

# Hume City Council responses to Additional Questions - Public Accounts and Estimates Committee's Inquiry into Fraud and Corruption Control in Local Government.

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

Some policy standardisation for grants would be beneficial:

- An agreed definition of what constitutes a "grant" – there are various definitions and these are usually very broad, which has implications for required level of assessment rigour, and acquittal requirements
- That financial acquittal must take place as part of a grant cycle.
- Clarification of what legal structures are fundable/not fundable (for example family partnerships or trusts) and what paperwork/evidence is acceptable to prove various legal status.
- Formalising VAGO's recommendation that Councillors are removed from direct assessment of grant applications.
- Formalising VAGO's recommendation that regular program evaluation is required to ensure effective use of ratepayer funds, and provide oversight to Council.

It would be difficult to standardise below a policy ie. processes, assessment standards (beyond basic eligibilities) or reporting as grant purposes and scale vary so much from Council to Council and local responsiveness is important; grants are a direct & impactful way for Council to support community priorities.

## 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.

Under section 54(3) of the *Local Government Act 2020*, the Audit and Risk Committee (the ARC) is required to set an Annual Work Program (AWP). Hume City Council's ARC sets its AWP in May/June each year for the following financial year.

Meeting agendas are driven by the AWP, and it is included as a standing agenda item at each quarterly meeting for review to ensure its continued relevance, with adjustments made as required. The AWP also records ad hoc requests for reports from the ARC, or reports that Council officers have identified for presentation to the ARC which aren't already included in the AWP.

Confirmed minutes from each ARC meeting are presented to Council in a public agenda, so the matters considered by the ARC, and decisions made at the meeting, are on the public record. A copy of ARC meeting agendas is also available for Councillors to view.

Under section 54(5) of the *Local Government Act 2020*, the ARC is required to prepare a biannual Audit and Risk Report which describes the activities of the Committee, including its findings and recommendations. Following endorsement from the ARC, a copy of this report is also presented to Council in a public agenda, so the contents of this report are on the public record. This biannual report also includes a summary of the key (but not all) matters considered by the ARC during the applicable reporting period.

Presenting the ARC's minutes and biannual Audit and Risk Reports to Council in a public agenda maintains transparency of the business undertaken by the ARC.

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

Inadequate. Penalties are rarely imposed and thus breaches of the Act are not disincentivised.

Electoral matters e.g. campaign donation returns are one which is well interrogated however there are rarely consequences for breaches of conflict of interest, failure to complete statutory disclosure (personal interest returns) etc. These tend to be investigated only through councillor conduct complaints which are long processes and typically result in apologies or training which are often not a sufficient deterrent.

Additional resources within integrity agencies would be a welcome change to ensure allegations are assessed and investigated promptly, with visible consequences to support integrity culture. The lack of resourcing currently means investigations are either at low level due to ease, or significantly delayed. At present, many investigations are referred to Council to investigate which shifts the resources both in time and investigator costs back to Councils which also limits depth of investigation due to lack of access to broader investigative powers.

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

The whistleblower protections are adequate – but only to the extent they can be relied on by disclosers. The protections are clear to the extent they forbid disclosure of the person's identity and provide remedies for any adverse action taken against the discloser.

The challenges arise from the organisation's commitment to compliance with the PID laws and IBAC's capacity to investigate any breaches of the Act. For example, a lack of trust in the organisation's ability to keep their identity secret, or a fear they may experience adverse action, may result in the non-reporting of disclosures. Further, if IBAC cannot respond to and investigate allegations of adverse action being taken against disclosers in a timely manner, this may also result in non-disclosures.

**5. Hume has created a new integrity function to support the referral and complaints process within council.**

**a. How has this impacted the council's ability to detect fraud and corruption?**

**b. How resource-intensive is it to run this function and do you think it would be feasible for councils with limited resources to implement something similar?**

This function strengthens the cultural change prioritising integrity across Council. In turn, this enables a speak up culture and detection of fraud and corruption.

b) The number of resources allocated to this task is low, but that is because it is an experienced and more senior officer focussing on the work. Well experienced and autonomous officers are better placed to conduct discreet investigations, and respectfully challenge non-compliance at senior levels. Councils with limited resources may be able to implement a similar structure, if suitably experienced candidates exist either within the organisation or can be recruited.