

# CASE STUDY

## John Zvimba of Top End Health Service and Walter Wilton

The Northern Territory Government spends millions of dollars on procuring goods and services each year.

As this money circulates through public administration, there is always a risk that a few unethical people will be tempted by opportunities for corruption.

This case study illustrates the risk of corruption in the Northern Territory, and describes some practical tools for government officials, businesses, non-government organisations and the community to prevent corruption in procurement.

The case study outlines key principles and prevention strategies which can protect the public from corruption.

## The story

*Top End Health Service technical services officer John Zvimba worked in the Engineering Department at Royal Darwin Hospital (RDH) from 2 March 2015 to 24 April 2017.*

The Engineering Department is responsible for overseeing all electrical, mechanical, civil and hydraulic repairs and maintenance works that are carried out at the hospital.

Mr Zvimba's role at the hospital included general supervision of the electrical trades, raising work orders in the building management system and inspecting and reviewing contractor invoices and supporting documentation submitted to the Northern Territory Government's account payable Electronic Invoice Management System (EIMS).

Mr Zvimba formed business partnerships with his co-offender, Walter Wilton, being SES Electrical NT and Shona Electrical Services.

Mr Zvimba created two new contractors - vendors - in the Department's building management system and gave codes to SES Electrical NT and Shona Electrical Services.

Mr Zvimba raised 36 work orders in the building management system in a period of six months for fictitious

electrical works at Royal Darwin Hospital. He assigned the work in the government system to Mr Wilton as his business partner.

Mr Wilton created corresponding invoices and he completed and signed supporting documentation for each work order.

On receipt of invoices and attached documentation, NT Government accounts payable personnel uploaded the invoices and supporting documentation into EIMS and electronically assigned the transactions to Mr Zvimba as the verifier and coder. Mr Zvimba checked and coded each invoice in EIMS and assigned a departmental cost code.

Mr Zvimba then assigned the EIMS transactions to the Engineering Services manager for final payment approval. The manager, acting in good faith that Mr Zvimba had conducted due diligence in checking the invoices, approved payment of the invoices.

In early April 2017, the engineering services manager discovered the deceptive activities and referred the matter to police. A full forensic audit of all the works alleged to have been carried out by Shona Electrical Services and SES Electrical - the two

companies that Mr Wilton and Mr Zvimba had created together - was undertaken.

The audit revealed that at no time had Mr Wilton or any other nominated tradesperson employed by those companies signed in at the Engineering Department to conduct any work at the RDH.

Parts and equipment that had been noted as replaced were not replaced and were still in original condition, showing signs of wear and tear, or the work had been performed by another contractor. None of the works invoiced by SES Electrical NT or Shona Electrical Services had been carried out.

Mr Zvimba pleaded guilty to his role in the scam and was sentenced to more than four years' jail. Mr Wilton was sentenced in February 2019 to more than three years' jail.

In sentencing remarks, Her Honour Justice Kelly said:

*"The Crown accepts that Mr Zvimba's moral culpability was worse than yours (Mr Wilton's), and I agree, but only for this reason: that he was an employee and that theft by a servant is considered more serious because it involves a breach of trust."*

## The facts uncovered

Mr Wilton and Mr Zvimba were found guilty of obtaining a benefit by deception between October 2016 and March 2017:

- Generating and submitting 36 false invoices, work orders and other supporting documents that were all fraudulent.
- Unlawfully obtaining a total of \$148 031.63 from the NT Government.

## Questions for discussion

- Who has been impacted as a result of this conduct?
- What are the direct and indirect costs of this conduct?
- How would an ethical decision-maker act if they became aware of this fraudulent behaviour?
- What are the primary governance issues?
- Could this conduct have been picked up earlier? When? How?
- What controls could the public body put in place to prevent this type of thing from happening again?
- Are there any other lessons from this case study?

## Risks and impacts

- Substantial monetary loss from Top End Health Service as well as breaches of employee trust, and unlawful benefits gained from rorting system and process vulnerabilities.
- Potential staff and time resourcing required to audit and review historical data and information to determine

if other fraudulent activity had occurred, as well as implementing changes to the system and its processes.

- Reputational risk and loss of confidence in the agency and the broader NT Government.
- Clear conflict of interest in two instances:
  - 1) Mr Zvimba did not declare his business relationship with Mr Wilton at any time during his employment with the agency;
  - 2) Mr Zvimba used his official duty and NT Government resources, time and information to pursue personal interests with Mr Wilton which caused detriment to a public body.
- Mr Zvimba's actions demonstrate:
  - 1) improper conduct, specifically corrupt conduct as defined by the *Independent Commissioner Against Corruption Act*; and
  - 2) breaches of a range of sections in the Office of the Commissioner for Public Employment's (OCPE) Code of Conduct which stipulates the basic level of conduct expected of public sector officers. This includes but is not limited to misuse of information, acceptance of gifts and benefits, and declaring financial and other private interests.
  - 3) Fraud by obtaining benefit by deception under Division 2 of the *Criminal Code Act*.
- Potential distrust between the agency and its contractors.

## Lessons learnt

- Establish strong governance culture that includes fraud control, code of conduct and employment screening;

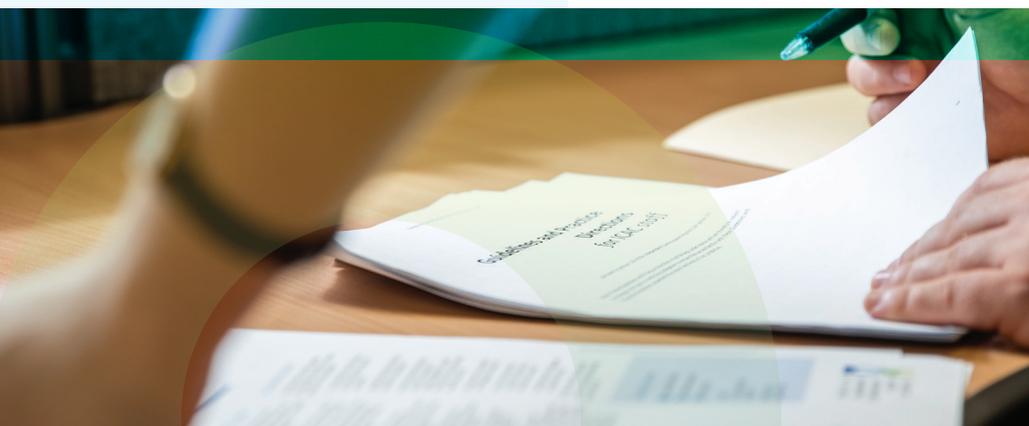
- Greater risk assessment when creating and implementing written procedures that should be treated as working documents to encourage continuous review and scrutiny;;
- Regular training of staff to recognise, report and resist corruption. This should include reference to the OCPE's Code of Conduct with emphasis on consequences;;
- Employ auditors who are independent and knowledgeable about trends, patterns, system complexities as well as fraud prevention.

## References

*The Supreme Court of the Northern Territory Transcript of Proceedings SCC 21720895 and 21811907*

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