1. Introduction

Fraud and Corruption involves a betrayal of trust, which may incur financial losses, reputation damage, and detrimental personal consequences.

Massey University has approved a Fraud Prevention Policy, which states that Massey University is committed to development and maintenance of best practices processes and procedures to prevent and detect fraud, and that demonstrate appropriate stewardship of University assets.

Fraudulent or corrupt activity of any kind including that which may benefit Massey University is not acceptable. University staff and students are expected to conduct themselves in a manner consistent with the principles and values of the University, and in accordance with their respective Codes of Conduct.

Prevention of fraud and corruption requires all staff to act ethically and professionally in accordance with Massey University’s Code of Staff Conduct.

This Fraud and Corruption Control Plan brings together a range of existing and proposed fraud and corruption risk management activities under a coordinated planning framework.
2. **Purpose**

The purpose of this plan is to describe the fraud management approach for Massey University, and where applicable, for controlled entities\(^1\). The plan describes the management and staff responsibilities in respect of fraud prevention, and the practices for the effective prevention and detection of fraud and corruption of any description within the University.

3. **Scope**

Massey University, and where applicable, all controlled entities.

4. **Policy Statement**

Massey University;

- Is committed to development and maintenance of best practice processes and procedures to prevent and detect fraud, and that demonstrate appropriate stewardship of Massey University assets.

- Whilst the Vice-Chancellor has ultimate responsibility for ensuring that adequate controls are in place to prevent and detect fraud, each Manager has responsibility for ensuring that appropriate controls are in place at all levels to ensure safeguards against fraudulent activity, and must take action to implement and maintain these controls.

- Massey University has a zero tolerance to fraud, and will investigate all reported incidents of alleged fraud, and prosecute as appropriate.

- Staff who may consider there are grounds for enquiry into fraudulent activity should make a disclosure under the Protected Disclosures Act 2000, using the Procedure for the Disclosure of Serious Wrongdoing available on [http://policyguide.massey.ac.nz](http://policyguide.massey.ac.nz).

- Within the constraints of Protected Disclosure, the Vice-Chancellor will appoint, under delegation, an appropriate person to lead the enquiry.

- All disclosures of dishonest or fraudulent practices must be treated seriously. All proven incidents of fraud will be pursued through every means available and appropriate disciplinary action taken.

- Internal Audit will have a key role in the ongoing monitoring of fraud related risk, and the assessment of the effectiveness of the internal control environment.

Source: Fraud Prevention Policy – Policy Guide

4. **Applicability**

Fraud and corruption control is the responsibility of all staff.

5. **Roles and Responsibilities**

**Chancellor and Council (including Audit and Risk Committee of Council)**

Governance responsibility for audit and fraud risk management

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\(^1\) As defined in the Controlled Entities Governance Framework Policy
Vice-Chancellor

- Determination of the appropriate course of action for an incident with regard to communication (including advice to Chancellor and Council), and Special Fraud Investigation.
- Seeks advice from the Risk Manager and/or other personnel as appropriate.
- Appoints an individual to lead the Special Fraud Investigation.

All AVCs/PVCs/ Level 4 Managers

- Responsible for implementation and maintenance of internal control systems that prevent and detect fraud and corruption within their areas of responsibility
- Models professional and ethical behaviour
- Displays and promotes a positive attitude towards compliance with laws, regulations, policies and procedure, and relevant codes of practice
- Is aware of common indicators and systems of fraud, corruption and other wrongful acts
- Takes proactive steps to respond appropriately to identified fraud and irregularities, and cooperates with any fraud investigations
- May undertaken initial investigations, including those made under Protected Disclosures (if appropriate)
- Ensure acts of alleged criminal misconduct involving fraud and corruption are reported to the University Risk Manager

In addition to these responsibilities, some Senior Managers have specific responsibilities in accordance with their areas of influence and control. These are as follows;

**AVC Operations International and University Registrar**

- Receives advice of Protected Disclosures before investigation takes place
- Deals with fraud risk associated with internationalisation

**AVC – Finance Strategy and Commercial Operations**

- Deals with financial fraud risk management
- Conducts a preliminary enquiry into financial fraud

**AVC – People and Organisational Development**

- Ensures any investigation and subsequent disciplinary process is undertaken in accordance with disciplinary procedures for Staff, relevant employment contracts, and good employer principles
- Conducts preliminary investigations into people related fraud e.g. fraudulent employment credentials

**AVC - Research Academic and Enterprise**

- Deals with research misconduct, involving fraud and corruption, in accordance with the University regulations, policies and procedures
- Deals with fraud risk associated with commercialisation
- Deals with student actions of serious misconduct, involving fraud or corruption, in accordance with the Student Disciplinary Regulations
- Deals with academic misconduct, involving fraud and corruption, in accordance with University regulations, policies and procedures

**Risk Manager**

- Maintains the Fraud and Corruption Control Plan for the University, and (where applicable) for Controlled Entities
- Prepares and maintains the Fraud and Corruption Risk Register

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• Maintains a register of fraud and corruption related investigations (known as a Loss Events Register), and monitors investigation progress and outcomes
• Prepares reports, as required, for the Vice-Chancellor and/or Audit and Risk Committee of Council on Fraud and Corruption Risk Management
• May be appointed to lead a Special Fraud Investigation
• Is the point of contact for liaison with NZ Police, or any external investigating body, with regard to criminal investigations relating to fraud

6. Fraud Control Strategies

The University has established the following key fraud and corruption control strategies. These are:

• **Pre-employment screening:** Screening checks on permanent staff appointments may include (1) verification of identity, (2) at least two reference checks, (3) verification of formal qualifications claimed, (4) credit history checks, (5) criminal and traffic convictions (security).

• **Fraud Prevention Awareness:** Advising new staff of existence of key policies including Code of Staff Conduct, Policy on Conflict of Commitment or Interest.

• **Protected Disclosures Act Procedures:** Advising all staff each year of the existence of policies and procedures to protect individuals who make disclosures that reveal conduct which is fraudulent, corrupt, may involve a risk to public health and safety, or to the environment, for any detrimental action in response for making such disclosure.

• **Procedure for Investigation of Suspected Fraud or Corruption:** University procedures have been established to guide the response and investigation of alleged fraud or corruption.

• **Fraud Risk Management:** The establishment and approval of a Ten Element Fraud and Corruption Control Plan as an integrated part of the University’s overall Fraud Risk Management Framework. It is based upon the principles of the AS8001-2008: Corporate Governance, Fraud and Corruption Control.

7. Ten Element Fraud and Corruption Control Plan

Fraud and corruption control management shall incorporate:

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² Fraud and Corruption Control, CMC Building Capacity N.o.5, July 2004
The Massey University Fraud and Corruption Control Plan is designed to recognise the interrelationship of these elements.

(1) A Clear and Integrated Policy Environment

This plan should be read in conjunction with the following policies available at http://policyguide.massey.ac.nz

- Fraud Prevention Policy
- Procedure for the investigation of reported irregularities and alleged fraud
- Protected Disclosure Policy (whistleblowing)
- Procedure for the Disclosure of Serious Wrongdoing
- Code of Staff Conduct
- Disciplinary Procedures for Staff
- Code of Student Conduct
- Disciplinary Procedures for Students
- Conflict of Commitment and Interest Policy
- Discretionary Expenditure and Gifts Policy
- Procurement Policy

All policies are required to be reviewed periodically in accordance with the Council Statute on Definition and Establishment of a Policy.

The Fraud Prevention Policy will also be reviewed immediately after any proven fraud or corruption activity which has led to an investigation, and/or recovery of University assets.

(2) Effective and Continuing Fraud and Corruption Risk

Head of Department/Sections/Divisions (HODs), Managers and Team Leaders are responsible for the fraud and corruption risk assessment within their areas of accountability and control. In undertaking this responsibility, HODs, Managers and Team Leaders should critically evaluate the fraud and corruption risk exposure as part of their normal risk management activities using the processes outlined in the Risk Management Framework, and in accordance with principles of the AS8001-2003 2008 and the related AS/NZ ISO 31000 Risk Management – Principles and Guidelines.

The following items should be reviewed as part of this activity:

- Compliance with financial management policies and procedures governing contracts, and purchase of goods and services e.g. via TechnologyOne Procurement module, purchase cards, Tender Process, and verification of new suppliers
- Recording of physical assets and provision for known or expected losses
- Identification and security of information, records and intellectual property
- Segregation of functions in financial and cash handling areas, and in processing of sensitive data
- Work practices undertaken which have minimal supervision and oversight
- Work practices and ethical standards for those who hold delegated authority to act on behalf of the University
- Measures to ensure quick and decisive action on all identified irregularities and suspected fraud and corruption

In addition, operational practices should be implemented which:

- Establish and maintain effective accounting and management controls
- Routinely check/randomly audit decisions and operational records e.g. credit card expenditure, travel expenditure, cash handling etc
- Identify variations from normal accounting procedures and work practices
- Establish and maintain appropriate pre-employment check practices

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Fraud risk should be identified on the departmental/section risk registers included in the Risk Register and mitigations noted.

The Risk Manager will maintain the University’s Fraud Risk Register.

(3) Effective and Efficient Internal Controls

After thorough risk identification and assessment, robust internal controls should be in place that reflect a shared responsibility for fraud and corruption prevention. Fraud risk controls should be implemented to help maintain the integrity and reliability of management systems and processes, safeguard university assets, and ensure legislative compliance.

Internal controls can be preventative or detective. For example; Preventative controls may include password security management, while detective controls may include checking of cash receipts to banking totals, or analysing financial and payroll records for unusual transactions.

(4) Effective Internal Reporting Systems and Procedures

Effective internal reporting will ensure early detection of fraud and corruption risks.

The procedure for internal reporting of irregularities and suspected fraud is documented as an associated procedure to the Fraud Prevention Policy, which states that Staff who may consider there are grounds for enquiry into fraudulent activity should make disclosure under the Protected Disclosures Act 2000, using the Procedure for the Disclosure of Serious Wrongdoing available on http://policyguide.massey.ac.nz. Staff should be encouraged to use the Procedure for the Disclosure of Serious Wrongdoing as this policy protects people who make disclosures of serious wrongdoing from any detrimental action in reprisal for making the disclosure.

A mechanism for confidential verbal disclosure (i.e. a hotline) may be implemented to enable suspected fraud and irregularities to be disclosed.

(5) Effective and Efficient External Reporting Systems and Procedures

External reporting of serious wrongdoing should be made in accordance with the Protected Disclosures Act 2000, and the Procedure for the Disclosure of Serious Wrongdoing available on http://policyguide.massey.ac.nz.

(6) Robust Public Interest Disclosure Systems

The Protected Disclosures Act 2000 provides protection for individuals alleging serious wrongdoing in organisations. Any individual is able to make a disclosure of serious wrongdoing to the authorities named in the Act.

The AVC Operations, International and University Registrar will review the Protected Disclosure Policy and associated procedures each year. The availability of public interest disclosure mechanisms will be bought to the attention of all staff each year.

(7) Competent Investigation Procedures and Systems

All incidents of alleged fraud should be investigated in accordance with the Procedure for the Investigation of Reported Irregularities and Alleged Fraud.

This procedure document guides the response and investigation into suspected or alleged fraud.

(8) A Clear Code of Conduct and Disciplinary Standards
The Massey University Code of Staff Conduct was approved by the Vice-Chancellors Executive Committee (now SLT) in November 2007 (reference 07/11/167)

The introduction of the Code of Staff Conduct and associated communication strategy is the responsibility of the AVC – People and Organisational Development. The Code of Conduct should be communicated to all staff at staff induction and at regular intervals. Staff should ensure they understand their obligations in respect of the Code of Conduct, and sign as acknowledgement of doing so.

The Code of Staff Conduct must be available to the wider public via the website, and should be made available to key stakeholders.

All staff and student disciplinary procedures will be in accordance with the relevant University regulations and procedures, and relevant employment contracts.

(9) Comprehensive Staff Awareness and Training Programme

The critical role of staff in creating an organisational culture in which the risk for fraud and corruption is minimised is acknowledged. To support this, the existence of the Protected Disclosure Policy, and associated Procedure for Disclosure of Serious Wrongdoing will be brought to the attention of all staff each year by the AVC – People and Organisational Development.

Training for fraud and corruption risk awareness and management will also be developed as part of the risk management training and communication programme. Training will be made available to staff who have particular responsibilities for prevention and detection of fraud and corruption activities. General information on fraud awareness and prevention will be made available to all staff via risk management communication channels on an on-going basis.

The Risk Manager will be responsible for co-ordinating the training and communication programme.

(10) Effective Stakeholder and Community Awareness Programmes

Client and Community awareness programmes should add value to the University brand through reinforcing the ethical business practices of the University. To support this, statements about commercial ethics are included in the Procurement Policies and Procedures, and enforced via the Tender Process. The Fraud Prevention Policy will be available as a public document and posted on the intranet for reference.

8. Definitions

Fraud and Corruption can be distinguished from other forms of unethical behaviour. The following definitions (drawn from AS8001-2003 Fraud and Corruption Control) apply;

**Fraud** – Dishonest activity causing actual or potential financial loss to Massey University, including theft of moneys, or other property by employees or person external to the University, and whether or not deception is used at the time, immediately before or immediately following the activity. This includes the deliberate falsification, concealment, destruction or improper use of documents used for a normal business purpose or the improper use of other information or position.

**Corruption** – Dishonest activity in which a director, executive, manager, employee, contractor, volunteers or student acts contrary to the interests of Massey University and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

Examples of fraud and corruption are appended included in (Appendix 1)
References

AS8001-2003 2008 Corporate Governance – Fraud and Corruption Control

Fraud and Corruption Control – an integrated approach to controlling fraud and corruption within the workplace. Building Capacity Series, Crime and Misconduct Commission, Queensland. Number 5, March 2006

Related procedures / documents:

Fraud Prevention Policy
Procedure for the investigation of reported irregularities and alleged fraud
Protected Disclosures Policy (Whistleblower)
Procedure for the Disclosure of Serious Wrongdoing (Whistleblower Procedure)
Code of Staff Conduct
Disciplinary Procedures for Students
Conflict of Commitment and Interest Policy
Discretionary Expenditure and Gifts Policy
Procurement Policy

Document Management Control:

Prepared by: Risk Manager
Authorised by: AVC People and organisational Development
Approved by: N/A
First Issued: September 2003
Last review: December 2014
Next review: December 2017
Effective Date: 1 January 2015
Appendix One

Some Common Examples of fraud and corruption. (Please note this is not an exhaustive list)

**Theft of assets, such as;**
- Equipment
- Consumables or supplies
- Cash
- Information/Intellectual property

**Unauthorised or illegal use of assets, information or services for private purposes, including**
- Computers, including email and the Internet
- Motor vehicles
- Clerical and other support
- Confidential Information
- Equipment, including photocopiers, and telephones
- The Massey University name or logo e.g. through use of letterhead

**Abuse of position or power for personal gain, such as;**
- Seeking and obtaining bribes or gifts in exchange for favourable treatment
- Nepotism in staff appointments

**Manipulation and misuse of account payments, such as**
- Fictitious employees on the payroll
- Ordering equipment for private and personal use
- Charging University travel accounts for personal use
- Favouring suppliers whose costs are not as competitive as other suppliers

**Falsification of records, including**
- Financial accounting records
- Timesheets
- Expense reimbursement claims, including travel claims
- Purchase orders
- Petty cash vouchers
- Curriculum vitae/academic records
- Contracts

**Manipulation of computer programs for improper gain, such as;**
- Unauthorised approval to pay
- Diversion of proceeds
- Unauthorised debt write-off
- Unauthorised amendment of data in computer systems

**Dishonest use of University credit cards, such as**
- Claiming personal expenditure as official expenditure
- Falsifying credit card records/receipts
- ‘double dipping’ i.e. using a credit card for travel and/or accommodation where a daily allowance has already been paid

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