



<b>OTAGO POLYTECHNIC COUNCIL POLICY</b>		<b>Number: CP0010.06</b>
Title:	<b>Fraud Prevention and Response</b>	
Classification:	<b>Operations</b>	
Chief Executive Approval:	Effective Date: <b>01 Nov 2019</b>	Review Date: <b>01 Dec 2020</b>
Previous Policy No:	<b>n/a</b>	Status: <b>Current</b>
Contact Authority:	<b>Secretary to Council</b>	

## Purpose

This policy seeks to ensure that the assets and reputation of Otago Polytechnic, its Council, and its staff are protected from fraudulent misconduct.

It also seeks to ensure responsibility and awareness amongst staff and Council by establishing an environment in which fraud concerns can be identified and readily addressed, and enable compliance with internal control systems that are designed to minimise the opportunity for fraudulent behaviour and provide guidance on how to effectively progress an allegation of fraud.

Whilst it is not possible to eliminate fraud, it is possible to significantly reduce opportunities for fraud through adoption of multiple aligned strategies and policies that address different aspects of the control environment where potential fraud risk exposure exists.

## Statutory Compliance

Protected Disclosures Act 2000 and subsequent amendments - provides protection for the facilitation of disclosure and investigation of serious wrongdoing in or by an organisation, and protects the individual who reports allegations of serious wrongdoing. Persons who make disclosure under the Act are protected from dismissal or punishment, legal action, or disclosure of their own private information.

Refer Otago Polytechnic policy *CP0009 Protected Disclosure of Serious Wrongdoing (Whistleblowing)* for advice on how a Protected Disclosure can be made.

## Definitions

Otago Polytechnic's Director: Business Services is the appointed Fraud Control Officer and is responsible for overseeing investigations of fraud related allegations. The Fraud Control Officer is also the central point of contact for reporting alleged fraud.

Fraud is defined as an act of dishonesty to gain an advantage. It includes theft, misuse of assets, and the alteration of financial or other records or any unauthorised act which results directly or indirectly in financial gain to the perpetrator or to a third party.

Fraud may involve, but is not limited to, the intentional:

- manipulation, falsification or alteration of data, records or documents;
- suppression or omission of the effects of transactions from records or documents;
- recording of transactions without substance;
- misapplication of accounting policies;
- misrepresentation in a financial report;
- misappropriation (theft) of assets;
- accepting or offering of bribes or inducements;
- disclosing of confidential information to third parties with a view to personal gain or gain for another person;
- presenting of false credentials or qualifications;



- knowingly submitting false timesheets, leave applications or expense claims;
- theft of time e.g., by not entering leave in the leave management system or not working for the agreed length of time
- dishonest use of the Polytechnic's computers, vehicles, telephones, credit cards, taxi vouchers and other property or services;
- dishonest use of Polytechnic intellectual property;
- deception resulting in a loss to the Polytechnic from dishonesty, or avoiding or creating a liability for the Polytechnic;
- falsifying of invoices for goods and services;
- use of purchase orders to gain a personal benefit;
- unlawful or unauthorised transfer, use or allocation of Polytechnic property and assets including moneys and/or funds held by or on trust for the Polytechnic;
- dishonest use of grant or research funds, or scholarships;
- improper disposal of assets;
- hacking into or interfering with the Polytechnic's computer system

## Policy

1. This policy and associated Fraud Control Plan (*CP0010 Fraud Prevention and Response\_SOP/001\_Fraud Control Plan*) applies to all Otago Polytechnic Council members, staff, contractors, learners, onsite personnel and people or third parties in a business relationship with Otago Polytechnic.
  - a. Otago Polytechnic will bring this policy to the attention of all staff at time of induction via People & Culture, and will ensure a copy of the policy is on the Otago Polytechnic website.
2. Otago Polytechnic is committed to the development and maintenance of best practices, processes and procedures to prevent and detect fraud, which demonstrate appropriate stewardship of assets.
3. Otago Polytechnic will not tolerate fraudulent activity, regards it as totally unacceptable, and will apply a principle of 'zero tolerance'.
4. Otago Polytechnic requires any allegation of theft or fraud to be subject to due process, equity and fairness.
5. All disclosures of dishonest or fraudulent practices will be treated seriously and investigated. All reported incidents of alleged fraud will be investigated fully and pursued through every means available. Appropriate restitution will be sought to ensure full recovery wherever possible and practicable. Appropriate disciplinary action will be taken and the appropriate authorities, including the police, advised under authorisation by the Chief Executive.
6. Otago Polytechnic will have regard for the law and its insurance arrangements noting that its insurance parties will often seek recovery and may have differing criteria for recovery.
7. Each formal leader has responsibility for ensuring that appropriate controls are in place at all levels to ensure safeguards against fraudulent activity, and must take action to implement and maintain these controls.
8. Staff must be scrupulously fair and honest in their dealings with their employer, students, suppliers, contractors, other tertiary service providers and their fellow employees. They must take reasonable steps to safeguard Otago Polytechnic funds and assets against, fraud, waste, loss, unauthorised use and misappropriation.
9. Staff who may consider there are grounds for enquiry into fraudulent activity must advise their Formal Leader, or the Deputy Chief Executive: Corporate



Services, or the Director: Business Services (Fraud Control Officer), immediately.

10. Otago Polytechnic recognises that alleged or actual instances of theft or fraud can affect the rights and reputation of the person or persons implicated. All matters related to the case shall remain strictly confidential with all written information kept secure. Should any person improperly disclose such confidential information that person will be in breach of this policy and may become the subject of disciplinary action as a consequence.
11. The Finance and Audit Committee of Council will be advised of all instances of fraud or alleged fraud on a monthly basis or sooner if appropriate.
12. Key risk areas are as defined in the Otago Polytechnic's risk matrix and are informed by regular fraud risk assessment every three years.
13. Otago Polytechnic will have an annual internal audit plan, considered and approved by the Finance and Audit Committee that is informed by the fraud risk assessment. Internal audit will be performed by a mix of staff and external contractors. Outcomes from internal audit will be reported to the Finance and Audit Committee.
14. Fraud risks are to be assessed regularly to ensure internal control procedures are reviewed as any business practice changes. To assist with fraud prevention and detection, Otago Polytechnic:
  - a. has an electronic hierarchy approvals system
  - b. uses data mining for irregular and suspicious transactions via contracted audit biennially
  - c. maintains a centralised contracts database
  - d. has segregation of duties
  - e. checks high level vendor expenditure
  - f. has vendor creation approval processes
  - g. undertakes fraud risk assessment
  - h. maintains fraud awareness training
15. As a public entity, Otago Polytechnic will be transparent in dealing with external entities, including the police, and will conduct the investigation in a fair, objective manner. Where legally able, Otago Polytechnic will disclose instances of proven fraud on inquiry.
16. Otago Polytechnic has an employment policy which seeks voluntary disclosure of past offences. Due consideration will be given to any potential employee who discloses past offences. Pre-employment screening is an effective means of preventing particular types of fraud, such as falsifying qualifications or employment history. It can also identify previous criminal convictions for offences of dishonesty. The Deputy Chief Executive: People and Performance and Formal Leaders or equivalent should consider all appropriate checks to conduct (including police and credit checks) having regard for the proposed appointment and the work area.

**Referral Documents**

Appendix 1 – Procedural guidelines  
*CP0010a\_Fraud Prevention and Response\_SOP/001\_Fraud Control Plan*

CP0009 Protected Disclosure of Serious Wrongdoing Policy (Whistleblowing)  
MP0444 Resolving Performance Problems  
MP1100 Intellectual Property (if applicable)  
Learner Rights and Responsibilities (as published on the Otago Polytechnic website)

**Approved by Council**

**Date: 06 November 2019**



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## Appendix 1 Procedural Guidelines

1. In the event of an allegation of theft or fraud the manager concerned shall advise the Deputy Chief Executive: Corporate Services, Director: Business Services (Fraud Control Officer), or Chief Executive immediately. Appendix C within the Fraud Control Plan (*CP0010 Fraud Prevention and Response\_SOP/001\_Fraud Control Plan*) states the full reporting channels matrix.
2. The Fraud Control Officer will:
  - Decide to either immediately report the matter to the New Zealand Police, Audit NZ or other relevant parties under authorisation from the Chief Executive and/or proceed as outlined below.
  - a. Fully document any investigation.
  - b. Within 24 hours:
    - i. Record the details of the allegation, the person or persons allegedly involved, and the quantity and/or value or nature of the theft or fraud.
    - ii. Request a written statement from the person who has informed the manager, with details as to the nature of the theft or fraud, the time and circumstances in which this occurred, how the individual became aware of the matter and the quantity and/or value or nature of the theft.
  - c. On the basis of advice received, and after consultation, decide whether or not a prima facie case of theft or fraud exists and, if not, to document this decision and record that no further action is to be taken.
  - d. If a case is considered to exist, unless another course of action is more appropriate:
    - i. Inform the person in writing of the allegation that has been received and request a meeting with them at which their representative or representatives are invited to be present.
    - ii. Meet with the person who is the subject of the allegation of theft or fraud and their representatives to explain the complaint against them.
    - iii. Obtain a verbal or preferably a written response (all verbal responses must be recorded as minutes of that meeting, and the accuracy of those minutes should be attested by all persons present).
    - iv. Advise the person in writing of the processes to be involved from this point on.
  - e. Maintaining confidentiality is particularly important as the individual(s) allegedly involved will not normally be alerted to the process of gathering and assessing evidential information. This is also to protect the rights of the individual(s) involved.
  - f. All instances of fraud are to be recorded in the Fraud Register held at Business Services and disclosed to the Finance and Audit Committee.