

Fraud Policy

Policy details	
Owner	Chief Financial Officer
Position Administering this policy	Head of Risk and Assurance
Date Board Approved	13 th May 2021
Review Date	13 th May 2023
Version	4.1
Related Policies and Legislation	Earthquake Commission Act 1993 Crimes Act 1961 Secret Commissions Act 1910 Building Act 2004 Summary Offences Act 1981 Employment Relations Act 2000 People Culture and Capability Policies / Procedures Protected Disclosures Act 2000 / Speak Up Policy Declinature Policy Prosecutions Policy Disclosure of Conflict of Interest Policy Standards of Integrity and Conduct Gift and Hospitality Policy Acceptable IT Use Policy

Introduction

The Earthquake Commission (“EQC”) requires all workers to act at all times with honesty and integrity and to safeguard the public resources it is responsible for. Fraud and corruption impacts on the trust and confidence that EQC encourages between the public, workers and businesses it engages with.

EQC is committed to preventing, detecting and responding to fraud and corruption threats that we face in the work we do. EQC does not tolerate fraud and corruption in any form, and all incidents are treated consistently with EQC’s integrity standards.

The Fraud Policy is established to assist in preventing, detecting and responding to fraud and corruption when they occur by:

- raising awareness of the responsibility of workers to report suspected fraud and corruption among workers, business partners and customers
- providing guidance on how to recognise the behaviours and circumstances associated with fraud and corruption
- explaining how to report suspected fraud and corruption
- setting out EQC’s internal stakeholders’ responsibilities to manage and mitigate fraud and corruption.

Our Values

This policy supports or reflects the following EQC Values by:

We do the right thing

Enabling suspected fraud and corruption to be reported and managed consistently and appropriately.

We're better together

Articulating that the responsibility for identifying, reporting and responding to the risk of fraud and corruption applies to all EQC workers and functions, and that the ability to effectively manage and mitigate the impact of fraud and corruption requires a coordinated effort at all levels within EQC.

We're always learning

Providing an efficient approach with the ability to adapt to emerging trends and specific events to prevent, detect and respond to the risk of fraud and corruption quickly using industry best practice guidelines.

We make a difference for people

Supporting the successful delivery of EQC's services to New Zealanders through effective management of fraud and corruption.

Applies to

This policy applies to EQC and anyone authorised to act on EQC's behalf, including:

- EQC staff and contractors (this includes Board members, permanent, fixed and casual as well as secondees, contractors, sub-contractors, temporary agency staff, service providers, suppliers); and
- private insurers (acting as EQC's agent under the Natural Disaster Response Agreement (NDRA) dated 29 October 2020) and their staff and contractors; and
- third-party providers (authorised to act on EQC's behalf, either through EQC or an insurer) and their staff and contractors.

Definitions and Terms

Fraud is defined as a dishonest act or omission that causes, or is intended to cause, actual or potential financial loss through deception or misrepresentation. Fraud typically occurs where a person knowingly provides false information or performs an action involving deception with the intention of obtaining an unauthorised benefit or advantage, to which they, or related persons, would not otherwise be entitled.

Corruption is defined as behaviour on the part of officials in the public or private sector in which they improperly and unlawfully enrich themselves or those close to them, or induce others to do so, by abusing the position in which they are placed.

Worker is defined as EQC staff (fixed or casual), Board members, secondees, contractors, sub-contractors, consultants, temporary agency staff, service providers, suppliers, staff and contractors of third party providers (authorised to act on EQC's behalf, either through EQC or an insurer) as well as staff and contractors of private insurers acting as EQC's agent under the Natural Disaster Response Agreement (NDRA).

Examples of activities considered fraudulent and corrupt

The following is a (non-exhaustive) list of activities considered fraudulent:

- Falsifying documents
- Knowingly providing false or altered documents
- Deliberately misrepresenting any property details, e.g. age and specifications
- Knowingly claiming for property not damaged as the result of a natural disaster
- Misappropriating EQC assets

The following is a (non-exhaustive) list of activities considered corrupt:

- Seeking anything of material value for personal benefit or gain from contractors, vendors or people providing services or materials to EQC
- Any person involved with EQC improperly using, or trying to improperly use, the knowledge, power or resources of their position for personal gain or for the advantage of others. e.g., fabricating business travel requirements to satisfy personal situations
- A member of the public influencing, or trying to influence, a public official, EQC worker, or any other party that has a business involvement with EQC to use their position in a way that is dishonest, biased or breaches public trust

Our Approach

General

EQC does not tolerate fraud or corruption in any form. EQC is committed to a strategy that prevents, detects and responds to fraud, dishonesty and corruption. This is achieved by developing efficient controls and processes to reduce the likelihood of, opportunities for and impact of fraud, dishonesty and corruption.

This policy details responsibilities and actions required to prevent, detect and respond to fraud and corruption risks by:

- encouraging transparency and ethical behaviour across EQC's operational activities
- consistently applying EQC values to ensure that all EQC workers are aware of the ethical standards that are expected
- articulating EQC's position on fraud and corruption
- outlining the key stakeholders of this policy
- detailing key stakeholders' responsibilities and required commitment to ensure that appropriate prevention, detection and response processes are in place
- enabling EQC to implement and communicate appropriate procedures and systems that detect and prevent fraudulent, dishonest and corrupt behaviour
- providing training and education for EQC workers where required on how to identify activities that could be fraudulent or corrupt
- informing all workers of their obligation to report suspected fraud and corruption and the process to do this.

When a worker has suspicions

It is important that fraud is reported and investigated, however care must be taken when making allegations of suspected fraudulent or corrupt behaviour to avoid mistaken accusations, potentially defamatory statements, or alerting people subject to a possible investigation that their activities are being reviewed.

A worker can challenge anomalies or clarify details when they are “not sure or “unclear” about documents and activities **and** ask for explanations directly from the people involved. The response to the challenged anomalies or request for clarification should be clearly documented. If the explanation is not reasonable, does not make sense or continues to be unclear, it is always best for the worker to document the response received and report these suspicions with their concerns.

If damage has been assessed and is not believed to be caused by a natural disaster, the claim is invalid. EQC (or authorised persons) may determine that a claim is invalid if it considers that the damage has been caused by something other than the natural disaster event claimed for.

Formal investigations of suspected fraud or corruption can only be initiated under the direction of Risk and Assurance.

Reporting Suspected Fraud

All workers are encouraged to act responsibly reporting suspected fraud and corruption as soon as they become aware that it may have been committed.

Reporting of suspected fraud can be done through one of the below channels.

For suspected internal or external fraud:

Workers can discuss their suspicions with their direct team leader or manager or report directly using the details below:

Email: Investigations@eqc.govt.nz
Telephone: 04 885 5691

For suspected fraud relating to a claim:

EQC’s Claim Management System (CMS) provides for Special Investigation questions that can be completed to escalate the claim to the appropriate team leader or manager. Their comments can then be captured before referring to Risk and Assurance for review of the concerns raised.

For suspected claims managed by Insurers on EQC’s behalf:

Suspected fraudulent activities that are managed through the NDRA are to be reported through the insurer’s internal reporting channels (for review of suspicions and any resulting formal investigation).

The process for reporting and assurance of suspected fraudulent activity is documented in the EQC Insurer Manual.

Members of the public:

The public can report their concerns and suspicions using the following reporting channels:

EQC website – Make an Allegation: <https://www.eqc.govt.nz/about-etc/make-an-allegation>
EQC free call number: 0800 00 27 28

After a worker reports suspicions

The details of any allegation will be assessed to determine whether they have some substance and are correct. It is important to provide a detailed account of the allegation to describe any claim or activity as clearly as possible and to help identify the people responsible.

All allegations or suspected incidents of fraud and corruption are impartially reviewed and assessed in line with the no tolerance approach EQC adopts to ensure each case is treated consistently based on the facts and evidence available at the time.

The Risk and Assurance team are responsible for reviewing allegations of suspected fraud and corruption and overseeing an investigation. They ensure it is completed with the appropriate level of independence, objectivity and investigative skill required. They may complete this within their team or oversee an investigation by a contracted specialist investigator. The key responsibility is to ensure that any investigation is managed appropriately and that evidential and criminal file management requirements are followed from the start for any allegation that is progressed through to investigation.

Outcomes of investigations can include:

- no fraud or corrupt activity being identified
- recommendations on an activity, e.g. to determine that a claim is invalid, not progress a claim, or not handle an activity
- recommendation to a delegated authority holder to decline a claim in full or part
- referral to an internal business unit for investigation of employment and disciplinary issues
- recommendation for referral to external agency for further investigation or for prosecution actions.

Management Reporting

To Executive Leadership Team (ELT) and Audit and Risk Committee (ARC)

The reporting of the number and types of allegations received through to the outcomes of investigations will be reported monthly to the ELT via the Fraud Dashboard and to the Board via the monthly IRM Reporting. This reporting will also be included in the Fraud update provided quarterly to the ARC. These reports to cover both allegations identified by EQC and insurers working on EQC claims under the NDRA.

Additionally, the ARC will continue to be advised as soon as is practically possible of all instances of Fraud by EQC staff.

Responsibilities

Fraud risk is managed across EQC through:

Stakeholders	Responsibilities
Board	<ul style="list-style-type: none"> • Approves the Fraud Policy • Sets the risk appetite for fraud • Sets the tone and influences the culture of fraud risk control across EQC
Chief Executive	<ul style="list-style-type: none"> • Promotes the approach of fraud controls within EQC • Decides activities involving response in accordance with EQC Delegations Framework
Chief Financial Officer	<ul style="list-style-type: none"> • Owns the Fraud Policy • Decides activities involving response in accordance with EQC Delegations Framework • Reports on the effectiveness of the fraud controls and response activities to ELT and Board
Executive Leadership Team/ Senior Management	<ul style="list-style-type: none"> • Act as role models and take active steps to prevent, detect and respond to fraud and corruption • Are familiar with the types of fraud that might occur within their area of responsibility • Identify the potential fraud and corruption risks which their business units, programmes and activities are exposed to • Assess the identified risk, select risk-avoidance options, assist in design and implementation of cost-effective prevention, mitigation and control measures • Establish and implement measures to prevent the recurrence of fraud and corruption • Ensure that business systems, practices and procedures are conducive to the prevention and detection of fraud and corruption • Enable and encourage staff to complete fraud and corruption training and awareness
Risk and Assurance	<ul style="list-style-type: none"> • Administer the Fraud Policy • Assist with fraud risk assessments to identify areas where fraud could be perpetrated • Guide and approve system development to support fraud strategy and processes • Assess and review suspected incidents and allegations of fraud and corruption to determine and recommend appropriate investigation and response actions • Provide for fraud and corruption awareness training for EQC workers where required • Assist with developing data analytics models for monitoring of fraud and corruption risks identified • Provide assurance oversight of implementation of first-line fraud risk controls

Stakeholders	Responsibilities
	<ul style="list-style-type: none"> • Provide assurance oversight of fraud management undertaken on behalf of EQC as detailed in the Natural Disaster Response Agreement • Measure and report on the effectiveness of the fraud and corruption controls and response activities
Financial & Assurance Analytics	<ul style="list-style-type: none"> • Collate allegations received through reporting lines and provide added intelligence to assist in assessing, triage reviewing and investigating allegations received • Provide data analytics for assurance monitoring of fraud and corruption risk controls
People, Culture and Capability	<ul style="list-style-type: none"> • Provide advice and support to Risk and Assurance where allegations of suspected fraud and corruption that involve EQC workers • Conduct any employment and disciplinary actions required as a result of fraud and corruption being perpetrated by workers in accordance to Human Resource processes and procedures
Legal Team	<ul style="list-style-type: none"> • Provide advice where legal involvement and representation are required in relation to a fraud and corruption investigation • Make recommendations in accordance with EQC Prosecution Policy • Initiate actions in accordance with delegation framework against individuals or organisations that have committed fraud or acted in a corrupt manner against EQC.
Workers	<ul style="list-style-type: none"> • Adhere to and comply with this policy and any processes relating to this policy. • Report suspected fraud and corruption to their manager, senior manager, the Manager Risk & Assurance or through the reporting channels detailed above as soon as they become aware of or suspect fraud and/or corruption • Ensure agreed fraud risk controls are embedded into process and adhered to • Complete fraud awareness training to recognise potential red flags that can indicate fraudulent or corrupt activities • Cooperate in investigations if required to do so