

City of Port Phillip – Statement to the Parliamentary Inquiry into Fraud and Corruption Control in Local Government

Prepared on behalf of the Chief Executive Officer

The City of Port Phillip welcomes the opportunity to contribute to the Parliamentary Inquiry into Fraud and Corruption Control in Local Government. We recognise the importance of robust governance frameworks and continuous improvement in fraud and corruption awareness and prevention to maintain public trust and uphold the integrity of local government operations.

Over the past five years, our Council has undertaken a comprehensive and sustained effort to strengthen fraud and corruption controls across the organisation. This has included:

- **Mandatory Training:** We have implemented mandatory fraud and corruption awareness and prevention eLearn training for both councillors and staff, aligned with the new mandatory training framework and the Victorian Auditor-General's Office (VAGO) recommendations. As of 31 March 2025, 93% of staff and 100% of councillors had successfully completed this training.
- **Policy and Framework Enhancements:** Our Fraud and Corruption Awareness and Prevention Policy has been updated to align with the new fraud and corruption control standard. We have also implemented internal audit recommendations from our Fraud and Corruption Control Framework review (Nov 2023), ensuring our practices reflect contemporary standards and expectations.
- **Governance and Oversight:** The Strategic Risk and Internal Audit Committee and the Audit and Risk Committee provide oversight of fraud and corruption matters, including incident registers and audit findings. These committees play a critical role in monitoring management's response to identified risks and ensuring accountability.
- **Expense and Procurement Controls:** We have strengthened controls around councillor and CEO expenses, fuel and credit card usage, and grant administration. Automated workflows, segregation of duties, and regular reporting mechanisms are in place to ensure transparency and compliance.
- **Grant Program Integrity:** A major review of our Community Funding Policy and grants programs is underway, informed by VAGO's findings and internal audit recommendations. This includes enhanced conflict of interest management, standardized acquittal processes, and improved documentation of funding decisions.

- **Annual attestation (Managers Certification)**

At the end of each financial year, senior management (General Managers and Level 3 Managers) are required to provide certifications to the Chief Financial Officer in the form of an internal control checklist. The checklist contains approximately 50 questions and covers areas including financial management, contract management assets, fraud, risk, litigation and non-compliances. The attestation is presented to the Audit & Risk Committee for review.

- **International Fraud Awareness Week (November Annually)**

We observe International Fraud Awareness week held in November each year by delivering fraud prevention theme-based screen savers across the organisation and in the CEO Messages for the month.

Despite these advancements, we continue to face challenges, particularly in responding to the **diverse and evolving training needs** across the organisation. Legislative changes, emerging best practices, and rising expectations for integrity require ongoing investment in tailored, high-quality training resources.

To further support councils in strengthening fraud and corruption controls, the City of Port Phillip recommends the following actions from the Victorian Government and integrity agencies:

1. Targeted Funding for Specialised Training

Funding for specialised fraud and corruption control training for councillors and staff, including induction programs and ongoing professional development.

2. Technology Upgrades

Support for councils to adopt and implement technology solutions that enhance fraud detection and prevention, such as data analytics tools and cybersecurity measures.

3. Independent Oversight

Establishment of a standardised fraud control maturity assessment framework to evaluate council performance and identify areas for improvement.

4. Interagency Collaboration

Foster strong collaboration between integrity agencies (e.g., IBAC and the Local Government Inspectorate) and councils to share information, best practices, and resources.

5. Victorian Government Risk Management Framework (VGRMF)

Consider including a new section addressing fraud and corruption awareness and prevention in the VGRMF in the next update (i.e. whole of government)

The City of Port Phillip remains committed to continuous improvement and transparency in our governance practices. We appreciate the opportunity to contribute to this important inquiry and look forward to the outcomes that will strengthen integrity across the local government sector.