



# A review of depots in Victorian local councils

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IBAC investigated allegations of corrupt conduct at a council works depot. The investigation uncovered a number of issues relating to the management of the council's depots, including poor record-keeping and lack of audits. Four key areas of corruption identified during Operation Continent are outlined below. Following this investigation, IBAC undertook a broader review of six selected councils to determine whether agencies in the local government sector are facing similar risks in managing their depot functions.

## Operation Continent

Procurement

Small plant  
and equipment

Bulk  
consumables

Leadership  
and culture

The sample six councils that agreed to participate included two metropolitan, two large rural councils and two small rural councils. The review focused on the four key areas of vulnerability identified during Operation Continent.

IBAC undertook the review in three stages consisting of:

- a preliminary review of policies, procedures and information relevant to the key issues being examined
- site visits to the sample of six councils to inspect systems, review control mechanisms, and to consult with relevant council employees
- the identification of education and prevention initiatives at two of the six councils, which could be used more broadly by councils to minimise corruption risks in work depots.

## Key findings

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### Procurement

Councils undertake a wide variety of procurement activity. In depots, procurement activity can involve purchasing or hiring plant and equipment, engaging specialists to undertake major works or standing orders for consumables that are used on a regular basis.

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Policies and procedures regarding competitive tendering complied with legislative requirements and were generally clear.

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Procurement-related risks did not consistently appear in council risk registers or lacked sufficient detail if they were recorded.

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Some councils acknowledge that purchase orders are sometimes completed after receipt of invoices.

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### Possible areas for improvement

- Procurement training should cover topics including probity issues and corruption risks
- Councils processes could be enhanced by recording details of all gifts, benefits and hospitality offered or rejected
- Councils could also equip staff to confidently decline offers of gifts, benefits and hospitality by external parties

### Good practices observed

- Development of detailed evaluation plans for high-value procurements prior to tender
- Providing information to suppliers that conveys council's expectations of contractors
- Advising council executive team of applicants in relation to open tenders to mitigate inappropriate discussions and conflicts of interest

### Small plant and equipment

Depots store a considerable amount of small plant and equipment for use by council staff. This plant and equipment is used by depot employees to undertake a variety of duties including civil works, street cleaning and maintaining council parks and gardens. This review focused on small plant and equipment which is generally mechanical in nature.

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All councils involved in the review had asset management plans; only a few governed all assets from small plant and equipment through to major assets.

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There was a lack of regular and random audits to confirm small plant and equipment under depot's control and assist in council's broader asset management.

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All councils had some form of register, however the theft or loss of small plant and equipment did not consistently appear on risk registers.

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### Possible areas for improvement

- Establishing regular and random audits of small plant and equipment will assist in broader asset management, including deterring theft
- Disposal arrangements for small plant and equipment should be documented and outline who has authority in councils to approve disposal of items
- Establishing a central register of fraud incidents is a valuable tool to facilitate monitoring of trends and identification of systemic issues

### Good practices observed

- Employees taking tools out of stores were required to do so through a storeman and manual register
- Installing onsite security, including lighting, wire fencing, swipe access cards and CCTV cameras that can be monitored in real time and store footage for 60 days
- Some councils use permanent markers, engraving or identification plates to identify small plant as council assets

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## Bulk consumables

Bulk consumables stored in works depots include items such as soil, sand, fuel and protective equipment. These low-value items are frequently used and therefore are at risk of misuse.

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Only two councils had conducted a stocktake of bulk consumables that also exposed vulnerabilities and opportunities for system improvements.

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Several councils used electronic systems to monitor fuel usage. Not having accurate records of supply can increase the potential for fuel to be misused.

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Theft and/or loss of bulk consumables did not appear on any of the councils' risk registers.

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## Possible areas for improvement

- Providing guidance on the purchase, use and disposal of lower-value resources such as bulk consumables
- Stocktaking bulk consumables allows councils to identify vulnerabilities
- Opportunities for improvements in storage and recording practices

## Good practices observed

- Reconciling regular fuel card reports with usage details to identify significant over or under consumption of fuel
- Applying additional control measures such as returning of item requirements and locked storage for particular resources
- Checking purchase orders against dockets and maintaining registers of stock accessed from store rooms

## Conclusion

The key findings reconfirm the issues identified in Operation Continent are not isolated. The good practices observed in this review and recommendations for future improvement are also good prompts for councils to consider implementing in their council depot operations.

Visit the IBAC website to read the full report and further information [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

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## Leadership and culture

Organisational culture and leadership is an important element of corruption prevention. Effective leaders must communicate behaviour expectations to staff and demonstrate agreed organisational values. The development of a constructive organisational culture complements the rules and regulations set by council's policies and procedures.

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Some councils provided a range of incentives to recognise and reward staff for ethical conduct.

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Councils adopt a variety of approaches of maintaining leadership visibility by attending bi-monthly meetings, permanently locating managers onsite and scheduling regular worksite visits.

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Approaches to training and development of depot staff varied.

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## Possible areas for improvement

- Offering equal access to training across the organisation would support a more cohesive culture and support the development of shared understandings of corruption prevention
- Councils should support cultures for open dialogue that empower employees to have discussions about corruption and prevention issues

## Good practices observed

- One council deploys a human resource staff member at their operations centre one day per fortnight for staff to consult about relevant issues
- A CEO of one council actions all reports of conflicts of interest and personally decides how these should be handled

# BUILDING BETTER DEPOTS

How councils can manage common corruption risks in works depots



## Small plant & equipment

- Mark as council property
- Store securely
- Work usage only
- Complete regular and random audits



## Bulk consumables

- Limit open stores and access
- Separate duties of approval and usage
- Clearly state expectations of usage
- Complete stocktakes and keep records



## Procurement

- Manage conflicts of interest
- Raise purchase orders before invoices
- Use electronic procurement systems
- Record gifts and benefits offered and accepted



## Leadership & culture

- Set clear expectations of staff
- Build culture of intolerance of corruption
- Have safe reporting mechanisms
- Develop corruption prevention tools and resources

Find out more at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

 **ibac** independent broad-based  
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IBAC is Victoria's first anti-corruption body with responsibility for identifying and preventing serious corrupt conduct across the whole public sector, including members of Parliament, the judiciary and state and local government.

IBAC also has a broad oversight role in relation to police personnel misconduct and an important education function to proactively assist public sector agencies to improve their systems and processes to prevent corrupt conduct.

**To report corruption phone 1300 735 135 or visit [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)**

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