

# FRAUD POLICY



## **Background**

The Gore District Council (“the Council”) is committed to preventing the occurrence of fraud and corruption. This Fraud Policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.

Fraud is defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

It is the intent of the Council to promote an anti-fraud culture by providing these guidelines and by assigning responsibility for the development of controls and conduct of investigations.

## **Scope of Policy**

This policy applies to any fraud, impropriety or dishonesty (suspected or actual), involving employees as well as councillors, consultants, vendors, contractors and/or any other parties with a business relationship with the Council.

## **Policies and Principles**

Council personnel (defined as Council employees and Councillors) must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.

The Council will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety or dishonesty by Council personnel or external parties.

Council personnel must not defraud the Council, or other personnel, clients or contractors of the Council.

The Council will take action – including dismissal and/or criminal prosecution against any member of personnel defrauding or attempting to defraud the Council or other personnel, clients or contractors of Council. In every case the Council will make every effort to gather sufficient reliable evidence to support a prosecution.

The Council will always seek to recover funds lost through fraud.

### **Actions Constituting Fraud**

The terms fraud, impropriety and dishonesty refer to, but are not limited to:

- Any dishonest or fraudulent act;
- Misappropriation of funds, securities, supplies, or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of Council activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the Council;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Council. Exception: Gifts less than \$100 in value;
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity.

If there is any question as to whether an action constitutes fraud, contact the Chief Executive for guidance.

### **Management Responsibilities**

Management is responsible for the detection and prevention of fraud, impropriety and dishonesty. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Management should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud and that fraud may be highlighted as a result of management checks or be brought to their attention by a third party. They are responsible for:

- Being aware of fraud; and
- Ensuring that an adequate system of internal controls exists within their area of responsibility and that those controls are operating effectively. These controls should include a system for undertaking regular reviews of transactions and activities that may be susceptible to fraud.

Any irregularity that is detected or suspected must be reported immediately to the Chief Executive, who co-ordinates all investigations.

### **Investigation Responsibilities**

The Chief Executive has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. This responsibility will include full documentation of the facts and circumstances of the matter. The Mayor, Chairperson of the Finance and Policy Committee and other elected members, may assist the Chief Executive in conducting an investigation if, due to the nature of the matter being investigated, the Chief Executive believes this is warranted. If the investigation substantiates that fraudulent activities have occurred, the Chief Executive will issue reports to appropriate designated personnel and, if appropriate, to the Office of the Auditor General through the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management.

### **Confidentiality**

The Chief Executive will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Executive immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see the **Reporting Procedure** section below).

### **Authorisation for Investigating Suspected Fraud**

Members of the Investigation Unit as appointed by the Chief Executive will have:

- Free and unrestricted access to all Council records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to Council.

### **Reporting Procedures**

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Chief Executive immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her lawyer or representative, or any other inquirer should be directed to the Chief Executive. No information concerning the status of an investigation will be given out.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive.

### **Termination**

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the Human Resources Manager and, if necessary, by outside counsel, before any such action is taken.

Adopted by the Gore District Council at its meeting held on 3 August 2007

A handwritten signature in black ink, consisting of several loops and a final vertical stroke, positioned above the name Stephen Parry.

Stephen Parry  
**Chief Executive**

**August 2007**