

Fraud, Corruption and Dishonesty Control Policy

Purpose

The purpose of this policy is to protect the Northland Regional Council, its operations, its assets and all stakeholders from the consequences of fraudulent, corrupt or dishonest activity. It also provides high level guidance for the prevention, detection and response to these activities within, or involving, the council.

This policy makes reference to fraudulent, corrupt or dishonest activity, however, it covers all deliberate or deceptive acts or omissions that may result in a direct or indirect benefit to an individual or organisation and/or cause loss or disadvantage to the council.

In order to reduce and deter any risk of fraudulent, corrupt and dishonest activity within council, this policy has the following three objectives:

- **Prevention:** reduce the risk of fraudulent, corrupt or dishonest activity occurring by instilling awareness and responsibility among those involved with council's activities
- **Detection:** uncover fraud or corruption at the earliest opportunity and provide effective options to report, manage and respond
- **Response:** taking immediate corrective action and remedying the harm caused by fraudulent, corrupt or dishonest activity, which includes preserving crucial evidence to achieve appropriate outcomes.

Strategic Context

Northland Regional Council's Vision and Mission, as stated in the 2028 – 2031 Long Term Plan is:

Our Vision: Our Northland – together we thrive.

Our Mission: 'Working together to create a healthy environment, strong economy and resilient communities'.

The promotion and practice of good policy is a crucial element in delivering our vision and mission and achieving the specified community outcomes. This policy aligns to the efficient and effective service delivery, carried out and managed in all the activity areas.

Our values of strong decisive leadership, one high performing team, customer focus, integrity, transparency and accountability affirm the importance of policy direction and recognises that this is a fundamental corporate function.

Scope

This policy applies to all council staff and elected members, volunteers, consultants and contractors, employees of consultants and contractors, and relates to all property, services, funds and statutory responsibilities. This policy also covers all allegations made by council staff and elected members.

Background

As a public sector organisation, the council is entrusted with ratepayer funds, and its staff, consultants, volunteers, contractors, and elected members are expected to maintain public trust by exhibiting the highest standards of integrity and honesty throughout all of council's activities.



Policy Statement

The council does not tolerate fraudulent, corrupt or dishonest activity and has a ZERO TOLERANCE policy to identified behaviour or incidents involving such activity.

All staff are required to complete the annual declaration of compliance.

All individuals subject to this policy are required to complete the declaration of interest form on an annual basis, as required by council's procurement and grant funding processes, or when requested by the relevant manager, deputy manager, group manager, CEO, or councillors, one up to the requestee.

Council may at any time request an individual complete the declaration of interest form for the purpose of assessing whether there is any perceived or potential risk of fraud or corruption resulting from a council transaction or service.

All persons involved in delivering council's services are responsible for having awareness of fraudulent, corrupt or dishonest activity, and have a positive obligation to disclose any instances of such activity.

All staff at the council must be aware of the type of fraudulent, corrupt or dishonest activity that may occur in their area of responsibility, be alert to any indication of this activity, and promote and implement measures to prevent and detect fraudulent, corrupt or dishonest activity among staff, elected members, and other persons engaged to deliver council's services and activities.

In line with council's zero tolerance policy, council is committed to taking action on any reported instances of fraudulent, dishonest or corrupt activity by:

- Thoroughly investigating all reported instances.
- Taking appropriate action including attempting to recover all losses.
- Dismissing any staff member who is convicted of fraudulent, corrupt or dishonest activity, as provided for in the council's disciplinary processes. References will not be available.
- Referring suspected fraudulent, corrupt or dishonest activity to the police, and any other appropriate authority as identified by the Chief Executive Officer or their delegate.
- The Fraud Limitation Officer (FLO) and/or Group Manager – Corporate Services immediately reporting an elected member's alleged fraudulent, corrupt or dishonest activity, to the Chief Executive Officer, who will in turn inform the Chair and, if the issue arises under the Local Government Act 2002, s 235 or the Local Authorities (Members' Interests) Act 1968, the Office of the Auditor General.
- Any staff abusing the 'issue raising' procedure by raising unfounded and/or malicious allegations will be subject to the appropriate disciplinary processes.

The council will take all necessary steps required to protect the 'issue raiser', i.e. the person making the allegation, from any reprisals pursuant to the Protected Disclosures Act. The council's Protected Disclosure Officers will work in close liaison with the Fraud Limitation Officer as appropriate. Victimisation of staff, or any attempt to deter staff from raising concerns, will be treated as a disciplinary offence. All staff disciplinary matters in relation to this policy will be managed in accordance with council's Disciplining with Fairness Policy.

Any required media liaison will be through the Chief Executive Officer and/or his or her nominee.



Reporting suspected fraudulent, dishonest or corrupt activity

Any person who suspects that fraudulent, corrupt or dishonest activity has been attempted, is occurring, or has occurred, must report this **immediately** to the Fraud Limitation Officer.

All information about suspected fraudulent, dishonest or corrupt activity will be **treated confidentially**.

Enough information should be provided to enable the investigation of the suspected fraudulent, corrupt or dishonest activity. This includes details about the event or act, dates, times and person(s) alleged to be involved, together with any documented evidence or verifiable facts that support the allegation.

Alternative routes of reporting

As an alternative to reporting the fraudulent, dishonest or corrupt activity to the FLO, individuals may instead:

- report the matter directly to Crimestoppers (a confidential reporting agency) on phone 0800 555 111 or online at
- make a protected disclosure under the Protected Disclosures Act 2000. Please refer to the Protected Disclosures Policy

Responsibilities

Staff, contractors, volunteers and elected members

All council staff, elected members, contractors, consultants, employees of consultants and contractors, and volunteers are responsible for:

- Being aware of, and complying with this Policy
- Acting honestly, fairly and with integrity in undertaking council's tasks and activities
- Being aware of, and complying with their obligations under the code of conduct
- Reporting all suspected incidents of fraudulent, corrupt or dishonest activity immediately after becoming aware of it
- Cooperating with, and not impeding, any investigation of suspected fraudulent, corrupt or dishonest activity.

Fraud Limitation Officer (FLO)

The FLO's responsibilities are:

- To ensure all allegations or suspicious irregularities indicating fraudulent, corrupt or dishonest activity are investigated, regardless of the source of information, the amount, or the value of the perceived benefit
- Provide a confidential space for individuals to advise on instances of apparent fraudulent, corrupt or dishonest activity
- To seek all information and clarification as necessary from the 'issue raiser' and receive any further information relevant to the fraudulent, corrupt or dishonest activity
- To record any reports of fraudulent, corrupt or dishonest activity in a fraud and corruption incident register, confidential to the CEO, Group Manager – Corporate Services, and FLO



- Report the issue, as necessary, to the Chief Executive Officer. If the allegation involves the Chief Executive Officer, then the FLO shall report to the Chair in the presence of the Group Manager – Corporate Services or in his/her absence another member of ELT

Chief Executive Officer

The Chief Executive Officer's responsibilities are to:

- Receive reports from the FLO or any other nominated person and organise appropriate investigative procedures
- Provide reports to the ELT on fraudulent, dishonest or corrupt activity as these may occur
- Brief the Chair and council on fraudulent, dishonest or corrupt activity as these may occur
- Provide a monthly fraud declaration in the CEO's report to council.

Confidentiality

It is acknowledged that suspected or actual instances of fraudulent, corrupt or dishonest activity can affect the rights and reputation of anyone implicated. All matters related to any investigation will remain strictly confidential unless required to be provided under legislation.

Essential supporting information

Fraud Limitation Officer (FLO)

The FLO is: Corporate Planner/Legal Advisor

This designation will refer to council officers, have limited financial responsibilities, be designated by the Chief Executive Officer, and will report directly to him/her.

Definitions

For the purposes of this policy, the following definitions are recognised.

Fraud

Is an intentional and dishonest act involving deception or misrepresentation, to obtain or potentially obtain, an advantage for themselves or any other person/organisation.

For the purposes of the policy this includes all forms of dishonesty.

Within this definition, examples of fraud and dishonesty may include, but are not limited to:

- Knowingly providing false, incomplete or misleading information to the council for unfair, unjustified or unlawful gain
- Unauthorised possession, use or misappropriation of money, information or assets, whether the council's or a third party's
- Deliberate mishandling of, or misreporting of, money or financial transactions
- Unauthorised access and misuse of council's systems and information for unfair, unjustified or unlawful gain



- Misuse of, or obtaining insider knowledge of, organisational or judicial activities without implied or expressed consent (this may also be considered corruption)
- Destruction, removal, or inappropriate use of records, furniture, fixtures, or equipment for unfair, unjustified or unlawful gain
- Deliberate misuse of council resources (including work time, internet, cell phones, photocopiers, fax machines, computers, vehicles, mail services, council addresses and phone numbers) for unfair, unjustified or unlawful gain, and
- Forgery or alteration of any financial instrument, document or computer file or record belonging to the council.

Corruption

Refers to a person in authority exploiting their position for personal gain (e.g. receive gifts or other benefits to perform part of an official function, or omitting to perform an official duty resulting in personal gain for another).

It also includes dishonest activity in which staff or individuals engaged by the council act contrary to council's interest for their personal gain or advantage, or for the gain or advantage of another person or entity.

Examples of corrupt conduct include, but are not limited to:

- Any person who has a business involvement with the council improperly using, or trying to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others e.g. fabrication of business travel requirement to satisfy personal situations; or failing to declare a conflict of interest in contractor dealings
- Knowingly providing, assisting or validating false, misleading, incomplete or fictitious information to circumvent council's procurement processes and procedures so as to avoid scrutiny or reporting
- Disclosing private, confidential or proprietary information to outside parties without implied or express consent
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials to the council (also refer to council's Code of Conduct Policy)
- A member of the public influencing or trying to influence a public official, staff member, contractor, consultant, person seconded to, volunteer, or any other party that has a business involvement with council, to use their position in a way that is dishonest, biased or breaches public trust
- Failing to pursue enforcement against an individual for breaches of their statutory obligations in circumstances where enforcement is otherwise justified
- Failing to pursue compliance against an individual for breaches of their consent requirements in circumstances where compliance is otherwise justified

Inappropriate

Behaviour that is deemed unacceptable.

Dishonest



An act (or omission) undertaken without the belief that there is consent or authority for doing the act (or omission).

Theft

Dishonestly and without claim of right taking or converting any property.

Key relevant documents

In discharging this policy, readers should refer to, but not be restricted to, the following for reference:

- Local Electoral Act 2001
- Local Government Act 2002
- Local Authorities (Members Interests) Act 1968
- Crimes Act 1961
- Protected Disclosures Act 2000
- Code of Conduct
- Protected Disclosures Policy
- Disciplining with Fairness Policy

Document approval

The approval for distribution and use of this policy has been delegated as per the document information:

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3.0	June 2019	Updated for position, HR Manual and template changes only. Requires full review to separate procedures from Policy
4.0	August 2020	Policy review
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