



Fraud Control Policy

Policy Number
WCDHB-PF-0007

Version Nos:
6

1. Policy Statement

The West Coast District Health Board (WCDHB) will ensure that it has effective processes for the prevention, detection and management of fraud and for fair dealing in matters pertaining to fraud, including allegations of fraud.

2. Purpose

- 1) To ensure that management is aware of its responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
- 2) To provide guidance to employees as to action which should be taken where they suspect any fraudulent activity.
- 3) To provide a clear statement to staff forbidding any illegal activity, including fraud for the benefit of the WCDHB
- 4) To provide clear guidance as to responsibilities for conducting investigations into fraudulent activities.
- 5) To provide assurances that any and all suspected fraudulent activity will be fully investigated.
- 6) To provide adequate protection and guidance as to appropriate action to employees in circumstances where they are / could be victimised as a consequence of reporting, investigating or being a witness to, fraudulent activities.
- 7) To provide a suitable environment for employees to report matters that they suspect may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct.
- 8) To encourage the prosecution of individuals involved in corrupt conduct, criminal conduct, criminal involvement or other illegal activities.

3. Application

This Policy applies to all WCDHB Board Members and Staff Members.

4. Responsibilities

For the purpose of this Policy, the

The ***West Coast District Health Board*** shall:

- ensure that WCDHB has a clear and effective system for the prevention, detection and management of fraud.

The ***Chief Executive Officer*** (CEO) shall:

- accept ultimate responsibility for the prevention and detection of fraud and will be responsible for ensuring that appropriate and effective internal control systems are in place.

All ***WCDHB Executive and Operational Managers*** shall:

- take responsibility for the prevention and detection of fraud and for the carriage of this Policy.



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5. Definitions

For the purpose of this Policy:

Fraud means an intentional dishonest act or omission done with the purpose of deceiving. It includes any deliberate omissions or material misstatements arising from or relating to the misappropriation of assets or any deliberate omissions or misstatements arising from or relating to fraudulent financial reporting.

6. Policy Principles

- 1.00 All Executive Managers must take responsibility for the prevention and detection of fraud and for the carriage of this Policy. Similarly, Operational Managers and all staff must share in that responsibility.
- 1.01 It is the responsibility of all Executive Managers to ensure that there are mechanisms in place within their area of control to:
 - i) assess the risk of fraud;
 - ii) promote employee awareness of ethical principles subscribed to by the WCDHB;
 - iii) educate employees about fraud prevention and detection;
 - iv) facilitate the reporting, investigation, documentation and
 - v) eventual prosecution of suspected fraudulent activities.
- 1.02 Executive Managers will be supported by relevant services offered by the Finance Department and Risk and Quality Manager. Although activities may be undertaken by others within their area of control, it is each Executive Manager's responsibility to actively support and encourage those activities and to be sure that they extend to his or her area of organisational responsibility. For this purpose they should incorporate into their annual planning processes, fraud management strategies covering risk assessment, awareness programs and training.
- 1.03 All WCDHB employees have the responsibility to report suspected fraud. Any WCDHB employee who suspects fraudulent activity must immediately notify their Manager or those responsible for investigations. In situations where the Manager is suspected of involvement in the fraudulent activity, the matter should be notified to the next highest level of supervision/management or to the persons nominated in the West Coast DHBs Protected Disclosure Policy.
- 1.04 Operational Managers are required to ensure that they:
 - i). Display a positive, appropriate attitude towards compliance with laws, rules and regulations;
 - ii). Are reasonably aware of indicators/symptoms of fraudulent or other wrongful acts (eg. by participation in relevant staff training programs and/or consideration of relevant literature) and respond to those indicators as appropriate;
 - iii). Establish and maintain proper internal controls to provide for the security and accountability of WCDHB resources and prevent / reduce the opportunity for fraud, such as:
 - segregation of duties,
 - suitable recruitment procedures,
 - internal checking,



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- security (including physical and computer security),
 - documentation of procedures,
 - approvals with delegated authority,
 - budget control,
 - regular review of management reports,
 - reconciliations,
 - consideration of risk, and
 - quality assurance;
- iv). Are aware of the risks and exposures inherent in their area of responsibility; and
- v). Respond to all allegations or indications of fraudulent or wrongful acts in a responsible manner.
- vi). Encourage the reporting of, investigation of, documentation of and eventual prosecution of any occurrences of suspected of fraud within the West Coast DHB.
- 1.05 The WCDHB Internal Auditor is responsible for:
- i). assisting Executive Management and Operational Managers in strengthening internal controls;
 - ii). serving as the official contact for reporting fraudulent the conduct of necessary initial reviews;
 - iii). the conducting of necessary initial reviews;
 - iv). communicating incidents, findings and recommendations for action to the Audit, Risk and Finance Committee and relevant Executive Managers and Operational Managers;
- 1.06 The provisions of this Policy do not deny an individual from taking action under the terms of the industrial provisions prevailing at the time.
- 1.07 This Policy provides for strategies aimed at preventing, detecting and dealing fairly with matters pertaining to fraud which integrate the activity of management and staff at all levels across the diversity of operations and activities of the WCDHB.
- 1.08 Executive Managers and Operational Managers must create an environment and culture in which employees believe that dishonest acts will not be tolerated, and which will be fully investigated where they are suspected. To this end, they must:
- i). participate in in-house training programs covering fraud, fraud detection and fraud prevention, which are to be developed and run by the Finance Department/Internal Auditor;
 - ii). ensure that employees understand that the internal controls are designed and intended to prevent and detect fraud;
 - iii). encourage employees to report suspected fraud directly to those responsible for investigation without fear of disclosure or retribution; and
 - iv). as far as is practicable, require vendors and contractors to agree in writing as a part of the contract process, to abide by the relevant WCDHB Policies and Procedures, and thereby avoid any conflict of interest.

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- 1.09 All complaints of suspected fraudulent behaviour will be thoroughly and carefully investigated, whilst also providing for the protection of those individuals making the complaint and natural justice to those individuals being the subject of such complaint.
- 1.10 The WCDHB will make every effort to collect appropriate and sufficient evidence to support prosecution.
- 1.11 The WCDHB, where possible and practicable, will pursue the collection of any funds lost through fraud.
- 1.12 The WCDHB Recruitment Policy and practices underpins fraud prevention. All staff and Operational Managers in particular, must support the human resource recruitment strategies aimed at fraud prevention, which include:
 - i). applicants to provide a Police Clearance, where required in relation to the inherent requirements of the position and as guided by Human Resources Department;
 - ii). contacting previous employers and referees
 - iii). verifying transcripts, qualifications, publications and other certification or documentation.
- 1.13 Fraud prevention and detection issues will be included in other relevant staff development and induction activities.

6. Legislative Requirements

New Zealand Public Health And Disability Act (2000)
 Public Finance Act (1989)

7. Related Procedures

WCDHB Delegation Of Authority Policy
 WCDHB Recruitment Procedure

8. Reference Documents

No reference documents are associated with this Procedure

Revision History	Version:	6
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