

## **Tasman District Council**

### **Fraud policy**

This policy should be read in conjunction with Council's Protected Disclosures Policy.

#### **Background**

It is important that Tasman District Council provides confidence to the community and staff regarding the administration of ratepayer's funds. Whilst the Protected Disclosures Policy covers serious wrongdoing (which may include fraud), it is important to expressly state Council's view that fraudulent behaviour is unacceptable, and to clearly set out how fraud will be dealt with.

The Protected Disclosures Policy details the protection to be given to the person(s) making a disclosure ("whistleblower").

#### **Purpose**

The purpose of this policy is to show that controls and systems are in place to deal with fraudulent behaviour by anyone employed by, or elected to, the Tasman District Council.

The objectives of the policy are:

- To prevent fraudulent behaviour
- To instill responsibility and awareness amongst Tasman District Council staff and elected members
- To establish an environment where fraud concerns can be identified and readily addressed
- To ensure compliance with internal control systems that are designed to minimise the opportunity for fraudulent behaviour
- To provide guidance on how to effectively progress an allegation of fraud

#### **Definition**

Fraud is deception or false representation by means of a statement or conduct, in order to gain a material advantage. "Fraud" is the misappropriation of what rightfully belongs to Council and usually involves some form of intentional misrepresentation of financial information, such as falsifying, altering or neglecting to update records or documents.

#### **Fraud Minimisation**

The primary means to prevent or minimise fraud is by implementation and continued operation of adequate systems of internal control, supported by written policies and procedures. These controls include, but are not limited to:

- Segregation of duties
- Appropriate delegations and authorisation levels

- Active risk management through an effective internal control function
- Financial planning, reporting and monitoring

All staff have a responsibility to adhere to the Council's systems of internal control and Managers need to ensure staff are aware of the reasons for such controls and the expectation that they will be complied with.

### **General Policy Guidelines**

1. All reports or indications of fraud will be investigated appropriately. This investigation will be undertaken by the Chief Executive or his/her nominee.
2. An attempt will be made to recover all losses.
3. Any staff member(s) found to have committed fraud may be dismissed.
4. In most instances of suspected fraudulent behaviour the Chief Executive will refer the matter to the Police or other appropriate authority
5. Protection of any "whistleblower" will be in accordance with the Protected Disclosures Policy
6. Any media liaison will be through the Chief Executive or his/her nominee

Any Council employee who is subject to an investigation may be stood down on full pay for all or part of the duration of the investigation. The decision to stand down an employee must be approved by the Chief Executive or the Chief Executive's appointed representative.

Council will regard all correspondence and records of correspondence such as letters, emails and phone calls made during Council work hours or using Council property as belonging to Council and this may be examined as part of any investigation process.

### **Process**

1. Allegations of fraud should be made in the first instance directly to a Departmental Manager.
2. All allegations must be acknowledged in writing by the Departmental Manager, including all relevant details of the allegation. Secrecy and confidentiality must be maintained where possible.
3. The Departmental Manager must advise the Chief Executive in writing (or the Mayor where the Chief Executive is the subject of the allegation) of details of the allegations made.
4. The Chief Executive will appoint an Investigation Officer (or the Mayor where the Chief Executive is the subject of the allegation) to undertake or oversee an agreed investigation process.
5. The Investigation Officer will carry out a preliminary investigation and report their findings and recommendations to the Chief Executive (or the Mayor where the Chief Executive is the subject of the allegation). All documentary evidence to the investigation should be obtained and secured as early as possible.

6. If the preliminary investigation finds no substance to the allegation then the process is terminated and this outcome is advised in writing to the person making the original allegation and the person accused.
7. If the preliminary investigation finds there is substance to the allegation, further investigation should take place. This may include involving the police or other outside agencies, taking legal advice, and advising Council's insurers.
8. If surveillance is going to be undertaken as part of any investigation then there must be accurate recording of surveillance and immediate signing and dating of records.
9. Council may require the person who is the subject of the investigation to be stood down on full pay during the term of the investigation.
10. Upon confirming evidence of fraud, the Investigation Officer will report in writing to the Chief Executive (or the Mayor where the Chief Executive is the subject of the allegation) the findings of the investigation and any recommendations.
11. The Chief Executive (or the Mayor where the Chief Executive is the subject of the allegation) will take appropriate action. Restitution for any losses will be sought. Any media comment and report to Council's standing committees will need to be considered.
12. All investigation records are to be retained in a separate file and a post investigation assessment carried out. Any identified control system weaknesses are to be addressed.
13. A formal acknowledgment of the outcome of the investigation must be forwarded to the person making the original allegation.

## **System Evaluation**

Council's systems of internal control are evaluated each year by Council's auditors. Any weaknesses identified need to be addressed on an ongoing basis. Internal audit work should also be regularly undertaken to also provide assurance that the systems are sufficient and are being adhered to.