

# Fraud and corruption

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# Policy statement and principles

## What

New Zealand Police is committed to preventing, detecting and responding to risks of fraud and corruption in the workplace. In order to do so, Police employees must be able to recognise fraud and corruption, as well as the behaviours and circumstances known to be associated with it.

## Why

Any cases of fraud or corruption within Police would harm our organisation’s reputation for integrity, as well as the public’s trust and confidence in both Police and its people.

## How

New Zealand Police has zero tolerance for fraud and corruption. Police does not and will not accept fraud or corruption at any level, or in any form, occurring in our organisation.

This chapter provides high-level guidance on Police’s approach to, and responsibilities for, the prevention, detection and response to any fraud and corruption within Police.

All employees must report suspected fraud or corrupt activity.

Any case of suspected fraud or corruption will be vigorously investigated, and is liable to result in any confirmed offending being put before the Courts (where the maximum penalties on conviction range from substantial fines through to 14 years’ imprisonment).

Any employee proven to have committed fraud or engaged in corruption will also be in breach of Police’s [Code of Conduct](#) - likely resulting in disciplinary action, with dismissal being one of the available sanctions.

Through visible leadership and an effective, business-driven, risk management approach, Police will meet three key objectives in order to reduce the likelihood and impact of fraud and corruption:



# Overview

## Scope

This chapter is about the risk and reality of fraud and corruption committed against Police, or by Police employees against a third party. It does not supersede any other policy regarding the operational investigation of fraud or corruption \*outside\* of Police.

It applies to all current and former Police employees, including permanent, temporary and casual employees (including those working on overseas deployment, or secondment). It also applies to Police contractors and volunteers who are working within our organisation.

## Related Police Instructions

This policy should be read in conjunction with:

<b>Document</b>	<b>Relationship with this policy</b>
<a href="#">Code of Conduct</a>	The overarching policy describing the required behavioural standards for all Police employees.
<a href="#">Disciplinary Policy</a>	Sets out the principles and processes that apply to all employment investigations and disciplinary matters.
<a href="#">Managing conflicts of interest</a>	Provides guidance on managing any conflicts of interest.
<a href="#">Unacceptable behaviour - Kia Tu policy and guidelines</a>	Provides specific requirements for action when observing inappropriate behaviour.
<a href="#">Memorandum of Understanding between Serious Fraud Office and Police</a>	Outlines processes to ensure a consistent approach to corruption reporting, investigation and enforcement in New Zealand. Also assists New Zealand in complying with international obligations and conventions for combating bribery and corruption.
<a href="#">Police investigations of complaints and notifiable incidents</a>	Sets the standards for investigations and outlines minimum requirements for investigations into complaints and notifiable incidents.
<a href="#">Protected disclosures</a>	Provides specific requirements and procedures for confidential reporting of serious wrongdoing.
<a href="#">Managing security risks in policing</a>	Outlines the responsibilities of Police to adequately safeguard its functions, resources and information in order to protect the national and public interest and to preserve personal privacy.
<a href="#">Gifts, discounts and hospitality</a>	Provides guidance on the receipt of such offers.
<a href="#">Procurement ethics</a>	Sets out the manner of conduct required by employees involved in procurement activities to ensure conflicts of interest, bias and corruption does not occur.
<a href="#">Sensitive expenditure</a>	Identifies expenses regarded as sensitive, and the internal behaviours required by supervisors and staff to manage these expenses.

## Definitions

This table provides definitions of terms relevant to this chapter.

<p><b>Corruption</b></p>	<p>The abuse of entrusted power or the lack of integrity or honesty (typically involving bribery) for private gain. Some examples of corruption include:</p> <ul style="list-style-type: none"> <li>- Soliciting or receiving gifts or other gratuities to perform part of an official function, or omit to perform an official duty (refer also to ‘<a href="#">Gifts, discounts and hospitality</a>’ and the ‘Ethics section in ‘<a href="#">Part 1</a>’ of the ‘Police procurement’ chapter in the Police Manual).</li> <li>- Selling confidential or other departmental information.</li> <li>- Deciding not to take some action, such as to investigate or highlight some corrupt activity by a person, when that inaction improperly benefits them, you, or some other person (such as wilfully ignoring a minor infringement because the person promises you a discount on purchases).</li> <li>- Intentionally circumventing Police policy or procedure in order to obtain an advantage for themselves or another person; e.g. manipulating an appointment process to appoint a person preferred by the panel chair rather than the applicant with the most merit.</li> <li>- So-called ‘Noble Cause Corruption’ - Includes the intentional avoidance of correct procedure to achieve the best result, such as planting or fabricating evidence, lying on reports or in court, and generally abusing police authority to achieve a conviction including conspiring with other officers during a complaint investigation to not tell the truth of what happened.</li> </ul> <p>A <a href="#">Memorandum of Understanding</a> exists with the Serious Fraud Office regarding the reporting of corruption incidents.</p>
<p><b>Fraud</b></p>	<p>Is an intentional and dishonest act involving deception or a misrepresentation, to obtain or potentially obtain an advantage for themselves or any other person. Some examples of fraud include:</p> <ul style="list-style-type: none"> <li>- falsifying timesheets</li> <li>- supplying false credentials</li> <li>- false invoicing</li> <li>- using Police funds to pay for personal expenses (such as flights unrelated to business, claiming for expenses not incurred during Police business)</li> <li>- making false entries in business records</li> <li>- inappropriate use of sensitive operations expenditure</li> <li>- falsely altering any application or document.</li> </ul>

# Recognising fraud and corruption risks

Thankfully, most people would not intentionally commit fraud or engage in a corrupt act even if they thought they could get away with it. But this isn't true of everyone. Aside from good recruitment and management oversight practices, there are three particular conditions that are generally present when fraud occurs, known as the 'fraud triangle':

## Incentive/pressure

Management, other staff, or external parties have an incentive or are under pressure, which provides a motive to commit fraud/wrongdoing (e.g. personal financial trouble).

## Opportunity

Circumstances exist that allow employees to get around or override fraud controls, such as ineffective or absent controls, or the ability of managers to circumvent controls (e.g. by being able to approve/authorise their own expenditure).

## Attitude/rationalisation

Employees are able to rationalise committing fraud (e.g. "everybody else is doing it" or "they made it so easy for me").

## Principles

Employees and representatives of Police must have, and be seen to have, the highest standards of integrity in discharging their obligations. All employees must have, and require others to have and display, high standards of integrity as set out in [Our Code](#).

A high integrity culture takes its tone from the top. The Commissioner and the Police Executive expect all staff to work together to create and sustain a culture of integrity, with zero tolerance towards those who would choose to be dishonest in our workplace.

While different people will have different responsibilities to give effect to this policy, according to their roles within the organisation, the following high-level principles apply:

- Visible leadership requires managers to actively demonstrate the values, behaviours and standards we expect our people to meet - to have integrity and professionalism; and if we see something, do something.
- Managers must place the greatest effort on reducing the risk of fraud and corruption in the first place, so that any opportunity for fraud or corruption is quickly identified, assessed and effectively managed.
- Managers must actively promote a culture of openness and honesty in the workplace so our people feel able to approach them over integrity issues, and are confident they will be supported if they speak up in good faith. Staff should be actively encouraged to speak up if they have any concerns relating to misconduct, and managers should be alert to any barriers that prevent people in their teams raising integrity issues or challenging potentially fraudulent or corrupt behaviour. Wider team discussions on ethics and integrity matters should be encouraged and facilitated on a regular basis.
- All staff are expected to be proactive in raising issues they identify as a concern, and are themselves expected to behave ethically and always within the law. This means that legal power and authority is exercised responsibly, and Police resources and public money are used only for the purposes intended.

Police is committed to giving effect to these principles by:

- adopting relevant policies, processes and guidelines, and a range of internal controls
- maintaining appropriate reporting and investigation processes and procedures
- investigating all suspected or alleged instances of internal fraud or corruption
- conducting periodic reviews of anti-fraud and corruption measures
- ensuring there is adequate separation of duties (e.g., keeping the ability to make payments from Police bank accounts separate from the person requesting payment);
- ensuring proper authorisation procedures are in place
- ensuring independent monitoring and checking of data and documentation.

## Prevention and detection

Police operates a 'three lines of defence' [assurance model](#), placing varying responsibilities on doers, checkers and auditors. In line with Police's wider organisational risk approach, controls are applied across Police's activities:



<b>Intervention type</b>	<b>The purpose of the activity is to:</b>
<b>Preventative</b>	Stop it happening
<b>Detective</b>	Alert us to something wrong which you think is happening
<b>Corrective</b>	Undertake corrective action
<b>Directive</b>	Trigger someone to do something

Police also guards against fraud and corruption using a number of internal controls set out in the [Financial delegations](#) policy. Police’s Assurance Group conducts periodic audits of sensitive expenditure, and regular audits of sensitive operational expenditure.

## Duty to report

### General duty to report

All employees must immediately report suspected fraud or corruption.

An employee who reports a suspicion of fraud in good faith will be supported, and will under no circumstances be threatened, intimidated or dismissed for acting in accordance with this chapter. Refer to the '[Protected disclosures](#)' and '[Unacceptable behaviour - Kia Tu policy and guidelines](#)' chapters in the Police Manual.

### Reporting procedures

Any suspected fraud or corruption should be reported immediately to a supervisor. If it is not appropriate to report to their own supervisor, the employee may report the incident to another supervisor or senior employee, or any of the following:

- a District Police Professional Conduct Manager, Area or District Commander, Director, or Assistant Commissioner or Executive Director
- the Director Integrity and Conduct at PNHQ
- the Commissioner, or another member of the Police Executive.

An employee may also report the matter anonymously via 0800 2 Kia Tu (0800 254 288) or report via this [online form](#).

Any report regarding suspected fraud or corruption should include:

- the nature of the action that is under suspicion;
- the name or names of the employee(s) involved;
- any relevant facts including time, date and place of the actions.

**Note:** In some situations a protected disclosure can be made. See the Police Manual chapter '[Protected disclosures](#)' for more detailed instructions and information. Police Professional Conduct or Employee Relations can provide further advice and assistance.

For additional details refer to the '[Police investigations of complaints and notifiable incidents](#)' chapter in the Police Manual.

### Receiving a report of suspected fraud or corruption

Any employee who is notified of suspected fraud or corruption must elevate the matter, as appropriate, to ensure that the Director Integrity and Conduct is informed of the allegation.

### Duties of those receiving a report of suspected fraud or corruption

Line managers, other supervisors and/or senior employees receiving reports about suspected internal fraud or corruption are responsible for raising the report to the appropriate person for consideration. Assignment of investigation actions and communications will be agreed with the Director Integrity and Conduct. Line

managers may be given responsibility for investigating and actioning decisions, including disciplinary action as relevant.

## Managers' duties

Managers, regardless of position and rank, must deal with any fraud or corruption allegations in accordance with this chapter. They must reinforce integrity expectations within their teams, ensuring that employees are aware of current policies, control and assurance systems, and their particular roles and responsibilities.

## Senior managers' duties

Senior managers:

- must ensure that the organisational policies and guidelines that control the risk of internal fraud and corruption are known and understood by employees in their group
- are responsible for ensuring that Police Integrity and Conduct has been advised of the need to commence an internal fraud or corruption investigation, and that PNHQ's Director: Assurance is informed about the impending investigation, its conclusions and resultant actions
- are responsible for ensuring any investigation into alleged/suspected internal fraud or corruption within their group is robust, credible and complies with any related processes and guidelines. They may delegate their responsibility to any manager or person as appropriate
- are accountable for implementing the decision(s) of fraud or corruption investigations and undertaking improvements to remedy weaknesses in internal controls and processes or otherwise mitigating unacceptable risks exposed during the investigation.

## Oversight of complaints by Police Integrity and Conduct

The Director Integrity and Conduct has oversight of complaints made against employees, and investigations into criminal conduct by employees.

Police Integrity and Conduct is responsible for notifying the Commissioner at the earliest opportunity of any internal fraud or corruption investigation brought to its attention.

Depending on the nature of the allegation, a matter may be investigated by Police, the Serious Fraud Office (refer Memorandum of Understanding with the Serious Fraud Office [Schedule 6](#)), and/or the Independent Police Conduct Authority. Police Integrity and Conduct is responsible for notifying other agencies where appropriate.

# Investigation and follow-up action

## Investigations

Any investigation of internal fraud or corruption must be discussed with Police Integrity and Conduct, and separate criminal and employment investigations may be conducted as required.

## Disciplinary processes

Police will follow the relevant disciplinary procedures per the [‘Disciplinary Policy’](#) chapter in the Police Manual.

## Actions following a conclusion that fraud or corruption has occurred

Where a suspected internal fraud or corruption is proven, the Director Integrity and Conduct must:

- ensure the Director: Assurance and the relevant Executive member have been advised of the full details of the fraud or corruption that has taken place
- ensure controls are put into place to mitigate further losses and prevent reoccurrence of similar misconduct
- advise Police’s insurers as appropriate (depending on the nature of the incident).

The Director: Assurance must:

- advise Police’s external auditor
- review the circumstances of the incident, the measures taken to prevent a recurrence, and any action needed to strengthen Police’s future responses to fraud or corruption.

## Recovery of loss

The amount of any loss will be quantified as far as possible, and repayment or reparation will normally be sought.

## Dealing with the media

Any person contacted by the media with respect to any fraud or corruption investigation must refer the media to PNHQ’s Media and Communications or the Director Integrity and Conduct.

## Legislative compliance

The relevant legislation directing this chapter is:

- [Crimes Act 1961](#)
- [Protected Disclosures Act 2000](#)
- [Policing Act 2008](#)
- [Employment Relations Act 2000](#)
- [Human Rights Act 1993](#)
- [Privacy Act 2020](#)

- [Official Information Act 1982](#)
- [Public Finance Act 1989](#)
- [IPCA Act 1988](#) and the [Memorandum of Understanding with IPCA](#).

## Useful resources

- [Online anti-corruption training module developed by the SFO and TINZ](#)
- Further information on protected disclosures/whistle-blowing
- Public Service Commission model standards on [Speaking up in the State Services](#)
- Association of Certified Fraud Examiners website
- [OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transaction](#)
- [United Nations Convention Against Corruption](#).

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