Parliamentary Inquiry into Fraud and Corruption Control in Local Government - Further Information

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

Council is supportive of greater standardisation across Local Government in relation to fraud and corruption control. We believe that consistent approaches can strengthen sector-wide integrity, improve efficiency, and support better compliance with legislative and regulatory obligations.

Standardisation would be particularly beneficial in the following areas:

- **Policies and Procedures**: A common framework for fraud and corruption control policies would help ensure all councils are aligned in their expectations, definitions, and approaches to risk management, investigation, and reporting.
- **Reporting Mechanisms**: Standardised reporting templates and processes (e.g. for internal fraud incidents, protected interest disclosures, and audit findings) would improve transparency and enable benchmarking across councils.
- **Training and Awareness**: Shared training modules and resources for staff and councillors would promote consistent understanding of fraud risks and responsibilities, especially in areas like procurement, conflicts of interest, grants, and gifts/hospitality.
- **Grant Assessment Criteria**: While standardised criteria and assessment processes for grants would enhance fairness, transparency, and reduce corruption risks, it is important that councils retain some flexibility to reflect their unique environments, priorities, and community needs. A core framework could provide consistency in principles and minimum standards, while allowing councils to tailor specific elements to suit local contexts.
- **Risk Assessment Tools**: A standardised fraud risk assessment methodology would support councils in identifying and managing risks more effectively and consistently.
- **Data Collection and Benchmarking**: Sector-wide data standards would enable meaningful comparison and analysis of fraud and corruption trends, helping councils and oversight bodies to identify systemic issues and target improvements.

We recognise that Councils vary in size, resources, and risk profiles, so any standardisation should allow for some flexibility in implementation. However, a shared foundation would provide clarity, reduce duplication, and foster collaboration across the sector.

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.

Council is committed to ensuring that its Audit and Risk Committee (ARC) plays a central role in safeguarding the integrity of its operations, particularly in relation to fraud and corruption control.

The ARC provides independent oversight of council's governance, risk management, and internal control frameworks, with a strong focus on identifying, preventing, and responding to fraud and corruption risks.

The ARC prioritises its work through a structured annual work plan that is aligned with council's strategic and fraud risk profiles, internal audit program, and key compliance obligations. Meeting agendas are carefully developed to ensure regular and robust consideration of fraud and corruption controls, including the review of internal and external audit findings, risk registers, and the effectiveness of prevention and detection mechanisms.

To promote transparency and accountability, the ARC operates under a clearly defined charter that outlines its responsibilities, including specific duties related to fraud and corruption oversight. The committee includes independent members with relevant expertise who provide objective scrutiny and challenge. ARC minutes and recommendations are formally reported to Council, ensuring visibility of key issues and actions.

The ARC also drives continuous improvement by regularly assessing its own performance and the adequacy of council's control environment. This includes monitoring the implementation of audit recommendations related to fraud and corruption and engaging with management on emerging risks and control enhancements.

Council recognises the ARC as a critical governance mechanism in maintaining public trust and upholding ethical standards and continues to support its evolution in line with sector-wide better practice guidance.

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?

Council believes that the current consequences and penalties for breaches of the Local Government Act and instances of fraud and corruption are **inadequate** and do not consistently act as a sufficient deterrent.

While the *Local Government Act 2020* prescribes penalties for serious offences—such as up to 600 penalty units or five years' imprisonment for misuse of position—these are rarely applied, and many breaches result in minimal or no consequence which can be perceived as insufficient to uphold public trust.

We acknowledge the introduction of the **Model Councillor Code of Conduct**, which came into effect in October 2024 and is now mandatory for all Councils.

This code provides consistent standards of behaviour across the sector and replaces the previous requirement for councils to develop their own codes. It is a positive step toward improving accountability and clarity around expected conduct.

However, further reform is needed to ensure that penalties for breaches are proportionate, enforceable, and transparent. Council would like to see:

- **Clearer definitions and thresholds** for misconduct, serious misconduct, and gross misconduct;
- **Stronger penalties** for repeat or serious breaches, including longer suspensions and potential disqualification;
- **Greater transparency** in the outcomes of investigations and disciplinary actions;
- **Improved protections and reporting pathways** for staff affected by misconduct;
- **Consistent enforcement** across councils to ensure fairness and accountability;
- **A statutory requirement for Chief Executive Officers** to report inappropriate conduct by councillors, particularly in relation to conflicts of interest. This would reinforce the CEO's role in upholding integrity and ensure that serious matters are escalated appropriately and without delay.

Strengthening the penalty framework is essential to uphold integrity, protect staff, and maintain community trust in local government.

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

Council’s direct interaction with Public Interest Disclosures (PIDs) has been limited.

However, based on the experience of officers who have engaged with the PID framework, the protections currently in place appear to be **adequate** and generally well understood by those involved.

The legislative framework under the *Public Interest Disclosures Act 2012* provides important safeguards for individuals who report improper conduct, including confidentiality, protection from detrimental action, and access to support. Council has established procedures in line with the Act and ensures that staff are aware of their rights and responsibilities through training and internal communications.

To further strengthen whistleblower protections, Council would support:

- **Improved clarity and accessibility** of PID processes for staff and community members, including simplified guidance and clearer referral pathways;
- **Regular training and refreshers** for staff and leaders to ensure confidence in identifying and responding to potential disclosures;
- **Enhanced support mechanisms** for disclosers, including access to independent advice and wellbeing support;
- **Greater visibility of outcomes** (where appropriate) to reinforce trust in the system and demonstrate that disclosures lead to meaningful action.

Council remains committed to fostering a culture of integrity and transparency, and views strong whistleblower protections as a vital component of fraud and corruption control.

Responses from Elected Members (combined)

How comfortable are you with the current use of confidentially in meetings within your Councils? a. How could the need for confidentiality be better balanced with the requirement for Council decisions to be reported transparently?

Confidentiality in council meetings should be applied through specific, publicly available criteria to build public confidence that there is reasonable justification for deeming matters confidential. This practice should be used to protect sensitive information regarding winning tenderers, ensuring they are not subjected to detriment or public scrutiny. Additionally, confidentiality should be maintained to protect and preserve the privacy of individuals or entities where necessary.

Confidentiality in meeting works well and is necessary in some circumstances. The real problem is in briefing papers. Over recent times there has been leaks to the press and community. While the briefings were not marked confidential, it erodes trust. Transparency is when the issue is debated at a council meeting where everyone has a right to speak. Informing the press and community groups of an issue leads to fellow councillors being very wary of what they contribute to briefings. It probably will also restrict Councillor access to confidential information in briefings

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)?

The main barrier is that third party concerns or disclosures around confidentiality require a third-party process that is not easy to engage with or easy to access. When there is a declared councillor conflict, the process is easy. When other Councillors have a conflict and they are not disclosing we often don't speak up or report it for fear of reprisal or because the third-party disclosure system is difficult to engage with.

Conflict of interest declarations are currently the responsibility of the individual, and it is this that can aid corruption. Councillors are reluctant to call out a perceived conflict because it's up to the individual. This could facilitate decisions being made or advocated by someone who possibly is conflicted but chooses to ignore that conflict. Councillors, at present, don't feel safe raising the possibility of someone's perceived conflict.

Councillors are aware of confidentiality breaches in the past, which are difficult to investigate or were not investigated fully. This then gives councillors a signal that confidentiality is not important. A deterrent may be higher penalties for those found to have breached confidentiality.

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