



# AGENDA

## RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

## Risk and Assurance Committee

to be held on **Thursday 8 August 2024** commencing at **1.00 pm** in the Council Chambers, 36 Weld Street, Hokitika and via Zoom

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<b>Chairperson:</b>	Rachael Dean
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**Members:**

Her Worship the Mayor	Cr Baird
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Cr Neale	Cr Phelps
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Kw Tumahai	Kw Madgwick
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In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audio-visual link.

# Council Vision

*By investing in our people, caring for the environment, respecting the Mana Whenua Cultural heritage, and enabling investment, growth, and development we will enrich our district and the people that reside here.*

## Purpose

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

### 1. **NGĀ WHAKAPAAHA APOLOGIES**

Her Worship the Mayor. Kw Madgwick. Kw Tumahai.

### 2. **WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Group Manager Corporate Services Risk and Assurance (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

### 3. **NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA**

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
  - (a) the local authority by resolution so decides, and
  - (b) the presiding member explains at the meeting at a time when it is open to the public, -
    - (i) the reason why the item is not on the agenda; and
    - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, -
  - (a) that item may be discussed at the meeting if –
    - (i) that item is a minor matter relating to the general business of the local authority; and
    - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

#### 4. **NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS**

The minutes of the previous meeting were circulated.

- **Risk and Assurance Committee Meeting Minutes – 9 May 2024** (Pages 6 – 11)

#### 5. **ACTION LIST**

Lesley Crichton, Group Manager Corporate Services and Risk Assurance

(Page 12)

#### 6. **NGĀ TĀPAETANGA PRESENTATIONS**

Nil

#### 7. **PŪRONGO KAIMAHI STAFF REPORTS**

- **Staff Conflict of Interest Policy -** (Pages 13 – 17)  
Lesley Crichton, Group Manager Corporate Services and Risk Assurance
- **Committee Rolling Work Plan -** (Page 18)  
Lesley Crichton, Group Manager Corporate Services and Risk Assurance
- **Discussion Item – Global Fraud Study** (Pages 19 – 23)

#### 8. **KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED**

(to consider and adopt confidential items)

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Confidential Minutes – 9 May 2024	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

<b>2.</b>	Health and Safety Initiatives at 8 <sup>th</sup> August 2024	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
<b>3.</b>	Information Technology Report and Updates	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
<b>4.</b>	Quarterly Report on Whistleblower Services at 30 June 2024	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
<b>5.</b>	Risk Report	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
<b>6.</b>	Audit Recommendation 2022-23 Progress Report	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
<b>7.</b>	Privacy Breach	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
<b>8.</b>	Expense Claim	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of

that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
3, 6, 7, 8	(1) Where this section applies, good reason for withholding official information exists, for the purpose of section 5, unless, in the circumstances of the particular case, the withholding of that information is outweighed by other considerations which render it desirable, in the public interest, to make that information available. (s. 7)
3, 7, 8	Subject to sections 6, 8, and 17, this section applies if, and only if, the withholding of the information is necessary to – (s. 7(2))
1, 2, 3, 7, 8	Protect the privacy of natural persons, including that of deceased natural persons. (s. 7(2)(a))
1	Protect information where the making available of the information: (i) would disclose a trade secret; and (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. (s. 7(2)(b))
2	Avoid prejudice to measures protecting the health or safety of members of the public. (s. 7(2)(d))
1, 3	Avoid prejudice to measures that prevent to mitigate material loss to members of the public. (s. 7(2)(e))
1, 3, 4, 8	Maintain the effective conduct of public affairs through: (i) The protection of such members, officers, employees, and persons from improper pressure of harassment. (s. 7(2)(f))
1, 3, 4, 5	Maintain legal professional privilege. (s. 7(2)(g))
1, 2, 3, 4, 5	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. (s. 7(2)(h))
1	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). (s. 7(2)(i))
1, 3, 6	Prevent the disclosure or use of official information for improper gain or improper advantage. (s. 7(2)(j))

**DATE OF NEXT RISK AND ASSURANCE COMMITTEE MEETING – 14 NOVEMBER 2024  
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**



# RISK AND ASSURANCE COMMITTEE MEETING MINUTES

## MINUTES OF THE RISK AND ASSURANCE COMMITTEE MEETING OF WESTLAND DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM ON THURSDAY 9<sup>TH</sup> MAY 2024 COMMENCING AT 1.00 PM

The Committee Meeting was live streamed to the Westland District Council YouTube Channel and presentations are made available on the council website.

### 1. MEMBERS PRESENT AND APOLOGIES

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<b>Chairperson:</b>	Rachael Dean
<b>Members:</b>	
Her Worship the Mayor	Cr Baird
Cr Neale (via zoom)	Cr Phelps

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#### NGĀ WHAKAPAAHA APOLOGIES

Cr Phelps

Moved Her Worship the Mayor, seconded Cr Baird and **Resolved** that the apology from Cr Phelps be received and accepted.

#### ABSENT

Kw Madgwick & Kw Tumahai

#### STAFF PRESENT

S.R. Bastion, Chief Executive; T. Cook, Regulatory Services Manager; L. Crichton, Group Manager: Corporate Services & Risk Assurance; S. Baxendale, Group Manager District Assets; D. Maitland; Executive Assistant, E. Rae, Strategy and Communications Advisor (via Zoom); P. Coleman, Governance Administrator.

### 2. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

The Interest Register had been circulated.  
There were no changes to the Interest Register noted.

### 3. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

There were no urgent items of business not on the Agenda.

#### 4. NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS

The Minutes of the previous meeting had been previously circulated.

- **Risk and Assurance Committee Meeting Minutes – February 8<sup>th</sup> 2024**

Moved Cr Baird seconded Cr Neale and **Resolved** that the Minutes of the Risk and Assurance Committee Meeting held on the 8<sup>th</sup> of February 2024 be confirmed as a true and correct record of the meeting.

The Chair **Approved** that their digital signature be added to the confirmed Risk and Assurance Committee Meeting Minutes of the 8<sup>th</sup> of February 2024.

#### 5. ACTION LIST

Lesley Crichton, Group Manager Corporate Services and Risk Assurance spoke to the Action List and provided the following updates:

- Evaluation of the performance of the committee – Rachael Dean
  - A workshop should be held in August.
  - Rachael will distribute the questionnaire at the end of May to be filled out by 30 June at the latest.
  - This will then be summarised and returned 2 weeks before the August meeting.

Moved Chair Rachael Deal, seconded Cr Baird and **Resolved** that the updated Action List be received and the Sensitive Expenditure Policy be removed from the Action List.

#### 6. NGĀ TĀPAETANGA PRESENTATIONS

Nil

#### 7. PŪRONGO KAIMAHI STAFF REPORTS

- **Workplan**

Lesley Crichton, Group Manager Corporate Services and Risk Assurance spoke to the workplan.

Insurance will be updated on the workplan to include the Chief Executive of Destination Westland and Rachael Dean.

Moved Chair Rachael Dean, seconded Her Worship the Mayor and **Resolved** that:

1. The Workplan be received.

- **Review of Revised Human Resources (HR) Policies**

Simon Bastion, Chief Executive spoke to this item and advised the purpose of this report is to present revised policies for the Risk and Assurance Committee (R&A) to receive:

1. Volunteer Policy updated
2. Flexible Work Policy updated
3. Staff Code of Conduct updated

- The Staff Code of Conduct policy has been reworded with a positive focus. This has been approved by staff before going to the exec team.
- Volunteer policy –
  - 2.1 Westland District Council Obligations – extend to add “and any form of harassment”.
  - 2.2 Volunteer Obligations – amend to say – “Take reasonable care of safety”, removing the words “their own”.

Moved Chair Rachael Dean, seconded Cr Baird and **Resolved** that:

1. The report be received.
2. The following policies be received by the Risk and Assurance Committee:
  - 2.1. Volunteer Policy.
  - 2.2. Flexible Work Policy.
  - 2.3. Staff Code of Conduct.

- **Quarterly Report – Q3 – 1 January – 31 March 2024**

Lynley Truman, Finance Manager and Emma Rae, Strategy and Communications Advisor spoke to this item and advised the purpose of this report is to inform the Committee of Council's financial and service delivery performance for the nine months ended 31 March 2024 (Q3) and answered questions from the Committee.

It was noted that the additional sampling costs related to Water are a mandatory requirement from Government that came in through Water regulations and are the reason for a significant proportion of the proposed rate increase.

Matters discussed by the Committee included

- Interest rate risk.
- Rates affordability.
- Debt affordability benchmark.
- Water, additional sampling costs.
- Consent fees.
- Debtors.

Cr Baird left the meeting at 1.25 pm, returning at 1.26 pm.

Moved Chair Rachael Dean, seconded Cr Baird and **Resolved** that:

1. The report be received.
2. The Committee receive the Quarterly Report - Q3 - January – March 2024.

- **Artificial Intelligence (A.I) Policy**

Richard Morris, Information Manager spoke to this item and advised the purpose of this report is to provide a summary and synopsis of the recently adopted Artificial Intelligence (A.I) Policy.

- The Information Technology department used ideas from the Association of Local Government Information Management (ALGIM) template policy to create this policy.
- New Zealand is currently ahead of the curve with developing AI policies.
- This policy is meant to temper the advance of technology with some common sense.
- Attempting to keep one step ahead of emerging threats.

Moved Chair Rachael Dean, seconded Cr Neale and **Resolved** that:

1. The report be received.



2. The Committee endorse the Artificial Intelligence (AI) Policy as published.

• **Information Management Update**

Richard Morris, Information Manager spoke to this item and advised the purpose of this report is to update the committee on the work of the Westland District Council (WDC) Information Management team.

- Technology is moving ahead very quickly at the moment.

Moved Cr Mayor seconded Cr Baird and **Resolved** that:

1. The report be received.
2. Any feedback, suggestions, or recommendations for the working group be provided at the committee's earliest convenience.
3. The committee recommend the continued commitment to the work of the Information Management team.

• **Sensitive Expenditure Policy**

Lesley Crichton, Group Manager Corporate Services and Risk Assurance spoke to this item and advised the purpose of this report is to review the addition of the Office of the Auditor General (OAG) principles in the Sensitive Expenditure Policy as requested by the Risk and Assurance meeting 9 November 2023.

Moved Cr Baird, seconded Cr Neale and **Resolved** that:

1. The report be received.
2. The updated Sensitive Expenditure Policy including Office of the Auditor General principles be received.

**8. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI  
RESOLUTION TO GO INTO PUBLIC EXCLUDED**

(to consider and adopt confidential items)

Moved Chair Rachael Dean, seconded Her Worship the Mayor and **Resolved** that the Risk and Assurance Committee confirm that the public were excluded from the meeting in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 1.48 pm.

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Confidential Minutes – February 8 <sup>th</sup> 2024	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

2.	EY Westland District Council Audit Plan	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
3.	Information Technology Report and Updates	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
4.	Risk Report	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
5.	Quarterly Report on Whistleblower Service at 31 March 2024	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
6.	Privacy Breach Report	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
1, 4, 6	Protect the privacy of natural persons, including that of deceased natural persons. (s. 7(2)(a))
1, 4	Protect information where the making available of the information: (i) would disclose a trade secret; and (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. (s. 7(2)(b))
3	Avoid prejudice to measures that prevent to mitigate material loss to members of the public. (s. 7(2)(e))
1, 2, 5	Maintain the effective conduct of public affairs through:

	(i) The protection of such members, officers, employees, and persons from improper pressure of harassment (s. 7(2)(f))
1, 4, 5	Maintain legal professional privilege. (s. 7(2)(g))
1, 3, 4, 5	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. (s. 7(2)(h))
1, 4	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). (s. 7(2)(i))
2, 3	Prevent the disclosure or use of official information for improper gain or improper advantage. (s. 7(2)(j))

Moved Chair Rachael Dean, seconded Cr Baird and **Resolved** that the business conducted in the 'Public Excluded Section' be confirmed and accordingly, the meeting went back to the open part of the meeting at 3.25 pm


**DATE OF NEXT RISK AND ASSURANCE COMMITTEE MEETING**  
**8<sup>TH</sup> AUGUST 2024**  
**COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**  
**MEETING CLOSED AT 3.25 PM**

Confirmed by the Risk and Assurance Committee at their meeting on **8<sup>TH</sup> AUGUST 2024**.

\_\_\_\_\_  
**Rachael Dean**  
**Chair**

**Date:**

**09.11.23 – RISK AND ASSURANCE COMMITTEE – ACTION LISTING**

Date		COMPLETED IN PROGRESS OVERDUE	Item	Action Required	Status	Lead Officer
1	09.11.21		Workshop: Evaluation of the performance of the Committee	Workshop to be scheduled with the first meeting of 2024.	Workshop has been scheduled for early next year.	Chair

# Report to Committee



**DATE:** 8 August 2024  
**TO:** Risk and Assurance Committee  
**FROM:** Group Manager, Corporate Services and Risk Assurance

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## STAFF CONFLICT OF INTEREST POLICY

### 1. Summary

- 1.1. The purpose of this report is to review the updated Staff Conflict of Interest Policy.
- 1.2. This issue arises from the Terms of Reference (ToR) to review policy as part of Internal Control.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2024, which are set out in the Enhanced Annual Plan 2024-2025. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that the Risk and Assurance (R&A) Committee receive the Staff Conflict of Interest Policy.

### 2. Background

- 2.1. The reason the report has come before the Risk and Assurance Committee is due to the delegated authority to review policies as part of Council's internal controls.
- 2.2. Unless dictated by law, policies are generally reviewed every 3 years.
- 2.3. The Staff Conflict of Interest Policy should have been reviewed in February 2021 however was overlooked.

### 3. Current Situation

- 3.1. The Staff Conflict of Interest Policy has been updated to include;
  - 3.1.1. Further description of purpose of policy.
  - 3.1.2. More clarity of the scope of the policy to include consultants where required.
  - 3.1.3. A section on principles and ethics.
  - 3.1.4. A statement on instances of when a person with an interest may have unique expertise and how to manage that situation.
- 3.2. Some amendments have been made to the names of related policies and updated acts.
- 3.3. With the policy working group now in place, a system of reminders should alleviate delays in policy review going forward. It should be noted that the work the policy working group is undertaking is not yet complete.

#### **4. Options**

4.1. Option 1 – Receive the report and updated Staff Conflict of Interest Policy.

#### **5. Risk Analysis**

5.1. Risk has been considered and the following risks have been identified:

5.1.1. Financial, legal and reputational risks of:

5.1.1.1. failing to comply with legislative requirements

5.1.1.2. conflicts of interest that create a risk to council business and challenge of decisions.

#### **6. Health and Safety**

6.1. Health and Safety has been considered and no items have been identified.

#### **7. Significance and Engagement**

7.1. The level of significance has been assessed as being low. Policy review is administrative.

7.1.1. No public consultation is considered necessary.

#### **8. Assessment of Options (including Financial Considerations)**

8.1. Option 1 – Receive the report and the updated Staff Conflict of Interest Policy.

8.2. There are no financial implications to this option.

8.3. The committee would be carrying out due diligence as part of the delegated authority through the committee terms of reference of internal control and risk management.

#### **9. Preferred Option(s) and Reasons**

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that it is required that council have relevant and up to date policies to protect both staff and council from compliance risk. The fact that this policy has been overlooked at its review date requires that it is made available to staff as soon as possible.

#### **10. Recommendation(s)**

10.1. That the report be received.

10.2. That the updated Staff Conflict of Interest Policy be received.

**Lesley Crichton**

**Group Manager, Corporate Services and Risk Assurance**

**Appendix 1:** Staff Conflict of Interest Policy

## Staff Conflict of Interest Policy

### 1. Purpose

This policy defines the obligations that guide an employee's behaviour where there may be a conflict, real or perceived between their role as an employee and their interests as an individual, Westland District Council resident or member of the public.

The policy also provides guidance for the identification and management of conflicts of interest so that the public is confident that decisions have been made:

- Impartially and for the right reasons; and
- Are not influenced by personal interests or other motives.

### 1.1 Scope

This policy applies to all employees of Westland District Council, including permanent, fixed term, and casual employees. This policy also applies to contractors and consultants engaged by Council when providing advice that may ultimately be used as the basis for a Council decision where the contract or engagement agreement specifies that the policy applies.

### 1.2 Commencement

This policy comes into force on **DAY MONTH YEAR**.

### 1.3 Definitions

#### Staff Gifts and Hospitality

- As defined in the Gifts and Hospitality Policy.

#### Conflict of Interest

- If an employee's duties or responsibilities to Council could be affected by or compromised or perceived to be compromised by some other interest or duty that the employee may have.

#### Type of interest;

- Pecuniary, where there is an expectation of an actual or potential financial gain or loss of money personally, family or close associates.
- Non-pecuniary, which does not involve financial benefit but arises from such things as personal relationships, beliefs or involvement in social, cultural, religious or sporting activities.

#### Real, Perceived or Potential;

- Real (or actual) is a conflict of interest that involves a direct conflict between an employee's current duties and responsibilities, and existing private interests.
- Perceived (or apparent) conflict of interest can exist where it could be perceived, or appears, that an employee's private interests could improperly influence the performance of their duties, whether or not this is the case.
- A potential conflict of interest arises where an employee has private interests that could conflict with official Council duties in the future.

## 2. Principles and Ethics

Staff must carry out their duties in an efficient and competent manner and a conflict of interest may affect a person's judgement as to what is in the public interest, or may lead to a bias in their decision making.

It is not always possible to avoid a conflict of interest and it is not necessarily unethical or wrong.

It is important that any actual, perceived or potential conflict of interest is identified, disclosed and effectively managed (or avoided if possible). Management of conflicts of interest must be fair, transparent, accountable and free from bias.

Disclosure provides transparency and protects those concerned from allegations of duplicity and enables the avoidance of being unwittingly placed in situations that may lead to a conflict of interest.

Employees should seek independent advice about how to manage any conflict of interest, and are encouraged to report any actual, perceived or potential conflict of interest that they observe.

## 3. Policy

2.1 A real or perceived conflict of interest is where an employees' duties or responsibilities to Council could be affected or compromised by some other interest or duty that employee may have.

Real or Perceived conflict could be derived by, but not limited to the following;

- Financial benefit or advantage from a transaction or process
- Financial interest or role in another party to the transaction or process
- Strong opinions or views
- Has been lobbied by an interested party either formally or informally
- Relationship either familial or by marriage
- Direct or indirect interest in a transaction
- Association with entities deriving a benefit from Council
- Has an interest in another party tendering for work for WDC.

2.2 The staff interest register is required to be completed by employees on a six monthly basis or updated when there are any changes to previous declarations.

Staff are also required to confirm on the register if they have no conflicts of interests.

Staff must consider the type of interest as described in the definitions section of this policy, and also whether the interest is real, perceived or potential.

The disclosure must also detail the nature of involvement and dealings the employee has in the conflict.

Once an interest has been declared, the employee shall not take part in any Council decision-making activity or process in relation to that interest.

However, there may be instances where an employee with an interest may also have particular and unique expertise in the matter. The Chief Executive can decide to allow the employee to contribute their expertise despite their interest in the matter. In these cases there should be documented reasons for allowing the employee to contribute, and a detailed description of the steps taken to ensure the decision in the matter is unbiased.

Where there is uncertainty, employees should discuss the potential conflict with their Group Manager, line manager or the Chief Executive.



# Staff Conflict of Interest Policy

If in doubt, employees should err on the side of caution, declare a conflict of interest and record on the interest register.

The Executive Leadership Team (ELT) will also hold a separate interests register.

Staff interest register is administered and maintained by the Office of the Chief Executive.

## 4. Reporting

The executive team will review the staff interest register every six months and the ELT register at weekly ELT meetings.

## 5. Related Documents and Acts

The following Westland District Council documents relate to this policy:

- Staff Interests Register
- Staff Gifts and Hospitality Policy
- Fraud Control Framework
- Fraud Policy
- Fraud Risk Register
- Staff Code of Conduct
- Sensitive Expenditure Policy
- Procurement Policy
- Protected Disclosures Policy
- Delegations Manual
- Social Media Policy
- WDC Staff submissions to consultation and engagement information document

The following Legislation relates to this policy:

*Note: Any legislation referred to should be interpreted as meaning the Act and its amendments*

Staff are also referred to:

- Protected Disclosures (Protection for Whistleblowers) Act 2022
- The Secret Commissions Act 1910
- LGNZ guidelines on employees making submissions on public processes

## 6. Policy Review

A review of this policy will take place in APRIL 2027.

<b>Created:</b>	June 2024	<b>Date for review:</b>	June 2027
<b>Author:</b>	GMCS & RA	<b>Authorised by:</b>	
<b>Consulted on:</b>		<b>Version</b>	V2

## RISK AND ASSURANCE COMMITTEE ROLLING WORK PLAN

Item	Aug-24	Oct-24	Nov-24	Feb-25	May-25
<b>External Audit</b>	Audit will progress during September.	Extraordinary meeting to review the annual report.  Audit to present audit findings.		Update on progress from audit findings.	
<b>Financial and Service Delivery Reporting</b>	No quarterly report due to annual report preparation.		Quarterly Financial and Service Delivery Report.	Quarterly Financial and Service Delivery Report.	Quarterly Financial and Service Delivery Report.
<b>Insurance</b>			Insurance renewals update.		
<b>Risk Management Framework</b>	Review Risk Register  Health & Safety Report		Review Risk Register  Health & Safety Report	Review Risk Register  Health & Safety Report	Review Risk Register  Health & Safety Report
<b>Internal Control Framework</b>	PwC quarterly Whistleblower Report  Policy Review - Staff Conflict of Interest Policy		PwC quarterly Whistleblower Report  Policy Review: - Fraud Policy	PwC quarterly Whistleblower Report  Policy Review:	PwC quarterly Whistleblower Report  Policy Review:

## Extracts from the 2024 Association of Certified Fraud Examiners (ACFE) Global Study on Occupational Fraud and Abuse

### **Background**

Every two years since 1996 the Association of Certified Fraud Examiners (ACFE)<sup>1</sup> has published the *ACFE Report to the Nations*, a study on the costs, methods, victims, and perpetrators of occupational fraud. The extracts chosen in this report are those which appear to have the most relevance to local government, either because they have been categorized as public sector or because there is no material difference between sectors.

The period covered in the extracts below is from January 2022 to September 2023.

### **Cryptocurrency**

The 2022 ACFE Report to the Nations was the first to include frauds involving cryptocurrency. In this, the second report to include cryptocurrency, only 4% (2022:8%) of the frauds in the study involved the use of cryptocurrency. Of those cases, 47% (2022: 43%) included the perpetrator converting their stolen assets into cryptocurrency, and 33% (2022: 48%) involved bribery or kickback payments made to a co-conspirator in cryptocurrency.

### **COVID Pandemic**

In the 2024 report, 53% of fraud cases had at least one pandemic-related factor contribute to the occurrence of fraud.

Prior to the pandemic the median<sup>2</sup> loss from fraud had been declining however the median loss from frauds that occurred during the pandemic increased between 20% and 33% depending on the category of fraud.

Collusion, frauds committed by more than one perpetrator, had been trending upward prior to the pandemic however this slightly reduced. The number of cases involving collusion dropping from 58% in the 2022 report to 54% in 2024.

### **Fraud Categories and Schemes**

At the top level there are three primary categories of occupational fraud: asset misappropriation; financial statement fraud; and corruption.

<b>Fraud Categories</b>	<b>Definition</b>	<b>% of total<sup>3</sup></b>	<b>Median loss</b>
Asset misappropriation	A scheme in which an employee steals or misuses the employing organization's resources. (E.g., theft of company cash, false billing schemes, or inflated expense reports).	89% (2022: 86%)	USD 120,000 USD 100,000
Corruption	A scheme in which an employee misuses their influence in a business transaction in a way that violates their duty to the employer in order to gain a	48%	USD 200,000

<sup>1</sup> The Association of Certified Fraud Examiners (ACFE) is the world's largest anti-fraud organization and is an authoritative voice for fraud prevention, detection, deterrence, education, and investigation.

<sup>2</sup> The "middle" of a sorted list of numbers, the value separating the higher half from the lower half of a list of numbers.

<sup>3</sup> Some schemes have more than one element present hence percentages add to more than 100

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	direct or indirect benefit.( E.g. schemes involving bribery or conflicts of interest).	(2022 50%)	USD 150,000
Financial statement fraud	The employee intentionally causes a material misstatement or omission in the organization’s financial statements. (E.g. recording fictitious revenues, understating reported expenses, or artificially inflating reported assets).	5%	USD 766,000
	Financial statement fraud can be either net worth/ net income overstatements or net worth/ net income understatements	(2022 9%)	USD 593,000

Corruption alone accounted for only 10% of total cases.

**Occupational Fraud Schemes in the Government and Public Administration Sector**

The following are the most common occupational fraud schemes in the public sector, excluding health care and education.

<b>Scheme Type</b>	<b>Percentage scheme type present</b>
<b>Corruption</b>	52% (2022 57%)
<b>Financial Statement Fraud</b>	4% (2022 8%)
<b>Billing.</b> A fraudulent disbursement scheme in which a person causes their employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices, or invoices for personal purchases (e.g., employee creates a shell company and bills employer for services not actually rendered; employee purchases personal items and submits an invoice to employer for payment).	24% (2022 21%)
<b>Expense reimbursement.</b> A fraudulent disbursement scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses (e.g., employee files fraudulent expense report, claiming personal travel, non-existent meals, includes a travelling companion on the claim).	15% (2022 12%)
<b>Non-cash misappropriation:</b> Any scheme in which an employee steals or misuses non-cash assets of the victim organization (e.g., employee steals inventory from a warehouse or storeroom; uses employer’s equipment for private work; or steals or misuses confidential customer information)	15% (2022 16%)
<b>Payroll.</b> A fraudulent disbursement scheme in which an employee causes their employer to issue a payment by making false claims for compensation (e.g., employee claims overtime for hours not worked; employee adds ghost employees to the payroll).	18% (2022 16%)
<b>Cash-on-hand misappropriations.</b> When an employee steals cash kept on hand at the victim organization’s premises including in a safe.	8% (2022 7%)
<b>Skimming.</b> Stealing incoming payments before they are recorded in the books/ accounts (E.g., when an employee accepts payment from	11% (2022 8%)

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a customer but does not record the sale and instead keeps the money).	
<b>Cash Larceny.</b> Stealing incoming payments after they are recorded in the books/ account/ records (e.g., employee steals cash and checks from daily receipts before they can be deposited in the bank).	15% (2022 8%)
<b>Payment tampering.</b> When an employee steals their employer’s funds by intercepting, forging, or altering a payment drawn on one of the organization’s bank accounts. (E.g., re-routes an outgoing electronic payment to a vendor to be deposited into their own bank account).	14% (2022 9%)
<b>Register Disbursements.</b> When an employee makes false entries on a cash register to conceal the fraudulent removal of cash. (E.g., fraudulently voids a sale on his or her cash register and steals the cash).	4% (2022 3%)

**Internal Control Weaknesses that Contribute to Occupational Fraud**

<b>Internal Control Weaknesses That Contributed to the Fraud</b>	<b>Percentage contribution to occupational fraud</b>
Lack of Internal Controls (victim organization did not have adequate controls in place to prevent the fraud from occurring).	32% (2022 29%)
Override of existing internal controls (victim organization had implemented mechanisms to protect against fraud, but the perpetrator was able to circumvent those controls).	19% (2022 20%)
Lack of Management Review.	18% (2022 16%)
Lack of competent personnel in oversight roles.	9% (2022 8%)
Poor ‘tone at the top’.	8% (2022 10%)
Lack of independent checks/audits.	5% (2022 5%)
Lack of employee fraud education.	3% (2022 3%)
Lack of clear lines of authority.	1% (2022 2%)
Lack of reporting mechanisms.	1% (2022 < 1%)
Other.	4% (2022 7%)

More than half the frauds occurred due to an insufficient system of internal controls.

The specific factors underlying frauds vary based on the position level of the perpetrator. While a straightforward lack of internal controls was the top contributor for frauds committed by perpetrators at all levels within an organisation, frauds committed by owner/executives were much more likely to involve a poor tone at the top, while those perpetrated by mid-level managers and employees were more likely to occur due to a lack of management review. Also, schemes carried out by perpetrators at higher levels of authority caused larger losses and lasted longer.

**Who Commits Fraud in the Public sector**

	<b>Executive</b>	<b>Manager</b>	<b>Employee</b>
Govt orgs	19%	39%	39%

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**Behavioural Red Flags Displayed by 10% or more of Perpetrators**

A further 13 behaviours were reported whose prevalence was in less than 10% of the perpetrators. Note that 16% of the perpetrators exhibited none of the behaviours

<b>Behaviour</b>	<b>Percentage behaviour present</b>
Living beyond means. <sup>4</sup>	39% (2022 39%)
Financial difficulties.	27% (2022 25%)
Unusually close association with vendor/customer.	20% (2022 20%)
No behavioural red flags.	16% (2022 15%)
Control issues, unwillingness to share duties	13% (2022: no data)
Irritability, suspiciousness, or defensiveness.	12% (2022 12%)
"Wheeler-dealer" attitude.	12% (2022 10%)
Bullying or intimidation.	11% (2022: 12%)
Divorce/family problems.	10% (2022 11%)

**Detection**

Even with good controls it is likely that at some point an employee will commit fraud. Quick detection is therefore important to minimize the potential loss and damage caused by fraud.

<b>Initial Detection method</b>	<b>Percentage the method led to discovery of fraud</b>
Tips (further breakdown in table below)	43% (2022 42%)
Internal audit	14% (2022 16%)
Management review	13% (2022 12%)
Document examination	6% (2022 6%)
By chance/ accident	5% (2022 5%)
Account Reconciliation	5% (2022 5%)
Automated transaction/ data monitoring (new category)	3% (2022 4%)
External audit	3% (2022 4%)
Surveillance/monitoring)	2% (2022 3%)
Notified by law enforcement	2% (2022 2%)
Other	2% (2022 1%)
Confession	1% (2022 1%)

Since the commencement of the publication of the first Report to the Nations in 1996 hotlines/ tips/ whistle blowing has consistently been the method which has delivered the highest rate of detection, and by a wide margin. Three anti-fraud controls that is active cultivation of tips, involved management review and internal audit departments contribute 70% of the detection of occupational fraud.

<b>Who the tipsters were</b>	<b>Percentage of total tipsters</b>
Employee	52% (2022 55%)
Customer	21% (2022 18%)
Anonymous	15% (2022 16%)
Supplier/ Vendor	11% (2022 10%)

<sup>4</sup> This red flag has consistently been cited as the most common red flag in each edition of these study

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Other	7% (2022 5%)
Competitor	1% (2022 3%)
Shareholder/ owner	1% (2022 3%)

The existence of an organisation’s hotline programme should be well communicated and highly visible including to parties external to the organisation. As the percentages above demonstrate, a substantial proportion of tips come from outside the organisation.

<b>Mechanisms to report tips</b>	<b>Percentage of total tipsters</b>
Web-based/on-line form	40% (2022: 33%)
Email	37% (2022:40%)
Telephone hot-line	30% (2022:27%)
Mailed letter/form	11% (2022:12%)
Other	4% (2022:7%)
Text message	3% (2022: no data)
Fax	<1% (2022:<1%)

If you have any questions or would like any further information, please do not hesitate to contact me.