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Ms. Sarah Connolly MP  
Chair  
Public Accounts and Estimates Committee's Inquiry into Fraud and Corruption  
Controls in Local Government.

Email: [localgovfraudcorruption@parliament.vic.gov.au](mailto:localgovfraudcorruption@parliament.vic.gov.au)

Dear Ms. Connolly

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

Further to your letter dated 23 June regarding the above matter, please find Council's response for your consideration.

Fraud and corruption control challenges are considerable within local government due to the number of contracts and tenders Council enter into on a routine basis. Councils often have to choose from a smaller number of contractors than might be seen as ideal and as such the potential for corruption does exist. Inter alia the potential for fraud and corruption exists when business relationships become too familiar over time. Which can lead to failure to effectively manage contractor performance.

Certain Interface Councils are large and growing and have unique challenges in regard to high volumes of contracts leading to the potential for due diligence, checks and balances to be rushed. I have no evidence that this is occurring, however the opportunity exists.

Council officer / staff turnover also creates a challenge in managing significant volumes of work for Purchasing departments, as can large delegations of authority to senior officers and the CEO.

Council CEO's and Executive's in conjunction with Council have a crucial role to play, along with active Audit & Risk Committee's (A&RC's) in driving a culture of ethical excellence. Clear segregation of duties is most important, levels of delegated authority and reporting to both Council and A&RC's is vital.

At Nillumbik Shire Council senior and all relevant officers are educated routinely on what constitutes fraud and corruption, online training courses with

pass levels are mandatory and examples shared with the organization. Officers are required to always be vigilant for inappropriate business activity.

Implementing best practice cyber security measures is fraught with challenges in that, cyber-crime is a) not well understood, b) extremely expensive to protect against and c) has either limited skilled professionals in the cyber space or d) a plethora of 'so-called' experts purport to have the solutions but how does one correctly ascertain their effectiveness?

Cyber security insurance products are often described as 'not worth having', un-enforceable etc. and so the challenge of data protection is always there.

Cyber criminals are highly sophisticated and very adept at breaking into many of the largest companies in Australia, e.g. Medibank, Optus and Qantas who have significant financial means and yet, are still hacked.

Councils navigate multiple reporting lines IBAC, the Victorian Ombudsman, LG Inspectorate, and the Auditor-General which can create uncertainty around where and how to report certain matters. Furthermore, the cumulative impact of multiple inquiries and audits, especially when uncoordinated or delayed, places strain on Council resources and staff wellbeing.

While relationships with integrity agencies are generally constructive, the level of engagement and responsiveness can vary depending on the agency and matter type.

Encouragingly, Councils have seen a recent shift toward more open, transparent engagement from agency heads particularly through public messaging and forums that reinforce a "no wrong door" approach to reporting. Councils are increasingly shifting toward proactive fraud and corruption controls, however this requires sustained support and practical tools from oversight bodies.

Local Government is generally good at sharing information across Councils. Director level professional groups do exist to share information and discuss common challenges.

The challenge tends to reside in Council IT systems, while there are many common modules and software there is also significant variety, different processes and procedures, timing for system maintenance, proprietary software etc.

Shared Services has often been touted as a solution and rarely, if ever successfully achieved, and the reasons are many. In the example of sharing a cyber security expert across Councils to reduce the cost, the challenge remains that each Council is responsible for whatever happens at their Council.

From Nillumbik's experience, there is strong appetite across the sector for greater cross-council collaboration in areas such as investigations, probity advice, training, and fraud risk assessment. One practical opportunity was exploring a shared Chief Information Security Officer (CISO) model, enabling councils to access high-level expertise at a lower cost to help address the escalating cyber security threats facing local government.

Informal networks of governance, risk, and integrity professionals such as those through LGPro and the Northern Councils Alliance are already playing a key role in bridging capability gaps. Nillumbik actively engages with these partnerships to support delivery across various governance functions. Formalising and resourcing these models would help address spikes in workload and foster collective capability.

As outlined in our submission, dedicated funding to support a sector-wide training framework co-designed with councils and supported by integrity agencies would drive consistent knowledge uplift. A greater emphasis on prevention and education is essential to shifting the culture and strengthening long-term capability.

There is strong potential in coordinated data-sharing initiatives (within legal and privacy parameters) to help Councils benchmark risks, identify emerging trends, and adopt effective controls. A collaborative approach to data and insights will enable earlier detection and stronger prevention measures.

We appreciate the opportunity to assist this Parliamentary Inquiry and look forward to further discussions with you on July 28th, 2025.

Yours sincerely



**Carl Cowie**  
**Chief Executive Officer**

Copy: Cr John Dumaresq, Mayor