

# Fraud and Corruption Policy

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<b>Version</b>	1	<b>Policy Section</b>	Governance
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## Purpose

The purpose of this policy is to provide high-level guidance for the prevention, detection and response to fraud and corruption incidents within or involving NZIST.

It is also intended to protect NZIST operations, assets and people from the consequences of fraudulent or corrupt activities.

This policy sets out the actions to be taken when suspected fraud or corruption is reported or identified. The success of this policy is dependent on the commitment of the NZIST Council, management and staff to detect, to respond, and to prevent fraud and corruption occurring.

## Scope

This policy applies to all fraud and corruption cases - whether suspected, alleged or proven - that are either:

- Committed against NZIST by a person (legal or natural); or
- Committed by NZIST Council, employees (permanent, fixed term, temporary, former employees and/or volunteers who work without reward), secondees, consultants, and/or contractors against any third party.

This policy is to be read in conjunction with NZIST's Whistleblowing policy.

## Principles and Expectations

### Definitions

#### Fraud

Fraud is an intentional act by one or more individuals involving the use of deception to obtain an unfair, unjustified or unlawful gain. It includes all forms of dishonesty.

Examples of fraud could include:

- Forgery or alteration of documents.
- Misappropriation of property.
- Deliberately altering or reporting incorrect information.
- Seeking or accepting gifts from parties doing business with NZIST except in accordance with our Sensitive Expenditure Policy.

- Authorising or receiving payment for goods or services not received or performed.
- Authorising or receiving payment for time not worked.
- Any claim for reimbursement of expenses that are not incurred for NZIST business.
- Falsification of data, plagiarism or other dishonest practices.

## Corruption

Corruption is behaviour on the part of someone in which they improperly and unlawfully enrich themselves or those close to them, or induce others to do so, by misusing the position in which they are placed.

Corruption could include:

- Bribery (both domestic and foreign).
- Coercion.
- Destruction, removal or inappropriate use or disclosure of records, data, materials, intellectual property or assets.
- Manipulation of a tendering or procurement process.
- Secret commissions.
- Kickbacks.
- Undisclosed conflicts of interest.
- Undisclosed giving or receiving of gifts, except in accordance with our Koha and Sensitive Expenditure policies.
- Similar forms of inappropriate conduct.

NZIST has a zero tolerance to fraud and corruption and is committed to minimising its incidence through the development, implementation and review of its processes for fraud prevention, detection and responses.

As a publicly funded institute, NZIST expects its Council, employees, secondees, consultants and contractors to maintain the highest standards of integrity and honesty, and to act, at all times, in an ethical and honest manner to maintain and enhance the reputation of NZIST.

## Reporting suspected fraud or corruption

If you suspect or become aware of fraudulent or corrupt conduct, you must report this to NZIST immediately. You can do so by notifying any of the following people at NZIST:

- Your manager.
- Chief Operating Officer.
- A member of the Human Resources team.
- Chief Executive Officer.

Fraud and corruption are examples of serious wrongdoing and reporting this type of conduct may be a protected disclosure under the Protected Disclosures Act 2000. For more information on this, refer to NZIST's Whistleblowing Policy.

## **Minimising the Likelihood of Fraud**

To minimise the likelihood or risk of fraud occurring:

### **Culture**

NZIST will encourage a culture of integrity.

### **Awareness**

NZIST will ensure that its staff are aware of the Fraud and Corruption Policy and procedures.

### **Internal Controls**

To assist with the detection of potential fraud, NZIST will:

- Establish and periodically review a Fraud Control Framework.
- Conduct periodic internal audits in areas of fraud “risk”.
- Be alert to “early warning signs” and red flags.
- Incorporate fraud risk assessment into its overall risk management systems and procedures.
- Ensure that the nature of potential fraud and the reporting processes for suspected fraud are communicated to NZIST staff.
- Operate robust internal controls.
- Encourage reporting by the NZIST external auditors.
- Report to the Council on any incident involving fraud or other breakdown of NZIST’s internal controls.

### **Commitment**

NZIST will ensure it has clearly identified responsibilities in regard to suspected fraud. The Chief Executive and Tier 2 managers will demonstrate a high level of commitment to controlling the risk of fraud and corruption within, and by, NZIST.

### **Regular reviews**

NZIST will periodically review its internal procedures and practices that enable it to:

- Prevent fraud, corruption and bribery occurring.
- Detect fraud, corruption or bribery when it has occurred.
- Respond to suspected fraud, corruption or bribery.

### **Dealing with suspected fraud and corruption**

All reported instances of fraud or corruption, or suspected or alleged fraud or corruption, will be thoroughly investigated.

All investigations will be conducted in a manner that is fair, objective and affords natural justice to all involved. The investigation findings will be reported to the Chief Executive or Council Chair, together with recommendations that reflect the outcome of the investigation, including any proposed disciplinary proceedings.

Credible suspicions or allegations of fraudulent or corrupt activity will be referred to the New Zealand Police or other appropriate law enforcement authority. This may result in penalties, including substantial fines and/or imprisonment, if you are convicted of fraud or corruption offences under the Crimes Act 1961 or Secret Commissions Act 1910.

NZIST may seek to recover losses resulting from fraud or corruption directly from those who have gained, through the courts or via a range of civil remedies.

NZIST will also respond to any reports of suspected fraud or corruption by:

- Reviewing the appropriateness of the internal control environment in which the fraud occurred.
- Putting into place any required changes and improvements to mitigate further fraud.
- Reporting the incident, if required, to its insurers.
- All suspected fraud shall be notified to the Chief Executive and/or Chair of the Council.

## Roles and Responsibilities

### Staff

All NZIST Council members, employees, secondees and contractors must take all practical steps to:

- Maintain the highest ethical standards in their activities and operations.
- Report suspected fraud, corruption, bribery or related misconduct.
- Ensure they understand how to prevent fraud and corruption.

### Managers

All NZIST managers, within their areas of responsibility, must take all practical steps to:

- Assess and minimise the risk of fraud.
- Support NZIST's internal control systems.
- Promote awareness of ethical and fraud prevention amongst staff.
- Ensure any reports of fraud, corruption, bribery or related misconduct are dealt with.
- Establish awareness raising measures that include training.
- Regular communications from managers at team meetings highlighting the importance of the policy will also help embed a corruption free culture.

The **Chief Operating Officer** will ensure further awareness through regular articles in any NZIST newsletter, intranet publications and email alerts, where practicable.