

## Fraud

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Applies From:	Immediately		

Major changes/additions since the last version was approved are indicated by a vertical line in the left hand margin.

# 1 Introduction

## 1.1 Purpose

The purpose of this policy is to ensure that Ara staff at all times act honestly and with integrity and safeguard the resources for which they are responsible. Staff should not therefore engage in any fraudulent activity even if it is perceived to be for the benefit of the institute. Allegations will be investigated following the process outlined in this policy and will usually be referred to the appropriate law enforcement agency.

It is recognised that alleged or actual instances of fraud can affect the rights and reputation of the person or persons implicated. All matters related to the alleged incidence of fraud shall remain strictly confidential and all documentation related to the incident kept secure

## 1.2 Scope and Application

- a This policy applies to any fraud or suspected fraud involving employees, Council members, suppliers, outside agencies conducting business with employees and/or unknown parties engaged in any activity of Ara.

## 1.3 Formal Delegations

- a Allegations of fraud will be dealt with by the Chief Executive or his/her appointed delegate. In the event of allegations against the appointed delegate, responsibility will revert to the Chief Executive. Allegations against the Chief Executive are to be handled by the Chair of the Ara Council Audit Committee.
- b The Chief Executive is responsible for:
  - i Developing and maintaining effective controls to prevent fraud.
  - ii Carrying out vigorous and prompt investigations in a fair, equitable and consistent manner without regard to the suspected perpetrators length of service, position/title or relationship.
  - iii Taking appropriate legal and/or disciplinary action against perpetrators of fraud.
  - iv Taking disciplinary action against managers where their failures have contributed to the commission of the fraud.

<sup>1</sup> From herein referred to as Ara

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- v Making any necessary changes to systems and procedures to ensure that similar fraud is unlikely to recur.
- vi Pursuing the recovery of losses including insurance claims, court ordered restitution and legal action, if appropriate.
- c The Chief Executive is responsible for notifying Council's Audit Committee of any fraud investigation conducted by Ara.
- d Any intimation, public or written statement made on behalf of Ara and related to any instance of alleged or actual fraud shall be made by the Chief Executive, after taking expert advice where appropriate.
- e The Chief Executive may vary the procedures in this policy if deemed necessary, and will advise the Council's Audit Committee Chair.

## 1.4 Definitions

Fraud: is defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party by one or more persons. The term 'fraud' is used to describe any act, expression, omission, or concealment, calculated to deceive another for personal advantage.

Fraud includes, but is not limited to:

- a Forgery or alteration of a document or account;
- b Misrepresentation or concealment of fact that is made with knowledge of its falsity
- c Forgery or alteration of a cheque, bank draft, or any other financial document;
- d Misappropriation of funds, securities, supplies or other assets;
- e Impropriety in the handling or reporting of money or financial transactions;
- f Accepting or seeking anything of material value from suppliers or persons in return for providing services or materials (except for perishable gifts less than \$100.00 in value intended for a group of employees, eg confectionery, flowers);
- g Destruction or removal of records, furniture, fixtures or equipment;
- h Using information technology equipment to manipulate programs or data dishonestly, eg by altering, substituting or destroying records, or creating spurious records;
- i Any similar related irregularities;
- j Academic fraud, eg: plagiarism.

See Appendices for further examples.

<p><b>Related Ara Procedures</b>(indicate if attached to policy or where they can be found)</p> <ul style="list-style-type: none"> <li>• Privacy Act 1993</li> <li>• Official Information Act 1982</li> <li>• Education Act 1989</li> <li>• State Sector Act 1988</li> <li>• Human Rights Act 1993</li> </ul>	<p><b>Related Ara Policies</b></p> <ul style="list-style-type: none"> <li>• CPP102 Disclosure and Management of Conflicts of Interest</li> <li>• CPP116 Protected Disclosures</li> <li>• CPP208 Resolving Staff Performance or Conduct Issues</li> <li>• CPP211 Code of Professional Practice</li> </ul>
<p><b>Related Legislation or Other Documentation</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	<p><b>Good Practice Guidelines</b>(indicate if attached to policy or where they can be found)</p> <ul style="list-style-type: none"> <li>•</li> </ul>
<p><b>References</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	
<p><b>Notes</b> This policy was first introduced in 2008 as a recommendation from the 2007 Financial Audit</p>	

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## 2 Principles

- 2.1 Ara staff to act honestly and with integrity.
- 2.2 Ara staff to safeguard the resources for which they are responsible for.

## 3 Associated procedures for

### Ara Corporate Policy on: Fraud

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<b>Contents:</b>	3.1	Fraud Awareness Training
	3.2	Allegation of Fraud
	3.3	Investigation
	3.4	Protected Disclosures
	3.5	Confidentiality

#### 3.1 Fraud Awareness Training

Fraud awareness training and communication will be provided to Managers for the purpose of improving awareness of potential fraud risk. Corporate Services and Governance and Strategy will coordinate the development and provision of annual training to support Ara Institute of Canterbury Ltd's fraud risk management activities. Managers should record their attendance at the training sessions in Wingspan and complete the form attached in Appendix 2 annually to demonstrate their awareness of this Fraud Policy and its contents.

#### 3.2 Allegation of Fraud

- a Any allegation of fraud must be subject to due process, equity and fairness. Should a case be deemed to be answerable then the due process of the law shall apply to the person or persons implicated.
- b In the event of an allegation of fraud, the Chief Executive or his/her delegate shall decide to either immediately report the matter to the New Zealand Police or investigate as follows.

#### 3.3 Investigation

The following procedure is to be followed when investigating an allegation of fraud. During the course of the investigation all evidence is to be collected and documented by the Chief Executive / Delegate. Should the matter be referred for outside investigation by a relevant authority then all evidence will be handed over to assist in that investigation.

- a So far as it is possible, and within 48 hours, the Chief Executive / delegate will:
  - i Record the details of the allegation including the person or persons allegedly involved, the nature of the fraud, the time and circumstances in which this occurred and the quantity and/or value of the fraud. This should include a written statement from the person who has informed the Chief Executive
  - ii Consult with the person who provided the information and, if appropriate, confidentially consult with other senior members of staff about the person who is the subject of the allegation.

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- iii Inform the Council Audit Committee Chair of the information received and consult with them as appropriate.
  - iv Inform the person who is the subject of the allegation of fraud in writing of the allegation received and request a meeting with them, at which their representative/s are invited to be present.
  - v Meet with the person to explain the allegation against them.
  - vi Obtain a response, preferably in writing, from the person (all verbal responses must be recorded as minutes of that meeting, and the accuracy of those minutes should be attested by all persons present).
  - vii Advise the person in writing of the processes to be followed from this point on.
- b On the basis of advice received and after consultation with the Council Audit Committee Chair, the Chief Executive shall decide whether or not there is sufficient evidence to continue the investigation. If it is deemed that a case exists, the following procedures shall be followed. If not, the decision should be documented with a record that no further action is to be taken.
- c If there is sufficient evidence to pursue the allegation, the Chief Executive will determine which, if any, of the following actions will be taken
- i Invoke disciplinary procedures in accordance with the Resolving Staff Performance or Conduct Issues Policy if the allegation relates to a staff member.
  - ii Lay a complaint with the New Zealand Police.
  - iii Commission an independent expert investigation.
  - iv Require a search for written evidence of the possible fraudulent action to determine the likelihood or not of such evidence.
  - v Seek legal advice.
  - vi Inform the Manager, Ministry of Education local office, Serious Fraud Office and/or the Ara Institute of Canterbury Ltd's auditors.
- d Once all available evidence is obtained the Chief Executive will advise the Council Audit Committee Chair of the outcome of the investigation.

### **3.4 Protected Disclosure**

Where an employee makes a protected disclosure in accordance with the Protected Disclosures policy, and the disclosure involves fraud, the Disclosures Officer will report the incidence of fraud to the Chief Executive to be dealt with in accordance with this policy. Confidentiality of the person making the disclosure will be observed in accordance with the Protected Disclosures policy.

### **3.5 Confidentiality**

Should any staff member improperly disclose information about the alleged incidence of fraud, the Chief Executive shall consider whether that person or persons are in breach of confidence and if further action is required. Any action the Chief Executive considers in relation to the breach of confidence shall be taken in the context of relevant employment conditions and any policies which the staff member is bound.

### **3.6 Reporting Fraud to Law Enforcement Agencies**

Unless considered minor (usually less than value of \$1000) and able to be dealt with through a disciplinary process, all instances of fraud will be referred to the appropriate law enforcement agency with a view to prosecution.

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## **Appendix 1 - Examples of Potential Fraudulent or Corrupt Practices**

This list is not exhaustive and not all instances will, upon investigation, be proven to be fraud or corruption, but it may indicate an area where improved work practices are necessary:

- Theft of supplies and equipment
- Improper use of a Ara credit card
- Improper use of the Ara common seal
- Use of monies identified for specific programme activities for unrelated programmes
- An excessive claim for expenses or allowances
- Payment of salary or wages to a fictitious employee
- False work attendance record or timesheet
- Not recording leave taken or false classification of leave
- Acceptance of offers, receiving or offering kickbacks or bribes for preferential treatment
- Payment for work not performed
- Making or using of forged credentials and endorsements
- Altering amounts and details on documents
- Collusive bidding
- Overcharging
- Writing off recoverable assets or debts
- Unauthorised transactions
- Transactions (expenditure/receipts/deposits) recorded for incorrect sums
- Cash stolen or borrowed without authorisation
- Supplies or equipment stolen or borrowed without authorisation
- Manipulation of the procurement process, including undisclosed conflict of interest
- Unauthorised transactions with related parties
- Not recording donations wholly or partially
- Damaging or destroying documentation
- Not disclosing all documentation
- Misusing copies of records and receipts
- False invoicing, including using imaging and desktop publishing technology to produce false original invoices charging incorrect accounts in order to misappropriate funds
- Over claiming expenses
- Running a private business with official assets
- False compensation and insurance claims
- Inappropriate to unapproved use of computer-generated signatures
- Downloading confidential information and forwarding this to an unauthorised party
- Presentation of false documentation or statements about personal past experience, education or certificates/diplomas
- Inappropriate use of assets for personal purposes
- Use of information for personal gain or advantage
- False declaration and failure to reimburse the organisation
- Use of another person's academic work without authorisation and/or acknowledgement
- Falsifying results/grades/transcripts or other student records
- Copyright infringement

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**Appendix 2 - Fraud Policy Certificate**

I, ..... (Employee Name), hereby confirm that I have read and acknowledge the content of Ara Institute of Canterbury Ltd's Fraud Policy on the ..... (Date) and further confirm that I will comply fully to the extent that it is written.

Name of Employee: .....

Employee Number: .....

Department: .....

Job Title: .....

Date of Joining: .....

Signed: .....

Date: .....

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