FRAUD POLICY

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Adopted by	Full Council
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Responsible Department	Corporate Support
Responsible Officer	GM Corporate Support
To be reviewed	Every three years

1. Background

1.1. The Gore District Council ("the Council") is committed to preventing the occurrence of fraud and corruption. This Fraud Policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.

1.2. Fraud is defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

1.3. It is the intent of the Council to promote an anti-fraud culture by providing these guidelines and by assigning responsibility for the development of controls and conduct of investigations.

2. Scope

2.1. This policy applies to any fraud, impropriety or dishonesty (suspected or actual), involving employees as well as councillors, consultants, vendors, contractors and/or any other parties with a business relationship with the Council.

3. Principles

3.1. Council personnel (defined as Council employees and Councillors) must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.

3.2. The Council has a zero-tolerance attitude towards fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety or dishonesty by Council personnel or external parties.

3.3. Council personnel must not defraud the Council, or other personnel, clients or contractors of the Council.

3.4. The Council will take action, including dismissal and/or criminal prosecution, against any member of personnel defrauding or attempting to defraud the Council or other personnel, clients or contractors of the Council. In every case the Council will make every effort to gather sufficient reliable evidence to support a prosecution.

3.5. The Council will always seek to recover funds lost through fraud.

4. Definitions

4.1. The terms fraud, impropriety and dishonesty refer to but are not limited to:

- Any dishonest or fraudulent act;
- Misappropriation of funds, securities, supplies, or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of Council activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the Council;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Council. Exception: Gifts less than $100 in value;
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity.

4.2. If there is any question as to whether an action constitutes fraud, contact the Chief Executive for guidance.

5. Management Responsibilities

5.1. The Senior Management Team (SMT) is responsible for creating a work environment that fosters a zero tolerance for fraudulent behaviour.

5.2. The SMT is responsible for ensuring a workplace environment which promotes the detection and prevention of fraud, impropriety and dishonesty. Each member of the SMT will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

5.3. The SMT and Council staff should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud, and that fraud may be highlighted as a result of management checks or be brought to their attention by a third party. They are responsible for:

- Being aware of fraud; and
- Ensuring that an adequate system of internal controls exists within their area of responsibility and that those controls are operating effectively. These controls should include a system for undertaking regular reviews of transactions and activities that may be susceptible to fraud.

5.4. Any irregularity that is detected or suspected must be reported immediately to the Chief Executive, who coordinates all investigations.

6. Investigation Responsibilities

6.1. The Chief Executive has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. This responsibility will include full documentation of the facts and circumstances of the matter. Other persons, such as the Mayor, may assist the Chief Executive in conducting an investigation if, due to the nature of the matter being investigated, the Chief Executive believes this is warranted. If the investigation substantiates that fraudulent activities have occurred, the Chief Executive will issue reports to appropriate designated personnel and, if appropriate, to the Office of the Auditor General through the Audit and Risk Committee.

6.2. However, with deference to the Protected Disclosures Policy maintained by the Council:

- If you feel the Chief Executive is in some way involved or not appropriate because of a relationship with those who committed the serious wrongdoing, then the disclosure is to be made to the General Manager, Corporate Services.
- If the General Manager, Corporate Services is also believed to be involved (in your reasonably held opinion) or the matter is of such urgency, or the circumstances are exceptional then the complainant may inform:
    - The New Zealand Police
    - The Auditor General

6.3. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management.

7. Confidentiality

7.1. The Chief Executive, or any other SMT member who receives protected disclosure(s), will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Executive (or any other SMT member, adherent to section 5 above) immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see the **Reporting Procedure** section 10 below).

8. Establishment of an Investigation Unit

8.1. Upon receipt of an allegation of fraud, the Chief Executive, or another SMT member with authority delegated to them by the Chief Executive, shall appoint an Investigation Unit.

8.2. An Investigation Unit will be comprised of a minimum of three members, including:

- A member of the Senior Management Team (SMT)
- The Chairperson of the Audit and Risk Committee, and
- The Chief Executive (or other delegated staff member)

8.3. The quorum of the Investigation Unit reflects the serious approach taken by the Council to fraudulent behaviour.

9. Authorisation for Investigating Suspected Fraud

9.1. Members of the Investigation Unit as appointed by the Chief Executive (or other staff delegated by the Chief Executive) will have:

- Free and unrestricted access to all Council records and premises, whether owned or rented; and
- 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, as well as access to electronic files maintained by that member of staff on Council devices/network infrastructure, without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

9.2 Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to the Council.

10. Reporting Procedures

10.1. Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

10.2. An employee who discovers or suspects fraudulent activity will contact the Chief Executive immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her lawyer or representative, or any other inquirer should be directed to the Chief Executive. No information concerning the status of an investigation will be given out.

10.3. The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive.

11. Termination

11.1. If an investigation results in a recommendation to terminate an individual's employment with the Council, the recommendation will be reviewed for approval by the People and Culture Manager and, if necessary, by outside counsel, before any such action is taken.

12. Relevant Documents

12.1 Documents relevant to the Fraud Policy include:

- Protected Disclosures (Protection of Whistleblowers) Act 2022
    - Policy for Investigating and Ruling on Alleged Breaches of the Code of Conduct
    - The Gore District Council House Rules and Code of Conduct
    - Gore District Council Acceptable Use [IT] Policy
    - Gore District Council Procurement Policy [Policy on Procurement and Contract Administration]
    - Sensitive Expenditures Policy
    - Investment Policy

13. Review and Implementation of the Fraud Policy

13.1. The Fraud Policy will be reviewed every three years, with focus on the applicability of the Policy to the present work environment and organisational structure.

13.2. The Fraud Policy will form a component of induction when commencing employment at the Council.

13.3. This policy was adopted by the Gore District Council at its meeting held on 8 August 2023.

Stephen Parry
Chief Executive
September 2012

Document History and Version Control Table				
Version	Action	Approval Date	Approval Authority	Due for Review
1.0	Creation of original document	August 2023	Full Council	2026