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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE MEGAN LATHAM

PUBLIC HEARING

OPERATION RICCO

Reference: Operation E14/2586

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON FRIDAY 3 JUNE 2016

AT 12.35PM

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This transcript has been prepared in accordance with conventions used in the Supreme Court.

THE COMMISSIONER: Yes, good afternoon. I thought, in the circumstances, we would adjourn at 1.30 and take a three-quarters of an hour luncheon break and resume at quarter past 2.00, if that's suitable. And today we have Ms Rowe and Mr Mottau, is that right?

MR THANGARAJ: Yes, and Mr Byrnes, if we can get to him.

THE COMMISSIONER: Okay. All right. Yes?

10 MS GERACE: Commissioner, if you please, seek leave to appear for Ms Cullinane instead of Ms McNaughton.

THE COMMISSIONER: Yes, thank you. That leave is granted.

MR EKSTEIN: Your Honour, Ekstein, solicitor.

THE COMMISSIONER: Yes.

20 MR EKSTEIN: I seek leave to appear for Ms Rowe.

THE COMMISSIONER: Ms Rowe, yes. That leave is granted, Mr Ekstein. Thank you.

MR ABOUD: Commissioner, I seek authorisation to appear for Mr Goodman instead of Mr (not transcribable).

THE COMMISSIONER: Yes, thank you. That leave is granted. And - - -

30 MR FINI: Commissioner, my name is Fini and I'm seeking leave to appear for Gary - - -

THE COMMISSIONER: Mr Mottau?

MR FINI: Mottau, yes.

THE COMMISSIONER: Yes, thank you. That leave is granted. Nothing else in the wings? No? Yes, Mr Thangaraj.

40 MR THANGARAJ: Karen Rowe, Commissioner.

THE COMMISSIONER: Can Ms Rowe come forward, please. Mr Ekstein, I take it you've explained the effect of a section 38 order to Ms Rowe?

MR EKSTEIN: And she would seek a section 38 order if Your Honour pleases.

THE COMMISSIONER: Thank you. Ms Rowe, I just want to make sure that you appreciate that the section 38 order protects you from the use of

your answers against you in any civil or criminal proceedings, but it does not protect you if it should be found you've given false or misleading evidence to the Commission. Do you understand that?

MS ROWE: I understand.

10 THE COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by this witness and all documents and things produced by this witness during the course of the witness's evidence at this public inquiry are to be regarded as having been given or produced on objection and there is no need for the witness to make objection in respect of any particular answer given or document or thing produced.

20 **PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN BY THIS WITNESS AND ALL DOCUMENTS AND THINGS PRODUCED BY THIS WITNESS DURING THE COURSE OF THE WITNESS'S EVIDENCE AT THIS PUBLIC INQUIRY ARE TO BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON OBJECTION AND THERE IS NO NEED FOR THE WITNESS TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT OR THING PRODUCED.**

30 THE COMMISSIONER: Would you like to be sworn or affirmed, Ms Rowe?

MS ROWE: Sworn, please.

THE COMMISSIONER: Yes. Can we swear the witness?

THE COMMISSIONER: Yes, Mr Thangaraj.

MR THANGARAJ: Ms Rowe, could you give the Commission your full name, please?---Karen May Rowe.

10 And you are employed by the City of Botany Bay Council?---Yes, I am.

And what's your role there?---Financial coordinator.

All right. If you just speak up a bit, just so everyone can hear.---Financial coordinator.

Thanks. And have you prepared a statement for these proceedings?---Yes, I have.

20 I'll just show you this.---Thank you.

And is that a copy of your statement?---Yes, it is.

Dated 27 April, 2016?---That's correct.

And it has some annexures with it.---That's correct.

This statement is on the restricted website, Commissioner, but I tender it for the - - -

30 THE COMMISSIONER: Yes, in the inquiry. Yes. So that will be Exhibit R79.

**#EXHIBIT R79 - STATEMENT OF KAREN ROWE AND ANNEXURES DATED 27 APRIL 2016**

40 MR THANGARAJ: Ms Rowe, I'm just going to take you through a couple of these paragraphs just to highlight a couple of points and then I'll ask you a few questions about the external auditor and then other - some other people have some questions for you. All right. All right. Paragraph 3 you list your educational background. Do you have a copy of the statement there?---Yeah.

Okay. And go to paragraph 4, page 2. You've been previously employed as a financial controller for a public relations firm and before that the financial accountant for another Council for a few years?---That's correct.

Paragraph 5 you explain what it is that your current position required with respect to accounting qualifications?---Yes.

And at paragraph 6 you say that you were appointed by the Deputy General Manager and you report to the Chief Financial Officer with some people reporting to you and you've listed those people at paragraph 7?---Yes.

10 All right. You make some observations at paragraph 8 and at paragraph 10 is it still the situation that you are the only qualified accountant in a senior role within the Finance Division?---We have employed some contractors who are also qualified accountants now.

All right. And what role do they have?---I have two management accountants, a financial accountant and a new CFO.

And do the accountants report to you?---Yes.

20 Okay. All right. If you go to page 9 please. Paragraph 31 you've made some observations about creating a vendor in the financial system. Has that changed in the last couple of months?---It changed end of last year – sorry, excuse me – where we - - -

THE COMMISSIONER: End of 2015?---Yes.

MR THANGARAJ: Okay. And then if you go to page 13 finally please. Paragraph 49 you make some observations about Teletec and Mr Byrnes? ---Yes.

30 All right. So you might be asked some questions about that. All right. I just want to ask you some questions – you can put that statement to one side, Ms Rowe. Thanks. I just want to ask you some questions about your experience and observations of the external auditor. You've had previous experience in Local Governments dealing with external auditors have you? ---Yes, I have.

And where is that, is it just in your – in the previous Council or is it the PR firm as well?---Yes, the previous Council.

40 Okay. All right. And the auditor requires certain things to be done before it's passed so to speak. Is that the case?---There could be questions about what they're trying to find if they haven't found the evidence they want to see.

Yeah.---They may seek more information.

All right. Compared to your previous experience in Local Government, how easy were the Hill Roger's audits to pass?---I believe they were consistent to my previous audit experience.

All right. And did you have a view as to – or what knowledge did you have of what it is that they were doing or did do?---In what sense?

10 Were you – how were you involved in that process if at all with the auditors?---I dealt with them day to day, making sure they were getting the information they were requesting and then when they compiled the draft management letter I would review it and challenge them the findings if they haven't been provided with all the evidence they need to see that those processes were existing.

All right. Just tell us what a, I think everyone knows but just in case, just tell us what a draft management letter is.---It's a letter of their findings about our controls and processes in place at Botany Council.

All right. And why is it called a draft?---It does get finalised once it's been approved.

20 All right.---So it's a draft, it gets discussed then they provide a final management letter. Botany Council will respond to the formal letter and that ties off the project – process until the final year audit.

All right. And do you know who is authorised to sign off, or sorry, to finalise on behalf of council to finalise the draft manager letter?---I would expected it to be the General Manager.

30 Did you have a view in your engagement with the external auditor about the thoroughness of what they were doing?---I had some personal opinions but I didn't share them with anyone.

Right. Not even the auditor?---No.

All right. And why was that?---They're just my personal opinions.

THE COMMISSIONER: Based on your professional experience?---Based on previous audits that I've been questioned about and similar experiences.

40 MR THANGARAJ: Sorry what sort of concerns did you have that you did not raise with them?---It was a different style audit to what I've been used to.

In what way?---A different audit firm, so it was just different to me.

Right?---It wasn't necessarily a bad thing, it was just different for me.

Okay. All right. Can I ask you to go to, sorry, can we have brought up please the 2015 draft management letter or one of them. It's page 65 on the bottom of volume 4, sorry, it's volume 4, page 65. I want to take you to

point 2.1 at the bottom of the page. Just have a read of that to yourself and then over the page, the first five, six lines. All right. Have you read that?  
---Yes.

Bank reconciliation. Did you have a concern about that? Sorry, I'll go back a step. Were you aware of that when you were having discussions with the external auditor about the bank reconciliation issue?---Yes.

And did you have any concerns about it?---Yes.

10

And what concerns were they?---The same concerns I wrote in this letter. There's large balances, large number of unreconciled items.

And you, if you just go down a bit, scroll down a bit, sorry, please on that page. You see there's a comment in blue, there were timing differences for a number of unreconciled items?---Yes.

20

Did you – was that your observation that's gone in there or do you not know?---No, it is an observation, there are timing differences. For instance with credit card payments, so the receipt may occur, you may not receive the payment from the credit card until two to three days after. So that causes some of the delays in a bank rec.

Yes?---But the balance was still very large.

30

So firstly this, this entry in blue there were timing differences, was that something that you had contributed as part of management or is it somebody else who said that?---It would have been part me. It would have been my initial comment that goes up for review by my senior managers.

And could you tell what level of or what – roughly what percentage or what amounts of this problem was attributable to unreconciled items or otherwise?---Could you say that again?

Yes. Was the timing difference responsible for the entirety of the reconciliation problem or not?---No.

40

And so can you tell - - -?---Off the top of my head I couldn't give you a percentage without actually looking at a bank rec.

All right. Well what did you say to the auditors about this problem besides the timing difference if anything?---I believe another problem related to the person performing the role.

Is that what you told them?---No. We had a discussion about it and I more than likely gave the endeavour that it would be cleared before year end. And I believe it was.

So you believe by end of year, by year end there were no reconciliation problems?---There would have been a small number of outstanding items, but the bulk of it had been reconciled.

All right. And was that reconciled by a timing difference or were there other reasons as well?---As I mentioned there were some staff issues regarding the bank rec and that staff's, person's ability to perform her task in a timely manner.

10 And sorry whose task were you talking about?---The accountant who was in charge of doing the bank reconciliation daily.

Right. Right. All right. If you go down then to point 2 point, sorry, point 2.3 down the bottom of the page and over the page. All right. You've referred in your statement to this issue of works in excess of \$150,000 and you've referred to having concerns about Teletec which I think is in paragraph 49 of your statement. What role if any did you have in discussing these issues with the external auditor?---I was not able to discuss these issues with the external auditor. I was told by my CFO that he would be  
20 looking after this point in the management letter.

All right. Then who was CFO at that time that you're talking about?  
---Gary Goodman.

All right. Is this something that you had experienced in the past, these sort of, these amounts in excess of the threshold, the section 55 150 threshold?  
---In where?

30 In your earlier job at another council?---Yes, it's a regular thing that occurs.

And, and then how's it, how's it normally dealt with?---It depends on the council's procurement processes. It was not a large issue at my former employer - - -

Yes?--- - - - due to their procurement processes, things were maybe better controlled.

40 Right. So do you know what happened after Mr Goodman told you that he would take care of this with respect to the external auditor, did you, do you know what happened after that?---They remain unresolved.

As of when?---This management letter was never finalised.

Right?---Because the meeting set up to do with this letter were always cancelled by Mr Goodman.

All right. So do you know whether this has been resolved even as of today or - - -?---A lot of them have been, obviously some of them cannot be resolved due to certain circumstances.

All right. Well I think we understand that. All right. Apart from the Teletec that you raised in your statement did you have concerns about any of the others potentially being fraudulent?---The one that stood out to me the most was Teletec.

10

Sorry, I'm sorry, I missed that?---The one that stood out the most to me was Teletec.

All right. And why was that?---I found it unusual for a council to spend that much money on telecommunications.

Right. All right. Nothing further.

20

THE COMMISSIONER: Yes, who wants to ask Ms Rowe any questions?

MS GERACE: I do, Commissioner.

THE COMMISSIONER: Yes, go ahead.

30

MS GERACE: Thank you. Ms Rowe, I appear for Ms Cullinane and I just wanted to ask you some questions about your appointment and flesh out some of the material in your statement. Thank you. You refer in your statement to the fact that you were hired on the back of job advertisement seeking someone with tertiary qualifications in accounting. That's correct isn't it?---That's correct.

And that part of the role advertised and the position as put to you was that the council was seeking a qualified accountant with significant experience in order to undertake various tasks on behalf of the council?---Without knowing what various tasks you're referring to - - -

40

I'm referring to the job – the bullet points in the job description that's next to your statement. They were, they were the position purposes I think that you've said was the job description which you answered?—Yes, that's correct.

Do you want to have a look at that? Yep. O.K. All right. And some of those responsibilities or roles, sorry, I'll withdraw that. Some of those duties included getting in and having a look at the financial systems and seeking to ensure the integrity of those systems which you set about doing on your employment. Correct?---That's correct.

Other of those roles included leading the finance team and you attempted to do that in the best way you could, noting the interference that you had from Mr Goodman. Correct?---That's correct.

And seeking to manage key financial functions of the council including preparing financial statements and returns et cetera as set out in the job description. Correct?---That's correct.

10 All right. Now, Lorraine Cullinane was one of the persons who interviewed you for the role. Correct?---That's correct.

And at or about that time or shortly thereafter is it fair to say that you had some discussions with Lorraine or she had some discussions with you about some of the things that were concerning her or some issues that had come up for her about what was happening in the finance section?---You need to be more specific.

20 Yes, I will be. Did – was one of the issues that she discussed with you is that she wanted you in fact to be the interface between staff and Gary Goodman and that staff were to report to you and not Gary Goodman so - - - ?---that's correct, yes.

All right. So Ms Cullinane when she pointed you said that she would like the chain of command to be clearer in the finance section firstly?---Yes.

And that the chain of command she wanted implemented was that she wanted staff to report to you and you were to take concerns to Gary Goodman if you couldn't deal with them in your role. Correct?---Correct.

30 And if Gary Goodman wanted something done he was to come to you. This was the way it was meant to work. Correct?---That was the way it was explained to me, yes.

Yes. And that you were then – would then go to staff. Correct?---Correct.

40 All right. Now, was another – so that's the first – one of the first issues she discussed and was another issue that she discussed with you was some concerns about a working relationship that had developed between Gary Goodman, Suman Mishra and Mark Thompson.---You will need to be more specific - - -

All right.--- - - - about what relationship you're referring to.

Well, it wasn't put in a specific sense. What she wanted as part of your role was to look at the systems within the finance section, correct, firstly?---She wanted more segregation of duties.

Right. And it was in that context she said something along the lines – I’m not trying to use her words, it was a long time ago. I’m trying to ask you did she convey to you a concern firstly, that there was not enough segregation of duties between those three people?---There was concerns about Mark Thompson having so much control. I can’t recall anything particular regarding Ms Mishra.

10 Right. Okay. But there was a conveyance to you of some concern about Mr Thompson having significant control and wanting to look at how you could set up systems to more segregate the responsibilities in the finance section?---Yes.

All right. Good. And she wanted you to look over those things. Do you recall any concern about Ms Mishra’s responsibility for assets being conveyed to you?---Not particularly, no.

20 All right. Okay. All right. Do you recall Ms Cullinane, another matter that came up in these discussions about wanting you to look at the skills and capacity of the finance staff?---I don’t recall specifically, no.

All right. After your appointment you set about meeting with a number of the staff. Do you recall that?---Yes.

All right. Now, as part of that process was, was it firstly, partly to introduced yourself?---Yes.

30 And secondly, to inquire as to what the staff were doing and what their skills were and the processes that were being undertaken by each of them? ---Yes, that’s correct.

All right. So as part of that initial process is it fair to describe what you were doing in those meetings, you were undertaking a review of the skills and capacity of each of the staff members in the finance section informally?---Yes, I did for my own management style.

All right. Now, was another thing that Ms Cullinane wanted you to do was to look at the structure within the finance section and come up with some ideas about how things could be improved?---Yes.

40 All right. Okay. And armed with those concerns raised by Ms Cullinane that you’ve agreed you can recall and the job which you were allocated you then set about that process reviewing the staff, reviewing the processes, looking at where there were problems and making suggestions about what could be done about them?---I commenced to do my role, yes.

Yes. Good. Now, annexed to your statement there was an email of 25 February, 2015. Now, if I can just take you to that. Do you have that in

front of you? If the Commission wishes to bring it up. It's the email, 25 February, 1.46pm, from Ms Rowe to Ms Cullinane.

MR THANGARAJ: We need a volume number.

MS GERACE: Oh, yes. Well, it's – I don't know what volume it is. It's Exhibit R79. And it's tab 1, or Exhibit 1, to – it's just the document that's just been tendered. E14/2586/095/003. It's a statement. Yes, do you have a copy of your statement with you?---Yes, but that email's not in there.

10

Okay. Have you found the email?---No.

All right. It's in the documents at the back of your statement, if you go to page 24, and then it's five or six documents in. It starts with your header.

THE COMMISSIONER: What's the date of the email?

MS GERACE: 25 February, 2015, Commissioner. The top part of the email is 2.28pm, but the bottom part of the email is 1.46pm. That's the one. The one that's come up.---Have a look at that?

20

Yeah. All right. Now, this is the email that's been attached to your statement in terms of your request for delegations.---That's correct.

All right. Now, before I ask you about the delegations, can we look down to the bottom two paragraphs? Do you see here you telling Ms Cullinane that you are meeting with the staff? Yes?---That's correct.

30

And that you were certainly getting a picture of some of the issues that you, that Ms Cullinane had alluded to in your discussions with her?---Yes.

All right. And they were the issues we talked about earlier, the concerns she had about role segregation, Mark Thompson's responsibility, and some general concerns about the systems and processes that were going on down there, correct?---More than likely, yes.

All right. Okay. And consistent with the evidence you've given this morning, you're letting Ms Cullinane know that you would get back to her early next week with a proposed action plan for the next four weeks?

40

---That's correct.

All right. Good. Now, may I then ask you about the delegations? When you are referring in this document to the delegations, are you referring to the delegations of authority or specific financial delegations?---I refer to delegations in the sense of who can approve what in monetary limits and also in work flow.

So you're referring to the financial delegations?---And also in work flow, who has authority to do certain functions.

All right. Terrific. Okay. All right. Now, and your recollection is that financial delegations, as in delegations of the financial limits up to which a person may incur a cost, were not on the intranet?---No, they were not.

All right. Okay. And not part of the procurement policy within council?  
---I am yet to receive a copy of the financial delegations.

10

All right. Even to this day?---I believe they're under review.

Right.---And we expect to receive them shortly.

All right. But even to this day, it is your evidence you've not received a copy of the financial delegations?---No.

20

Okay. So, coming back then to some of those concerns, we talked about the chain of command. Is it fair to also say that Ms Cullinane had a view that the only person who should be going to Gary Goodman in his office in order to do things in terms of the finance was you?---That was the idea.

All right. And that you were then to oversee the staff?---That was the idea.

That's what I'm trying to get to the point. That was, in fact, what Ms Cullinane wanted to try and achieve?---That was what my job was supposed to be, yes.

30

Was that the only person who went into Gary Goodman's office to get anything approved or whatever was you, and you supervised the staff getting it approved, correct?---Yes.

And the second point was reducing the reliance on Mark Thompson and his control in that section.---Yes.

All right. And that was certainly, once you got into the division, started to look about, that was also of concern to you?---Yes.

40

All right. And looking at how you could split functions so that he did not, in fact, have control across all of the functions within the section?---That's correct.

All right. Now, is it fair to say also that in terms of once you came into your role and started undertaking the tasks as allocated to you, consistent with your job description and those matters we've discussed about, those matters we've discussed, that you started to report those problems in writing, at least initially, to your director, report Gary Goodman.---Yes.

All right. And when relevant, or you encountered resistance to those matters, some of them you then reported to Lorraine Cullinane?---That's correct.

All right. And in respect, one instance, might I suggest to you, was when you were encountering some difficulty in obtaining access to some of the financial software or system, you took to Lorraine Cullinane, did you not? ---That's correct.

10 All right. And that was because you had tried to obtain the access yourself and were encountering some resistance?---Yes.

Took it to Ms Cullinane?---Yes.

And then she acted to try to resolved that?---Yes.

All right. And consistent with that, I think you might have sent her some communication at some stage that said something like, "Thanks for the kicking"?---Yes.

20

Because it needed a kicking to get it done, didn't it?---Yes.

All right. And, all right. Now, the other thing I wanted to ask you about, these problems that you note in your statement, the weaknesses in the processes, is it fair also to say that insofar as there was a second in charge to Mr Goodman before you had the role, those problems should have been apparent to that 2IC as well?---I can't comment on that person's ability or what they did nor didn't know.

30 I'm not asking you to say whether they did or they didn't know, but I am going to ask you this. Because of your financial background and your previous experience, it wasn't difficult for you to identify the problems, was it?---I did not find it difficult to identify there were some issues.

All right. And including, might I say, Ms Rowe, that it soon came to your intention, probably in about July 2015, did it not, that creditors were processing a payment to Ms Cullinane?---Can you be more specific, please?

40 Yes. In or about July 2015, did you identify a payment being made through the creditor system to Ms Cullinane on an annual basis?---I did not discover it through the creditor system, no.

All right. Did you come to discover it, though?---I did discover a payment, an unusual payment, yes.

All right. And as a result of that, and properly, you made an inquiry about it, correct?---Yes.

And you raised that with Ms Farquharson, is that right? In HR?---As it involved superannuation, yes.

All right. But that's who you raised it with, wasn't it?---Initially, because there was an unreconciled item in the superannuation account.

Yeah.---At that stage I did not know it was a payment to Ms Cullinane.

10 Oh, so I see. So you discovered it by finding an unreconciled - - -?---Yes.

All right. Understood. And so if anyone had responsibility then for determining or looking at any unreconciled items they would have then determined – found exactly as you had found. Correct?---They could have, yes.

Yeah. All right. And so you found the item and then who did you speak to to determine that it was superannuation?---It was costed to the superannuation account.

20 Yes. And then who did you speak to?---I raised it with Human Resources.

Right.---And that was – Ms Farquharson was the manager of Human Resources at that point in time.

Yes.---And then she raised it with Martin Perry who was manager of Governance.

30 Yes. All right.---And they took it off me and they took it up to the General Manager.

Thank you.---And I don't know what happened after that.

Right. Sorry, I just want to be clear about how you discovered it just so I understand. I wasn't there. It was an unreconciled allocation in a superannuation account or - - -?---I was reconciling superannuation.

Thank you.---Which was contributions made.

40 Yes.---Payments, like contributions received so paid on behalf of staff and what we paid across to the institutions. There was a large unreconciled balance in the account so I dug a bit deeper and I asked Human Resources to provide the supporting documentation for that entry.

All right. And now, when you were doing – before you went to HR and you were doing the reconciliation and then the digging, did that lead you to conclude that that was a superannuation being paid to Ms Cullinane? ---When I first looked at it it was in the superannuation account.

Yes.---I assumed it was superannuation.

Yes.---I handed the query to Human Resources.

Yes.---Who said well, no, they've got no supporting records for that.

Yes.---They asked me to dig a bit deeper. I discovered it had been paid to Ms Cullinane's, in her name.

10 Yes.---Human Resources confirmed it was her bank account.

Yes.---It was passed onto the manager of Governance.

Yes.---And they took it up to the General Manager.

All right. That bit I understand. I'm just trying to understand in terms of the entry in the superannuation account that you were reconciling. Did it have Ms Cullinane's name next to it?---Yes.

20 All right. That's what I wanted to understand. All right. Good. So it was recorded in the superannuation accounts of Council as a payment of superannuation to Ms Cullinane but had not been allocated correctly. You made an inquiry and those steps that you just took?---Yes.

All right. Now, coming back to my question. If accounts had been reconciled properly, I mean you came in 2015. I think you started was it February?---End of February, yes.

30 All right. Came in in February, 2015 and this is about July, 2015 not long after. Correct?---Correct.

Right. And reconciliation of accounts is a standard function you would have expected had been undertaken by internal staff of the Council. Correct?---Yes.

All right. Insofar as someone had responsibility for reconciling those accounts they would have, they would have found exactly the same information that you had found. Correct?---You would expect so, yes.

40 All right. Thank you. Now, I wanted to just ask you finally some questions about the audit process itself and some of the problems that you identified. The – for instance the limited and non-descriptive narrations on entries in the accounts ledger which you refer to as a problem.---Yes.

Would you have expected auditors to have identified that as an area of concern?---Again, don't have the history of what their findings were. I only saw the last two years management representation or management letters

but I don't really know. I can't – not being an auditor I can't speak on what their opinion is on Council's financial accounting systems.

Okay.---Whether they have an issue with the narration or not.

But you have some significant audit experience outside of even Council. Correct?---I find it unusual and I find it difficult to work with and that's a personal opinion.

10 And unusual that that would not be something identified by auditors? Leave aside these auditors. I'm not seeking to criticise this company but I just want to ask generally would you have expected that to have been picked up?---It's a minor thing and I guess if there was nothing else outstanding it would be an issue we'd raise.

It's a minor thing but important in terms of ensuring an accurate description of why an entry has been made?---It does help.

20 And it helps for cross check purposes. Correct?---Correct.

All right. The same problem in relation to limited narration on payment entries. Correct?---Yes.

And without an accurate and fulsome description of the payment entry, it makes it difficult to determine firstly what the payment is for. Yes?---You need to dig in and go find the original voucher.

30 Which is a lot easier to do very quickly if its fulsomely described. Would you agree with that?---It makes it a lot easier, yes.

So therefore the absence makes it very difficult to cross check entries. Would you agree with that?---It makes it more challenging, yes.

And failure to scan and keep documents with the payment, again the same problem, it makes it more difficult to check them?---It does.

Right. And accounts no reconciling would you have expected the auditors to pick that up?---I believe they did pick that up.

40 All right. And that's appropriate and they should have?---Yes.

All right. Should that have also been picked up internally?---In my personal opinion, yes.

All right. The limited narration, sorry I forgot to ask this question when we were doing it, on payment entries and other entries, who was making those limited – who was - - -?---The accounts payable clerk.

Who was that?---Sharon Dale.

Thank you. Can I ask just for the witness, sorry, if we could call up, it's again the same document that was called up before, the statement, no actually it's, I'll get there, it's actually Exhibit R78, tab 1. It's an email from, headed Lorraine Cullinane to, from Karen Rowe to Lorraine Cullinane dated 30 March, 2015. Oh, O.K. All right. I'll deal with it this way. Ms Rowe, if you're able to, oh thank you, sorry, I don't know if it's been open before, is that, are you looking at an email from - - -?---It hasn't  
10 been open for me.

Oh, O.K.?---So which tab do I need?

It's tab 1?---An email?

Do you see, it's an email, it's headed Lorraine Cullinane, it looks like it might have been printed from her email account, but it's in fact the top section is an email from you to Lorraine Cullinane - - -?---Yes.

20 - - - on 30 March. All right. If we start from the beginning, down the bottom and just have a look over it and then I'll ask you some questions. All right. The question I wanted to ask you is this, is this an example where a problem was brought to your attention about access to information?  
---From the contractor?

Yes?---Yes.

All right. And you were able to speak to Ms Cullinane to raise the issue with her. Correct?---I sent her an email and asked to discuss.  
30

All right. And I think you, it says yes, let's meet?---Yep.

And the top part is an email saying it's been resolved. Thanks for your attention, thanks for your prompt attention?---Yes.

All right. Now aside from the matter that you've identified in terms of the financial delegations not being provided to you or the delegations, putting that aside, is this email and the other email I've taken you to about, that you acknowledged, the thanks for the kicking and the discussions et cetera,  
40 consistent with what your impression was that when you did raise concerns about things that needed to be addressed, Ms Cullinane was able to give and give prompt attention to try and assist to resolve them?---In this example Lorraine set up a meeting.

Yep?---Gary then intervened and said it wasn't required and he would handle the issue.

All right. I understand. Leaving aside Mr Goodman, but in terms of your impressions of Ms Cullinane?---She attempted to fix the issues I raised.

Yes, thank you very much. Yes, they're my questions, Commissioner.

THE COMMISSIONER: Yes, any other questions?

MR ABOUD: Ms Rowe, my name is Michael Abboud and I appear for Mr Goodman in this inquiry. I've just got questions for you.---Ah hmm.

10

Ms Rowe, right throughout your statement, you raise very severe concerns about the wide-ranging powers that people at the council have. Is that correct?---I don't believe I used the word "severe".

Would you say major concerns?---I said I had concerns. I didn't use the words "severe" or "major". I don't believe I used those words.

But there were concerns, nevertheless, weren't there?---There was concern, yes.

20

Yes. And even going to find what your concerns related to, such as the creation of invoicing? Would that be correct?---I had concerns regarding the accounts payable process.

Yes? You talk about creation of invoicing, payments, and the creation of supply, and electronic fund transfers. Do you remember that?---Which paragraph was that, sorry.

I can take you to the paragraph.---Yes, please.

30

28, I think it was.---Yes, I had concerns about Mark Thompson's ability to control the end-to-end of accounts payable.

Yes, apart from Mr Thompson, the concerns about Mr Thompson, who else did you have concerns about?

THE COMMISSIONER: You mean concerns in terms of one person having control of a process from end to end, Mr Abboud?

40

MR ABOUD: That is so. That is so, Commissioner.

THE COMMISSIONER: Do you understand the question?---In my statement I said I have concerns about Mark Thompson's ability to control the accounts payable system from end to end.

Ah hmm. Did you have that concern about anyone else?---I had a number of concerns.

About specific people having control over the process from end to end?  
---No, only Mark Thompson in this scenario.

Right.

MR ABBOD: And apart from Mr Goodman, Ms Rowe, you mention Mr Barry Burns, and you even mention Ms Sharon Dale having wide range of powers. Do you remember that?---I didn't say they had wide range of powers.

10

Okay. If I can take you to paragraph 65 of your statement relating to Mr Mark Thompson. Do you have that there for us?---Yeah, which is his control over the system.

Yes. And you go on to say that they can be printed, manually manipulated. Data can be manipulated in Excel.---That's correct.

Was that another concern you had?---Again, it was concern for the control that Mark Thompson had of the system.

20

So would it be correct to say that apart from the concerns you had about the powers of Mr Goodman, you had concerns about the powers that other people had?---I stated I had concerns about the control that Mark Thompson had in my statement, yes.

Yes. And you even were so concerned that, in paragraph 28, you refer to the fraud risk, don't you? Second last line. You say, "This is a very unusual arrangement and he's a fraud risk." Can you see that?---I found it as a risk.

30

So would it be correct to say, or am I at liberty to suggest to you, that if any one of these people wanted to engage in any corrupt activity or misappropriate funds, could they have done that?---I believe that you shouldn't be able to have that liberty.

That's not the question I'm asking. I'm asking if any of these people wished to do that, could they have done it?---They did not have the access to do that.

40

Pardon?

THE COMMISSIONER: Mr Abboud, I just wonder, when you say "these people", thus far - - -

MR ABBOD: I can name them, Commissioner.

THE COMMISSIONER: She's only referred to Mr Thompson, so you'd better put it specifically.

MR ABBOUD: She refers also to Mr Barry Burns having wide powers and Ms Dale even having - - - ---Where did I refer to Ms Dale having wide powers and Mr Burns having wide powers?

If I can take you to paragraph 48 of your statement?---There's no mention of wide powers there. That's a direct statement that Sharon Dale does a narration on accounts payable invoices and entries.

10 All right. So this isn't consulting, this is an inadequate level of description I considered at the time but these costing errors could have been suspicious and required further review?---There's no mention of her having power.

Okay. Well if you don't want to call it power would you say that she had duties that were not subject to checks and balances?---She performed a role and she could have performed that role better.

Okay. But could she have performed it worse?---Absolutely.

20 And could have Barry Byrnes performed it worse if he wanted to?---Barry Byrnes didn't perform that role.

Any other role concerning any accounts, invoices, financial matter?---Barry Byrnes was the financial accountant, he didn't do any accounts payable work.

Okay. And, there's nothing further, Commissioner.

30 THE COMMISSIONER: Thank you, Mr Abboud. Any other questions of Ms Rowe? No. Nothing arising Mr Thangaraj?

MR THANGARAJ: No, no Commissioner.

THE COMMISSIONER: Thank you Ms Rowe. You may step down. And it's half past 1.00. I'll take an adjournment and we'll resume at quarter past 2.00.

MR EKSTEIN: May we be excused?

40 THE COMMISSIONER: Yes, you are excused.

**THE WITNESS EXCUSED** [1.27pm]

**LUNCHEON ADJOURNMENT** [1.27pm]