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LTIB Consultation
Serious Fraud Office
Auckland
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Attn: SFO Strategy and Engagement Team

Tēnā koutou

Draft Long-term Insights Briefing: Staying ahead of the curve - responding to emerging trends in detecting fraud and corruption

The Institute of Directors (IoD) welcomes the opportunity to contribute to the Serious Fraud Office's Long-term Insights Briefing (LTIB). Fraud and corruption weaken public trust, reduce economic resilience, and distort competition. The LTIB makes a valuable contribution by highlighting technology, digitisation, economic pressures and social change as key drivers that will shape future risks.

One important dimension not addressed in the draft is board governance. Governance provides the framework within which detection systems operate. Boards establish expectations for integrity, define organisational risk appetite, allocate resources to the areas of highest exposure, and hold management to account through independent assurance. These responsibilities are set out in IoD's Four Pillars of Governance Best Practice and are central to sustaining trust across both public and private institutions.

Recognising governance within the LTIB would link emerging risks to the practical levers that boards and executives influence every day. This would allow scenarios to be translated into decisions on assurance, culture, investment and capability, giving the briefing greater relevance and impact.

How boards shape detection and prevention

Assurance and accountability. Boards are responsible for ensuring that management has established effective controls. Internal audit provides independent testing, while external audit offers assurance over reporting but is not designed to detect all fraud. Audit and risk committees bring these elements together. Their impact depends on independence, clarity of mandate, capability, and direct access to auditors. When these conditions are present, boards are better placed to identify weak signals and insist on remediation. See the [OAG's guidance on Audit and Risk Committees](#).

About the Institute of Directors

The IoD is Aotearoa New Zealand's pre-eminent organisation for directors with approximately 10,500 members and is at the heart of the governance community.

We believe in the power of governance to create a strong, fair and sustainable future for New Zealand.

Our role is to drive excellence and high standards in governance.

We support and equip our members who lead a range of organisations from listed companies, large private organisations, state and public sector entities, small and medium enterprises, not-for-profit organisations and charities.

Our Chartered Membership pathway aims to raise the bar for director professionalism in New Zealand, including through continuing professional development to support good governance. This includes a focus on directors and boards leading their organisation by actively defining their strategy and purpose, setting expectations of management about how that will be addressed, and considering reporting on implementation of those actions.

Culture and speaking up.

A culture that supports integrity makes detection more effective. Boards are responsible for setting expectations, approving policies, and monitoring whether staff and stakeholders can raise concerns safely. In New Zealand, the [Protected Disclosures \(Protection of Whistleblowers\) Act 2022](#) expanded the definition of serious wrongdoing and enabled reporting directly to appropriate authorities. Yet an evaluation of the Act in [Policy Quarterly \(Macaulay, 2023\)](#) concluded that many of these changes remain symbolic rather than substantive, with ambiguities in legal requirements and optional elements of guidance leading to uneven practice across sectors.

The Office of the Ombudsman's [Guidance for Receivers under the Protected Disclosures Act 2022 \(2025\)](#) sets out what organisations should provide when handling disclosures: acknowledgement of receipt, fair investigation processes, timely updates to disclosers, and safeguards against retaliation. [The Ombudsman's 2025 public awareness survey](#) found that knowledge of the Act has risen to 36 percent, but nearly half of respondents still believe they would not be safe making a disclosure. At the same time, the Ombudsman has noted a rise in protected disclosures being made directly to their office, suggesting that internal organisational systems are not always trusted.

Comparable evidence from Australia reinforces these points. [The Protecting Australia's Whistleblowers: The Federal Roadmap](#) (Human Rights Law Centre, Griffith University and Transparency International Australia, 2022) reported that employees still rely on internal channels first, but many continue to fear reprisals or doubt that their concerns will be acted upon. The report found that organisations with independent case-handling units and clear feedback processes delivered stronger outcomes for reporters and better organisational learning. For boards, this highlights the need to resource independence and responsiveness in whistleblowing systems and to require management to demonstrate that protections are functioning in practice.

Third-party oversight. Procurement and contracting present significant exposure to fraud and corruption. Boards influence the level of due diligence applied, the contractual protections included, and the monitoring of higher-risk suppliers. The [Government Procurement Rules](#) provide a national framework, but governance determines whether these protections are embedded in practice.

Transparency and reporting. Boards require reliable information to oversee detection performance. Indicators such as control failures, outcomes of investigations, analytics performance and speak-up activity provide essential insight. Regular reporting to audit and risk committees allows boards to track trends and direct attention to areas of weakness. The OAG has emphasised that audit committees are most effective when they actively review such information rather than receiving it passively.

Building system capability for the future

The conditions for fraud and corruption are becoming more complex. AI-driven deception, synthetic identities, and cyber-enabled intrusions are already visible in enforcement narratives. At the same time, organisations face resource constraints and heightened expectations for transparency. Boards need to be equipped to govern in this environment.

Capability building is, therefore, central. Strengthening capability is less about turning directors into technical experts and more about equipping them to exercise sound judgement, ask the right questions and set clear expectations for management and assurance providers.

IoD's Director Sentiment Survey 2024 confirms that cyber security, digital disruption and regulatory complexity are among the risks directors rank most highly. Yet boards often report uneven access to quality information in these areas. Bridging this gap requires structured director development, more consistent reporting from management, and, where appropriate, access to independent or specialist advice.

Audit and risk committees will play a decisive role in making new detection tools reliable. Their workplans need to include targeted reviews of analytics performance, data governance, and system resilience. Committees should also ensure that in-committee sessions are used to probe weak signals and that specialist input, when sought, is channelled into board accountability rather than bypassing it.

These steps would anchor the LTIB's futures analysis in the real governance capabilities that will determine whether fraud detection keeps pace with evolving risks.

From future analysis to boardroom action

The LTIB sets out three possible futures. For boards, each can be matched with governance settings that will be most important.

- In a technology-driven future, oversight of data governance, cyber resilience and technology investment will be critical.
- In a future shaped by economic pressures, priorities will lie in procurement oversight, resource allocation and sustaining core controls.
- In a socially fragmented future, culture, transparency and stakeholder trust will be central to resilience.

By linking each scenario to its governance implications and the role that boards can and should play, the LTIB can translate foresight into actions that directors and executives can take in practice.

Conclusion

The draft LTIB makes a valuable contribution by analysing the forces that will shape fraud and corruption risk. Its impact will be stronger if governance is recognised as part of the detection ecosystem. Boards are not passive recipients of risk analysis: they shape the conditions in which controls operate, set expectations for integrity, and require accountability through assurance and reporting. They also influence how organisations invest in systems, manage procurement risks, and build capability for future challenges.

By embedding these governance dimensions, the final LTIB can help translate futures analysis into the decisions and disciplines that matter in practice. This would support boards and executives to strengthen detection, lift performance across sectors, and reinforce confidence in New Zealand's institutions.

We are available to discuss this submission and to support the SFO in testing governance content with directors.

Ngā mihi

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