

Counter-fraud and Anti-corruption Policy

Policy details	
Policy owner	Chief Financial Officer
Policy administrator	Head of Risk and Assurance
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Related policies and legislation	Earthquake Commission Act 1993 Natural Hazards Insurance Act 2023 (NHI Act) Crimes Act 1961 Secret Commissions Act 1910 Summary Offences Act 1981 Building Act 2004 Employment Relations Act 2000 Protected Disclosures (Protection of Whistleblowers) Act 2022 People and Capability Policies / Procedures Standards of Integrity and Conduct Speak Up Policy Declinature Policy Prosecutions Policy Disclosure of Conflict of Interest Policy Gift and Hospitality Policy Information Policy

Introduction

Throughout this document, when we refer to ‘we/our/us’, we mean the Natural Hazards Commission Toka Tū Ake (NHC Toka Tū Ake).

Applies to

This policy applies to NHC Toka Tū Ake and anyone authorised to act on our behalf, including:

- our employees and contractors (including Board members, permanent, fixed and casual as well as secondees, contractors, sub-contractors, temporary agency staff, service providers and suppliers),

- private insurers (acting as our agent under the Natural Disaster Response Model (NDRM) and their staff and contractors, and
- third-party providers (authorised to act on our behalf, either appointed by us or an insurer as permitted under the NDRM) and their staff and contractors.

Throughout this document, when we refer to ‘you’, we mean any of the people described in this section.

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, which they, or related persons, would not otherwise be entitled to.

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

- Falsifying documents
- Knowingly providing false or altered documents
- Deliberately misrepresenting any information, such as date or cause of damage
- Knowingly claiming for property not damaged as the result of a natural hazard
- Misappropriating our assets

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 they are placed in.

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

- Seeking anything for personal benefit or gain from contractors, vendors or people providing services or materials to us
- You improperly using, or trying to improperly use, the knowledge, power or resources of your position for personal gain or for the advantage of others, such as fabricating business travel requirements for personal purposes
- A member of the public influencing, or trying to influence you, to use your position in a way that is dishonest, biased or breaches public trust.

Principles

Our approach

General

Our primary objective is to reduce the impact of natural hazards on people, property and the community. The NHI Act provides a more specific objective to administer natural hazard cover. Our role, as detailed in the Statement of Intent, includes monitoring compliance, investigating possible offences and enforcing the NHI Act. This Counter-fraud and Anti-corruption Policy communicates the framework for managing the risk of fraud and when incidents occur.

We do not tolerate fraud or corruption in any form. We're committed to a strategy that prevents, detects and responds to fraud and corruption. We achieve this by developing efficient controls and processes to reduce the likelihood of, opportunities for, and impact of fraud and corruption.

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

- stating and communicating the values and ethical behaviours we expect across our operational activities consistent with the Public Service Commissioner's Standard of Integrity and Conduct
- articulating our position on fraud and corruption, supported by our Risk Management Strategy and Risk Appetite
- outlining the key stakeholders, their responsibilities and required commitment to administer this policy
- informing all parties of their obligation to report suspected fraud and corruption and the process to do this.

The Acts that define the activities of fraud and corruption include:

- the Crimes Act 1961 for deception (false representation) and forgery (false documentation)
- the Secret Commissions Act 1910 (bribery and corruption)
- the Summary Offences Act 1981 (false claim of qualifications and imitation of official documents)
- the Protected Disclosures Act 2022.

These Acts also guide available legal responses following investigations.

What to do if you have suspicions

It's important to report and investigate fraud, but when making allegations of suspected fraudulent or corrupt behaviour, you must take care to avoid:

- mistaken accusations
- potentially defamatory statements, or
- alerting people who might be investigated that their activities are being reviewed.

You can challenge anomalies or clarify details when you are not sure or unclear about documents and activities and ask for explanations directly from the people involved. You should clearly document their response. If their explanation is not reasonable, does not make sense or continues to be unclear, it's best to document their response and report your suspicions and concerns.

If damage has been assessed and is not believed to be caused by a natural hazard, the claim is invalid. We (or authorised persons) may determine that a claim is invalid if we consider that the damage has been caused by something other than the natural hazard claimed for. There may be aspects that could be considered fraudulent such as misrepresentation or provision of false documentation. You should also report these instances as suspicious activity for review.

Formal investigations of suspected fraud or corruption can only be initiated under Risk and Assurance's direction or by appointment by the Chief Executive.

Reporting suspected fraud

We encourage you to report suspected fraud and corruption as soon as you become aware that it may have been committed.

You can report suspected fraud through one of the following channels.

For suspected internal or external fraud

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

Email: investigations@naturalhazards.govt.nz

Phone: 04 885 5691

Employees can also use our Speak Up channels to report incidents of wrongdoing. These channels include an independent Speak Up service.

For more information about:

- using the Speak Up channels, see the links in the Speak Up work tools guidance material on InSite
- the protections available under the Protected Disclosures (Protection of Whistleblowers) Act 2022, see the Speak-Up Policy.

For suspected fraud relating to a claim

Our Claim Management System (CMS) provides special investigation questions that can be completed to escalate the claim to the appropriate team leader or manager. The team leader or manager can then record their comments before referring the claim to Risk and Assurance to review the concerns raised.

For suspected claims managed by insurers on our behalf

For employees and contractors of private insurers acting on our behalf, suspected fraudulent activities relating to claims managed under the NDRM must be reported through the insurer's internal reporting channels (so they can review your suspicions and any resulting formal investigation).

The process for reporting and assurance of suspected fraudulent activity is documented in the [Suspected Fraudulent Claims Guide – NHI Act](#).

Our employees must report any suspected fraudulent activities through the internal channels provided and detailed above.

Members of the public

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

NHC Toka Tū Ake website > [Make an allegation](#)

NHC Toka Tū Ake free call number: 0800 DAMAGE (326 243)

After an employee reports a suspicion

The details of any allegation will be assessed to determine whether it has some substance and is correct. It's 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 our no-tolerance approach. This ensures we treat each case consistently based on the facts and evidence available at the time.

The Risk and Assurance team is 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. Their 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, such as a recommendation 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, which could lead to suspension, a formal letter of expectation, a written warning, termination of employment (on or without notice) and/or any other action that may be considered appropriate in the circumstances
- recommendation for referral to an external agency for further investigation or for prosecution actions.

Reporting

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

We report the number and types of allegations we have received and the outcomes of investigations to the ELT via the Fraud Dashboard and to the Board via the NDRM Reporting. We also include this reporting in the fraud update to ARC. These reports cover allegations identified both by us and by insurers working on NHCover and EQCover claims.

We also inform ARC about all instances of fraud by our staff as soon as is practically possible.

Responsibilities

The following stakeholders manage fraud and corruption risk

Stakeholder	Responsibilities
Board	<ul style="list-style-type: none">• Approves the Counter-fraud and Anti-corruption Policy• Sets the risk appetite for fraud• Sets the tone and influences the culture of fraud risk control across NHC Toka Tū Ake
Chief Executive	<ul style="list-style-type: none">• Promotes the approach of fraud controls within NHC Toka Tū Ake• Decides activities involving response in accordance with NHC Toka Tū Ake Delegations Framework
Chief Financial Officer	<ul style="list-style-type: none">• Owns the Counter-fraud and Anti-corruption Policy• Decides activities involving response in accordance with NHC Toka Tū Ake Delegations Framework

Stakeholder	Responsibilities
	<ul style="list-style-type: none"> • Reports on the effectiveness of the fraud controls and response activities to ELT and ARC with ability to escalate to Board in need.
Executive Leadership Team/ Senior Management	<ul style="list-style-type: none"> • Act as role models and actively 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, help design and implement cost-effective prevention, mitigation and control measures • Establish and implement measures to prevent fraud and corruption from reoccurring • Ensure business systems, practices and procedures support the prevention and detection of fraud and corruption • Enable and encourage employees to complete fraud and corruption awareness training
People and team leaders and cost centre managers	<ul style="list-style-type: none"> • Support and lead initiatives and training to prevent and detect fraud and corruption • Assist and support employees reporting suspected fraud and corruption • Ensure controls to prevent and detect fraud and corruption are embedded and followed so they are effective • Assist and support employees responding to suspected fraud and corruption • Ensure employees use business systems and comply with practices and procedures to support the prevention and detection of fraud and corruption.
Risk and Assurance	<ul style="list-style-type: none"> • Administer the Counter-fraud and Anti-corruption 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

Stakeholder	Responsibilities
	<ul style="list-style-type: none"> • Assess and review suspected incidents and allegations of fraud and corruption to determine and recommend appropriate investigation and response actions • Provide fraud and corruption awareness training for NHC Toka Tū Ake employees where required • Help develop data analytics models to monitor identified fraud and corruption risks • Provide assurance oversight of implementation of first-line fraud risk controls • Provide assurance oversight of fraud management undertaken on our behalf as detailed in the NDRM • Measure and report on the effectiveness of the fraud and corruption controls and response activities.
Financial and Assurance Analytics	<ul style="list-style-type: none"> • Collate allegations received through reporting lines and provide further information to help assess, triage, review and investigate allegations received • Provide data analytics for assurance monitoring of fraud and corruption risk controls.
People 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 our employees • Conduct any employment and disciplinary actions required because of fraud and corruption by employees in accordance with 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 our Prosecutions Policy • Initiate actions in accordance with delegation framework against individuals or organisations that have committed fraud or acted in a corrupt manner against us.
Readiness and Recovery	<ul style="list-style-type: none"> • Apply and follow agreed process and assessment methods in the processing of claims • Be aware of evolving claims fraud tactics • Work with private insurers and third-party providers acting as our agents to prevent, detect and respond to fraud and corruption

Stakeholder	Responsibilities
	<ul style="list-style-type: none"> • Support claim quality assurance, audits and other activities to prevent and detect fraud and corruption.
Employees	<ul style="list-style-type: none"> • Comply with this policy and any processes relating to this policy • Report suspected fraud and corruption as outlined in this policy • Ensure agreed fraud risk controls are embedded into process and followed • Complete fraud awareness training to recognise potential red flags that can indicate fraudulent or corrupt activities • Cooperate in investigations if required to do so.