

	<b>Title of Policy</b>	<b>Fraud Policy</b>		
	<b>Sponsor</b>	Hannah Gillespie, General Manager People and Capability	<b>Adopted by/Authorised by</b>	Council
	<b>Author</b>	Hannah Gillespie	<b>Date Adopted/Authorised</b>	30/09/2013
	<b>Type of Policy</b>	Operational	<b>Last review date</b>	August 2020
	<b>File reference</b>	2206.03	<b>Next review date</b>	May 2022

Document Control			
Version	Date	Author(s)	Comments
1 <sup>st</sup> Commenced	Sep 2013		
1.0	Jun 2016	Peter Marshall	Periodic review, minor editing
1.1	May 2018	Hannah Gillespie	Period review, minor editing
1.2	July 2018	Hannah Gillespie	Amendments following AFR committee
1.3	August 2020	Hannah Gillespie	Changes to whistleblowing service and review

## 1 Background

Fraudulent behaviour is unacceptable at Kaipara District Council. All reported incidents of alleged fraud must be treated seriously and will be investigated. Kaipara District Council is committed to maintaining the highest ethical principles and integrity in discharging our obligations to the community.

## 2 Objective

To ensure that the assets and reputation of Kaipara District Council and its Staff are protected from fraudulent behaviour.

## 3 Definition of Fraud

Fraud is the deliberate practice of deception in order to receive unfair or unlawful gain and, for the purposes of this Policy, includes forms of dishonesty.

Examples of fraud include, but are not limited to:

- a) Violation of Council's policies relating to employment, finance, equipment and other assets;
- b) Forgery or alteration of any document belonging to Kaipara District Council;
- c) Forgery or alteration of a cheque, bank draft or any other financial document;
- d) Theft of funds or other assets;
- e) Improprity in the handling or reporting of money;
- f) Profiteering as a result of insider knowledge;
- g) Disclosing confidential information to outside parties;
- h) Accepting anything of material value from contractors, vendors or persons providing services/materials to Kaipara District Council, with the exception of gifts of minor value, in keeping with Council's policy;
- i) Bribery and corruption;
- j) Misrepresentation or failure to provide comprehensive information to decision-makers;
- k) Destruction, removal or inappropriate use of records and assets (furniture, fixtures and equipment); and
- l) Any similar or related inappropriate conduct.

## 4 Related Documents

- a) Code of Conduct for Staff;
- b) Code of Conduct for Elected Members;
- c) Conflict of Interest;
- d) Gift Policy;
- e) Procurement Policy and Strategy; and
- f) Whistleblower Policy.

## 5 Policy

At Kaipara District Council:

- a) There is a policy of “zero tolerance” in relation to fraud against Council or ratepayers, and standard practice will be to report instances of fraud to the Police.
- b) There is a commitment to the development and maintenance of processes and procedures to prevent and detect fraud, and provide for the investigation and management of fraudulent behaviour.
- c) Each Manager has the responsibility for ensuring that appropriate controls are in place at all levels to ensure safeguards against fraudulent activity and must take action to implement and maintain these controls. Further, Managers are responsible to ensure there are systems in place to regularly review transactions and activities that may be susceptible to fraud.
- d) Staff who become aware of, or suspect fraudulent behaviour must advise their Manager and/or General Manager immediately.
- e) All incidents of alleged fraud or dishonest practices must be reported to the General Manager People and Capability as soon as practicable.
- f) Any breach of this policy needs to be reported to Council’s Audit, Risk and Finance Committee as a compliance breach.
- g) Investigations will be undertaken or co-ordinated by the General Manager People and Capability. Where any employee is involved the General Manager People and Capability will inform the Chief Executive. In investigations where the General Manager People and Capability is involved, the investigation will be co-ordinated by the Chief Executive.
- h) The employee may be suspended while the investigation is being conducted in accordance with the terms of the employee’s employment agreement.
- i) Appropriate regard will be given to all relevant employment law principles, including the concepts of natural justice, the right of reply and collection of adequate evidence.
- j) All alleged incidents of fraud will be investigated, reported to the Mayor and, where an employee is found to have committed fraud, disciplinary action, in accordance with Human Resources policies, will be taken and reported to the Audit, Risk and Finance Committee.
- k) The recovery of lost money or other stolen property will be pursued wherever possible and practicable and all substantiated instances of theft will be reported to the Police.
- l) Kaipara District Council is required to report all incidents of fraud to the Office of the Auditor-General via our auditor.

## 6 Responsibilities

All employees	Reading and adhering to the conditions of this policy.
Managers/General Managers	Ensuring employees are aware of this Policy. Taking appropriate action when breaches of this Policy occur.
People and Capability Business Partner	Involvement in any investigation of alleged fraud concerning an employee by providing advice and guidance. Administering, revision, interpretation and application of this Policy. Taking appropriate action when breaches of this Policy occur.

## 7 Scope of Policy

This Policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Kaipara District Council. This Policy has limited application in the following case:

- a) Theft of money or goods by any person not employed by Kaipara District Council. The theft must be reported to the police and/or security. The General Manager People and Capability must be notified as soon as possible thereafter and be kept informed of any police investigation. For example, a robbery of a cash collection point.

This policy does not apply to:

- b) Minor fraud perpetrated by the public against Kaipara District Council. For example, providing wrong information on a license application.
- c) Routine performance management issues that should be resolved by the General Manager People and Capability.
- d) Conflict of Interest matters involving Councillors who are subject to provisions within the Local Authorities (Members' Interests) Act 1968, the Local Government Act 2002, and Kaipara District Council's Code of Conduct for Elected Representatives.

## 8 Investigations

The General Manager People and Capability has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this Policy. Where the alleged fraud involves an employee, the General Manager People and Capability will be advised of the alleged fraud immediately so that they may provide advice and guidance. Any investigation carried out must comply with Human Resources policies to the fullest extent possible.

Decisions to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Chief Executive in consultation with, as appropriate, the General Manager People and Capability. Kaipara District Council's solicitors may also be consulted on the final decision for disposition of the case.

The General Manager People and Capability (and anyone acting on their behalf) will have:

- a) Free and unrestricted access to all Kaipara District Council records and premises.

- b) 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.

The General Manager People and Capability has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy, except where the suspected fraud may involve:

- c) The General Manager People and Capability, in which case the Chief Executive will have primary responsibility for conducting the investigation;
- d) The Chief Executive, in which case the Mayor in consultation with the Chair of the Audit, Risk and Finance Committee will employ an appropriately qualified professional such as an external chartered accountant or external auditor who will have primary responsibility for conducting the investigation and reporting back to the Mayor and the Chair of the Audit, Risk and Finance Committee;
- e) The Mayor or an /Elected Member, in which case the Chief Executive and the Mayor or Chair of the Audit, Risk and Finance Committee employs an appropriately qualified professional such as an external chartered accountant or external auditor who will have primary responsibility for conducting the investigation in consultation with the Chief Executive and the Mayor or Chair of the Audit, Risk and Finance Committee.

## 9 Reporting Procedures

Great care must be taken in the investigation of alleged fraud to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

Any suspected fraudulent activities can be reported via the below contacts:

**Insert new Whistleblowing service as agreed by Council**

- Or to our Fraud Officer:  
Attention: Fraud Officer  
Kaipara District Council  
42 Hokianga Road  
Dargaville 0310

- a) The employee or other complainant may remain anonymous;
- b) The employee or other complainant may follow the Whistleblowing Policy process;
- c) All enquiries concerning the activities under investigation from the suspected individual, his or her lawyer or representative, or any other enquirer should be directed to the General Manager People and Capability; No information concerning the status of an investigation will be given out except through the General Manager People and Capability or the Chief Executive. The proper response to any enquiry is: "I am not at liberty to discuss this matter";
- d) Fraud perpetrated against Kaipara District Council will be reported to Council's Audit, Risk and Finance Committee, insurers, auditors and enforcement agencies, as required.

The reporting individual should be informed of the following:

- e) Do not contact the suspected individual in an effort to determine facts or demand restitution;
- f) Do not discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by the General Manager People and Capability, the Chief Executive or Council's solicitors.

## **10 Consequences**

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

- a) Any decision to begin a disciplinary process, or to terminate an employee's employment at the conclusion of that process, will be made in accordance with Human Resources policies;
- b) Fraud perpetrated against Kaipara District Council will be reported to General Managers, Chief Executive and others as appropriate;
- c) Where suppliers are involved, any recommendation from the General Manager People and Capability will be put forward and reviewed with representatives of Procurement (contracts) and with Council's solicitors as appropriate, before any action is taken;
- d) Where instances of fraudulent conduct are substantiated, any decisions will be referred to the relevant General Manager and the Chief Executive for adjudication.

## **11 Policy Review**

The Policy will be reviewed every two years or earlier as required.