

FRAUD POLICY

Taratahi Agricultural Training Centre QMS Component

Category:	STAFF AND STUDENTS	Policy Number:	QMS 28
Title:	Fraud Policy	Date Approved:	Oct 2007
Prepared by:	Operations Manager	Date of Last Revision:	21 May 2010
Authorised by:	Taratahi Board	Next Review Date:	June 2012

1. PURPOSE

All public sector organisations must establish internal procedures to minimise the risk of fraudulent behaviour. This Policy sets out the procedure for Taratahi to prevent and detect fraud. The Board has agreed that through its Chief Executive Officer, the Centre has a responsibility to prevent and detect theft and fraudulent actions by persons who are employed or contracted by the Centre or who are service recipients of the Centre. The Board accepts that any investigation into any theft or fraudulent actions will be conducted in a manner that conforms to the principles of natural justice and is procedurally just and fair.

2. ORGANISATIONAL SCOPE

This policy shall be applied to all cases of suspected fraud.

3. DEFINITIONS

Actions constituting fraud include but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the Centre
- Forgery to alteration of a cheque, bank draft or any other financial document
- Misappropriation of funds, investments, supplies or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Obtaining material advantage as a result of inside or confidential information about the Centre's activities
- Disclosing confidential and proprietary information to outside parties
- Destruction, removal or inappropriate use of records.

4. RESPONSIBILITIES

The Chief Executive Officer has the primary responsibility for the investigation of all suspected fraudulent acts. This applies to any suspected fraud involving employees, consultants, vendors, contractors and/or any other party with a business relationship with Taratahi. The Chief Executive Officer will work with one senior manager to investigate the matter. If fraudulent behaviour is substantiated, the Chief Executive Officer will refer to the Chair or his/her delegate. Decisions to prosecute or refer the investigation results to the appropriate enforcement and/or regulatory agencies will be made by the Chief Executive Officer/Board.

5. THE PROCEDURE

The following procedures cover fraud:

- 5.1 Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct.

- 5.2 An employee who discovers or suspects fraudulent activity must raise this with the Chief Executive Officer immediately. The employee (or any other complainant) may remain anonymous.
- The employee or complainant must be advised:
- not to contact the suspected individual in an effort to determine facts or demand restitution
 - not to discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by the Chief Executive Officer.
- 5.3 In the event of an allegation of theft or fraud the Chief Executive Officer shall act in accordance with the following procedures:
- Decide to either immediately report the matter to the New Zealand Police or proceed as outlined in this paragraph.
 - So far as it is possible and within 24 hours the Chief Executive Officer will:
 - record the details of the allegation, the person or persons allegedly involved, and the quantity and/or value of the theft or fraud.
 - request a *written statement* from the person who has informed the Chief Executive Officer, with details as to the nature of the theft or fraud, the time and circumstances in which this occurred, and the quantity and/or value of the theft.
 - decide on the initial actions to be taken including consulting with the person who provided the information and, if appropriate, confidentially consulting with other senior members of staff about the person who is the subject of the allegation.
 - inform the Board Chairperson of the information received and consult with them as appropriate.
 - On the basis of advice received and after consultation with the Board Chairperson or their delegate, the Chief Executive Officer shall 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.
 - If a *prima facie* case does exist the Chief Executive Officer shall then carry out the following relevant procedures.
 - Investigate the matter further;
 - Invoke any disciplinary procedures contained in the contract of employment should the person be a staff member;
 - Lay a complaint with the New Zealand Police;
 - If necessary, commission an independent expert investigation;
 - In the case of fraud, require a search for written evidence of the possible fraudulent action to determine the likelihood or not of such evidence;
 - Seek legal advice; or
 - Inform the Manager, National Operations, Ministry of Education local office and/or Taratahi's auditors.
- 5.4 If the Chief Executive Officer is suspected of fraudulent activity, an employee must report this immediately to the Chair who will follow the procedures above.
- 5.5 The Chief Executive Officer has responsibility to ensure that assessment of areas that are susceptible to fraud through internal control procedures are adequate and are being constantly applied. These areas include but are not limited to the operation of bank accounts and payments to employees and suppliers

The Chief Executive has responsibility to ensure that regular high level checks are undertaken to ensure that;

- All bank account transactions require two authorized signatories and that the signatories are checking payments
- All employees and salary payments are bona fide
- Suppliers are bona fide when authorizing the payment of invoices
- Material variances are followed up between budgeted and actual income and expenditure

5.6 The recovery of money or property lost as a result of fraud will be pursued wherever possible and practicable.