

INDEPENDENT COMMISSION AGAINST CORRUPTION

RECORD OF INTERVIEW BETWEEN SENIOR CORRUPTION PREVENTION OFFICER [REDACTED] SENIOR CORRUPTION PREVENTION OFFICER OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION AND GALEA OF THE INNER WEST COUNCIL CONDUCTED VIA MS TEAMS ON MONDAY 9TH AUGUST 2021

TIME: 10:06 AM

ALSO PRESENT: [REDACTED] PRINCIPAL OFFICER CORRUPTION PREVENTION AT THE ICAC, MARCIA DOHENY, GENERAL COUNSEL AT THE INNER WEST COUNCIL.

[REDACTED] We're assured that we have an accurate record of the interview. This interview is being conducted by (unintelligible) and recorded by using Microsoft Teams. The information you provide may be used for the purposes of any public hearing conducted by the Commission. This may be to prepare a statement or a transcription of the interview to be submitted as evidence. We'll keep you informed on the need for any statement and discuss details of that at a later stage. We can't tell you how the Commission might use the information at this time but we will advise you at the relevant time about its potential use.

GALEA: Yeah.

[REDACTED] So, this is a bit of preamble. Today is the Monday the 9th of October 2021 and the time is now 10:06 am. This is a recorded interview conducted by ICAC Corruption Prevention Officers [REDACTED] with Geoff Galea of the Inner West Council. Also present is Marcia Doheny of, she is General Counsel, InnerWest Council. For the purposes of the tape my name is [REDACTED]. If those present could please state your name for the purposes of the tape.

GALEA: Geoff Galea.

DOHENY: Marcia Doheny

[REDACTED] [REDACTED]

[REDACTED] Thank you. This interview is being held by video link using Microsoft Teams. Prior to starting the interview I said I would be recording the interview. For the purposes of the tape I need each of you to confirm that you agree to the interview and to it being recorded.

PROTECTED

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GALEA: Yes, I agree.

DOHENY: I agree.

[REDACTED] I agree.

10 [REDACTED] Do you agree that I stated that the nature of our enquiries and that this recording may be used as evidence?

GALEA: Yes.

DOHENY: Yes

[REDACTED] Yes

15 [REDACTED] In having this discussion I need to let you know that the ICAC Act identifies that providing false or misleading information to a Commission Officer exercising their functions under the Act is a criminal offence. So, to be absolutely clear, [REDACTED] and I are here exercising functions under the ICAC Act. This means that when you answer that you need to answer questions truthfully and openly as we have already discussed. If you don't know an answer please just say you don't know the answer. You do not have to answer any or all of the questions but if you do choose to answer any of the questions the answers need to be truthful.

20

GALEA: Okay.

25 [REDACTED] So, we'll start really generally, just about yourself. Your professional background, your current role, how long you've been in it which you've touched on already and how long you've been at the Council in total and any other roles you might have had.

30 GALEA: So (unintelligible) 2019 as Procurement Services Manager, prior to that I was Principal Manager Strategic Procurement at Transport for New South Wales. Prior to that I was, I think it was called Procurement and Contracts Manager at Housing NSW and prior to that I'd worked at, I think it was when I started was I think it was the Department of Capital Works became Finance and Services. Prior to that I was at the Casino and prior to that I was in the mining industry and prior to that I was in the electrical industry.

35

[REDACTED] And how long have you been in your current role then at the Council? Sorry I think you've answered that.

GALEA: Yeah since October 2, yeah since October 2019.

██████████ And that's your and that was when you started at the Council?

GALEA: Yes.

██████████ And what are your qualifications and relevant?

5 GALEA: I have an Advanced Diploma in Procurement, Government Procurement, I think it's Procurement (Government) and a certificate from TAFE in Purchasing and Supply and some short courses in contract management and that sort of thing, which, I don't think they're formal qualifications.

10 ██████████ Excellent, OK so in a little bit more detail could you explain your role within the current structure, like your key duties and where it sits in the more formal structures of the Council.

15 GALEA: So, we've only just recently changed, my reporting lines recently changed. I'm currently, as of the last two or three weeks, reporting to the Director of Corporate. Prior to that I reported when I started up until a couple of weeks ago, I reported (unintelligible) Procurement Services Manager. So I manage seven staff –

██████████ Has anybody else –

GALEA: started

██████████ Yeah

GALEA: Are you having problems?

20 DOHENY: turning the camera off his audio

GALEA: Is that better? I've turned my camera off.

██████████ Yeah that's much better.

DOHENY: Much better audio quality.

25 ██████████ Sorry Geoff I might have to get you to start right back at the beginning of that, your answer.

30 GALEA: Okay. All right, so I started in October 2019. My reporting line changed just recently about three weeks ago or something. I now report Director of Infrastructure, sorry the Director of Corporate. Prior to that when I started until about three weeks ago I reported to the Director of Infrastructure and Services. I have seven staff, three warehouse staff, store supervisor and two storemen, four procurement staff. When I started I had a strategic procurement officer, a senior procurement control officer, a procurement control officer and a business analyst (unintelligible) we didn't

(unintelligible)

GALEA: Sorry I can't hear you guys. Hello.

██████████ Hey Geoff sorry Geoff it's really hard to hear you.

GALEA: Yeah I can't hear you either. Something just popped up on my screen saying bad network quality.

5 ██████████ Yeah bad network quality

GALEA: Because I'm (unintelligible) good. This is the first time this has happened. So I'm not sure if it's on my side or your side.

██████████ I wonder if it's my side. What do you suggest ██████?

10 ██████████ Okay, why don't we try with (unintelligible) and just see how that goes. Also at this point, there's just something I've just become aware of. Geoff, I don't know, I just realised I was on secondment at Transport for a while and you and I were at Transport for the same period of time. I thought your name was familiar but I just couldn't put it anywhere.

GALEA: (unintelligible)

15 ██████████ Yeah if that is going to be an issue just let me know I'm happy to drop out if that's an issue. If it's not an issue fine. I don't recall us having incredible involvement in Transport. We probably had some but I just want to give you the option so there's no suggestion of impropriety or anything.

20 GALEA: No, no it doesn't, like I didn't even, I didn't even realise Benjamin, it's fine with me.

██████████ Okay I just want to check because obviously, you know, I was just on secondment there as their Principal Manager for Fraud and Corruption Prevention for about a year and a half so that's why I just realised.

GALEA: Yeah,

25 ██████████ That was for about six (unintelligible).

GALEA: Yeah, yeah I think we did, yeah, but it doesn't worry me, that's fine.

██████████ Okay and you're fine with that Marsha, Marcia I mean.

DOHENY: Yeah, I don't have any problem with that. Yeah, ah no, ██████.

30 ██████████ Okay. So ██████, just try turning your camera off too and see how we go. If this breaks up too much we will have to think about it.

██████████ All right, so I caught there Geoff that you have seven staff, three in the warehouse and four on the procurement side. I didn't catch, so there's a strategic, is this the four staff you currently have? One strategic and the other three.

5 GALEA: No, so when I started there was a strategic procurement person, what we call the Senior Procurement Control Officer, the Business Analyst and a Procurement Control Officer. I then restructured and put in place like a Business Partnering model. So, the Senior Strategic Procurement Business ah, Senior Strategic Procurement role and the Senior Procurement Control Officer role are now Procurement Business Partners.

██████████ Okay.

GALEA: And the other two roles remain the same if that makes sense.

██████████ But they don't report to you or they?

10 GALEA: Yeah, they do, yeah they re, yeah, yeah it's just a different model from when I started.

██████████ Okay, sure.

GALEA: So we're responsible for the procurement framework. All procurement, it's mandated that all procurement over \$150,000 comes through us, we facilitate and under \$150,000 if we're asked to facilitate. So that's I suppose it in a nutshell, is there anything?

15 ██████████ No that's great. So, in terms of governance, what's your awareness of how it was structured from 2015 onwards? You're coming in at 2019 with that original where you were reporting to the Director of Corporate, no sorry the Director of Infrastructure and Services.

20 GALEA: Yeah.

██████████ So, prior to your arrival are you aware of the structure?

GALEA: Directly prior to my arrival Procurement Services Branch was called Procurement and Fleet and there was a Procurement Manager who I basically replaced who reported to, not sure of the title but it might have been Group Manager Procurement and Fleet, something, something along those lines. And the Legacy Council I've got no idea. That was, I think the person you're looking at is from Leichhardt and I'm not, I don't know what that is, what that was.

25 ██████████ So, I think we might have covered this but the questions around the types of functions that were centralised and what are the responsibility of the business areas. So, you've touched on that, \$150,000 threshold there where procurement facilitates it and the business area can ask for it to be facilitated for less than that.

30 GALEA: Yeah.

██████████ That's the hard and fast rule or is there any sort of other policies and procedures around that?

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GALEA: Yeah so that's the mandate, so basically when there's thresholds in place that sort of govern how many quotes and etc what needs to happen so. Under 5,000 they don't need a quote, between 5 and 10, a verbal quote, between 5 and 10 are written, over 10 they need three written quotes. Now what we've, what I've put in place in June 2020 is that we've mandated people to use a system called Vendor Panel which is our sourcing system which gives Procurement then some oversight. Now, I think what was happening in like the case you're looking at and probably in other cases in Council before I started, the person was emailing for quotes directly to suppliers which I think is part of the problem. So, what we've done by mandating Vendor Panel, 1. it gives Procurement some oversight, 2. It acts as a locked tender box. So, you put in the closing date and time of the request for appraisal process and if suppliers submit their proposals before that date and time you can't actually access them. So, it's like an electronic locked tender box. That, so, -

Does that mean, sorry to interrupt Geoff, does that mean no one internally can see the quotes until the closing date's passed?

GALEA: Yes.

Okay.

GALEA: Yeah, so, but that was, so just, I'll step back a little bit. So we always use that system, we use, prior to me getting there they used Tenderlink which is a similar system for tenders and Vendor Panel which is the system we use now for everything or quotes but it wasn't mandated to be used for quotes. So, they could use it for quotes but it wasn't always used for quotes. What I've since done was mandate it to be used for quotes.

And when you say mandate that's for absolutely everything –

GALEA: Over 10,000.

For everything over 10,000.

GALEA: Yeah. And that, but that was put in place in June 2020, the mandate.

And is the Tenderlink system still in use?

GALEA: No. So, the Tenderlink system, probably we stopped using that early 2020. And the reason was we, I just didn't see why we were using two systems. We were paying two subscriptions to use two systems which basically did the same thing. So I just looked at both systems and found that one was way more user friendly than the other. Tenderlink seemed really clunky, Vendor Panel seemed more user friendly. Did the same thing so we just discontinued our subscription with Tenderlink. We can still use it if we want on a user pays basis but we don't because we can use Vendor Panel.

Okay. Now if, I guess where's the oversight if you like, okay I think you've probably answered that. So, what are the broad sort of policies and procedures? Do you have a Procurement Framework, a procurement procedures document?

GALEA: Yeah, so we have. Sure, we have a high level principle based sustainable procurement policy and then the detail and the process is held in the Procurement Manual. So, the Procurement Manual is where you'll find the different thresholds and the number of quotes required and, you know, the mandating of Vendor Panel and all that sort of thing. And then the Procurement Page has a whole, you know, bunch of templates we use, we use standard requests for quotes and requests for tender documents. They're actually, they're owned by Legal so we can't, and they're locked templates, so we can't actually go in and change them if we need any changes we have to go back through Legal to get those, to get those changed. So –

And when you say page, that's the, an intranet site?

GALEA: Yeah. Yes, so yeah on our intranet all the procurement documentation sits.

Yeah, and in terms of, so they're sort of your areas policies if you like, you control those policies and adherence to those policies?

GALEA: Yeah, yeah so if we're facilitating obviously we're, we're hands on and we, we make sure. The business units, so the other thing, the other thing we do procurement, the procurement area, we actually release every single PO so what, whoever releases them, we've all got access. I sometimes go in and release POs if there's a lot and whoever does it, we're actually doing a compliance check before the purchase order is released. So, if it's over \$10,000 and they haven't got three quotes we will reject it and ask why they haven't got three quotes. They can write what we call an Exemption Memo. So, if they're not buying it off the panel and they haven't got the three quotes that they're supposed to get, they can write an Exemption Memo with their justification and that could be, you know, they're the only people that supply this stuff or there's no point, you know they provided the goods and they have got to come in and fix it something's gone wrong, whatever the reason is and then it's up to the Financial Delegate who signs (unintelligible) (inaudible)

(unintelligible) (inaudible) signoff by the Financial Delegate.

GALEA: Yeah that's it, there's an exemption. So, what we do, like I said we release every single purchase order so we're and we're doing a compliance check at that point. So, if it doesn't have the three quotes we're saying, or whatever it needs at that time when we release it, we say well it doesn't have it is there an Exemption Memo attached? We'll look at the Exemption Memo and, you know, sometimes might go oh hang on a sec, they're saying they're the only people that supply it but I'm sure there's plenty of others or why are they buying it off this person I know there's a panel for it. We might ask more questions at that point. But yeah, we do do a like a check prior to releasing the orders.

Okay. And what about the link there to the Accounts Payable. So, you're releasing the purchase order and then, and then what I guess?

GALEA: Well when the goods come in, or the service is complete they're receipted electronically in the system and then when an invoice comes in if, and, and, they're receipted by someone with financial delegation if it's or by

the manager I think if it's over ten thousand, if it's under ten thousand the person that orders the goods can receipt it. And then I think it's just the three way match, if the invoice, the receipt and the purchase order match up I think it then just gets paid.

5 [REDACTED] Okay.

GALEA: Oh, the invoice needs to be approved as well.

[REDACTED] And who approves that?

GALEA: I believe someone with delegation.

10 [REDACTED] Involved in the project or someone with delegation in the sort of accounts area?

GALEA: No, involved in the project. I'm not sure what sort of approvals actually happen in the accounts area if any.

[REDACTED] Okay and when you say goods in, would that include, that includes works performed?.

15 GALEA: Yeah all services, goods or services.

[REDACTED] Okay. So, in terms of it more broadly over the governance, the policies, you know, your procurement manual, your procurement policies etc have they changed recently or in the last few years that you're aware of? Any major changes to those?

20 GALEA: They've changed, they've changed since I got there, yes.

[REDACTED] In what way?

GALEA: So the mandating of the use of vendor panel for over \$10,000 is something I've put in place. Mandatory financial checks on suppliers for contracts over \$250,000 have been put in place. Mandating that it comes through Procurement for over \$150,000 has been put in place since I got there. The Sustainable Procurement Policy, which is a principle based policy, I wrote that when I got there, that was approved by Council in December 2019. So that was put (unintelligible). Training, we've run training on, on the manual and that sort of thing. We've done joint training with Legal so it was like contract and procurement training that's been run since I got there. That was done sort of December 2019, early 2020, we run a bunch of sessions. Oh, what else has been done? We changed, so I assume you're going to get to creating suppliers?

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[REDACTED] Yes.

35 GALEA: I implemented manager approval, so if anyone asks for a supplier to be created it's an electronic form that workflows to a manager and the manager then approves. That's changed since that was implemented since I got there. Yeah, on panels I got staff, particularly our civil works panel

5 and I think our minor works panel. There are staff that use these panels every single day pretty much so, or a lot, so I asked them all to sign Conflict of Interests relevant to all suppliers on the panel and so they sign that and they sign something to say that if anything changes in the next twelve months they'll let us know and then we'll go back to them twelve months since they've signed all those conflict of interests and ask them to sign them again. So that's something that was implemented. I don't know, I think there's other stuff I'll come back to it if I think of more.

10 [REDACTED] That's a lot. So the mandating of Vendor Panel prior to that there was these two systems the Tenderlink and the Vendor Panel.

GALEA: Yeah.

[REDACTED] And Vendor Panel wasn't even necessarily compulsory for those large tenders?

GALEA: No so.

15 [REDACTED] It was not mandated at all?

GALEA: No, so Tenderlink was used for tenders, Vendor Panel was used for quotes.

[REDACTED] That's right, but that was mandated, it was mandated to use some sort of centralised system?

20 GALEA: Not really. Not really. Tenderlink was used, my understanding is Tenderlink was used for tenders because Procurement was involved in all the tenders and so they would take them through and put them on Tenderlink because the Act, when I started, under the Local Government Act, you had to go to tender for anything over \$150,000 if it wasn't on a panel. That, that then changed not long after I started. Or it might have even been before I started but we didn't implement it until after I started. It's now \$250,000 to go to open tender. So before I started they had to go to open tender for anything over \$150,000 if it wasn't on a panel. And if it wasn't on a panel they did, my understanding is they did use Tenderlink because Procurement were involved and if Procurement were involved they used Tenderlink.

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30

[REDACTED] OK.

GALEA: However, if it was over \$150,000 and they were getting quotes off a panel then, then, they could of used Vendor Panel but it's my understanding it wasn't mandated so Vendor Panel wasn't always used.

35 [REDACTED] Great And so some of those other changes, the Conflict of Interest forms for the staff that use the panel, so which, who are they like?

GALEA: Well the Civil Works Panel is pretty much used by the Capital Works Team.

[REDACTED] Yeah.

- GALEA: So, so basically what was happening there, they're doing a lot of procurement off these panels and Procurement was asking them to sign a Conflict of Interest form every single time and they, and sometimes they just wouldn't do it. They'd go I signed one for that supplier last time and like they started arcing up and saying we're being a bit of a road block for them. Because we wouldn't release, we don't release the documentation to them, the submissions unless we've got, unless we've got Conflict of Interest and Confidentiality forms all signed.
- 5
- █ Yeah.
- 10 GALEA: So what will happen if it's, if they engage us and we go through Vendor Panel we download in Procurement we'll download all the documentation we will then if it's an open tender or, we will say these are all the suppliers that responded, send it to the Evaluation Team and say with the Conflict of Interest forms and stuff that they sign, sign this. In the case of the panel they were arcing up about having to sign every single time so that's why I implemented that or sign for every single supplier on the panel or come back in twelve months and get you to do this again or let us know if anything changes in the meantime.
- 15
- █ Okay, and so prior to that system coming in, so say those years 2015 to 2019 it would still have been the case that when the Capital Works Team were performing a procurement they were asked to fill out a Conflict of Interest each time.
- 20
- GALEA: They should have been, I can't say whether they were or not but, yeah. And then –
- 25
- █ But that was the system when you arrived which people have arced up over?
- GALEA: Ah, no it's the, it's probably the system that I put in place when I got in and they started arcing up and so –
- █ Okay, so you –
- 30 GALEA: Look I believe that part of the procurement process if Procurement were involved we asked for Conflict of Interest and Confidentiality declarations, however, we weren't always involved back then.
- █ Okay, yeah. Okay, █ did you have anything on that?
- █ Yeah I've got a few things. Firstly, this is one I needed to ask earlier because we had all the technical difficulties.
- 35
- GALEA: Right.
- █ Geoff, when you were talking about your background.
- GALEA: Yeah.

█ You mentioned that you'd worked in the mining industry and I think it was the electrical industry.

GALEA: Yeah.

5 █ Were they in Procurement based roles or were they in different sort of roles?

GALEA: Yeah, yeah, so Atlas, Copco Construction and Mining, it was my, it was procurement based, Purchasing Officer I think was my title.

█ Yeah.

10 GALEA: Prior to that it was Prospect County Council which was the old electricity supplier in the '80s and which became Prospect Electricity and I think one of the big suppliers now. And I again, I was like the Purchasing Officer.

15 █ Thank you, also just moving on, you talked a bit about the process by which you release, you do the compliance check before the purchase orders released, was that one of the reforms you brought in or was that there when you started?

GALEA: No, that was there when I started.

█ Okay, just checking the Council doesn't have any separate procurement process policies or particular or requirements for things like construction or ICT procurement?

20 GALEA: No.

█ Okay, so it's all one big, it's all under the goods and services, or the General Procurement Policy?

25 GALEA: Yeah. So can I just say there's a, it's actually in draft at the moment, but they started developing it quite a while ago. But there is a Project Management Framework that they engaged, I think they engaged a consultant to come in and develop which will cross over in the procurement and the contract management side which at a large project such as construction, infrastructure and IT. I've written a, so that's the Project Management Framework. I've written a draft Contract Management Framework which I've been told to wait until the Project Management Framework's complete because I need to align my Contract Management Framework with the Project Management Framework. But those documents will be predominantly around construction, infrastructure and like IT, those big sort of projects. But they're not in place yet but they are in draft.

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█ Cool thank you. Also just from what you've described it seems like you've brought in quite a few kind of procurement governance reforms since you arrived I guess my question is was that, was that your brief when you were hired or was that something you just saw as necessary when you came in?

GALEA: To be hon, to be honest I think I started, it was the day after the October long weekend, so on the Tuesday, it was that first week that the Governance person rang me about this particular matter that you guys are looking at and asked me to provide a whole bunch of information which at the time, like, I'd only been there about three days I had no idea where to find it or where to get it from but, yeah, that's when the alarm bells started ringing and I started looking. I just started looking at the processes and that. So I suppose to answer your question I was sort of alerted to it as part of this investigation as that was one of the first things I had to work on when I got there.

That's a nice start.

GALEA: Oh yeah, I thought this is fantastic.

(Laughter)

Okay, cool so we'll move into sort of talking about, we've already done quite a bit of it, but talking about the actual procurement and payment processes.

GALEA: Yeah.

So in terms of raising a purchase order, what are the steps for that if I'm, I want to raise a purchase order?

GALEA: So in our VRP system they will raise a requisition attach the relevant paperwork whether it's quotes, whether it's the tender recommendation report or whether it's an exemption memo or whatever it is they attach it. They raise the requisition that workflows to a manager with delegation. They approve it. It then ends up in procurement's task list who will look at it and do that check that we said. All right are they buying this off a panel, have they got the right number of quotes, is there an exemption memo attached like that, whatever and if they do we then hit a release button. So, when they raise the requisition they, there's a box that they tick to say whether they want Procurement to send it to the supplier or not or they'll send it to the supplier. So, if that box is ticked we then send it to the supplier as well. If it's not ticked we just release it and the, the order's raised basically. Now we have just, in June, implemented a Contract Management System, so we can also enter all the contract details into the Contract Management System and if there's a contract for that requisition and purchase order we then, we will link it or the business'll link it, but it can be linked to the contract as well. And then if it's linked to the contract there's a, keeping in mind this has only just been brought in in June, there's a dashboard there that will give managers some visibility to how much has been spent against the contract and that sort of thing which that type of information is hard to get prior to, prior to June.

39:21

Okay. When it goes through to the manager, the requisition's raised and it goes through to a manager with delegation. That's an automatic process within the system?

GALEA: Correct. Yeah.

So, the person can't nominate? Nominate who that is?

GALEA: I know it's automatic workflow but I don't know if the person can nominate if, if you go oh the person on holidays can I send it somewhere else? I need to check that.

Okay, no worries.

GALEA: Not 100% sure.

So in terms of tracking spending before this process was brought in, this, there wasn't a way of doing that or it was just a cumbersome process?

GALEA: It was a cumbersome, so I had a business analyst that it would be able to pull information out of the different areas of our ERP, so out of, you know, the finance system, the procurement system and that and run reports, say. He, this is another thing I implemented after I started as part of the Business Manager model, not Business Manager, Business Partnering model. The Business Partners allocated to certain areas of the business and the business analyst would sort of built a dashboard which highlighted things like spend, compliance in different areas, you know where, where they're spending the money, who is raising most of their purchase orders, what areas raising it that sort of thing. And then the business partners would go and sit with the managers or the directors in the different areas and run through these dashboards with them. So, my business analyst who has since left, and I've got a new one starting soon. He used to have to build those, build those himself and then we'd go out and show them. But what I've also done recently, and it's all in draft ready to go. We engaged a, our ERP system's Tech One, so we engaged a Tech One consultant to build realtime dashboards in Tech One so managers can just go in and provide the managers with oversight and they can just go in and look at their spend where it's been spent, who's doing all the spending, that sort of thing. So, we've developed a bunch of procurement dashboards which are currently in our test system. I've looked through and I've given them the okay. It's now, the consultant writes some document that he gives to IT and then IT move into construc, into production. So that's something that'll be coming hopefully in the next week or so. But it's ready to go as far as I'm concerned.

42:44

And in terms, sorry just stepping right back to raising the requisitions and that new process.

GALEA: Yeah.

That's for every purchase order which is for every, you know, from a dollar spent up to the two million or not?

GALEA: Yeah, yes.

[REDACTED] So, once the invoice comes in, there's a three way check, I think you indicated you are not across exactly what happens at that point.

GALEA: Yeah.

5 [REDACTED] So you don't know what approvals, is any approval required from the procurement side of things? Or (unintelligible) you're sort of out of it once you get to that point?

10 GALEA: Yeah, I think we're out of it once it gets to that point, however, a peculiar sort of structure at Inner West Council is that if there's any, any issues with like invoices or where's this invoice or chase this invoice, Accounts Payable, everywhere else I worked Accounts Payable would sort if out. They refer it to Procurement and Procurement get involved if there's some sort of issue seems like.

[REDACTED] Okay, and what about issues like there's no purchase order to go with the invoice?

15 GALEA: Yeah.

[REDACTED] Who's sorting that out? Who's alerting you to that or are you guys sorting that or?

20 GALEA: Look, there's, as part of those dashboards and I said, you know, there's some information there around compliance and that, one of the things those dashboards highlight is orders placed after invoice. So, we can find it through those, through that. They can potentially attach the invoice to the PO which alerts us that there's not, other than, you know, saying you've done the wrong thing, there's not much we can do if we've got the goods and we've been invoiced for it and the manager's approved it and, so yeah.

[REDACTED] So if accounts raise that as a concern who would give them the go-ahead (inaudible).

GALEA: Oh, they don't actually, I don't think they raise it as a concern, it just gets paid. Procurement will raise it as a compliance issue.

30 [REDACTED] And procurement would be aware of that being an issue via this new dashboard but prior to that, how would they have been alerted to those types of situations?

35 GALEA: We may be alerted when we're releasing the, when we release the invoice because, sorry release the order, because, you know, they, they may, the invoice might be attached to it, to the order or –

[REDACTED] Okay.

GALEA: - you know it's a no brainer that's something's happened there.

[REDACTED] Okay so any situations where the order and the invoice were sort of put into the system at the same time, would procurement be aware that there was a, that –

GALEA: Yeah.

5 [REDACTED] ...that occurred.

GALEA: Yeah, it's very hard to pick up you know.

[REDACTED] At your end, sure.

GALEA: Yeah until after the fact through, like an exemption type report.

10 [REDACTED] Yeah. Okay so we've talked about the systems, what about, so Vendor Panel is the Vendor Management System now that's, that includes management of all the suppliers that are on the panels and all other suppliers as well?

GALEA: I just, I'm not sure what you mean by the 'vendor management' so.

[REDACTED] So all, where are, or what, in what system are all your suppliers listed?

15 (47:14)

GALEA: In Tech One, in our ERP System.

[REDACTED] Okay so can you explain Tech One to me?

20 GALEA: Well Tech One's the ERP System so it's Procurement, HR, Finance, like it's the, it's the system that pretty much runs – everything is done from Council. Vendor Panel –

[REDACTED] Yeah.

GALEA: - is a sourcing system separate to Tech One

[REDACTED] Got ya.

25 GALEA: And it's where we do our Requests for Tenders and Requests for Quotes, we run through Vendor Panel but that's a separate system to Tech One.

[REDACTED] Yep, and so if you want information about a particular vendor you would go to Tech One?

GALEA: Yes, yeah – like if you're talking, when you say information there's, you know their bank details, their address, their –

30 [REDACTED] Yeah.

GALEA: - yeah, their ABN number all that, that's in Tech One.

5 [REDACTED] Okay. So, when someone's, I might talk about suppliers separately actually. So when, going right back to the goods and services coming in and being checked, does that involve a quality check say if it was a construction project say repaving the footpath, when and who goes out to check that the footpath has been repaved properly?

GALEA: It'd be someone on the Capital Works Team.

[REDACTED] And that happens as a matter of course?

10 GALEA: Look I can't say, I assume so, but I can't say definitely, yeah I can't speak on their behalf. But they project manage and contract manage the job so I'm guessing that's what happens.

[REDACTED] Yep. Okay [REDACTED] did you have anything in this process area?

15 [REDACTED] Sorry I was muted and there's no video. Just one thing would you be okay, no urgency, but at some point we might want to get a list of all the changes you've implemented since when you've started.

GALEA: Yeah that's fine.

[REDACTED] Yep so we'll let you know in due course that, it's just –

GALEA: Yeah.

20 [REDACTED] - it just might be something useful just, also for Council to show that it's responded to this and that kind of thing and so we don't waste time chasing up things that you've already dealt with.

GALEA: Yeah.

25 [REDACTED] Could I also ask you when you arrived and I appreciate the amalgamation probably happened three years earlier, did you feel that the, some of the challenges you faced with the systems and processes were legacies from the amalgamation?

30 GALEA: No. I, like when I arrived the new system like Tech One was in place. The, so they did have processes and stuff in place that I changed but I didn't, I couldn't make a direct connection to, oh this is because of the amalgamation, that, you know, that these issues are happening, that's not something that I could do, no.

[REDACTED] So, Tech One was an amalgamated system. Did it come, do you know if it came from one of the legacy councils?

35 GALEA: My understanding is it was implemented sometime in 2017, I don't know exactly when, but I believe that it came in in 2017. So, by the time I was

there it was pretty much embedded so yeah, I didn't connect anything back to amalgamation.

That's all I have.

5

Okay cool. Going right back to the beginning of sort of infrastructure and construction projects, how would one of those be initiated? Who's identifying the need for. you know, a business need for something, for some works to be done?

GALEA: It's, look that's already happened by the time it comes to us so –

Yeah.

10

GALEA: - you'd need to talk to someone in the Infrastructure.

Yeah, the processes. And you don't, your touch on the budgets is just that process you talked about where your matching up sort of spend but –

GALEA: Yeah.

- you've no involvement in determining the budgets or –

15

GALEA: No, I, I determine the Procurement Services budget but not, I don't –

Yeah.

GALEA: - really have, no I don't, I don't really have any involvement in project projects.

20

Okay so if Mr Nguyen at the time is looking to award a supplier a job that was within his delegation, his financial delegation, what approvals would he have had to have had?

GALEA: He, look, if he was – generally what happens is even if its within his delegation, if its, if he is raising the requisition or requesting the job, it generally should go to the next person above. Now you said Mr Nguyen at the time, I don't know at the time –

25

Yeah.

GALEA: - whether that was right but that's, that's how it happens now and I assume that's how it should've happened at the time, that's a pretty standard process.

30

So that ERP System automates that someone above, even if it's within delegation, has to –

GALEA: Yes.

[REDACTED] - tick it off before it can move from the system? Yeah.

GALEA: Yeah.

[REDACTED] And so, he couldn't be, he couldn't be awarding work without touching this ERP System?

5 GALEA: Well at some point it has to touch it 'cause they get paid through it.

[REDACTED] Hmm mm.

GALEA: So, you know, he might have awarded the work he, you know, at the very least he has to do something for the people to get paid.

[REDACTED] Okay. Which could be the invoice coming in –

10 GALEA: Yeah there could be.

[REDACTED] - on its own?

GALEA: Yeah and then raising the purchase order. They do have something called 'Sundry Debtors' which I don't know a lot about but I know that you can pay stuff under \$5,000 without a PO through Sundry Debtors if need be, I'm not sure when and why that's used but, so I don't know if he could've done that, I don't know.

15

[REDACTED] Okay.

GALEA: But it still has to touch, even if you did that the systems, the supplier has to be in the system.

20 [REDACTED] Okay, yep.

GALEA: So, the system has to be touched somewhere.

[REDACTED] Yep. And in terms of informing the supplier that they've been awarded a job, a particular job, in theory that would happen once this release happens which you said it perhaps is automatic to the supplier or perhaps goes back to the business area –

25

GALEA: Yeah.

[REDACTED] - for them to do it -

GALEA: Um.

[REDACTED] - sorry go on.

GALEA: In yeah, look sometimes a contract can be signed which obviously alerts them that the job's been awarded and the order might be raised after the contract's signed.

[REDACTED] Yep.

5 GALEA: And now that we have, now that we've actually in June implemented the Contract Management System, the contract has to be awarded, the contract has to be in the system prior to the order being raised because you then attach the order to the contract in the system. So, your question was in theory they're told they've been given the work once the order's raised.
10 My answer is 'no' once the contract's signed that they can be told.

[REDACTED] That would be now?

GALEA: Well look I assume it would, if they were putting contracts in place it probably would've been prior to it. Now as in the Contract Management System –

15 [REDACTED] Yep.

GALEA: - but even without a Contract Management System a supplier obviously knows they've got the work once –

[REDACTED] Yep.

GALEA: - they've signed the contract.

20 [REDACTED] Sure. And so, when are these contracts coming into play, who – is there a, who's signing off on these contracts? Is it a, is that determined by the –

GALEA: By the -

[REDACTED] - budget?

25 GALEA: Yeah by delegation so it's generally, like if its capital works generally capital works, the large value stuff, it's either the Senior Manager Capital Works or the Director or the GM. If it's over 1.5 million it actually has to go to Council.

[REDACTED] And what if it's a much, much smaller job?

30 GALEA: Look if it's a much, much smaller job it's someone with delegation, that delegation.

[REDACTED] And all minor capital works would have contracts associated with them or not necessarily?

35 GALEA: Not necessarily, be my answer, not, no look they could, we do have a minor works contract but some, it just depends on what it is. Some stuff could be done through a purchase order which technically is a contract.

██████████ Sure.

GALEA: So –

██████████ Where is the threshold for, yeah for where a purchase order is sufficient and where it's not?

5 GALEA: There isn't really a threshold. I'll have to – I just, the reason I'm a little bit hesitant in asking, I'll, I can go and check. I'm just thinking of the, our Minor Works Panel, when they engage someone off that Panel, I'm just not sure if they're raising the contract every single time but I can check that and I come back to you.

10 ██████████ Okay. And on that, when are the Panels used and when, when are, when is it okay to get a supplier that's not on the relevant Panel?

GALEA: Look, if a Panel exists we recommend that they use the Panel. So –

██████████ It's not mandated though it's a recommendation?

15 GALEA: Look our internal Panels, look no it's more of a recommendation 'cause I do know of times that they haven't. So, there's different Panels, there's SSROC, there's Local Government Procurement, there's Procurement Australia Panels, there's NSW Government Panels and there's our internal

20 Panels. We will advise people to use Panels and direct them to Panels if they're not aware that Panels are, don't exist. But there are times that people will say, look we don't find a supplier that has the, you know the experience we need or whatever on this particular Panel so we want to use someone else.

██████████ Yep, okay. So, it's possible, if it's a fully contested tender process, fully open tender -

25 GALEA: Yep.

██████████ - tender, the person – is there a difference in the way that the supplier is sort of informed that they've been successful in that process as opposed to a quicker process for something that's of less value?

30 GALEA: Look if it's over \$10,000, now I'm talking about I don't know what happened prior, if it's over \$10,000 and we use Vendor Panel and we'll inform people through Vendor Panel and it's the same way, it's a –

██████████ So, it's sort of an automated standard email that goes out –

GALEA: Yeah.

██████████ - sort of through that system?

GALEA: Yeah but then just like in full disclosure there's then, sometimes people will just contact us and say, 'Oh I want to know what's happening with this particular tender. We, it's been three months now and' –

[REDACTED] Yeah of course.

5 GALEA: - if we know that, yeah they've been culled or something we'll say in an email, yeah look yeah you've been unsuccessful type of thing.

[REDACTED] Okay. Do you have a Statement of Business Ethics or similar –

GALEA: Yes.

[REDACTED] - type of document and when do you send that out?

10 GALEA: Sorry?

[REDACTED] When do you send that out or?

GALEA: So, there's, so there's a, in the current documentation there's a link to it in the, in the Request for Tender and Request for Quoting documentation. So, the Statement of Business Ethics was adopted by Council in 2017 so prior to that I don't know if Leichhardt Council what they had, but I know

15

That the current one was adopted by Council. Now a link to the Statement of Business Ethics was put in the RFX documents in June 2020, so that's another thing that I brought in that I forgot to mention earlier. Prior to June 2020 the Statement of Business Ethics was referred to in the documentation.

20

[REDACTED] Okay.

GALEA: And then in June 2020 we put a link to it. And then –

[REDACTED] Where, if it was referred to, where would the supplier have been able to access?

25 GALEA: On the website.

[REDACTED] Okay.

GALEA: On the Council website.

[REDACTED] Okay.

GALEA: Which is, it's there now if you, you should want, it's up there now, yeah.

30 [REDACTED] Sure, yeah.

GALEA: So, the other thing I suppose that's relevant to that, which you might ask me, I'll answer now. There's a schedule in our documentation where all RFX respondents, they complete a declaration stating that, you know, they've complied with the Local Government Model Code of Conduct, Statement of Business Ethics, they've got no conflict of interests, they haven't engaged in collusive tendering. So, if Mr Nguyen was using our templates and I don't know if he was or wasn't. If he was using our templates the suppliers would've been required to fill out that schedule.

5

[REDACTED]

Is that –

10

GALEA:

So –

[REDACTED]

- each time they're awarded work or -

GALEA:

No that, that's –

[REDACTED]

- the Panel or at the (inaudible) –

15

GALEA:

- no, no it's at the submission stage so we send out the templates, the requests for tender or quote templates which they then fill out. So, when they're bidding for work we have standard templates they have to fill out and in the standard templates there's schedules.

[REDACTED]

Yeah.

20

GALEA:

One of the schedules that they fill out is that declaration stating that they're complying with everything and no collusive tendering and conflicts of interest, all that sort of stuff. And then we also have clauses in the Tender documentation that, you know, set out the ethical standards required by the Tenderer and you know, it goes into detail with the Statement of Business Ethics and all that sort of stuff so.

25

[REDACTED]

So that's each time they're bidding for work they're required to –

GALEA:

Yeah, yeah. So - I suppose if Mr Nguyen was getting them to fill out our standard templates the suppliers would've been filling out that schedule each, or should've been filling out that schedule each time. So, I did manage to track down an old Leichhardt Council Standard Request for Tender Document and that had a similar returnable schedule in it. So, in 2015 the standard documents had a similar schedule where they had to declare all that stuff.

30

[REDACTED]

Okay so pretty standard stuff.

GALEA:

Yeah.

35

[REDACTED]

For the suppliers. [REDACTED] did you have anything else?

[REDACTED]

Just one little thing, you mentioned the sundry debtors before, would that, would Accounts Payable have knowledge of that or actually Finance in general?

GALEA: I assume yeah. It's somewhere in Accounts Payable or Finance, I'm not sure about that –

[REDACTED] No that's cool.

GALEA: - how that (unintelligible).

5 [REDACTED] I don't have anything else that's fine, thanks.

[REDACTED] Okay cool so moving on to conflicts of interest. We've spoken to HR this morning about the sort of secondary employment declarations that are broadly required by all staff, the sort of annual declarations that are required under the Act by certain staff.

10 GALEA: Yeah.

[REDACTED] In terms of procurement, was there a standard form each sort of procurement exercise that, that Panel Members were to fill out or how did that sort of work out?

15 GALEA: Yeah, yeah so there's a standard, and now, there definitely is. A standard – they fill out something around confidentiality and conflict of interest - that's all Panel Members on an Evaluation Panel, fill it out. I believe that was happening before I started as well or should have been happening before I started as well but it's something that happens now. When they –

20 [REDACTED] That's part of that – sorry to interrupt the Procurement Manual, those instructions would be in there?

GALEA: Yeah and it's, it's – well it should be I'll have to refresh my memory and go and read it but I'm pretty sure it is - that all Tender Evaluation Panel Members need to do that. But procurement anything we facilitate we send the documentation out for if we're not facilitating, they need to follow a framework and it's included in the framework.

25 [REDACTED] Okay so if you're not overseeing it there is a framework that's –

GALEA: That yeah, that's expected to be followed, yeah.

[REDACTED] Okay. And that framework requires those declarations to be sent to you or to HR, manager?

30 GALEA: No, they're, it just requires them to be filled out.

[REDACTED] And that paperwork could be available, would be uploaded to the Vendor Panel system, I suppose not if they're not using it.

GALEA: No, they should be using it - as part of the framework it's mandated for people to use it over 10,000 now, back then –

What about under 10,000 though? So, we're talking, sorry we're talking about people who are on the Panel so that's fine. What if you're, you're Mr Nguyen for example and your tender doesn't involve Panelists?

GALEA: Well if it's over 10,000 you should be –

5 [REDACTED] What if it's under 10,000?

GALEA: There should be, well if it's under it's not a – yeah, we don't, we don't ask for each time someone raises a purchase order to declare a conflict of interest, if they have a conflict of interest.

10 [REDACTED] Okay. And what about declarations of secondary employment so if a staff member had made that declaration say to HR and they had that on their file, would you be alerted to that at any point?

GALEA: No, we'd expect them to declare it as a conflict of interest is where I'd expect would be picked up. We, the form doesn't, the procurement form doesn't ask about secondary employment it only asks about conflict of interest, but I'd assume it'd be a conflict of interest if they had a secondary employment with these people.

15

[REDACTED] Yes, so they should be naming that. So broadly, there's not any tighter expectations on a person who generally, like aside from each time they're on a Tender Evaluation Panel are involved, there's not any tighter policies for, you know, somebody who works in cleaning as opposed to somebody who works in procurement generally or somebody who works in a business area that is heavily (inaudible) where procurement is a major part of their role?

20

GALEA: Look where procurements a major part of their role they'd be expected to have a certain level of capability or expertise and the training and information sessions that we delivered in December in 2019 and early 2020, was targeted at the people doing procurement in the business.

25

[REDACTED] Yep.

GALEA: I can't, can I just go back to something you asked me earlier while we were talking.

30

[REDACTED] (Inaudible).

GALEA: I just went into the Manual and looked up the conflict of interest so yeah it clearly states, 'Staff are required to declare conflicts of interest and remove themselves from the procurement process where a conflict exists'. And then it, we have links to the conflict of interest and confidentiality form in the document so, yeah, it is there I just, when you asked it I thought I'd better check.

35

[REDACTED] Yeah for sure and that would apply across the board to all procurement activity?

GALEA: Correct, yeah that's, well yeah – all procurement activity but it sort of kicks in at over 10, 'cause that's when you're setting up a tender evaluation, or an Evaluation Panel because you're getting more than one quote and you're -

5 [REDACTED] Yeah.

GALEA: - evaluating so that's where it kicks in.

[REDACTED] Yep, excellent. And so, somebody makes a conflict of interest disclosure as per that policy in relation to a specific procurement activity they alert their Manager, what happens next?

10 GALEA: Look I don't know if this happens in all cases, but it definitely happens

15 because people have come to me on different occasions to say this particular person has declared a conflict, what do we do basically. In my role I'll assess the conflict so often it's the ones that people, that pop up every now and then that you think, oh yeah look that's a conflict but we can manage it. It's often those professional type relationships like someone might declare, oh I used to work with this person two years ago at, at a different company or something like that and –

[REDACTED] Hm mm.

20 GALEA: - generally it's like, well look that's a professional relationship as long as you don't have a personal one and you haven't, you're not in contact with the person, you haven't been in contact with him since you left that organisation, that's okay and make sure you don't talk to this person throughout the evaluation period. So, we tend to manage it that way. If we've had, you know, my cousin works for that company, and we basically

25 say well you can't be on the Evaluation Panel –

[REDACTED] Yep.

GALEA: - put someone on, so it just depends on what it is.

[REDACTED] So initially it's a discussion between the person and their Manager and then the Manager –

30 GALEA: Yeah.

[REDACTED] - comes to you and then it goes to HR or what sort of –

GALEA: No - it comes to me.

[REDACTED] Yeah.

35 GALEA: Yeah look so it'll come to me and I'll make the, like I'll make a determination, just re –

[REDACTED] You approve the plan, the plan –
 GALEA: Yeah.
 [REDACTED] - the management plan or not that sort of role?
 5 GALEA: That's right and advise on it, not just approve it, advise on it, I'll say, yeah no that's okay, or no you can't. Look just recently, and I say recently maybe in the last month or two, the Acting Governance Manager asked us to send them any, if we do get conflicts of interest, to send it to them. Up until then it was just filed with the, all the tendering documentation.
 10 [REDACTED] Okay and the, and the - it's your understanding that would've been the process prior to you coming along as well, it would've been a –
 GALEA: Look I don't know. In terms of, my understanding of the process prior to me coming along would've is, they should've been declaring them but who made the, who fulfilled the role that I fill in terms of advising I don't, I've got no idea who that would've been whether it was my predecessor or not I'm not real sure, I can't say.
 15 [REDACTED] And so recently it's now the Governance Manager wants to have oversight of the, any of these declarations.
 GALEA: Yeah so, I don't think they're involved in you know the advice or anything, they've just asked us to send them to them after we get them. If someone declares one, just send it to them.
 20 [REDACTED] Okay and so prior to that I suppose there's no central point in the procurement area where these are kept, they're kept on the relevant tender –
 GALEA: Yeah.
 25 [REDACTED] - like within the relevant tender documents?
 GALEA: Yeah with the relevant tender documentation so if an auditor, which happens quite often, will come along and say, I want all the documentation for this particular tender 'cause I want to make sure we follow the process, it's all in the one area.
 30 [REDACTED] Yeah.
 GALEA: We can give it to them and one of things they always check was, you know, where the confidentiality and conflict of interest stuff was I'd say, we keep it all together.
 [REDACTED] Excellent, [REDACTED] did you have anything on conflicts?
 35 [REDACTED] No, you got to them all.

GALEA: I've got something to add unless you were going ask this maybe in another area. If they're asking for a new supplier to be added –

[REDACTED] Hm mm.

5 GALEA: - they have to say they have no conflict of interest when they're asking for that supplier to be added.

[REDACTED] Hm mm.

GALEA: So that is a, it's been an electronic form I'm told since May 2018. Prior to that it was a manual form but in both the manual and the electronic form they had -

10 (No dialogue heard from audio 1:18:15 – 1:18:25)

GALEA: - 19 well (unintelligible), hello - did something just happen?

[REDACTED] Yeah you dropped out from me for about a minute or so.

GALEA: Yeah it looked like someone else was dialling in on my phone.

15 [REDACTED] I dropped out then it reconnected, I didn't do it myself it seemed to do it automatically.

GALEA: Yeah all right.

[REDACTED] I think we're back, sorry Geoff if you could just repeat the last little bit.

20 GALEA: Okay so, in November 2019 we added workflow to the electronic form that people asked for a new vendor so they go in, put in the new vendor details, declare that they, tick a box to say that they have no conflict of interest and that's, we implemented a workflow where that then goes to their Manager and their Manager then approves this new vendor being created in our system, in Tech One.

25 [REDACTED] Okay. So, I might jump with that segue to the kind of supplier due diligence area.

GALEA: Yeah.

30 [REDACTED] So when this form, when you're filling it out either in paper or electronically to add the new supplier, are there checks done at that stage on the supplier, you know like a what we call due diligence checks you know.

GALEA: Yeah. So, we've engaged an external company called EFTsure.

[REDACTED] Yep.

GALEA: And basically, what they do is confirm the banking details, their bank account numbers, I think address, ABN that sort of thing. So, they basically do that for us and then once its approved Procurement create the supplier in the system.

5 [REDACTED] So, you sort of get a report back from EFTsure or just like a tick or –

GALEA: It's an electronic thing so basically, no I probably need to have my, the procurement person that does all this for me. But there's, if they haven't been veri, if the information hasn't been verified - it's red; while it's in the process of being verified it's orange and if it's been verified it turns green.

10 [REDACTED] But you don't, I mean you may not know this but the detail of the checking that –

GALEA: Yeah.

[REDACTED] - EFTsure send you, do they –

GALEA: Yeah.

15 [REDACTED] - is it you're aware of the checks that they perform each time?

GALEA: No, I'd have to look, all I know is they verify it and if it's green we – unless it's green we won't pay a supplier by EFT,

[REDACTED] Yeah.

GALEA: but we might pay them by cheque.

20 [REDACTED] Okay so it really is just a banking confirmation system that when it's not, it's not more broadly about the supplier?

GALEA: No.

[REDACTED] Broadly it's a –

GALEA: Yeah.

25 [REDACTED] - it's a payment kind of focus.

GALEA: Yes.

[REDACTED] Okay, so, I checked, are you aware, you know at certain levels perhaps are, you know like sort of Director searches and other kind of checks done on the (inaudible).

30 GALEA: Other than, no, other than ABN searches to make sure it's like a valid ABN.

[REDACTED]

Yep.

GALEA:

Yeah, we don't go beyond that, we don't go and look at all the directors and that sort of thing.

[REDACTED]

Okay. Just skipping around a little bit back to prequal schemes and the

5

like, what sort of proportion are you mostly using at Inner West, those sort of main Panels, that you've talked about and your internal panels? Do you have any idea about proportion they're in or anything?

GALEA:

I don't know what proportion but look in the Capital Works area, a large proportion is done through the Civil Works Panel, I don't know exactly what proportion but –

10

[REDACTED]

And that's the main thing?

GALEA:

Sorry?

[REDACTED]

That would be the main Panel used in that area?

GALEA:

In that area, yeah. But to be honest like I don't know what existed beforehand, so I know the Civil Works Panel's been put in place since I've been there. I believe there was a Panel in place before I got there but I've got no idea of the details, of it.

15

[REDACTED]

Okay so that's that relatively new -

GALEA:

How widely used, how widely – well there was a Panel I just really know nothing about it.

20

[REDACTED]

Okay.

GALEA:

Like it might have been used a lot, it mightn't been used a lot, I just can't say either way.

[REDACTED]

Sure, okay. And so, are there any major changes in this sort of due diligence area recently?

25

GALEA:

Um –

[REDACTED]

Not like you haven't made any changes Geoff but just that (laughs).

GALEA:

No, no well we've, we get a Manager approval now when a staff member asks for –

30

[REDACTED]

That's right.

GALEA:

- a new supplier so that's –

[REDACTED] So, in the past it could've been –

GALEA: - that's (unintelligible).

5 [REDACTED] - any employee at any level could have had a new supplier added if they filled out -

GALEA: Yeah they, they, yeah they filled out the online form but it didn't workflow to the Manager, it just came to procurement to basically create the supplier.

10 [REDACTED] Okay. Not much further to go, just around the area of order splitting, so we've talked a little bit about the spend data and whether that was available and kind of to whom.

GALEA: Yeah. So, can I just say in terms of these new - the new dashboards, the online dashboards, I've, they have created something for us now that will give some sort of visibility of potential order splitting. So basically what they've done is created a dashboard that we can go and look at that will say, orders that have been raised on the same day or within a certain period by the same person with the same supplier.

[REDACTED] Okay, yep.

GALEA: Now that mightn't necessarily mean they're order splitting, like you know we might use the same locksmith on three different jobs on the one day.

20 [REDACTED] For sure but that's a red flag

GALEA: You know and that's yeah, but that will come up in that report and it's something that a Manager can then look at and go, geez why did you know Joe Bloggs raise four orders on this supplier in you know on Tuesday or whatever. So that's something that's actually been developed that's sitting in our test system at the moment as part of those new dashboards that we want to roll out.

[REDACTED] Okay I just think we've talked about thresholds um –

(No dialogue heard from audio 1:26:21.1 – 1:26:30.6)

[REDACTED] - point, hello.

30 GALEA: Hello.

[REDACTED] Hi.

GALEA: Yeah.

[REDACTED] You're not aware at that invoice checking point, are you aware of sort of Accounts Payable sending something back to you with a query on it, as far as you're aware once it sort of goes there it's –

5 GALEA: Look I know we get, so my, my Procurement Control Officer, Finance do send her a lot of invoice queries that she just deals with. I'm not sure of the substance or what they are but I know she does get involved in a lot of, well from my opinion, should be a, the Accounts Payable staff should be doing it but they, they send it to her and she deals with it 'cause she used to work in Accounts Payable so she knows how to sort it out.

10 [REDACTED] Okay. But you don't have a lot more –

GALEA: I can't give you.

[REDACTED] - information like the nature of those queries (inaudible)?

GALEA: No - I'd have to ask her if you need that.

15 [REDACTED] Sure. [REDACTED] did you have anything on those last two, supplier due diligence and (inaudible)?

[REDACTED] Yep just firstly, when did you start using EFTsure?

20 GALEA: EFTsure, look I don't know it was in place when I got there. I don't know, I believe our previous CFO engaged the company because I've seen the original contract and it was signed by the previous CFO not our current CFO, but I don't know when that was, but it was prior to October 2019.

[REDACTED] Yep cool. Also let's say someone wants to engage a new supplier and they say, oh yeah don't worry this person's on a LGP or NSW Procurement Panel –

GALEA: Yeah.

25 [REDACTED] - at what point does that get checked whether that's actually the case?

GALEA: We can check that. Like we, because procurement sort of raise the suppliers, we could check that if they say, oh they're on that Panel, we could go and have a look.

30 [REDACTED] But if it's small enough that it doesn't go to you, would you have visibility over that?

GALEA: We would, if, look if it's a new supplier that has to be created it's going to come to us regardless of the value because suppliers are created –

[REDACTED] Yep.

GALEA: - by the procure, in Procurement.

██████████
 Yep, okay cool. With the, so given the type of topics we've been talking about, I mean it's - my observation is that we may want to speak to your, you called it the Procurement Control Officer I think.

GALEA: Yeah.

5 ██████████ And we may want to speak to Accounts Payable.

GALEA: Yeah.

██████████
 Is there anyone else you think perhaps that it might be useful for us to talk to?

10 GALEA: There was, I can't remember what the question was, there was something you asked me, oh the beginning, like right at the beginning of a project, a capital works project, I said, 'Oh you'd need to talk to a Capital Works Team'. I'm not sure how they all get -

██████████
 Yep, yep.

15 GALEA: - instigated so, yeah, I don't know if you want to talk to them if you need that question answered you'd need to talk to someone there.

██████████
 Yep, okay and this is a, thank you, and this is a more general question. We've talked about before that you came in and this basically landed on your desk when you walked in the door and -

GALEA: Yeah.

20 ██████████ - that you looked at the systems and you know, and you made various changes to try and make things function better. I guess the question is what have we missed? Like, you know, you obviously have certain expectations, we talked about certain areas which we have, but is there any other areas you felt that we haven't touched upon that you thought we probably could have?

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GALEA: No. Look, no not really its sort of, like a, no-one's I suppose has a, I haven't really been told any detail of this particular matter. However, oh at a high level ██████████ said it earlier, but I sort of guess by the information requests and sort of stuff you were asking, I sort of guessed it was around, you know, failure to declare conflict of interests and that sort of thing. It's not something you missed but something that can help me, and I don't know if there's an answer because I've been doing it for a while. It's just, we have to take it on face value so I don't know if this person did say at the beginning of every project, fill out a form to say they didn't have a conflict of interest but if some, if we give someone that form and they fill it out and they don't declare any conflict of interest, we just take it at face value and move on. And I suppose my question is well, is there something else we should be doing because everywhere I've worked you basically take it at face value and at the end of the day, a dodgy person is not going to tell

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you if they've got a conflict of interest if they want to do something dodgy, where an honest person will, and you can then deal with the conflict and how you're going to manage it. But I just don't know other than taking stuff at face value, then what do we do?

5 [REDACTED] If you're okay I can give you some general commentary on that but I'd rather turn the recording off first, we've got to do a couple of things just because I don't want to confuse general commentary about CP mechanisms –

GALEA: Yeah, okay.

10 [REDACTED] - with the interview content.

GALEA: Yep.

[REDACTED] If that makes sense?

GALEA: Sure.

[REDACTED] Yep so I just want to make sure that I'm not inadvertently, yep.

15 GALEA: Yep.

[REDACTED] So, yeah, [REDACTED] do you have any –

[REDACTED] Given the (unintelligible).

[REDACTED] Do you have any other questions?

20 [REDACTED] Do I have any further questions, no, except to ask if anyone has any, has had any issues with the interview that they want to put on the record.

GALEA: No.

[REDACTED] I'll put on the technical, I'll put on the record the technical issues but that's not –

[REDACTED] Okay.

25 [REDACTED] Yep.

[REDACTED] Okay all right well I might stop the recording then and we can have a general chat about CP controls that, is that the plan [REDACTED]?

[REDACTED] Yep I've only got a few minutes but yep that's the idea. I'll make a few quick comments about it and then.

30 [REDACTED] Yep.

RECORDING STOPS

INDEPENDENT COMMISSION AGAINST CORRUPTION

RECORD OF INTERVIEW BETWEEN SENIOR CORRUPTION PREVENTION OFFICER [REDACTED] SENIOR CORRUPTION PREVENTION OFFICER OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION AND JOAN MURPHY OF THE INNER WEST COUNCIL CONDUCTED VIA MS TEAMS ON MONDAY 9TH AUGUST 2021

TIME: 9:06 AM

ALSO PRESENT: DR [REDACTED] PRINCIPAL OFFICER CORRUPTION PREVENTION AT THE ICAC, MARCIA DOHENY, GENERAL COUNSEL AT THE INNER WEST COUNCIL.

[REDACTED] In terms of the information you provide to us, it may be used for the purposes of any public hearing.

[REDACTED] Sorry, sorry, can we stick to the recording to come up, I wasn't sure it started.

[REDACTED] There's always a bit of a lag. So the information you provide may be used for the purposes of any public hearing conducted by the Commission. This information may be used to prepare a statement or transcribed, the interview being transcribed and being submitted as evidence at an inquiry. We'll keep you informed on the need for any statement in the future and discuss the details of this later if that's necessary. We can't tell you exactly how the Commission might use the information at this time but we will advise you at the relevant time about future use. So I'm just going to read out like a standard preamble to set up the recording.

Today is Monday 9th of August 2021 and the time is now 9:06 am. This is a recorded video interview conducted by ICAC Corruption Prevention Officers [REDACTED] and [REDACTED] with Joan Murphy of the Inner West Council. Also present is Marcia Doheny, General Counsel Inner West Council.

[REDACTED] For the purposes of the tape my name is [REDACTED] If those present could please state your name for the purposes of the tape.

MURPHY: Joan Murphy.

DOHENY: Marcia Doheny.

[REDACTED] [REDACTED]

[REDACTED]

The interview is being held via video link using Microsoft Teams. Prior to starting the interview I said I would be recording it. For the purposes of the tape I need each of you to confirm that you agree with the interview being recorded and the interview itself going ahead.

5 MURPHY: I agree.

DOHENY: I agree.

[REDACTED]

I agree.

[REDACTED]

Do you agree that I stated the nature of our inquiries and that this recording may be used in evidence?

10 MURPHY: Yes.

DOHENY: Yes.

[REDACTED]

Yes.

[REDACTED]

In having this discussion I need to let you know that the ICAC Act identifies that providing false or misleading information to a Commission Officer exercising their functions under the Act is a criminal offence. So to be absolutely clear [REDACTED] and I are here exercising functions under the ICAC Act. This means you will need to answer questions truthfully and openly. If you don't know an answer please just let us know. You don't have to answer any of the questions but if you do choose to answer any of the questions the responses need to be truthful. Okay so we'll just start up generally if that's okay Joan. It's just some general information about your position and your background basically.

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MURPHY: Sure.

[REDACTED]

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So just can you please, I'll read out, there's sort of three questions I'll read them out and then we can go back to the first. I'm just looking for a general outline for your professional background, your current role, how long you've been at the Council and any additional roles you've had. So just an outline of your professional background if that's okay.

MURPHY: Yes, I'm Joan Murphy, Senior HR Business Partner. I joined Inner West Council on the 11th September 2017. I'm one of two Senior HR Business Partners. That is still my substantive role, however, due to some structure changes within Council I'm currently Acting Senior Manager until the 20th of August and that senior acting position started on the 1st of July 2021. Prior to that I will explain because maybe that's why you have interest to, to come to me. From July 2020 I took on some additional duties when our previous HR structure changed so we don't have a HR Manager and we don't have a Director and therefore I acted as a point of contact for all HR matters with the view to dividing them

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across the group where relevant. Prior to this I did work in, for one year, while Northern Beaches Council amalgamation. Prior to that one year at Warringah Council. Prior to that I was a, I worked as a Group Manager HR and WHS across Steinhoff Group which was a large organisation furniture, largely furniture retail manufacturing across Australia and New Zealand. And prior to that my background is from the UK where I worked in HR in manufacturing there as well.

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So lots of changes at Inner West in HR recently. Could you just like briefly talk us through the thrust of those changes?

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MURPHY:

Yes, certainly. When I joined in 2017 there was a Group Manager for HR and that person was a very, very experienced manager. I had worked with her as well at Northern Beaches and I have full respect for her. She, she then attained in a company council wide restructure, a director role and that would be in about November 2019. At that point the Manager HR role ceased and therefore six managers within HR was function reported directly through to the Director role. I think everybody realised that wasn't terribly sustainable but we just made it work and it was really when that director left in June of 2020 that I was asked to really co-ordinate the HR managers.

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And those six managers are sitting across different business areas or different, how are they divided up?

MURPHY:

Different functions, so in terms of the business partnering there's myself and a colleague, so two of us at the same level as Senior HR Business Partner roles. We have two people under us as well as Business Partners. The other managers, there's an L and D area, so the Talent Manager. There is a Diversity and Workforce Manager, there's a Systems Manager and there's Industrial Relations Manager who I think you've had some dealings with as well in this matter.

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■, did you have anything in terms, that's sort of the general background, did you have anything?

Just a couple of quick ones. Can you briefly tell us Joan about any qualifications or certifications you have in this space?

MURPHY:

Sorry yes I was thinking I should have mentioned that. So going back to the UK I did a degree in Social Policy with Psychology and then I did a graduate diploma in Personnel as it was at the time. And when I came to Australia I, as part of my role with Steinhoff Group was asked to take on some of the WHS space so I did a post graduate certificate at UNSW in OHS Management as it was at the time.

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[REDACTED]

And also just one other question, I know you said you worked at InnerWest and before that you worked at Northern Beaches.

MURPHY:

Yes.

[REDACTED]

Just as a general observation how does working in HR in local government compare to your previous work in the private sector?

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MURPHY:

That's a great question. A lot more resources usually, this last year's been quite an unusual one but, yeah, a lot more, a lot more resourced I would say in terms of systems and yeah, in terms of just offerings for me it was a work/life balance change. So that's what I valued, yeah.

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[REDACTED]

So we'll move on to the broad topic of Conflicts of Interest. I'll just read out all these questions but I'll go back to the top. So, generally, we're trying to understand that at the time of the conflict, at the time of the conduct rather, when were declarations of conflicts of interest have been required, both generally and specifically in relation to procurement, so people that work in procurement or aid procurement exercise I guess. How have staff been made aware of their obligations. Where would these declarations have been retained. Was there a Conflicts of Interest Register? Who had responsibility for retaining this and who would have been able to access this. So back to the beginning it's just around the policies and the requirements of Conflicts of Interest generally at the Council.

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MURPHY:

Yes, this is where it does spread over a number of different departments and therefore, unfortunately as well, during the number of restructures we've been through, things have moved around in this space as well. So my understanding when I joined in 2017 it was managed by the Governance and Risk function in terms of the Conflict of Interests Procedure and Process. HR's part is that we would always file and store records in addition to those held by Governance but we were really at the tail end of that process in terms of the Conflict of Interest declarations. So it was really that Governance Department changed into a Policy and Risk Department which still managed the forms and the process and the communication and it now sits with the Governance and Risk area as well. So we did, I was party to, again my previous manager worked with one of the managers at the time just in regards to the form that was being used because we wanted to have a sign off by HR as well. It was largely through managers and the General Manager (or CEO) and we wanted HR to have a stake in that process as well and so I know there was a change of the form to incorporate that. Gosh, it would probably I would

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say about say 2018, but yep, largely but we also review the forms as a HR practitioner and work with the managers if there are any questions or queries and we have to sign off that we're comfortable before it goes through to the General Manager having gone through the checks with the individual and the manager before that as well and Director. Yeah.

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[REDACTED]

And do you know what was the driver of having that form changed to specifically include HR?

MURPHY:

I don't know the driver of that no. Sorry.

[REDACTED]

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And so instead of being, you sort of file and store on the individuals record but there's also a role now since that form in HR sort of actually reviewing whether they're comfortable with the declaration and the management plan?

MURPHY:

Yes. Yep.

[REDACTED]

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And what about specifically in procurement? Like how these declarations that are ending up in HR what's, how have they been started off if you like. What's?

MURPHY:

It was really through the trainings, it might be there's a training section or question a little bit later and the communication to ensure that, you know, there is a requirement for forms to be completed. But the procurement side, yes I probably wouldn't be able to answer that specifically for procurement.

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[REDACTED]

And so you would be looking at the general declarations that, is it annual training sort of ad hoc training?

MURPHY:

Yeah, there's been a mixture of training. Again we started off when I joined inhouse, as inhouse training offered by there are a few people and again being an amalgamated council there were a few different resources that came together at that point in time before, before a restructure in the department and when I joined there was a three hour training session which was booked in, automatically as a new starter, face to face. And that was rolled out for a little while and then the Governance Department were engaged to provide an external trainer to come in and my understanding was that that happened twice. I attended one in 2019 but I think there was one as well in 2018 as well.

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[REDACTED]

And that's for new starters specifically or?

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MURPHY:

On no, that was rolled across Council, sorry, I should say that, yeah. That's was yeah, two large programs, yeah across all of Council, all workers, indoor, outdoor.

[REDACTED]

Okay.

MURPHY: Yeah, our plan is to do that. Our thoughts have been to do a face to face every two years. Supplemented by some online training as well. It's touched on at induction but again with Covid we've had to put things on hold.

5 [REDACTED] And so the staff are made aware of their responsibilities.

MURPHY: Yeah.

[REDACTED] They might think it's an expectation to discuss with their Manager. It comes to you for sign off before going to the General Manager is that?

10 MURPHY: Correct. That's correct. There was one other thing if I could mention it as well I noticed it was again through the Governance Department and again we've had some changes in that area as well but I did notice that when we adopted a new Code of Conduct each time then there's been an all staff communication across Council by the Governance Manager. So I was just looking, there was one in March 2018 that was communicated across all of the Council and again we have an intranet site so there was reference to there being a new Code of Conduct and there'd been, you know, the procedures from the intranet site etc. So again there's sometimes communication that goes out across the board along those lines as well.

15 [REDACTED] And so in terms of the storage of these declarations they're against the person's unique individual file.

MURPHY: Yes.

[REDACTED] Does the manager –

20 MURPHY: The manager always gets a copy of the final declaration, yes, and the individual and then we were also sending through to the Governance Policy and Risk area for them to keep their files as well.

[REDACTED] Okay so you would have matching files, the manager, obviously the manager concerned –

MURPHY: Hopefully, that's right, yes.

25 [REDACTED] (unintelligible) Governance would have identical sort of –

MURPHY: That's right, yeah.

[REDACTED] - collections of these declarations.

MURPHY: Correct.

30 [REDACTED] And who would have had access, obviously your HR section can access the ones that are stored in HR.

35 MURPHY: And that's the only person, now we've moved online arrangement only HR can access those personnel files.

[REDACTED]

Okay and so the Governance, the ones that are held in Governance and Risk don't know how they are managed?

MURPHY:

No. No.

[REDACTED]

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Now in terms of secondary employment which is obviously a type of conflict if you like, staff are alerted to that being a kind of conflict as part of this training? Like it's obvious that that is something that would be considered a conflict and needs to be –

MURPHY:

Definitely, definitely.

[REDACTED]

Do you know if it's specifically held out as an example?

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MURPHY:

From memory from when I went yes it was specifically held out as a separate section of the training.

[REDACTED]

And they would be retained and held in the same way as other declarations. There's no separate form for?

MURPHY:

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Oh sorry it was really the, they, yeah, the Code of, the Pecun, the secondary interest, that was the form that I was talking about, yeah.

[REDACTED]

I am talking specifically about if, say somebody might have a relative that's a type of conflict, you also might have a second job outside of work which may present conflicts, a secondary –

MURPHY:

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Yes a second job that's the part that would largely, yeah yeah would be interested in for sure.

[REDACTED]

That's rolled into the general concept of conflicts.

MURPHY:

It's (unintelligible) yes it is a separate process.

[REDACTED]

And there's no separate form or separate process for that?

MURPHY:

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It's the same form, yes.

[REDACTED]

Maybe I could step in here, there seems to be a little bit of confusion. I guess the question is, of course, I guess the question is okay so, you have a process by which conflicts are declared and managed and that sort of thing. If someone wants to get a, have a second, putting aside any of that process, if someone wants to have a secondary employment is there a separate process and form that has to be completed for that?

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MURPHY:

Okay, so yes, sorry, thanks for clarifying Benjamin, it is, I was referring to that, exactly that form that Conflict Secondary Employment form.

That's the same form maybe I just need to bring one up.

[REDACTED]

It's the same form, okay?

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MURPHY:

Yeah. That is the name of the form, yeah.

DOHENY:

Am I able to clarify?

MURPHY:

Please Marcia, yeah.

DOHENY: It's my understanding that there are two separate forms that have to be. So Joan's talked about the training, I don't have any visibility really across that. I am aware that there are two lots of forms that need to be completed. One is a declaration of interest that needs to be completed under the Local Government Act by the people and I forget the term but it's Councillors, Executives and Managers, people who can influence the organisation; and that form is a requirement under the Local Government Act and needs to be filled in by those people that fall within that designated persons category. That form is looked after by our Governance Team, so Joan you wouldn't be aware of that one because that's managed by the Governance Team. That's also in addition to the Declaration of Interest Form and process the secondary employment process and again under the Local Government Act the General Manager has to approve any secondary employment and I think Joan that is what you're referring to.

MURPHY: It is. It is, thanks Marcia, thanks for helping me out with that, yes.

DOHENY: And that's the process by which any employee who wants to work outside of Council while they're working in Council needs to fill in that form and that form, I think, I'm not sure Joan you can clarify it, it goes through HR but ultimately it has to be approved, have a recommendation of that person's manager?

MURPHY: Yes.

[REDACTED] The form says this is the work that I'm going to be doing, identifies any potential conflicts of interest and it describes how those potential conflicts of interest will be managed. It goes through to that person's manager, then with supports or otherwise the application to have secondary employment will go through the director and ultimately must be signed by the General Manager.

MURPHY: Yeah.

[REDACTED] I don't know if you are intending to include this as part of the notice or any other notice that has been served but if it isn't would you be willing to volunteer blank copies of those forms for us?

MURPHY: Yeah. Marcia?

DOHENY: Yeah, no that's, yeah absolutely.

[REDACTED] Good. Thank you.

DOHENY: Just for completeness, the area that I'm not aware of is Declarations of Interest for all staff who don't fall within that Local Government Act category of senior staff, so I just don't know.

MURPHY: you're right and thanks Marcia because you jogged my memory as well because when I was at Northern Beaches I filled one in. It was a pecuniary interest form and it was you know, about where you lived and any house, I guess assets really and then it was realised, hang on you're not at the level that we need this, it should be more senior level, director level. So you are right I probably haven't seen it at all since I've been at Inner West Council. I am aware of it but it isn't part of the HR process as such.

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DOHENY: And I can say I have seen it because I fall within that category and I completed mine last week.

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MURPHY: Yes.

DOHENY: But Carmelina in Governance looks after that

MURPHY: Great.

[REDACTED] And for general employees who aren't in that category if they were related to somebody, a supplier say, how and when would that declaration be made. So it's not secondary employment but it's a potential conflict there that should probably be on the table.

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MURPHY: I'll have to say I'm not sure how that's. I know some –

DOHENY: -For Geoff Galea (unintelligible)

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MURPHY: For Geoff it's probably more procurement, yeah.

MURPHY: I know within, for example, a recruitment, if there's a conflict of interest in recruitment we will keep that as part of our systems and request obviously a declaration. Yeah procurement maybe it's Geoff, sorry.

[REDACTED] So there would be a separate process at procurement because it's a specific process where you might have a specific conflict and likewise with procurement and then there's the general for people under those definitions there's the annual sort of declaration and for everybody the secondary employment declaration? Is that across?

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MURPHY: Yes.

[REDACTED] For even the, somebody who is not as senior as to falling into that definition has to complete the secondary employment.

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MURPHY: Yes.

[REDACTED] If they're seeking to have secondary employment. Okay, so in terms of the management I think we've probably covered most of this anyway. In terms of having a (unintelligible) you know there's conflict and it probably needs to be managed, there might be certain things the employee has to do or not do as a result of declaring the conflict in terms

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of the management of it. So who's deciding that who's having that conversation with the employee?

MURPHY:

If it's secondary employment disclosure it's the manager who is having the discussions. But I have seen cases where one the manager usually or director has a, you know, some maybe some concerns or would put some parameters around the work that's, the nature of the work that's being done. For example, you know, not in this local government area they can work but not in the local government area so that's usually sent through with, you know, a supplementary, if it's not covered in the form it will be sent through as a supplementary information right through to the General Manager. I have seen in the past some situations where the General Manager has also imposed certain categories or restrictions and then again it's spread down through the same chain through to HR and then through, sometimes it's the director and sometimes it's the manager having the conversation depending on the nature of the situation.

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[REDACTED]

And HR have that approval step as well.

MURPHY:

Yeah.

[REDACTED]

But who, say the person, who's managing whether the person adheres to that?

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MURPHY:

It's largely the manager or director or manager director together of a team it depends on the situation I guess.

[REDACTED]

And the involvement of HR in that is?

MURPHY:

It's just really feeding back, feeding back to the director, yeah.

[REDACTED]

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Has anything changed in recent months generally around declaration of conflicts of interest, has there been any major changes lately? Any major drivers of change?

MURPHY:

No not recently, I'd say the last change to my mind was this structure review with the change of personnel policy and governance and risk and moving back to a government role, so it's literally a change from a policy and risk function over to a governance function where it used to sit anyhow. So. And then we've had some changes in that section of personnel where that's really the only other change.

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[REDACTED]

[REDACTED] did you have anything?

[REDACTED]

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Just two things. I think you mentioned this but I just want to clarify. Do you know when the mandatory conflicts of interest training started? Was in 2016 you said? Or wasn't sure.

MURPHY:

I wasn't, I joined in September 2017 and I attended in, well I can see I had a look through some of my records and I can see there were some

people trying to book in in October 2017 so I attended in October, so the month after I joined I can see there was some happened in August 2018 and some happened, obviously there was some external, there was an external ex ombudsman I think came and did some training with us across the board.

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[REDACTED]

Chris Wheeler possibly?

MURPHY:

I think it was Chris, yes.

[REDACTED]

Yeah.

DOHENY:

Joan, can I just clarify was that Code of Conduct Training which included conflicts of interest or was it just specifically Conflicts of Interest training?

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MURPHY:

It was actually called Ethics and Code of Conduct Training.

[REDACTED]

Yeah, and the other thing you may not know this, if it happens it may be handled by governance area. Do you know if there's any kind of database of conflict of interest declarations. Electronic database? From the sounds of it the forms are all done individually, is there any?

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MURPHY:

They are done individually. I am not aware of any database, but you know, I would have, I think going back a few years when we were asking and comparing forms once before I got the impression there was a spreadsheet but again, yeah it would have to, I'm not sure what, how that's captured now with governance.

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[REDACTED]

No worries, we're sure to ask them at some point.

MURPHY:

(unintelligible) have to check with them

[REDACTED]

Thank you.

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MURPHY:

Yeah.

[REDACTED]

So moving onto sort of undeclared conflicts, that being something we observe frequently is that there's requirements in place to undeclared conflicts that the person for whatever reason is not forthcoming. Is there a process and perhaps it isn't a HR process that it may be for specifically attempting to detect such things? Thinks like checking employee names against lists of suppliers. Things like that from a HR perspective?

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MURPHY:

I was going to say for suppliers HR don't have any visibility at all. That really is a gover, a procurement function.

[REDACTED]

What about checking on secondary employment if you were, it would be a case like someone reporting a suspicion that somebody might have a job outside.

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MURPHY:

Yes that's exactly how it would work. It would be a suspicion or, you know, a with cause situation and we would start looking and again

comparing with Governance as to whether we have anything in our files. So yeah.

██████████ Is anything that's changed recently in this space, you guys?

5 MURPHY: We have been talking again about just rolling out our own online code of conduct training and incorporating sort of certain things and just a plan that every two years we will do face to face. Also some more contact with the ombudsman as well with Liz Renaberg. So she did a training session, within, with the HR space and I know, I don't know whether she did do it or she was planning for the PID officers as well and again just general awareness session which covered this area as well.

DOHENY: Can I just clarify that's the internal ombudsman.

MURPHY: Yes.

DOHENY: At Council.

15 ██████████ Thank you. So moving onto just sort of, oh sorry ████████ did you have anything?

██████████ Just one thing, would accountability for having various detection mechanisms would that be a governance function or would that be somewhere else in the organisation?

20 MURPHY: It depends on what sort of detection.

██████████ Well detection of undeclared conflicts. Basically who owns the risk that conflicts, who actually owns the conflict of interest risk? I know individual managers have a role in managing it for their staff.

MURPHY: Yes.

25 ██████████ But across the organisation?

MURPHY: Yes I would say it's a governance at the moment yeah.

██████████ Yeah, yeah, cool. Thank you.

MURPHY: Okay.

30 ██████████ So moving on to line management specifically the employee Tony, Tony Nguyen, are you able, you know, are you aware of his line managers across that period from 2015 to 2020? Did he have more than one line manager over that period?

MURPHY: I'm aware, as I say I only come 2017 but I am aware of, yeah, I'm pretty clear who his line managers were I think, if you would like me to name them?

35 ██████████ Yes please.

MURPHY: So my understanding is that his direct manager was Patrick Ceran who is a Project Manager, who was a Project Manager. He's now moved to

Canada Bay Council and Patrick reported through to Brooke Martin who I think is Cumberland, Marcia would you know? She moved to another Council. I think it might have been Cumberland. She's still within the local government area.

5 [REDACTED]

And what was her role?

MURPHY:

She was the Group Manager of Properties. And when she left, she left in one of our restructures and Tony reported, there was a few changes in, yeah, there was changes in structure and the Property Section moved into an Infrastructure Section. But Tony then reported into Vicki Haddock who was externally recruited and she is still with Council. So then she was –

10

[REDACTED]

She was, she had a role in the Infrastructure (unintelligible)?

MURPHY:

She moved through when there was a change with the Group Manager change, so back in November '19 she, yeah she moved over to the Infrastructure Section and Tony with her, yeah.

15

[REDACTED]

And she was his?

MURPHY:

Direct supervisor.

[REDACTED]

Direct supervisor until he left council?

MURPHY:

Yeah, that's my understanding, yeah.

20

[REDACTED]

Okay. Would any of those line managers or perhaps each one have had oversight of the specific projects that Nguyen was working on at any one time?

MURPHY:

Yes definitely, yes.

[REDACTED]

So they're the hands on projecty people?

25

MURPHY:

Obviously hands on, yeah definitely they're managers and accountable for yeah, projects he was managing.

[REDACTED]

Would they have had an approval role then with respect to individual, you know, individual projects?

MURPHY:

Yes.

30

[REDACTED]

They would at some level, approve –

MURPHY:

There is yeah, I know some work was done with the approval with the, I guess levels of approval I was involved early on with another employee who had, who'd signed off on something beyond their approval level and there was a significant sort of HR disciplinary situation involved in that, yeah.

35

[REDACTED]

And were there any additional oversight sort of mechanisms over his work aside from that sort of line manager structure? You know how

sometimes somebody can kind of be reporting into different areas on various projects? Would that have been the case?

MURPHY:

At the time, going back when he was, I guess when I started he reported to Patrick who was quite a hands, he was a fairly hands on manager and Brooke Martin herself as Group Manager was pretty hands on as well. She'd come up through, you know, being a coordinator in that area so she was, was quite a hands on manager I would say. But in terms of other areas I don't know I'm sorry. I wouldn't think there'd be too many other but I'm not completely sure.

5

[REDACTED]

[REDACTED] did you have anything?

Just as a more general question, does what, does Council have any specific training or resources to support managers to outline their expectations of managing their staff and that kind of thing?

10

MURPHY:

It's something that we've been working through as an amalgamated council and having a real framework in place to do this. It has been perhaps a little bit more ad hoc. There is obviously a delegations process so that's the important sign-off process in terms of delegations of what managers are allowed to, I guess, sign off and we'll complete that. So, yeah I'm not sure that's really answered your questions but, yeah, there's a few, there's a few controls in place in that regard in terms of sign off and delegations but.

15

[REDACTED]

I was thinking more for instance some organisations have for instance a New Manager's Program.

20

MURPHY:

Hmm.

25

[REDACTED]

All managers required to do a course on, usually an e-learning thing internally.

MURPHY:

Yeah.

[REDACTED]

That's the kind of think I was wondering about

MURPHY:

That's what we are aspiring to.

30

[REDACTED]

Aspiring to, okay.

[REDACTED]

So in terms of delegation and which we've touched on, how are the levels of financial delegation determined? My understanding is that certain people have a certain delegation, how is that determined?

MURPHY:

That is, again I'd have to defer to Governance in regards to those delegations, sorry. Yeah.

35

[REDACTED]

But that's not HR.

MURPHY:

It's not an HR it's a Governance run function.

[REDACTED]

Okay, all right well I probably , those (unintelligible) questions are probably for.

MURPHY:

If I could just come back to regards the training and the communication. At the time there was a, you know, again it was sort of a top down approach but all of those Group Managers, so Brooke Martin would have been part of the Leadership Team that was a very active group of people that met on a regular basis. I think it was every, maybe every fortnight with the General Manager. So setting expectations and again just part of that whole strategy of how we move Council forward so it might be just worth noting because, yeah that was just an important part of the management function.

5

10

[REDACTED]

Okay, well I think that's all from me [REDACTED].

[REDACTED]

Just a general question Joan. Obviously you've come relatively new into this organisation and while you weren't there at the time of these events you've had a chance, somewhat, to have a look at some of the things. I mean from your, from an HR perspective, what are sort of some of the things that you've seen that you've sort of said, oh we could have done this better in relation to this matter and may have already done better?

15

20

MURPHY:

Yeah, no it's a good question. I think some of the systems that we've tried to worked through, you know, I guess we're trying to get each, it's hard with an amalgamated council. Each former council came with their three different systems and we've tried to put them into one. So the systems is a huge part and it's still something we're still rolling out across council to get one system. So, you know, even from a HR perspective we've got, you know, so many different salary systems in place. So there's three former, then there's the new and it's, it's a similar story across council. So the systems are a huge part, I would say, and we're still obviously working on a journey with that and bedding down some of these. So, you know, largely I would say, you know, coming in from outside we are still building our culture. We are still building our one way of doing things and sometimes things may get missed in terms of a process or a procedure that, you know, one council might have done it extremely well, but then we've had some real changes in personnel. We've had a number of restructures which is you know, sometimes that's taking some of the history and some key, you know, responsibilities away and we've just got to get better at doing, you know, I guess getting the proper procedures in place. You

25

30

35

mentioned the training side, that's again an area that we've, you know, we've had to cut through financial constraints and it's something we're looking forward to with the new General Manager who's got a real focus on real development to put in frameworks and offer a consistent way of doing things going forward. So, you know, although, yeah we've still got, it's still a young I suppose council really in terms of it's uniqueness in terms of Inner West Council and it's sometimes a little frustrating that you'd think there'd be procedures or systems in place that perhaps we haven't altogether well enough to take them into a new way of doing things. So, yeah.

5
10

[REDACTED]

If it's any consolation, you know, on the State Government side where there's MOGing left, right and centre, not ICAC, but obviously we see everyone else, the effects of everyone else's MOGs, (machinery of government changes) so I understand the challenges there. And this is the story I've heard a lot of times before so don't try, I understand that. You can contextualise though the timeframe of this conduct in this investigation what was the merging date that formed Inner West Council?

15

MURPHY:

It was May 2016.

20

[REDACTED]

2016.

MURPHY:

12th of May, yep.

[REDACTED]

Look –

MURPHY:

And I guess with other councils there's usually a three year amalgamation sort of period for Inner West, well in terms of the employment side it was five years. There was five years of protection and so we had a lot of employees who did wait until, you know, really they were forced to leave.

25

[REDACTED]

So, you've had a very busy year?

MURPHY:

I've had a busy year.

30

[REDACTED]

(Laughter) A five year year.

[REDACTED]

That's all for me I think.

[REDACTED]

Okay, so thank you so much Joan for your time this morning.

[REDACTED]

Just before we hang up. Are you, do you have any complaints or concerns about the way this interview was conducted.

35

MURPHY:

Oh no, not at all, not at all.

[REDACTED]

Marcia? Okay. Is there anything else you would like to ask of us before we turn off the recording. Or anything you'd like to comment on?

MURPHY: I guess I would just comment that I realise, you know, there are so many different areas that sometimes you might think that HR should be managing this but there's I guess you're talking as well to procurement so there's a little bit of procurement, there's a little bit of governance, there's a little bit in HR and I guess just acknowledgement that I guess that's the way it is at the moment.

5

[REDACTED] And that's, that's very typical, every place does it slightly differently, that's exactly how it is, yeah.

[REDACTED] Not related to this investigation but one thing we've done in the past a fair bit is labour hire and very traditionally you have your procurement, your HR and the controls fall in the middle and that's why there is corrupt conduct.

10

MURPHY: Yes.
You know, one of the things we kind of hope from a more broad perspective from this kind of work is that councils, and agencies and state government departments whatever look at their arrangements and say okay who actually is responsible for this because it is not clear.

15

MURPHY: Yes.
It's very hard to keep up to date I understand that particularly when you are merging with other systems and processes.

20

MURPHY: Hmm mm.
So yeah, I mean I hope that's something that regardless of what happens to this matter and regardless if it goes further what recommendations are made are something that you guys may want to consider more broadly –

25

MURPHY: Yes definitely.
You need to deal out responsibilities a bit more and accountabilities. But that's up to you.

MURPHY: Yeah. No fair point. Great.

30

DOHENY: Can I just ask whether Joan will get a copy of the recording or her interview?

[REDACTED] I think it's part of the email I sent before, that's not typically something that we do. We are open to a request but I think you need to sort of prove it's like a public interest, that that would be in the public interest and that would be quite hard. That would be down the track.

35

[REDACTED] If this was to progress further to say an investigation report or public inquiry or something along those lines, obviously that would be made available as part of the process by which that happens. Usually we

5 have a restricted part of our website which, you know, people involve,
legal representatives can access but the public can't. Obviously if it
was a publicly tendered document then that would be publicly tendered
but usually there would be a process around that. I also should say that
while it varies from case to case, my personal preference and I'm
Karen's manager so it will be her preference is that rather than tender a
or use the record of interview I'd rather convert it to a statement just
because it expresses the points clearer, it organises material, that kind
of thing it just makes it a lot easier and obviously through the process
10 of that, assuming that process happens, obviously Joan would have to
look through it and make changes before the statement was finalised.
That being said I can't guarantee that but that's my preferred
preference.

DOHENY: All right. Thank you. Thanks [REDACTED].

15 [REDACTED] Thank you.

MURPHY: Thank you.

[REDACTED] Thanks everyone.

MURPHY: Thank you.

[REDACTED] I'm stopping the recording now.

INDEPENDENT COMMISSION AGAINST CORRUPTION

**RECORD OF INTERVIEW HELD BY VIDEO LINK USING MICROSOFT TEAMS
BETWEEN [REDACTED] AND KATHERINE PAIXAO HELD ON
5 THURSDAY, 12 AUGUST 2021**

TIME: 11:34 AM

PRESENT:

[REDACTED]

10

**KATHERINE PAIXAO, INNER WEST COUNCIL
MARCIA DOHENY, GENERAL COUNSEL, INNER WEST
COUNCIL**

15

[REDACTED]

About that as well. So the information that you provide maybe for the purposes of a public hearing conducted by the Commission. It might be used to prepare a statement or it might transcribed and submitted as evidence. We'll keep you informed of the need for a statement or anything like that. We can't tell you right at this time how the information might be used but we'll advise you at the relevant time.

20

PAIXAO:

Okay.

[REDACTED]

So this is just a bit of a preamble. Today is Thursday, 12th of August and the time is now 11.34am. This is a recorded interview conducted by ICAC Corruption Prevention Officers [REDACTED] and [REDACTED] with Katherine Paixao, sorry.

25

PAIXAO:

Paixao.

[REDACTED]

Paixao, that's what I would've said but I thought no, Paixao of the Inner West Council. Also present is Marcia Doheny, General Counsel, Inner West Council. For the purposes of the tape my name is [REDACTED] If those present could state your name for the purpose of the tape as well starting with Katherine.

30

PAIXAO:

Katherine Paixao.

[REDACTED]

Marcia.

DOHENY:

Marcia Doheny.

[REDACTED]

[REDACTED].

35

[REDACTED]

[REDACTED]

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[REDACTED]

The interview is being held via video link using Microsoft Teams. Prior to starting the interview, I said I would be recording for the purposes of the tape I need for each of you to confirm that you agree to the interview being recorded. Katherine?

5 PAIXAO: Yes.

[REDACTED]

Marcia?

DOHENY: Yes - I agree.

[REDACTED]

[REDACTED]?

[REDACTED]

Yep, I agree.

10 [REDACTED] Do you agree that I stated the nature of our enquiries and that this recording maybe used as evidence - Katherine?

PAIXAO: Yes, I agree.

[REDACTED]

Marcia? Marcia do you agree that I stated the nature of our enquiries and that the recording maybe used as evidence?

15 DOHENY: I do agree with that.

[REDACTED]

And [REDACTED]?

[REDACTED]

Yes, I agree.

20 [REDACTED] In having this discussion I need to let you know that the ICAC Act identifies that providing false or misleading information to a Commission officer exercising their functions is a criminal offence. So to be absolutely clear [REDACTED] and I are exercising, here exercising functions under the ICAC Act. This means that if you answer a question you need to do so truthfully and openly. As Marcia said prior if you don't know an answer you need to, you can just let us know that. You don't have to answer any of the questions but if you do so, your responses need to be truthful.

25 Okay, so I'll start off just some general questions. Could you please give us an outline of your professional background so both in terms of your work experience and any qualifications and certifications that you might have.

30 PAIXAO: Work experience so I've worked at Inner West for, well I worked at the previous Marrickville Council from 2014 and then on to Leichhardt Council 2015 and then been at Inner West ever since it's been formed and worked in the governance team since July 2017. Qualifications, I completed Year 12 high school and have a Certificate III in Recordkeeping.

35

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[REDACTED]

Okay and what's your current job title?

PAIXAO:

Acting Manager, Governance.

[REDACTED]

And what were your roles at Marrickville and Leichhardt?

PAIXAO:

5

At Marrickville Council I was trainee Records Officer. At Leichhardt was a Records Officer and then at Inner West it was Records Officer and then turned into Business Paper Coordinator and then the role changed to Governance Coordinator which is my substantive role.

[REDACTED]

Okay so you're acting in Governance Manager which is different?

PAIXAO:

Yes.

10

[REDACTED]

Okay. That's a more senior role?

PAIXAO:

Yes.

[REDACTED]

Okay [REDACTED] did you have anything on that?

[REDACTED]

How long have you been acting as Governance Manager for?

PAIXAO:

Since October 2020.

15

[REDACTED]

Yep. And prior to starting at, was Marrickville Council your first job once you got your Cert III?

PAIXAO:

I got my Certificate III while working at Marrickville Council.

[REDACTED]

Okay so that, that –

PAIXAO:

It was a traineeship.

20

[REDACTED]

I guess what I'm saying is there any, did you have any fulltime jobs prior to work in Marrickville.

PAIXAO:

Yeah but not admin jobs so I worked at Bunnings Warehouse.

[REDACTED]

Okay, cool.

PAIXAO:

I don't know if that's applicable.

25

[REDACTED]

Fine, cool. Thanks [REDACTED]

[REDACTED]

Okay so in terms of the governance area that you manage at Inner West Council what are the responsibilities and functions of that area?

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5 PAIXAO: So responsibilities includes dealing with the Councillors and the Mayor; distributing Council business papers and other Committee business papers and taking Minutes; looking after Council's Secondary Employment Register; Conflict of Interest Register which I have recently found out we don't have so we're creating that; a Legislative Compliance Register; Delegations. I have the GIPA function under my team as well. Not much else I can think of at the moment.

[REDACTED] Okay. And you report to, who do you report to?

10 PAIXAO: I currently report to the Acting Director Corporate.

[REDACTED] And what are the other functions under that, under that Corporate function? There's the governance, is it HR?

PAIXAO: No I don't think HR is under Corporate, Marcia can you confirm? It's recently changed.

[REDACTED] Okay.

15 DOHENY: I think HR still reports to um -

PAIXAO: The GM.

DONWING: The General Manager, yeah.

[REDACTED] Yeah okay.

PAIXAO: So -

20 [REDACTED] Are there any other areas that report up to your, to your Manager?

PAIXAO: So to my Director is Procurement, I think Property as well, Finance. I believe ICT as well. I'm not too sure who else, customer service.

DOHENY: I think Business Excellence.

PAIXAO: Business Excellence, yeah.

25 [REDACTED] Excellent, thanks. And what are the responsibilities in your role then are you managing people to manage those areas that you've mentioned or perhaps?

30 PAIXAO: So, I manage my team which includes the GIPA team, where there's three or four officers currently. The Mayor's office, which includes three EA's and the Insurance Team which currently has two employees and the Governance Team which has four, including me. So just provide services

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[D10777635]

Transcribed by [REDACTED] on [25/8/21]

Proofed by [REDACTED] on 3/2/23

to Council, Councillors, the Mayor with business papers and that sort of things.

5 [REDACTED] Yep and so that the secondary employment register, the COI stuff, legal compliance, that's your, that's those three people in the Governance Team -

PAIXAO: Yep.

[REDACTED] - plus yourself?

PAIXAO: Yep.

10 [REDACTED] Yeah, okay. And what are the key policy and procedure documents that you have responsibility over that are across these functions.

PAIXAO: I might just get a list out. You mean like Council policies that we look after?

[REDACTED] Yeah, yeah.

15 PAIXAO: Yep. So it would be the Code of Conduct, Code of Meeting Practice, Complaints Handling Policy, the Councillors Expenses and Facilities Policy, the Internal Reporting Public Interest Disclosure Policy, Lobbying Policy as well, Media Policy for Councillors, Public Access to Information Policy, Social Media Policy for Councillors and that would be all.

[REDACTED] Excellent thanks.

20 DOHENY: That (unintelligible) -

PAIXAO: Oh sorry there's one more.

[REDACTED] Yeah go for it.

PAIXAO: Gender, Gender Equal Representation Policy.

[REDACTED] Okay.

25 DOHENY: Katherine can I just clarify whether secondary employment rests with you or does it rest with HR?

PAIXAO: Well the register is with us but HR also get a copy of the disclosure forms and save it to the Employees Personnel file. So it's both, essentially.

30 [REDACTED] And so if someone was to want to make a change to that, that policy would that be you guys or would it be HR that would facilitate changing the policy?

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Proofed by [REDACTED] on 3/2/23

PAIXAO: I'm not sure with that one.

5 [REDACTED] And are there any processes that you have responsibility over as a result of, you know under these policies? Are there sort of procedural documents, you don't necessarily have to list them all but sort of key process documents under them?

PAIXAO: With the Access to Information there we do have a, I forgot the title, it's a, Management Plan, hold on I'll find the name for you, sorry. There is a Data Breach Protocol that we have and we have a Privacy Management Plan. But could you repeat the question again sorry.

10 [REDACTED] Yes so just the key procedural documents under those policies, the broad policy documents.

PAIXAO: Marcia could you assist please.

[REDACTED] Could I maybe help clarify the question.

[REDACTED] Yeah, please thanks [REDACTED].

15 [REDACTED] I guess what we're saying is you've got your high level policies but instance let's say, I'm not saying you were, but you mentioned secondary employment. You know is there a key procedure, separate from the policy, around secondary employment that people must follow. Like – well does the policy have all the details about all the steps that someone has to take, does that make sense?
20

PAIXAO: Yeah well for secondary employment we just follow the code of conduct. Yeah.

[REDACTED] Yeah but I guess what I'm trying to say is does that say where to declare to, as an example, how to declare? Is that, I – I don't know I'm not, well that's why we're asking, we're just trying to understand what – if we wanted to know more about the process, like yes we understand the policies, what kind of documents should we be looking for? I guess that's kind of what we're trying to get at.
25

PAIXAO: Yep. I guess for secondary employment we wouldn't necessarily have a document with the process. We have a page on our intranet –
30

[REDACTED] Yep.

PAIXAO: - that explains what to do.

[REDACTED] Yep. And is there, in general, is there a lot of those kind of pages on the intranet for this, for that type of thing?

35 PAIXAO: I would say so yeah I would, yeah more so than a document I would say.

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██████████ Okay, cool, thank you.

DOHENY: Also - just to clarify and you're probably aware of this all of you that the Local Government Act deals with secondary employment and –

██████████ Yep.

5 ██████████ Yep. And so this, what you've just described in detail which is great thank you, is the current role of the Governance team. Now back to 2015 say, has there has there been a significant, I understand there's been restructuring but were those things sort of all together and they've shifted somewhere else or there's, would they have been divided differently over
10 the last few years?

PAIXAO: I would say the like code of, conflict of interest, secondary employment, Legislative compliance were all sitting with Policy and Risk. They did, they did move over to Governance I think in early 2020 or late 2019. So I believe from amalgamation it was sitting with Policy and Risk, yeah not
15 sure.

██████████ How is Policy and Risk separate, distinct from Governance?

PAIXAO: Before?

██████████ Yeah.

20 PAIXAO: It was, so they looked after all the policies, Council policy and the register and they did the risk management side of the work. But, well that, soon to be moved over to Governance so we've been restructured to be called Governance and Risk so we'll take on the risk component shortly.

██████████ When you say the risk component that's not sitting with you currently what, what is that?

25 PAIXAO: I'm not 100% sure but it's the risk management.

██████████ Well it's, I have to check my guess is its enterprise risk but that's something we'll have to check later on.

DOHENY: I think it's that plus insurance claims.

██████████ Oh okay.

30 PAIXAO: Well insurance is already with us.

DOHENY: Or does insurance sit with Corporate, Katherine?

██████████ Insurance, yeah. Yeah she said insurance, yeah.

PAIXAO: Insurance is part of us already so that, that got moved over from Policy and Risk to us I think early 2020.

5 DOHENY: So can I just clarify and I don't know whether this is right or not Katherine. Originally when Ian was the Manager of Governance, the role of that team and you reported to Ian, was essentially running the Council meetings so making sure that the meeting papers were prepared and in order, the agendas and managing those meetings and then also managing code of conduct complaints and interactions with Councillors, was that essentially the role of the Governance Team back, back then, that was it?

10 PAIXAO: Yes, yes.

DOHENY: And all of the other things sat with that Policy and Risk and –

PAIXAO: Policy and Risk, yeah.

DOHENY: Yeah.

15 PAIXAO: So we were called Civic and Executive Support and then later renamed to Civic Governance.

DOHENY: And then, and then you received those various additional functions roughly when Ian went on secondment?

PAIXAO: Slightly before that yeah and then he went on secondment and then it's just, he's left and it's still with us so it's all new to me.

20 DOHENY: So sort of 2019, early 2020 –

PAIXAO: Yeah.

DOHENY: - is that around when Ian left and then roughly when you received those additional functions?

25 PAIXAO: He, he left in October 2020 but I think it was about early 2020 where we got those functions.

DOHENY: Yeah.

PAIXAO: Where, where mainly he did those functions, he didn't filter it down.

DOHENY: Yeah.

██████████ Okay um thanks for that Marcia. ██████ did you have anything more?

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[REDACTED]

A couple of things. You mentioned Katherine that you have policy responsible, policy responsibility for, in complaints and for PIDs, do you have a role in terms of complaint handling, the Governance team?

5 PAIXAO:

Yes, so as the or the Governance Manager is the Complaints Coordinator. However, the Internal Ombudsman is the Code of Conduct Complaints Coordinator for us so the Internal Ombudsman handles code of conduct complaints that I don't get, I don't see, and I just handle the formal complaints that come into Council.

[REDACTED]

Right. So you assess all the PIDs then, or alleged PIDs, no?

10 PAIXAO:

No that's also the Internal Ombudsman.

[REDACTED]

Okay, okay.

PAIXAO:

He's, he the PID coordinator sorry I did forget to mention that.

[REDACTED]

15 PAIXAO:

Yep okay, yep so it's an Internal Ombudsman is the PID coordinator, cool. Also how did you, just out of curiosity, discover that there was no, what were, no Conflicts of Interest Register?

PAIXAO:

I think it was last week I was just going through all our registers and I couldn't find one. We did have an internal audit recently done and one of the recommendations was to create a Conflicts of Interest Register and so that kind of started me looking, yeah.

20 [REDACTED]

Okay so yeah, cool. And you discussed, you and Marcia discussed Ian as the Manager of Governance, what's his full name and do you know where he is at the moment?

PAIXAO:

Yes, so Ian Naylor and he's at the Information and Privacy Commission.

25 [REDACTED]

Okay, cool. And at the time that he was Manager of Governance, who was the Manager of Policy and Risk?

PAIXAO:

Charmin? King? I believe.

[REDACTED]

And is Charmin still around at Inner West or is -

PAIXAO:

She's around but not, okay.

([REDACTED], [REDACTED] and Katherine laugh)

30 [REDACTED]

Okay.

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DOHENY: I think she's on a, on an unattached list - her position was made redundant and I thought she might actually have left Katherine. But, in any event, she doesn't hold a position in Council.

5 PAIXAO: But I do get emails every so often from her so she, she's around but not around.

DOHENY: No longer, no longer employed by Council?

PAIXAO: Oh no I think she is, she still has a work email and –

DOHENY: Sort of unattached?

PAIXAO: Yeah, yeah.

10 [REDACTED] And this is probably more an issue, more something, a request for Marcia. At some point and maybe once the latest change settles down, we might like to get a current Org Chart just for the top two levels, so we know who's reporting to the GM and below that. So for instance, it would show Corporate and the areas under Corporate, just so we can sort of contextualise all that information, at some point?
15

DOHENY: Yeah that's fine. Look Katherine you might be able to organise that with Peter Livanes. You could ask Peter to, for a current Org Chart.

PAIXAO: Yep.

[REDACTED] Yep, cool.

20 [REDACTED] Just before you move on the audit that you just referred to, what's the title of that?

DOHENY: I think it's the Governance Review. It's a, it's a governance, it's a review of the governance of Inner West Council which is being conducted by EY and it's –

25 [REDACTED] (Unintelligible).

DOHENY: And its purpose is to review all of the various elements of governance and identify really a work program to strengthen the governance of Inner West Council.

30 [REDACTED] Thank you. So moving on to conflicts of interest. So at the time of the alleged conduct which was July 2015 to October 2020, when would declarations of conflicts of interest have been required under the policies that, that you oversee. Sort of generally, specifically in relation to secondary employment; in relation to specific projects and specific procurements?

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PAIXAO: So when one would need to be required is when a conflict arose or, or for secondary employment if they've got a secondary employment they, that's when they would disclose it. I think for procurement on all their evaluation panels I believe they require to sign the conflict of interest on every single panel even if they don't have a conflict. But yeah, I believe that's the process for procurement.

5

██████████ Yep and so in secondary employment how are staff made aware that that's a requirement that they need to fulfil?

PAIXAO: So we do send out reminders so what I, I haven't seen in the past, a yearly email sent out to staff but what I've done, 'cause secondary employment is approved from the 1st of July to 30th of July, 30th of June in each year so a new approval would be needed. So I've sent an email or sorry, in the newsroom, so on the intranet a little alert to say that staff with secondary employments, that still hold a secondary employment will need to fill in a new form. So kind of a reminder to get them to fill it in again, yeah.

10

15

██████████ Yep, and what about those more general conflicts where people might be, have (unintelligible) to other people in the Council, things like that, how are people alerted to their requirements?

PAIXAO: Again, as I said there's no register and in my time as Acting Manager I haven't received a conflict of interest until this week or last week. I'm going to get some messaging out either on the intranet and maybe as well as in the General Manager's weekly update about the requirement to fill in a, or declare a conflict of interests where there is one.

20

██████████ Okay and without being specific, what prompted that conflict of interest to arrive last week?

25

PAIXAO: It was a new staff member that well a new staff member that commenced and they have a family member that owns a property in the area so they just declared it in case anything comes up around there.

██████████ And so, given there's no register currently where are you retaining, where's that information retained in Governance and then is it retained elsewhere in the organisation as well?

30

PAIXAO: So I'll be registering it in our Recordkeeping Register, in our Recordkeeping Management System and creating a register and adding it to the register.

35

██████████ And do you send it to HR?

PAIXAO: Not that I know of that they require but I will contact HR to see if they need them for the personnel file.

██████████ And has anything changed, so you're going to be putting together an electronic register I presume?

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PAIXAO: Yeah, for now at least an Excel register.

[REDACTED] Any other changes you know in the last sort of few years or since you've had responsibility for the area in this, in the conflicts of interest?

5 PAIXAO: I think in 2018, oh no 2019, '20, around when we, when the Conflict of Interest Register came over to Governance, the form was updated to send it back to Governance instead of Policy and Risk and I, I think the logo may have changed but that's all I can think of.

DOHENY: I think Katherine there was also a code of conduct training, face-to-face code of conduct training which dealt with conflicts of interest.

10 PAIXAO: Oh yes, yes sorry.

DOHENY: It was provided to all staff, in the second half of 2019.

PAIXAO: Yes, face-to-face, that's right.

[REDACTED] That's the Chris Wheeler one or is it internal?

15 DOHENY: No it was a woman called Kath Roach who was from Sinc Solutions and she provided training to all staff members face-to-face in, yeah the second half of 2019.

[REDACTED] [REDACTED] did you have anything on conflicts?

[REDACTED] No.

20 [REDACTED] So in terms of the management of those conflicts so say this person that's declared they have a family member, is that something that was discussed with you or with their Manager and then sent to you as Governance Manager or what, what sort of your role in that process?

25 PAIXAO: So their EA contacted me to say that the staff member's brother owns a property in the area, what form do they need to fill out and so I referred to the Conflicts of Interest form, sent it over to them and they got their, well it's, I would say it's the General Manager, so he got the Mayor to fill it out to approve it.

30 [REDACTED] Okay. So more generally would you have a role in, you know, overseeing the management side of those conflicts? So once someone's declared it, if there are steps that need to be taken to manage it probably not in this case it's not a significant conflict, but does Governance have any role in advising on the management strategies or approving them?

PAIXAO: I don't know, I couldn't give you answer for that.

[REDACTED] Okay, [REDACTED].

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[REDACTED] From, to your knowledge, who actually does have involvement in the management of conflicts once it's been declared?

PAIXAO: To my knowledge I, I don't know.

[REDACTED] That's fine, cool. Okay.

5 [REDACTED] So would see yourselves, the governance area, as having a role in detecting undeclared conflicts? Is there anything you're aware of that happens under your policies with respect to that?

PAIXAO: No not that I'm aware.

10 [REDACTED] So moving on to the internal audit functions and the internal Ombudsman function, so where does the, with, you have gone into this but where does the internal audit function sit?

PAIXAO: So it sits with the Senior Manager, Business Excellence who is currently acting as Director. Now I'm not too sure if he has staff under him that also do it or if it's just him.

15 [REDACTED] And you guys report up to the same, that Business Excellence area, Excellence area reports up to the same Director as you?

PAIXAO: Yeah.

[REDACTED] The Corporate, the Acting Director, Corporate?

PAIXAO: Yeah.

20 [REDACTED] Yep. And what are the key roles and functions of internal audit as you understand them?

PAIXAO: My understanding is all the internal audit or any, anything that comes of the internal audit function gets reported to the Audit and Risk Committee.

25 [REDACTED] And are you aware that they have like a program of work or anything that they sort of follow?

PAIXAO: Not aware, no.

DOHENY: Yeah I can answer that if it's useful.

[REDACTED] Please, yeah.

30 DOHENY: So the Executive looks at the reviews the proposed internal audit program. So Peter Livanes who looks, who's the Manager, who's substantive role is the Manager of Business Excellence, is responsible for internal audit and

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he sends through the proposed internal audit program to the Executive for the Executive's comment. And then as I understand it the report then goes to the Audit and Risk Committee before it's finalised.

5 [REDACTED] And so in terms of getting something (unintelligible), how would the Audit and Risk people go about putting together their program?

DOHENY: As far as I know because there isn't, well there's a Risk Management Framework which is very, or a Risk Register which is I think fairly new for the organisation. So I don't understand it to be done in the normal way where you know an organisation looks at its risks and then develops its internal audit program from there, I think it's more that Peter Livanes sort of thinking through what are the issues and areas that would benefit from an audit and then putting forward a proposed program and then goes forward for a discussion with the Executive.

10

15 [REDACTED] I think it's something we'll just, we'll probably have to later on have an interview with the Head of Internal Audit just to –

[REDACTED] Yeah.

[REDACTED] - it might just be easier rather than try and explore it here.

20 [REDACTED] Yeah. In terms of an Internal Audit report though Katherine, would they come to you that, that may make you know several recommendations, would they come to you and it's your responsibility to oversee the implementation of those recommendations or would it depend what those recommendations, yeah what area they were related?

PAIXAO: I would say it depends what area.

25 [REDACTED] So it's not a matter of course that you receive the Internal Audit reports and it's your role, or your area's role to sort of manage the implementation of the recommendation?

PAIXAO: No, no. I would, I believe that's Peter Livanes role.

30 [REDACTED] Okay. And in terms of the Internal Ombudsman function then which we've also briefly touched on, what's your understanding of the general role of the Internal Ombudsman at Inner West?

PAIXAO: So they report to the General Manager. They assist in reviewing our policies, giving training to staff where needed so they have, as they are our PID Coordinator, they did give our PID officers which we've nominated select staff to be PID officers, they give them, well there was training I think in 20, late 2019 and also earlier this year face-to-face. And they also gave HR staff training in PID just so they're aware. And also, so along with training, prevention, try and prevent any corrupt conduct happening and lastly manage complaints and review complaints.

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[REDACTED]

And that's just the code of conduct?

PAIXAO:

Code of conduct but also in our Complaint Handling Policy we have three Tiers. So - Tier 1 is where Council first responds to the complainant. If the complainant isn't happy then they can go to Tier 2 which is the, reviewed by an Independent, so the Internal Ombudsman. So that's what they review as well as code of conduct complaints, yes.

5

[REDACTED]

Yep. And do you know if, so with respect to conflicts of interest declarations, the Internal Ombudsman doesn't have a role there aside from I guess a general review of those sorts of policies.

10

PAIXAO:

Well in the recommendation from the internal audit, it recommended an Independent Officer overview the Register once it's, once it's set up. So, I was thinking maybe the Internal Ombudsman could be the Independent Officer but as far as that, I don't believe they have any, anything to do with -

15

[REDACTED]

Not currently.

PAIXAO:

- not currently, no.

[REDACTED]

Okay. So around sort of favouritism and procurement, if somebody was to make an allegation along those lines, who would that come to?

PAIXAO:

You mean as a PID or in general?

20

[REDACTED]

Yeah so, so I guess internally and externally so somebody internally was to make an allegation along those lines, what would be the first, who would be the first to receive that first?

PAIXAO:

Well I'm not too sure but I would say either Governance or the Internal Ombudsman.

25

[REDACTED]

And what if it was external?

PAIXAO:

Potentially the NSW Ombudsman or ICAC.

[REDACTED]

[REDACTED] did you have anything on Internal Audit, Internal Ombudsman?

[REDACTED]

Just, just want to clarify one thing to make sure I understood it correctly, so the Internal Ombudsman is responsible for Council's corruption prevention functions is that right?

30

PAIXAO:

I wouldn't say responsible but one of their, one of their parts that they do is try to prevent or train staff which would prevent any corruption, corruption sorry.

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But I mean the code of conduct training is provided, isn't provided by them, it's provided by HR isn't it or am I misremembering?

PAIXAO: In late 2019 it was provided by an external provider.

5 [REDACTED] Yep but who, but who coordinated that, was that HR or was it the Internal Ombudsman?

PAIXAO: I'm not totally sure.

[REDACTED] No worries, yep cool.

DOHENY: I do know that the Internal Ombudsman did the procurement for that, for that work.

10 [REDACTED] Okay.

DOHENY: At the request of either the General Manager or Ian Naylor, I don't know which.

[REDACTED] Okay, cool. Thank you.

15 [REDACTED] So one of the, Katherine one of your roles is around delegations. So how are the levels of delegation decided?

PAIXAO: So I wasn't involved in that but - well I think it was July last year, so we didn't have a system for delegations, delegations were not done very well, it was all on a Excel spreadsheet and was a bit outdated. Ian Naylor purchased LG Legal in July last year for the delegation database and legislative compliance. He worked with the CEO at the time who was Michael Deegan in organising staff delegations, and I think there was a increase to financial delegations for particular positions. And then that, so Ian would create the instrument in the system and get it signed off by the CEO and those delegations haven't changed since then.

25 [REDACTED] So it was between the Head of Governance and the GM that the levels were sort of agreed?

PAIXAO: Yeah it could've been, I don't, maybe Marcia could have, I don't know if he went to the Executive Team.

30 DOHENY: I know Ian asked for some advice from me and I don't who else he asked advice from.

[REDACTED] You don't know why the discussion, probably to, yep. And that information is held with you Katherine so no longer in a spreadsheet, it's in a different, what sort of format is it in now?

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PAIXAO: Well it's, well once the instrument is signed we have it in our local directory at the moment and we have, at the moment we have a Excel Register who we've ticked off his returns their signed delegations, but I am not very familiar of how to use the delegation system but I've been told that the instrument unsigned is all in the system.

5

Okay so once someone returns that signed it's, a copy is kept with you, are you aware of that it's kept anywhere else?

PAIXAO: We're working on getting that into the ECM, so our recordkeeping system and obviously the staff member would have it too.

10

And HR, not necessarily in the HR file.

PAIXAO: I don't believe so at the moment.

This might not be something you're able to answer but if an instance was to occur where an employee approved something that was beyond their delegation, are you aware of how that would be detected and who might be monitoring for that?

15

PAIXAO: I don't know if a staff member could approve something in our tech one system as –

(Unintelligible).

PAIXAO: No, no you go, you go.

20

So once approved the tech one system is set up such that, you know, if something is of X value it's automatically, is put up to..?

PAIXAO: Yeah, so. Yeah if, if the staff member ask I.T. to increase their financial delegation, I.T. will come to us and ask us what they're allowed under their delegation and that's where we send it to I.T. and they set the amount. So, if the system is functioning correctly it wouldn't allow someone to approve anything above their delegation.

25

Has anything changed so there's sort of a new system, anything else that's changed with respect to delegations that you're aware of in the last say five years?

30

PAIXAO: No, other than the system, no – not aware.

And it's always been a function of Governance or was it Policy and Risk prior –

PAIXAO: Policy and Risk prior to coming across.

Came across with that chunk of things at that time -

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PAIXAO: Yes, yep.

█ did you have anything about delegation?

█ No but I've got a couple of general things but that's it.

█ Okay well look, what are your general what (laughs)?

5 █ Katherine, look I'm not sure the extent to which you know about the matter but obviously you know you've taken over, you've been, your acting as a Governance Coordinator role and you have some sense of it, I mean we've asked questions on a number of topics are there any areas you felt that you were surprised we haven't asked about?

10 PAIXAO: No as I did expect conflicts and interest and delegations to be a point so no, nothing yet.

15 █ And I mean one of the things both speaking to you and speaking to other Council employees obviously there's been a lot of changes going on recently, but are there any areas you feel that perhaps further changes might be useful for Council in the type of topics we've covered?

PAIXAO: Not that I could say at the moment, no.

█ Cool. No that's all I have.

█ Do you have any questions for us now Katherine or queries about the interview itself?

20 PAIXAO: Well just what's the next process, what's the next step?

25 █ What's going to happen is, okay so we're going to obviously we'll take the recording and we'll probably get it transcribed. Look there's a good chance at some point I can't guarantee this, it's my personal preference but I don't always get my way, that we'll prepare a statement. And what would happen is we prepare a draft statement for you to look through and you'd say, no that's incorrect, that's correct, oh here's some extra detail, it'll go back and forth and eventually we'd sign it. So that's likely to happen but I can't guarantee it.

PAIXAO: Hmm.

30 █ What happens depends, ultimately what happens with this matter internally and I'm, even if I could read a crystal ball I'm not allowed to tell you even if I could, even if I knew. Obviously in the event there's the potential that this may go to a Public Inquiry in which case the kind of thing you talked about will be made publicly available, it would probably be tendered along with a lot of bunch of other evidence as part of the process - and it's also possible though that there may be an investigation

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report even if there isn't a Public Inquiry. So under our Act if there is a Public Inquiry we have to do a public investigation report but we can choose to do one without a Public Inquiry which we sometimes do for a variety of reasons.

5 PAIXAO: Hmm.

So that's probably the main steps, have you got any questions about that? Like I said no decisions were made at this point about going to Public Inquiry and if there was I couldn't tell you anyway basically.

PAIXAO: Yep, yep, no that's fine, yeah no questions from me.

10 If we do publish a report too that we usually, typically if we make any, the Corruption Prevention area make any recommendations they're towards the back of the report and so the front parts all about the alleged conduct and whether the person can legally be found to have done things that are technically corrupt or whatever. Sorry, [REDACTED]?

15 I mean also if we were to regress that direction we'd want to naturally talk to various Council representatives and obviously that would be an issue for Marcia or someone else to work out who to discuss, you know, potential recommendations what may work cause we, we don't want to impose recommendations that don't fit your organisational context basically. So, and obviously at some point and this is a broader issue, we might want to get a list of all the changes you have made so that we don't just cover the ground. Now we've talked about some of that today, we've talked about in other interviews we've done but that's the sort of thing that would happen. If there was likely to be further involvement that might be it I would guess so probably the two ways are reviewing and finalising a statement and possibly talking about, you know, what changes have been made and might be made in the future.

20

25

PAIXAO: Okay.

30 So when we come to make the recommendations in the back of that report they'll be based on everything that we've heard from you and your colleagues and what we decide might be useful things to recommend.

Yep.

PAIXAO: Okay.

35 Do you have any concerns or complaints with the way this interview has been conducted?

PAIXAO: No.

Okay.

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██████████ Okay I'll stop the recording then. Thank you very much.

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Transcribed by ██████████ on
[25/8/21]

Proofed by ██████████ on 3/2/23

INDEPENDENT COMMISSION AGAINST CORRUPTION

**RECORD OF INTERVIEW BETWEEN PRINCIPAL CORRUPTION PREVENTION
PRINCIPAL OFFICER CORRUPTION PREVENTION [REDACTED] OF THE
5 INDEPENDENT COMMISSION AGAINST CORRUPTION AND MR PATRICK
CERAN CONDUCTED VIA MSM TEAMS ON 25TH MARCH 2022.**

TIME: 13:05PM

10 **ALSO PRESENT: MATTHEW PEARCE, GENERAL COUNSEL INNER WEST
COUNCIL.**

[REDACTED] Today is Friday 25th March 2022 and the time is 1:05pm. This is a
15 recorded interview conducted by [REDACTED] from the
Commission's Corruption Prevention Division with Patrick Ceran who
formerly worked with the Inner West Council. Also present is Matthew
Pearce who is the General Counsel at Inner West Council. For the
purposes of the tape I am going to ask each of you to say your name I'll
(unintelligible).

20 CERAN: Sorry, yes, my name is Patrick Ceran

[REDACTED] My name is [REDACTED]

PEARCE: And it's Matthew Pearce P E A R C E (spells)

[REDACTED] Prior to the start of the interview I said that I would be recording the
25 interview. For the purposes of the recording I need each of you to
confirm that you agree to the interview being recorded. Patrick.

CERAN: Yeah, I agree.

[REDACTED] Matthew.

PEARCE: Ah yes I agree as well.

[REDACTED] Yeah, providing false or misleading information to a Commission
30 Officer exercising their functions under the ICAC Act is a criminal
offence. To avoid any misunderstanding make this clear I am exercising
functions under the ICAC Act. What this means is you don't have to
answer any questions but any answers you do any questions you answer
must be answered truthfully and openly. If you don't know an answer
35 just say you don't know, don't try and guess or if you are speculating
just qualify that so it's all clear.

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CERAN:

Okay.

██████████

Cool. Okay Patrick I'm going to start by just getting a sense of your overall background. So I'll ask you a few questions about your professional background. Can you give me an outline of your professional background both in terms of your work experience and in terms of any qualifications or certifications you have?

5

CERAN:

Yeah, so I'll try to make it short because it could go a long way but I'm a Civil Engineer and I've got a degree of Foreman of Public Works but that's in France and a Bachelor of Civil Engineering from Australia and I'm also a registered Project Manager with the Australian Institute of Project Management, been for quite some time. I started my career really in Australia with the Department of Public Works for about 10 years and then I moved from different agencies with the Sydney Harbour Foreshore Authority for a couple of years. Then I joined local government in 2013 which was Leichhardt Council at the time and then through the, I lived through the merge with the creation of Inner West Council and I left in 2019, May 2019 to join the City of Canada Bay where I manage major projects.

10

15

██████████

Okay, you manage major projects at Canada Bay Council at the moment. What's your title?

20

CERAN:

My title changed early this year so I was Manager of Major Projects when I started there and this year I am the Manager of City Projects. So, we're going through or we have gone through a bit of a restructure so I am looking after a bit like what the old Leichhardt was, civil works, the delivery of projects for civil works, parks, buildings and major projects.

25

██████████

And what was the title of your last role at Inner West Council?

CERAN:

That's a good one. I think it was Manager, I should know that, I'll have to check, sorry.

██████████

Okay, no, no that's fine.

30

CERAN:

That's embarrassing I should know. Basically I went from Manager Urban Design and Project Management, that was Leichhardt and then when we merged I was the Manager of Building Projects I think, yeah, it was only buildings then.

██████████

So, until you left you were just managing building projects at Inner West.

35

CERAN:

At Inner West, yes. Correct.

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██████████

Yeah. And how long in total, that was from the day of the amalgamation ‘til you left, about two and a half years? Three years?

CERAN:

It may be three years, I left in May 2018, 2019 sorry.

██████████

Yeah.

5 CERAN:

2019.

██████████

Yeah. Okay. Okay, I’m going to ask you so I’m going to ask you a couple of questions in relation to Tony Nguyen. Firstly, did you work with him at Inner West Council?

CERAN:

Yes.

10 ██████████

And how did you work with him?

CERAN:

So, Tony was recruited before we merged, before the Inner West Council was created. We used, I used to look after Engineer, looking after the civil works and Tony came as a Project Manager, I was trying to already streamline change a bit the way the things were working and get the staff to do different type of projects, not just be locked in and so Tony was engaged and was reporting to my then direct supervisor, Tom Haramis. Tom was my Co-ordinator so he was reporting to Tom directly and when we, so when we merged, when the Inner West merged that’s where you know we had to decide, or I had to decide which section I was going be looking at. I went for building because it’s really my background so I applied for that position and got that. And then I guess it streamlined down with the staff, some staff stayed with me and joined the Building Section and like I lost Tom who was the co-ordinator because he was looking after mainly the civil works and he went into that section if that makes sense. So, then Tony became a direct report to me.

15

20

25

██████████

Sorry, can you please give me the spelling of Tom Haramis you mentioned before?

CERAN:

H A R A M I S (spells).

30 ██████████

Thank you. And so, what time, how long a period did you supervise Tony Nguyen for?

CERAN:

So since, so when the merger happened, so I’ll have to, I’m sorry I should know this but probably around the 2018 period when we merged in, when we merged in 2016 so it would have been 2017.

35 ██████████

Until you left Council?

CERAN:

Until I left, yeah.

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██████████

Yeah, okay.

CERAN:

I can't give you an exact date, HR probably can confirm that. But when,

-

██████████

HR.

5 CERAN:

Yeah, but when he became I guess part of the building section he reported to me directly, yeah.

██████████

Yeah, look I don't think this is going to hinge on the exact date, it's just to get a sense of -

CERAN:

I just don't want to get (unintelligible) –

10

██████████

- what you can reasonably talk about and you know, so that's fine.

CERAN:

Yeah.

██████████

Okay, so what kind of projects was he involved in? Can you give me an example of the type of projects he worked with?

CERAN:

Um, well, when before, when he work, when he joined he worked on a bit of civil works so did a bit of road works and a bit of building works. So, a bit of everything. And then when he reported directly to me it was only building works, mainly refurbishment. So, I used Tony a fair bit on the colocations of merging the three council. We had to create office space for staff, moving staff around so that was like a steering, a committee, steering group, working on the different function, who was going where. But then my role was to make sure we implemented the works onsite so Tony helped with some of that. I had a couple of PMs helping. Tony was mainly helping with works at Leichhardt and in parallel he did some of his work like on the program of work that he had to deliver so, mainly refurbishment of buildings of existing buildings, and he also had a couple of, excuse me, of new build projects. I did a couple of toilet blocks around the LGA.

15

20

25

██████████

Okay and what was his role in relation to those projects, was he the Project Manager?

30

CERAN:

He was the Project Manager, so working from the initiation to the delivery basically. Yeah.

██████████

Okay. And in general terms how would you categorize your approach to managing him? Were you very hands on, hands off?

CERAN:

Oh, it's a, it's a difficult one. There was probably time where and also, I guess I was, I was try to be hands on but realistically I was all across the shop going from different, different councils. So, I guess there was a lot

35

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of trust embedded to those guys, you know? And um, but reporting to me directly, you know we'd have monthly reports, so spreadsheets, but I would say I was, I don't know what you could possibly define what's hands on/ hands off. I wasn't there every day to check what he was doing but I knew where the projects were at or when there was an issue on any projects.

5

Okay, well let me explore that a bit. But let me just first ask you one question. How many direct reports did you have in total at that time?

CERAN:

Back then?

10

Yeah.

CERAN:

Oh, dear, one, I think about seven, seven or eight. I'd probably need to check that, yeah.

So, a fairly reasonable, there was a fairly reasonable span of control there.

15

CERAN:

Yeah. So, I lost, I lost my then Co-ordinator and basically it had direct reports, all the PMs had direct report to me. So, we had, I'll just try to give you the right number, it was about 7 or 8 because we also we went through a period where I had obviously, I had the PMs that I worked with at Leichhardt but then with the merge I, I had Project Managers reporting from you know, people coming from Ashfield and Marrickville.

20

Yeah. Just following up what you said about what do you mean by closely not closely supervising. Let's explore some of the management kind of approaches you used. Did you have regular meetings with them like monthly meetings or fortnightly meetings or anything like that?

25

CERAN:

Definitely monthly meeting. I had definitely monthly meetings. I can't recall if we had weekly meetings or not.

Yeah okay, and did you have like Team meetings as well as individual meetings or just one?

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CERAN:

Yeah, we had team meetings, I also, probably important to say during that period when we joined, or when we merged there was the implementation of the HPLC, the High Performance Leadership Course which changed my style, you know, starting doing one on one. So, I started doing one on one when the course finished. So, I changed a bit of my style realising, you know, I could do things a bit better. So, towards the end yeah, I was definitely doing one on one meetings.

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[REDACTED]

Yes, I've been through a similar experience in my team, after doing a course and I know what you are saying, yes. Okay, and can you, alright what you are doing is you're doing these meetings one on ones, teams, you're getting your monthly reports on the project itself, I assume budget status, that kind of thing.

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CERAN:

Yeah, yeah.

[REDACTED]

Traffic light indicators or something similar at all?

CERAN:

Indicators, spreadsheets. And this is something that's been an ongoing development of mine through even Leichhardt where the word procurement didn't exist when I started. And started implementing things putting in forms, you know, tender evaluation report that's the sort of thing I put in place to make sure that we had a bit of, what's the word, try to build a project management maturity because that was pretty much non-existent. So, I sent some people to do courses. I can't remember if Tony did the Project Management Diploma. And try to improve I guess because the system, especially merging the three systems from Leichhardt was at the beginning, at the time, I was trying to implement the City of Sydney system to have something a bit more robust than what was there. Just to give you an example. I know I'm diverging a bit, but I think the context is important. The engineers when I started would engage contractors on an email. And so, starting to change that. Like I said procurement didn't even exist. I used to, we used to raise Purchase Orders by hand sending a carbon copy to the depot and then they would come back two days later we'd get a Purchase Order. So, all those things were implemented so when we merged with Inner West those were, I guess that's where there was a lot of work trying to, I guess, get one system in place.

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[REDACTED]

So, we'll probably follow a bit more on procurement processes a bit later on. but just now to make sure I understand what you said just then, are you talking about, when you talked about things like engaging contractors on an email and purchase orders by hand. Did that was that just at Leichhardt or did that continue once Inner West was formed?

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CERAN:

No that was Leichhardt.

[REDACTED]

Okay.

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CERAN:

That was Leichhardt. With, with, with Inner West we had a system we put everything in writing in the contracts.

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Okay, and I mean did that, you said you were working on fixing those systems, I know it's going to vary but say, I mean, were they, how long before the amalgamation were those kinds of systems that you made your changes?

5 CERAN:

Oh, again you'd probably need to look at the, you know when the different people were engaged, sorry I need to turn this off. When the, like there's the procurement person that was engaged, I can't recall when, that's when those systems started to change for the better.

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Cool, all right. All right, so let's head back, okay so we've talked about a number of management mechanisms the meetings, the spreadsheets, all that kind of stuff. Can you describe what the performance review process was like, just step me through it, at Inner West?

CERAN:

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Again, that's something that sort of developed within time. Not necessarily, just be careful what I say, not necessarily managed you know, like we would get HR to tell us to do those and I can't even remember if it was six monthly or yearly. So, it is not something that was really embedded and you know you'd do a report or I'm not sure what would happen with it so. I can't recall if it was six monthly or yearly. At the council where I am it's six monthly.

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Yeah, yeah I've been at both six month and yearly but I guess, what I'm saying is from your perspective you get something from HR saying you need to do your performance reviews.

CERAN:

Hmm.

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You do your performance review it goes back, maybe ends up on a file but you don't have much visibility.

CERAN:

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Correct and I'll be fair to you, you know you are so busy doing so many things its often and it probably still is unfortunately the last thing on my task list so if I'm not reminded it's not something I will definitely do. I've changed my style a bit since I'm doing the HPLC to make sure, you know, I understand and support staff with their progress and things like that but at the time it was a bit chaotic with Inner West. You know it's like, also you have to remember there is a period where people didn't know I was in the same league, we didn't know if we were going to keep our jobs or not. So, there was a period of uncertainty for me but for my staff and for a lot of people actually.

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[REDACTED]

So, you are saying that there wasn't guarantees of staff numbers following the amalgamation, is that what you mean by "keep your jobs"?

CERAN:

Yeah, because we restructured so we lost technically our position so we had to reapply for all the different positions, so yes.

5

[REDACTED]

Okay. So, did you have, does anything come to mind about the performance review process for Tony Nguyen? Did, can you, compared to any of your other staff?

CERAN:

No with Tony I guess, I kind of like again it's been too long, I can't remember doing his actual performance report. What I remember clearly is towards the end of my time there, Tony was going through a bit of a personal hard [REDACTED]. So, I would talk to HR, give him support, I forgot the group that provides support. Explained that to HR that, you know, he may need to work basically part time 4 days or work from home one day and this is way before COVID so it was a bit, you know, not, there was support from HR but basically I clearly remember doing that for working with Tony because he was going through a hard time. In term of his development I just can't recall you know what his aspirations were.

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[REDACTED]

Yeah.

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CERAN:

Or things like that.

[REDACTED]

Yeah, I guess I was just more asking that just sort of if the process happened normally for him. Like there wasn't any, and I guess so it's probably leading to my next question. Did you have any performance issues with him?

25

CERAN:

I didn't have any performance issues, no I don't recall having any performance issues, I would give him a task and he would do it. Some time, you know, I thought he could do things a bit better like anyone else but, if there was an issue onsite for instance I'd go and try to resolve it to, to support him but no I didn't have any performance issue whatsoever with Tony.

30

[REDACTED]

Okay. I'm going now move talk rather just sort of line management supervision to the oversight of his projects. Obviously those two are interlinked and some of the questions will be related but I'm just specifically looking at the project work he was doing like you said the work on the buildings, refurbishments and so on. And when he was, what degree of autonomy did he have when he was doing these projects?

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CERAN:

Pretty autonomous I'd say.

[REDACTED]

That's okay, so does that include selection of for instance contractors to do the work or?

CERAN:

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So, selection of contractors we had, we didn't have a panel like the LGP that we have now so things were a bit ad hoc with the way we would get contractors. You know we would work with people from Marrickville we would say "who would you use?". I think they were also a bit more established so we'd try to get a list of contractors that would work on and we would go to a few depending on the procurement at the time, I can't remember the, the threshold if it was \$30,000 but depending on the threshold we would go to three or five or more contractors but obviously always more than one. I think we, yeah I just can't recall the threshold.

10

[REDACTED]

No, no, no that's completely understandable.

CERAN:

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Ideally, and that's what I said to the guys, we need to demonstrate value for money so we need to get more than one quote.

[REDACTED]

Okay, I mean you said that he was fairly autonomous on his projects. What role did you have in relation to them?

CERAN:

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I would obviously sign on the tender recommendation so those guys like all the PMs too would go to tender. They'll manager the tender process. Sometimes they'd come to me to check what sort of contract would we use. And, and yeah, I would pretty much, I'd tried to avoid sitting on the tender review because they are quite consuming and so I'd be doing other things. But normally they'd come, they'd do their own assessments, they'd have a panel and then they, Tony would come and basically recommend, put a report to me and I would obviously review. Check that, you know, tick the boxes and sign it. Usually, usually follow the recommendation and so often based on, on not just price but a few different selection criteria that would depending on the project if we had a tender evaluation plan or not. But yeah, I would normally review the recommendation and follow it. I don't recall ever going against a recommendation that Tony would, would put to me.

25

[REDACTED]

What about prior to the actual selection. So for instance in the planning of work or the, you know, the development of specifications and those kinds of stages? Did you have a role in relation to that or was that mainly just Tony again?

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CERAN:

With consultancy you mean?

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Well, I mean in the sense that he, the projects he's managing –

CERAN:

Yeah.

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- what was your role in relation before that. Maybe he consulted you, maybe you had to make approvals or maybe you didn't do either, but what kind of role did you have for the, you know, the setting up of the work if you will?

5

CERAN:

Well, we would, I'll just try to remember again. I'll just try to think of maybe a project to be specific, so a toilet block. Yeah, normally there would, there would run, they would get the consultancy, run the spec, depending on the project too. If it was a bigger project I would try to sit on the design review meeting with the consultants but the review of the spec and things like that no, I would leave it to them.

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Okay, okay. And obviously you mentioned that you signed off on the tender recommendation.

15

CERAN:

Yeah.

██████████

Was there any other thing you signed off on, for instance approvals to pay or that sort of thing?

CERAN:

I don't recall, no I don't think approvals, once the recommendation was done the Purchase Order would be raised. Unless it was above their delegation it would come to me, but I can't, to be honest I can't remember with the payment of invoices whether it would come to me in the system. I can't recall. Now I know, because I know what is in place, it has to come to me but in the future, but in the past I can't remember if that was put in place.

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Okay. And what about in the delivery phase, when they're actually doing the work, did you have any involvement in that phase?

25

CERAN:

Again depends on the projects. You know we are managing a program of works, I can't remember how many, there was like two or three hundred projects so on the bigger projects I used to like when we did the Town Hall refurbishment in Leichhardt and, you know, I'd go and have a look some time just on progress, make sure things were going smoothly so I would be hands on, usually on the big project, on the small project I'd try to, to not necessarily be involved.

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██████████

Yeah. Yeah, okay. And what, okay so you talked about your approval obviously on the tender report.

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CERAN:

Yeah.

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And you mentioned that you didn't really, unless there was a particularly big project with perhaps a very large delegation for the most part you didn't make any other approvals. What other approvals other than you and Tony Nguyen were needed for that kind of work?

5 CERAN:

Depending on the value, so, my delegation was 50,000 so anything above that and I can't remember those guys if they were on thirty or on, I think they were on 30,000, so anything above that would have to come to me and if a project needed a anything beyond 50,000, say if there was a project of say 500,000, so I would sign the recommendation to my, then to my director. So, the Director would have then to sign on the recommendation.

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(unintelligible)

CERAN:

Yeah.

██████████

Sorry, sorry go I didn't mean to interrupt.

15 CERAN:

No, no that's what I mean, so it's all based on financial delegation and we would follow that process throughout.

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Yeah, and I guess what I'm also trying to understand is there wasn't anything for instance an Assett Committee or anything like that that over, that kind of reported to in a governance perspective?

20 CERAN:

Only on big projects, something that I also started was the Project Control Group. So, I started that on the big jobs like, I'm trying to think, yeah, we didn't have, I don't think there was any, any PCG that Tony sat on. I would have to check. And also, things developed and evolved as things progressed, like then I started reporting on programs with the I guess with the asset owner. Again I don't think Tony was involved with those reporting mechanism.

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Yeah, no I guess I was more interested in the sense to which there were other mechanisms to oversight them even if he wasn't directly involved with it, if you understand. That's okay, so let's okay I'm going to now sort of if you like take a, think of a project or some projects and I'm going to walk you through the procurement processes. I'm going to take you through step by step and just so we can, you know, as it would have been done by Tony Nguyen.

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CERAN:

Cool.

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Okay so firstly was any procurement system used at Inner West Council? Any particular procurement system.

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CERAN: Again, it evolved with time so from depends on when you're asking if it's when we merged, when I left.

Well, let's start, let's start at the merge date.

CERAN: Yeah. Well that's probably where things were a bit chaotic.

5 [REDACTED] Okay, okay.

CERAN: Admittedly, because when I left there was, then there was a proper procurement group and we'd get things through them to get approvals but when we merged, that didn't exist. So, you know, things would yeah, things would come to me. So, if there was a project it would, yeah the Procurement Group didn't exist so, so it depends on, so you'd probably need to qualify the project one has to remember when it was done because things would have, the procurement would have evolved.

10

Okay, I'll keep that in mind. But later on did, was there for instance an eTendering system that Council put in place that you are aware of?

15 CERAN: Yeah, there was an eTendering.

And when was that put in, do you know?

CERAN: I can't recall.

Okay, but it wasn't there at the time of the amalgamation it was something that came in later on?

20 CERAN: It came later on, yes.

Yeah, okay, okay. Cool, all right. So, let's, okay so let's okay start walking through the process. Okay. How do these projects arise? How is it given it is decided that there is a need to refurbish something say?

CERAN: Sorry, I'm trying to turn it off. It depends, some projects, again this is something we tried to work on the four year plan, the ten year plan but I'm talking when we merged, you know, they came from basically all the places. There was no real process. So, it could come left field, you know. The Councillors want something done, there's, there's you know, funding gets raised and then that's the project to some extent that still happens but we try to avoid, we put system in place now to avoid that, but that's separate. Sorry I'm diverging. Yeah, it would be, it wasn't streamlined so.

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Basically –

CERAN: Year to year we'd sit down, we'd go through, you know, the Asset Manager would have had a list of projects, identified projects, renewal or

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and we would just basically see what we could do in one financial year and that's how they were picked up.

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Do you know who the Asset Manager was at the time, at the time of the merger?

5 CERAN:

Ah, Rick, I've forgot his surname. Rick Jarvis, J A R V I S (spells). So, Rick was, so it was pretty much Rick, Peter, this is just before the merge I guess, Peter Gainsford, myself and the traffic John, I've forgot his surname. John. So, we would sit in a room, we'd look at all the projects that needed to be done and then we'd pick and choose the projects.

10

When we merged I can't recall how we, there was probably a list from Marrickville, from Ashfield and we merged them into one big lot of program and we started looking at as we progressed and moved forward, you know when we're gonna, made a plan I guess, better plan anyway to do projects as we should.

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Okay, so what you're saying is now that's it's more the formal Asset Management framework for selecting the projects, is that a?

CERAN:

Yeah, yeah , well now that's it, there's, that's it.

██████████

Yeah. Okay. So okay so we've selected a project now, okay, all right how do we develop the specifications. What's, we've talked a little bit about this, walk me through the process of how the specs are developed.

20

CERAN:

So, have a group of program so I would work based on the skillset, who should be allocated to different projects. Someone who was good at doing childcare so he'd look after that program. Tony say would have a couple of projects, it's okay, you know he looks like he can do four or five projects. These are your projects for this year and yeah, we'll start initiating the process with you know if it was like, for example he did a sports building in King George Park for instance. So, then we'd go to the Parks people, start I guess meetings to understand what they want, what they need about the budget, that's allocated and fortunately often the budget was allocated before the scoping, that's quite common, and so we'd go okay what can we do with that? And we initiate the project so Tony would pick up on, you know, I guess starting developing the Project Management Plan as something to starting to putting in place and at the time I don't think early phase we didn't have proper sign off but I guess we had to understand planning, develop the project. First go through architects and , I can't, I think we were also trying to get all the

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5 sub-consultancy with the Principal Consultants or the Architect. So those, the guys would develop a brief and then they would seek quotes from those consultants and then they would put a recommendation to me. Sign that, engage the consultant, again based on delegation, so if it was above my delegation I'd send it to Peter and then we'd engage the consultant and then I guess the process would follow the normal Project Management Framework.

10 [REDACTED] Okay, so just, just so that I make sure I understand, the consultant is the company doing the work, is that what you mean?

CERAN: The specification, yeah.

[REDACTED] Yeah.

CERAN: Most projects, building projects, especially we wouldn't have capacity to do the design so only the engineer doing a bit of roadwork would have the capacity to do enhanced design but otherwise everything else would

15 be external consultants.

[REDACTED] Did you enforce the separation of design and build in this case? Could a consultant doing the design work then actually do the work?

CERAN: No, so this something at Inner West with usually, or we usually went full docs and then construct. So go to tender on the full documentation done by the architect with specification.

20 [REDACTED] Okay.

CERAN: I'm trying to change a bit there to be going with D and C but never implemented that in Inner West.

[REDACTED] Okay. So, let's take a step back, one of the things you mentioned was

25 often the budgets were developed before the scope was established which you know indicated made life difficult in terms of doing the scope. What was the process by which the budget was developed?

CERAN: Oh, again I can't recall, especially with the merge the work with Inner West it's usually done at Director's level. They would prepare the budget, finalise it and then submit it to Council for approval.

30 [REDACTED] So, you'd essentially be told you've got this much money for this project but you had very little input into it?

CERAN: Correct.

[REDACTED] Okay, and that obviously created challenges down the line trying to do

35 the project?

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CERAN: Yeah. So that changed again, that evolved a bit as we, as we progressed with the Inner West, you know, that's the, yeah.

So, what, when you left?

5 CERAN: I would have a bit more, like we would look at the project and say well you know we need to have more, more funding. I could cite so many projects that started with a few hundred thousand and finished with millions, unfortunately. Yeah.

10 Okay, and I mean, what about, just one thing, what about new projects in the sense that, from the way you described it you sat down at the start of the year in your group. You all sat down and went through the big list and sort of said we're going to choose these projects. Was it ever the case that people came round and said "No you really have to do this one now." Or was it pretty much locked in once they were chosen.

15 CERAN: No nothing is ever locked in at that Council yet it could be like you know, you need to do this one as a priority.

Okay.

20 CERAN: Yeah.

Okay. So, going back okay, we've now engaged the consultant, they've come back, okay, got specifications, how were they, how were RFQs or RFTs distributed to suppliers?

25 CERAN: Again, that's something that evolved with time. I can't, you would have to check with Procurement would probably be the best place even to just record what went out. With the guys I can't tell you. I know when the procurement was set up in St Peter in the office there it would go to them and they would get it out, depending on the value it would go to an RFQ or an RFT.

Yeah.

30 CERAN: Most time until then the guys would usually send it to contractors.

Okay, so the guys would usually mail it themselves before that office was set up?

35 CERAN: I think so, I can't 100% say but I think they would, depending on the value again whether they, they would do, they would do it, they would send it to the contractors so they will email contractors. Again, it would depend on the value. I know that, that stopped and then was streamlined where it would go to the Procurement then they would go out either in

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the paper, online, but I'm quite sure there was a period of time where the guys would send it to contractors directly RFQs.

And just confirming you don't, you can't remember exactly when the Procurement Office was set up?

5 CERAN: I can't remember I'm sorry.

No that's fine.

CERAN: Okay.

I'll just make a note of that. Okay, so, how were quotes received. Were they sent back centrally? Were they sent to the Project Manager?

10 CERAN: Again, I know that they were sent to the Procurement Team in Marrickville when it was streamlined and before I can't, I can't recall. I know in the Leichhardt time it would go definitely to the Project Managers because we tried to stop that, we tried to create a centralised email so that it wouldn't go to the PM so that if tenders were late or anything that there would be a control in a way. That wasn't done so that was probably one of the things that I tried to implement but never achieved to do that.

Okay. So, I mean, so it may well have happened that say that quotations were sent directly to Project Managers such as Tony Nguyen?

20 CERAN: Yes.

Okay so they would receive them directly by email and (unintelligible)

CERAN: I think so, oh yeah, I can't categorically say so but I think so, yeah.

25 Okay so continuing through the process we've now got the quotes back, what's the, how does the evaluation process typically work?

CERAN: So again, I need to qualify what I just said before that, that system stopped when that procurement was set up in Marrickville because then it was all the proces would go to all those guys and then they were sent to the,

30 Yeah.

CERAN: - to the PM. I just can't recall if the guys were receiving quotes directly? I think so but just want to be clear because, yeah. So sorry, your next question?

35 Well once the quotes have come back what's the process by which you get to a recommendation?

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CERAN: They would review so we had a pro forma for assessing the quotes depending again on the value and scoring depending on the tender evaluation plan. So, on the bigger projects the plan would be they would have different selection criteria on percentage to evaluate on price and on price and so they would do that body of work and then they'd send me the report.

5

Okay and then so they'd do that to send you the report. Would you get a copy of the quotes attached to that report?

CERAN: I'd get, I'd get the copy normally in the report, yeah.

10

Yeah, okay and they'd make a recommendation which you'd signed off on unless it was really expensive in which case you had to probably escalate to your manager?

CERAN: Correct and some times or so just to you know, I might, I might go through depending on the project complexity on the just looking at the price to make sure we're comparing apples with apples.

15

Yeah, yeah, that's fair enough. Okay, so now that that's been done is there anything needed before the contract has actually been awarded once the evaluation report's signed off?

CERAN: Again, things they look for the best, you know checking the insurance and the right paperwork, the guy's financial check.

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Yeah.

CERAN: Quite sure if we already had the financial check yeah, before the merge we had, we would get the finance guy to check that the company was solvable and not going bankrupt. Once we get that we would then award the contract. Things also change I think there is a time where we would have to report to Council based on the value I think there was a time when that delegation was given to the General Manager.

25

Okay, and okay so now it's signed off. Okay we've gone through, signed off the contract. Are there any specific contract management processes that have to be followed?

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CERAN: Again, not, not really, that was something we were trying to develop. We didn't have proforma. I brought, I tried to establish a few things that I brought from my State Government experience issuing variation orders and things like that but it was never properly set up.

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Yeah. Okay.

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CERAN:

It was a bit ad hoc.

[REDACTED]

Okay. All right, so, lets, I'm going to zoom in a bit, I'm going to talk about sort of specific requirements that would have applied to Tony Nguyen, okay, regarding the Procurement Process. Some of the things you might have partially covered before but just reiterate it so it's all clear. What is your understanding of what he had to do when he was selecting a suppliers to approach. When he was actually going out what particular process was he required to follow?

5

CERAN:

Oh I guess based on his delegation it was a small, you know, paint job in an office. I know he's, like when he helped me with the co-location there were things we had to do very quickly, so if it was within the delegation he would seek one quote for instance, you know. But otherwise, I would expect that if it was like above his delegation the procurement at the time, again that's changed but, we would follow the procurement, so getting seeking three quotes minimum, and doing the evaluation etc that we went through. That's what I would expect him to do.

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[REDACTED]

Okay and prior to the establishment of the Procurement Unit was there anyone he was required to consult with before he starting asking for quotes?

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CERAN:

I don't think so.

[REDACTED]

And after the establishment of the Procurement Unit? Was there anyone?

CERAN:

Yeah, we, there was a bit more rigour in the way we would have to seek quotes and you know raise an RFQ or raise an RFT. Get it register. So there was a bit more rigour in that.

25

[REDACTED]

Okay, and prior to the establishment of the Procurement Unit was there any particular approvals needed on which suppliers were approached?

CERAN:

No I don't think so.

[REDACTED]

And after the Procurement Unit was established?

CERAN:

I don't think they had established final, so they could, you could still nominate a contractor you would want to engage and seek the quotation from them. I think, yeah.

30

[REDACTED]

Okay, so, but essentially the process was pretty much, other than perhaps, later on, just sending it to Procurement, where they did the checks, it was pretty much, he had a pretty much random process about who he could approach?

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CERAN:

Yeah, and I to be honest I need to also check, I can't recall whether we could nominate, say if we wanted to invite a company, Atco, you know, Multiplex, you know I'm just naming names for the sake of it, I don't think we needed to get the approval from the Procurement Unit. What we were trying to establish at the time was a panel of contractors and I think Marrickville had that and I tried to establish the same so you would go to a panel and they would have to be registered. I can't recall whether this was established or not, so I'm quite sure when Tony, unless it was an open tender so you know we'd invite anyone from an ad in the paper. So obviously we wouldn't know who would tender. If it was a specific, if it wasn't an RFT or an RFQ I can't recall but I suspect we were able to just nominate who we wanted to invite.

5

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████████

Yeah

CERAN:

Possibly need to check that with Procurement again. Yeah.

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Okay, so, all right, so in terms of the, okay so now the quotes have come back what specific requirements would Tony Nguyen have when he was evaluating those quotes?

CERAN:

Depending on the project again if there was a plan, a tender evaluation plan or not, he would, we would have to have those signed off before so we knew exactly if it was a 50% price or non-price. I can't recall which projects he had tender evaluation plans, that's something you can check, but that would be, yeah, that would be the requirement.

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████████

Okay so the requirement was to follow the tender evaluation plan.

CERAN:

Yeah.

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████████

And if there wasn't a plan there wasn't any particular requirements, just prepare a report that says I recommend supplier X for this reason?

CERAN:

Yeah, but that's one, again, I can't recall, trying to think again a bigger project like a toilet block. We would have to have a plan because it was just not based on price. It was based on time, quality and a few of those things, so.

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I imagine a lot of construction procurement has to have some elements of that.

CERAN:

Yeah.

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████████

Okay, so but was there any requirement for him to consult for anyone else about those? Putting aside committee members of a specific committee was there a requirement to consult with anyone else?

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CERAN:

No.

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Okay, so he was just required to consult with the committee members when?

CERAN:

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Once yeah we already awarded, let's put it, the consulting committee members or Asset Managers or client did not have a say on who we engaged.

██████████

Okay, and like I said, your role in that was only at the end once you received the evaluation?

CERAN:

Yeah at the end, yeah.

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██████████

Yep, yep, okay. Before I move to a slightly different topic is there anything you want to say or add about the Procurement Process as it applied to you and to Tony? I know we've covered a lot of ground, we've gone back and forth, is there anything you think I've missed or?

CERAN:

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Yeah, the only difficulty for me is because it evolved through that period of time just, and it got better obviously, to me it got better I just can't recall some elements like the RFQs I find that very frustrating because I can see as I say, you know, getting prices from contractors today now is not the right thing. Or I just can't recall when that change, I knew it was happening at one stage but I can't recall when it stopped and when it was basically better managed.

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██████████

Yeah, yeah okay. All right so let's move on to a different subject. I want to talk a bit about conflict of interest and I basically want to talk about the requirements that Inner West Council had regarding conflicts of interest and what requirements were you personally aware of in relation to conflicts of interest?

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CERAN:

Yeah, so I through my career have done a few training with conflict of interest, done a few ICAC training too, Shapiro I think his name was so I am very aware of it. Prior to that too I know there was a session, a training session from HR with Code of Conduct. I can't recall if those were passed on to staff. I'm quite sure they were. Everyone had to do that. They had to sign like the Code of Conduct at the time so I'm also really aware of that. I signed a Code of Conduct and so, to answer your question I, yeah, we all obeyed by a Code of Conduct.

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██████████

Yeah, but I'm saying, I guess though that I mean you understood the requirement to declare conflicts of interest?

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CERAN:

Absolutely. Yeah.

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██████████
CERAN:

Yeah, and the management processes once one was declared?
Well, they would normally have to also sign the form when they basically did the tender review that would have, we would all have to sign if I was part of the panel, I'd have to sign a Non Conflict of Interest form. There was a form. I think that form evolved too with time.

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██████████

Okay so, say there was, I mean is it fair to say, based on the existence of that form, based on the training that you were aware of that Tony Nguyen would quite, you know, you are quite comfortable that he knew he had to declare his conflicts of interest?

10 CERAN:

██████████

Absolutely.
Okay and did you ever have any discussions with him personally about conflicts of interest? Either the need to declare, or?

CERAN:

Early in the piece because I knew he came from the private sector. And so, I did, I remember having a discussion with him early in the piece, about this is local government basically we need to declare any conflict of interest, and yeah.

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██████████

Okay, so on that point I'm going to ask you a couple of questions about interests that Tony Nguyen may have had. Are you aware of any associations between him and companies or businesses that performed work at Inner West Council?

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CERAN:

██████████

No.
Are you aware of any ownership interests that he had in any company or businesses that performed while working at Inner West Council?

CERAN:

25 ██████████

No.
If you had been aware of either of those things what action would have you taken?

CERAN:

I would have definitely have a chat to him first, then I would have reported it not only to HR but to my boss.

30

██████████

Okay and what kind of recommendations for further action might you have made?

CERAN:

Well, I think it would have come definitely to you guys, a recommendation to investigate.

██████████

And if he had declared it, so rather than not declared, if there was a case that he had such an interest and he declared it to you what would be your response?

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CERAN: Depending again, if it's a, if he had interest in the business depending on whether we had dealt with that business, there could be a lot of scenarios but to me it is a sackable offence. I mean, yeah depending on the interest.

5 [REDACTED] I guess so, in the case where something comes up, a supplier's approached, and says "Hey look just want to let you know either a) I have interest in the company or b) someone I know is associated with it." What would you do at the point if declared.

10 CERAN: Oh, I would have removed him from evaluating the, if it was say a contract for a project, I would have removed him from the assessment and possibly from managing the project.

[REDACTED] Yeah cool. And are you aware of any ownership interests he had in any company that he had where the a company did not perform work in Inner West Council? Are you aware business interests in general he had?

15 CERAN: No.

[REDACTED] Okay. So, you said that if you became aware depending on whether he told you or not you'd either report it to up the line and if he declared it you'd probably just take him off the project. Or at least off the evaluation (unintelligible)

20 CERAN: Yes, definitely off the evaluation, yeah.

[REDACTED] Yeah, and do you recall whether Tony Nguyen ever declared a conflict of interest to you about anything?

CERAN: No.

[REDACTED] Okay. And would you expected him to declare one if he had one?

25 CERAN: Yes.

[REDACTED] Okay. All right I just want to talk about one other thing. Which is one thing that's become apparent, you said that there was a lot of change going on you know following the amalgamation, with the amalgamation and following. And I guess what I'm curious to know is the impact that may have had on your particular area. And so, to what extent was your business area impacted by organisational restructures while you were at Inner West Council?

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CERAN: It was impacted. I mean then again having done the course there's things I probably would have done differently. Probably didn't spend much time with the guys. I've been pretty busy doing my own things and

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probably not spending enough time with the team. Yeah, so it definitely, definitely had impact.

██████████

I guess so what kind of specific effects did it have. Just morale or other things as well?

5 CERAN:

A bit of both morale, a bit left on their own device or, yeah.

██████████

Do you think it impacted the oversight of the team? Not just you I mean the whole organisation oversight.

CERAN:

I think so yeah.

██████████

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Okay. And what about changes in senior management at council? Did that, did that effect your work?

CERAN:

Me? Me directly or the whole team?

██████████

The whole team.

CERAN:

Yeah, I think, I think it did. Created a bit of uncertainty when you have a General Manager that's changing for a few months, then you've got a new one. New vision, new direction. It's definitely did have an impact.

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██████████

So, did it for instance effect the likelihood whether certain projects would continue or new projects would start?

CERAN:

Yeah, there was a bit of that. There was also, you know, things like people had to move from just co-location you know they were based in Leichhardt. They had to now work in St Peters. My team we stayed in Leichhardt, so I think that was less effected but all the people that I got from the other section, yeah there was a bit of that, there was a bit of, you know, us them, that's probably to some extent still a bit there. Yeah, it will take a while for it to, to be one unit.

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██████████

Yeah, okay. All right, so I'm just going to talk a bit about potential procurement process violations and your knowledge of any. Are you aware of any circumstance in which Tony Nguyen authorised work without having the financial delegation to do so?

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CERAN:

No.

██████████

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Are you aware of any circumstance in which Tony Nguyen failed to follow required procurement methodology, so for instance in obtaining the right number of quotes as an example?

CERAN:

I was going to say possibly during the co-location when we did the work in Leichhardt, when we had to do things very quickly when we might not have time to seek three prices, yes.

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[REDACTED]

Okay. But and was that, did you approve that change or was it did he just did it himself?

CERAN:

No, I would have approved it.

[REDACTED]

Because it would have had to work that had to be done quickly, we had someone already onsite, yes, yeah.

5

[REDACTED]

Okay, so and what about any other sort of procurement methodology violations like you know, not completing an evaluation properly and that sort of thing.

CERAN:

I'm not aware of that.

10

[REDACTED]

Okay. Are you aware of any circumstance in which Tony Nguyen advised a contractor that they had won a job or were the preferred bidder before the contract had been awarded and all signed off internally?

CERAN:

Only one. We had a problem, yes.

[REDACTED]

Could you tell me about it please?

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CERAN:

Oh it's, I'm trying to think, I can't remember the name of the project.

It's, it happened one because it almost when we did, we had legal advice internally. There was a detention basin in a park it was due to the West Connex, we had a letter from the Minister that we were allowed to that, were allowed to do the work. Again, Rick Jarvis was there so we're still in the Leichhardt time and we did go to tender. The recommendation was to award. We didn't want to lose the tender and Tony made contact either verbally or by email to say, you know you're going to get basically the contract and then the Minister reneged on the offer because of the West Connex and so we had to, I think it went to Council. There was a Council meeting. Because it was a time when the project had to be adopted by Council it had to be approved by Council. So, I think it got approved by Council. The contractor, it was obviously in confidence but the report came out that the contractor was to be awarded the contract but we couldn't award it any more because we didn't have the land so we had to tell the contractor he was, basically we couldn't, he wasn't going to get the job. I think it almost went to dispute and, it did went to dispute sorry, it went to dispute. There was a dispute resolution and I think we won. There was a payment, I think we had to pay the adjudicator and that's it.

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[REDACTED]

Okay.

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CERAN: So that's the only time I'm aware of it because it was messy and at the time I thought it wasn't Tony's fault. I clearly remember that.
[REDACTED] I mean did he do that off his own bat or did someone tell him or did he ask permission to do it or?

5 CERAN: Yeah, no he would have asked me to do it.
[REDACTED] Okay.
CERAN: Yeah.
[REDACTED] Okay.
CERAN: It was a messy, messy one, yeah.

10 [REDACTED] And you said, you said that was back in the Leichhardt days. Do you have any idea of the approximate year or month or?
CERAN: Oh, no I can't I'm sorry.
[REDACTED] No, there's no worries, no worries. Are you aware of any circumstance in which Tony Nguyen approved work that was either not completed or not completed to a satisfactory standard?

15 CERAN: No.
[REDACTED] And are you aware –
CERAN: When you mean approved, what do you mean by?
[REDACTED] Certification, certification delivery basically.

20 CERAN: No.
[REDACTED] Where he said this has been done and it wasn't done or wasn't done well enough.
CERAN: No. Not aware of that.
[REDACTED] Are you aware of any circumstance in which Tony Nguyen approved variations despite lacking the delegations to do so?

25 CERAN: No.
[REDACTED] Okay. And, other than, are you aware of any circumstance in which Tony Nguyen subverted the procurement process?
CERAN: Subverted?
[REDACTED] I understand failed to follow and undermined the outcome of the procurement process?

30 CERAN: No.
[REDACTED] Yeah, okay. Okay, getting there, still a little bit to go, to go, but getting there. I think we will make it. Okay, so I just want to talk a bit about purchase orders and spending against purchase orders. Okay, are you

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aware of any circumstance where Tony Nguyen failed to monitor spending on a supplier against a relevant purchase order?

CERAN:

No.

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██████████

Okay. Are you aware of any circumstance where he spent more on a supplier than was approved by the purchase order without a variation?

CERAN:

I don't think that's possible so I'd say no.

██████████

In my line of work you'd be surprised what happens. That is no way a commentary on this investigation or anything else it's just.

CERAN:

No, no I was just trying to think if would have been able to process an invoice over the purchase order that's why I am thinking no.

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██████████

So, there were controls in the finance system or that the ERP that would have stopped that?

CERAN:

Yeah, we would have had to vary the purchase order first.

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██████████

Okay, and was, what was the process by which the purchase orders were varied?

CERAN:

Oh again, you are testing my memory Inner West even. Um, I can't, I can't recall how we did it in Inner West, yeah I'm sorry.

██████████

No worries, that's fine. Were variations common on projects?

CERAN:

Yeah, yeah certainly, yes.

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██████████

I mean, do you think that was in part because of the issue with the budgeting and the scoping that you discussed earlier?

CERAN:

Yes.

██████████

And what other factors may have affected the likelihood of variations?

CERAN:

Well poor scoping by the time we scoped went out to tender. Another thing I tried to establish is a QS a quick under-estimate before going to tender so we knew whether we had value for money or close to. So that's something we were still learning process. Yeah, there's quite a few elements but scoping at the beginning and getting the budget before that that's probably the main issue. And the other one is contingency which when I started at Inner West was a word they didn't know, at Leichhardt sorry. And they developed to make sure when we established a budget we should also and as we developed the scope, finalised the design, made sure we got a contingency in the budget because that's what is supposed to go with variations.

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██████████

So, what you're saying is back then that basically the budget was "X" and there was no scope for overspend not like

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CERAN: On a lot of projects yes so it included the contingency so often that's why if we went over budget that's why I would have to prepare a document to my supervisor or director and request additional funding.

[REDACTED] Okay. But over time that's something that's processing?

5 CERAN: Yeah, I think that's something that improved. So, when we would put in a recommendation we would raise a purchase order with a contingency.

[REDACTED] And what would be a typical contingency as a percentage of the cost?

CERAN: It would depend on the project again.

[REDACTED] Okay.

10 CERAN: Yeah, depending even on location, possible contamination 10, 15, 20%, heritage.

[REDACTED] Yeah, yeah I take your point. Yeah. Okay. All right nearly there, I'm just going to close out with a series of questions, okay. Now obviously we've covered a fair bit of ground today but is there I guess anything you feel that perhaps I should have covered, I should have asked you about that doesn't really tell the full story in terms of the systems and processes that were in play.

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CERAN: I think no, we covered a lot. I guess the difficulty for me to answer sometime is the timeline because things have changed. They are not perfect, I think they are better than when I started there. Maybe interaction with staff, no I think there was a young Project Manager that I nominated to for her to work with Tony so she, you know Lojine, she was a young PM, she wasn't a PM she was like a Project Officer.

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[REDACTED] Hmm.

25 CERAN: And one of his tasks I asked him at the time was to be a mentor for her. So, and I think we more, that's probably the only thing we didn't cover but otherwise you have touched base on everything.

[REDACTED] So how long was he a mentor for her? When did that start do you remember?

30 CERAN: Probably, yeah probably at the time we merged when she started, when she came she was a Marrickville staff, Lojine.

[REDACTED] How do you spell it? L I (spells)

CERAN: L O G I N E (spells)

1:05:54

35 [REDACTED] Right and what was her surname? Do you remember?

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CERAN: Frost F R O S T (spells). So yeah I think it was to develop her. I think now she is a PM. So, she would have had worked a bit more closely than I possibly did at a time when, you know, when we were merging and I was.

5 [REDACTED] Yeah.

CERAN: Yeah.

[REDACTED] Yeah, okay. Also, just to sort of summarise something that basically you started off in Leichhardt, there were a lot of challenges with the systems but you were working on improving them at the time of the amalgamation. You were having some wins but not complete wins?

10 CERAN: Yeah.

[REDACTED] Once the amalgamation happened there was a lot of chaos because of all the structural changes and that kind of thing.

PEARCE: Yeah.

15 [REDACTED] That continued with a lot of the changes with Senior Management and so on, restructures that were happening, but you still kept trying to improve the systems. The big gains were ultimately made once the Procurement Team was set up and they started to bring new things in. Is that a fair summary of your overall evaluation of the systems?

20 CERAN: Yeah, it's a good summary. And yeah, I think, oh I've forgot his name, Joe Cavanigno is the, yeah he had been, I think he had been engaged later in Leichhardt just before we merged and then looked after the procurement so working with them, even trying to establish contract management framework is one of the things I was trying to work when I left Inner West.

25 [REDACTED] Okay. One of the things we have discussed today you talked a fair bit about improvements that you either implemented or, you know, were implemented that effected your work and I appreciate you have left council so just consider the situation at the time you left council are there, if you were in my shoes, are there any other improvements you'd recommend making?

30 CERAN: That's a good one. It could always improve. I'd say the thing I've been pushing hard at Canada Bay is the Project Management Framework which I was trying to work at Inner West. I think there was too many, too many chiefs, so and it didn't go anywhere and we are about to implement our to do testing next month at Canada Bay and for me and

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5 establish a PMO, so, so we don't have, it's typical unfortunately to local government those projects are, they come, they've got budgets and then we have to deliver so we try to change that. So that's what I'm working at the moment we've got a PMO Coordinator and so we are going to establish that so I think that's something to and the maturity, two of the Project Managers is something that I had been pushing when I was there, try to get often (unintelligible) the PMs they're engineers. They were engineers to start with that don't necessarily have the project management skills and so I was trying to instil that at Inner West, tried to do the same at Canada Bay and so I think that just putting things in so you don't have to think, you just follow the process 'cause I think one of the failures then, back then, you know, how do you make sure that on every project you keep doing the same thing. So, you do your tender evaluation does everyone has signed the Code of Conduct, you know, if I'm there I could remind the guys but if no-one's there that should be something systematic and unfortunately I'm sure you do note it on projects, doing audits on projects is also important. Like, and making sure that, yeah, you don't have to think, you just follow the process.

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20 [REDACTED] So, it's really about both the project management governance framework, setting up the PMO, setting up the management framework and having oversight through audits and reviews and that kind of thing.

CERAN: Yeah. Yeah.

25 [REDACTED] In your current role at Canada Bay, I mean given that project context do you use a particular project management methodology? Like PMBOK or Prince 2 or whatever else?

CERAN: No, because that's all we are trying to establish so I am a bit biased because I am a PMBOK I am from PMBOK and been implementing that. But yeah, that's what we're working on.

30 [REDACTED] And I assume there was a particular methodology at Inner West that was used?

CERAN: No same thing I was trying to push (unintelligible) that's all I knew, like I said at the time I'd like had approval to use the Project Management Manual from City of Sydney which was great but it was enormous and it wasn't suitable for, you know we didn't have the same budget that they've got so the structure was far from what we could do or they do at City of Sydney. But we're still trying to bastardize that document and

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trying to implement it so I have been working on it and just before we were about to lodge it I had to work with Peter Gainsford a lot on that, we merged so that sort of went out the window.

5 [REDACTED] Okay, is there anything further you want to add about the matters we've discussed today?

CERAN: I don't know if it needs to be recorded, personally it's disappointing because obviously there's has been a failure in the system and I feel like I've been, I don't know, I was just disappointed. I was hoping there was nothing, anyway it's just disappointing.

10 [REDACTED] I will say this is an ongoing investigation, no findings have been established you know.

CERAN: Yeah, I know, I know, I know it's just -

[REDACTED] So, I don't want to, I don't want to -

CERAN: - you know you could trust, yeah I know.

15 [REDACTED] But, but I understand that obviously, yeah I understand if you feel that way, and I'm just, yeah.

CERAN: Yeah.

[REDACTED] Okay, all right, so the only other question I have is do you have any concerns about the way in which you've been interviewed today?

20 CERAN: No.

[REDACTED] Okay. The time is now 2:17 and I will turn off the camera, turn off the recording, sorry.

END OF RECORDING

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