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Responses to additional questions related to Inquiry into Fraud and Corruption in Local Government

Please find responses to questions below:

Q1. What recurring fraud and corruption risks have you identified and how have these risks evolved or diminished while municipal monitors are actively overseeing council operations?

It is my experience that while municipal monitors are in place, there is a heightened level of what I will call 'process adherence' across the organisation. This includes in particular, all processes and practices related to Councillor activity and governance. Essentially, everyone appears to be on their 'best behaviour'. In relation to more operational aspects of the organisation – unless the terms of appointment are focussed on operational matters – the monitor will be unlikely to become aware of fraud and corruption risks with council operations unless briefed by the CEO or their team. During the first three of my appointments as monitor, I have been so appointed because of poor councillor behaviour rather than concerns with council operations. My current appointment is aimed at ensuring the newly elected council gets a 'good start' to the council term.

Q2. What trends have you identified in the Victorian landscape concerning changes in fraud and corruption over time?

I believe governance across the sector has generally improved over time and this has mitigated fraud and corruption risks. During my time as a Councillor (1998-2008) low level 'rotting' and improper influence over decisions by Councillors (across the sector) was much more likely than today. From my experience, some will still 'try it on' but are usually thwarted through a strong governance framework and good internal controls, backed by stronger legislation and strong leadership within Councils from CEOs and executive teams. Training of councillors has also improved over time, including wide participation at AICD and similarly focussed courses and the more recent mandated training at indication following the latest election. Of course, we have seen serious cases such as that which occurred at Casey and which resulted in Operation Sandon, however, such cases are rare.

Q3 Have any changes been observed before and after legislative reforms and the VAGO audits?

Based on my observations, I firmly believe that recent legislative changes and the VAGO audits and their focus on fraud and corruption risks had led councils across the sector to pay strong attention to mitigating such risks and ensuring 'good governance'.

In relation to the 2019 and 2022 VAGO audits, I have seen clear evidence of adherence to the recommendations of those respective audits. Councils I have had involvement with have changed their policies and practices to ensure such adherence. For example, during my time as monitor and administrator at Strathbogie Shire, there was an acute awareness about both of those reports – and particularly given Strathbogie was a subject Council of the 2019 report – policies and processes which had been developed to address those recommendations were strictly adhered to. Appropriate oversight and management of credit cards and council fleets is in place and grant funding to communities is delivered through officer recommendations before council sign off. If an officer recommendation is to be ignored, the councillor/s must make a case within the council meeting as to their reasons not to support the officer's recommendation/s which provides transparency.

Legislative changes have also aided transparency of council decision making and increased council and councillor accountability. Such changes included improved community engagement and clearer standards of behaviour for councillors. Mandatory training of mayors, deputies and councillors introduced at the latest election will likely improve outcomes, however, it is still too early in the term to quantify.

Q4 How have these trends informed recommendations for governance improvements?

In my view, each time that a council has come under notice for governance failures – whether that be for fraud and corruption related issues or poor councillor behaviour – this creates an opportunity to explore governance improvements. I believe that the sector has generally taken up these opportunities and the regulatory framework is reflective of learning from these individual experiences.

Q5 How do commission of inquiry findings and recommendations impact the fraud and corruption regulatory framework and community trust in local government?

Commissions of Inquiry findings and recommendation provide good opportunities for governance and integrity improvements that can be shared/replicated across the sector. Of course, I don't suggest that the elimination of fraud and corruption is as simple as embracing the findings and recommendations of inquiries or other integrity agency reports. I would argue there are a myriad of issues which may impact the capacity of an organisation to resist fraud and corruption. To use a term from another area of my professional life, protective factors may be:

- A strong organisational culture, where the broad values of its people (officers and councillors) are aligned; trust exists between council and officers and council leaders' model best practice
- A strong suite of 'fit for purpose' policies and processes which people are aware of, understand why they are in place and 'sign on' to: in other words, a 'system'
- Enough resources to implement appropriate controls

- Training.

Some inhibitors may be:

- Misalignment of values
- Ineffective policies
- An 'us and them' environment i.e. councillors v officers (lack of trust).

In relation to community trust, I believe that reporting of local government in Victoria is so negative that much of the community has a negative view of the sector and will likely only take a 'shallow' interest in such inquiries. Because of this 'shallow' interest, they will likely only read the 'damning' headline and conclude that the inquiry is commenting on an example of another 'dodgy' council.