



## MEDIA RELEASE

### New report delivers strong warning for local government

10 October 2016

A Corruption and Crime Commission report presented to State Parliament today exposes “breathtaking ignorance” of the role and responsibility of local government councillors and challenges all local government authorities to assess and upgrade their resistance to corruption.

The *Report on a Matter of Governance at the Shire of Dowerin* follows the sentencing of former Shire CEO, Dacre Alcock.

Mr Alcock was CEO of the Shire of Dowerin for seven years from 2008. For four years, from 2011 until he was arrested by CCC officers in October 2015, he stole almost \$600,000. The amount stolen was about \$850 per resident.

As well as the corrupt behaviour of the former CEO, the Commission was keen to investigate the circumstances in which he was able to steal so much money over such a long period without detection – so that lessons might be learned by all local government authorities.

The investigation included the Commission’s first public hearings held in regional WA which not only gave ratepayers and residents the chance to hear what went wrong, but also what has now been done to address the issues.

The evidence presented showed a series of “what ifs” which may well have saved the Shire hundreds of thousands of dollars.

“If there had been proper policies in place, if the Council had complied with the *Local Government Act 1995* (LGA) and appointed an audit committee, if the auditors had asked for or simply glanced at the credit card statements which Mr Alcock kept to himself,” the report states, “the probabilities are that the embezzlement would have been discovered much sooner and the losses mitigated.”

The Commission makes clear that not all the blame can be laid at the auditors’ feet and underlines that elected councillors have ultimate responsibility for the local government, its finances and the performance of the CEO.

It recognises that councillors are volunteers and are often persons of standing within the community who may be successful at business, but have little of the knowledge required to provide proper financial oversight. Whether training courses presently offered by Western Australian Local Government Association (WALGA) and the Department of Local Government and Communities should be mandatory is a policy decision for Parliament.

Important reminders in the report for all local governments include that:

- an audit committee is compulsory;
- attention must be paid to the scope of work contracted with the auditor;
- an audit may not detect fraud; and
- it is council's responsibility to have robust policies and procedures to mitigate the risk of fraud.

Government bodies, including local authorities, must be vigilant for signs of corrupt behaviour, and have policies and procedures in place to minimise such risks.

Dowerin was not vigilant and had few policies. Mr Alcock was able to steal with impunity; no-one held him to account. The fact that, not long after Mr Alcock's corrupt behaviour began, the former CEO of the Shire of Murchison was imprisoned for corruption and stealing neither deterred Mr Alcock nor served as a warning to the Shire of Dowerin.

The Shire of Dowerin has now transformed its approach to managing the risk of corruption and serious misconduct.

Measures include the adoption of 51 recommendations for improvement – and an action plan to put those recommendations into practice. Councillors, it was reported, are also taking a much greater interest in what is happening. They have begun attending training. Other key measures include the appointment of an independent member of the audit committee with a financial background.

The Commission's report notes there are 137 local authorities in Western Australia and challenges all of them:

"What happened in Dowerin over four years is a cautionary tale and a warning to other local authorities. Although painful, Dowerin has learned the lessons. Can the same be said for every local government?"

The Commission thanks the new Dowerin CEO, Andrea Selvey, and her staff for their assistance during the investigation.

***Post script:*** On 30 September 2016, Mr Alcock pleaded guilty in the District Court to three counts of stealing as a servant and was sentenced to a total of four years and six months' imprisonment. A parole eligibility order was made, as was a compensation order for \$516,219.

*ENDS*

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