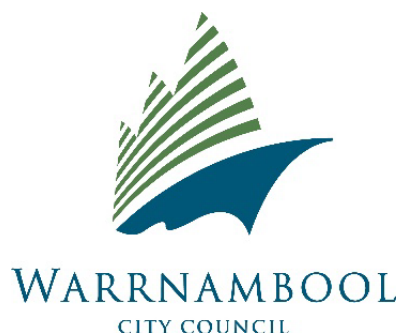


7 July 2025



Sarah Connolly MP
Chair
Public Accounts and Estimates Committee
Parliament of Victoria

Via email: PAEC@parliament.vic.gov.au

Dear Ms Connolly MP

Re: Parliamentary Inquiry into Fraud and Corruption Control in Local Government

Thank you for your letter inviting Warrnambool City Council to give evidence to the Public Accounts and Estimates Committee's Inquiry into Fraud and Corruption Controls in Local Government. Council's written submission is contained below under the five topics identified by the Committee as areas of interest:

Challenges your council may continue to experience in maintaining effective fraud and corruption control measures following VAGO audit no. 316

Council generally maintains a positive culture in relation to fraud and corruption, with an internal survey of Council staff conducted in 2025 showing that 96% of staff agree with the statement 'I understand the fraud risks in my work area'. Council's fraud incidents are low level, sporadic, and not systemic in nature. They typically relate to matters like timesheet fraud or misuse of Council equipment.

Council has no incidents of fraud relating to its Grant Program since VAGO audit no. 316 and feel that its grant programs are well managed.

An area of improvement identified by the survey was staff awareness of their rights awarded under the *Public Interest Disclosure Act 2012*, with only 66% indicating they understood their protections.

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

The implementation of VAGO audit no. 316's recommendations has created a more comprehensive and robust grant framework at Warrnambool City Council. Council has submitted to the Committee its Grants Policy and the Guidelines for its two grant programs – the Festival and Events Fund and the Community Development Fund. These funds are assessed internally in line with the requirements of the policy before being tabled at an open meeting of Council for formal resolution in a fully transparent manner.

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

Both the elected Council and the Council's executive have a critical role to play in establishing a healthy and robust culture in relation to fraud and corruption. The elected Council must set a strong example inside their own group, hold the executive to account, and set a positive example for the organisation. Similarly, the executive must also model appropriate behaviours, message to staff, and challenge Councillors where appropriate.

Council can evidence that it is doing this task effectively, with its staff survey showing 88% of staff supportive of the statement 'the CEO and Executive Leadership Team are committed to actively controlling fraud in my workplace.'

Council would also note that there is a place for Local Government Victoria in showing leadership in this space. Whilst it is doing some work developing a model Transparency Policy, there is significantly more than this that could be done by Local Government Victoria to lead the sector.

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

Council has strong relationships and open dialogue with all integrity oversight agencies. It is our position that they perform their role with the highest levels of integrity. However, Council feels they are not adequately resourced to fully discharge their responsibilities. These agencies frequently acknowledge resource constraints, and Council's experience is that most matters referred to them are ultimately redirected back to Council to manage internally.

This creates a challenge. While Council often refers matters because of its obligations, there is a shared understanding that many of these will not be investigated. In some cases, agencies ask that Council take no action while they assess the referral delaying Council's ability to swiftly respond to lower-level issues that are unlikely to progress beyond preliminary review.

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

Strong regional relationships and networks between Councillors, executives, and governance staff is important for sharing knowledge and best practice. This is the simplest form of 'resource sharing', is informal in nature, and comes at very little cost to Council but requires a level of self-initiation.

Warrnambool City Council is currently leading a shared ICT project with Corangamite Shire Council and Moyne Shire Council which – when complete – will result in a single shared ICT framework between the three Councils. A logical next step for this project could be the sharing of human resources, including governance and finance staff so that fraud and corruption risks can be better addressed.

This is most easily applied through backfilling and covering absences across Councils. It is important that any resource sharing across Councils does not result in a few governance staff being further stretched and be expected to do even more with less.

Sincerely

Andrew Mason
CEO

Ben Blain
Mayor