

FRAUD

Section	Problem Resolution		
Approval Date	25.08.08	Approved by	Directorate
Next Review	August 2010	Responsibility	Chief Executive
Key Evaluation Question	6	ITPNZ Quality Standard	6

PURPOSE

To ensure that all instances of fraud are dealt with appropriately and in an equitable and consistent manner.

This policy seeks to facilitate the prevention and detection of fraud as well as outline the appropriate steps to be taken if fraud is detected, demonstrating that fraud is not tolerated at NMIT.

PRINCIPLES

- Any suspected fraud perpetrated against NMIT, once detected must be reported (see 'Scope' below for definition of fraud).
- All incidents of suspected fraud must be investigated.
- All misconduct relating to fraudulent activity must be managed in accordance with NMIT's policies and procedures. Referral to the Police for prosecution and/or dismissal may result.
- All proven cases of fraud, financial and other, shall be recorded in the NMIT Risk Register.
- The Risk Register is a requirement of a statement from the Auditor General "AG-206: Auditor-General's Statement of the Auditor's Responsibility to Consider fraud in an Audit of a Financial Report" which stipulates that the database must include the nature of the fraud, the name and position of the person involved and the estimated dollar value of the fraud (where finance related).
- NMIT will seek recovery of all losses arising from fraud.
- Managers shall include fraud, risk assessment and mitigation in their risk management processes.

SCOPE

Fraud is defined as any form of deliberate deception made for personal gain, including theft, unlawful use, falsification and false representation in respect of any resources, funds or information owned or managed by NMIT.

The policy applies to the following people at or involved with NMIT:

- Current or former employees
- Volunteers
- Council members
- Individuals seconded to NMIT
- Individuals and organisations acting as agents for, engaged with or contracted to NMIT
- Current or former students

If members of the public are involved in defrauding NMIT, the principles of this policy apply to them.

RESPONSIBILITY

- All Managers are to include fraud, risk assessment and mitigation in their risk assessment and management processes.
- Managers shall implement all approved recommendations made as the result of an investigation into fraud.
- The Chief Executive Officer, in writing, may delegate obligations under this Policy to one of his/her direct reports.

PROCEDURES

REPORTING OF FRAUD

Any person suspecting fraud must report it immediately to one of the following:

- Chief Executive Officer
- A person who reports direct to the Chief Executive Officer

The person above receiving the report on suspected fraud (if not the Chief Executive Officer) must then ensure the Chief Executive Officer is promptly informed.

Where a person who reports suspected fraud invokes the protections provided by the Protected Disclosures Act 2000, they must be afforded the degree of confidentiality required by section 9 of that Act (Refer *Protected Disclosures*).

REFERRAL

- The Chief Executive Officer shall refer all suspected fraud for investigation if it is considered to be of a serious nature.
- If an investigation is to take place, the Chief Executive Officer will determine if the investigation will be undertaken by an employee or by a relevant external party.
- Any other person may be informed of the suspected fraud at the discretion of the Chief Executive Officer such as the Chair of the Audit & Risk Management Committee, the Chair of Council, the Director of Finance & Corporate Services, and other members of Directorate.
- Depending on the circumstances of the case and in accordance with NMIT policies and procedures, strict confidentiality will be required while researching the circumstances of the suspected fraud.
- All requests for information on any suspected fraud must be referred to the Chief Executive Officer.

INVESTIGATION

- If it is suspected that an employee of NMIT is involved in fraud, the investigation must comply with NMIT's *Staff Misconduct Procedure*.
- If it is suspected that an NMIT student is involved in fraud, the investigation must comply with NMIT's *Student Misconduct Procedure*.
- If an investigation is to take place, the party instructed to carry out the investigation will agree the terms of reference with the Chief Executive Officer prior to starting the investigation.

REMEDIAL ACTION

- On receiving the results of an investigation carried out under 3. above, or after determining that a suspected fraud is not of a serious nature and therefore does not require investigation under 2. above, the Chief Executive Officer must determine the appropriate remedial action, if any, to be taken.
- If an investigation has concluded that fraud has taken place, the Chief Executive Officer must consult in determining the remedial action to be taken with any person at the Chief Executive Officer's discretion but as a minimum must consult with the Chair of the Audit & Risk Management Committee and Chair of Council or the Director of Finance & Corporate Services. (If the Chief Executive Officer has delegated his responsibilities under this policy to the Director of Finance & Corporate Services then the delegated person must consult the other person regarding the remedial action).
- Where an investigation identifies misconduct in relation to fraudulent activity of a current employee, the offender will be managed in accordance with NMIT's *Staff Misconduct Procedure*. Action may include dismissal and referral to the Police for prosecution.
- Where an investigation identifies misconduct in relation to fraudulent activity of a current student, the offender will be managed in accordance with NMIT's *Student Misconduct Procedure*. Action may include suspension, or exclusion and may also include referral to the Police for prosecution.
- The Council Chair, the Chair of the Audit and Risk Management Committee, the Director of Finance & Corporate Services, other members of Directorate or any other relevant party may be informed at the discretion of the Chief Executive Officer, prior to any matter being referred to the Police.
- Recovery of all losses will be sought if financially viable.
- All proven incidents of fraud and the remedial action taken must be recorded on the Risk register, which must describe the nature of the fraud, include the name and position if the person involved, and for financial fraud the estimated dollar value of the fraud.
- The Audit and Risk Management Committee and the external auditors will be informed via written report in the Audit and Risk Management Committee's agenda of all proven instances of fraud and the remedial action taken in each case as recorded on the Risk register.
- The Audit and Risk Management Committee will recommend to Council if the matter is to be referred to the NZ Government's Serious Fraud Office.

RECORDING AND SECURITY OF INFORMATION

- All documents relating to fraud reporting and investigation must be kept in a secure place.
- Depending on the outcome of the investigation a decision should be made whether to place information on the employee's HR personal file in a secured envelope.
- Investigators should be aware of potential requests under the Official Information Act.

REFERENCES

INTERNAL

Staff Misconduct Procedure
Student Misconduct Procedure
Protected Disclosures

EXTERNAL

Protected Disclosures Act 2000
Official Information Act 1982