



# Media release

## Public Accounts and Estimates Committee

### Committee finds progress on improving local council integrity

There has been genuine progress to address fraud and corruption in local government, but there remains wide variation in practice and capability, particularly in areas such as expense reporting, staff training, and internal fraud detection, a report tabled in Parliament today has found.

The report follows the Public Accounts and Estimates Committee Inquiry into fraud and corruption controls in local government. The Inquiry reviewed actions taken since two Victorian Auditor-General's Office audits in 2019 and 2022, which identified serious weaknesses in oversight, transparency, and prevention. It found that audited councils had implemented all recommendations.

"Fraud and corruption controls are the quiet machinery of integrity. When controls are weak, the consequences reach far beyond council offices—they erode public confidence and diminish the standing of local government itself," said Committee Chair Sarah Connolly.

The report, which can be downloaded from the from the Committee's [website](#), has made 58 findings and 31 recommendations.

The Committee found that small rural and regional councils face systemic barriers, including resource constraints and challenges in segregation of duties. It recommended developing a strategy to support rural and regional councils in implementing best-practice fraud and corruption controls.

It also found that legislative changes, including the Local Government Amendment (Governance and Integrity) Act 2024, have strengthened enforcement powers, but penalties for breaches remain inadequate.

It recommended the Victorian Government support reforms to penalties for breaches of the act based on recommendations from the Local Government Inspectorate's Councillor Conduct Framework review.

"Ultimately, integrity in local government depends as much on culture as on compliance. Systems can be designed, but they must also be lived. Leadership, transparency and accountability are not optional features of public service; they are the foundation of trust between communities and their elected representatives," Ms Connolly said.

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