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23 July 2025

Public Accounts and Estimates Committee
Lead Analyst, Public Accounts and Audit

Parliament House
Spring Street, East Melbourne Victoria 3002

Email: [REDACTED] and PAEC@parliament.vic.gov.au

Dear [REDACTED]

Inquiry into Fraud and Corruption Control in Local Government

Thank you for the opportunity to provide this statement in relation to the Committee's inquiry into fraud and corruption control in local government. I offer the following views on behalf of our council, with particular emphasis on the unique challenges faced by regional and rural councils.

In your letter dated 23 June 2025, the Committee requested witnesses to provide a written statement of 1-2 pages in lieu of a five-minute opening statement, provided below.

Implementation of VAGO's Audit Recommendations

Our council is committed to implementing VAGO's audit recommendations as part of our broader governance and integrity framework. While Audit No. 316 was not formally considered, this was an isolated case, and it remains standard practice to review and respond to integrity agency findings.

However, the practical application of recommendations must be balanced against the realities faced by regional councils, including limited resources and competing priorities. The volume and variety of reports from multiple integrity bodies—delivered through different channels—can make it difficult to track and respond to every recommendation. If council were to act on every fraud-related recommendation, it would be in a constant cycle of reviewing and updating its framework documentation, which is not sustainable without clearer prioritisation and support from oversight agencies.

Unique challenges to maintaining effective fraud and corruption control measures being faced by regional and rural councils

Regional and rural councils face distinct challenges in maintaining effective fraud and corruption control, primarily due to structural and resource limitations not experienced by larger metropolitan councils.

Limited budgets and staffing restrict access to dedicated fraud control functions, specialist expertise, and modern systems. Staff often perform multiple roles, reducing segregation of duties and weakening oversight. Geographic isolation further limits access to training and peer support, increasing the risk of fragmented and reactive approaches.

Recognising and addressing these challenges is essential to building a more equitable and effective fraud control environment—one that enables all councils to uphold integrity, regardless of size or location.

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

Council and executive leadership play a vital role in shaping the organisational culture that supports effective fraud and corruption control. Their influence goes beyond policy and compliance—it sets the tone for ethical behaviour, accountability, and transparency across the organisation. When leaders demonstrate a clear commitment to integrity, it fosters a culture where fraud risks are actively managed and ethical conduct is expected. This is reflected in the prioritisation of governance resources, staff training, and the integration of fraud controls into strategic planning.

A strong integrity culture also encourages open communication and empowers staff to report concerns safely. It ensures fraud control is a shared responsibility embedded in daily operations.

To be effective, leaders must lead by example, promote ethical standards, and make fraud and corruption control a visible and valued part of the organisation. This leadership-driven approach is essential to building resilience and maintaining public trust.

Barriers to implementing best practice cybersecurity measures to mitigate fraud and corruption risk

Regional and rural councils face significant barriers to implementing best practice cybersecurity measures essential for mitigating fraud and corruption risks. Limited funding and access to specialised expertise make it difficult to invest in secure systems, maintain infrastructure, and respond to evolving threats. Many rely on outdated technology and small IT teams, limiting proactive risk management.

The complexity of cybersecurity standards and lack of tailored guidance add further pressure. Legacy systems and poor interoperability make it harder to adopt integrated, automated solutions.

To strengthen resilience, councils need access to shared expertise, targeted funding, practical tools, and coordinated training. Without this support, smaller councils remain vulnerable to cyber threats that undermine fraud prevention efforts.

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

Councils operate within a complex integrity framework in Victoria, engaging with multiple oversight bodies such as VAGO, IBAC, and the Local Government Inspectorate. These agencies play a vital role in promoting transparency and good governance.

While our council values their oversight, the reporting landscape is fragmented. Multiple reporting streams, formats, and expectations—often delivered through separate channels—make it difficult to track, interpret, and respond consistently, especially for smaller councils with limited resources.

The lack of a centralised system can lead to duplication, missed opportunities, and delays in implementing fraud and corruption control measures.

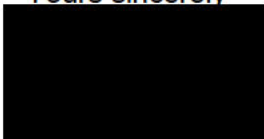
Proposed approaches to resourcing across councils, including knowledge and skills sharing models

Smaller regional and rural councils often lack the dedicated expertise and financial capacity to adequately resource critical functions such as fraud and corruption control. These constraints can result in fragmented approaches, limited oversight, and increased exposure to risk.

To address this, the State Government and integrity agencies can play a vital role by supporting a sector-wide approach that emphasises collaboration, consistency, and accessibility. This would help ensure all councils—regardless of size or location—are better equipped to uphold integrity, manage risk, and maintain public trust.

By investing in these collaborative and supportive approaches, the sector can build a more resilient and capable local government system—one where all councils, regardless of size or location, are equipped to uphold integrity and public trust.

Yours sincerely



FIONA WEIGALL
Chief Executive Officer