

Mā tō tātou iwi For our People

Fraud and Corruption Policy



**Western
Bay of Plenty**
District Council

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 2 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

Policy Name: Fraud and Corruption Policy 2023

Endorsed by: Senior Leadership Team

Group: Corporate Services

Approved by: Chief Executive Officer

Date adopted: 27 February 2024

Review by: 31 January 2027

Review: Every 3 years, or as required. Next review to be completed by 31 January 2027. This Policy does not cease to have effect because it is due for review, or in the process of being reviewed.

Consultation: Internal

Policy Type Council Operational

1. Purpose	3
2. Scope	3
3. Council’s Response to Fraud and Corruption	4
4. Objectives	4
5. Consequences of a Breach	5
6. Definitions	5
7. Examples of Fraud and Corruption	7
8. Roles and Responsibilities	9
9. Reducing the Risk of Fraud and Corruption	12
10. Reporting and Investigation	12
11. Protected Disclosures	14
12. Confidentiality	14
13. Monitoring	15
14. Relevant Law, Council Policies and Procedures	16

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 3 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

Fraud Prevention Policy

1. Purpose

- 1.1 The purpose of this policy is to provide guidance for the prevention, detection and overall response to fraud and corruption incidents within or involving the Western Bay of Plenty District Council ("**WBOPDC** or **Council**").
- 1.2 The policy outlines:
- a) The scope and objective of the policy;
 - b) Council's zero tolerance stance to fraud and corruption;
 - c) The consequences of a breach of the policy;
 - d) How fraud and corruption are defined for the purposes of this policy and Council;
 - e) Clear roles and responsibilities for all Council staff (defined in Section 6 below) and Elected Members in relation to fraud and corruption;
 - f) Council's key fraud and corruption prevention controls;
 - g) Reporting and investigation of suspected fraud or corruption; and
 - h) Monitoring of suspected and confirmed fraud or corruption events.
- 1.3 This policy is to be read in conjunction with the:
- a) WBOPDC Fraud and Corruption Reporting Procedures ("**the Procedures**"); and
 - b) Protected Disclosure – Whistleblowing Policy.

2. Scope

- 2.1 This policy applies to all Council Staff (defined in Section 6 below) and Elected Members in relation to all fraud or corruption incidents, whether suspected, alleged or proven, that are either committed:
- a) Against Council by a person or another organisation; or
 - b) By any Council Staff or Elected Member against any third party.

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 4 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

3. Council's Response to Fraud and Corruption

- 3.1 As a public sector organisation that is entrusted with public funds, Council must set and maintain the highest standards of honesty, integrity and transparency. Allegations of fraud and corruption can cause serious reputational, cultural, financial and legal harm for Council. As such, all Council staff (defined in Section 6 below) are expected to act in accordance with these high legal and ethical standards at all times.
- 3.2 This policy reflects Council's commitment to preventing, detecting and responding to fraud and corruption threats. Council has a zero tolerance stance in relation to fraud and corruption.
- 3.3 Zero tolerance within Council means:
- a) In accordance with this policy, all instances of suspected fraud or corruption will be assessed and/or investigated, with appropriate action taken;
 - b) All confirmed suspicions of fraud or corruption will be treated as serious misconduct in accordance with Councils Discipline and Procedural Fairness Policy and, where deemed appropriate (i.e. significant incidences of fraud or corruption as defined in section 6 below), will be referred to the Police, Serious Fraud Office, or any other appropriate enforcement agency where applicable; and
 - c) Where deemed appropriate, Council will take all necessary steps to recover any loss or expenditure attributable to fraud or corruption activities. This includes, but is not limited to, recovery of intellectual property, physical assets, money, third party expenses incurred and investigation costs.

4. Objectives

- 4.1 To reduce the risk of fraud or corruption within Council, the three key objectives that need to be met are:
- a) **Prevention:** Reducing the risk of fraud or corruption taking place within Council;
 - b) **Detection:** Identifying instances of fraud or corruption at the earliest instance and providing effective channels for reporting, responding, and managing these instances; and

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 5 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

- c) **Response:** Taking immediate action to remedy the harm caused by fraud and corruption, including the preservation of crucial evidence to enable a meaningful and accurate response.

5. Consequences of a Breach

- 5.1 Any breach of this policy or relevant laws may result in any or all of the following:
- a) Disciplinary action in accordance with Council's Discipline and Procedural Fairness Policy;
 - b) Civil action; and
 - c) Criminal prosecution under the Crimes Act 1961 or the Secret Commissions Act 1910 (maximum penalties ranges from fines to imprisonment).

6. Definitions

Term	Definition
Assets	<p>These include, but are not limited to:</p> <ul style="list-style-type: none"> • Cash and cash equivalents; • Property, plant and equipment; • Furniture and fittings; • ICT devices and equipment; • Collections; • Vehicles and other stock; and • Intangible assets (e.g., computer software, licences); and • Data; and • Intellectual property of the Council.
Corruption	<p>'Corruption' is defined as dishonest activity in which a person associated with an organisation acts contrary to the interests of the organisation and abuses their position of trust to achieve personal advantage or advantage for another person or organisation. This may include but is not limited to (both domestic and foreign) coercion, destruction, removal or disclosure of data, materials, assets or similar forms of inappropriate conduct.</p>

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 6 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

Council staff

For the purpose of this policy, Council staff includes:

- All current and former Council employees (casual, fixed term, permanent, part time and full time);
- Agency employees and individuals seconded to the Council;
- Council contractors (individuals, contractor staff, sub-contractors or persons affiliated with third parties) and consultants working with the Council; and
- Volunteers working for the Council.

Error

There is a distinction between 'fraud' and 'error'.

An 'error' is an unintended action or omission that occurs unknowingly due to a lack of knowledge or oversight by an individual or group. It can involve unintentionally providing incorrect information, neglecting to include an account or disclosure by mistake, or undertaking an action that leads to unexpected or unintended outcomes or consequences.

In contrast, 'fraud' is a deliberate act.

Fraud

'Fraud' refers to a broad category of illicit behaviours characterised by deliberate deception occurring during, before, or after an event, with the aim of obtaining unfair, unjust, or unlawful actual or potential advantages. Fraud involves intentional dishonest actions that result in actual or potential harm to individuals or organisations. Examples of fraud are provided in Section 7 below.

Fraud Control Officer

Designated role to support the Chief Executive Officer in the fraud and corruption risk management activities. This is assigned to the Risk and Assurance Manager and key roles and responsibilities are defined in Section 8 below.

Serious Wrongdoing

Serious wrongdoing is defined (by the Protected Disclosure (Protection of Whistleblowers) Act 2022) as any act, omission, or course of conduct in (or by) any organisation that is one or more of the following:

- An offence;
- A serious risk to:

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 7 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

- Public health; or
- Public safety; or
- The health or safety of any individual; or
- The environment.
- A serious risk to the maintenance of law, including:
 - The prevention, investigation, and detection of offenders; or
 - The right to a fair trial.
- An unlawful, a corrupt, or an irregular use of public funds or public resources;
- Oppressive, unlawfully discriminatory, or grossly negligent, or that is gross mismanagement, and is done (or is an omission) by:
 - Council Staff;
 - A person performing (or purporting to perform) a function or duty or exercising (or purporting to exercise) a power on behalf of a public sector organisation or the Government.

Significant incidences of fraud or corruption Incidences of 'significant' suspected fraud or corruption for the purpose of this policy and the Procedures, are incidences involving the suspected theft or misuse of Council assets valued at more than \$1,000 or of a nature that has the potential to adversely impact on business operations, service delivery or sector/public confidence in the Council.

7. Examples of Fraud and Corruption

Fraud

- 7.1 Examples of fraud and dishonesty may include, but are not limited to:
- a) Knowingly providing false, incomplete or misleading information to the Council for unfair, unjustified or unlawful gain;
 - b) Forgery or alteration of data and securities;
 - c) Unauthorised possession, use or misappropriation of funds or assets, Council property, equipment, materials or records and intellectual property, whether the Council's or a third party;
 - d) Any irregularities of funds, securities, supplies or any other asset;

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 8 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

- e) Deliberate mishandling of or misreporting money or financial transactions;
- f) Misappropriation of furniture, fixtures and equipment;
- g) Any computer-related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes, or the misappropriation of Council owned software; or
- h) Any claims for reimbursement of expenses that are not made for the exclusive benefit of Council.

Corruption

7.2 Examples of corruption include, but are not limited to:

- a) The provision or acceptance of cash (or similar), facilitation payments or kickbacks;
- b) Failure to disclose and or manage a conflict of interest with a third party that leads to preferential treatment (e.g. employing friends or relatives);
- c) Giving or receiving unauthorised gifts, travel and/or hospitality such as, accepting or seeking anything above \$50 value (see Giving and Receiving Gifts Policy) from vendors, contractors, consultants or persons, including before, during and after, any procurement process without prior consent of the Chief Executive Officer or General Manager;
- d) Any Council Staff who has a business involvement with a third party, improperly using, or trying to improperly use, the knowledge, power or resources of their position for personal gain or for the advantage of others;
- e) Knowingly providing, assisting or validating in providing false, misleading, incomplete or fictitious information to circumvent Council procurement processes and procedures to avoid further scrutiny or reporting;
- f) Disclosing private, confidential or proprietary information to outside parties without implied or expressed consent;
- g) Facilitation of business transactions such as securing contracts or persons, including before, during and after, any procurement processes;

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 9 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

- h) A member of the public influencing or trying to influence Council Staff, an Elected Member or any other party that has a business involvement with the Council, to use their position in a way that is dishonest, biased or breaches public trust;
- i) The improper use of a political/business position of authority or 'influence'; or
- j) Giving or receiving unauthorised rebates or reimbursements.

8. Roles and Responsibilities

Chief Executive Officer

- 8.1 The Chief Executive Officer has overall responsibility and accountability for preventing, detecting and responding to fraud and corruption within the Council.

General Managers

- 8.2 General Managers are responsible for fostering effective management controls, processes, training, and awareness regarding fraud and corruption, within their areas of responsibility.
- 8.3 General Managers are responsible for role modelling high standards of ethical behaviour and setting the tone from the top on the Council's zero tolerance to fraud and corruption.
- 8.4 If required, General Managers shall seek support from and engage specialist resources in accordance with the Procedures, such as Legal, Finance, Procurement, or Risk and Assurance, to ensure effective prevention, detection, and response to fraud and corruption.
- 8.5 Within their respective business areas, all General Managers must ensure this policy and the Procedures are well understood and complied with.
- 8.6 All General Managers must provide consistent messaging to their business areas in relation to this policy and the Procedures both internally and externally with organisations that, or may, hold a business relationship with the Council.

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 10 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

Managers

8.7 All Managers are responsible for:

- a) Ensuring all Council Staff and individuals who interact with the Council have a clear understanding of the policy and Procedures and their responsibilities in relation to preventing, detecting and responding to fraud and corruption;
- b) Identifying the potential risks, including but not limited to the risk of fraud or corruption, that may impact the Council's systems, operations, and procedures;
- c) Developing and maintaining effective controls to prevent and detect fraud and corruption, within the Council's usual business and/or programmes of work;
- d) Ensuring that the Council's established controls and processes are actively complied with;
- e) Facilitating a culture that encourages proactive detection and reporting of fraud and corruption risks; and
- f) Ensuring employees who make allegations of fraud or corruption are supported and directed to the appropriate reporting channels when required.

Fraud Control Officer (Risk and Assurance Manager)

8.8 The Risk and Assurance Manager (as the Fraud Control Officer) is accountable for ensuring the following:

- a) All reported allegations of fraud or corruption are assessed and/or investigated in a timely and appropriate manner. The Fraud Control Officer will authorise a lead investigator to carry out an investigation in accordance with the investigation process (refer to Section 10 and the Procedures). If the Fraud Control Officer is the subject of the investigation or otherwise conflicted, the Chief Financial Officer will be responsible;
- b) All allegations or reports of fraud and corruption are reported to the Chief Executive Officer in a timely manner (refer to Section 10);
- c) All allegations or reports of fraud and corruption are reported to the Audit, Risk and Finance Committee on a quarterly basis (refer to Section 13);

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 11 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

- d) The register recording reports and investigations of fraud and corruption is maintained and regularly reviewed (refer to Section 13);
- e) Regular monitoring of the policy and its Procedures with updates made and communicated as required.

Head of People and Capability

- 8.9 Head of People and Capability (or appropriate delegate) is responsible for providing appropriate input and guidance into the employment element of the investigations to ensure that all people are treated fairly, in line with natural justice principles, and in accordance with the Council's Discipline and Procedural Fairness Policy.

All Council Staff and Elected Members

- 8.10 All Council Staff, including managers, and Elected Members are responsible for:
- a) Being aware of, and behaving in accordance with applicable laws, the Council's policies, procedures and Standard of Conduct;
 - b) Confirming, in writing, on a yearly basis, that they have complied with this policy and undertake to comply over the coming year;
 - c) Acting honestly, fairly and with integrity in undertaking Council tasks and activities;
 - d) Participating in fraud awareness training offered by the Council;
 - e) Remaining vigilant, promptly reporting any suspicions of fraud or corruption (including assisting or collaboration) in accordance with the Fraud and Corruption Procedures;
 - f) Promptly reporting any fraud or corruption control failures or breaches as soon as they become aware of them;
 - g) Assisting any person authorised by management to conduct an investigation;
 - h) Not knowingly making a false or misleading statement or report; and
 - i) Not hindering or impeding, or inappropriate disclosing details of an investigation.

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 12 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

9. Reducing the Risk of Fraud and Corruption

9.1 The optimal way to reduce the risk of fraud and corruption is through the implementation of sufficient business processes and internal controls which are supported by written policies and procedures. These include, but are not limited to:

- a) Code of Conduct;
- b) Setting the 'tone at the top';
- c) Appropriate and regularly reviewed policy and procedural documentation;
- d) Segregation of duties as detailed in section 9.2 below;
- e) Appropriate delegations and authorisation levels;
- f) Management of conflict of interest; and
- g) Clearly outlined fraud control responsibilities.

9.2 Segregation of Duties

As there are a small number of people involved in the financial activities, adequate segregation of duties among the core functions of transaction execution, confirmation, settling and accounting/reporting is not always strictly achievable. To minimise exposure to fraud, management must ensure internal controls are in place to prevent and reduce the opportunity for fraud, including but not limited to:

- Segregation of functions especially in regulatory, financial accounting, procurement and cash handling areas (to the extent possible) such that no one staff member is responsible for a transaction from start to finish.
- Management to frequently review and reduce the number of users who have privileged access within relevant IT applications, so that effective segregation of duties could be better maintained; and
- Establish adequate segregation of duties for all functions where the potential for fraud or corruption risk has been assessed as high.

9.3 Council's internal controls will be maintained and regularly reviewed by the Fraud Control Officer. Specific reviews of internal controls will be undertaken as part of Councils internal audit programme, along with ad hoc reviews as deemed appropriate by Council. Any weaknesses identified will be addressed on an ongoing basis.

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 13 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

10. Reporting and Investigation

- 10.1 All persons captured under the scope of this policy are required to immediately report all suspected incidents of fraud and corruption that they become aware of in accordance with the Procedures.
- 10.2 All persons captured under the scope of this policy who receive a report of suspected fraud and corruption are required to immediately notify the relevant parties in accordance with the Procedures.
- 10.3 Council will conduct an assessment and/or investigation of all suspected acts of fraud or corruption in accordance with the Procedures. Assessments and/or investigations will be appropriately documented, underpinning natural justice principles.
- 10.4 All reported allegations of fraud or corruption will be reported by the Fraud Control Officer to the Chief Executive Officer. The Chief Executive Officer will be informed of pertinent findings throughout the investigation process, and the outcome at the conclusion of the investigation.
- 10.5 Where there are reasonable grounds to indicate fraud or corruption has occurred and where deemed appropriate, the Fraud Control Officer, in collaboration with the Chief Executive Officer, the Mayor (where appropriate), and the Chairperson of the Audit, Risk and Finance Committee will report this to the Police, Serious Fraud Office or any other appropriate law enforcement authority or third party, in accordance with the Procedures.
- 10.6 The investigation team will be given free and unrestricted access to Council records and premises for the purpose of conducting its investigation and will ensure adherence to the Privacy Act 2020 and other relevant legislation where appropriate.
- 10.7 Council staff are not authorised to conduct or be involved in an investigation unless they have been assigned as the investigator in accordance with the Procedures.
- 10.8 The decision to engage specialist fraud or corruption experts will be made by the Fraud Control Officer, in collaboration with the Chief Executive Officer and where appropriate, the Chairperson of the Audit, Risk and Finance Committee and the Mayor as required.
- 10.9 Where an allegation of suspected fraud or corruption involves a person subject to the Council's Discipline and Procedural Fairness Policy, the Head of People and Capability must be notified, and the requirements of the disciplinary process must be followed.

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 14 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

- 10.10 The Head of People and Capability must promptly notify the Fraud Control Officer of all suspected incidents of fraud and corruption involving individuals subject to the Council's Discipline and Procedural Fairness Policy.
- 10.11 All suspected instances of fraud or corruption will be treated as serious wrongdoing. Each case of suspected fraud and corruption will be thoroughly assessed and/or investigated and reported in accordance with the Council's Discipline and Procedural Fairness Policy.
- 10.12 Council Staff subject to an investigation may be stood down on full pay for all or part of the duration of the investigation in accordance with the Discipline and Procedural Fairness Policy.

11. Protected Disclosures

- 11.1 Council Staff and Elected Members may instead make a protected disclosure for instances of suspected Serious Wrongdoing under the Protected Disclosures (Protection of Whistleblowers) Act 2022. Please refer to Council's Protected Disclosure – Whistleblowing Policy on how to report.

12. Confidentiality

- 12.1 Subject to any legal or investigation requirements, all individuals including individuals of suspected of alleged wrongdoing or serious wrongdoing that are involved in a formal investigation or informal process has:
- a) The right to have their identity protected wherever possible without detriment to Council;
 - b) The right to have information they disclose kept confidential;
 - c) The duty to respect the rights of others to the maintenance of confidence; and
 - d) The right to have any limits of confidentiality explained to them.
- 12.2 All participants in an investigation or informal process shall keep the details and results of that process confidential.
- 12.3 Any Council Staff or Elected Member contacted by the media with respect to an investigation of fraud or corruption shall refer the media to the Chief Executive Officer in the first instance (who may consult with the Communications and Engagement Manager as applicable).

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 15 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

- 12.4 Unless authorised to do so, the details of the investigation shall not be discussed with any person or third party, including the media, other than through the Chief Executive Officer (who may consult with the Communications and Engagement Manager as applicable).
- 12.5 Individuals reporting suspected instances of Serious Wrongdoing are covered by the WBOPDC Protected Disclosure – Whistleblowing Policy in accordance with the Protected Disclosures (Protection of Whistleblowers) Act 2022.
- 12.6 Notwithstanding the above, where fraud or corruption has occurred, the Council reserves the right to share information with the Audit, Risk and Finance Committee, Council members, the NZ Police, Serious Fraud Office, Audit New Zealand, Office of the Auditor General, the Council’s insurers, or other appropriate parties.

13. Monitoring

- 13.1 The Fraud Control Officer (or if implicated, the Chief Executive Officer) will maintain the register that records fraud or corruption reports and investigations in a secure file and will ensure compliance with the Privacy Act 2020 and related Council policies.
- 13.2 The Fraud Control Officer will report to the Audit, Risk and Finance Committee quarterly on all allegations or reports of fraud and corruption in a Public-Excluded meeting. Reporting will be limited to the number of fraud or corruption reports, with a high-level summary of outcomes (i.e., no further action taken, upheld or dismissed) and reviewed by the Audit, Risk and Finance Committee.
- 13.3 Where the allegation of fraud or corruption is considered significant (defined at Section 6 above), the Fraud Control Officer will notify the Chief Executive Officer, the Mayor and Chairperson of the Audit, Risk and Finance Committee as soon as practicable.
- 13.4 The Fraud Control Officer will monitor and review the Council’s Policy and recommend updates as required. In collaboration with the Chief Executive Officer, these recommendations will be considered on a periodic basis.

Western Bay of Plenty District Council People Policy and Procedures Manual					
Section	Fraud and Corruption Policy				
Subject	Fraud and Corruption Policy				Page 16 of 16
Authorised by	General Manager Corporate Services	Primary Document	Yes	Next review month	January 2027

14. Relevant Law, Council Policies and Procedures

- [HRP200-201 Standard of Conduct - Employee Responsibilities - Business Ethics](#)
- Fraud and Corruption Reporting Procedures
- Protected Disclosure – Whistleblowing Policy
- [HRP1200-1201 Discipline and Procedural Fairness](#)
- Conflict of Interests Policy
- Sensitive Expenditure Policy
- Delegations Manual
- Discipline and Procedural Fairness Policy
- Koha and Kuia-Kaumatua Payments Policy
- Giving and Receiving Gifts Policy
- [Local Government Act 2002](#), Sections 100 and 101 (financial prudence)
- [Local Authorities \(Members' Interests\) Act 1968](#)
- [Protected Disclosures \(Protection of Whistleblowers\) Act 2022](#)
- [Secret Commissions Act 1910](#)
- [Crimes Act 1961](#), Sections 99, 105 and 105A Fraud and Corruption Procedures