

# Video transcript:

## Fraud Controls Over Local Government Grants

### Audit objective

We assessed if fraud controls over local government grants are well-designed and operating as intended.

### Who and what we examined

We audited 6 Victorian councils and looked at a selection of their grant programs from the last 5 years.

### What we concluded

The audited councils' fraud controls aren't always well-designed and operating as intended. In some cases, they're missing.

Councils aren't consistently applying fraud controls across their grant programs. This increases the risk of fraud and makes it harder for these councils to prove that their grant programs are transparent, fair and benefit the community.

### Background information

In the last financial year, 46 Victorian councils distributed more than \$45 million through grant programs.

It's important that councils have effective controls for these programs to prevent fraud and give their communities confidence that recipients are spending public money as intended.

### Issue 1: Fraud controls

Councils don't always make sure their staff or councillors declare conflicts of interest, use eligibility criteria to select grant recipients, acquit recipients' spending and evaluate if their grant programs are effective

For example, we found instances where some councils approved applications made by their own staff or councillors without considering these as potential conflicts of interest. Two councils also have councillors who are involved in both assessing and approving grants instead of separating these duties.

Some councils don't always document their funding decisions or consistently evaluate their grant programs to see if they're having a positive impact on the community.

These gaps and inconsistencies in councils' fraud controls can undermine their programs' transparency and fairness.

## Issue 2: Guidance and training

Councils can improve the guidance and training they give to staff and councillors who administer grants.

Five of the 6 audited councils don't have an overarching policy that outlines their grant processes. This increases the risk that staff won't consistently apply fraud controls.

While all audited councils provide fraud training, none ensure that all of their staff and councillors involved in grants have completed it.

We also found that none of the councils' fraud training covers grant-related risks.

## What we recommended

We made 9 recommendations to all councils about strengthening fraud controls and improving guidance and training. We also made one recommendation to Loddon Shire Council to review one of its grant programs.

## More information

For more information, or to read our full report, go to [audit.vic.gov.au](http://audit.vic.gov.au)

Note: To access the complete video, please go to <https://youtu.be/4g1FluRgpU8>