

4 September 2025

Ms Sarah Connolly MP
Chair
Public Accounts and Estimates Committee
Parliament of Victoria
Spring Street
EAST MELBOURNE VIC 3002

Delivered via email: paec@parliament.vic.gov.au

Dear Chair Connolly,

Thank you for your correspondence dated 22 August 2025 in relation to supplying additional information as agreed at the Hearing held on 28 July 2025 (Inquiry into fraud and corruption control in local government: a follow up of two Auditor-General reports). Please find a response to all the questions requested.

1. Would standardisation across Councils be beneficial? What things would you like to have standardised (e.g. policies, processes, reporting, grant assessment criteria)?

The opportunity for standardisation is extremely welcomed and further supports Local Government Victoria's initiatives to move to "Model" policies, guidelines etc. in response to the recommendations of the Operation Sandon Special Report (IBAC investigation) into allegations of corrupt conduct involving Councillors at the City of Casey Council.

The Model Councillor Code of Conduct, for example, sets out individual standards of conduct expected to be observed by Councillors when performing their roles as Councillors. The purpose of the Model Code of Conduct is to set clear standards that will improve on Councillor conduct and behaviour.

Guidance has been developed to support Councillors in performing their role in a manner consistent with the Model Code of Conduct.

"Model" documents that are mandatory across the sector will provide consistency and uniformity in their expectation, application and reporting.

Poor policy development and process by individual Councils can create inconsistencies, self-interest and delays, especially if issues need to be escalated to integrity agencies for settlement.

2. How does your Council ensure that its Audit and Risk Committee is contributing to best practice controls? For example, how your ARC prioritises its work and meeting agendas and maintains transparency.

Strathbogie Shire Council has established an Audit and Risk Committee (the Committee) in compliance with section 53(1) of the *Local Government Act 2020*. In accordance with the Audit

and Risk Committee Charter, the Audit and Risk Committee contributes to best practice in the following ways:

- The committee comprises four independent community members who are appointed by an independent recruitment process and supported by two Council representatives.
- A developed charter clearly outlines the roles and responsibilities of the Audit and Risk committee, which is reviewed annually by the committee and endorsed by the Council. The charter outlines the effective oversight of financial reporting, internal controls, risk management, and compliance.
- The committee meets at least four times annually, with additional annual meetings for consideration of end of financial statements, budget preparation, and mid-year budget updates.
- The committee holds an additional annual meeting to develop a comprehensive forward plan to outline the committee's activities for the upcoming year. Alternatively, to discuss strategy, address items of risk that may emerge from the advice of the internal and external auditors and to workshop subjects to further enhance processes and outcomes e.g. strategic risks, and climate change actions.

The Audit and Risk Committee have a comprehensive agenda ensuring that all regulatory items are reported and reviewed quarterly as per their legislative obligations. The agenda, as well as addressing business as it arises each quarter, comprises the following standing agenda items:

Internal Audit Updates	• Sets and reviews and makes recommendations for changes (as required) to the internal audit program • Reviews of outcomes of internal audits conducted during the reporting period • Meet confidentially with internal auditors to discuss audit outcomes and take advice on emerging issues/risk that may affect the wider local government sector • Provide regular industry updates to ensure access to the most relevant information and current best practices
External Audit Updates	• Monitors Council financial and performance via audit process • Reviews of external audits conducted during the reporting period • Takes advice on emerging issues/risks that may affect the wider local government sector
Outstanding Internal Audit Action Items	• Reviews progress to completion of recommendations resulting from the internal and external audits
Policy Review	• Reviews specific policy development and currency as per the Audit and Committee remit e.g. procurement policy • Receives reports on currency and review schedule of all Council policies • Monitors implementation of legislated/mandatory policies e.g. Model Councillor Code of Conduct
Risk Management	• Receives a quarterly report on Strategic Risks and any risks that may arise from an operational level during the reporting period

Audit and Risk Committee Annual Work Program	• Receives an update on the progression to completion of the Work program
Human Resources Report	• Receives a report on quarterly activity including employee activity and FTE and leave and long service leave financial obligation
Councillor Expenses and Reimbursements	• Receives a report on Councillors expenses reimbursed outside of their Councillor allowance
CEO Purchasing Card and Other Expenses and Reimbursements	• Receives a report on activity on CEO Purchase card and any expenses reimbursed to the CEO. • The CEO at Strathbogie Shire Council does not have a credit card
Fraud and Risk Management	• Receives a report on any fraud and risk activity that may emerge in the reporting period • Reviews of Fraud and Corruption Framework
Investments and Borrowings	• Receives a report on Council's Investment and Borrowing status during the reporting period

To ensure complete transparency of the activity of the Audit and Risk Committee the following measures are implemented:

- Council receives the adopted Audit and Risk Committee Minutes for publication on Council's website
- Council receives Annual and Biannual Performance Reports from the Audit and Risk Committee which are published on the website as part of Council's meeting minutes.

3. How adequate do you believe the current consequences/penalties for breaches of the Local Government Act or instances of fraud and corruption are? What would you like to see changed?

Consequences/penalties for breaches of the Local Government Act are often inadequate, or nonexistent. The Local Government Amendment (Governance and Integrity) Bill 2024 was introduced to set greater powers for the suspension and disqualification of individual Councillors in certain circumstances and to provide further powers to the Chief Municipal Inspector.

Improvements may be achieved by:

- Resourcing for integrity agencies ensuring that there is consistency in what determines a breach, and how it is investigated
- Investigations are completed and determination made in a timely manner
- Mandatory policies/processes/codes of conduct that ensure accountability
- Improved interrelationships between the integrity agencies to expediate investigations.

In addition, the time required to investigate matters, along with the significant strain these investigations place on key personnel, is substantial. Small rural Councils need additional support to manage this burden effectively.

4. How adequate do you believe the current whistleblower protections in the local government sector are and how could these protections be improved?

Although individual policies and whistleblowing may/may not be robust to offer protection, consistency of process and reporting through model policies and procedures will improve whistleblower protection. In addition, enhanced resources for integrity agencies is essential to ensure timely and thorough investigation of whistleblower allegations.

The Committee also requests that the following two questions be reviewed and answered by all elected members of your Council:

1. How comfortable are you with the current use of confidentiality in meetings within your Councils?

We are confident in our current use of confidential meetings, which are only used when necessary. Commitment to transparency remains a priority, and we have established a set of Councillor values to reinforce and uphold this principle within our community. Our values are:

- Respect
- Integrity
- Accountability
- Transparency
- Responsiveness

Since commencing our term in November 2024, Council has considered (at Council meeting) three confidential items; two pertaining to the Chief Executive Officer Recruitment and one pertaining to the Chief Executive Officer Performance Plan. Closure of the Council meeting to the public is always considered in accordance with Section 66(2)(A) and Part 1, Section 3 Definitions of the *Local Government Act 2020*.

Confidential meetings are reported as part of the Local Government Performance Reporting Framework process, and the External Auditor also has oversight of Confidential Meetings as part of their annual audit program.

a. How could the need for confidentiality be better balanced with the requirement for Council decisions to be reported transparently?

We believe that the current Strathbogie Shire Council Governance Rules allow for appropriate conduct of confidential business and provide a degree of transparency through publication of the topic to be discussed, but in a general sense e.g., Confidential business to discuss CEO Recruitment. To strengthen transparency, Council ensures that decisions made in confidential sessions are reported publicly as soon as appropriate to do so, where relevant.

2. What have been the barriers and enablers to your Council having a culture that makes Councillors and Council staff feel safe to 'speak up' when they identify fraud or corruption (both internally and formally through Public Interest Disclosures)?

We (Councillors), since being elected in November 2024, have completed rigorous mandatory training and induction as set out in the Local Government (Governance and Integrity) Regulations 2020. This has prepared us with a thorough understanding of our obligations relating to fraud and corruption and included face-to-face presentations from Local Government Victoria and IBAC representatives.

Robust policies and procedures are in place at Strathbogie in relation to fraud and corruption. It is mandatory for new employees to read and acknowledge acceptance of the policies as part of their induction, and regular mandatory training is required to be undertaken to reinforce understanding of the policy or changes in legislation that may affect a policy.

Council's Public Interest Disclosure Policy aims to:

- Encourage and assist people to report improper conduct and detrimental action taken in reprisal for a public interest disclosure
- Provide certain protection for people who make a disclosure or those who may suffer detrimental action in reprisal for a disclosure
- Ensure that certain information about a disclosure is kept confidential – the identity of the person making the disclosure and the content of that disclosure.

a. Do you feel confident that integrity agencies are willing and able to investigate suspected fraud and corruption incidents in an appropriate and timely manner?

Our experience has been that there are not the resources for integrity agencies to investigate incidents in a timely manner.

In our experience matters have been returned to Council to deal with directly, thus placing increased pressure on Council's who are often not resourced suitably to deal with such complex matters.

Thank you again for the opportunity to contribute to this important inquiry.

Yours sincerely



Cr Claire Ewart-Kennedy
MAYOR
STRATHBOGIE SHIRE COUNCIL



Rachelle Quattrocchi
CHIEF EXECUTIVE OFFICER
STRATHBOGIE SHIRE COUNCIL

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