

5 September 2025

PAEC Secretariat
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Dear Secretariat

Parliamentary Inquiry into Fraud and Corruption Control in Local Government

I refer to your letter of 22 August 2025 requesting additional information following attendance at the Committee's public hearing on 28 July 2025 by our Chief Executive Officer, Bruce Dobson and our Mayor, Councillor Lisa Cooper.

Our responses to the various additional questions are set out below.

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

Some standardisation might be beneficial – particularly for example a range of user selectable eligibility criteria, alongside core probity criteria such as financial viability, and conflict of interest provisions.

However, outcome criteria aligned with community benefit, and Council Plan priorities should be set to reflect local priorities. Each council has unique strategic plans, demographics, and community priorities. For example, youth engagement might be a particular priority in one municipality, multicultural initiatives in another. Standardising criteria could constrain the ability of grant programs to target outcomes that matter most locally. They would also potentially inhibit flexibility and the ability of councils to respond quickly to emerging community needs, for example disaster recovery.

Standardisation should also be considered carefully in the context of the whole sector, and whether a one-size-fits-all model really does fit-all across metropolitan, interface and rural/regional councils.

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.

Knox's Audit and Risk Committee (ARC) operates under a regularly reviewed Charter aligned to the Act. The Charter includes in the Committee's purpose that the Committee's role is to support Council in discharging its oversight and accountability responsibilities, including those related to the effectiveness of Council's system of internal controls, including fraud and corruption prevention. The Charter also includes clear provisions regarding the ARC's duties with respect to Council's Internal Control Environment.

In this context, Knox's ARC (and its independent member's particularly) have encouraged the organisation to leverage the experience of the Committee and its members in the development phase of Council policies and like documents. This is reflected in the organisation's Policy Framework which provides the following guidance for staff:

4.17 The Audit and Risk Committee (ARC) plays a critical role in assessing the adequacy and effectiveness of key Council policies, procedures, and controls. Policies should be referred to the ARC before approval when they involve:

- Significant financial controls;
- High-risk areas such as fraud prevention, cybersecurity, regulatory compliance; or
- Governance and/or risk integrity.

ARC review may also be considered for policies with substantial impacts on strategic risks, decision-making, or where independent oversight enhances the review process.

In addition to formal referrals, the Knox ARC encourages staff to circulate policies and like documents to the Audit Committee where staff feel the Committee may be able to add value to the development of a policy within the scope of its charter.

In terms of managing workload, the ARC has an annual work plan aligned to its Charter which is monitored at every meeting. Council also maintains a rolling three-year strategic internal audit plan (SIAP) to guide the work of its contracted internal auditors which the ARC is empowered to annually review and approve.

For transparency purposes, the agendas and minutes of all ARC meetings are available to Committee members and all Knox Councillors and the Committee's Independent chair is routinely invited to attend the relevant Council meeting to present the Committee's biannual reports. Details of the audit committee, including its biannual reports, are also published on Council's website.

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?

The current suite of consequences and penalties for breaches of the Local Government Act, or for instances of fraud and corruption, are likely to be adequate. That said, this question is perhaps best directed towards agencies like the Local Government Inspectorate and IBAC which are responsible for enforcement.

Over the past 1-2 years, media coverage has highlighted concerns that integrity bodies in the sector can be 'toothless'—not because the penalties themselves lack strength, but because resourcing and capacity constraints mean breaches are not always pursued effectively or in a timely way.

This runs counter to the fundamentals of fraud and corruption control, that organisations must:

- Build awareness and confidence to raise red flags within organisations and the community.
- Encourage reporting through a variety of accessible and trusted channels.
- Act on reports to demonstrate that issues are taken seriously.

The real change we would like to see is in the ability of our integrity agencies to meaningfully investigate and enforce existing provisions. While particularly blatant and egregious cases may be

receiving attention, the failure to appropriately monitor and to address lower-level breaches, is fostering a perception of weak oversight and a low risk of consequence for integrity breaches within the sector. Proactive measures to identify and respond to emerging risks, rather than waiting for issues to escalate, would go a long way in supporting the sector and strengthening trust in oversight.

When staff, councillors, and the community do not believe action will be taken, it discourages reporting and increases perceptions that there are opportunities for integrity breaches to go undetected. The perceived shortcomings of our integrity agencies will rapidly undermine even the best efforts by individual councils to foster and promote a culture of integrity at the local level.

Strengthening the resources and mandate of watchdog agencies would give full effect to the existing legislative framework, ensuring the consequences already available operate as a genuine deterrent while promoting a culture across the sector that supports the highest levels of integrity.

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

Knox has no direct experience of shortcomings in whistleblower protections on which to form recommendations for improvement.

5. Knox has developed an anonymous reporting program for suspected fraud and corruption.

Council's program leverages a SAAS software platform to provide an opportunity for staff to anonymously report concerns regarding sexual harassment, misconduct (inappropriate behaviour), and fraud and corruption. The platform dubbed *Speak up at Knox*, enables secure, anonymous two-way communication with staff and provides a configurable case management solution to ensure all reports are managed following internal processes while complying with all regulations.

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

Speak up at Knox provides a confidential avenue for communicating with Workplace Relations or Governance teams without being identified, and aims to reduce unreported incidents, and to provide avenues to support staff in feeling safe, heard, recognised and respected.

The software strengthens Council's capacity to detect fraud and corruption by providing an additional, anonymous avenue for reporting. Unlike traditional channels, the platform allows reporters—if they choose—to remain engaged with their submission. This means the organisation can ask follow-up questions, clarify details, and even provide updates back to the reporter, all while protecting the reporter's anonymity. As well as providing an opportunity to gather more information regarding an incident or issue, engaging with the reporter helps Council demonstrate the matter is being taken seriously and helps build organisational credibility and trust in the integrity of complaint-handling. An anonymous platform reduces fear of victimisation. Anonymity encourages more reporting which increases the volume and diversity of information that may otherwise go unnoticed. It is an important channel for collecting data that can lead to the identification and investigation of fraudulent and corrupt activity.

Ultimately, the tool itself is only as effective as the organisational culture in which it operates. Without a culture that encourages vigilance, supports reporting and shows a genuine commitment to act on reports, even the most sophisticated platform cannot deliver meaningful outcomes.

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?

Running the program is no more resource-intensive than managing complaints through traditional channels although there is a subscription cost which may be material for smaller councils.

For those with the available resources – offering the platform can promote a reporting culture and enable engagement with reporters while preserving anonymity which can be beneficial to the investigation of complaints. It also provides a secure platform from which to manage those complaints, providing flexibility in different roles within the organisation having visibility into different categories, i.e. Governance Vs Sexual harassment.

For those with limited resources, feasibility will depend less on the staffing impact given the workload is comparable—and more on budget priorities and organisational readiness and capacity to integrate the tool into their environments.

As requested, the following questions were circulated to all Councillors to be reviewed; and following is a compilation of their responses:

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

All Councillors who responded reported feeling comfortable or very comfortable with the way confidentiality is used and managed, and expressed confidence in how confidentiality is applied at Council meetings.

Additional comments were:

- I also feel governance officers provide adequate information to Councillors of what is and isn't deemed confidential in reports provided, for example commercial in confidence or land valuations. Once information is no longer sensitive, I believe that once information is no longer sensitive, it is able to be made public where possible. Decisions made in camera is low and appears to be below sector averages, which I feel demonstrates our Councils ability to be open and transparent where possible. Confidentiality may be applied as defined under the Local Government Act or third-party information.
- The percentage of decisions made privately is low and below sector averages. When confidentiality is necessary, decisions are handled in line with relevant requirements to protect sensitive information. Once the information is no longer sensitive it is shared with the community.
- I'm confident that confidentiality is used appropriately and sparingly at our Council. We work to ensure that decisions are made publicly wherever possible. Reports are often prepared in a way that allows for open decision-making, even if some elements – like commercially sensitive attachments – are kept confidential. Importantly, once information is no longer sensitive, it's often released to the public. This balance ensures transparency without compromising necessary confidentiality. The percentage of decisions made in closed sessions is low and well below sector averages, which reflects our commitment to openness. When confidentiality is applied, it's typically for legitimate reasons such as commercial sensitivity, legal risk, or protection of third-party information.
- I am comfortable if it is a confidential item, it remains confidential.

- As ratepayers expect, the overwhelming majority of our Council decisions are made in open Council. This is very important to our community.

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

- Achieving an effective balance between confidentiality and transparency requires modern, consistent legal frameworks. While confidentiality is sometimes indispensable to protect sensitive information, current legislation imposes disproportionately stringent transparency requirements on local governments compared to state and federal levels. This imbalance can hinder operational efficiency and decision-making.

To better balance these competing demands, it is essential to develop clear, equitable legal frameworks that safeguard genuinely sensitive information—such as commercial-in-confidence matters, valuations or personal privacy—without eroding the public’s right to scrutinise Council decisions. Enhancing transparency should remain a priority, but not at the expense of compromising legal obligations or the integrity of sensitive information.

- I do think that Knox does manage report confidentiality well, making decisions that reduce information not open to the public, be it an entire report or just the attachments. I would like to see Council commit to making information related to confidential reports be released periodically and with some consistency, which would improve public access to information.
- I guess this would be more a topic-by-topic basis, and perhaps consultation with councillors prior to meeting around an issue for discussion if it should be confidential or transparent may help.
- I believe our council works hard to be transparent and to make decisions publicly whenever possible. However, current confidentiality rules can sometimes be too strict and maybe conflict with the need for openness and sometime State regulations may also make it challenging for local council to share information freely. While protecting certain activities is important, I feel these rules can sometimes restrict our ability to operate transparently.
- A balanced approach recognises the need for confidentiality in legally or commercially sensitive matters, while allowing for transparency over time. Our Council structures reports so decisions can be made in open meetings, with sensitive details kept confidential and later released by the CEO when appropriate.

However, broader change requires legislative reform. Councils need a fairer framework, especially as other government levels retain broad secrecy protections while imposing stricter transparency rules on local government – creating conflicting expectations. We have faced situations where existing laws didn’t sufficiently protect sensitive information, especially from State Government agencies that impose confidentiality through contracts rather than legislation. This highlights a clear imbalance. Local councils are held to stricter transparency standards than those applied to state bodies, creating tension between openness, legal risk, and respecting third-party confidentiality.

- On the performance measures I am seeing, we are doing well and sit below the historical sector average. So far, my experience is that we go out of our way to ensure the community has access to and can scrutinise as many Council decisions as possible.

- I believe that there should be "standing orders" that require the organisation (through the CEO) to make available to the public, any information that was previously confidential (at the time required) once the need for confidentiality has passed. This could be bid pricing related to tenders once they have been awarded, reserve prices for auctions once finalised, etc).

In relation to the following Councillor feedback, it is noted that Councillor responses were provided prior to reports that IBAC had laid charges against two people as a result of matters arising from the Operation Sardon investigation.

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)?

- I feel that a culture where Councillors and council staff feel safe to speak up about suspected fraud or corruption, I believe depends heavily on several critical factors. Enablers include clear, accessible reporting channels, strong ethical leadership that models integrity, and a supportive workplace environment that encourages open dialogue and mutual trust. When these conditions exist, individuals are more likely to raise concerns internally or formally through Public Interest Disclosures.

Despite these enablers, significant barriers remain. Fear of retaliation or retribution continues to inhibit many from reporting wrongdoing, especially where protections for whistleblowers are perceived as inadequate or ineffective. Additionally, a lack of visible and timely outcomes from reported concerns can lead to disillusionment and silence. These issues are compounded by the chronic under-resourcing of integrity agencies tasked with investigating allegations of fraud and corruption. Such resource constraints often result in delayed investigations, eroding confidence in these bodies and discouraging disclosures.

I believe it important to note and I feel that protections for individuals who speak up are generally stronger at the Federal and State government levels, highlighting a need to bolster and improve safeguards within local government frameworks to ensure fair and equitable support.

- Regular reminders of what reporting methods/channels are available.
- A key enabler in encouraging people to speak up has been the presence of clear, accessible processes for raising concerns – both internally and through formal disclosure channels. Strong leadership that promotes ethical behaviour also helps foster a culture where staff and councillors feel safe to report misconduct.

However, barriers remain. Fear of retaliation and doubts about whether disclosures will lead to meaningful action can discourage reporting. Without visible outcomes or follow-up, confidence in the system erodes and a culture of silence and by-standers, take hold. Protecting confidentiality and providing independent support is essential to overcoming these challenges.

Another significant issue, which is the most important of all – is the limited capacity of integrity agencies. While they play a vital role, they are under-resourced and struggle to investigate matters promptly, or at all. This can lead to long delays, undermining trust in the process and discouraging future disclosures. For a speak-up culture to be truly effective, these bodies must be adequately funded and staffed to respond quickly and thoroughly.

- I haven't personally experienced any barriers, and I believe our council is committed to fostering a transparent and supportive environment where staff and councillors feel safe to

raise concerns about fraud or corruption, both internally and through Public Interest Disclosures.

- To be honest, I'm not aware of such opportunities to "speak up", if/when required, and perhaps a little more info around this would be essential.
- As a first-time Knox councillor, and not yet a year into the four-year term, I have not yet encountered examples of such matters. However, from my observations and through several sessions of our induction training program, the organisation provides a range of support services and resources to encourage people to speak up and call things out. I recognise this as a fundamental matter and appreciate the committee's inquiry in this regard.
- I don't think there are many barriers as there are many reporting options available in relation to fraud and corruption (both extremely serious matters). There may be a general feeling that the outcomes of such investigations are not completed in a timely manner though (generally speaking).

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?

- I feel that while integrity agencies demonstrate a willingness to investigate suspected fraud and corruption, their capacity to do so effectively is frequently compromised by insufficient funding and resources. These limitations lead to investigation backlogs and prolonged delays, which diminish both public and internal confidence in the accountability system.

To uphold the highest standards of integrity and maintain trust in public institutions, integrity agencies must be adequately resourced and empowered to conduct investigations promptly and thoroughly. This includes ensuring timely responses, transparent processes, and robust protections for whistleblowers. Without these measures, the culture of openness and accountability necessary to detect and address misconduct cannot be fully realised.

- Undecided. The outcome of Operation Sandon is still not closed, and I am unaware of the review of IBAC practices following Sandon, which was publicly committed to. I am not aware of statistics of allegations of fraud and corruption received by integrity agencies, or the subsequent outcomes, which dilutes the public perception of effectiveness.
- There is general confidence in the integrity bodies willingness to investigate, but concerns remain about timeliness and resourcing. Investigations delayed or declined due to lack of funding, can undermine trust in the process, and discourage future disclosures. It's essential that integrity agencies are not only independent but also properly resourced and responsive so that investigations can be concluded within a timeframe that ensures both fairness and impact.
- I would certainly hope so!
- Although I haven't had direct experience, I hope that integrity agencies can respond quickly and effectively. I think having clear policies, adequate resources, strong leadership, and better support from higher authorities could help.
- As per the above, I've not yet tested this myself, but I am certainly confident about the availability of integrity agencies to initiate and undertake appropriate investigations.
- Yes and No. ABLE = Yes, WILLING = less so. APPROPRIATE = cannot say as I do not have knowledge of the process. TIMELY = not from what I have seen personally. (Operation Sandon / Baird Ward election fraud)

I trust the above information will be useful in the Committee's deliberations.

Yours sincerely

[Redacted signature]

Matt Kelleher
Acting Chief Executive Officer

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