

POLICY	STATUS	AT	DATE	DOC ID
<i>Fraud and Corruption Policy</i>	<i>Adopted</i>	<i>Ordinary Council Meeting</i>	<i>15/09/2026</i>	<i>A440955</i>



ŌPŌTIKI DISTRICT COUNCIL

FRAUD AND CORRUPTION POLICY

AMENDMENTS/REVIEW

No:	Amendment(s)/Review	Date	Carried out by/ Authority
1	Drafted, revised and updated to current legislation	13/03/2026	Scott James

Part 1 - Background

- 1.1. Ōpōtiki District Council is committed to giving the community and staff confidence that ratepayer funds are managed responsibly. Council also works to protect its revenue, property, information and other assets from any form of fraud or corruption.
- 1.2. Council staff may also belong to professional bodies - such as the Institute of Professional Engineers and the Institute of Chartered Accountants of Australia and New Zealand – which require members of follow strict codes of ethical and professional conduct.

Part 2 - Purpose

- 2.1. This Policy is to:
 - Prevent fraud and corruption,
 - Promote responsibility and awareness among staff and elected members,
 - Support a workplace where concerns can be raised and addressed,
 - Ensure compliance with internal controls, and
 - Provide clear guidance for responding to any allegations.

Part 3 - Definitions

- 3.1. **Policy** – is the Fraud and Corruption Policy
- 3.2. **Council** – is Ōpōtiki District Council.
- 3.3. **Council staff** - for the purpose of Policy includes:
 - All council employees
 - Contractors or consultants covered under their engagement agreements,
 - Temporary agency staff,
 - Seconded personnel, and
 - Volunteers.
- 3.4. **Elected member** - is the mayor and any councillor elected to the Council.
- 3.5. **Fraud** – is an international act of deception¹ to gain an unjust or illegal benefit. This includes dishonesty such as:
 - Forgery,
 - Misappropriation of funds, assets, or equipment,
 - Accepting or seeking valuables without proper approval, in accordance with the Sensitive Expenditure Policy,
 - Unauthorised use or disclosure of council property or confidential information,
 - Altering or destroying records, data, materials or assets for personal gain,
 - Dishonest expense claims,
 - Using insider information for personal advantage.
- 3.6. **Corruption** - is the abuse of entrusted power for private gain. Corruption is a form of fraud and includes bribery. Examples include:

¹ Deception has the same meaning given to it as under s 240(2) of the Crimes Act 1961.

- Improper use of one's position or access to information for personal benefit,
- Providing false or misleading information to bypass procurement requirements,
- Disclosing confidential information without consent,
- Accepting or seeking valuables from contractors or services.

3.7. **Investigation Officer** – is a person delegated by the chief executive or mayor to investigate an allegation(s).

Part 4 – Policy Statements

4.1. Council's Protected Disclosures Policy should be read in conjunction with this Policy. It provides guidance on reporting suspected fraud, corruption, and other serious wrongdoing, including the reporting options and protections available to those making a disclosure.

4.2. Council has zero tolerance for fraud and corruption. This Policy outlines the responsibilities for preventing, detecting, and investigating such behaviour, and Council will take all practicable steps to recover any losses.

4.3. Under the Local Government Act 2002, Council, elected members, and staff must ensure that all public funds are managed with financial prudence and meet standards of public accountability.

4.4. Council will fully investigate any suspected fraud, corruption, misappropriation, or similar irregularity, and all investigations will be thorough and fully documented.

4.5. The chief executive is responsible for investigating all allegations, with the ability to delegate this responsibility. If the allegation concerns the chief executive, the mayor assumes this responsibility.

4.6. This Policy applies to all elected members, independent chairs, the chief executive, and all Council staff.

4.7. The chief executive will notify the mayor of any reported allegation of fraudulent or corrupt behaviour and initiate an investigation.

4.8. Once an investigation is completed, the results will be reported to the mayor.

4.9. The chief executive will notify Council's audit provider and the Office of the Auditor-General.

4.10. Council may seek advice from the Serious Fraud Office regarding any allegation.

4.11. Where there are reasonable grounds to believe a crime may have occurred, the chief executive will contact the Police. Police will determine whether criminal proceedings will commence.

4.12. Council will take all reasonable steps, including seeking restitution through the courts or civil action, to recover any losses.

Part 5 - Fraud and corruption prevention

5.1. The primary way Council prevents fraud and corruption is by maintaining effective internal controls, supported by clear policies and procedures. These controls include, but are not limited to:

Activity	Actions
Promotion	• Promoting this policy and Council's fraud and corruption response. • Encouraging staff to report suspected fraud, corruption, or internal control weakness.
Training	• Induction training on fraud awareness and the Council's Code of Conduct. • Ongoing fraud awareness training for all staff. • Training on the purchase order system when necessary.
Monitoring	• Actively monitoring conflicts of interest, timesheets, and leave requests. • Utilising external parties to conduct regular fraud risk assessments. • Conducting annual assessments for activities or locations vulnerable to fraud, especially where cash or access to assets is involved.
Vigilant practice	• Standard recruitment processes, checking for criminal convictions, and appropriate pre-employment checks. • Ensuring all staff are trained in fraud prevention responsibilities. • Segregation of duties. • Strong controls for procurement, cash handling, asset management, fuel cards, expensive reimbursement, data security, leave applications, payroll and accounting. • Having appropriate processes for recording new suppliers, changing supplier details, bank account checking and monthly reporting. • Maintaining a centralised contract register. • Monthly financial reporting about results against budget, benchmarks and KIP's. • Maintaining a fraud risk register. • Restricting access to information and systems where appropriate. • Annual evaluation of internal controls by Council auditors, with weaknesses addressed as they arise.
Clear expectations	• Expectations set for staff behaviour in the Council's Code of Conduct. • Clear parameters in the procurement policy/manual and the delegation's manual/register.
Responding	• Safe, documented and accessible processes for reporting suspected fraud. • Timely, effective and appropriate responses towards allegations of suspected fraud and corruption. • Applying sanctions when fraud is proven.

	• Recovering lost funds or property wherever practical and appropriate.
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5.2. All staff must follow Council's internal controls, and managers are required to ensure staff understand why these controls exist and the expectation that they be followed.

5.3. When an area of high risk is identified, Council will take steps to eliminate or mitigate it. This may involve strengthening existing procedures by establishing greater internal checks, increasing segregation of duties, improving written procedures, and implementing cross-checking.

5.4. Management will report to the Audit and Risk Committee on the areas of high risk in the Council and recommend actions to eliminate or reduce it.

Part 6 - Recognising fraud and corruption risks

6.1. Council recognises three common conditions that can contribute to fraud or corruption:

- **Incentives/pressures:** Situations where staff or external parties feel pressure or have a personal motive to commit fraud (for example, personal finance trouble).
- **Opportunities:** Weak or ineffective internal controls that allow staff to commit or conceal fraud (for example, managers being able to approve and authorise their own expenditure).
- **Attitudes:** Personal belief or attitudes that can make committing fraud and corruption feel justified (for example, "everybody else is doing it" or "they made it easy").

Part 7 - Reporting suspected fraud, corruption, or other irregularities

7.1. Council staff who suspect or have knowledge of fraudulent or corrupt behaviour must immediately report it to the chief executive or their group manager. If someone other than the chief executive receives a report, they must advise the chief executive immediately.

7.2. If suspicious concerns the chief executive, then advise your group manager in the presence of the mayor.

7.3. The Protected Disclosures (whistleblowing) policy shall apply.

7.4. Unless consented by the chief executive or investigation officer, the person reporting the action/behaviour must not contact the suspected individual to seek information or demand repayment and must not discuss the case with anyone.

7.5. Enquiries relating to the investigation – from the suspected individual, their lawyer or representative, or any other party – must be directed to the chief executive or investigation officer.

7.6. All enquiries concerning the activities under investigation from the suspected individual, their lawyer, or representative, or any other enquires must be directed to the chief executive or investigation officer.

Part 8 - Investigation process

8.1. The chief executive or the mayor may delegate an investigation at their discretion.

- 8.2. If the allegation involves either the chief executive or the mayor, the investigation must be delegated to the independent chair of the Risk and Assurance Committee, who will follow this Policy's investigation process.
- 8.3. Evidence must be protected throughout the investigation. Immediate steps will be taken to prevent theft, alteration, or destruction of relevant digital and physical records. Such actions include, but not limited to:
- 8.4. In undertaking an Investigation care must be taken to secure and preserve the integrity of any evidence. Immediate action will be taken to prevent theft, alteration, or destruction of relevant digital and physical records, including:
- Securing relevant records in a secure location
 - Restricting access to those records, and
 - Preventing the suspected individual from accessing them.
- 8.5. If the discrete enquires indicate suspected fraud or corruption, the investigation officer must notify the chief executive (or the mayor).
- 8.6. The chief executive or the mayor will inform the person(s) accused of the allegation, outline the details, and decide on the next steps.
- 8.7. The person(s) accused will be given 48 hours to respond, either orally or in writing, and may have a support person or legal representative.
- 8.8. Failure by an employee or elected member to cooperate may constitute a breach of the Code of Conduct.
- 8.9. At the end of the investigation, the investigation officer must prepare a confidential report documenting the findings. The report is provided to the chief executive (or the mayor if the allegation concerns the chief executive). If allegations are upheld, the report must include recommendations to help senior leadership prevent similar incidents in future.

Part 9 - Consequences of an investigation

- 9.1. An investigation may lead to a recommendation to end a supplier's, consultant's or contractor's contract. For employees, it may result in a disciplinary process, which could include dismissal where appropriate.
- 9.2. The following applies as appropriate:
- Any decision to begin a disciplinary process, or to terminate an employment, will be made in consultation with the chief executive and human resources.
 - Fraud or corruption perpetrated against the Council will be reported to the Risk and Assurance Committee, group manager, human resources, chief executive, and others as appropriate.
 - Where suppliers are involved, the investigation officer's recommendations will be reviewed with the chief executive, relevant general manager, and with Council's legal advisors as appropriate, before any action is taken.

9.3. Council staff and elected members found guilty by Police of committing fraud or corruption may face penalties under the Crimes Act 1961 and/or the Secret Commissions Act 1910.

Part 10 - Confidentiality

- 10.1. Council acknowledges that allegations of fraud or corruption can affect the rights and reputation of individuals. Identities should be protected wherever possible without compromising Council's responsibilities.
- 10.2. All participants involved in an investigation under this Policy must keep the allegations, investigation and results confidential, unless disclosure is legally required or requested by the chief executive.

Part 11 - Relevant Legislation

Local Government Act 2002, sections 100 and 101 (financial prudence)
Local Authorities (Members' Interests) Act 1968
Protected Disclosures (Protection of Whistleblowers) Act 2022
Secret Commissions Act 1910
Crimes Act 1961, sections 99, 105, 105A and 240.
Council's Protected Disclosures Policy

Part 12 - Review

The chief executive will be responsible for reviewing this policy every three years.