

# Fraud Policy

## Overview

This document contains the framework and principles for the management of fraud and corruption relating to any parties working with Queenstown Lakes District Council.

## Contents

<u>Topic</u>	<u>See Page</u>
Introduction	1
Policy	3

## Introduction

**Purpose** 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.

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

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

**Scope** This policy applies to any fraud, impropriety or dishonesty (suspected or actual), involving employees of QLDC.

## ***Fraud***

### **Associated documents**

Other documents that are relevant to the contents of this document are:

<b>Type</b>	<b>Title</b>
QLDC Corporate	<ul style="list-style-type: none"> <li>• Staff Handbook</li> <li>• Gifts and Hospitality Policy</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>• Privacy Act 1993</li> <li>• Crimes Act 1961</li> </ul> <p><i>Note: Any legislation referred to should be interpreted as meaning the Act and its amendments.</i></p>
Other	<ul style="list-style-type: none"> <li>• Employment Agreements</li> <li>• QLDC Code of Conduct</li> <li>• RFP Process</li> </ul>

Reviewed: August 2017

Issued by: Human Resources  
 Authorised by: CEO

# ***Fraud***

## **Policy**

### **Principles**

Council personnel and contractors must have and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.

Council will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety or dishonesty by Council personnel or contractors.

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

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 Council. In every case the Council will make every effort to gather sufficient reliable evidence to support a prosecution.

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

### **Definitions**

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 or activities of Council Controlled Organisations;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the Council or any Council Controlled Organisation;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Council or any Council Controlled Organisation. An exception is made for gifts of less than \$100 in value in accordance with the Gifts Policy;
- Destruction, removal, or inappropriate use of records, furniture, fixtures and equipment; and/or
- Any similar or related irregularity.

Reviewed: August 2017

Issued by: Human Resources  
 Authorised by: CEO

# ***Fraud***

## **Application**

### **Management Responsibilities**

Management is responsible for the detection and prevention of fraud, impropriety and dishonesty. Each member of the management team 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.

Management 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.

Any irregularity that is detected or suspected must be reported immediately to the CEO, who coordinates all fraud investigations.

### **Investigation Responsibilities**

The CEO has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. This may require the formation of an investigation team comprising suitably qualified persons (these could be staff or external parties). This responsibility will include full documentation of the facts and circumstances of the matter.

If the investigation substantiates that fraudulent activities have occurred, the CEO will issue reports to appropriate designated personnel and, if appropriate, to the Office of the Auditor General through the Finance and Corporate Accountability Committee.

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.

### **Confidentiality**

The CEO will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the CEO immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedure section below).

Reviewed: August 2017

Issued by: Human Resources  
Authorised by: CEO

## ***Fraud***

### **Investigation Authorisation**

Members of the Investigation Team as appointed by the CEO 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 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 the investigation.

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

### **Reporting Procedures**

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 underway.

An employee who discovers or suspects fraudulent activity will notify the appropriate person immediately as per the procedures laid down in the Protected Disclosures Policy; this may be a supervisor, Manager or the CEO depending on the circumstances.

The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the CEO. No information concerning the status of an investigation will be given out.

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 CEO or members of the Investigation team.

### **Termination**

If an investigation results in a recommendation suspend and/or consider disciplinary action that made led to the termination an individual, the recommendation will be reviewed for approval by the HR Director and, if necessary, by legal counsel, before any such action is taken. The CEO must give final approval.

Reviewed: August 2017

Issued by: Human Resources  
Authorised by: CEO