

July 24 2025

Ms Sarah Connolly MP  
Chair  
Public Accounts and Estimates Committee  
Parliament of Victoria  
Spring Street  
**EAST MELBOURNE VIC 3002**  
Delivered via email: [localgovfraudcorruption@parliament.vic.gov.au](mailto:localgovfraudcorruption@parliament.vic.gov.au)

Dear Chair Connolly,

**PARLIAMENTARY INQUIRY INTO FRAUD AND CORRUPTION CONTROL IN LOCAL GOVERNMENT**

Thank you for the opportunity to give evidence for the Public Accounts and Estimates Committee's Inquiry into Fraud and Corruption Controls in Local Government.

I commenced as the new Chief Executive Officer (CEO) at Strathbogie Shire in May 2025. It is evident that there has been substantial transformation since the 2019 Victorian Auditor-General's Office (VAGO) Audit No. 40. Since the VAGO Audit in 2019, there has been the appointment of two new Councils, a period of Administration, the appointment of Municipal Monitors, an active and empowered audit and risk committee, and a changeover of CEOs.

In response to the recommendations for control of Fraud and Corruption, key policies, procedures and controls have been implemented within the organisation. And the organisation demonstrates a strong culture of continuous improvement, actively refining processes in line with best practice and emerging insights.

Strathbogie Shire has a newly elected Council, experienced and functioning executive and permanent CEO to lead with integrity and develop a culture that encourages and supports corruption prevention, good governance and transparency.

**Challenges your council may continue to experience in maintaining effective fraud and corruption measures following VAGO audit no. 40**

The challenges regional, rural and remote councils face is different from metropolitan equivalents. As a small rural Council with limited resources, we remain committed to transparency and sound governance for and for our community.

Strathbogie has a fraud and corruption control framework that includes policies and processes which identify and manage the risk of incidence of fraud or corruption and includes prevention and monitoring strategies.

We recognise that there are emerging risk areas for fraud and corruption, with a new Council we needed to ensure that they were prepared and had the necessary training, capacity and skills to deal with emerging situations and risk of corruption and misconduct.

We keep our staff informed of key trends, through monthly updates from VAGO, communications from other Integrity Agencies such as IBAC, LGI and Victorian Ombudsman, and communications from key service providers and partners such as banks – which provide regular updates on items they are observing and how to be prepared for them.

Internally, there is also a program of mandatory training for all staff, such as fraud and probity training in Procurement that was arranged for all staff in December 2024, and the induction requirement for all new staff employed by Council to read relevant policies and procedures, such as Council's Fraud and Corruption procedure, the Staff Code of Conduct, and the Public Interest Disclosure Policy.

**The status of any actions implemented by your council following recommendations made by VAGO and any beneficial outcomes**

We have implemented the following recommendations from the VAGO report.

- Undertaken extensive policy and procedure reviews
- Improved and/or implemented forms and templates available to Councillors and staff
- Heightened level of oversight by the Audit and Risk Committee
- Implemented tighter controls with multiple reviewers/approvers (purchasing) – with all purchases requiring an approved purchase order before any payment is made
- Regular reviews of Council Procurement policy including benchmarking of other Council's policies for ideas and good practice for the upcoming 2025 review
- Where relevant, external recruitment agency engaged to support thorough search to recruit the best candidate - strengthening experience and diversity in the organisation
- Implemented greater controls regarding fuel cards including tracking systems (with alerts) to provide data analytics
- Increased reporting through Annual Reports.

Outcomes have included improved transparency with our community and our statutory bodies.

We are committed to becoming an employer of choice, a place where people are proud to work. By setting a positive tone and cultivating a supportive, inclusive culture, we aim to attract and retain talented individuals who align with these standards.

Whilst Strathbogie was not included in the VAGO Fraud and Control Over Local Government Grants (2022) Independent assurance report No.316, we have undertaken a significant overhaul of our community grant funding model to align with the VAGO recommendations.

We have introduced policy, processes and practices (eligibility assessment, conflict of interest disclosure, robust assessment process incorporating a panel of independent senior officers, and acquittals) that have strengthened the transparency and governance of the grant program. Our community funding model is refined annually as a continuous improvement opportunity.

As part of the 2025 review of the Community Grant Program with the Council, the process and evaluation were overseen by our Community Grants Officer and panel, with the removal of the Council directly awarding the grants. This has reduced the risk of conflict of interest and ensured greater transparency.

### **The impact of council and council executive on establishing a culture of effective fraud and corruption control measures**

Since the VAGO audit in 2019, there have been changes in the Council and senior leadership over the 6-year period. We have entered a new chapter with a newly elected Council group, supported by a refreshed executive team and a new CEO. With a commitment to the promotion of a culture of integrity, transparency, good governance and oversight of fraud and corruption controls, processes and procedures.

We have an experienced Internal Audit provider in place, who attends all Audit Committee meetings as well as completing the agreed program of Internal Audits, with insights on emerging trends of fraud and corruption. We actively participate within the external audit process through VAGO, and receive monthly updates from VAGO, with direct access to senior management. We have really benefitted from the advice and recommendations from the Audit Service Provider – Crowe – as technical support for their overall network and adverse activities they may see across their clients.

### **The current fraud and corruption reporting landscape in Victoria and the relationship between councils and integrity and oversight agencies**

We have a positive working relationship with integrity bodies including but not limited to; Independent Borad-based Anti-corruption Commission, Local Government Inspectorate and the Victorian Ombudsman. In Council's experience, should there be a matter raised with IBAC for example, there is a considerable delay in receiving a response due to under resourcing and the matter is returned to Council deal with directly placing increased pressure on the organisation.

### **Proposed approaches to resourcing across councils, including knowledge and skills sharing models.**

There are challenges facing regional and rural local councils, including maintaining services from a small ratepayer base and attracting a workforce. We are servicing a dispersed population and retaining a skilled workforce is challenging.

As a small organisation, however, we have direct line management and oversight of controls and transactions, for all of Council operations and risk areas for fraud and corruption, which extends beyond procurement and payments to regulatory matters, such as permits, licensing, approvals and enforcement.

We have also recognised the advantage of a shared resourcing model for certain activities and tap into sector-wide guidance and insights, including subscriptions and retainers with leading professional services firms for items such as delegation and authorisation templates and frameworks and HR advice, so that Council has cost effective access to industry leading advice and support, noting that the compliance requirements on all Councils are not scaled.

We are well connected into regional and industry sector forums that include MAV, regional grouping, FINPRO, RMA etc, that help to reduce resource burden, share knowledge, insights and ideas for continuous improvement.

Our Councillors, since being elected in November 2024, have completed rigorous mandatory training and induction as set out in the Local Government (Governance and Integrity) Regulations 2020. This has prepared our Councillors, with a thorough understanding of their statutory obligations and establishing a high level of strategic direction for Strathbogie Shire Council. The council made their response to the Minister publicly available demonstrating action and commitment to undertaking their fiduciary responsibilities as an elected member. This included presentations by LGI and IBAC in early February 2025, for all Councillors, and was also open to senior staff at Council. The implementation of the model Councillor Code of Conduct in 2024 sets the expectations of Councillor behaviour. The Local Government Amendment (Governance and Integrity) Bill 2024 was introduced to set greater powers for the suspension and disqualification of individual councillors in certain circumstances and to provide further powers to the Chief Municipal Inspector.

Thank you again for the opportunity to contribute to this important inquiry.

Yours sincerely,



Rachelle Quattrocchi  
**CHIEF EXECUTIVE OFFICER**  
**STRATHBOGIE SHIRE COUNCIL**

*Our ref: SSCEDOC-1860609216-1214*

**Attachment 1 – Monitor Marg Allan Terms of Reference - Strathbogie Shire Council**

**SCHEDULE 2**

**TERMS OF REFERENCE OF APPOINTMENT OF THE MUNICIPAL MONITOR TO STRATHBOGIE SHIRE COUNCIL APPOINTED UNDER SECTION 179 OF THE LOCAL GOVERNMENT ACT 2020**

Without limiting the Municipal Monitor's functions and powers under sections 180 and 181, respectively, of the Act, the Municipal Monitor is:

1. To monitor the governance processes and practices of the Council, with specific regard to the following matters –
  - a. the Councillors' understanding and performance of their statutory roles and responsibilities, including the adequacy of the Council's Councillor induction training program and professional development training;
  - b. the Council's meeting procedures and decision-making processes, including attendance at briefings and Council meetings, and the adequacy of the Governance Rules;
  - c. the relationships between councillors, including councillor behaviour with respect to the Model Councillor Code of Conduct and processes for resolving disputes between councillors;
  - d. the Council's policies, processes and practices related to the recruitment, appointment, and proposed employment conditions of an ongoing Chief Executive Officer, including the establishment of an effective working relationship between the interim and the ongoing Chief Executive Officer and the councillors;
  - e. the Council's policies and practices that manage the interactions between Councillors and Council staff and contractors, and compliance with those policies and practices;
  - f. the Council's asset management practices, including its ability to meet current and future infrastructure and asset needs of the community;
  - g. any other matters that may affect the Council's ability to effectively perform its functions, including councillor behaviour that is creating a serious risk to health and safety or preventing the Council from performing its functions.
2. To advise, and provide any relevant assistance and support to the Council to ensure good governance, with specific regard to the matters raised in clause 1.
3. To assist the Council to develop an Action Plan and progress updates for any necessary governance improvements, with specific regard to the matters raised in clause 1.
4. To report to the Minister for Local Government, with respect to the matters in clause 1, on:
  - a. any steps or actions taken by the Council to improve its governance and the effectiveness of those steps or actions;
  - b. any recommendations in relation to the exercise of any Ministerial power under the Act.