

Fraud, bribery and corruption policy



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Introduction

Central Otago District Council employees and representatives of the Council must maintain the highest possible standards of honesty and integrity in their works. A zero-tolerance approach to fraud, corruption and bribery is employed and all suspected or actual incidences will be investigated. All investigations found to have substance will be forwarded to the Police or the Serious Fraud Office.

Purpose

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

- To provide Council's position with respect to fraudulent or corrupt activities;
- To provide clear guidance to staff and stakeholders who encounter or suspect fraud, bribery and/or corruption; 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

The policy shall apply to all fraud, bribery and/or corruption incidents, whether suspected, alleged or proven, committed against the organisation by a person (legal or natural). For the avoidance of doubt, any reference to employees or staff in this policy shall include:

- An organisation's former employees, volunteers, employees, persons seconded to Council and as appropriate, contractors (individuals, contractor staff, sub-contractors or affiliated persons with third parties) members of the public and/or other parties with a business relationship with the Council, including Council-controlled Organisations.

This policy does not cover Elected Members, who are subject to provisions within the Local Authorities (Members' Interests) Act 1968 and Local Government Act 2002.

Definitions

If there is a question as to whether an action constitutes fraud, bribery, corruption or activities of wrongdoing, contact the Fraud Control Officer (The Business Risk and Procurement Manager) 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>

Distinction between the Fraud, Bribery and Corruption Policy and other Policies

The Policy is intended to prevent any and all instances of Fraud, Corruption and Bribery. This Policy contrasts with the purposes of the following policies, bearing in mind that these

Policies may also require consideration in situations involving Fraud, Bribery and/or Corruption:

- *The Protected Disclosure / Whistle Blowing Policy* – This policy enables individuals to report serious wrongdoing enabling the protections available under the Protected Disclosures Act 2000
- *House Rules* – This establishes Councils expectations for employee behaviour and outlines disciplinary actions.
- *The Staff Interests Policy* – This establishes the parameters for what Council considers to be a relevant conflict or relationship and provides guidelines for employees to make declarations and/or report their concerns regarding other employees' conflicts or relationships.
- *Sensitive Expenditure Policy* – The policy outlines the procedures surrounding the receiving of gifts and hospitality, providing guidance and a Risk Register for employees to declare gifts.

It is important to recognise and understand the difference between the Fraud, Bribery and Corruption Policy and other policies within the organisation. Whilst such policies often overlap, the key difference is that the acts of fraud, bribery and/or corruption have key elements of dishonesty or unlawful gain.

Policy

Central Otago District Council does not tolerate Fraud, Bribery and Corruption. The 'zero tolerance' stance taken by Central Otago District Council means that 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 whom 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 will uphold 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 to be 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.

If fraud, bribery or corruption is either suspected or occurring, it is to be reported immediately to the staff member's manager or the Fraud Control Officer (FCO), the Executive Manager People and Culture (HR), the Executive Manager – Corporate Services (CS) who is then to report this to the Chief Executive Officer.

Reports may be made anonymously or under the protection of the Protected Disclosures Act 2000 (also known as whistle blowing), providing a safe, documented and widely available process for all employees to report fraud.

Relevant legislation

- Secret Commissions Act 1910
- Crimes Act 1961
- Protected Disclosures Act 2000
- Local Authorities (Members' Interests) Act 1968
- Local Government Act 2002

Related documents

- Central Otago District Council House Rules
- Central Otago District Council Protected Disclosures (Whistle Blowing) Policy
- Central Otago District Council Sensitive Expenditure Policy
- Central Otago District Council Fraud, Bribery and Corruption Process

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