

**Chairperson and Committee Members**  
AUDIT & RISK COMMITTEE

30 NOVEMBER 2017

Meeting Status: **Public**

Purpose of Report: For Information

## **FRAUD CONTROL FRAMEWORK**

### **PURPOSE OF REPORT**

- 1 The Council has recently completed an independent review of its fraud control framework. This report provides those key findings and improvement recommendations for the Committees consideration.

### **DELEGATION**

- 2 The Audit and Risk Committee has delegated authority to consider this report under the following delegation in the Governance Structure, Section B.3.  
*Ensure that the Council has in place a current and comprehensive risk management framework and to make recommendations to the Council on risk mitigation.*

### **BACKGROUND**

- 3 In February 2017, the Audit and Risk Committee endorsed a proposal to recommence and accelerate the development and establishment of Council's enterprise risk management framework, on the understanding that progress would require unbudgeted external consultant resources that would need to be funded from the 2017/18 Annual Plan through deliberate planned spend reductions, via a prioritisation review.
- 4 Subsequently, PricewaterhouseCoopers (PwC) was engaged by the Council to complete several work streams in order to progress the development and establishment of the enterprise risk management framework. These workstreams include the following:
  - 4.1 Provide fraud awareness training. PwC provided this training to the Leadership Forum in August 2017.
  - 4.2 Provide a Business Assurance Charter and Strategy. This was presented to the Committee on 21 September 2017. The Strategy provides that budget permitting, up to four separate business assurance reviews are completed per financial year. The first review to be initiated in quarter two of 2017/18 concerns the Council's cash handling processes. This review is in the final stages of completion, with report back to the Committee planned in early 2018.
  - 4.3 Review and assess the Council's Fraud Control Framework, including the Council's Protected Disclosures processes and materials. This review was completed in October 2017 and PwC's findings and improvement recommendations are outlined in Appendix 1 of this report (Corp-17-367).

## ISSUES AND OPTIONS

### Issues

- 5 The Council's Mitigation of Fraud Policy (See Appendix 2 of this report Corp-17-367) is reasonably comprehensive but does require updating to reflect both Council personnel changes since 2013 and PwC improvement recommendations.
- 6 The Council's Senior Leadership Team fully accepts and supports the improvement recommendations made by PwC, in order to strengthen the Council's fraud control framework.
- 7 There are currently substantial demands on the Council's available resources, mainly driven from the need for the Council to develop, produce and adopt a 2018-38 long term plan either on or before 30 June 2018.
- 8 Accordingly, a work programme will be developed and agreed with the Senior Leadership Team that best seeks to address the PwC improvement recommendations without prejudice to Council's statutory deliverables and work priorities. A work programme will be presented to the Committee in early 2018 for consideration.

## CONSIDERATIONS

### Policy considerations

- 9 There are no policy considerations in addition to those already covered in this report.

### Legal considerations

- 10 PwC has met with Council's Legal Counsel to discuss their assessment of the Council's fraud control framework and in particular, their recommendations regarding the protected disclosure/s processes and materials. Legal Counsel has raised no issues or concerns with the review findings and recommendations.

### Financial considerations

- 11 As previously highlighted, the 2017/18 Annual Plan provides no budget to progress Council's enterprise risk management framework. No new money will be requested from Council and planned under spending across the Council will be needed in order to fund this work.

### Tāngata whenua considerations

- 12 There are no Tāngata whenua considerations in this report.

## **SIGNIFICANCE AND ENGAGEMENT**

### Degree of significance

- 13 This report is not significant under the Council's Significance Policy.

## **RECOMMENDATIONS**

- 14 That the Audit and Risk Committee notes the key findings and improvement recommendations provided by PwC (See Appendix 1 of this report Corp-17-367) following their assessment of the Council's current fraud control framework.
- 15 That the Audit and Risk Committee notes the Council will develop a work plan to address the PwC findings and improvement recommendations, with report back to the Committee in early 2018.

**Report prepared by**

**Approved for submission**

**Approved for submission**

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## **ATTACHMENTS**

Appendix 1: PwC Fraud Control Framework Assessment, October 2017

Appendix 2: Mitigation of Fraud Policy (October 2013)

A photograph of three people in wetsuits on a sandy beach at sunset. The person on the left is walking towards the camera, smiling. The person in the middle is standing further back. The person on the right is standing in the foreground, looking down. The sun is low on the horizon, creating a bright, hazy background. Surfboards are visible on the sand.

# Fraud Control Framework Assessment

Kapiti Coast District Council  
October 2017



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# Background and context

*In August 2017 we facilitated a workshop with a cross section of senior staff within Kapiti Coast District Council ('KCDC' or the 'Council') at the Leadership Forum. The purpose of this workshop was to raise the awareness of fraud and related integrity risks with its management team, and to highlight the key mechanisms in place by which the Council manages these risks. A summary of the key themes from the workshop provided in the Appendix.*

*Subsequent to this workshop, you have asked us to consider the extent to which the Council has an integrated approach to managing the risk of internal staff fraud within the organisation.*

*This report sets out our views from the work we have completed in this regard.*



# What we did?

We have undertaken a high level ‘stock take’ of the key mechanisms that the Council has in place to manage the risk of ‘fraud’ by Council staff. In this respect we have defined fraud broadly to include:



**Fraud** – is an intentional and dishonest act involving deception or a misrepresentation, to obtain or potentially obtain an advantage for themselves or any other person (e.g. falsifying records, false invoicing)



**Theft** – to dishonestly and without claim or right, take or deal with any property with intent to deprive any owner permanently of the property or interest in it (e.g. theft of information, theft of assets, theft of cash/financial funds)



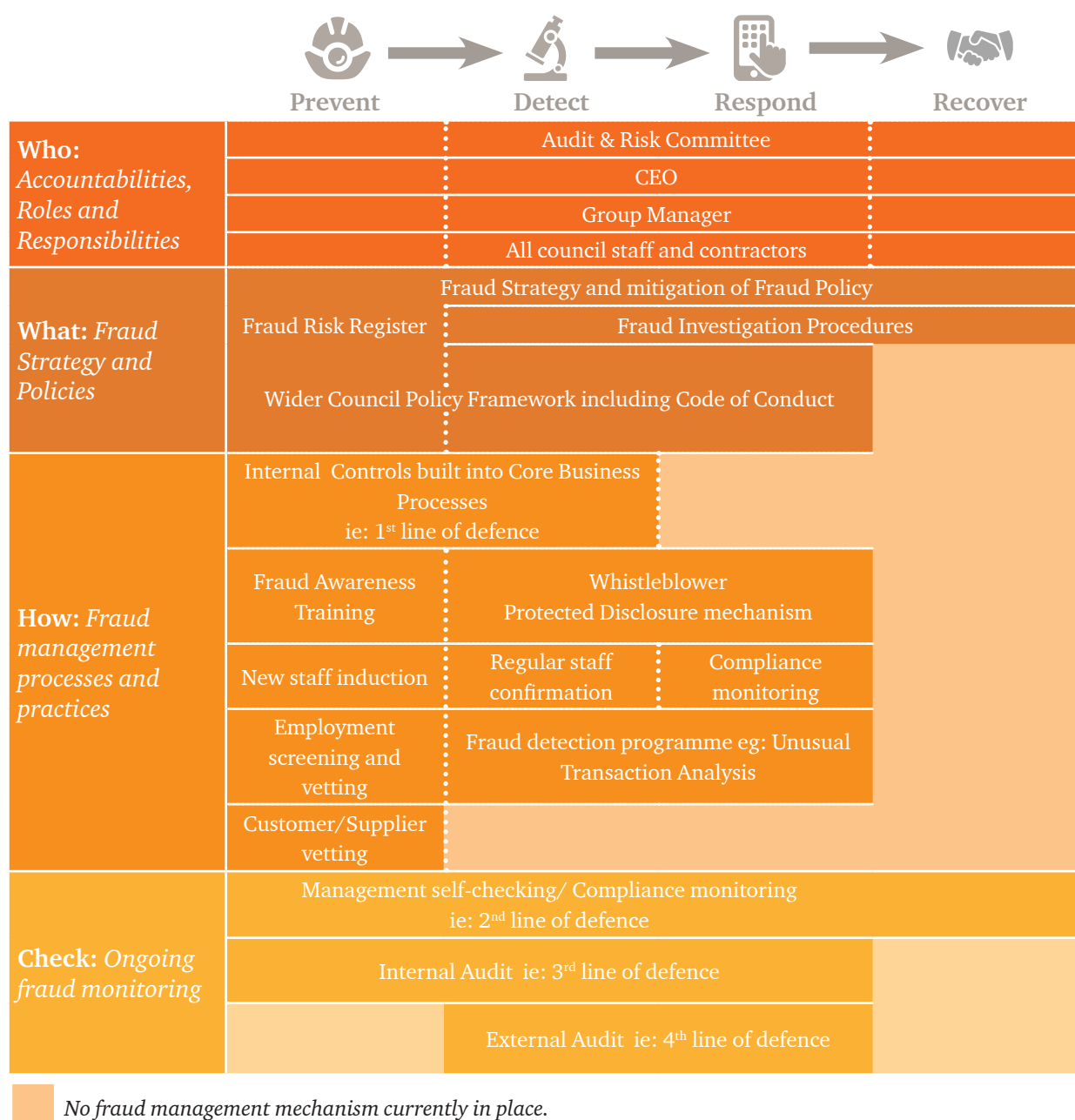
**Corruption** – the abuse of entrusted power for private gain (e.g. soliciting or receiving gifts or other gratuities to perform part of an official function, or omit to perform an official duty)

For the purposes of this review we have considered the risk of internal fraud only. We have not addressed the risk of fraudulent behaviour by external parties such as vendors, ratepayers or other third parties.

We obtained and reviewed key Council documents such as policies, procedures and governance body terms of references/charters that collectively described the Fraud Control Framework. In this respect we have considered the control environment designed by the Council. We have not undertaken broader testing of actual transactions or processes to ensure these controls have been effectively and consistently applied over time.

# What does good look like?

The diagram below provides a simple view of what we mean by a Fraud Control Framework. For each of these components, we considered what was in place and have made recommendations as to how current practices can be enhanced. The elements of this diagram have been developed in consideration of the minimum requirements for a Fraud Control Framework set out in the Australian standard AS 8001-2008 Fraud and Corruption Control (“the Standard”), which we have referred to in our observations.



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# What we found?

The Council has some of the fundamental elements of a fraud control framework in place. For example, the Mitigation of Fraud Policy is reasonably comprehensive statement of the Council's expectations as to fraud risk management and the accountability for fraud management is explicitly owned by the Group Manager Corporate Services (previously the role entitled Group Manager Finance).

However, fraud management practices are **incomplete, disjointed and not actively embedded** into day to day operations.

Current fraud management activities focus primarily on expectation setting through policies and procedures. On its own this will be **ineffective** as this does not adequately ensure that the day to day actions of staff continually support an appropriate fraud control environment – specifically:

- That the risk of fraud is well understood by those who need to know (i.e awareness)
- That fraud management controls are fit for purpose (management)
- That there is ongoing checking and confirmation to ensure that what is expected is done (confirmation)
- That staff know what to do should fraud or wrongdoing be suspected (response)

As a result, the requirements of the Council with respect to fraud management (as captured in the Mitigation of Fraud policy) do not adequately safeguard the Council from the risk of wrongdoing.

In addition to setting expectations, KCDC needs to ensure that these expectations are met on an ongoing basis as part of day to day operations. Currently:

- There is **no ongoing awareness programme** or similar to ensure that staff know expectations of them (not only with respect of fraud but more broadly)
- There is no consistent view of key fraud risks and how these risks are mitigated through internal control (**fraud risk profile**)
- There is no regular **compliance monitoring** or confirmation programme to ensure that what is expected is done – i.e policies complied with, controls implemented and to flag incidences/areas of non compliance for resolution

Specifically, the way in which the Council thinks about fraud risk and manages this through a fraud control framework is summarised on the following pages.



# What we found?

Expectation	What we found?
<b>Who: Accountabilities, Roles and Responsibilities:</b> Accountability for fraud risk management is clearly defined, both at an individual and governance level, and reflected within relevant job descriptions and terms of references/ charters. There is a visible commitment and 'tone at the top' to reinforce these accountabilities.	A term of reference exists for the <b>Audit and Risk Committee (ARC)</b> . Although this discusses the ARC's responsibility for risk and control, no explicit mention is made of fraud, theft or corruption.
	The <b>Mitigation of Fraud Policy</b> allocated prime responsibility for fraud risk management to the Group Manager Finance. We understand that this position was disestablished and replaced by a Group Manager Corporate Services. The <b>Chief Financial Officer</b> reports to the Group Manager Corporate Services and is responsible for the Fraud Mitigation Policy. This policy also sets out the <b>wider responsibilities</b> of management, staff and contractors. The Policy includes a Management Responsibilities Matrix for quick reference and easy understanding of the identified individuals' responsibilities. This matrix records the action, and who has primary, secondary, and shared responsibilities. An example of a shared responsibility is where a Group Manager whose employee is under investigation, as well as the SLT are involved in the referral of suspected cases to SFO or Police. The individuals included are of an appropriate seniority and include the Chief Executive, Senior Legal Counsel, Group Manager Finance. The Policy also records responsibilities for all staff in supporting the actions of the matrix and the wider framework.
	Clear <b>job descriptions</b> exist for staff which contains an explicit requirement that all financial activity is conducted in accordance with policies, procedures and financial delegations, comply with legislation, and more broadly demonstrate appropriate behaviours.
	There are however no explicit references to the accountabilities of senior management for maintaining an ethical culture, a code of conduct or maintaining an appropriate <b>internal control</b> environment.

Expectation	What we found?
<p><b>What: Fraud Strategy and Policies</b></p> <p>There is a clearly defined approach that links together all fraud management activities in an easy to understand strategy that described the Councils approach to the planning, prevention, detection and response to fraud risk.</p>	<p>A <b>Mitigation of Fraud Policy</b> (dated October 2013) exists which is in essence the Councils Fraud Control Framework. This is comprehensive and defines 'fraud', sets a zero tolerance stance (essentially the fraud risk appetite) to fraud, gives examples of what could constitute fraud and outlines the responsibilities and management practices relevant to fraud management.</p>
	<p>There is <b>no list of related policies</b> and procedures within the document. This may hinder the ability to easily connect all elements of the framework, and may also mean staff are not consulting all relevant documentation where they have a query, or would like to check for their own reference anything related to fraud control at the Council.</p>
	<p>The Council Wide <b>Risk Register</b> identifies the risk of fraudulent activity as one of the Council's top 15 risks. However there is no supporting fraud risk profile that describes the specific exposures the Council has to fraud risk and the controls relied on to manage these risks.</p>
	<p><b>Human Resources</b> are required to develop and implement policies and processes outlining the expected behaviour of staff to support an ethical culture. These are:</p> <ul style="list-style-type: none"> <li>• Pre-employment screening;</li> <li>• Developing an appropriate culture by introducing fraud awareness training, including fraud alerts as part of orientation;</li> <li>• Facilitating ongoing discussions on fraud risks between managers and staff; and</li> <li>• Establishing, and regularly reviewing payroll processes.</li> </ul> <p>A <b>Fraud Risk Workshop</b> was run for the wider senior leadership team of the Council in mid August 2017 to raise the awareness of fraud risk and identify key areas of exposure.</p> <p>There is an intention for KCDC to engage PwC to expand on this initial workshop in early 2018. This will involve undertaking workshops with each operational group to review initial fraud risks identified and expand upon these with clarity on controls in place or that should be in place.</p>

Expectation	What we found?
<p><b>How: Fraud management processes and practices</b> Policy statements clearly set out the Council's expectations of all staff in respect to fraud prevention, detection and response.</p> <p>The expectations defined within these policies are effectively operationalised through management processes, for example:</p> <p><i>Prevention:</i> risk assessment, induction, training and awareness, delegations of authority, segregation of duties, pre-employment screening, conflict of interest declarations</p> <p><i>Detection:</i> fraud risk monitoring, protected disclosure/whistle-blower mechanisms, management self-assessment/confirmation processes, compliance monitoring, assurance/audit activities</p> <p><i>Response:</i> investigation processes, insurance arrangements.</p> <p>The elements of the Fraud Control Framework are maintained on an ongoing basis to ensure relevance and effectiveness.</p>	<p>Several supporting policies and procedures are in place including:</p> <ul style="list-style-type: none"> <li>• <b>Code of Conduct (May 2015)</b></li> <li>• <b>Gift Register Policy (August 2013)</b></li> <li>• <b>Procurement Policy (January 2016)</b></li> <li>• <b>General Expenses Policy (July 2016)</b></li> <li>• <b>Protected Disclosures Procedures (January 2001)</b></li> </ul> <p>Corporate policies are comprehensively written and follow a similar look and feel. An <b>intranet site</b> provides staff with access to the Council's policies and procedures</p> <p>Supporting forms are in place for employment/vendor vetting including:</p> <ul style="list-style-type: none"> <li>• <b>Credit</b> checking</li> <li>• <b>Criminal conviction</b> checking</li> <li>• <b>Police vetting</b></li> <li>• <b>Reference</b> checking</li> <li>• Request for <b>new creditor</b></li> </ul> <p>Comprehensive <b>new staff induction</b> processes are in place which sets out on-boarding activities for staff from day one to month three. There are however no specific references to the Council's expectations of appropriate conduct, ethical behaviour, policies and expectations (outside of health &amp; safety).</p> <p>A detailed <b>Delegations Manual</b> defines explicitly the delegations made by the Council to the Chief Executive and Staff. This relates to specific legislative powers delegated and is supported by a specific <b>Financial Delegation and Declaration of Compliance form</b> for senior staff. While this refers to a number of specific controls over purchasing and spending of money, there is no specific references to fraud.</p> <p>The Mitigation of Fraud Policy requires that</p> <ul style="list-style-type: none"> <li>• a Fraud Register to be maintained with reporting 6 monthly to SLT and annually in November to ARC</li> <li>• the internal audit programme include employee fraud aspects</li> <li>• an induction process on the Fraud Policy to be undertaken</li> </ul> <p>Under the Standard, there are four key elements to an effective FCF – planning and resourcing, prevention, detection, and response. Part Two of the Policy addresses the expectations for planning and resourcing, and prevention. The Council has identified certain <b>key internal controls</b> in place at KCDC for fraud prevention and detection. These controls are reviewed on a 5 yearly basis. These controls include, but are not limited to:</p>

Expectation	What we found?
<b>How: Fraud management processes and practices (cont.)</b>	<p>Finance</p> <ul style="list-style-type: none"> <li>• purchase orders</li> <li>• segregation of duties</li> <li>• monthly financial review</li> <li>• exception reporting to the Corporate Business Committee, new Operations and Finance Committee</li> <li>• contracts database</li> <li>• monthly credit card expense review</li> <li>• reconciliations</li> <li>• spot checks, for example cash collection, mystery shopper</li> <li>• fraud risk assessment</li> </ul>
	<p>Human Resources</p> <ul style="list-style-type: none"> <li>• employment screening/declarations, CV check, criminal record check, qualification check</li> <li>• fraud awareness training</li> <li>• annual payroll audit/suspicious transaction analysis</li> <li>• 5 yearly review of policies</li> </ul>
	<p>Part three of the Mitigation of Fraud Policy sets out the <b>fraud detection and investigation</b> mechanisms including those associated with a protected disclosure. Notification lines are explicitly defined and investigation expectations well described</p>
	<p>In relation to investigations, this could be further strengthened by including examples of when <b>external investigators</b> may be used e.g. investigating anything other than minor fraud. This should also be incorporated into the definition of 'fraud' under item 10.3.</p>
	<p>Council policies are required to be <b>updated on a 5 yearly basis</b>. Policies provided appear to be current and within this 5 year review cycle.</p>
	<p>The <b>Fraud Register</b> records details of fraud or alleged fraud. This register contains a single entry relating to early 2015 and is incomplete.</p>

Expectation	What we found?
	<p>To date that have been no explicit or ongoing <b>compliance monitoring</b> or similar activity to ensure that the requirements of this policy have been implemented and complied with in practice.</p> <p>The council has recently undertaken the following:</p> <ol style="list-style-type: none"> <li>1. Commissioned this review of the council's <b>fraud framework</b> and supporting management processes.</li> <li>2. Undertake an initial <b>fraud awareness training</b> as part of the August leadership forum, with the intention to expand on this in early 2018.</li> <li>3. Established a <b>Business Assurance</b> function that will undertake a programme of assurance reviews designed to confirm that key internal controls are in place and working effectively. For example, a review of Cash Management is underway that in part considers the risk of fraud.</li> </ol> <p>There is no <b>ongoing awareness programme</b> to ensure the Council's policy expectations and internal control requirements are well understood – both by current and new staff.</p>
<p><b>Check: Ongoing fraud monitoring</b></p>	<p>We note there are <b>no external reporting avenues</b> such as an independent whistleblower service in place.</p> <ul style="list-style-type: none"> <li>• There is also no provision for alternative persons staff can contact where the report concerns a Disclosure Officer, or where staff believe the disclosure may not be appropriate to raise with a Disclosure Officer; and</li> <li>• While an external reporting avenue is recommended by the Standard, it is not required by the Act and KCDC has exercised its discretion here to focus on internal avenues.</li> </ul> <p>We suggest KCDC considers providing an additional avenue to staff for concerns to be raised.</p> <p>The Procedures refer to 'an <b>appropriate authority</b>' under the last section related to investigation of alleged wrongdoing section, however this is not defined. The Act includes a list of Appropriate Authorities that should be included in the Procedures so staff are aware of their available reporting channels.</p> <p>The Protected Disclosures Procedures do not records staff's <b>ability to escalate</b> the report where the disclosure is reasonably believed to still be true, or where the same disclosure has been made but an investigation was not initiated, or action was not taken following an investigation.</p>



Expectation	What we found?
<p><b>Check: Ongoing fraud monitoring (cont.)</b></p>	<p>Staff are afforded the option of contacting their manager, Union Organiser or a lawyer for advice prior to making a disclosure. The Office of the Ombudsman is another external person who is able to provide advice, however this is not <b>included in the document</b>. Although good practice, the Act does not require this be included as part of relevant policies or procedural documents.</p> <p>The Protected Disclosures Procedures response procedures are light in detail and do not include confirmation of certain steps that are recorded in the Standard. These include: Acknowledging receipt of the complaint;</p> <ul style="list-style-type: none"> <li>• Interviewing the complainant; and</li> <li>• What the ‘confidentiality provisions’ are or are likely to include.</li> </ul> <p>While there is a Protected Disclosure Policy in place, there is no visible 0800 number of similar ‘<b>whistle-blower</b>’ mechanism by which staff can raise concerns around misconduct, including fraud or corruption, in a safe and effective manner.</p>





# Where to next?

We recommend that the Council consider the interrelationship of fraud management activities across the spectrum from prevention to detection and response. The recommendations below are relevant not only for fraud risk management but the wider way in which the Council thinks about and manages organisational risks.

Need	Recommendation
That the risk of fraud is well understood by those who need to know (i.e awareness)	<ol style="list-style-type: none"> <li>1. Capture the Council's risk profile and update this periodically. This should include key fraud risks including; how they could occur and how they are mitigated/controlled</li> <li>2. Ensure that there is a direct link between specific (fraud) risks identified and where the accountability sits for managing this risk</li> <li>3. Undertake regular awareness raising (eg through the Intranet home page, posters, refresher training, agenda items for relevant recurring meetings) of the Council's expectations/policies/guidance relevant to these (fraud) risks</li> </ol>
That fraud management controls are fit for purpose (management)	<ol style="list-style-type: none"> <li>4. Ensure that key controls relied on to manage (fraud) risk are effective in design and operation. This could be done through a combination of management self checking and Business Assurance reviews</li> <li>5. For example the Cash Management Review currently underway</li> <li>6. Where issues/incidents occur, undertake a focused review to understand the root-cause factors that led to this issue and what failed or was missing in the underlying control environment</li> </ol>
That there is ongoing checking and confirmation to ensure that what is expected is done (confirmation)	<ol style="list-style-type: none"> <li>7. Implement an ongoing confirmation process to require that all staff periodically (eg annually) explicitly confirm that:               <ol style="list-style-type: none"> <li>a. They have read and understood all Council policies, standards and guidelines relevant to their role</li> <li>b. That they have complied with these requirements</li> <li>c. That any issues of non compliance have been reported and addressed</li> </ol> </li> </ol>
That staff know what to do should fraud or wrongdoing be suspected (response)	<ol style="list-style-type: none"> <li>8. Implement an 0800 hot-line or similar whistle-blower mechanism to enable staff who suspect wrongdoing to make a protected disclosure</li> </ol>

By implementing the above recommendations, the Council will bring to life the elements of the fraud control frameworks that has already been developed and captured within the Mitigation of Fraud Policy.

We acknowledge that some activities are already underway that will partially reduce the above for example an initial Business Assurance programme of reviews for 2018 has been established and further fraud risk workshops intended. We suggest that management agree an implementation time frame for each of the above eight recommendations with a view that there is a clear commitment and plan taken too the Audit and Risk Committee early in 2018.

These recommendations have a wider applicability to Council wide risks, not just fraud risk, and are part of an integrated approach to effective risk management. In this respect, we recommend that management integrate management of fraud risk within the Council's wider Risk Management Framework.

# Your team



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# Appendix 1

## Fraud risks within Kapiti District Council

As part of the fraud awareness session we conducted a workshop to identify what management perceived as the greatest fraud risks (the things that would keep them up at night) across each of the Council's business units as outlined below:

- Community Services
- Regulatory Services
- Infrastructure Services
- Support Functions (Strategy and Planning, Corporate)

We have outlined the activities completed on the following pages

## Fraud Risk Workshop

### Activity 1:

The first activity involved all attendees identifying what fraudulent activities could happen across each of the business units – addressing the question “What could happen?”. Separate stations were created for each business unit for management to record their responses

### Activity 2:

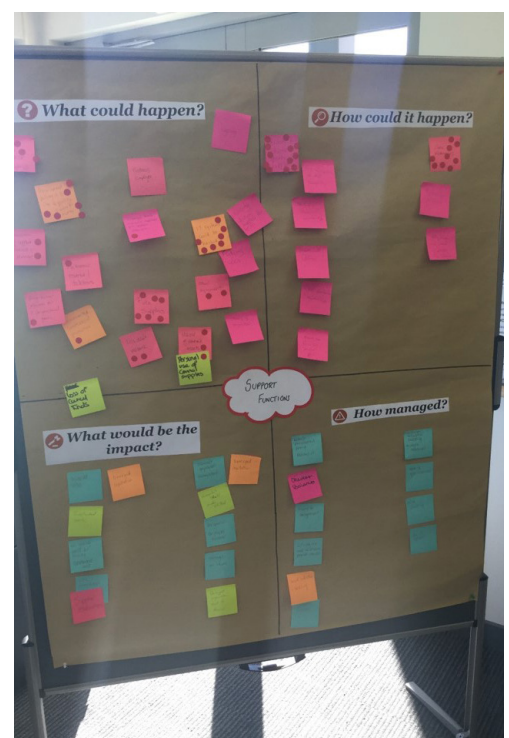
For the second activity attendees were given six ‘votes’ which they could allocate across fraudulent activities identified through activity 1 to indicate how they ranked each of the events – i.e. what was most likely to ‘keep you up at night’?

### Activity 3

The final activity involved the attendees taking the two highest ranked ‘fraud events’ and within groups considering and documenting:

- How the event could occur?
- What the impact would be?
- How the council is currently managing the risk?

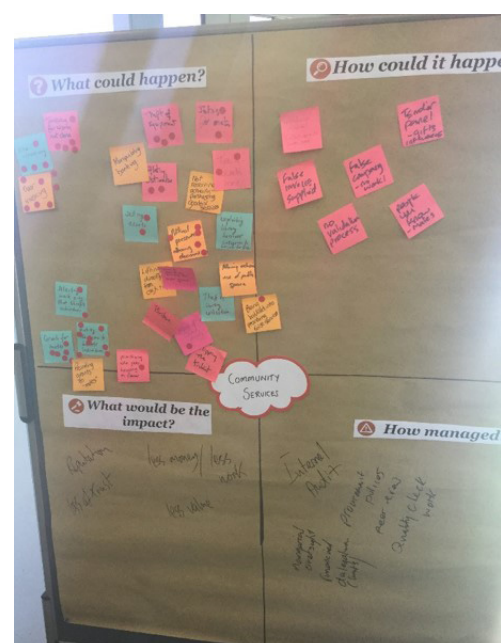
The following slides capture the output of the workshop and management's answers to the questions proposed



# Appendix 1

## Community Services

Rank	What could happen?
1	Over-invoicing
2	Providing grants to mates
3	Invoice for work not done
4	Political pressure altering decisions
5	Theft of equipment
6	Jobs for mates
7	Taking assets home
8	Inflating estimates
9	Selling assets
10	Lifting directly from cash tills
11	Being bullied into providing false services
11	Misuse of council property
11	Prioritising who gets housing as a favour
12	Manipulating banking
12	Not receiving or actually purchasing goods and services
12	Bribes
12	Clipping the ticket
12	Theft of library collection
12	Exploiting library borrower categories to borrow for free
12	Waive overdue fines for own gain



How could it happen?	What would be the impact?	How managed?
Tender panel - gifts influence	Damage to reputation	Internal audit
False invoices supplied	Loss of trust	Managerial oversight
Inflating invoices - collusion with no work done	Less money and work	Financial delegation
No validation process	Less value	Procurement policies
		Peer reviews
		Quality checks for work



# Appendix 1

## Regulatory Services

Rank	What could happen?
1	Failure to enforce the law
2	Political interference in regulatory process
3	False contract invoices
4	Bullied into inappropriate decisions
5	Using confidential knowledge for person gain
6	Inappropriate favours for mates
7	Deliberately ignoring the rules
8	Altering documents or approving altered documents
9	Backhanders
10	Bribes - to get consent, to not be enforced
11	Deception - internal time sheeting
11	Declining consent for revenge
11	Writing off debt for a friend
12	Approving own consents
12	Kudos from community
12	Misrepresenting or deception for political advantage
12	Not charging for development contributions for friends
12	Favours for friends
12	Councillors making decisions on resource consent applications. Decisions not been made on planning merit but political grounds
12	Make tickets go away - bribes to say it's paid when it's not

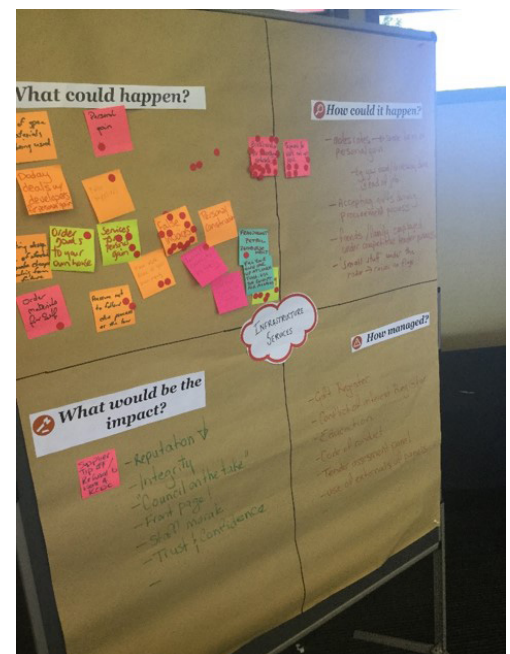


How could it happen?	What would be the impact?	How managed?
Bribery	Loss of life/harm	Internal audits and reviews
Intimidation	Reputational damage and loss of confidence	External audits
Lack of resources	Loss of accreditation (BC)	QAS system (BCA and TA)
		Conflict of interest forms
		Enforcement of policies and procedures
		Employ good staff

# Appendix 1

## Infrastructure Services

Rank	What could happen?
1	False invoices
2	Colluding
3	Payment for work not yet done
4	Ordering goods to your own house
5	Pressure to not follow due process or the law
6	Having work done at your own property
7	Ordering materials for yourself
8	False suppliers
9	Out of spec materials being used
9	Personal gain
9	Dodgy deal with developers for personal gain
9	Limiting design life of infrastructure to make it cheaper - stealing from the future
9	Award contracts to your family
9	Don't award contracts to your family
9	Personal construction
9	Fraudulent petrol reimbursement (fill your own car up and lunch, then use the receipt for a claim)
9	Backhands for awarding contracts
9	Supplier tip off/refusal to work for KCDC

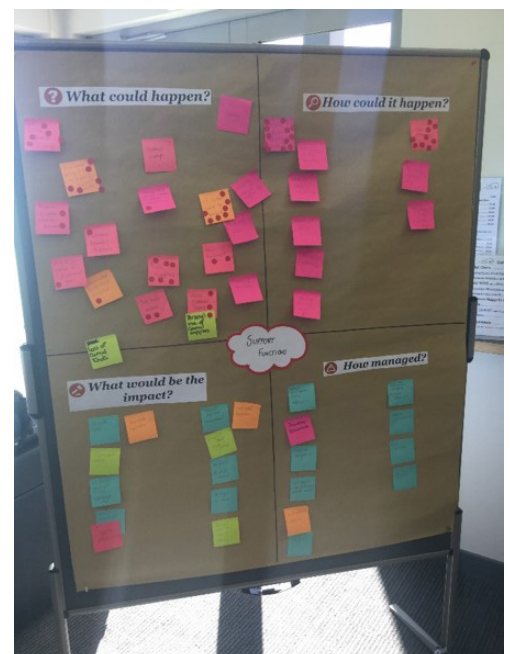


How could it happen?	What would be the impact?	How managed?
"Mates rates" - some form of personal gain eg: your road/driveway done at the end of a job	Negative impact on reputation and integrity	Gift register
Accepting gifts during the procurement process	Giving the impression of a "council on the take"	Conflict of interest register
Friends/family employed under competitive tender process	Front page!	Education
"Small stuff" under the radar - raises no flags	Negative impact on staff morale	Code of conduct
	Negative impact on trust and confidence	Tender assessment panel
		Use of externals of panel

# Appendix 1

## Support Functions

Rank	What could happen?
1	Bribes to choose specific supplier
2	Fake references
3	IT systems could be hacked
4	Procurement policy is loose - less quality and value for money
5	Fake expense claims
6	Misuse of council assets
7	Tills don't balance
8	Steal equipment
9	Using council software or IP for personal gain
10	Personal use of council suppliers
11	Fictitious revenue/debtors
12	Fudging accounts
13	Fictitious employee



How could it happen?	What would be the impact?	How managed?
Mates and personal relationships	Increased costs	Following a robust procurement policy
Lapping	Damaged reputation	Checks and balances
Changing payments	Loss of council funds	Gift register and need to disclose personal statements
	Supplier relationships	Financial delegations
Starts with gifts	Damage to team	Thorough reference checking - multiple references
Not disclosing relationships	Dangerous employee turnover	Do it yourself
Choosing a dodgy supplier for tech	Loss of competition	Do it yourself
	Damage to organisation and teams	

# In reading this report, we request you to note the following:



## **Private and confidential**

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## **Conclusions**

We have performed our engagement in accordance with relevant ethical requirements of the Code of Ethics issued by the New Zealand Institute of Chartered Accountants, and appropriate quality control standards. Our engagement does not constitute a review or audit in terms of standards issued by the New Zealand Institute of Chartered Accountants.

Accordingly, this engagement is not intended to result in either the expression of an audit opinion nor the fulfilling of any statutory audit or other requirements.

*In accordance with our Letter of Engagement dated 15 June 2017 and Terms of Reference dated 2 August 2017 we have completed our Fraud Control Framework Assessment review.*



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## KĀPITI COAST DISTRICT COUNCIL – CORPORATE POLICY

Corporate Policy Title:	MITIGATION OF FRAUD		
Policy No:	FIN-13-009	Pages:	1 – 15
Group Responsible:	Finance		
Approval Dates:			
– Originally approved on:		14 March 2007	
– Current version approved on:		October 2013	
– Next review due on:		October 2018	

### POLICY OBJECTIVE

1. Kāpiti Coast District Council (the Council) must maintain the highest standards when administering ratepayer funds.
2. The Objective of this policy is to:
  - 2.1. Protect the integrity of our financial systems and assets from fraudulent conduct by employees, contractors engaged to assist the Council and others and to ensure that such conduct, when it occurs, is detected and acted upon;
  - 2.2. Set out the Council's practice, principles and procedures relating to preventing, identifying and dealing with fraudulent conduct by employees, , contractors and others;
  - 2.3. Ensure all employees, contractors and others understand that the Council has a zero tolerance towards fraud or theft of any type;
  - 2.4. Encourage an environment of open discussion regarding any incidences of suspected fraud or theft;
  - 2.5. Ensure appropriate controls, including policies and procedures, are in place to prevent fraud, and that these are regularly reviewed; and
  - 2.6. Provide guidelines regarding appropriate actions to follow for the reporting and investigation of suspected fraud or similar activities.
3. This Policy is made up of three parts:
  - 3.1 **Part One: Council's Policy**  
Sets out the Council's zero tolerance policy, and the responsibilities of all parts of the organisation to prevent fraud.
  - 3.2 **Part Two: Fraud Prevention Strategy**  
Sets out the strategies and policies that address different aspects of the control environment where potential fraud risk exposure exists.
  - 3.3 **Part Three: Fraud Detection and Investigation**  
Provides principles and procedures for investigating any allegations of fraud.



## **PART ONE: COUNCIL'S FRAUD POLICY**

### **Zero Tolerance**

4. The Council regards fraud as totally unacceptable and will apply a principle of "zero tolerance" to fraud.
5. Following internal investigation, all matters of suspected fraud will be referred to the NZ Police, and where appropriate to the Serious Fraud Office.
6. Employees who commit fraud or are suspected of fraud will also be subject to the Council's disciplinary procedures.
7. Hired parties and contractors who commit fraud or are suspected of fraud will be subject to remedies available under the contract and common law.
8. Recovery of any misappropriated funds will be pursued.

### **Application**

9. This policy applies to:
  - 9.1. All employees of Kāpiti Coast District Council (the Council), all contractors undertaking work for the Council, anyone, including volunteers, joint appointments and third parties and people with honorary or unpaid status who undertake tasks for or on behalf of the Council including temporary employees and contractors.

### **Definitions**

10. For the purposes of this policy, unless otherwise stated, the following definitions shall apply:
  - 10.1. Employee

All people employed by the Council. This includes full time, part time, fixed term and casual employees.
  - 10.2. Contractor

All people engaged to undertake work for or on behalf of the Council but who are not employees of the Council.
  - 10.3. Fraud

The term fraud refers to an intentional act by one or more individuals involving the use of deception to obtain an unjust or illegal advantage.

The question of whether a fraud has been committed may only be finally determined following a decision by a court of law. For convenience this policy uses the term "fraud" even though the Council will normally be concerned with suspected, rather than proven, fraud. Invariably, some discretion will be needed by the Investigator in determining whether the matter concerned constitutes fraud or serious misconduct as each type of event can have differing consequences.

- 10.4. Theft
- Means dishonestly, and without claim or right, take or deal with any property with intent to deprive any owner permanently of the property or interest in it. For the avoidance of doubt this includes property owned by the Council.
- 10.5. Corruption
- An act by which an individual(s) or organisation is influenced by bribery which may or may not include a financial benefit.
- 10.6. Inappropriate
- Behaviour that is deemed unacceptable.
- 10.7. Dishonest
- An act that is not truthful or is unlawful.
- 10.8. Misuse of resources
- This term is used to describe employee behaviour that may be not criminal in nature but is beyond what we would consider as fair and reasonable. This behaviour, if proven, could reasonably be seen as serious misconduct. These behaviours cover things like:
- Claiming reimbursement for privately incurred expenses, where these expenses are clearly not Council business related expenses; or
  - Committing the Council to pay for purchases which are clearly not Council business expenses.
11. The following are practical examples of what is meant by, or what could involve suspected fraudulent activity. This list of examples is not exhaustive:
- 11.1 Stealing of cash or the conversion of cheques;
- 11.2 Misappropriation of Council property - this can include thefts of sensitive equipment like laptop computers or cell phones;
- 11.3 The offering, giving or acceptance of an inducement or reward, which may influence the actions taken by the Council employees;
- 11.4 The failure to declare a conflict of interest in making decisions that have a financial or beneficial impact upon the Council employee or their close associates;
- 11.5 Submitting of false invoices for payment;
- 11.6 Processing for payment invoices known to be false;
- 11.7 Alteration of a document for pecuniary gain – like falsely modifying a bank account number on Council's creditors / debtors master file or our payment systems;

- 11.8 Dishonest use of a Council supplied credit card, fuel card or purchasing card;
- 11.9 Submitting false personal expense claims or false travel advance requests;
- 11.10 Falsification of time records; and/or
- 11.11 Improper use of commercially sensitive client information or Council's intellectual property for either your own or another person's pecuniary gain.

## **RESPONSIBILITIES**

### **Building a culture of fraud prevention:**

- 12. The June 2012 Office of the Auditor General ("OAG") report, 'Fraud Awareness, prevention, and detection in the public sector', draws conclusions from a survey of perceptions and practices in detecting and preventing fraud in the New Zealand public sector.
- 13. The report discusses how fraud prevention is important not just to limit loss, but also to protect the culture of an entity and the public's trust that rates are used for proper purposes. In addition the OAG suggests that fraud distracts people from their jobs and is organisationally corrosive.
- 14. This report also demonstrates a strong correlation between the culture of a public entity and the incidence of fraud, and suggests that communicating regularly about fraud with all staff helps to keep fraud at bay.

### **Management Responsibilities**

- 15. The OAG report states that "A culture of integrity is built and maintained by organisations being receptive to, and communicating about, fraud prevention, risks and incidence". Therefore the report recommends all management set the tone from the top, by not only putting in place appropriate controls, including policies and procedures, but:
  - 15.1 Talking openly about fraud and the risk of fraud;
  - 15.2 Making sure all staff feel safe to report fraud;
  - 15.3 Making sure that staff know about fraud policies and procedures – regularly telling them that fraud is not tolerated, how they can help prevent it, and how to raise their concerns; and
  - 15.4 Telling staff about incidents of fraud and how they have been dealt with.
- 16. Managers of the Council have a duty to conduct their affairs in a fair, business like manner, with reasonable care, skill, and caution and with due regard to the interests of the ratepayers that they serve.
- 17. Management is responsible for maintaining internal controls, including setting appropriate policies and monitoring compliance with these, and maintaining proper accounting records and other appropriate management information that ensures effective stewardship of ratepayers' funds as required under the Local Government Act.

18. Management should be familiar with the types of improprieties that might occur within their respective areas and be alert for any indication of irregularity.
19. Group Manager Finance is primarily responsible for the Council's Financial Internal Control Systems and Fraud Control and is available to provide guidance as required.
20. The Group Manager Finance is also responsible for the communication of the fraud strategy awareness programme to employees.

#### Staff Responsibilities

21. All employees acting in the role of authorising, certifying and approving Council's expenditure and processing financial transactions have a duty to properly carry out authorisation and approval procedures they are responsible for and to comply with any relevant delegations they operate under.
22. Suspected internal fraud and suspected misuse of resources fall within the definition of "serious wrongdoing" as defined in Council's protected disclosures policy.
23. All employees have a duty to disclose suspicious acts that may represent a suspected internal fraud or a suspected misuse of resources.
24. While Council prefer that the employee making such a disclosure identify themselves, the Council will accept anonymous disclosures. Further information on initial disclosure steps if an employee suspect's fraud or misuse of resources is outlined within the Council's protected disclosures policy.
25. The Council will maintain a Fraud Register to record all suspected fraud notifications and the resultant outcome for each of these notifications. This Register is covered by separate policy statements (see Fraud Register section clause 61 onwards).
26. The Council will seek full recovery of amounts misappropriated by internal fraud from implicated employee(s) or persons (unless it is extremely uneconomic to do so).
27. Fraud risk will be assessed as part of the Council's risk management framework. This process will involve ongoing internal fraud risk assessment and the monitoring of the adequacy of relevant internal controls and alignment of related Council policies to the fraud policy. The Council will make this policy accessible to employees on the Intranet.
28. Employees must be scrupulously fair and honest in their dealings with their employer, elected members, suppliers, contractors, other service providers and their fellow employees.
29. All employees must take reasonable steps to safeguard the Council's funds and assets against fraud, waste, loss, unauthorised use and misappropriation.
30. Employees must report suspected fraud and / or breakdowns in internal control systems to their managers or other parties as detailed in the fraud notification section.

## Contracted Provider Responsibilities

31. The Council's contracts with providers specify services to be delivered and the terms and conditions for payment for those services. It is the Council's expectation that:
- 31.1 The provider delivers a quantity and quality of services that meet the terms and conditions of its contract;
  - 31.2 Claims only that funding that the terms and conditions of the contract entitles it to claim; and
  - 31.3 Deliberate claiming of payment for amounts outside the terms and conditions set out in the contract, or for services claimed to be delivered when they have not been, may be regarded as fraud by the Council.

## Management Responsibilities Matrix

Action	Primary responsibility	Secondary responsibility	Shared responsibility
External reporting of suspected employee fraud	Chief Executive	Group Manager Finance	All reporting agents under our Protected Disclosure procedures
Approval of any engagement contract or letter employing an external forensic investigator	Chief Executive	SLT/Senior Legal Counsel	SLT/Senior Legal Counsel
Referral of suspected cases to SFO or Police	Chief Executive	Senior Legal Counsel/Group Manager Finance	Group Manager whose employee it is under investigation and SLT
Maintenance of Fraud Register	Chief Executive	Senior Legal Counsel/ Group Manager Finance	-
Reporting of Fraud Register to: <ul style="list-style-type: none"> <li>• SLT 6 monthly (March and September); and</li> <li>• Audit &amp; Risk Subcommittee annually in November</li> </ul>	Group Manager Finance	Accounting & Financial Services Manager	-



Action	Primary responsibility	Secondary responsibility	Shared responsibility
Internal audit review programme to include employee fraud aspects	Group Manager Finance	Accounting & Financial Services Manager Audit & Risk Subcommittee	-
Fraud risk monitoring	Group Manager Finance	Accounting & Financial Services Manager Senior Legal Counsel	-
Induction process on the Fraud Policy	Group Manager Finance	Organisational Development Manager	-
Maintenance of internal control procedures	Group Manager Finance	Accounting and Financial Services Manager	All employees involved in processing financial transactions

## ASSOCIATED DOCUMENTS

Policies on the following related subjects:

32. The following are related policies and procedures

- 32.1 Staff Code of Conduct
- 32.2 Employment Agreement
- 32.3 Protected Disclosures "Whistleblower" Policy

33. Relevant legislation and other references:

- 33.1 Protected Disclosures Act 2000
- 33.2 Local Government Act 2002
- 33.3 Privacy Act 1993
- 33.4 Employment Relations Act and subsequent amendments

## **PART TWO: FRAUD PREVENTION FRAMEWORK**

### **Context**

34. Whilst it is not possible to eliminate fraud, it is possible to significantly reduce opportunities for fraud through adoption of multiple aligned strategies and policies that address different aspects of the control environment where potential fraud risk exposure exists.

### **Key Risk Areas**

35. Analysis of the Council spend identifies the following primary areas of exposure. These areas are:
  - 35.1. Payroll systems and financial management systems;
  - 35.2. Contracts and payments to suppliers of goods and services; and
  - 35.3. Revenue collected in cash at various sites around the District.
36. The Council will be kept informed of its understanding of key risks by reviewing the external auditors organisational risk assessments annually.

### **Fraud Control Framework**

37. The control framework sets out the strategies that form the basis for the multi stranded approach to fraud prevention and detection. The control framework will be supported by appropriate policies.
38. The Fraud Strategy Framework component of this policy identifies high risk areas for potential fraud. Fraud risks are to be assessed regularly to ensure internal control procedures are reviewed as any business practice changes.
39. To assist with fraud prevention and detection:
  - 39.1. The Council uses the Electronic Purchase Order system for Council's expenditure processes to:
    - Ensure authorisers of expenditure cannot authorise expenditure above financial delegation (system will not allow authorisation of orders above financial delegations set for individual staff positions in the system); and
    - Segregate duties – person authorising order must be separate from the initiator of order (system will not allow initiator and authorisation by the same person).
  - 39.2. Managers review monthly financial reports and work with Finance to understand any financial exceptions;
  - 39.3. Significant financial exceptions are reported to the Corporate Business Committee on a quarterly basis;
  - 39.4. Council maintains a contracts database;

- 39.5. Monthly review of credit card expenditure is required and sign off by two other persons;
  - 39.6. Council reserves the right to undertake covert camera surveillance;
  - 39.7. Regular reviews are carried out by the Finance Team of new supplier requests;
  - 39.8. Reconciliations are undertaken of revenue to source records and banking and these reconciliations are independently checked;
  - 39.9. Regular internal control checks are carried out including spot checks of cash collection sites throughout District. Also, at the same time, the checking of compliance with Council cash handling procedures is undertaken;
  - 39.10. Council will initiate "mystery shopper" visits to key cash collection sites throughout District (receipts provided for cash transactions);
  - 39.11. Council will undertake fraud risk assessment.
- 40 Regular reviews of financial systems are carried out to ensure internal controls are robust and operating as planned.

## **Human Resources**

41. Human Resource policies and processes will outline the behaviour expected of staff and management. They will project a clear expectation of honesty and full disclosure and support the creation and maintenance of an ethical work environment. Specific policies and processes are:
- 41.1. Recruitment Screening & Declarations (e.g. CV checks, criminal record checks, registration checks, academic qualification reference checks, etc.);
  - 41.2. Development of appropriate culture e.g. inclusion of fraud alert in orientation program and encouragement of ongoing discussion between managers and their staff on fraud and the risk of fraud;
  - 41.3. Introducing "Fraud Awareness" training in conjunction with the Group Manager Finance and Accounting & Financial Services Manager;
  - 41.4. Robust payroll processes (segregation of duties, review and appropriate authorities);
  - 41.5. Annual payroll audit / review using forensic software (e.g. IRD number checks, duplicate bank account checks, etc.);
  - 41.6. Five yearly review of all policies to ensure they are still appropriate and relevant. This includes policies covering:
    - Claiming of Expenses;
    - Code of Conduct; and
    - Receipt of Gifts and Hospitality Policy.

## **External Audit**

42. While external audit is primarily influenced by the Office of the Auditor General and largely focuses on providing an opinion on the financial statements, opportunities to maximise the value of the audit in a fraud control context will be utilised. This will include:
  - 42.1. Reporting all incidents of fraud to the external auditor;
  - 42.2. Carrying out sample transaction tests validation/ratification/ 'appropriateness test';
  - 42.3. Maximising the interaction between the external and internal audit processes.

## **Procurement Processes**

43. Procurement of goods and services is governed by the purchasing policy. This covers many aspects of the process including ensuring that there is compliance with current good practice requirements. To mitigate fraud, the policy needs to ensure there are robust processes in place for the selection of suppliers and approval of contracts. It will cover:
  - 43.1. Selection of suppliers, quotations and tenders;
  - 43.2. Approval of sensitive expenditure;
  - 43.3. Credit Card approval processes;
  - 43.4. Travel expenditure;
  - 43.5. Conflicts of interest in purchasing process;
  - 43.6. Personal pecuniary gain and/or association;
  - 43.7. Maintaining a central contracts database;
  - 43.8. An annual review of high use suppliers, by cumulative spend, and authorising officer;

## **Regular review of all policies**

44. All fraud prevention policies and controls should be reviewed at least five yearly to ensure they continue to provide robust protection.

## **PART THREE: FRAUD DETECTION AND INVESTIGATION**

### **Investigation Principles**

45. All allegations of fraud will be thoroughly and fairly investigated with reference to other organisational policies as required, e.g. the disciplinary policy.
46. External agencies may be used for investigation if deemed appropriate.
47. Allegations should be documented and include:
  - 47.1. A summary of the matter;
  - 47.2. The source of the information and explanation of how the individual became aware of the matter;
  - 47.3. Names and positions of any employees or third parties involved;
  - 47.4. Any details of significant times, dates and locations relating to the matter;
  - 47.5. Detail of any information and evidence to support the allegation (documents, records, etc); and
  - 47.6. A list of any other persons who may be able to assist in any investigation.
48. Verbal reports however can be made; the Manager to whom the matter is being reported must make notes as above and confirm its accuracy with the person making the disclosure.
49. Any investigation must be fully documented. Following internal investigation, where matters of fraud are suspected, the matter will be reported to the NZ Police and a complaint laid. This may result in criminal prosecution.
50. It should be noted that the June 2012 Office of the Auditor General report, 'Fraud Awareness, prevention, and detection in the public sector' suggests that "reporting fraud to the Police appears to be effective in preventing more fraud from being committed". It also states "If fraud has been committed and managers are not seen to take action, staff confidence in managers can be seriously eroded. This may have an adverse effect on staff who would otherwise report these suspicions of fraud".
51. Following internal investigation, where matters of fraud or serious wrongdoing are suspected and where no criminal prosecution is likely or delayed, the Council may exercise any civil or contractual remedies open to it if deemed appropriate.

### **Confidentiality**

52. It should be noted that maintaining confidentiality is particularly important as the individual(s) allegedly involved will not normally be alerted to the process of gathering and assessing evidential information. This is also to protect the rights of individual(s) involved.
53. The staff member discovering suspected fraud should not discuss the suspicion with anyone other than the person they report it to, or as otherwise directed by their manager or investigator.

54. Employees must not attempt to investigate their concerns themselves or to contact the suspected individual(s) in an effort to determine the facts.
55. The Council will make best endeavours not to disclose any identifying information. However, confidentiality cannot be guaranteed. For example, confidentiality may not be able to be maintained where the disclosure of identifying information is in the public interest or is essential to having regard for the principles of natural justice, the effective investigation of an allegation, legal proceedings or criminal complaint.

### Protected Disclosures

56. The Protected Disclosures "Whistleblower" Policy and the legislation Protected Disclosure Act 2000, details the obligations and rights of employees and employers relating to notification of "serious wrongdoing".
57. The Protected Disclosures Act 2000 defines a serious wrong doing to include:
  - 57.1 An unlawful, corrupt, or irregular use of public funds or public resources an act, omission or course of conduct that constitutes a serious risk to public health or public safety or the environment an act, omission or course of conduct that constitutes;
  - 57.2 A serious risk to the maintenance of the law, including the prevention, investigation, and detection of offences and the right to a fair trial an act, omission, or course of conduct that constitutes an offence an act, omission, or course of conduct by an employee that is oppressive, improperly discriminatory, or grossly negligent, or that constitutes gross mismanagement.
58. Individuals who make false or vexatious allegations or otherwise act in bad faith may not be afforded protection under the Protected Disclosures Act 2000 and may be dealt with under the Council's disciplinary procedures and policies.

### Fraud Notification

If a staff member suspects fraud by:	They should report it to	Parties involved in the initial investigation
Accounting & Financial	Group Manager Finance	Organisational Development Manager in conjunction with the Accounting & Financial Services Manager
Their Line Manager	Group Manager Finance	Organisational Development Manager in conjunction with the Accounting & Financial Services Manager
Group Managers	Chief Executive	Organisational Development Manager in conjunction with the Accounting and Financial Services Manager
The Chief Executive	Group Manager Finance	Group Manager Finance in conjunction with the Organisational Development Manager



If a staff member suspects fraud by:	They should report it to	Parties involved in the initial investigation
All other parties	Chief Executive/Group Manager Finance	Group Manager in conjunction with the Organisational Development Manager

#### Internal Procedure for Investigation following Notification

59. Management will investigate all allegations (anonymous or otherwise) in relation to suspected internal fraud or misuse of resources.

#### The Investigator:

60. Shall undertake a preliminary assessment for the purposes of seeking clarification and gathering further information. The purpose of the preliminary assessment is to:
  - 60.1. Seek clarification and determine if there is any substance to the allegation;
  - 60.2. Protect employees or contractors from false or vexatious allegations;
  - 60.3. Gather and protect further evidence (a Forensic Accountant may be engaged);
  - 60.4. Provide a set of recommended actions for the Chief Executive;
  - 60.5. Liaise with appropriate parties including Senior Legal Counsel, NZ Police and employment lawyers in order to seek advice as deemed necessary to protect all parties;
61. Where the preliminary assessment shows a prima facie case of fraud, and has been approved by the Chief Executive, the allegation should be investigated fully including any assistance deemed necessary by a Forensic Accountant and / or NZ Police.
62. Where employees are involved, it may be necessary to suspend; a decision to suspend will be taken in context of the disciplinary policy and in line with the delegation of authority policy.
63. The investigation shall ensure full documentation is kept of any preliminary and subsequent full investigation and filed/stored appropriately.

#### The Fraud Register

64. The Group Manager Finance will compile and maintain the Council's Fraud Register (the Register).
65. The Register shall contain information on all suspected fraud notifications and how the Council handled these. It will record how the notification was resolved, the outcome by way of financial loss and details of amounts recovered, and if any changes are required to existing management policies, procedures or systems.
66. The Register will not contain any employee information of a private nature. Rather the Register's content will be at a high level focusing on how management dealt with this issue and what changes, if any, were required.

67. Access to the Register will be restricted to the Senior Leadership Team and Organisational Development Manager.
68. The Fraud Register will be reported to the Senior Leadership Team six monthly in March and September each year.
69. All information in the Register will be purged after a period of two years unless management action in respect of a recorded item remains incomplete.
70. An update on the Fraud Register will be reported to the Audit & Risk Subcommittee annually in November each year.
71. The register will incorporate:
  - 71.1. Parties involved;
  - 71.2. Nature of event;
  - 71.3. Amounts involved and/or recovered;
  - 71.4. Investigation detail;
  - 71.5. Recommendation/outcome;
  - 71.6. Control environment issues/weaknesses; and
  - 71.7. Control improvements made (if any).

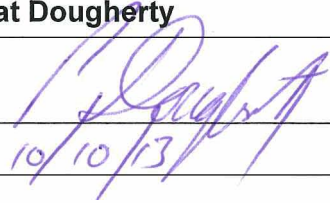
## POLICY HISTORY

Version	Date	Policy Owner	Brief Description of Change	Approved By
1	14 March 2007	Group Manager Finance & Corporate Services	New policy	SLT
2	August 2013	Group Manager Finance	Policy reviewed and updated	

## POLICY AUTHOR

Author name:	Warwick Read
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## SLT APPROVAL

Chief Executive name:	Pat Dougherty
Chief Executive signature:	
Date:	10/10/13