

Whistleblowing and Fraud Policies review

Meeting: Audit, Risk and Finance Committee
Date of meeting: 10 September 2020
Reporting officer: Hannah Gillespie, GM People and Capability

Purpose/Ngā whāinga

To seek approval for an updated Whistleblowing Policy and Fraud Policy due to the changes required from the Office of the Auditor General (OAG).

Executive summary/Whakarāpopototanga

In September 2017, at this Committee's recommendation, Council approved a new Whistleblowing Policy (replacing the then Protected Disclosures Policy), making the policy and process clearer for staff, and to include an additional external service available for staff to call if they would like to report a serious wrongdoing.

Deloitte was approved as a third-party external service, at an annual cost of \$10,000. We have also been using Deloitte fraud training module for all staff to complete annually.

The OAG has instructed Deloitte to discontinue providing this service, as there is a conflict with the auditing services they provide. This includes the annual online fraud module.

We require a new option for the policies and give notice to Deloitte, who will then update the OAG.

Recommendation/Ngā tūtohunga

That the Audit, Risk and Finance Committee:

- a) Recommends to Kaipara District Council to approve the amended Whistleblowing Policy and Fraud Policy (Attachment A and B to the report) and to engage PriceWaterhouseCoopers as the new whistleblower service provider.

Context/Horopaki

- i. This report has come to Audit, Risk and Finance as this is a Policy that needs to be approved at Council. The policies affected by changing the whistleblowing service are the Whistleblowing Policy and Fraud Policy.
- ii. As mentioned above, Deloitte cannot continue to provide the whistleblower service due to the OAG instruction and conflict of interest.
- iii. The annual fee for the Deloitte service is \$10,000.
- iv. We have had no protected disclosures through the service since implemented in 2017.
- v. The researched options to replace Deloitte are outlined below.

Discussion/Ngā kōrerorero

Options

Option 1

Engage PriceWaterhouseCoopers (PWC) to provide the external service.

Cost			
Upfront implementation	\$2,500	On-going annual fee	\$5,000 + GST
Pros			
<ul style="list-style-type: none"> – Independent service – Dedicated NZ-based team – Access to a specialist sex offence investigator – Full reporting of all disclosures and investigative support – PWC free phone 0800 number and email address 24/7 – Dedicated relationship manager 		<ul style="list-style-type: none"> – Non KDC branded email address and phone line specific to KDC 	

Option 2

Engage Report it Now to provide the external service.

Cost			
Upfront implementation	\$1,000	On-going annual fee	\$6,600 + GST
Pros			
<ul style="list-style-type: none"> – Multilingual offering – Access to Multiple Reporting Channels (call centre, phone, online, text) – Access to EthicsProEnterprise Case Management system, access to automated reporting – Protected Disclosure Office oversight of submissions, anonymity available to the submitter 		<ul style="list-style-type: none"> – Only 2 free submission per month 	

Option 3

Engage KPMG to provide the external service.

Cost			
Upfront implementation	\$2,500	On-going annual fee	\$10,000
Pros			
<ul style="list-style-type: none"> – Implementation support service – 24/7 calls, email, post service – Deliver the report in 24 hours to Council – Service operated by forensics professionals – Dedicated relationship manager 		<ul style="list-style-type: none"> – 9.00am – 7pm call centre, after this time callers leave a voicemail (if voicemail is left with sufficient details, a South Africa call centre will answer it) – Non KDC branded email address and phone line specific to KDC 	

Option 4

Discontinue using an external service and have an internal process for Officers.

Cost	
Nil	
Pros	
<ul style="list-style-type: none"> – We have a set process in our whistleblowing policy for staff to follow 	<ul style="list-style-type: none"> – Council officers may not feel comfortable to report wrongdoings directly to Council disclosure officer

<ul style="list-style-type: none"> - No cost to Council for an external service 	<ul style="list-style-type: none"> - No external service on offer for staff/contractors to report to 24/7 - May result in wrong-doings not being reported in fear of identity disclosure (protected under act however protects them)
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The recommended option is **option 1**.

PWC offer value for money, remain as an independent service and have a reputable background with best practice in the industry. Whilst more costly than providing just an in-house reporting process, there remains a level of independence for those who want to disclose outside Council due to anonymity concerns, or fear of retribution.

Policy and planning implications

Change to process for Council Officers.

Financial implications

Reduction in consultancy fees paid.

Risks and mitigations

By not having an external service in place, this may discourage Officers to report wrongdoings.

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Next steps/E whaiake nei

If approved by Council, the Chief Executive will delegate General Manager People and Capability to engage with PWC to agree terms of service for external whistleblowing service.

Policy will be implemented, and staff informed of the new changes.

Attachments/Ngā tapiritanga

	Title
A	Policy Whistleblowing August 2020 draft
B	Policy Fraud August 2020 draft