

Lessons learned from one of New Zealand's most challenging civil engineering projects: rebuilding the earthquake damaged pipes, roads, bridges and retaining walls in the city of Christchurch 2011 - 2016.

## Fraud Response Plan

**Story:** SCIRT Management Plans

**Theme:** The SCIRT Model

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A plan which proactively addresses the risk of fraud and lays out the actions that SCIRT will take when any suspected fraud is reported or discovered.

This document has been provided as an example of a tool that might be useful for other organisations undertaking complex disaster recovery or infrastructure rebuild programmes.

For more information about this document, visit [www.scirtlearninglegacy.org.nz](http://www.scirtlearninglegacy.org.nz)



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## Fraud Response Plan (Extracted from the Finance Mgt Plan)

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# FRAUD RESPONSE PLAN

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## FRAUD RESPONSE PLAN

### 1. PURPOSE

The integrity of Stronger Christchurch Infrastructure Rebuild Team (SCIRT) and its staff is critical to it giving the people of Christchurch and New Zealand confidence and security in the work it is delivering. SCIRT therefore requires all staff working for them to act at all times in an ethical and honest manner. It will not and does not tolerate fraud and the concealment of fraud.

The purpose of this plan is therefore to proactively address the risk of fraud and to lay out the actions that SCIRT will take when any suspected fraud is reported or discovered.

### 2. ORGANISATIONAL SCOPE

The plan applies to the following areas across SCIRT:

- a) All personnel seconded from all home organisations into the Integrated Services Team, including all departments (Design, Professional Services, Commercial, Estimating, Human Resources, Value for Money, Stakeholder Communications, Senior Management & Admin, Safety, Quality and Environmental and Asset Assessment);
- b) All personnel directly employed by the Delivery Teams (City Care, Downer, Fulton Hogan, The Fletcher Construction Company, and MacDow) and all their subcontractors and suppliers;
- c) Any other persons or organisations providing services direct to SCIRT (e.g. independent contractors, consultants, surveyors, and suppliers); and
- d) Complements any existing policies and/or procedures (where available) in the home organisations.

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### 3. DEFINITIONS

For purposes of this plan, unless otherwise stated, the following definitions shall apply:

Fraud is defined as any dishonest act or omission that causes loss to SCIRT or results in an unauthorised benefit or advantage, whether to the person acting or omitting or to a third person; and is deliberate or reckless in relation to the harm caused or the benefit or advantage obtained.

Fraud includes, but is not limited to:

- a) Forgery or alteration of documents;
- b) Misappropriation of SCIRT property;
- c) Deliberately altering or reporting incorrect financial or personal information;
- d) Soliciting gifts from vendors, consultants or contractors doing business with SCIRT;
- e) Unauthorised use of SCIRT property, equipment, materials or records for personal advantage or gain;
- f) Authorising or receiving payment for goods or services not received or performed;
- g) Authorising or receiving payment for time not worked;
- h) Any claim for reimbursement of expenses that are not incurred for the benefit SCIRT;
- i) Fabrication or falsification of data, or other dishonest practices;
- j) Bribery; and
- k) Identity theft.

## 4. RESPONSE PLAN CONTENT AND GUIDELINES

### 4.1 FRAUD AWARENESS AND PREVENTION

- a) The SCIRT Commercial Manager shall ensure that Delivery Teams schedule regular fraud awareness sessions for management, staff and sub-contractors. These sessions will be presented by the Delivery Team Commercial Managers and occur at least twice annually.
- b) Prevention and control of fraud shall be addressed in the first instance by adopting the control plans within each participant organisation. These plans will be documented and managed by each delivery teams Commercial Manager and reviewed annually.

### 4.2 DUTY TO REPORT

- a) An individual who is aware of or suspects fraudulent activity must promptly report such activity to the SCIRT Commercial Manager or the SCIRT Human Resources Manager;
- b) An individual who reports a suspicion of fraud regarding another individual or the organisation in good faith will in no circumstances be threatened, intimidated, or dismissed because he or she acted in accordance with this plan;
- c) The SCIRT Commercial Manager or the SCIRT Human Resources Manager will notify the SCIRT Executive General Manager and the individual(s) home organisation Human Resources Manager and nominated Senior Manager of the suspected fraud; and
- d) If the SCIRT Executive General Manager determines that an investigation is warranted, the SCIRT Board shall be notified and an investigation team will be established.

### 4.3 INVESTIGATIONS

- a) The investigation team will be responsible for collecting all relevant information in respect of the fraud allegation;
- b) Depending on the nature and seriousness of the alleged fraud, the Investigation Team may consult with, or engage the services of, other persons (such as independent technical experts with IT or forensic accounting skills) as well as external agencies (e.g. the Police);
- c) The investigation team will have:
  - i. Free and unrestricted access to all records and premises deemed necessary and related to the investigation by the SCIRT Executive General Manager, whether owned or rented;

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- ii. The authority to examine, copy, and/or remove all, or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities, within the scope of the investigation;
- iii. If the investigation team concludes that the evidence it has collected does not support the allegation of fraud, where appropriate that outcome may be reported confidentially to the individual who was suspected of fraud and to the complainant. A confidential report will be provided to the SCIRT Executive General Manager as appropriate that sets out the investigation process undertaken and the conclusions reached. The disclosure of that report or any part of that report to any other person will be determined by the SCIRT Executive General Manager; and
- iv. If the investigation team concludes that there is sufficient evidence to support the allegation, it will provide the SCIRT Executive General Manager with a confidential report which includes a recommended course of action and any recommended improvements to internal controls that are identified as a result of the investigation. A summary of this report will be provided to the SCIRT board.

### **4.4 DISCIPLINARY PROCESSES**

The home organisation(s) will follow their own disciplinary procedures (set out in their Policy and Procedures, and/or employee agreements) in respect of person(s) suspected of having committed fraud. If required, SCIRT may provide additional support, only after it has been requested by the home organisation.

### **4.5 ACTIONS FOLLOWING PROVED FRAUD**

Where a suspected fraud is proved, SCIRT will:

- a) Direct the manager of the area where the fraud has taken place, to put controls into place to mitigate further losses and prevent reoccurrence of similar misconduct.
- b) Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
- c) Advise SCIRT's insurers as appropriate (depending on the nature of the fraud);
- d) Keep all other relevant personnel suitably informed about the incident, including the Communication and Stakeholder Manager.

### **4.6 RECOVERY OF LOSS**

Recovering losses of money or property is a major objective of SCIRT following any fraud investigation. The amount of any loss will be quantified as far as possible and repayment or reparation will normally be sought.



#### **4.7 DEALING WITH THE MEDIA**

Any person contacted by the media with respect to any fraud investigation shall refer the media to the SCIRT Communication and Stakeholder Manager or the Executive General Manager.

### **5. LEGISLATIVE COMPLIANCE**

All the information that SCIRT creates and manages is discoverable, and as such the following legislation is relevant:

- Crimes Act 1961
- Official Information Act 1982
- Protected Disclosures Act 2000

# 6. FRAUD RESPONSE – FLOW CHART

