



**Notice is hereby given of the Meeting of the  
Southland Museum & Art Gallery Trust Board Inc  
to be held in the Council Chambers,  
Invercargill City Council, 101 Esk Street, Invercargill  
on Thursday 03 June 2021 at 3.00 pm**

Cr D Ludlow (Chair)  
Cr R Amundsen  
Cr L F Soper  
Mayor Gary Tong  
Cr C Menzies  
Cr B Highsted  
Ms G Neave  
Mr R Eagles  
Ms E Cook  
Mrs C Henderson

THILINI AMARASINGHA  
For Secretary

# Southland Museum and Art Gallery Trust Board - Public Agenda

03 June 2021 03:00 PM



## Agenda Topic

1. Apologies
2. [Interest Register](#)
3. [Minutes of the Meeting held on 6 May 2021](#)
  - 3.1 Matters Arising
4. [Action Sheet](#)
5. [Items for Review 2020/21](#)
6. Reports
  - 6.1 [SMAG Manager's Report for April 2021](#)
    - 6.1.1 [Appendix 1 - Acquisitions Master List 2020](#)
7. Financials
  - 7.1 [Financial Report](#)
    - 7.1.1 [Appendix 1 - The Prevention of Fraud Dishonesty and Corruption Policy](#)
8. Correspondence
9. General Business
  - 9.1 Questions about the collection from Mr Eagles
10. [Public Excluded Session](#)

<b>Southland Museum &amp; Art Gallery Trust Board Interest Register</b>	Last updated: 01 April 2021
---	--------------------------------

Current						
Full name	Position	From	To	Entity	Interest	Comment
Cr Darren Ludlow	Trustee	17 Nov 2004		Invercargill City Council Radio Southland Healthy Families Invercargill Murihiku Maori Wardens Incorporated Southland Community Law Centre Thrive Community Trust	Councillor Manager Board Member Board Member Board Member Trustee	
Cr Rebecca Amundsen	Trustee	7 Nov 2017		Invercargill City Council Southland Regional Heritage Committee Venture Southland Invercargill City Charitable Trust Dan Davin Literary Foundation Archdraught Limited BP ORR Limited TASK Limited Heritage South Arts Murihiku	Councillor Member ICC Council Representative Trustee Trustee Director / Shareholder Director / Shareholder Director / Shareholder Contractor Trustee	
Cr Lesley Frances Soper	Trustee	23 Mar 2021		Invercargill City Council Breathing Space Southland Trust (Emergency Housing) Omaui Tracks Trust National Council of Women (NCW) Citizens Advice Bureau Southland ACC Advocacy Trust Southern District Health Board Southland Warm Homes Trust Southland Food Rescue Trust	Councillor Chair Director Secretary / Treasurer Member Board Member Employee Member Member	
Mayor Gary Tong	Trustee	18 Dec 2019		Southland District Council Koha Kai and Borland Lodge	Mayor Trustee	

Southland Museum and Art Gallery Trust Board - Public Agenda - Interest Register

A2531243

Current						
Full name	Position	From	To	Entity	Interest	Comment
Cr Christine Mary Menzies	Trustee	18 Dec 2019		Southland Youth One Stop Shop Winton Medical Centre and Central Southland Hospital Trust Southland District Council Barnardos / Ministry of Education Social Workers Registration Board	Trustee Chair  Councillor Employee Committee Member	
Cr Bret Highsted	Trustee	10 Mar 2020		Broadacres Ltd CPC Investments Ltd CPC Properties Ltd Fert Wholesale Direct Ltd Global Vehicle Leasing 2009 Ltd Gore A&P Joint Management Committee Gore District Council Hokonui Heritage Centre Trust Honunui Moonshine Museum Charitable Trust North Road Storage Ltd Southland Warm Homes Trust Stoney Creek Station Ltd The Terraces Ltd Tulbury Heights Ltd Tulloch Farm Glendhu Ltd Tulloch Ltd Tulloch Milk Logistics Ltd Tulloch Properties Christchurch Ltd Tulloch Group Ltd Croydon Aviation Heritage Trust Mataura Valley Milk Ltd Southern Skies Properties Ltd Deep South Storage Ltd	Director Director Director Director Director Chair Councillor Trustee Trustee Director Trustee Director Director Director Director Director Director Director Director Employee	
Roger Eagles	Trustee	06 Sep 2018		Eagles Eagles Redpath FINA Masters Swimming Committee Aquatic NZ Inc Grose Investments Limited Swimming Southland Inc	Partner Member Chair Director Board Member	

A2531243

Southland Museum and Art Gallery Trust Board - Public Agenda - Interest Register

A2531243

Current						
Full name	Position	From	To	Entity	Interest	Comment
Gwen Neave	Trustee	28 Nov 2001		Southland Community Education Programme Incorp N Z Council Of Victim Support Groups Incorp Invercargill and Districts Victim Support Grp Incorp Arts Murihiku	Executive Member Board Member Committee Member	
Christine (Chris) Henderson	Trustee	5 Dec 2019		Friends of the Southland Museum and Art Gallery Southland Branch of Forest and Bird Southland Astronomical Society	Chairman Chairman Member	
Evelyn Cook	Trustee	4 July 2019		Police Iwi Liaison Museum Iwi Liaison Te Rūnanga o Ngāi Tahu Te Whānau a Neke Trust Rakiura Māori Land Trust Strengthening Families Waihōpai Rūnaka Te Rūnaka o Awarua Te Awhi Rito CDEM CEG Otago Emergency Response Iwi Liaison Hui Amorangi o Te Wai Pounamu Trust Board	Awarua Awarua Beneficiary Owner Owner Iwi Representative Member Member Representing SMAG Representing Iwi Representing Iwi Representing Murihiku Iwi Trustee	
Steve Gibling	ICC Group Manager			Invercargill City Council	Group Manager – Leisure and Recreation	
Wayne Marriott	Manager – Museum and Heritage Services			Invercargill City Council Horizon Energy Limited Whakatane & District Historical Society Scholarship Trust Whakatane & District Historical Society New Zealand Society of Genealogists Ohope Beach Primary School BOT BOP Acacia Charitable Trust Whakatane Masonic Properties Limited Te Waipounamu Museums Company Limited Art & Acre Limited Judicial Justice of the Peace (Invercargill) Justice of the Peace (EBOP – Committee)	Manager – Museum and Heritage Services Historian Chair & Director Vice-President Member Finance Chair & Director Director Director Director	

A2531243

**MINUTES OF THE SOUTHLAND MUSEUM AND ART GALLERY TRUST BOARD  
HELD IN THE COUNCIL CHAMBERS, INVERCARGILL CITY COUNCIL, 101 ESK  
STREET, INVERCARGILL ON THURSDAY 6 MAY 2021 AT 3.00 PM**

**PRESENT:** Cr D Ludlow (Chair)  
Cr R Amundsen (from 3.26 pm)  
Cr L Soper  
Mayor G Tong (via Zoom)  
Cr C Menzies  
Ms G Neave  
Ms E Cook  
Mrs C Henderson

**IN ATTENDANCE:** Mr N Peterson, Bluff Community Board Member  
Mr S Gibling (Group Manager – Leisure and Recreation)  
Mr W Marriott (Manager – Museum and Heritage Services)  
Mr S Craig (Management Accountant)  
Ms M Sievwright (Governance Officer)

**2. APOLOGIES**

Mr R Eagles, Cr P Duffy.

Moved Cr Soper, seconded Cr Ludlow and **RESOLVED** that the apologies be accepted.

**3. INTEREST REGISTER**

A2531243

Nil.

**4. CONFIRMATION OF MINUTES OF THE MEETING HELD ON 1 APRIL 2021**

A3397598

Moved Cr Menzies, seconded Cr Ludlow and **RESOLVED** that the minutes of the meeting held on Thursday 1 April 2021 be accepted as a true and correct record.

**4.1 Matters Arising from Previous Minutes**

Nil.

**5. ACTION SHEET**

A3397448

The item of Dame Kiri Te Kanawa was still in progress. Cr Ludlow was working on this.

6. **ITEMS FOR REVIEW**  
A3022453

There was a wider process which would feed into the workshop with information coming from the Chief Executives from Gore and Southland District councils. A discussion was held as the Board understood this was their workshop. The question was asked when and how the public would be consulted. It was agreed that this would be discussed at the workshop.

**Note:** Cr R Amundsen joined the meeting at 3.26 pm

7. **REPORTS**

7.1 **SMAG Managers Report for March 2021**  
A3367550

Mr Marriot spoke to the report.

The temperature had not been set on the basis of the advice from Te Papa and this had now been resolved. An air curtain would be installed to help with this also. A report on nitrates would be prepared. Tama Iti would be in attendance at the Spring Exhibition at He Waka Tuia.

Moved Mrs C Henderson, seconded Mrs Neave and **RESOLVED** that the report "SMAG Managers' Report for March 2021" be received.

8. **FINANCIALS**

8.1 **Financial Report**

Mr Craig spoke to the report.

It was agreed that the chequebook references would need to be deleted from the Fraud, Dishonesty and Corruption Policy. It was suggested the Policy would need to be redrafted as it implies there had been a recent internal fraud. It was discussed that this policy only spoke about money, but the biggest risk was the art works. A redrafted policy would be brought to the next meeting.

Moved Mrs Cook, seconded Cr Soper and **RESOLVED** that

1. The Quarterly financial report for the 9 months ended 31 March 2021 be received.
2. The Prevention of Fraud, Dishonesty and Corruption Policy (Appendix 1) be received and amendments as discussed be presented for confirmation at the June meeting.
3. The Financial Delegations Policy (Appendix 2) be received and approved subject to amendments as discussed.

10. **GENERAL BUSINESS**

Nil.

11. **PUBLIC EXCLUDED SESSION**

Moved Cr Ludlow, seconded Cr Amundsen and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting,

- (a) Conforming the minutes of the public excluded session held on 1 April 2021.
- (b) Statement of Intent for the Financial Report Ending 30 June 2020 (Draft)

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
(a) Minutes of the public excluded session held on 1 April 2021	Section 7(2)(i) Enable any local organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
(b) Statement of Intent for the Financial Report Ending 30 June 2020 (Draft)	Section 7(2)(i) Enable any local organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

There being no further business, the meeting closed at 4.00 pm

The next meeting would be held on Thursday 3 June 2021 at 3.00 pm in the Council Chambers at Invercargill City Council.





**ACTION SHEET**

**Held on 06 May 2021**

<b>Originating Date</b>	<b>Item #</b>	<b>Item Description</b>	<b>Action to be taken</b>	<b>Action by</b>	<b>Due date</b>
06/06/19		Manawhenua Representation Jane Davis	A decision was made to meet with Jane's whanau following the lifting of Covid-19 isolation levels.	Ms Neave	WIP
03/10/19		Dame Kiri Te Kanawa	Toni to make contact and invite Dame Kiri Te Kanawa to the museum opening when the date has been confirmed	Cr Ludlow	2021
02/04/20		Hazard Report	Wayne Marriot to prepare a hazard report in regards to holding nitrate on-site.	Mr Marriot	2021
11/03/2021		Workshops	Confirm dates for workshops	SMAG Board	6 May 2021

SOUTHLAND MUSEUM & ART GALLERY TRUST BOARD 2020/21 – TIMELINE*											
Item Due For Review 2020/21											
	Jul	Aug	Sep	Oct	Nov	Dec	Feb	Mar	Apr	May	Jun
DRAFT Annual Report reviewed		✓									
Final Annual Report Signoff [Due to ICC & SDC]			30/9								
Management fee automatic payment form updated			✓								
Business Plan Workshop				✓							
Business Plan Review					✓						
Bequest Term deposit renewal						✓					
AGM						✓					
Review of Draft Statement of Intent						✓					
Draft Statement of Intent [Due to ICC & SDC]							28/2				
6 Monthly Financials [Due to ICC & SDC]							28/2				
Fraud Policy / Delegation policy review									✓		
Impairment of Building / asset valuation review										✓	
Final Statement of Intent [Due to ICC & SDC]											30/6
Trustees review interest register	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

\* A review of the governance of the Southland Museum & Art Gallery Trust Board is currently underway. As any changes to the governance structure is currently unknown, this timeline has been prepared with the assumption of business as usual.

**TO: SOUTHLAND MUSEUM AND ART GALLERY TRUST BOARD**

**FROM: MANAGER - MUSEUM AND HERITAGE SERVICES**

**MEETING DATE: THURSDAY 3 JUNE 2021**

<b>SMAG MANAGERS' REPORT FOR APRIL 2021</b>
---

#### **RECOMMENDATIONS**

**That the Southland Museum and Art Gallery Trust Board:**

- 1. Receive the report "SMAG Managers' Report for April 2021".**
- 2. Note the revised lower risk of the nitrate negative film collection.**
- 3. Approve the nitrate negative film collection remain in current storage, with temperature continuing to be monitored and physical checks of the material every two months.**
- 4. Continue to relocate any nitrate movie film received to Nga Taonga Sound & Vision.**

#### **COLLECTIONS**

Mark Adams, former SAF Artist in Residence, was at the Museum on 12 April 2021 reviewing his collection held onsite as preliminary research for a forthcoming exhibition to be curated by Auckland Art Gallery.

The negatives for these photographs which were taken during Mark's time as Artist in Residence have been misplaced by the Artist, and our print collection is identified as the only complete set. Ron Brownson (Auckland Art Gallery) is curating Mark's exhibition, and we will receive a request from Mark and Ron to have the photographs in our collection copied, so they can be enlarged as part of the exhibition installation. The images include Ruapuke Island, Stewart Island and Dusky Sound.

SMAG staff have undertaken the removal of IPAG furniture and Anderson House furniture from Anderson House, in conjunction with IPAG staff, as part of the preparation for work to begin on the House.

A Master List of Acquisitions is produced annually from items which have been reviewed by the Staff Acquisitions Committee and accepted into the collection (refer to **Appendix 1**). Five items were added to the Acquisitions List in 2020. To date in 2021, 12 items have been added to the list. The Staff Acquisitions Committee will meet again in May to review all items recently offered to the Museum collection.

**CATALOGUING AND REHOUSING**

Project Stage	Outline	Total as at 26 March 2021	Total as at 11 May 2021	Monthly Increase
Stage 1	Full documentation	8,964	9,065 records	101
Ready for Relocation	Ready for Relocation	14,069	14,149 records	80
Stage 3	Photography	850	850 records	0

The Museum and Art Gallery Collection comprises of approximately 2 million objects. To date, 75,000 objects have been captured on the Vernon database. Following the collection being moved off-site for any future redevelopment project, work would continue on adding collection items to the centralised collection management database.

A survey of the collection indicates that around 22,300 objects (1.12%) currently require specialised packing prior to being moved off-site. The largest of these collection are: Fine Art (2620); Decorative and Applied Arts (2750); and Natural History (9700).

**EXHIBITIONS**

The teams from IPAG and SMAG have come together to deliver the current series of three exhibitions. The development of HWT was initially a shared space for both organizations, who over the last year have come together to present a series of shared exhibitions.

- Tokanui School installation: 22 March – 14 May 2021
- What I collect...: 6 March 2021 – ongoing
- *100 Women, 100 Words (toured by Otago Museum)*: 10 April – 14 May 2021
- *Women from our Collections*: 10 April – 14 May 2021
- *Women during the War*: 17 April – 14 May 2021

In April, the team de-installed *Crate Expectations* and installed *Women*, an exhibition comprised of three smaller exhibitions featuring southern women (*100 Women, 100 Words... Infinite Possibilities, Women from our Collections, and Women during the War*).

The gallery also has a soundtrack featuring all Southland female musicians. This exhibition was opened on 16 April and received positive media coverage as well as visitor comments.

**SOCIAL MEDIA**

For SMAG and HWT respectively, 11 posts were made on social media. These had a combined reach of 6,413 with engagement of 657. In March, combined engagement was 448.

**COMMUNITY OUTREACH**

SMAG Manager and Curator, Visual Arts attended the Polynesian Panther Rap at Miharo on 13 April.

Trustees of Community Trust South and Invercargill Licensing Trust met with SMAG Manager and GM - Recreation and Leisure to discuss the LTP Proposal.

The SMAG Manager presented to U3A on 16 April.

A3407827

## PROFESSIONAL DEVELOPMENT

Team Leader – Curators, spent a week working 1:1 with Heritage Studios, Auckland gaining a professional level of understanding of digitisation systems and techniques. This was a hands on opportunity and as part of the professional development, Invercargill Libraries agreed to release the Nokomai Herald for digitisation, which was completed and returned.

Team Leader – Collections, and Collections Assistant, attended the meeting of the New Zealand Repatriation Research Network (NZRNN) held at Te Papa on 30 March. Of note was confirmation that Te Papa Tongarewa are currently re-writing their kōiwi tangata policy and developing a repatriation policy. A national code of ethics relating to the return of kōiwi tangata has been drafted in collaboration with Museums Aotearoa (MA). The Southland Museum and Art Gallery’s existing kōiwi tangata policy meets the standards set out in the proposed code of ethics.

On 31 March both team members attended the *Ngākahu: Provenance Research Workshop*, which looked at the process of provenance research as it relates to kōiwi tangata.

Manager, Museum and Heritage Services took part in the Oxford Cultural Leaders Programme (Oxford University GLAM and Saïd School of Business). The course focused on leadership in times of crises in the GLAM sector. Speakers included the Director, Pitt Rivers; Director, Ashmolean; and Director, Imperial War Museum. 22 participants were chosen to be part of the programme from Pretoria University, Smithsonian, National Gallery (London), and Arts Council of Northern Ireland. Many of the learnings from the course can be directly applied into our current environment as we move forward with the project.

## VISITOR NUMBERS: HE WAKA TUIA

Month	Total Visitors	Total Open Hours
November 2020	772	148
December 2020	893	136
January 2021	1,068	144
February 2021	613	144
March 2021	980	158
April 2021	1,030	156

On 1 April 2021, HWT’s opening hours changed to 7 days a week, 363 days a year. This has coincided with an increase in the number of exhibition opportunities, additional media advice and an increased number of public events. The first month has attracted a small increase in visitor numbers. Staff are measuring weekend hours in half hour blocks to look at visitor numbers and to see if any trends are happening.

Public events are drawing additional visitors into the building.

A meeting of the Awhi Rito Committee was held on 15 April to receive the monthly report.

## FACILITIES

The HWT HVAC temperature between 1-12 April averaged between 18.5<sup>0</sup> C and 20<sup>0</sup> C. The coolest part recorded was Room Temperature East 18<sup>0</sup> -19<sup>0</sup> C.

Following the adjustment of the temperature controls, the average between 13-30 April has been 19.5<sup>0</sup> C and 20<sup>0</sup> C.

A3407827

SMAG temperature controls average at just over 20<sup>o</sup> C, with limited fluctuation.

Staff continue to monitor the current SMAG building for any issues of significance, including pest and temperature fluctuations. An on-site inspection was conducted by staff during Easter.

### **Nitrate Negatives**

In November 2020, the SMAG Trust Board received a report regarding two collections identified as potentially flammable. They are the Fluid preserved (or Wet) Collection and the Nitrate Negatives.

The Wet Collection is currently stored in a flammables cabinet which mitigates any current risk to the collection.

The Nitrate Negatives held by the Museum have been estimated to be around 15,000 rolls from the Elmwood Studios Collection. It was also been previously reported that 27 x 16mm movie films are also on site which are listed as having nitrate component.

The Museum currently holds 79 catalogued 8mm, 16mm and 35mm films, and has 69 uncatalogued 8mm films.

Nga Toanga Sound & Vision traditionally has received and held nitrate film on behalf of smaller and regional museums. In return, as part of the preservation, a digital copy of the film was supplied. As Museum does not have the current storage facilities for Nitrate Movie Film, transfer of nitrate film to Nga Toanga Sound & Vision should be continued.

The Museum has previously transferred nitrate film to Nga Toanga Sound & Vision.

Although cellulose nitrate objects (such as camera film negatives) are regarded as very flammable, they are unlikely to explode or to spontaneously combust when stored under normal museum conditions. The current storage conditions at Southland Museum and Art Gallery should be considered as “normal museum conditions”.

**Acquisitions Master List 2020****APPENDIX 1**

A3407832

<b>Acc. No.</b>	<b>Object: Name/Title (or brief description &amp; date)</b>	<b>Source &amp; address</b>	<b>Gift Receipt No. &amp; date</b>
2020.1 29/1/21	Framed and glazed portrait [coloured] of Gilbert & Ellen Brown	Marjory Brown	3727 29/1/2020
2020.2 18/6/21	Watercolour, titled: Dusky Impressions, 2016 Artist: Brian Carmody – artwork bequeathed to SMAG [as recorded on the painting verso – signed by Dorothy Carmody]	Conrad Newport	3728 18/6/20
2020.3 5/8/2020	SMAG Trustboard purchase, price paid \$1800.00. Ceramic artwork by Irene Mura Schroder [nee West], 2015. Titled: Wahi Motuhake / A Special Place Materials: Terracotta and stoneware clay, dry glazes.	Estate of Irene Schroder:	3729 5/8/20
2020.4 30/10/20	Painting of Milford sound, title unknown Artist: John Gully, 1875 or 1878? Medium: watercolour on paper, glazed and framed Description: Framed and glazed water colour painting of Mitre Peak in Milford Sound, Fiordland. Item purchased by donor circa mid 1990's from a NZ art auction.	Roger Eagles	3730 29/10/20
2020.5 22/12/21	Pressed flower art [glazed and framed] by Olga Sansom	Susan Jones	3731 21/12/20

**Acquisitions Master List 2021**

<b>Acc. No.</b>	<b>Object: Name/Title (or brief description &amp; date)</b>	<b>Source &amp; address</b>	<b>Gift Receipt No. &amp; date</b>
2021.1.1	Photographic prints x6: Victoriana cradle Artist: Adrienne Martyn	Adrienne Martyn	3733 Jan 2021
2021.1.2	Photographic print: Victoriana mannequin Artist: Adrienne Martyn	Adrienne Martyn	3733 Jan 2021
2021.1.3	Photographic print: Victoriana decanted Artist: Adrienne Martyn	Adrienne Martyn	3733 Jan 2021
2021.1.4	Photographic print: Extinct birds Artist: Adrienne Martyn	Adrienne Martyn	3733 Jan 2021
2021.1.5	Photographic print: Frames Artist: Adrienne Martyn	Adrienne Martyn	3733 Jan 2021
2021.1.6	Photographic print: Racks Artist: Adrienne Martyn	Adrienne Martyn	3733 Jan 2021
2021.2	Macintosh Apple 11e computer and monitor. Colour monitor & Unidisk - Made by Apple Computer Inc., Korea, manufactured in 1986. Panasonic printer and education booklets. Items ex Tweedsmuir Intermediate - Denise was a teacher there in the 1990s	Denise Leota	3732 14/1/21

**TO: SOUTHLAND MUSEUM AND ART GALLERY TRUST BOARD**  
**FROM: SIMON CRAIG – ACCOUNTANT**  
**MEETING DATE: THURSDAY 3 JUNE 2021**

<b>FINANCIAL REPORT</b>
-------------------------

**SUMMARY**

Financial update which includes the Term Deposit Renewal.

**RECOMMENDATIONS**

**That the Southland Museum and Art Gallery Trust Board:**

- 1. Receive the “Financial Report”.**
- 2. Approve the amended Prevention of Fraud, Dishonesty and Corruption Policy (Appendix 1).**
- 3. Approve the Term Deposit Renewal.**

**TERM DEPOSIT RENEWAL**

On 30 June 2021, the Bequest term deposit of \$206,995.14 matures. This term deposit is currently earning interest at 0.80% since 30 December 2020.

It is recommended to roll the term deposit with interest for 270 days to mature on 30 March 2022.

Current rates (subject to change):	90 days:	0.35%
	180 days:	0.80%
	270 days:	1.10%
	1 year:	0.90%



## **SOUTHLAND MUSEUM & ART GALLERY TRUST**

### **Prevention of Fraud, Dishonesty and Corruption Policy**

#### **1.0 PURPOSE**

Southland Museum & Art Gallery Trust (SMAG) should be seen to maintain the highest standards when it comes to matters of integrity. SMAG must provide confidence to the community and staff regarding the administration of ratepayer funds.

The adverse publicity surrounding an internal fraud perpetrated upon SMAG is a key risk element for maintaining our credibility and reputation in the public sector.

The existence of an effectively applied fraud policy and the alignment of other related SMAG policies to the objectives of the fraud policy is a highly effective mitigation strategy against internal fraud.

The two principal objectives the policy seeks to achieve are to:

- Protect the integrity of our financial systems and assets from fraudulent conduct by employees, trustees, contractors we have engaged to assist us and others; and
- Ensure that such conduct, when it occurs, is detected and acted upon.

#### **2.0 APPLICATION**

This is an Organisational wide policy

#### **3.0 DEFINITIONS**

The following are practical examples of fraudulent activity:

- Stealing of cash
- Misappropriation of SMAG property, assets or collections
- The offering, giving or acceptance of an inducement or reward, which may influence the actions taken by SMAG Officers or Trustees
- The failure to declare a conflict of interest in making decisions that have a financial or beneficial impact upon the Trustees or their close associates
- Submitting of false invoices for payment
- Alteration of a document for pecuniary gain
- Dishonest use of SMAG online banking
- Submitting false personal expense claims or false travel advance requests
- Improper use of commercially sensitive client information or our own intellectual property for either your own or another person's pecuniary gain

Misuse of resources:

This term is used to describe employee behaviour, but is beyond what we would consider as fair and reasonable and this behaviour, if proven, could reasonably be seen as serious misconduct:

- Claiming reimbursement for privately incurred expenses or doubtful business related expenses
- Committing SMAG to pay for purchases which could be seen as borderline or as doubtful business expenses

Fraud as defined in this policy is intended to include fraud as defined in the Audit Standards of the Institute of Chartered Accountants of New Zealand.

Distinguishing between fraud and error:

- The term “fraud” refers to an intentional act by one or more employees, management or directors involving the use of deception to obtain an unjust or illegal advantage. There may be collusion within the organisation in order to perpetrate the fraudulent activity.
- The term “error” refers to an unintentional misstatement of information, such as financial report information, including the omission of an amount of a disclosure.

Fraud as defined in this policy includes:

- Misstatements resulting from fraudulent financial reporting
  - This may be accomplished by manipulation, falsification or alteration of accounting records or supporting documentation from which the financial reports are prepared; misrepresentation of events, transactions or other significant information; intentional misapplication of accounting principles, classification, manner of presentation or disclosure.
- Misstatements resulting from misappropriation of assets or museum collections
  - This may be accomplished in a variety of ways including embezzling receipts, stealing physical assets, museum collections or intellectual or property assets, causing SMAG to pay for goods or services not received (for example fictitious suppliers, payments to fictitious employees) or using the SMAG assets for personal use.

#### **4.0 POLICY STATEMENTS**

The following policy statements represent the SMAG policy in relation to internal fraud.

##### **4.1 Protecting the integrity of our financial systems and assets from fraudulent conduct**

- All employees acting in the role of authorising financial transactions have a duty to properly carry out authorisation and approval procedures they are responsible for and to comply with any relevant delegations they operate under.
- Suspected internal fraud and suspected misuse of resources fall within the definition of serious wrongdoing contained under the Protected Disclosures Act 2000
- All employees have a duty to disclose suspicious acts that may represent a suspected internal fraud or a suspected misuse of resources. While we would prefer that the employee making the disclosure identify themselves, SMAG will accept anonymous disclosures. Further information on initial disclosure steps if an employee suspect’s fraud or misuse of resources is outlined in a guidance statement set out below and within SMAG protected disclosure policy.
- SMAG will maintain a Fraud Register to record all suspected fraud notifications and the resultant outcome for each of these notifications. Details of the Register are covered in Appendix Two of this document.
- SMAG will seek full recovery of amounts misappropriated by internal fraud from implicated employee(s) or persons.
- Fraud risk will be assessed as part of SMAG risk management framework. This process will involve ongoing internal fraud risk assessment and the monitoring of the adequacy of relevant internal controls and alignment of related SMAG policies to the fraud policy.
- SMAG will provide regular advice and training to all employees on this policy.
- The responsibilities of senior employees, in relation to key elements of this policy, are set out in Appendix one below.

**4.2 Appropriate responses should any potential internal fraud or misuse of resource situations be suspected or detected**

- Management will consider all allegations (anonymous or otherwise) in relation to suspected internal fraud or misuse of resources.
- Following receipt of a fraud allegation or upon suspicion that an internal fraud or misuse of resources may be occurring, or has taken place, management will make initial discreet enquiries to ascertain the substance of the allegation or suspicion. These enquiries should seek to minimise approaches for information being made to any employee.
- If the discreet enquiries reveal that misuse of resources is suspected then the relevant provisions of the SMAG Human Resource serious misconduct policies shall apply.
- If the discreet enquiries indicate that an internal fraud is suspected to have occurred, or is still occurring the Treasurer will develop an appropriate response based on the known circumstances.
- After the completion of discreet enquiries where an internal fraud is suspected the Treasurer will then consider the completion of an internally controlled investigation of the suspected internal fraud.
- Appendix one below provides information on an internally controlled investigation process.
- If during the completion of the internal investigation or upon completion of any internally controlled fraud investigation, SMAG believes there is sufficient prima facie evidence that an employee is suspected of being implicated in an internal fraud, a complaint against that employee suspect will be laid with either the Police or Serious Fraud Office.

**APPENDIX ONE: MANAGEMENT RESPONSIBILITIES MATRIX**

Action	Primary Responsibility	Shared Responsibility
Establishing and maintenance of internal control procedures.	Treasurer	
Ensuring that a requirement is placed on the Treasurer to put appropriate controls in place.	Board	
External reporting of suspected fraud.	Treasurer	All reporting agents under our Protected Disclosure procedures.
Approval for both the development of and of the developed fraud related procedure.	Treasurer	Divisional Manager whose employee it is.
Approval of any engagement contract or letter employing an external forensic investigator.	Treasurer	
Approval of alternate action if a fraud related procedure is not felt to be required.	Treasurer	Divisional Manager whose employee it is.
Referral of suspected cases to Serious Fraud Office or Police.	Treasurer	Divisional Manager whose employee it is.
Maintenance of Fraud Register	Treasurer	
Fraud risk monitoring.	Treasurer	
Internal advice of the fraud policy or suspected situations for employees.	Treasurer	
Internal training on fraud policy.	Treasurer	
Reporting of all instances of fraud to the external auditor.	Treasurer	

**APPENDIX TWO: FRAUD REGISTER**

- The Treasurer will compile and maintain SMAG Fraud Register (the Register).
- The Register shall contain information on all suspected fraud notifications and how SMAG handled these. It will record how the notification was resolved, the outcome by way of financial loss and details of amounts recovered and if any changes are required to existing management policies, procedures or systems.
- The Register will not contain any employee information of a private nature. Rather the Register's content will be at a high level focusing on how management dealt with this issue and what changes, if any, were required.
- Access to the Register will be restricted to the Treasurer and the Audit Director appointed by Audit New Zealand.
- All information in the Register will be purged after a period of two years unless management action in respect of a recorded item remains incomplete.

10. **PUBLIC EXCLUDED SESSION**

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting; namely

- (a) Confirmation of Minutes of the Public Excluded Session of the SMAG Trust Board Meeting held on 06 May 2021
- (b) Receiving of the Report on Draft Statement of Intent for the Financial Year Ending 30 June 2022

The general subject of each matter to be considered while the public is 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 this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
(a) Confirmation of Minutes of the public excluded session of the SMAG Trust Board Meeting held on 06 May 2021	Section 7(2)(i) To enable any local organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.
(b) Receiving of the Report on Draft Statement of Intent for the Financial Year Ending 30 June 2022	Section 7(2)(i) To enable any local organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.