

Fraud, bribery and corruption policy

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Introduction

Central Otago District Council (CODC) employees and representatives are expected to maintain the highest possible standards of honesty and integrity. A zero-tolerance approach to fraud, corruption and bribery is in place and all suspected or actual incidences are investigated. All investigations found to have substance are forwarded to the Police or the Serious Fraud Office.

Purpose

The purpose of the Fraud, Bribery and Corruption Policy is:

- To detail Council’s response to suspected fraudulent or corrupt activities;
- To provide clear guidance to staff and stakeholders who encounter or suspect fraud, bribery and/or corruption;
- To provide clear guidance to staff with responsibilities in relation to investigating and managing reports of suspected or actual fraud, bribery, and/or corruption;
- To ensure ongoing compliance with all relevant legislation; 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, bribery and corruption.

Scope

This policy applies to:

- All CODC employees, including temporary, casual, or contracted employees;
- Elected or appointed members of CODC;
- Volunteers or unpaid staff; and
- All activities and services undertaken or delivered by CODC.

This policy does not address instances in which fraud is attempted through a cyber-attack. The Cybersecurity Incident Management Policy must be referred to if such an incident has taken place.

Definitions

If there is a question as to whether an action constitutes fraud, bribery, corruption or activities of wrongdoing, contact the Group Manager – Business Support for guidance.

Word or phrase	Definition
Fraud	<p>The term 'Fraud' encompasses a wide range of criminal conduct, specifically involving deliberate deception in order to receive unfair, unjustified or unlawful gain. This gain is not specifically limited solely to financial incentives and may include other tangible or intangible benefits. Fraud includes all forms of dishonesty, such as but not limited to the following.</p> <ul style="list-style-type: none"> • Knowingly providing false, incomplete or misleading information to the Council for unfair, unjustified or unlawful gain. • Unauthorised possession, use, or misappropriation of funds or assets, whether belonging to Council or a third party. • Destruction, removal, or inappropriate use of Council property for unfair, unjustified or unlawful gain
Bribery	<p>The Crimes Act 1961 states that a bribe means “any money, valuable consideration, office or employment or any benefit, whether direct or indirect.” Bribery is the practice of offering something in order to gain an illicit advantage by altering the behaviour of the recipient.</p>
Corruption	<p>'Corruption' is defined as a lack of integrity or honesty or the abuse of a position of trust for dishonest gain. This may include, but is not limited to, bribery (both domestic and foreign), coercion, destruction, removal or disclosure of data, materials, assets or similar forms of inappropriate conduct.</p> <p>Examples of corrupt conduct include, but are not limited to:</p>

Word or phrase	Definition
	<ul style="list-style-type: none"> • A member of the public influencing or trying to influence a public official, employee, contractor, person seconded to, or any other party that has a business involvement with the Council to use his or her position in a way that is dishonest, biased or in breach of public trust. • Any person who has a business involvement with the Council, attempting to or improperly using, the knowledge, power or resources of their position for personal gain. For example, fabrication of a business travel requirement to satisfy personal situations; • Knowingly providing, assisting or validating in providing false, misleading, incomplete or fictitious information to circumvent Council's procurement processes and procedures to avoid further scrutiny or reporting.
Wrongdoing	<p>Serious wrongdoing is defined as:</p> <ul style="list-style-type: none"> • A criminal offence such as fraud, theft, assault, or wilful damage • A serious risk to the maintenance of the law, including the prevention, investigation and detection of offences and the right to a fair trial • A serious risk to public health, public safety or the environment
Error	<p>There is a distinct divide between the definitions of the term 'fraud' and 'error'.</p> <p>Error refers to an unintentional act or omission, made unknowingly by an individual or group lacking in knowledge or oversight. Error may be an unintentional misstatement of information including the unintentional omission of an account or a disclosure; performing an action that created unexpected or unintentional outcomes or consequences. In contrast, acts of wrongdoing or fraud are deliberate breaches of Council's policies and public trust.</p>

Policy

Central Otago District Council has a 'zero tolerance' stance toward fraud, bribery and corruption. No level of fraud, bribery and/or corruption in association with the organisation, its employees or stakeholders is accepted. Employees of Central Otago District Council 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.

Central Otago District Council upholds 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, Council and those persons working for and with the organisation, have an overriding obligation to comply with applicable laws and regulations.

Opportunities for fraud, bribery and corruption are minimised through the development, implementation and regular review of the Risk Framework and associated Risk Registers alongside regular fraud awareness training. Council recognises that fraud and corruption prevention and control are integral components of good governance and risk management.

The functions of Fraud Control Officer are fulfilled by the Group Manager – Business Support.

It is recognised that staff and elected or appointed members could commit acts of fraud, bribery, or corruption against CODC or against other external parties. It is also recognised that CODC could be the victim of fraud through acts undertaken by parties external to the organisation. This policy aims to details CODC's approach to such instances.

Roles and responsibilities

Staff and Elected or Appointed Members

All individuals falling within the scope of this policy are responsible for immediately reporting suspected fraud, bribery, or corruption should they encounter suspicious or actual fraudulent or corrupt activity. Staff and elected or appointed Members must read and understand this policy in order to maintain awareness of fraud, bribery, and corruption risks and practices.

Group Manager – Business Support and General Manager – People and Culture

The Group Manager – Business Support and General Manager – People and Culture will receive reports of suspected or actual fraud, bribery, or corruption. They will be responsible for providing these reports to the Chief Executive Officer or Independent Chair of the Audit & Risk Committee and supporting and overseeing subsequent investigations.

Chief Executive Officer (CEO)

The Chief Executive Officer will receive all reports of suspected or actual fraud, bribery, or corruption, unless these reports relate to the Chief Executive Officer.

Independent Chair – Audit and Risk Committee

The Independent Chair of the Audit and Risk Committee will receive notification of any reports of suspected or actual fraud, bribery, or corruption relating to the Chief Executive Officer.

Mayor

The Mayor will receive notification of any reports of suspected or actual fraud, bribery, or corruption relating to elected or appointed members.

Managers

Managers are responsible for following the Performance Management Policy and implementing the relevant procedure when instructed by the Group Manager – Business Support and/or General Manager – People and Culture.

Recognising fraud, bribery, and corruption risks

Generally, there are three conditions associated with the undertaking of fraud, bribery, and corruption. If all three conditions are present in an individual's personal and/or work life, the risk of fraud, bribery, or corruption being perpetrated is increased.

- **Incentives/pressure:** Management, other employees or external parties have an incentive or are under pressure, which motivates them to commit fraud or wrongdoing (for example, personal financial trouble).
- **Opportunities:** Circumstances exist that allow employees to commit fraud or corruption, such as an organisation not having appropriate fraud and corruption controls in place, or employees are able to get around or override ineffective controls (for example, managers being able to approve and authorise their own sensitive expenditure).
- **Attitudes/rationalisation:** Employees are able to rationalise committing fraud (for example, holding attitudes or beliefs such as “everybody else is doing it nowadays” or “they made it so easy for me”).

Reporting suspected fraud, bribery, or corruption

When a member of staff or an elected or appointed member witnesses or has suspicions about fraud, bribery, or corruption, a report must be immediately made to:

- Group Manager – Business Support **and/or**
- General Manager – People and Culture

If a report relates to the Group Manager - Business Support or the General Manager – People and Culture, this report must be made to the CEO.

Reports of fraudulent or corrupt behaviour or incidents may be related to:

- CODC staff members;
- Elected or appointed members;
- Suppliers (i.e., suppliers of goods, works, or services to CODC, including sub-contractors);
- Members of staff at Council Controlled Organisations;
- Ratepayers, customers, or members of the public; and
- Incidents where the parties involved are not yet confirmed.

Reports may be made via:

- Email
- Phone call
- Face to face meeting

Any member of staff may alternatively make an anonymous report by following the Protected Disclosures (whistleblowing) Policy.

Any member of staff found to have submitted a dishonest or malicious report may be subject to disciplinary proceedings.

Investigating suspected fraud, bribery, or corruption

When the Group Manager – Business Support and/or General Manager – People and Culture receive a report relating to fraud, bribery, or corruption, the following steps will be undertaken.

- Notification will be made to the Chief Executive Officer of the report received (unless the report relates to the Chief Executive Officer).
- In the event the report relates to significant or serious fraud, bribery, or corruption, notification will be made to the Independent Chair of Audit and Risk Committee as soon as is reasonably practicable.
- When a report relating to the Group Manager – Business Support or General Manager – People and Culture is made to the CEO, the CEO will appoint a suitable investigator. This investigator may be internal or external. The CEO will, in this case, inherit the responsibilities of the Group Manager – Business Support and the General Manager – People and Culture as detailed throughout this policy.
- In the event that the report relates to the Chief Executive Officer, notification will be made to the Independent Chair of the Audit and Risk Committee within 24 hours of the report being received.

- Where the report relates to a member of staff, the relevant line manager will be made aware of the report and the investigation will be undertaken in accordance with the Performance Management Policy. The Group Manager – Business Support and General Manager – People and Culture may decide to appoint an independent manager to undertake the investigation and subsequent performance management process (an independent manager is a manager with no association with the member/s of staff being investigated i.e., is not their manager or group/general manager, and has no personal relationship with the individual/s being investigated).
- Where the report relates to an elected or appointed member, the Mayor will be informed and will work together with the Group Manager – Business Support, General Manager – People and Culture, and the Chief Executive to identify a suitable investigator. This investigator or investigators may be internal senior staff members, or external consultants. In the event that an internal investigation is undertaken, the CEO may choose to validate this through the engagement of an external investigator if and when appropriate.
- Where the report relates to activity undertaken by an individual outside the organisation, the Group Manager – Business Support and/or General Manager – People and Culture will appoint a sufficiently skilled or experienced member of staff to complete an investigation in order to validate the content of the report. Where this is not possible, the Group Manager – Business Support and/or General Manager – People and Culture may appoint an external consultant to complete this investigation or move straight to the next step.
- The Group Manager – Business Support and/or General Manager – People and Culture will report incidents of suspected or actual fraud, bribery, or corruption to the relevant authorities and parties as and when appropriate. Relevant authorities include Police and the Serious Fraud Office. Relevant parties include a suspected individual's employer.
- Where an investigation confirms there is no basis for suspicion that a fraudulent or corrupt act has taken place, the Group Manager – Business Support and/or General Manager – People and Culture may decide to complete the investigation and not inform any other parties.
- The process undertaken must be appropriately recorded, including minute-taking of relevant meetings. Rationale for decisions made must be documented e.g., where no further action is to be taken, the investigating and overseeing parties must agree that this is appropriate and document the reasons behind this decision.
- The process must be undertaken with due regard for confidentiality.

The Group Manager – Business Support and General Manager – People and Culture will not notify individuals including staff and external parties where such a notification may be classed as tipping off or where doing so may impede any investigation being undertaken.

The Group Manager – Business Support and/or General Manager – People and Culture will immediately inform Police of incidents that are urgent in nature.

Outcomes

Outcomes of all investigations will be documented for record-keeping purposes and, where appropriate or necessary, action will be taken to improve processes, systems, or staff training and awareness.

In accordance with the Performance Management Policy, investigations may result in staff dismissal in the event that gross misconduct is found to have occurred.

Upon conclusion of an investigation into an elected member, the Mayor or CEO may choose to follow the Council Code of Conduct complaint process in order to ensure any further action can be taken.

Relevant legislation

- Secret Commissions Act 1910
- Crimes Act 1961
- Protected Disclosures Act 2022
- Local Authorities (Members' Interests) Act 1968
- Local Government Act 2002

Related documents

- Fraud, Bribery and Corruption Process
 - Performance Management Policy
 - Cybersecurity Incident Management Policy
 - Procurement Policy
 - Protected Disclosures (Whistle Blowing) Policy
 - Sensitive Expenditure Policy
 - Staff Interests Policy
 - Code of Conduct
- Council Code of Conduct