

Waitomo District Council

Fraud and Corruption Policy

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INTRODUCTION | KUPU ARATAKI

This policy reflects the obligations imposed by Sections 100 and 101 of the Local Government Act 2002 (Financial Prudence). Waitomo District Council (WDC) will apply public funds in a way that reflects the highest standards of probity and financial prudence, such that all related processes withstand public scrutiny.

WDC employees, and representatives of WDC, must maintain the highest possible standards of honesty and integrity in their work. A zero-tolerance approach to fraud or corruption, is employed and all suspected or actual incidences will be investigated. All investigations found to have substance will be forwarded to the Police or the Serious Fraud Office.

PURPOSE AND SCOPE | TE ARONGA ME TE KORAHĪ

1. The purpose of this policy is to:
 - Provide WDC's position with respect to fraudulent or corrupt activities; and
 - Provide clear guidance to employees and stakeholders who encounter or suspect fraud or corruption; and
 - To raise awareness throughout the organisation about how to recognise fraud and corruption, as well as behaviours and circumstances known to be associated with fraud and corruption; and
 - To document a process by which WDC will respond to possible fraudulent, corrupt, dishonest and inappropriate actions.
2. In addition to this Policy, employees belong to professional bodies, such as the Institute of Professional Engineers and the Institute of Chartered Accountants of New Zealand, both of which bind their members to their profession's code of ethics concerning professional behaviour.
3. This Policy applies to any fraud, corruption, suspected fraud, or suspected corruption (alleged or proven) committed against the organisation by a person (legal or natural). For the avoidance of doubt, any reference to employees, or elected members in this Policy shall include:
 - The organisation's former employees, volunteers, employees, elected members, persons seconded to Council and as appropriate, contractors (individuals, contractor staff, sub-contractors or affiliated persons with third parties) members of the public and/or other parties with a business relationship with Council, including Council Controlled Organisations.
4. Fraud and corruption prevention is about ensuring the overall integrity and performance of the Council.

DEFINITIONS | NGĀ WHAKAMĀRAMATANGA

Collusion	Any WDC employee that conspires, consents, supports, participates, incites or assists someone, either another WDC employee or an outsider, to commit any of the actions listed below.
Deception	Obtaining property or pecuniary advantage, obtaining services, or evading liability by deception.
Dishonest	An act that is not truthful.

Fraud	The International Standard on Auditing (New Zealand) 240 states the definition of fraud as: <i>An intentional act by one or more individuals among management, those charged with governance, employees or third parties, involving the use of deception to obtain an unjust or illegal advantage.</i>
Inappropriate	Behaviour that is deemed unacceptable.
Misuse/ Misappropriation	Unauthorised possession of WDC resources (money, property or services): either temporarily or permanently depriving WDC of them.
Bribery and Corruption	An act by which an individual(s) or organisation is influenced by bribery, which may or may not include a financial benefit.
WDC	Waitomo District Council

POLICY | KAUPAPA HERE

1. Attitude towards Fraud and Corruption

- 1.1. WDC recognises that all of its assets are held for the benefit of the community and that there is an expectation and obligation that elected members and employees act honestly and with integrity to safeguard WDC resources. WDC is committed to protecting its revenue, property, information and other assets from any attempt to gain financial or other benefits from it by deceit.
- 1.2. WDC does not tolerate fraud or corruption. The 'zero tolerance' stance taken by WDC means that no level of fraud or corruption, in association with the organisation, its employees or stakeholders is accepted. Employees of WDC and those who work around them must pursue the highest possible standards of honesty and integrity whilst conducting their duties; this needs to be visible to the whole council community and external stakeholders.
- 1.3. WDC will uphold all laws and regulations relevant to countering fraud, corruption, and bribery in all areas of the organisation. Further, regardless of the guidelines and procedures set, WDC and those persons working for and with WDC, have an overriding obligation to comply with applicable laws and regulations.

2. Fraud and Corruption Prevention – Responsibility

- 2.1 The Senior Management Team is responsible for the detection and prevention of fraud, corruption, misappropriations, and other inappropriate conduct. Each member of the Senior Management Team shall be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularity.
- 2.2 The Senior Management Team must, where appropriate, develop and maintain procedures and checks for the prevention of fraud in their area. An example of this is as follows:
 - a) The application of consistent policies and processes, and robust internal control frameworks, which are monitored and reviewed regularly, particularly in those areas susceptible to fraud and corruption;
 - b) External audits of WDC's financial statements, in accordance with legislative requirements; and
 - c) Promotion of ethical behaviour through induction, training and performance development programmes.

- 2.3 When recruiting or promoting employees to positions of trust, Human Resources must ensure that:
- a) Independent checks of the potential employee's employment history are undertaken;
 - b) Processes are undertaken to ensure the potential employee is suitable for the position.

3. Fraud and Corruption Reporting

- 3.1 All employees, elected members, consultants, vendors, contractors, and outside agencies with a business relationship with WDC have a responsibility to report any suspected activity relating to fraud or corruption.
- 3.2 Any suspected fraud or corruption must be reported directly to a member of the Senior Management Team or the Chief Executive.
- 3.3 Reports may be made anonymously or under the protection of the Protected Disclosures Act 2000 (also known as the Whistle Blowers Act), providing a safe, documented and widely available process for all employees to report fraud or corruption.
- 3.4 The Chief Executive will brief the Mayor and the Chairperson of the Audit and Risk Committee of any suspected fraud or corruption prior to commencement of an investigation and following the conclusion of the investigation.
- 3.5 The Chief Executive will notify the fraud and/or corruption, or suspected fraud and/or corruption, to Council's auditors and insurers as and when appropriate.
- 3.6 The Chief Executive will advise the Office of the Auditor General of any suspected fraud or corruption.

4. Fraud and Corruption Investigation

- 4.1 If, after preliminary enquiries, fraud and/or corruption is suspected then an investigation in accordance with WDC disciplinary procedures will be conducted to gain all relevant facts.
- 4.2 Human Resources will facilitate the investigation of all fraudulent and/or corrupt acts, except where the suspected fraud and/or corruption may involve:
- a) A member of the Senior Management Team, in which case the Chief Executive will have primary responsibility for conducting the investigation;
 - b) The Chief Executive, in which case the Mayor will have the primary responsibility for conducting the investigation; or
 - c) The Mayor or an elected member, in which case the Independent Member of the Audit and Risk Committee will have primary responsibility for conducting the investigation.
- 4.3 If the suspected fraud and/or corruption involves the Chief Executive, the Mayor will assume the responsibilities and actions of the Chief Executive under this Policy.
- 4.4 Upon notification of suspected fraud and/or corruption, the Chief Executive (as employer) shall, within 24 hours, request a confidential written statement from the Informant(s) detailing the nature of the fraud and/or corruption, the person(s) involved and the amount of cost or impact to WDC if known.
- 4.5 The Chief Executive will, on receipt of a written statement, make a determination on the appropriate next stage including but not limited to:
- a) External Legal Advice
 - b) Further requirement to investigate

- c) Referral to External Law Enforcement
 - d) Referral to external regulator
 - e) Any disciplinary action
- 4.6 The Chief Executive may, when of the opinion that an employee may have been guilty of serious misconduct or fraud, suspend the employee immediately from work in accordance with the employee's Employment Agreement. During this period of time, the Chief Executive will initiate the investigation into the circumstances of the alleged misconduct and give the employee an opportunity to comment on any allegations made against them.
- 4.7 Suspension is appropriate where there is a danger that evidence may be destroyed, altered or removed or that coercion of witnesses may occur.
- 4.8 In undertaking any investigation, the Chief Executive supported by Human Resources, may:
- a) Establish an investigation team to examine the suspected fraud and/or corruption. The Chief Executive must be a member of the investigation team; and/or
 - b) Use external resources for investigations, if deemed appropriate.
- 4.9 The following information will be sought as a minimum:
- a) Person(s) involved
 - b) Property or service misused
 - c) Amount of money involved
 - d) Potential Policy breaches
 - e) Potential legislative breaches
- 4.10 If the investigation substantiates that fraudulent, corrupt activities have occurred, the Chief Executive shall:
- a) Consult with legal counsel regarding the decision to prosecute, or refer the investigation results to the appropriate law enforcement and/or regulatory agencies for an independent investigation on completion of the disciplinary procedure;
 - b) Report the results of the investigation to the elected Council.
- 4.11 When investigating fraud and/or corruption, the investigation team will have free and unrestricted access to all records and premises, and the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, computers 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.
- 4.12 Recovery of any misappropriated WDC property will be pursued whenever possible and practicable. Where recovery from an identified person is not possible, recovery from the WDC's insurers will be sought.

5. Confidentiality

- 5.1. Investigation results will not be disclosed or discussed with anyone other than those with a valid need to know. This is important in order to avoid damaging the reputations of persons suspected but held to be innocent of wrongful conduct until proven otherwise and to protect WDC from the risk of potential civil liability.
- 5.2. All enquiries concerning the activity under investigation from the suspected individual, his or her lawyer or representative, or any other person should be directed to Human Resources.

- 5.3. No information regarding the status of the investigation will be released. The proper response to any enquiries shall be "I am not at liberty to discuss this matter". Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation" or any other specific reference.

6. External Communication

- 6.1. All statements to the media or public regarding fraud will be made by the Chief Executive in accordance with Section 5 "Confidentiality" above.

7. Disciplinary Issues

- 7.1. The Chief Executive may initiate disciplinary action at any time during a fraud investigation, in accordance with the Council's disciplinary procedures, or any other applicable procedures or policies.

8. Authorisation

- 8.1. The Council has authorised implementation of this Policy.

9. Related Documents

- 9.1. This Policy is to be read in conjunction with other Council Policies, specifically:

- Information Technology Acceptable Use Policy
- Code of Conduct Policy
- Fuel Card Policy
- Sensitive Expenditure Policy
- Protected Disclosures (Whistle Blowers) Policy

- 9.2. This Policy should be read and considered with related legislation, specifically:

- The Local Government Act 2002
- Protected Disclosures Act 2000
- Local Authorities (Members Interests) Act 1968
- The Secret Commissions Act 1910
- The Crimes Act 1961

10. Useful Resources

- Online anti-corruption training module developed by SFO & TINZ
- Serious Fraud Office: information for complainants
- Further information on protected disclosures/whistleblowing