary of the Department he had the delegated financial authority under the Public Finance Management Act to approve expenditure up to a value of \$500,000. Procurement for greater amounts was to be managed by the Central Supply and Tenders Board in accordance with the Act. The Financial Instructions under the Act directed that as a general rule, large procurements to a single supplier were not to be split.

On 5 March 2024, Mr Reuben, in his capacity as Secretary, signed twenty contracts on behalf of the Department with Super Fix Ltd for the supply and delivery of pothole patching materials in ten provinces to a total value of \$9.7m. The value of each contract was for a sum between \$480,000 and \$490,000.

The purchase of the road repair products was approved outside the normal procurement process. It was not done with the knowledge or at the request of the Operations Division responsible for maintenance, in the normal manner, that is following requests by Provincial Works Managers to the First Assistant Secretary, in response to need, and from one of several approved local suppliers. The product was not tested by the Department.

The contracts were not drafted or vetted by the Office of Legal Counsel. They were poorly drafted and contained obvious typographical errors. The contracts were not “minor works” contracts as described but contracts for the purchase and delivery of stores.

There was no tender process in accordance with the Public Finance Management Act. In every case the contracts fell just below the delegated authority of the Secretary and in every case two contracts per province were executed.

Each of the twenty contracts was supported by a Certificate of Inexpediency from Tender under s 59 of the Public Finance Management Act signed on 10 March 2024 by Mr Rueben. The certificates were in the usual form and stated that they were made upon resolution of the Department’s Procurement Committee.

The certificates were signed by Mr Rueben without Committee approval. The Committee had not met or resolved to issue the certificates. The certificates failed to state the nature or basis of the urgency as required under the Act, and did not have by any supporting documentation.



On the day the contracts were signed Mr Fox invited Mr Reuben to send his daughter to see him at Super Fix Ltd. A month later Mr Reuben's daughter, a recently qualified lawyer, was employed by Super Fix Ltd as their in-house counsel without any recruitment process.

On 15 March 2024, Mr Reuben approved 20 requisitions for payment to Super Fix Ltd. Attached to the invoices in each case was a copy of the contract, certificate of inexpediency, and invoice in corresponding amount. Accompanying the requisitions was a memo from Mr Reuben to the Director of Finance directing immediate payment in accordance with the certificates of inexpediency and noting that the materials were urgently needed in the provinces by the Provincial Works Managers.

On 20 March 2024, \$9.7m was paid to the account of Super Fix Ltd at Country Bank by the Department of Works. The daily limit for international transfers by companies is \$1m.

Between 20 March and 25 March 2024, \$4.95m was transferred by Super Fix Ltd to a bank account in the name of Hard Work Ltd in Australia in amounts of \$999,999. Other large withdrawals of cash were made from the account.

Mr Reuben and Mr Fox met and exchanged text messages several times during the relevant period. In April 2024, Mr Reuben's wife purchased a new vehicle for \$250,000. His daughter was married at a huge wedding in the village, and Mr Fox attended the wedding as a guest.

On 25 August 2024, \$500,000 was transferred from Hard Work Ltd to the personal bank account of Mr Reuben.

The pot hole patching product was delivered in various quantities to each of the provinces between April and July 2024. The Operations Manager, Mr Simon Jack, became aware of the contracts following reports from his Provincial Works Managers that the Super Fix product was not of the usual standard. He reported the matter to police.

