

Taupō Fraud Policy

Taupō District Council 2018

FRAUD POLICY

(Unauthorised possession (theft), fraud and corruption response policy)

POLICY STATEMENT

Unauthorised possession (theft/robbery), unauthorised use, misappropriation, fraud, corruption, impropriety and dishonesty are unacceptable at the Taupō District Council. The Council treats this behavior seriously and will investigate all suspected instances whether these involve Council employees or representatives, or external parties.

PURPOSE

The purpose of this policy is to ensure that any cases of suspected unauthorised Fraud or Corruption are dealt with appropriately, in order to protect the assets, reputation and staff of the Taupō District Council.

SCOPE

This policy applies to any actual, alleged or suspected Fraud or Corruption involving employees, representatives, vendors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Taupō District Council.

This policy does not apply to:

- Minor fraud perpetrated by the public against Taupō District Council. For example, providing wrong information on a license application.
- Performance management issues that should be resolved by a manager and/or People & Capability.
- Councillors, who are subject to provision within the Local Authorities (Member's Interests) Act 1968, the Local Government Act 2002, and Taupō District Council's Code of Conduct for Elected Representatives.

This policy should be read alongside the Council's Protected Disclosure policy.

PRINCIPLES

Employees and representatives of the Taupō District Council must have, and be seen to have, the highest standards of honesty, propriety and integrity in discharging their obligations to the community.

The Taupō District Council will treat all suspected instances of Fraud or Corruption by Council employees, representatives or external parties very seriously, and:

- Will investigate all suspected instances of Fraud or Corruption by Council employees, representatives or external parties. All proven investigations of Fraud or Corruption will be treated as serious misconduct and/or serious breach (as applicable), and may result in summary dismissal of an employees, or the immediate termination of a representative's contract with the Council;
- Will seek to recover funds/assets lost through this behavior;

- Where the behavior could amount to an illegal activity, Council will refer all such activities to the NZ Police at an appropriate time during the investigation process and/or any subsequent disciplinary process;
- In every case of suspected fraud, impropriety or dishonesty the Council will make every effort to gather sufficient reliable evidence to support a criminal prosecution
- Is committed to developing and maintaining processes and procedures to prevent and detect fraud and Corruption.

DEFINITIONS

Fraud: is the deliberate practice of deception in order to receive unfair, unjustified or unlawful gain and, for the purpose of the policy, includes forms of dishonesty. Within this definition, examples of fraud may include, but are not limited to:

- Unauthorised possession or use, or misappropriation of funds or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Forgery or alteration of any document or computer file/record belonging to the Taupō District Council
- Bribery, corruption or coercion
- Destruction, removal or inappropriate use/disclosure of records, data, materials, intellectual property or assets for gain
- Any similar or related inappropriate conduct.

Corruption: is the lack of integrity or honesty (especially susceptibility to bribery) or the use of position of trust for dishonest gain. Examples of when corrupt conduct occurs include:

- A public official improperly uses, or tries to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others
- A public official acts dishonestly or unfairly, or breaches public trust
- A member of the public influences, or tries to influence, a public official to use his or her position in a way that is dishonest, biased or breaches public trust

This policy distinguishes between fraud and error. Within this definition, “error” refers to an unintentional misstatement of information, such as financial information, including the omission of an amount or a disclosure.

If there is any question as to whether an action constitutes fraud, unauthorised possession or corruption, contact the Chief Executive or Head of Risk & Regulatory.

Representative:

For the purpose of this policy, a representative of Taupō District Council includes:

- Any contractor or consultant who agrees to be covered by this policy under the terms of their engagement agreement
- Temporary staff supplied through an agency
- Seconded personnel
- Volunteers

All agreements for/relating to all agency staff, seconded personnel, contractors and consultants should contain an express obligation on them to comply with policy.

PROCESS

Investigations

The Head of Regulatory & Risk has the primary responsibility for investigation of all suspected unauthorised possession, fraudulent or corrupt acts or behavior as defined in this policy.

Where the suspected Fraud or Corruption involves an employee, the People & Capability Manager will be advised of the suspected act immediately so that they may provide advice and guidance. Any investigation carried out should be in conjunction with People & Capability where appropriate. Any investigative activity will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to Council.

Decisions as to when to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Chief Executive after discussions with the relevant Senior Manager, Head of Risk & Regulatory, Corporate Solicitor and People & Capability Manager.

This policy has limited application in the case of unauthorised possession of money or goods by any person not employed by Taupō District Council, e.g. robbery of a cash collection point. A robbery or unauthorised possession must be immediately reported to the NZ Police. The Head of Risk & Regulatory and the appropriate Senior Manager must also be notified as soon as possible and be kept informed of any Police investigation.

An annual review of areas identified as potentially susceptible to fraud will be included in an internal audit programme and reported to Council's Audit and Risk Committee.

Documentation of Fraud Investigation

Documentation of any suspected fraud, impropriety or dishonesty will include the following:

- a) Name and position of suspected individual(s);
- b) A summary of the nature of the suspected fraud;
- c) The timing and extent of the suspected fraud;
- d) Details of public funds involved;
- e) An actual or estimated dollar value of the suspected fraud;
- f) Details of the method by which the suspected fraud was committed;
- g) Any breakdowns or weaknesses in the internal control systems which may amount for the suspected fraud having taken place;
- h) Any other reason(s) that may have enabled the suspected fraud to be perpetrated;
- i) Interim steps taken to prevent further suspected fraud occurring in this way;
- j) What law enforcement agency or agencies have been informed of the suspected fraud, or are intended to be informed;
- k) What other steps, if any, have been taken to manage the suspected fraud.

Right of access for Risk and Assurance

The Head of Risk & Regulatory (and anyone acting on this position's behalf) have:

- Free and unrestricted access to all Taupō District Council records and premises
- The authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

Reporting Procedures

Great care will be taken during an investigation of suspected Fraud or Corruption to avoid mistaken accusation or alerting suspected individuals that an investigation is underway.

Reporting will be guided by the following:

- The employee or other complainant or person reporting the activity/behavior may remain anonymous;

- If the allegation amounts to a protected disclosure under the Protected Disclosure Act 2000 the employee or other complainant may follow the process set out in the council's Protected Disclosure policy;
- All enquiries concerning the activity under investigation from the suspected individual, his or her lawyer or representative, or any other enquirer must be directed to Group Manager Community Risk Relations & Support;
- No information concerning the status of an investigation will be disclosed, except through the Chief Executive, Head of Risk & Regulatory, Corporate Solicitor or People & Capability Manager in cases where an employee is suspected of unauthorised possession or fraud. The proper response to any enquiry is "I am not at liberty to discuss this matter";
- Fraud perpetrated against Taupō District Council will be reported to the Council's insurers, Audit New Zealand and Serious Fraud Office as required;

The reporting individual will be informed of the following:

- Not to contact the suspected individual in an effort to determine facts or demand resolution; and
- Not to discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by the Head of Risk & Regulatory, the Chief Executive or Corporate Solicitor.

Consequences of an investigation

An investigation may result in a recommendation to terminate a supplier's or consultant's or contractor's contract, or, in the case of an employee, the commencement of a disciplinary process, the outcome of which may be dismissal of the employee where appropriate.

The following applies as appropriate:

- Any decision to begin a disciplinary process, or to terminate an employee's employment at the conclusion of that process, will be made in conjunction with People & Capability
- Fraud or Corruption perpetrated against Taupō District Council will be reported in the first instance to the Head of Risk & Regulatory, Chief Executive and relevant Senior Manager where appropriate.
- Where external suppliers are involved, any recommendation from the Head of Risk & Regulatory will be put forward and reviewed with the Chief Executive, appropriate Senior Manager and the Corporate Solicitor, before any action is taken.
- Where instances of Fraud or Corruption are substantiated, any decision to take no action, or to take action that is seen as appropriate by the Head of Risk & Regulatory, will be referred to the Chief Executive and the relevant Senior Manager for authorisation.

ROLES AND RESPONSIBILITIES

All employees and representatives	<ul style="list-style-type: none"> ▪ Adherence and compliance with this policy, procedure and guideline ▪ Advise their line manager, tier 3 manager, Senior Manager, P&C representative or Risk Management as soon as they become aware of, or suspect Fraud or Corruption
All process owners, people managers, tier 3 managers and senior officers	<ul style="list-style-type: none"> ▪ Ensure appropriate controls are in place at all times to safeguard against Fraud and Corruption and take action to implement and maintain controls ▪ Regularly view transactions, and activities that may be susceptible to Fraud and/or Corruption ▪ Promote the principles of this policy ▪ Notify applicable personnel of the requirements of the policy, procedures and guidelines ▪ Take appropriate action in liaison with People & Capability, and Risk Management when breaches of this policy occur. This may include initiating civil proceedings, debt collection, etc.
People & Capability	<ul style="list-style-type: none"> ▪ Be involved in any investigation of alleged Fraud and Corruption concerning an employee, by providing advice and guidance

Risk and Assurance	<ul style="list-style-type: none"> ▪ Develop, consult, seek approval of, and implement policy and aligned processes for the development of Fraud and Corruption responses for the Taupō District Council ▪ Guide/approve system development to support policy/process ▪ Interpret and administer requirements of policy/process relating to Fraud and Corruption response, including investigation in liaison with People & Capability (where appropriate) ▪ Have regard to all relevant employment law principles, including the concepts of natural justice, the right to reply, and guidelines for the collection of evidence ▪ Monitoring and updating of this policy and procedure ▪ Manage the reporting of breaches to this policy to the NZ Police where applicable
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Employees and representatives should make themselves familiar with Taupō District Council policies, procedures, guidelines and business rules, particularly those who govern and guide processes and functions in relation to their specific role. Ignorance of the Council's policies is not an acceptable excuse if a breach occurs.

Breach of a Council policy may result in disciplinary action being taken against employees, up to and including dismissal, and the termination of a representative's agreement/arrangements with the Council.

The Council reserves the right to review, amend or add to this policy at any time upon reasonable notice to employees and representatives.

RELATED POLICIES

This policy should be read in conjunction with the:

Code of conduct

Confidentiality & Disclosure of Interest policy

Protected disclosures policy 2000

Sensitive expenditure policy

IT Users policy

Risk Management Charter

Information Management Policy

Procurement Policy

RELATED LEGISLATION

Crimes Act 1961

Protected disclosures Act 2000