

FAQs on findings of Victorian Auditor General's Office (VAGO) Fraud and Corruption control report

Will Council appoint an independent person to be involved in the recruitment of a new CEO?

This is a decision for the Councillors.

The Auditor General's report says organisational 'culture is a key control that can help to prevent, detect and respond to fraud and corruption'. How will Council drive a cultural shift?

We acknowledge that we need to address the organisational culture so that elected representatives and senior leaders 'model and support appropriate values and behaviours'.

We will start by changing our system and being open and transparent regarding our progress and will we ask Council to consider independent random audits. Councillors and staff will be trained in the new system and be given clear guidance about how the systems work. We will also run training for councillors and staff about the importance of transparency in developing trust in the community.

The report details several examples of improper activities; who were the offenders?

We will not release names. Apart from the fact that it's against the law to do so, these people are mostly from of our community and publicly shaming them does not help anyone, nor will it assist with improving our culture.

Will the offenders be punished?

There is a process underway to determine what course of action can be taken against past and current employees. This ranges from counselling of staff and Councillors to referral to the internal auditor for investigation and follow-up in accordance with relevant policy.

Will any of the offenders pay money back?

Some already have, as detailed in the Auditor General's report. The process to determine what course of action can be taken against past and current employees will also provide guidance on this.

Are the same staff still Council employees?

We are not going to release this information. As an employer, we have a responsibility for staff wellbeing. The number of requests for employee assistance has risen significantly during this time. As you can imagine, being part of a workplace that has been identified as breaching policies and failing to meet the expectations of our community is causing some staff stress.

We are focused on building up our systems and culture to support all staff so they can provide the best service to the community. They are great team and we need to ensure they consistently adhere to the policies. We will support them during this time.

We have heard that staff can use Council cars for holidays. Is this correct?

Yes, some staff do have this option and they pay a contribution from their salary to do so. This is a practice we will be reviewing to ensure it meets best-practice policies and community expectations in relation to rates of contributions.

We have heard some staff used Council funds to pay parking fines. Will they be paid back?

In relation to the Mayor's infringement; the CEO advised that he would take the matter up with the relevant municipality due to the sign being obscured by trees. Once the Mayor was aware that the fines were not withdrawn by the municipality, the Mayor immediately reimbursed Council for the full value.

In relation to the CEO's fine; after becoming aware the payment of infringements was contrary to Council's policy, the CEO immediately reimbursed Council for the full value.

Some staff and councillors also inappropriately claimed expenses. Have these been paid back?

A Councillor who made an inadvertent claim has paid back their claim in excess of the recommendation of VAGO.

To date, no money has been paid back from incidents that referred to staff in the report. Staff have been educated on adherence to policy and policy changes that have come about as a result of the VAGO Audit report. We are considering recovering major amounts where the effort warrants it. Chasing some of the smaller amounts may not be a good use of Council's time and effort.

Given the CEO has left and we now have an acting CEO, is Council paying for two salaries?

Council is not paying the departed CEO's salary. However, a confidential exit package was agreed and part of his contract requirements. The Acting CEO has received an additional

allowance of \$20,000 per annum pro rata for his period as Acting CEO, due to the higher duties and responsibility associated with the role.

The Auditor General's report said Council paid a senior executive's rent. Are you still paying any staff's rental costs?

No. Council did reimburse \$21,700 for a senior executive's rent as part of a salary package arrangement, but this practice ceased in 2017.

The Auditor General's report also said Council paid 100% of someone's training course fee when the entitlement was only for 50%. Will this difference be paid back?

The person involved in this reimbursement made a legitimate request to Executive Management at the time for approval for Council to pay 100 percent of their course fees due to the course having some direct links with the employee's senior role at Council. This was approved by the CEO at the time in accordance with policy and as such, no disciplinary action will be taken against the employee.

Council will be reviewing this policy and ensuring more stringent justification is required when an application for reimbursement of course fees is made.

Council has a lot to do to rectify this situation. Will Council continue to provide residents and ratepayers with regular updates on the action plan?

Yes, we have a comprehensive action plan which is on our website and we will be completely transparent about the progress of its implementation. There will be regular updates for staff and the community, both face-to-face and online.

Other than the CEO, have staff left due to the findings of the VAGO report?

At present, we have not had any staff departures that have been attributed to the outcomes of the VAGO Audit report.

As an employer, we have a responsibility for staff wellbeing. The number of requests for employee assistance support has risen significantly during this time. We are focused on building up our systems and culture to support all staff. They are great team and we will support them during this time.

What actions have you taken?

We have sought advice and set up a core working group, developed the action plan and our priority now is to implement it and provide regular updates for community and staff, both face-to-face and online. It is important that the community we serve has ample opportunity to scrutinise our progress and find out how the implementation of the action plan is going. We will inform our community on future opportunities to meet with us and discuss our progress.

What will Council do to make sure this doesn't happen again?

In addition to updating systems and policies, seeking Council support to increase the scope of the audit system, and training staff and councillors about the expectations, we will be focused on cultural change and improved transparency.

We will give our community the opportunity to find out how we're progressing and provide their feedback along the way.

Are there more inappropriate transactions to find?

That is unlikely as VAGO spent \$675,000 on the audit and was very thorough. If we find anything else, we will let you know.

Why didn't the audit committee pick up the transactions identified in the VAGO Audit report?

Our regular external audit is conducted by the Auditor General's Office, which in our case is the Victorian Auditor General's Office (VAGO). VAGO primarily audits the integrity of the financials and the Annual Financial Statements which generally involves 2-3 visits over the course of a year, ranging from 1- 2 days through to a week at the final stage.

A representative of VAGO has been attending Council's Audit Committee Meetings since 2015. Council also contracts an internal audit provider who works to a 3 year plan set by the Audit Committee. This involves several specific projects each year.

Generally these projects take 1-3 days of onsite work followed by preparation of a report for consideration of the Audit Committee. There is also a review of Past Issues each quarter, a test of Purchasing Cards and attendance at Audit Committee meetings.

When considering the budget for the VAGO Audit Report into fraud and corruption control cost \$675,000, it is unfair to lay the blame at the feet of the audit committee when they had a limited scope and have also lacked resources to conduct such a comprehensive audit. For example, Council's budget for internal auditing in 2017-18 was \$34,000 and for the Audit Committee was \$40,000.

We will ask Council to consider strengthening the audit committee moving forward to be able to conduct more comprehensive audits.