

9 July 2025



Public Accounts and Estimates Committee
Sarah Connelly MP – Committee Chair

By Email: PAEC@parliament.vic.gov.au | localgovfraudcorruption@parliament.vic.gov.au | [REDACTED]

Cc Mayor Cr Jack Kowarzik
[REDACTED]

Dear Sarah,

Parliamentary Inquiry into Fraud and Corruption Control in Local Government

Thank you for the invitation and opportunity to submit a written statement to the committee on this important matter. You will find responses to the points in your letter, outlined below.

- **Unique challenges to maintaining effective fraud and corruption control measures being faced by interface councils**

In some respects, the challenges for interface councils are not significantly different than those faced by all Council's in areas of procurement, information technology, corporate card use and general controls. The most significant differences are in the planning space and need to respond to rapid provision of infrastructure and development approvals.

Interface councils are often required to undertake land acquisitions, deliver unplanned infrastructure and enter into agreements with state agencies with little control over time, budget or ability to be fully transparent with its community. Due to the confidential nature of these matters and the lack of transparency, these can be areas that either invite fraud or create allegations/perceptions of fraud and corruption and need to be closely monitored.

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

Culture is set from the leadership of the organisation at both Councillor and Executive level. It is recognised that the role of the Mayor is critical in supporting this. Council has invested in improving technology systems and controls to improve reporting and transparency of procurement and expenditure. This has been supported by improved governance and oversight of capital projects and operating expenditure, and with regular executive involvement placed greater value on being transparent and seeking appropriate levels of approval. This has been well supported by Council, who have supported the organisation by recognising the ongoing efforts to improve governance and transparency.

In response to the increased oversight of the integrity agencies, an in-person presentation from IBAC's David Wolfe was included as part of Council's induction program following the 2024 Council Elections. This was also followed by a presentation from Mark Hayes, Maddocks, on the role of Councillors and the CEO, in terms of strategic and operational matters, and the consequences when the lines become blurred.

The need to rapidly deliver projects can often clash with legislative and procurement requirements. Particularly in the area of corruption the impact is greatest on Executive in terms of being asked to question or call to account Councillors. This can be a challenging and complex role for Executive to play, particularly when matters can either be grey or based on hear-say.

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

Council manages a wide range of services and systems, from public utilities to administrative functions. The complexity and diversity of these systems makes it challenging to implement uniform cybersecurity measures across all departments. Cardinia has a number of legacy systems that may not support modern cybersecurity measures. Upgrading or replacing these systems is costly and time-consuming, leaving vulnerabilities that can be exploited.

Cardinia has borrowed significant funds to upgrade its enterprise systems which will aid in cybersecurity measures. Funding and capacity of council to adopt change while balancing operational effectiveness with rigid controls for a large and diverse workforce is challenging.

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

Generally, the relationship is strong with regular newsletters, workshops and alerts provided by the relevant agencies. Joint workshops particularly by IBAC and LGI through 2024 in the lead up to Council Elections were appreciated and attended by Cardinia.

Council notes the tension in the area of resourcing and ability to provide information on investigations. There appears to be an under-resourcing of integrity agencies which is leading to delays in outcomes being achieved or communicated. An example being a self-report to Local Government Inspectorate (LGI) in relation to corruption accusations on a suburb naming proposal. This was made in September 2024 and Council is still waiting a response. There seems to be no ability for LGI to provide any information including estimated time to respond.

There appears to be little appetite for 'early intervention' when a Councillors conduct is becoming an issue. Strengthening responses and actions when a Councillor makes allegations without due evidence would be helpful. Council was faced with a significant issue of Councillor behaviour in the lead up to the 2024 elections, however advice was that there was little appetite to act given the proximity to the election.

Council suggests that the holding over of complaints to the LGI in election year until after the elections could be reviewed with a suggestion of dealing with complaints made. Council's feedback being that this is not a transparent process for voters and has a negative impact on Councillor relationships in an already tense environment.

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

Generally, Council responds to matters of Fraud and Corruption within existing resources. Council has an appointed Fraud Officer who is tasked with receiving and investigating any reports. The Fraud Officer is responsible for Council's Fraud Policy and Fraud and Corruption Control Plan and reporting fraud to the Audit and Risk Committee. There is a general inability to discuss fraud matters or organised networking in this area.

Reports are provided to the Audit and Risk committee in accordance with the Workplan which is derived from the Audit and Risk Committee Charter established by Section 54 of the Local Government Act 2020.

Council has external auditors appointed by the Victorian Auditor General's Office who obtain assurance documents from Council which are included in the annual financial statements. Council has externally appointed auditors who audit Council's operations with Fraud and Corruption being a recurring audit in its Strategic Internal Audit Plan.

Yours sincerely



Peter Benazic
Interim Chief Executive Officer
Cardinia Shire Council