Fraud and Corruption Policy 2026

Owner: Executive Manager Finance & Strategy	**Review frequency:** 3 Yearly **Date Adopted**: 3 June 2026 **Next review Date**: 3 June 2029

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1. Policy Objectives

1.1 The purpose of this policy is to provide guidance for the prevention, detection and response to fraud and corruption incidents within or involving Ruapehu District Council (RDC).

1.2 This Policy applies to all fraud and corruption incidents, whether suspected, alleged or proven, that are either:

a) committed against the organisation by a person (legal or natural); or
b) committed by an organisation's employees, officers, directors, and as appropriate, business partners (whether in an official or private capacity) against any third party.

2. Definitions

2.1 **Fraud**

The term 'Fraud' refers to the deliberate practice of deception to receive unfair, unjustified or unlawful gain. For the purposes of the policy this includes all forms of dishonesty. Within this definition, examples of fraud and dishonesty may include, but are not limited to:

(a) Knowingly providing false, incomplete or misleading information to the Council for unfair, unjustified or unlawful gain;
(b) Unauthorised possession, use or misappropriation of funds or assets, whether the Council's or a third party's;
(c) Deliberate mishandling of or misreporting money or financial transactions;
(d) Unauthorised access and misuse of Council systems and information for unfair, unjustified or unlawful gain;
(e) Misuse of or obtaining insider knowledge of organisational or judicial activities without implied or expressed consent (this may also be considered corruption);
(f) Destruction, removal, or inappropriate use of records, furniture, fixtures, or equipment for unfair, unjustified or unlawful gain;
(g) Deliberate misuse of Council resources (including work time, internet, cell phones, photocopiers, fax machines, computers, vehicles, mail services, Council addresses and phone numbers) for unfair, unjustified or unlawful gain;
(h) Forgery or alteration of any financial instrument;
(i) Forgery or alteration of any document or computer file or record belonging to the Council;
(j) Where any person who has a business involvement with the Council acts dishonestly or unfairly, or breaches public trust.

2.2 **Corruption**

'Corruption' is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. It includes foreign and domestic bribery, coercion, destruction, removal or inappropriate use or disclosure of records, data, materials, intellectual property or assets, or any similar or related inappropriate conduct.

2.3 **Confirmed incident**

A confirmed incident is one that has been investigated by an appointed investigator who has determined that the report was credible, and that fraudulent or corrupt activities are likely to have occurred.

2.4 **Employee**

An employee includes all current employees of the Council as well as former employees, people seconded to the organisation and volunteers who work for the Council without reward.

2.5 **Receiver**
A discloser, for the purposes of this Policy, is a person to whom a disclosure of information relating to suspicion of fraud or corruption is made with the intent that this information is acted upon.

2.6 **Reporter**
A reporter, for the purposes of this Policy, is a person who discloses the suspicion of fraud or corruption.

2.7 **Executive Manager – Finance and Strategy**
For the purposes of this Policy this mean the person who holds this position, or the executive manager who is responsible for the Finance function within Council.

3. Principles

3.1 RDC has a zero-tolerance policy when it comes to fraud and corruption.

3.2 RDC will act fairly, honestly and in good faith in any investigation, and any investigation will comply with other Council policies and the principles of natural justice.

3.3 All confirmed incidents of fraud or corruption constitute serious misconduct and will be referred to NZ Police, Serious Fraud Office, or other enforcement agency.

3.4 There is a difference between fraud and an error. Error refers to an unintentional misstatement of information including an unintentional omission of an amount or disclosure.

3.5 This Policy specifically addresses Fraud (as defined above). Other Council policies may apply to related behaviour but do not specifically deal with fraud or corruption risks. Examples include:

(a) Code of Conduct Policy: address expected standards of behaviour and professionalism. For example, inappropriate workplace behaviour or minor misuse of Council resources may be managed under conduct policies where no dishonest intent or personal gain is involved.
(b) Protected Disclosures (Whistleblower) Policy: provides mechanisms for reporting serious wrongdoing, including fraud or corruption.
(c) Procurement Policy: governs purchasing and tendering processes. However, deliberate manipulation of procurement processes for personal benefit, such as accepting bribes or favouring suppliers in exchange for gifts, would also fall under this Policy.
(d) Information Management Policy and Computer and Communication Systems Policy: these policies address appropriate use and protection of Council information and systems. Unauthorised access for personal gain, falsifying records, or theft of information may also constitute fraud under this Policy.

4. Background

4.1 Fraud and corruption are ever-present threats to the Council and are serious offences which may be prosecuted under the Crimes Act 1961 or the Secret Commissions Act 1910.

4.2 Reducing the risk of fraudulent or corrupt practices, and detecting any that may have occurred, begins with understanding the conditions which allow these to happen. Generally, there are three conditions often associated with fraud and corruption:

1. Incentives/pressures: Management, other employees or external parties have an incentive or are under pressure, which motivates them to commit fraud or wrongdoing (for example, personal financial trouble).

2. Opportunities: Circumstances exist that allow employees to commit fraud or corruption, such as an organisation not having appropriate fraud and corruption controls in place, or employees are able to get around or override ineffective controls (for example, managers being able to approve and authorise their own sensitive expenditure).

3. Attitudes: Employees are able to rationalise committing fraud (for example, holding attitudes or beliefs such as “everybody else is doing it nowadays” or “they made it so easy for me”).

   Collectively, these are known as the “fraud triangle”:

5. Policy Statement

5.1 Reporting a suspected fraudulent or corrupt act

5.1.1 Suspected incidents of fraud or corruption should be reported in the first instance to your direct manager, or to the Executive Manager - Finance and Strategy.

5.1.2 A manager must then immediately report a notification to the Executive Manager - Finance and Strategy, who will then notify the Chief Executive and the Chair of the Risk and Assurance Committee.

5.1.3 If someone wanting to report suspected fraud or corruption thinks it involves their manager, they need to report it to the Executive Manager - Finance and Strategy.

5.1.4 Any external party to Council makes an allegation of fraud or corruption this will be referred to the Executive Manager - Finance and Strategy.

5.1.5 If the Executive Manager - Finance and Strategy is suspected, then reports or referrals should be made to the Chief Executive.

5.1.6 In the event that the Chief Executive is suspected, then reports or referrals should be made to the Mayor. If the Mayor is suspected, then reports or referrals should be made to the Chief Executive and the Chair of the Risk and Assurance Committee.

5.1.7 A report or referral may be made to an appropriate external authority if:

a) the Reporter has reasonable grounds to believe that the Chief Executive, the Mayor, the Chair of the Risk and Assurance Committee and the Executive Manager - Finance and Strategy are involved; or
b) the Reporter has reasonable grounds to believe that the Chief Executive, the Mayor, the Chair of the Risk and Assurance Committee and the Executive Manager - Finance and Strategy will not maintain the anonymity of the Reporter; or
c) that the urgency of the matter to which the report relates, or some other exceptional circumstance, justifies the immediate reference to an external authority; or
d) there has been no action or recommended action on the matter to which the disclosure relates within 20 working days after the date on which the disclosure was made.

5.1.8 In the case of such circumstances outlined in 5.1.7 alternative appropriate authorities may include:

a) The Office of the Auditor-General
b) New Zealand Police
c) The Serious Fraud Office

If you are uncertain who to make a report to, within or external to the organisation, you can contact the Ombudsman: Freephone: 0800 802 602.

5.1.9 A verbal disclosure must be accompanied by a written account of the information disclosed.

5.1.10 An anonymous disclosure (or “tip off”) from someone not employed by the Council may be made by following the steps outlined in this section of the Policy.

5.2 Confidentiality

5.2.1 Everyone involved in an investigation into fraud or corruption must keep all information confidential. Any information that is released needs to be approved by the Chief Executive.

5.2.2 The receiver will maintain the identity of the Reporter unless the Reporter agrees otherwise or disclosure of the identity of the Reporter is essential to the investigation.

5.2.3 Disclosure of the identity of the Reporter will only be made with the express permission of the Reporter.

5.2.4 Failure to maintain confidentiality in respect of this fraud and corruption, including the maintenance of the Reporter’s identity will be considered as serious misconduct.

5.2.5 If at any time the Reporter is not satisfied with the investigative efforts of the Receiver, then the Reporter may raise the matter without prejudice basis with other authorities as outlined in this Policy.

5.3 Recovery of losses

5.3.1 Recovering losses of money or property is a major objective of the Council following any fraud investigation. The amount of any loss will be quantified as far as possible and repayment or reparation will be sought.

5.4 Certain disclosures may be protected

5.4.1 Some disclosures may be protected by legislation such as the Protected Disclosures (Protection of Whistleblowers) Act 2022.

5.4.2 Protections afforded under the Protected Disclosures Act include confidentiality and protection from retaliation or being treated less favourably because of the disclosure.

5.4.3 If you wish to report fraud and corruption as a protected disclosure, see the Protected Disclosures Policy.

5.5 Responsibilities

5.5.1 All employees are responsible for their actions and have a responsibility to report any suspected incidents.

The Chief Executive has overall responsibility and accountability for preventing fraud and corruption within the organisation.

5.5.2 The Chief Executive may seek independent advice and appoint an external investigator to investigate claims of fraud or corruption. Any external investigator must be appointed in line with Council's investigations procedures.

5.5.3 The Chief Executive is responsible for setting the terms of reference for an investigation and ensuring that requirements are clear to all parties.

5.5.4 The Chief Executive will notify the Mayor of investigation into an allegation and will keep the Mayor advised during the investigation.

5.5.5 If the Chief Executive is suspected, then the Mayor shall exercise these responsibilities. In the event both are suspected, the Executive Manager - Finance and Strategy shall exercise these responsibilities, in consultation with the Chair of the Risk and Assurance Committee.

5.5.6 Executive Managers are responsible for advocating and implementing management controls, processes, training and awareness within their groups.

5.5.7 Managers are responsible for making sure that their teams are implementing the controls and processes and that there is a culture that supports transparency and the reporting of fraud or corruption.

5.5.8 Managers are responsible for making sure that their teams, contractors and consultants are aware of the Fraud and Corruption Policy and their obligations.

5.6 Initial receipt and acknowledgment of report

5.6.1 The Receiver must assure the Reporter that every report of suspected fraud is dealt with according to the Fraud and Disclosure Policy.

5.6.2 A written or emailed acknowledgement of the receipt of the report will be sent to the Reporter by the Receiver within three days.

5.6.3 To understand the nature of the report properly and to establish authenticity, the Reporter will be asked to verify the report received and elaborate with any further information or evidence requested at this stage. If notes are taken of the Reporter's words, then these should be acknowledged in writing as a true and accurate reflection of the Reporter's statement.

5.6.4 The target timeframe for resolution of the matter is 20 working days. Any extension of this timeframe will be communicated to the Reporter by the Receiver.

6. Investigation of Fraud

6.1.1 No employee may conduct their own investigation into suspected fraud at Ruapehu District Council, other than in line with this Policy.

6.1.2 After notifying the appropriate people, the Executive Manager – Finance and Strategy will conduct a preliminary inquiry on the prima facie evidence.

6.1.3 On the basis of the findings of the preliminary inquiry, the Executive Manager – Finance and Strategy will determine whether the report is worthy of further investigation of fraud or serious wrongdoing.

6.1.4 If further investigation is not deemed necessary, the Executive Manager – Finance and Strategy will provide to the Reporter and the Chief Executive written summary ofthe preliminary inquiry and an explanation of why they determined that the matter requires no further action.

6.1.5 If further investigation is deemed, the Executive Manager – Finance and Strategy will consult with the Chief Executive to determine the correct course of action. Options include, but are not limited to:

a) A thorough internal investigation undertaken by the Reporter and /or Chief Executive
b) The appointment of an external investigator
c) Referral to an external agency

6.2 Prevention of Fraud

6.2.1 Council's Risk and Assurance Committee shall produce, and annually review, a documented list of fraud risk factors, including conflicts of interest.

6.2.2 The Risk and Assurance Committee shall ensure that efforts are made to mitigate the identified risk factors, subject to Council's resourcing, and recommend to Council that improvements are made where resourcing is not sufficient.

6.2.3 In the event of proven fraud or corruption, the Risk and Assurance Committee will:

a) review the areas in which the vulnerability of the organisation was exploited;
b) approve measures to minimise the possibility of recurrence; advise Council insurers as appropriate;
c) keep all other relevant personnel suitably informed about the incident and the Council's response; and
d) maintain confidentiality leading up to any court hearing.

6.2.4 Council will undertake regular monitoring of financial and procurement transactions to identify potential fraud risks. Any exceptions or irregularities identified through these reviews will be reported to the Risk and Assurance Committee for oversight and action.

6.3 Media

6.3.1 If knowledge of the investigation of fraud becomes known to the public, the most senior staff member involved in the investigation shall assume responsibility for all communications with the Media.

6.3.2 All requests to Council employees for information, both formal and informal, shall be directed to that staff member.

7. Annotations

Date	Description
April 2025	Full review of the previous Fraud, Corruption and Protected Disclosures policy, splitting these in two and drafted to align with the recommendations from Council's auditors.

8. Policy Version Control

Policy drafted by	Policy Team
Policy reviewed by	Manager Policy, Strategy & Sustainability Executive Manager – Finance and Strategy
Policy reviewed and recommended by the Risk and Assurance Committee	19 March 2026 Risk and Assurance Committee recommend to adopt this policy.
Policy reviewed and adopted by Council	25 April 2026

9. Related Legislation/Policy

Code of Conduct Policy 2019
Council Vehicle Policy 2025
Delegations Reegister 2025
Elected Members Remuneration and Expenses Policy 2025
Gift Policy 2025
Procurement Policy 2025
Protected Disclosures Policy 2026
Risk Management Policy 2017
Ruapehu District Council Delegations Register

10. Appendix: Useful Resources

Serious Fraud Office: Learning Modules

Online learning modules to strengthen fraud awareness.

Serious Fraud Office: Make a complaint online

Online form for reporting fraud.

Serious Fraud Office: Whistleblowers: protected disclosures about serious wrongdoing at work

Information about how to make a complaint to the Serious Fraud Office about serious wrongdoing in the workplace.

Public Services Commission: Integrity and Conduct

While Council is not part of the "Public Service" (as defined by the Public Service Act 2020), the standards set out are similar to Council's, and the guidance may be useful.

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

Provides guidance for procurement or international dealings, highlighting the risks of bribery of foreign public officials and reinforcing expectations for ethical conduct, due diligence, and reporting concerns in cross-border business activities.

United Nations Convention Against Corruption

Comprehensive global framework for preventing and combating corruption, covering areas such as bribery, embezzlement, money laundering, and international cooperation on enforcement.