

## BRIEF MINISTERIAL STATEMENT

### MINISTER FOR LOCAL GOVERNMENT

#### *Corruption and Crime Commission — Misconduct Risk in Local Government Procurement*

On February 17, I was briefed by the Commissioner of the Corruption and Crime Commission on a report the CCC had prepared on Misconduct Risk in Local Government Procurement.

The purpose of the report was to:

- Describe investigations by the CCC into misconduct in procurement by local governments;
- Describe audits carried out on behalf of the CCC into the capacity of five local governments to prevent, identify and deal with misconduct in procurement;
- Describe a post-investigation review of financial governance at the City of Stirling;
- Identify concerns arising from the investigations, audits and the review; and
- Make recommendations about how these concerns may be mitigated.

The community has a reasonable expectation that government at all levels be open and accountable.

Local government is no exception.

This report found that without strong financial and governance practices, local governments are vulnerable to fraud, corruption and other misconduct.

We know that local governments regularly negotiate large scale commercial, residential and industrial developments. The financial stakes can be very high.

The CCC found that there are a range of factors that contribute to the environment where misconduct can occur. Examples include:

- Lack of processes
- Poor record keeping
- Lack of supervision and training
- Conflicts of interest, such as letting contracts to family members or friends
- Failure to declare gifts
- Lack of audits

Specifically, the report found that employees of all levels can exercise significant authority, often with considerable independence. They can act independently and without direct supervision.

In 2013/14, the CCC carried out 13 investigations into allegations of serious misconduct in local governments.

Eight showed serious flaws in how local governments supervised the purchase of goods and services.

The CCC concluded there is systemic weakness across the local government sector when it comes to procurement.

This report is a wake-up call. We need to learn from these investigations.

And we need proper processes in place to mitigate these risks.

The CCC recommends that the jurisdiction of the Auditor-General be extended to include local governments.

This would bring Western Australia into line with Queensland, South Australia, Tasmania and Victoria where the respective Auditor Generals have jurisdiction to conduct audits of local governments.

The report further recommends that my Department actively oversees risk management reviews prepared by local governments to ensure misconduct risks are appropriately assessed.

In closing, the government will carefully consider the report's findings to determine what measures need to be taken to address the risks identified.

I'd like to acknowledge the local governments who voluntarily participated in this review and note all have taken steps to address identified shortcomings and weaknesses.

In accordance with parliamentary processes, I table the document titled, "Report on Misconduct Risk in Local Government Procurement February 2015".

I move that this house authorises the publication of the "Report on Misconduct Risk in Local Government Procurement February 2015".