



SOUTH WAIRARAPA
DISTRICT COUNCIL

Kia Reretahi Tātau

Fraud and Corruption Policy and Procedures

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Fraud and Corruption Policy

1. Relevant Legislation

- [Crimes Act 1961](#) (sections 99, 105 and 105A)
- [Employment Relations Act 2000](#)
- [Human Rights Act 1993](#)
- [Local Authorities \(Members' Interests\) Act 1968](#)
- [Local Government Act 2002](#) (sections 100 and 101)
- Protected Disclosures (Protection of Whistleblowers) Act 2022
- Serious Fraud Act 1990
- [Secret Commissions Act 1910](#)

2. Related Policies and Documents

- [Elected Member Code of Conduct](#)
- [Code of Conduct for Community Board Members](#)
- [Procurement Policy](#)
- [Financial Delegations Policy](#)
- [Protected Disclosures Policy](#)
- [Protected Disclosures Procedures](#)
- Staff Code of Conduct

3. Purpose

The purpose of this policy is:

- To clearly state the South Wairarapa District Council's (SWDC) commitment to integrity, transparency, and accountability, and a zero-tolerance stance toward fraud and corruption.
- To provide clear guidance to employees, senior leaders, elected or appointed members, contractors and other partners who encounter or suspect fraud and corruption within or involving SWDC.
- To clarify what fraud and corruption are, how to recognise them and the behaviours known to be associated with them.
- To raise awareness throughout SWDC about how to report fraud and corruption.
- To outline how any alleged or proven instances, of fraud and corruption will be dealt with when found.
- To embed good-practice expectations around prevention, detection, reporting, investigation, response, and continuous improvement.
- To reinforce the importance of strong organisational culture, leadership tone, and personal accountability for protecting public resources.
- To ensure everyone associated with SWDC understands their responsibilities for maintaining an environment where fraud and corruption are less likely to occur.

This policy is supported by the [Fraud and Corruption Procedures](#) which provide detailed guidance to staff and elected & appointed members who encounter or suspect fraud and corruption. Internal

controls, training, declarations of interest, and reporting mechanisms also provide support to the implementation of the content of this policy.

4. Scope

Fraud and corruption can occur due to the actions of SWDC employees, elected or appointed members, suppliers, consultants, contractors, volunteers, or any other parties with whom SWDC interacts. This includes individuals, groups, companies, partnerships, trusts, or other entities.

This policy applies to all suspected, alleged or proven instances of fraud and corruption that are committed:

- against SWDC by any person (legal or natural); or
- by SWDC's employees, consultants, vendors, contractors, elected or appointed members, and/or any other parties that have a relationship with the council.

Employees include:

- Current and employees,
- Temporary or agency staff,
- People seconded to the council,
- Interns, work-experience participants, or volunteers.

This policy applies to all activities, assets, processes, programmes, and decisions within SWDC's control, including procurement, financial management, grants, service delivery, regulatory functions, and use of Council resources.

This policy applies regardless of whether conduct occurs internally, externally, online, or using remote-access systems.

This policy does not apply to:

- Minor fraud perpetrated by members of the public against the Council that is more appropriately handled through existing operational processes (e.g., providing incorrect information on a licence application).
- Routine performance-management issues that should be resolved by the staff member's Manager with the support of the General Manager and the People & Capability team.
- Conflict-of-interest matters involving Councillors, who are subject to provisions within the Local Authorities (Members' Interests) Act 1968, the Local Government Act 2002, and South Wairarapa District Council's Code of Conduct for Elected Representatives.
- Theft of money or goods by a person not employed by the Council.
- Code of Conduct behaviour issues that do not involve fraud or corruption and are managed under existing behavioural or conduct policies.
- Customer fraud involving low-risk, low-value losses that are managed as part of normal operational processes.

Where uncertainty exists about whether an issue falls within this policy, staff must seek guidance from the Chief Executive, the Chief Financial Officer, or Principal Advisor, People and Culture.

5. Our organisational commitment and objectives

South Wairarapa District Council (SWDC) is committed to maintaining a culture of integrity, openness, and accountability in accordance with good practice guidance issued by the Office of the Auditor-General. We are committed to creating an environment where fraud and corruption are:

- **prevented** wherever possible by:
 - maintaining strong internal controls and clear delegations;
 - promoting ethical conduct and a culture of integrity;
 - training staff and elected/appointed members to recognise risks and red flags;
 - conducting regular fraud risk assessments; and
 - ensuring suppliers, contractors, and partners understand and uphold SWDC's standards.
- **detected early** by
 - encouraging reporting through clear, confidential, and accessible channels;
 - monitoring systems and transactions for anomalies;
 - undertaking internal audits and reviews; and
 - ensuring staff know how to recognise warning signs and report concerns without fear of reprisal.
- **responded to** decisively, lawfully, and effectively by
 - taking immediate action to secure and preserve evidence;
 - ensuring allegations are assessed and investigated by appropriately skilled personnel;
 - remedying harm caused and pursuing recovery of losses where feasible;
 - applying disciplinary, contractual, or legal action as appropriate; and
 - reviewing incidents to strengthen controls and prevent recurrence.

To support this commitment, SWDC makes the following commitments in relation to preventing, detecting and responding to fraud and corruption threats:

- We have a **zero-tolerance approach** to suspected, detected, or identified instances of fraud and corruption.
- We **treat all instances consistently and impartially**. The same principles, standards, and seriousness will be applied regardless of the person involved, position held, or financial value.
- We will **embed integrity in our organisational culture**, ensuring everyone understands their responsibility for preventing, identifying, and reporting fraudulent or corrupt behaviour.
- We **recognise our legal and ethical obligations** to act fairly, lawfully, objectively, and in good faith when conducting investigations into suspected instances of fraud or corruption.
- We will apply a **consistent, evidence-based standard of investigation** to determine whether fraud or corruption has occurred, ensuring findings are based on reliable, objective, and appropriately supported.
- We are committed to **continuous improvement**, regularly reviewing our fraud control systems, controls environment, training, and reporting mechanisms to ensure effectiveness and alignment with OAG expectations.

- We will promote **transparency and accountability**, sharing lessons learned and, where appropriate, reporting outcomes to senior leaders, elected members, auditors, and regulatory bodies.

Zero Tolerance

A zero-tolerance approach to fraud and corruption means that all suspected acts must be reported immediately, and every report will be thoroughly investigated with appropriate action taken. SWDC will make every reasonable effort to collect reliable and sufficient evidence to support disciplinary action or prosecution. All confirmed acts of fraud or corruption will be treated as serious misconduct and referred to the New Zealand Police or another appropriate enforcement agency for consideration. Wherever possible and practicable, SWDC will actively pursue recovery of any losses or costs incurred, including— but not limited to— money, physical assets, intellectual property, third-party expenses, and investigation costs. In applying this policy and its procedures, SWDC staff are guided at all times by the organisation’s adopted values and behaviours.

6. Defining and recognising fraud and corruption

Fraud is an intentional act involving deception by one or more individuals to obtain an unjust, unlawful, or illegal advantage. It involves the use of dishonest means to gain benefit, avoid an obligation, or cause loss to SWDC. This definition aligns with the OAG, which states that fraud includes bribery and corruption and encompasses a broad range of dishonest or deceptive conduct.

Examples of fraud include, but are not limited to:

- Knowingly providing false, incomplete, or misleading information to SWDC to gain an unjust or unlawful advantage.
- Unauthorised possession, use, or misappropriation of SWDC funds, assets, or resources.
- Deliberate mishandling, concealment, or misreporting of financial transactions.
- Unauthorised access to and misuse of SWDC systems, data, or information for personal gain or to cause harm.
- Destruction, removal, or inappropriate use of records or physical assets for personal benefit.
- Deliberate misuse of SWDC property, including vehicles, equipment, or IT resources.
- Forgery or fraudulent alteration of documents or records.

Corruption is the abuse of entrusted power, position, or authority for private or personal gain. It is a form of fraud characterised by dishonest influence, coercion, bribery, manipulation, or misuse of official position. The OAG identifies corruption as the abuse of power for private gain and notes that bribery is included within the definition. [oag.parliament.nz]

Examples of corruption include:

- Providing, assisting, or validating false or misleading information to improperly influence or circumvent procurement or decision-making processes.
- Improperly disclosing confidential, private, or commercially sensitive information without authority.
- Soliciting, accepting, offering, or seeking gifts, benefits, favours, or anything of material value that could improperly influence, or be perceived to influence, an official duty.
- Attempting to influence, or being influenced by, a member of the public, contractor, or partner to act in a way that is dishonest, biased, breaches public trust, or contravenes SWDC Codes of Conduct or statutory obligations.

Distinguishing Fraud and Corruption from Other Behaviour

Fraud and corruption involve deliberate dishonesty, deception, or the abuse of position for unfair, unjustified, unlawful, or illegal gain. They are distinct from:

- unintentional errors,
- poor performance, or
- breaches of policy or conduct requirements that do not involve dishonesty.

Such issues may still require management action or disciplinary processes, but they do not meet the threshold for fraud or corruption unless intentional deception or misuse of entrusted power is involved.

7. Recognising Fraud and Corruption

Fraud and corruption often arise when certain behavioural and organisational conditions are present. OAG-linked guidance highlights the widely recognised “fraud triangle”, which identifies three pre-conditions that increase the likelihood of fraudulent or corrupt behaviour occurring: pressure, opportunity, and rationalisation.

Understanding the behaviours, circumstances, and organisational factors that enable fraud and corruption helps SWDC minimise risk and detect issues early. Three key pre-conditions are commonly associated with fraud and corruption:

Incentives or Pressures

People may experience personal, financial, work-related, or external pressures that motivate them to commit fraud or corruption. Examples include financial hardship, debt, addiction, unrealistic performance expectations, or external coercion. These pressures create a perceived need that may drive dishonest behaviour.

Opportunities

Fraud and corruption are more likely where there are gaps or weaknesses in systems, processes, or oversight, or where individuals can override or manipulate controls. Poor segregation of duties, inadequate monitoring, weak procurement controls, and ineffective oversight all create opportunities. Strong, up-to-date internal controls and a healthy organisational culture significantly reduce these opportunities.

Attitudes or Rationalisation

Individuals may justify or rationalise fraudulent behaviour to themselves. Common rationalisations include believing that “everyone does it,” feeling mistreated, thinking the organisation won’t notice, or viewing misuse of resources as harmless. Rationalisation allows people to commit wrongdoing while minimising their own sense of culpability.

These three factors do not excuse fraud or corruption, but recognising these warning signs enables SWDC to strengthen controls, support staff appropriately, and reduce the likelihood of fraud or corruption occurring.

Fraud and Corruption Procedures

Purpose

These procedures guide SWDC staff and elected/appointed members to report, manage, and investigate suspected fraud or corruption, and clarify roles, responsibilities, and protections. They support OAG-aligned good practice on detection, prevention, response, and organisational integrity.

1. Reporting suspected fraud or corruption

Suspected fraudulent or corrupt activity must be reported **immediately**. All information reported is to be treated confidentially.

Fraud by staff members

Suspected incidents **by staff** are to be reported to:

- their Manager,
- Principal Advisor, People & Culture
- Chief Financial Advisor,
- General Manager Corporate Services, or
- Chief Executive.

Fraud by elected or appointed members

Suspected incidents **by elected or appointed members** are to be reported to the Chief Executive.

Fraud by the Chief Executive

If it is suspected **the Chief Executive** is involved, the information is to be reported simultaneously to the Mayor and Chair of the Risk and Assurance Committee (RAC).

Ongoing incidents

If there is an **immediate threat** to safety, significant loss risk, or suspected criminal activity in progress, contact NZ Police and then notify one of the channels above.

Appointed Auditor

Where matters are material, systemic, or of high public interest, SWDC will inform the Appointed Auditor so they can notify the Office of the Auditor General (OAG) as appropriate.

Reports should include the following information to support investigation:

- Nature of the suspected conduct, dates/times, and who may be involved.
- How the matter came to light and any immediate risk (e.g., asset, safety, data).
- Any documents, records, or verifiable facts.

Anyone who suspects fraud or corruption must not attempt to personally undertake investigations unless they are assigned to do so.

2. Protected and anonymous disclosure

Disclosures are made under the Protected Disclosures (Protection of Whistleblowers) Act 2022 (The Act).

Any current or former worker (including volunteers and secondees) can make a protected disclosure of serious wrongdoing, which includes unlawful, corrupt, or irregular use of public funds/resources, gross misconduct/mismanagement in public sector, and serious risks to health and safety.

How to disclose:

You may disclose internally through the people mentioned in part one of these procedures; or

You may disclose directly to an appropriate authority at any time (e.g., Police, Serious Fraud Office (SFO), Public Services Commission (PSC), or the Ombudsman), as permitted by the Act.

Confidentiality & protections

SWDC will protect your identity to the fullest extent permitted by law and handle information under Sections 17–19 of The Act.

No retaliation

Sections 20 to 22 of The Act state that it is unlawful to retaliate or treat a discloser less favourably because of their disclosure.

Immunity

Disclosers have immunity from civil, criminal, and disciplinary proceedings under Section 23 of The Act.

Receiver duties & timeframes

SWDC will acknowledge, assess, decide actions or referrals, and keep the discloser informed, consistent with the Act and Ombudsman guidance.

Anonymous reports

These are accepted through Te Kete or an above listed external authority where appropriate, e.g. police). SWDC will still assess and act on the information provided.

3. Triage, risk management and case management

Immediate actions (within 2 business days)

The initial receiver will:

- Acknowledge receipt (unless anonymous).
- Record the matter in the secure Fraud & Corruption Incident Register (restricted access: CE, GM Corporate Services, CFO).
- Assess immediate risks and implement urgent containment steps (e.g., suspend access, place payment hold), minimising operational disruption. (Monitoring integrity guidance emphasises timely action, transparency, and data-informed decision-making.)

Preliminary assessment (within 5 business days)

CE (or Mayor/Chair RAC if CE is implicated) decides whether to:

- Close with rationale and control improvements;
- Proceed to a fact-find; or
- Open a formal investigation.

Notification & oversight

The CE will inform those with a legitimate need-to-know (e.g., impacted GM/Manager; Chair RAC), maintaining confidentiality. Significant cases are reported (in-committee) to RAC and included (de-identified) in quarterly integrity reporting.

4. Investigation governance and process

Independence & capability

A Lead Investigator is appointed with appropriate independence, objectivity, and skills. Conflicts of interest must be disclosed and managed. External specialists or legal counsel may be engaged.

Terms of Reference (ToR)

The ToR for each investigation will define scope, standards, timeframe, legal/privacy considerations, reporting line, and criteria for referral to enforcement agencies.

Evidence handling

- A chain-of-custody will be used for physical/digital evidence;
- Secure data preservation (system logs, email, CCTV) in line with Public Records Act and Privacy Act obligations;
- Access will be limited to those that “need-to-know”.

Process steps

- Discrete inquiries to establish substance and scope of alleged occurrence.
- If the threshold is met, formal investigation commences; CE (or Mayor/Chair RAC) is updated.
- Natural justice: people subject to allegations are advised of particulars and given a fair opportunity to respond (with support person/legal representation).

- Findings based on reliable, corroborated evidence; report provided to CE and RAC Chair (in-committee).

External referral

Where there is suspected criminal offending, refer to NZ Police or the Serious Fraud Office; SWDC may also notify the Appointed Auditor depending on materiality and public interest.

Communication

All media or public statements are handled by the CE (or delegate) with Legal/Communications support to protect the integrity of the process and any ongoing enforcement actions.

5. Outcomes, remediation, and continuous improvement

Disciplinary and contractual action

Confirmed conduct may result in disciplinary action (including dismissal), contract termination, debarment, and/or recovery of losses.

Loss recovery & insurance

SWDC will pursue recovery (money, assets, IP, third-party costs, investigation costs) and lodge insurance claims where applicable.

Control improvements

Each case results in a lessons-learned review to strengthen controls (e.g., segregation, delegations, procurement steps, gifts/benefits, cards, travel & hospitality).

Integrity monitoring and reporting

SWDC will maintain an integrity dashboard (trends, root causes, training completion, control fixes) and report regularly to RAC.

6. Roles and responsibilities

Chief Executive (or Mayor/Chair RAC if CE implicated)

Overall accountability for prevention, detection and response; timely, fair investigations; appointing Lead Investigator; determining referrals to Police/SFO; ensuring integrity reporting to RAC; and engaging the Appointed Auditor where appropriate.

Risk & Assurance Committee (RAC)

Maintain the Incident Register; advise on risk/controls; support triage and investigations (independent of management where needed); report patterns/trends to RAC.

Group Manager Corporate Services

Ensure fair process and employment-law compliance; support disclosers; coordinate protected disclosure handling and anti-retaliation measures.

Chief Financial Officer:

Ensure financial controls, delegations, reconciliations and sensitive-expenditure policies are effective and reviewed; action immediate financial containment (e.g., freeze cards, stop payments).

Ensure regular monitoring of controls, transactions, and reconciliations are conducted.

Review and update the Fraud & Corruption Policy and Procedures at least every two years.

Policy & Governance Advisor:

Keep policy and procedures current and communicated; ensure training aligns to OAG integrity framework; coordinate induction materials and periodic refreshers.

Managers:

Promote awareness; identify fraud risks; maintain and enforce controls; support reporters; and promptly action containment steps when directed.

All employees, contractors, volunteers, and elected/appointed members:

Act honestly; comply with policies and controls; report concerns immediately; cooperate with investigations; and declare/manage conflicts of interest