
Snapshot: Melton City Council's procurement probe

The Case

A Victorian council IT worker misused his position to weave a web of deceit to attain \$1.6 million in Council work for his IT company due to lax oversight allowing him to manipulate processes. As a senior officer at Melton City Council, Mr M oversaw procurement processes for IT contracts. During his two years at the busy council he was able to dupe the council and recommend his own company MK Datanet as the successful tenderer for a significant IT contract.

He never disclosed any conflicts of interests and his company won the tender despite not meeting all mandatory requirements. He even assisted in preparing the tender submission that he later evaluated, featuring a copied OHS policy from another industry containing irrelevant references. In other procurement processes, he used two other IT companies he controlled to provide additional unfavourable quotes, to give the appearance that proper procurement processes were followed.

Key Findings

- Mr M engaged in improper conduct by dishonestly performing his functions while engaged by the Council
- Mr M was associated with MK Datanet and failed to declare a conflict of interest when engaging MK Datanet for work at the Council
- As the effective owner of MK Datanet, Mr M stood to directly financially benefit from any decisions by the Council to engage MK Datanet
- Mr M deliberately concealed his ownership of MK Datanet through a deed with another person
- The Council's oversight of Mr M was lax, and the significant responsibility given to him allowed him to manipulate processes to benefit MK Datanet
- There were several breaches of the Council's Purchasing Procedures Manual and incorrect information in MK Datanet's tender submission
- Mr M knew his actions were wrong or unethical at the time and he made deliberate attempts to conceal his true involvement in MK Datanet and other companies
- Mr M signed a false declaration stating that he had no conflict of interest
- Mr M sent quotes to the Council from fictional people disguising them as staff of companies he controlled.

Key Recommendations

- The council consider referring Mr M's conduct to Victoria Police and the Australian Securities and Investments Commission
- For the Council to consider integrity risks relating to conflict of interest and transparency in labour hire arrangements
- Advise the Ombudsman of how it addressed the concerns raised about the adequacy of the services MK Datanet provided.

By the numbers



\$1.6m deceit



**21 months or
improper conduct**



**Mr M was paid
\$840 per day**



**5 summons
issued**

Final word

"His multiple breaches of council policies went undetected at the expense of ratepayers' money. It is staggering that proper checks and balances were not followed and he was able to deceive the Council for as long as he did." – Deborah Glass, Victorian Ombudsman