

FRAUD, BRIBERY AND CORRUPTION PREVENTION POLICY



Approved by:	Council		
Sponsor:	Chief Financial Officer		
Department responsible:	Finance		
Date approved:	December 2014	Last Updated:	November 2024
Next review date:	November 2027	DOC ID:	

1. PURPOSE

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

- a) Provide guidance for Dunedin City Council (DCC) employees on what constitutes fraud, bribery, and corruption and how to recognise it.
- b) Establish the DCC's zero tolerance stance with regards instances of fraud, bribery, and corruption.
- c) Outline clear roles and responsibilities for DCC employees who encounter or suspect fraud, bribery, or corruption.
- d) Outline clear roles and responsibilities of the DCC for investigating and responding to allegations of fraud, bribery, or corruption.

1.2 This Policy should be read alongside the **DCC Fraud, Bribery and Corruption Reporting Investigation Procedure** and **Protected Disclosures' (Protection of Whistleblowers) Policy**.

2. SCOPE

2.1 This Policy applies to:

- a) all employees of the DCC, including former and temporary employees and contractors.
- b) any person who is involved in the operation of the DCC, including elected members, volunteers, and those people with honorary or unpaid staff status.
- c) every business department, service, or activity of the DCC.

2.2. This Policy covers all alleged or actual incidents of fraud bribery, or corruption:

- a) committed against the DCC by a person (legal or natural), or
- b) committed by the DC's employees (as above) against any third-party.

3. DEFINITIONS

- 3.1. **“Assets”** include but are not limited to financial assets (debtors, loans), real property, plant and equipment, furniture and fittings, ICT devices and equipment, collections, vehicles, and other stock (including redundant and excess stock).
- 3.2. **‘Bribery’**: The offer, promise or giving of anything of value to improperly influence a person’s actions or decisions to gain or retain a business benefit.
- 3.3. **‘Corruption’**: The misuse of entrusted power or office for personal or third-party gain.
- 3.4. **‘Kickback’**: A form of bribery in which an unofficial payment is received by a person in a position of authority or decision-making for services rendered or awarding business.
- 3.5. **‘Due Diligence’**: An investigation of a business, person, or process prior to entering into an agreement, or establishing a standard of professional transparency and assurance (i.e., vetting) before entering into an agreement or a transaction with another party.
- 3.6. **‘DCC Employee’**: Within the context of this Policy, ‘employee’ refers to all staff of the DCC and any other individuals identified in section 2.1 above.
- 3.7. **‘DCC Manager’**: Within the context of this Policy, ‘manager’ refers to members of the Executive Leadership Team (ELT), Wider Leadership Team and those with formal staff management responsibilities.
- 3.8. **‘Facilitation Payments’**: Are typically small, unofficial payments made to secure or expedite a routine process or action by a government or business official.
- 3.9. **‘Fraud’**: Includes all acts of deception, misrepresentation or omission committed with the intention of gaining an unjust or illegal financial advantage, or to cause an unjust or illegal loss or disadvantage.

4. POLICY

- 4.1. The Dunedin City Council (DCC) regards fraud, bribery, and corruption as unacceptable and will apply a ‘Zero Tolerance’ approach to any such behaviour. Zero Tolerance within the DCC means:
 - a) All instances of suspected fraud or corruption will be investigated thoroughly with appropriate action taken.
 - b) All confirmed fraudulent or corrupt activities will be treated as serious misconduct in accordance with the relevant Code of Conduct (staff or elected member version). Where statutes may have been breached, or loss suffered, these will be referred to the New Zealand Police, Serious Fraud Office, or other appropriate enforcement agency for prosecution consideration.
 - c) The DCC may take appropriate measures to recover any loss or expenditure attributable to fraudulent or corrupt behaviour. This includes, but is not limited to recovery of, intellectual property.
- 4.2. All DCC employees are required to act honestly and with integrity and to safeguard the public resources, services, and interests for which the DCC is always responsible.

- 4.3. Employees who suspect fraud, bribery or corruption must report such behaviour as outlined in this Policy and associated procedures and guidance.
- 4.4. All suspected fraud, bribery and corruption will be investigated and reported to the Audit and Risk Subcommittee at each scheduled meeting.
- 4.5. Incidences of 'significant' suspected fraud, bribery, or corruption (i.e., involving the theft or misuse of Council assets valued at more than \$1,000 or of a nature that has the potential to impact on business operations, service delivery or sector/ public confidence in the Dunedin City Council) will be reported by the Fraud Control Officer (or 'Alternate' Fraud Officer) as follows:
- The Chair of the Audit and Risk Subcommittee, Chief Executive Officer, and the Mayor **within 48 hours**; and
 - The Audit and Risk Subcommittee **at its next meeting**, or earlier if appropriate.
- 4.6. The Fraud Control Officer (or 'Alternate') may also consider it necessary to notify third-parties including the NZ Police, Serious Fraud Office, Council's external auditors (Audit NZ) as well as insurers, as soon as is practical.
- 4.7. Any decision to contact third-parties should be made in collaboration with the Chief Executive Officer and the Chair of the Audit and Risk Subcommittee, and in accordance with the **Fraud, Bribery and Corruption Procedure**.
- 4.8. Where fraud is established the DCC will act on the "zero tolerance" policy and DCC's Code of Conduct will be followed. **Recognising fraud, bribery, or corruption**
- 4.9. Fraud, bribery, and corruption pose financial and reputational risk to the DCC, as well as impacts on the values, culture and performance of the organisation and its employees.
- 4.10. Fraud includes, but is not limited to:
- a) Unauthorised use of facilities, vehicles, or equipment for personal gain.
 - b) Deliberately not recording leave taken, or any other employee theft of time.
 - c) Misappropriation or improper disposal of assets, including cash, funds, and supplies.
 - d) Forgery or alteration of documents or accounts belonging to the DCC.
 - e) Disclosing confidential or proprietary information to third-parties.
 - f) Accepting or seeking anything of material value from contractors or persons, including before, during and after, any procurement processes.
 - g) Manipulating reporting to obscure impropriety.
 - h) Obtaining funds or any other benefit through misleading claims, representations or by false pretences.
 - i) Inappropriate claims for expenses for personal gain.
 - j) Profiteering for personal or another person or entities gain because of insider knowledge of DCC's activities.
 - k) Unapproved destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.

- l) Use of the Dunedin City Council's purchase card for personal gain.
- m) Inappropriate payments to third-parties.
- n) Presenting false credentials or qualifications.
- o) Supporting others in, or in any way being party to, fraud or not reporting fraud.
- p) Any of the above for personal gratification and/or edification, or for political or business advantage whether there is pecuniary gain.

4.11. Bribery and corruption include, but is not limited to:

- a) the provision or acceptance of cash, or kickbacks.
- b) facilitation of business transactions such as securing contracts or fast-tracking services for personal gain or when compromised by a conflict of interest.
- c) unauthorised political or charitable contributions.
- d) the improper use of a political / business position of authority or 'influence'.
- e) giving or receiving unauthorised gifts, koha, travel and/or hospitality.
- f) giving or receiving unauthorised rebates, fee waivers, or reimbursements.

Fraud, Bribery and Corruption Prevention Activities

4.12. The DCC will proactively take all reasonable steps to prevent fraud, bribery, and corruption by developing and maintaining:

- a) a policy framework that sets out clearly the procedures, processes, and expectations of employee behaviour,
- b) robust internal controls for business delivery including the protection of assets, procurement, purchasing, payroll, treasury, and cash management.

4.13. This will include but is not limited to:

- a) Regular anti-fraud, bribery and corruption training and awareness initiatives for all employees to support them in complying with this Policy.
- b) A clear, visible code of conduct that sets out the expectations for employee behaviour.
- c) Pre-employment screening that includes checking for criminal convictions for appropriate staff (WLT and Finance Team etc.).
- d) Assuring that staff appointed to positions of responsibility are appropriately qualified, experienced, and aware of their obligations regarding fraud and the protection of assets of the Council.
- e) Induction processes for new staff that include fraud awareness and code of conduct training.
- f) Segregation of duties in accordance with best practice.
- g) Appropriately robust monthly physical and financial reporting that provides information about results against budget, benchmarks and expected key performance indicators.

- h) Robust due diligence enquiry of new suppliers.
- i) Centralised Contract Register.
- j) An Internal Audit Policy, Plan and Programme of work carried out by external parties.
- k) Regular Fraud Risk Assessments.
- l) Regular suspicious transaction analysis.
- m) A safe, documented and widely available avenues for employees to report suspected fraud; and
- n) Recovery of lost funds or recouping on expenses incurred because of fraudulent or corrupt behaviour.

Managers' Responsibilities

- 4.14. The day-to-day responsibility for the prevention and detection of fraud, bribery and corruption and other inappropriate conduct rests with Managers.
- 4.15. Managers are responsible for:
- a) Demonstrating the highest standards of ethical behaviour.
 - b) Identify and manage the risks to which systems, operations and procedures are exposed (maintained in risk registers)
 - c) Developing and maintaining effective internal controls to ensure effective stewardship of funds and to prevent and detect fraud, bribery, or corruption.
 - d) Ensuring these internal controls are being complied with.
 - e) Strictly adhering to delegations of authority (including the 'one up' approval principle and the amount they can authorise).
 - f) Ensuring compliance with all corporate and business policies, procedures, and guidelines.
 - g) An awareness and sense of responsibility for the types of impropriety that may occur within their respective areas and being alert for any indication of irregularity.
 - h) Being vigilant to 'red flag' and other fraud, bribery, and corruption risks, which may necessitate further due diligence and/or process change. (Examples of 'red flags' or situations where fraud, bribery or corruption risk may arise are outlined in Appendix 1 of this Policy).

Employee's Responsibilities

- 4.16. All employees are responsible for:
- a) Being fair and honest in their business activities and dealings with contractors, suppliers, or customers.
 - b) Taking reasonable steps to safeguard DCC funds and assets against fraud, theft, unauthorised use, and misappropriation.
 - c) Strictly adhering to all system security measures, segregation of duties and delegations.

- d) Reporting immediately to the Fraud Control Officer or 'Alternate' Fraud Officer (or where this is inappropriate, the Chair of the Audit and Risk Subcommittee) if they suspect or believe that there is evidence of irregular or improper behaviour or that fraud, bribery, or corruption may have been committed.

DCC Responsibilities

- 4.17. The DCC will not tolerate any fraud, bribery or corruption and will investigate all instances of suspected fraudulent behaviour.
- 4.18. The DCC shall ensure that all staff are provided adequate and regular training on the Fraud, Bribery and Corruption Policies and Procedures
- 4.19. The Fraud Control Officer is responsible for anti-fraud, bribery, and corruption training and awareness initiatives for all employees to support them in complying with their obligations under this Policy.

Reporting

- 4.20. The DCC **Fraud, Bribery and Corruption Procedure** sets out the process to follow when fraud, bribery or corruption is suspected, and should be read in conjunction with this Policy.
- 4.21. The DCC Fraud Control Officer is the Chief Financial Officer. Employees can report to the Fraud Control Officer any real or suspected instances of fraud, bribery, or corruption in person, by phone or email, or reporting may be made anonymously.
- 4.22. The contact details for the Fraud Control Officer are as follows:
 - Name: Carolyn Allan (3rd Floor Civic Centre)
 - Email: fraudofficer@dcc.govt.nz
 - Phone: (03) 474 3885
- 4.23. Employees are required to report all instances of suspected fraud, bribery, or corruption to the Fraud Control Officer, or if this is not appropriate, to an 'Alternate' Fraud Officer as follows:
 - a) The Chief Executive Officer; or
 - b) The Chair of the Council's Audit and Risk Subcommittee as follows:
 - Name: Warren Allen
 - Email: wdallen@xtra.co.nz
 - Phone: 027 489 9427
- 4.24. Employees reporting suspected instances of 'serious wrongdoing' are also covered by the **DCC Protected Disclosure - Whistleblower Policy**. This Policy provides legal protection for any employee reporting improper, inappropriate, or unlawful behaviour in good faith, or for participating in the investigation of a complaint in accordance with *the Protected Disclosures Act 2022*.

Investigation

- 4.25. The Investigating Officer is to ensure they follow the steps outlined in the Fraud, Bribery, and Corruption Reporting and Investigation Procedures to ensure an appropriate, just, and coordinated approach in dealing with fraud, bribery, or corruption allegations.
- 4.26. Evidence obtained during the investigation process must be protected, and all reasonable steps will be taken to ensure it is not altered, contaminated, lost, or destroyed. It is to be managed appropriately to support the confidentiality and the integrity of the investigation.
- 4.27. Investigations actions are to occur in a timely manner to meet obligations under the Protected Disclosures' (Protection of Whistleblowers) Act 2022.
- 4.28. During the investigation DCC employment processes are to always be followed.
- 4.29. Investigators are to refer allegations to an appropriate third-party when required.
- 4.30. If appropriate, reporting on progress of the investigation is to be made to the:
- a) Mayor
 - b) CEO
 - c) Chair of the Audit and Risk Subcommittee, and
 - d) if necessary and appropriate
 - i. DCC's external auditors
 - ii. NZ Police or other relevant enforcement or regulatory agency
 - iii. any other relevant bodies, including where appropriate the Chairs of the Council Committees
- 4.31. Depending on the nature and outcomes of the investigation a final report may be given to the Audit and Risk Subcommittee at the conclusion of the investigation.
- 4.32. Breach of this **Fraud, Bribery and Corruption Policy** may lead to disciplinary action, up to and including dismissal (or termination of contractual arrangements for contractors or other external parties) in accordance with DCC's employment and disciplinary policies and processes.
- 4.33. In some circumstances, a breach of this Policy may result in civil or criminal liability.

Relevant Legislation:	<i>Crimes Act 1961</i> <i>Employment Relations Act 2000</i> <i>Protected Disclosures' (Protection of Whistleblowers) Act 2022</i> <i>Privacy Act 2020 and Privacy Regulations 2020</i> <i>Organised Crime and Anti-corruption Legislation Bill 2015</i> OECD Anti-Bribery Convention United Nations Convention Against Corruption (UNCAC)
------------------------------	---

Associated Documents:	<p>Fraud, Bribery and Corruption Procedure</p> <p>Protected Disclosures' – (Protection of Whistleblowers) Policy</p> <p>Staff Code of Conduct</p> <p>Sensitive Expenditure Policy and Guidelines</p> <p>Gifts and Hospitality Policy and Procedure</p> <p>Koha Policy and Procedures</p> <p>Conflict of Interest Policy</p> <p>Procurement and Contract Management Policy</p> <p>Purchasing Card Policy and Procedures</p> <p>Staff Delegations Policy and Delegations Register(s)</p>
------------------------------	--

APPENDIX ONE: RECOGNISING FRAUD, BRIBERY AND CORRUPTION 'RED FLAGS'

The DCC recognises that there are generally three pre-conditions associated with fraud, bribery and corruption occurring in the workplace. These factors should be understood and inform the development of fit-for-purpose policies, procedures, and business controls, as well as training and awareness activities:

- **Pressure:** employees and other (external) parties may have a personal incentive or be under pressure in their work or personal lives, which motivates them to commit fraud or wrongdoing (for example experiencing financial difficulty or the need to meet a significant business target).
- **Opportunities:** circumstances may exist that allow an employee to commit fraud, bribery, or corruption, such as not having appropriate conflict of interest controls in place, or employees being able to 'work around' business controls (for example authorising personal expenditure).
- **Rationalisation:** employees can rationalise committing fraud, bribery, or corruption (for example having attitudes or beliefs that the organisation "owes you", "everybody else is doing it" or "I deserve this").

There are several scenarios or activities ('red flags') that may raise concerns of fraud, bribery, and corruption, and require further investigation to ensure no wrongdoing has been committed.

FRAUD 'RED FLAGS'

These include, but are not limited to:

- An employee living 'beyond their means'.
- An employee experiencing a period of significant/ protracted personal or financial difficulty.
- An inability to account for missing DCC assets and/ or inventory.
- Orders for inventory that exceed 'normal' business use – or purchases made outside of standard centralised processes and oversight.
- An employee receives an invoice or payment request that is non-standard or customised, lacks key information or is 'last minute and urgent' (for example on a Friday at 4:55pm).
- A failure to maintain a clear 'paper trail' including an absence of emails, written agreements, business documentation or record keeping.
- An employee exerts an unusual degree of control over a work process, procedure, or system, or is unwilling to share duties or business information (including a refusal to take leave).
- Unusual spikes in expenditure, invoice volume, financial adjustments (including 'rounded payments') and fee waivers, or the number and timing of service transactions – above and beyond business averages and trends.
- A lack of segregation of key system, financial or business access, process/duties, and authority (including the ability to approve personal expenditure or manage critical financial transactions end-to-end).
- A 'wheeler dealer' approach to business and disregard for process controls and business discipline.

BRIBERY AND CORRUPTION 'RED FLAGS'

These include, but are not limited to:

- A third-party has a reputation for having a "special relationship" with the DCC including instances of open-ended ('evergreen') contracts or informal work agreements.
- An employee or third-party has previously engaged in or been accused of improper business practices.
- An employee or third-party insists on receiving a commission or fee payment before committing to a contract or carrying out a service.
- An employee or third-party requests payment be made in cash or to an unverified account (including at a different location or offshore)
- An employee or third-party refuses to provide an invoice or receipt for a payment made.
- An employee or third-party requests that a payment is made to 'overlook' potential legal or performance violations.
- An employee or third-party insists on the use of side letters, refuses to put terms agreed in writing, or requires the use of an agent or intermediary that is not known to the DCC.
- An employee or third-party requests/ is offered entertainment or gifts before commencing contract negotiations or services.
- An employee receives an invoice or makes a payment that appears large given the services provided.
- Unreported payments are made to third-parties on the DCC's behalf.
- An employee has an unusually close relationships with third-party vendors or customers, including an unwillingness to delegate management of a client relationship (services or portfolio).
- An employee provides/ offers unauthorised access to privileged information to a third-party vendor or customer.
- A refusal by employees or third-party vendors to complete Conflict of Interest documentation or certify compliance with DCC Policy.

Individuals who encounter any of these red flags must report them promptly in accordance with this **Fraud, Bribery and Corruption Policy** and associated **Procedures**.