

Chapter two: Abuse of public office at TAFE SA

Vocational education and training has been provided by the state government under various guises and legislation since 1889. It is currently regulated by the *TAFE SA Act 2012 (SA)*.

TAFE SA trains over 70,000 students per annum via an extensive network of metropolitan and regional campuses and sites. It maintains over 500 active qualifications.²

The offending

DUTIES AT TAFE SA

Josephine Cray (TAFE public officer) was at the time of her corrupt conduct, Education Manager in the Community Services, Health and Lifestyle Business Unit of TAFE SA.

The TAFE public officer had been in this role on temporary contracts from 2006 to 2010, before becoming a permanent employee in October 2010.

After a restructure in 2013 she was made responsible for both metropolitan and regional staff and programs, and managed approximately 30 full time staff and 30 instructors.

She had delegated expenditure authority up to \$30,000.

2: *Inquiry into TAFE SA*, 67th Report of the Statutory Authorities Review Committee, Parliament of South Australia, tabled in the Legislative Council on 8 August 2017.

THE CONDUCT

The TAFE public officer engaged in corruption over a four year period between July 2012 and July 2016. Over that period she dishonestly authorised the payment of invoices that falsely claimed mentoring and coaching services from a bogus company named Beaumont Consulting Services (BCS).

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The TAFE public officer would receive fraudulent invoices from Richard Beaumont, the individual behind BCS, for amounts ranging from \$910 to \$5,600. These invoices would be approved and processed by the TAFE public officer and her staff through TAFE SA's electronic accounts payable system, Basware. By using various cost centres and finance codes she was able to distribute the expenses to make them less obvious. The invoices would be paid into Mr Beaumont's personal bank account.

Seventy four invoices totalling \$153,310 were paid in this manner.

HOW THE OFFENDING WAS UNCOVERED

In May 2016 a TAFE SA Program Support Officer (PSO) who worked for the TAFE public officer noticed that during the 2015/16 financial year, approximately \$60,000 had been spent on professional development with a business named BCS.

The PSO became suspicious when a supporting contract with BCS could not be located. In addition the PSO suspected that the TAFE public officer, who had approved the invoices, had not been in the country during some of the time that BCS was apparently providing services.

The PSO consulted a TAFE SA Financial Business Partner about the situation. They discussed the large amount of money spent with BCS as well as what possible professional development TAFE SA was receiving from BCS.

On seeking clarification the TAFE public officer stated the invoices related to her own professional development. The PSO accepted this and took no further action at the time. The Financial Business Partner also did not inquire further due to end of financial year pressures.

On 28 June 2016 TAFE SA's Director of Finance received an automated Basware alert for two BCS invoices which had not been processed and were overdue.

The Director of Finance examined the two invoices and noted that both invoices were for the same amount of \$1,200. On further examination, other red flags were noted:

- ▶ The invoices were formatted in a home produced style.
- ▶ Consulting is a recognised area of corruption risk.
- ▶ The transactions for phone and consultation coaching were considered excessive considering TAFE SA was a training organisation.
- ▶ The invoice address was a Post Office Box.
- ▶ The invoices were numbered 12173 and 12175, only two numbers apart despite being separated by three weeks. This suggested a business with only minor levels of activity.
- ▶ There was no tax/GST reference.

The Director of Finance raised his concerns with the Manager of Internal Audit and Risk, who conducted a Basware search revealing fourteen BCS invoices totalling \$23,200. Further enquiries also established that BCS was not an authorised vendor of TAFE SA and that the TAFE public officer's direct line manager had no knowledge of the invoices or any vendor relationship with BCS.

On enquiry, the TAFE public officer confirmed to her Manager that she was receiving personal coaching and mentoring from BCS. She offered that she knew the owner of BCS through professional and informal networks, having met him at the gym.

On further investigation by Human Resources it was revealed the ABN for BCS was registered to Mr Beaumont. However, the ABN was cancelled on 27 March 2015.

During an interview with the Manager of Workplace Relations, the TAFE public officer asserted she was suffering from workplace stress and felt the need to consult with someone external. She stated that she decided that TAFE SA should pay the \$150 per hour consulting fees because it related to a professional issue. She denied a personal relationship between herself and Mr Beaumont.

After the TAFE public officer was informed the matter would be reported to the Office for Public Integrity, she offered to resign and repay the \$23,000 from her accrued entitlements, providing TAFE SA enter into a settlement and release deed.

However, later that same day it became known that internal audit had now identified BCS invoices totalling \$60,000. The following day this amount was revised to \$153,310.

No settlement or release deed was entered into.

Further enquiries also established that BCS was not an authorised vendor of TAFE SA and that the TAFE public officer's direct line manager had no knowledge of the invoices or any vendor relationship with BCS.

THE ICAC INVESTIGATION

On 28 July 2016 the Office for Public Integrity received a report from TAFE SA. The report was assessed as raising a potential issue of corruption in public administration and the Acting Commissioner determined to investigate.

A review of the TAFE public officer's work emails showed correspondence between herself and Mr Beaumont, including the emailing of BCS invoices.

The TAFE public officer would split the BCS invoices between two cost centre codes:

- ▶ *Metropolitan Budget Aged Care Support*
- ▶ *Regional Budget Aged Care Support*

Within each cost centre code she further split the invoices between two different Object Codes:

- ▶ *Staff Development*
- ▶ *Contractors*

By dividing the invoices between these four areas, the TAFE public officer was able to make the payments more difficult to trace and detect. Thus, the full expenditure for BCS was less likely to be scrutinised and the budgets for each cost centre were less likely to be exceeded, minimising the risk of attracting the attention of financial officers.

Emails were also suggestive of a familiar relationship between Mr Beaumont and the TAFE public officer. Credit card expiry reminders from an internet provider were emailed to both parties. The TAFE public officer's TAFE SA work email was the registered contact address on Mr Beaumont's email account. The mobile phone number associated with the internet provider was once registered to both Mr Beaumont and the TAFE public officer.

Other evidence suggesting a pre-existing relationship between Mr Beaumont and the TAFE public officer included Mr Beaumont having a supplementary card for one of her bank accounts. Additionally, varying payments had been made from one of the TAFE public officer's bank accounts to one of Mr Beaumont's.

The electoral roll and the Vehicle Licensing Systems also suggested that Mr Beaumont and the TAFE public officer had lived together from January 1991 to March 1992, and been immediate neighbours from June 2007 to March 2012. They were also co-owners of a vehicle in 1996 and she had transferred ownership of two cars to Mr Beaumont in 2006 and 2007.

Emails were also suggestive of a familiar relationship between Mr Beaumont and the TAFE public officer.

This evidence supported the suspicion there was some form of personal relationship between the TAFE public officer and Mr Beaumont predating the corruption at TAFE SA.

On 8 September 2016, the last official day of the TAFE public officer's service at TAFE SA, she was advised by email that her long service leave entitlements would be withheld because the full extent of the suspected corruption had been ascertained.

On 12 September 2016 the TAFE public officer was arrested at her home. She declined to answer any questions.

On the same day investigators attended a storage unit leased by Mr Beaumont, recovering computers and documents which included banking records of TAFE SA payments to BCS. Mr Beaumont was arrested at the storage unit. He also declined to answer questions.

EVENTS AND CIRCUMSTANCES PRECEDING THE OFFENDING

The TAFE public officer had a limited criminal history before her offending at TAFE SA. In 1990 she was placed on a six month good behaviour bond for a minor offence of larceny.

In December 1992 she was convicted of seven counts of false pretences and one count of stating a false personal detail. The conduct involved opening a temporary credit card at a department store in another person's name. She received a two month suspended sentence and a 12 month good behaviour bond.

In 2001, whilst employed by the South Australian Housing Trust, she was disciplined for improper conduct in relation to various allegations that she had an undeclared conflict of interest by awarding printing contracts to her then de facto partner, Richard Beaumont.

It was found that she failed to declare this conflict, failed to utilise resources in a responsible and accountable manner and failed to give her best to meet organisation requirements.

THE COURT PROCEEDINGS

On 4 November 2016 both the TAFE public officer and Mr Beaumont were charged in the Magistrates Court. The TAFE public officer was charged with 74 counts of abuse of public office and Mr Beaumont with 74 counts of aiding, abetting, counselling or procuring her offences.

On 2 December 2016, following negotiations with the Office of the Director of Public Prosecutions, both parties pleaded guilty to 30 offences.

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The TAFE public officer read a letter of apology to the court acknowledging her dishonesty and the breach of trust placed in her by TAFE and her colleagues. The Judge accepted that the TAFE public officer genuinely regretted her behaviour.³

Over a four year period 74 invoices were dishonestly authorised, falsely claiming mentoring and coaching services from BCS totalling \$153,310. Although both accused devised the scheme, the judge was satisfied the corruption was solely for Mr Beaumont's financial benefit, noting the TAFE public officer did not gain financially.

The two had lived in a de facto relationship for around ten years, ending sometime in 1999. They thereafter maintained a close friendship, with the TAFE public officer providing significant financial assistance to Mr Beaumont funded by her corrupt conduct, personal savings and a share of her mother's estate.

The Judge viewed the TAFE public officer using \$103,742 from her superannuation entitlements to help in repaying TAFE SA as an important mitigating factor. When combined with the long service leave entitlements withheld by TAFE SA, all misappropriated funds were reimbursed.

The TAFE public officer was sentenced to five years, six months imprisonment, reduced by 40% for her early guilty plea to three years, three months and 18 days. A non-parole period of 18 months was set due to her good prospects for rehabilitation.

Mr Beaumont was sentenced to five years, six months imprisonment, reduced by 40% for his early guilty plea to three years, three months and 18 days with a non-parole period of 25 months.

In both cases the Judge declined to permit the sentence to be served on home detention.

3: Sentencing Remarks of Judge Millstead, R v James Richard Andrew Beaumont and Josephine Maria Cray, District Court, Adelaide (Criminal), 5 July 2017.