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06/06/2016

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pp 01482-01528

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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 MONDAY 6 JUNE 2016

AT 10.30AM

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

THE COMMISSIONER: Yes. Yes, Mr Thangaraj.

MR THANGARAJ: George Glinatsis, Commissioner.

THE COMMISSIONER: Yes, just come forward, Mr Glinatsis. I take it, Mr Moses, that Mr Glinatsis knows of the effect of the section 38 order.

MR MOSES: Yes, Commissioner. That's been explained to him.

10 THE COMMISSIONER: Just take a seat, Mr Glinatsis.

MR GLINATSI: Thank you, Commissioner.

THE COMMISSIONER: Mr Glinatsis, I just need to make sure that you appreciate that the section 38 order does not protect you from the use of your answers if it should be found that you've given any false or misleading evidence. You understand that?

20 MR GLINATSI: Completely, yes.

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.

30 **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.**

40

THE COMMISSIONER: Would you like to be sworn or affirmed, Mr Glinatsis?

MR GLINATSI: Sworn, Commissioner.

THE COMMISSIONER: Have the witness sworn, thank you.

THE COMMISSIONER: Yes, Mr Thangaraj.

MR THANGARAJ: Mr Glinatsis, can you give the Commission your full name, please?---Should I stand, Commissioner? Or just - - -

10 THE COMMISSIONER: No, no. Just remain sitting.---George Michael Glinatsis.

MR THANGARAJ: And you are a councillor at the Botany Bay Council? ---Yes.

All right. You've prepared a statement in relation to this matter?---Yes, I have.

20 Can I just show you this? There are three copies of it. You can keep one of them. Is that a copy of a statement that you've prepared?---That is.

All right. I tender that.

THE COMMISSIONER: Yes, that will be Exhibit R86.

#EXHIBIT R86 – STATEMENT OF GEORGE MICHAEL GLINATSI AND ANNEXURES DATED 9 MARCH 2016

30 MR THANGARAJ: All right, Mr Glinatsis, I'll come to that. I just want to ask you some preliminary questions before then. Could you outline your experience as an auditor? Sorry, before that, sorry, you're a councillor at the Council, and one of the functions you have is you're on the Audit Committee?---Correct.

40 And how long have you been on the Audit Committee for?---Shortly after its inception. I think there were two, then I was the third member. I can't remember precisely, but it would have been one or two months rather than - - -

All right.--- - - - longer.

All right. Can you outline your experience, please, as an auditor?---As an auditor, close now to 26 years of audit and accounting experience. I'm a qualified investigator. I have worked in many areas of government. I've worked on the other side of the counter in local government as an auditor, the former South Sydney. Worked for the Internal Audit Bureau as a senior consultant, and government supply office. Mainly in government. I did two

consulting stints, one with the Internal Audit Bureau and another with Hays Personnel, in the medical area.

All right. And have you been engaged to run external audits or been involved in external audits?---Involved in external audits for a larger water utility on the basis that, to cut the audit costs, we prepared the – not prepared, sorry, checked and verified the actuarial calculations about leave and those sorts of things.

10 All right. Did you produce, as part of that, a report for management on issues with financial management systems?---I verified the management systems in place, yes.

When you were involved in this external audit?---Yes.

Okay. All right. So, could I just ask you this, speaking generally, if you saw a report on a finance division that noted issues such as a lack of role segregations and bank reconciliations not being performed, would you consider that to be a problem?---I think my Latin temper would go quite sky high, yes.

All right.---They're critical issues.

Yeah. If the Audit Committee had been aware of that, what would have happened?---We would have consulted each other, then called on the mayor to bring forward the general manager and discuss what was going to be done about the issues.

30 All right. Do you remember when Mr Mah Chut, M-a-h, new name - - - ---Norm Mah Chut, yes.

- - - C-h-u-t. Do you remember when he ceased in his role as the chair of the Audit Committee?---He ceased when he died from an illness. I rather thought it was 2015 or late 2014 when I attended his funeral.

All right. Did the nature of external audits change after that? Did anything change about that process?---Other than that we missed him, no.

40 All right.---Missed him in an emotional sense, yes.

Has the nature of external audits changed substantially since, say, 2009?---No, no. They're basically the same, as I recall it.

Now, you understand now what the audit management letters, the draft management letters are?---Yes.

Right.---But I've only ever seen them. I've never read them. In the instructing solicitor's office, Mr (not transcribable).

Yeah, okay. Well, do you know what the content of those are now?---Now, yes.

All right.---Through - - -

Sorry.---Through the external auditor's statement, yes.

10 Yeah, all right. So these draft management letters, is it your view that they should have been sent to the Audit Committee?---That's a difficult question. In the sense that the Audit Committee shouldn't really get letters addressed to management. But I would see, rather, management's role to inform the Audit Committee that these are going on. That's how I would see it.

Right.---Yeah.

What if they're raising issues that affect the Audit Committee's role?
---Well, then that's what they've got the general manager and the mayor for.

20 Well, that's assuming that they get it, of course.---Well, yes.

Sorry, what I'm asking you is, do you think the external auditor should have sent the draft management letters to the Audit Committee?---No, but he had the privilege of meeting with the Audit Committee at any time alone. So he had the guarantee and the security of not being seen to be – I can't think of the word, double-crossing.

Beholden to management?---Yeah, the contract, yes.

30 Well, that didn't happen, did it?---Absolutely not.

No. All right. Just generally, with respect to the Audit Committee, how do you see or how have you seen the purpose, aim or objective of the Audit Committee?---Up to now it seemed to be adequate and well. But now with this knowledge - - -

40 Sorry, I don't mean that. We're at cross-purposes. What are the objectives of the Audit Committee? What is the purpose?---The Audit Committee, as I articulated in my statement at 18 and 19. But in general terms, they're spelt out there. We've revised them recently.

All right. And how have they changed?---I think you'd need to ask the general manager for the detail, but they have been passed by Council. And they were also reviewed by SINC Solutions.

All right. Well, do you regard as one of the objectives of the Audit Committee to make sure that management was reducing the risk, including fraud risk, to which the Council was exposed?---Yes.

And how did it – before these latest changes in the period, the last few years before the ICAC investigation commenced, for example, how did the Audit Committee go about making sure that management was reducing fraud risk? ---We would follow the three-year audit plan and see how that was progressing by the internal auditor. And have a look at the issues that it wasn't finished and when she expected that she would get replies. Again, the internal auditor also had the opportunity to consult with the Audit Committee.

10

What about the fact that the internal auditor's effectively reporting to you through the deputy general manager?---No. No, that's not our role.

No, no.---We can't interfere with management, no.

No, no. I'm asking you. You're saying that the internal auditor had an opportunity to - - - ---Had she wanted to.

20

Yes.---Now, that would have been up to her to speak to the general manager first or of her intention to speak to the Audit Committee.

Well, who did you understand the internal auditor was reporting to?---I think Lorraine Cullinane, the deputy general manager.

And who do you understand gave the internal auditor instructions as to what to or not to look at?---With the benefit of having read the transcript et cetera now, and her evidence, I think it went first to Gary Goodman.

30

All right. Well, we don't need your interpretation of the transcript. What did you understand was happening before the ICAC investigation commenced? What did you understand was the source of the internal auditor's instructions?---The source was the audit plan, if that's what I'm understanding correctly. The three-year audit plan.

Right. And the carrying out of that audit plan you – did you understand at the time that she was reporting to Ms Cullinane?---Yes.

Right.---I had no doubt about that.

40

All right. And – all right. Do you think that the internal auditor should report to management or to the Audit Committee or something else? ---Probably should probably report to the General Manager through – I would see that that would be absolutely - - -

Right.--- - - - an improvement, yes.

And what about, what role if any should the internal auditor have with the Audit Committee?---Free access.

Okay. What about reporting?---No, not reporting.

All right. And why is that?---But free access.

And why do you say that?---Well, if she was getting frustration on the audit plan where she couldn't complete it because management's responses weren't being received in a fair time then those issues should be raised.

10 Yeah. This might be with the benefit of hindsight but if you have a young or experienced internal auditor they may or may not feel comfortable to go outside management reporting lines of course.---Yes, but I don't know how you overcome that other than with the protection of confidentiality and - - -

Well, one way is a suggested in the best practice is that the Audit Committee meets with auditors without management.---We had that provision but it wasn't chosen.

20 No, that's right.---Oh, you mean instead of them wanting to speak to audit rather – as a matter of routine?

That's right. Was it ever considered by the Audit Committee to speak directly to the internal and/or external auditors without management present?---No, there was no occasion that I can recall.

30 Is that because – can you tell us why – you tell us why or why not – why that happened?---Well, we used to follow the audit plan and see what was happening. The auditor – internal auditor was invited to comment on how things were going. She had the support there of the Deputy General Manager, the CFO, Chief Financial Officer as well as the General Manager was there on most occasions.

So is this, is this the summary then, the question of whether the Audit Committee would meet with these people independently of management was something that only would have arisen if you saw a reason to do it as opposed to doing it generally?---Well, I with my – along with the Committee, yes.

40 Yeah.---The three of us, yes. Or something to alert us.

Yeah. Well, you've seen, you've seen what's happened with the benefit of – sorry, you've been told or you've read, been read transcript or whatever other source of – you've seen what's happened, you've seen not only the breadth of the dollar value of the frauds but there's been multiple different types of fraud that have been perpetuated over quite a few years.---Yes.

Have you got any explanation how that was able to happen in a Council that has an Audit Committee and has had an Audit Committee for five years?

---Well, from the, from the transcripts and that that I've read, with the benefit of that, clearly internal controls were working. Some significant breakdowns were reported and they ended up in a yellow folder.

THE COMMISSIONER: Sir, I'm not quite sure I understand that.---Oh, Commissioner, sorry.

10 What do you mean by some systems were working?---Well, from the evidence – from the testimony the matter of Cabcharges excesses were reported and also the matters of payments being made to certain bank accounts of employees rather than to the supplier. They were reported or the testimony here said they were reported.

MR THANGARAJ: Yeah, well, let's do those one by one. The Cabcharge, we're talking about some items that were hundreds of dollars and maybe added up to 20,000 or 30 or \$40,000.---Yes.

20 That firstly, having regard of that – having regard to that now would you believe that that was dealt with appropriately which was effectively Mr Goodman being asked to repay it?---Not sure about that.

Right. So that was someone noticing - - -?---An irregularity.

Yes. And reporting it to the Deputy General Manager and that – well, and then it being resolved in the way I've just said.---Yes.

30 So whether that was a control system that picked up the problem or whether it was someone who just noticed a \$500 figure for a Cabcharge and another \$400 for a Cabcharge is perhaps debatable but that's what happened. You understand that's what happened?---Yes.

Right. And then the other example you gave was of account numbers matching, that is, employee account numbers matching invoices.---Yes.

Well, nothing happened though did it?---No.

So - - -?---Not from the evidence given here.

40 It doesn't seem that any control system operated in the way it should have. ---Absolutely not.

Right. So - - -?---But a person did pick it up using that – the control was there to match the bank accounts with the supplier.

Well, whether that was a control issue that picked it up or whether someone again noticed something, whatever happened was that no investigation took place to uncover what we now are aware of. You understand that that's what happened?---Yes.

So the control systems that were in place – well, what were the – to your knowledge what were the control systems that were in place that should have led to the uncovering of all of this when those sort of triggers happened?---Well, they did work in the sense, in the sense that the matter was reported to the person, in this case I think it was Ms Cullinane, the Deputy General Manager, that these things – this thing happened in this instance. So the control was within the computer program to do the matching. The - - -

10

No, I'm not sure that that's correct but it was brought to someone's attention. I don't think that's in dispute, that someone was alive to that happening. There may be a dispute as to whose attention it was brought to and for what reason but I don't think the evidence suggests that it was a control system that picked it up by computers otherwise all these others were not picked up, for example. You understand that many were not picked up?---I understand the difference, yeah.

20

So if there was a control system that identified matching employee account numbers with invoice account numbers if would have picked up firstly - - -

MR MOSES: I think, Commissioner, they might be at cross purposes. I think – my learned friend may have forgotten but there was evidence I think from Mr Thompson in relation to what was said to be him picking up that money was going into Mr Goodman's account and then raising the issue as I understood it. My friend may have forgotten that evidence.

MR THANGARAJ: No, that's what we're talking about.

30

MR MOSES: Okay.

MR THANGARAJ: But you understand that's what we're talking about? ---Yes.

Yeah. But if there was a, if there was a control system that was to identify employee matching account numbers with invoice matching account numbers hundreds of thousands, possibly more would have been picked up by that system. Right?---Should have been, yes.

40

So it wasn't a computer generated, it wasn't a computer generated control system that triggered this discovery, it was Mr Thompson working it out somehow or noticing it somehow?---No, I can't comment on that. I wouldn't know.

Right. So this goes back to the original question of how is it that with all these systems in place that these multiple frauds were able to be carried on for so many years involving so many different people and so much money?

---Well, the, the conspiracy I suppose of a group of people in charge in a serious – sorry, I beg your pardon, I withdraw that – in a serious hierarchy had control over the invoices.

All right.---Now, as an auditor if I was out in the field and I saw an invoice I'd match it to the order number, see that it had been signed off, match it to the second signature and the third signature and it would go through. Sorry, Your - - -

10 THE COMMISSIONER: No, no, just – I was just curious, Mr Glinatsis, you said that the Audit Committee was basically – I'm not suggesting this is all they did but they were tasked with looking at the audit plan.---Yes.

Three year plan and seeing what - - -?---The progress.

20 Yes, the progress. What about the problem with the audit plan essentially focussing on the operational side of Council's business and not including any of the financials? If the audit plan in effect required the internal auditor to not look at the financials, how would the Audit Committee ever pick up any of these problems?---Well, I'm not exactly sure, Commissioner, how they could do that if they were instructed not to look at the financials. You could only pick that up by looking at the financials. With respect.

30 Well, but not only would the internal auditor not pick it up if she wasn't looking at the financials, but neither would the Audit Committee.---No. There'd be no reason. Because they'd show up in the plan if she raised an issue and it wasn't resolved. Then clearly that would be a matter for the – we would pick it up because there'd be a red tag in the audit plan, the progress.

MR THANGARAJ: Does the Audit Committee now have any role in telling the internal auditor what to do?---Other than approving the three-year plan, at this point.

All right. Is that something that's being looked at or is it - - - ?---Oh, very much so, yeah.

40 It's a work in progress, is it?---There's a lot of work in progress at the moment, with the revelations, yes.

All right. When the Audit Committee was established, was it intended that it would operate in accordance with the Office of Local Government guidelines?---Absolutely, yes. That's what the charter was based on.

And so does that mean that the committee regards that effectively as a mandatory – I just want to understand whether it's regarded as what the committee is required to do, or does it look at it as something that is less?

---I think at the beginning, when the committee was established, it was mandatory to follow the guidelines.

Right.---Mandatory in the sense of voluntary mandatory, if there's such a thing.

Yeah, that's exactly what I'm asking.---Yeah, the way it was presented through the guidelines, then that was followed - - -

10 Right.--- - - - at that point. That's not to say that, with the benefit of hindsight and time, we can't improve on certain things.

Oh, of course. But something mandatory is always a minimum, isn't it? What I'm asking is, has the Audit Committee operated on the basis that the Office of Local Government guidelines are a mandatory way in which the Audit Committee works?---Yes. Following the guidelines, yes.

20 All right. And does the committee, or at least you as a part of the committee, believe that it is generally operating in accordance with those guidelines?---Yes.

All right. Can you tell us what the Audit Committee charter is?---I can recite it for you through my - - -

No, no, no. Just tell us generally what it is?---It's a document prepared by the OLG as recommended how an audit committee should operate.

Yeah.---And the reasons for the way – and why it should operate that way.

30 All right. All right. I just want to show you a couple of documents. Could we have brought up on the screen, please, volume 4, page 136? This is the audit report for 2014.---Yes.

You've read this?---Yes.

All right.---Several times.

40 All right. Could we then go to page 142, please. You see under point 7, management letter?---Yes.

“An audit management letter addressing the findings from our first interim audit was issued as a draft on 6 May and will be finalised in due course. This draft included our recommendations on possible ways to strengthen and/or improve procedures.”---Yes.

So it's clear from the second sentence, isn't it, that the audit management letter is an important document?---Of course.

And what did you understand when you read this, if you can remember, what the audit management letter was?---Well, I never saw it, so I wouldn't know, other than most recently in our instructing solicitor's office, from across the bench.

But as a member of the Audit Committee, you receive this seven-page audit report. You've agreed that the audit management letter addressed important issues. Why wouldn't you read the audit management letter?---Well - - -

10 MR MOSES: I think the witness has already answered this, to say that those letters were not provided to the Audit Committee. He's given his evidence as an expert previously as an auditor as to where those documents go. So I think it's a false proposition to be putting that.

THE COMMISSIONER: Mmm.

MR THANGARAJ: I'll put it in a different way. Did you ever ask to read this audit management letter?---No, because I was statutory barred, almost, from reading that, 'cause that was a document to management, not to us to
20 interfere, in a sense.

Sorry, statutorily barred from reading it?---Well - - -

Where do you get that from?---As a councillor, we can't read the management letter or interfere in front of the general manager and the managers. It's a letter to the managers.

Sorry, we'll just do this one step at a time. When you say statutorily barred, what are you talking about?---That we're not allowed to interfere with
30 management letters.

THE COMMISSIONER: Sorry, but is that under some statute regulating auditors? Or under some statute regulating local government?---Generally, I'm sorry, generally under local government that we shouldn't interfere with management letters.

Well, but we're not talking about interfering. We're talking about whether or not you asked to read it. Surely the Audit Committee would have the power to ask management if they could read the letter?---I'm not sure how to
40 answer that. I don't know. It was never raised.

Part of the problem I'm just struggling with, I have to say, Mr Glinatsis, is that if you have an Audit Committee that doesn't think it's entitled to see the management letter and routinely doesn't ask to see it, whether or not you feel conflicted because of your role as a councillor as opposed to a member of the Audit Committee, if there's a fraud being perpetrated on the Council by the management itself then nobody would ever be in a position to know what they were doing.

MR MOSES: I object, Commissioner. If I may just object to that question. Because the auditor, Mr Mottau, gave evidence that he never gave a copy of the draft management letters to the Audit Committee, and there was nothing in those letters that related to any assertion of fraud. If there was fraud, then there was an established procedure whereby it would be escalated to the mayor and others within the Council. So I think we just have to be careful not to be putting propositions to the witness that are in accordance with the evidence or established audit procedure.

10

THE COMMISSIONER: I see what you're saying.

MR MOSES: I'm not being critical, Commissioner. I just want to make sure we don't - - -

THE COMMISSIONER: No, no. No, I see what you're saying, Mr Moses. I'm not putting this on the basis of any evidence. It's a purely theoretical question. It seems to me to be a lacuna in this system. If there is a fraud, I'm not talking about this case.

20

MR MOSES: Okay.

THE COMMISSIONER: But if there is a fraud being perpetrated by the management itself, it seems as though the management is in fact insulated from any scrutiny by the Audit Committee or by anybody else. I'm just curious how one would resolve that problem.

30

MR MOSES: I may just say, though, as I understand it, but then I'll resume my seat, is that the auditor said that if he uncovered fraud in relation to the matter, there were established procedures under the - - -

THE COMMISSIONER: Yes. He would report it.

MR MOSES: - - - under the ASA to deal with those matters.

THE COMMISSIONER: Yes, yes.

40

MR MOSES: But I'll resume my seat, Commissioner. I didn't mean to interrupt you, but I just wanted to be clear as to what the evidence was. ---Commissioner, the letter was, and it's a harsh word I'm going to use, it was a platitude. It was a comfort thing, the comment about the letter. There was nothing in there to raise our hackles, so we didn't do it.

THE COMMISSIONER: You mean that's how the letter seemed to you? ---Yes, the paragraph there.

Yes.---And more particularly, Commissioner, it was the identical one in the '15 accounts and it was probably the same comment in the '13 accounts, but I didn't read the '13. It was almost as if it was a template answer.

Right. So it seemed to be a pro forma to you?---Yes.

Yes. Thank you.

10 MR THANGARAJ: I just want to - I'm not sure that I got an answer to this question yet. You said that you were statutorily barred?---Well, sorry, that was my interpretation of words. We weren't supposed to interfere with management as such. If we had a question, then we were free to ask it, of course, in a committee.

Yeah. So that's a - you're talking about a general sense. You're not talking about management letters?---No, no. I'm sorry. That was my wording.

All right.---I didn't mean a specific part of the Act. It was just that.

20 Now, I think you said before that if management wanted to bring the Audit Committee this draft management letter that they were more than entitled to?---Oh, yes.

All right. But isn't this issue, it's not simply whether the, whether the auditor had determined that a fraud had happened, it's also talking about risk isn't it?---Yes.

30 Isn't that something that the Audit Committee should be looking at?---Well, I'm sorry to go back to that paragraph again but it was almost the platitude, it was a, a soothing thing that there was nothing to worry about there is how I interpreted it and I think my colleagues interpreted it in the same way.

All right. So - - -?---But I can't speak for them of course.

All right. So you certainly were aware in 2014 of the existence of audit management letters and probably earlier. Is that right?---Yes. As I said in my interview that the paragraph was almost a standard template paragraph.

40 All right. Well, can you just go to your statement. Have you got your statement there?---Yeah.

Just go to page 6.---Yes.

You see in paragraph 22 you say, "I was not aware of the existence of audit management letters until I commenced preparing this statement".---Correct. Well, in the sense that I never saw them, yes. That's what I meant to say there.

Right. So what you've got there should actually be – what you've got there isn't correct. What you're meaning to say is you knew of the existence of them but you didn't know of the content of them?---Yes. Sorry, that's bad wording.

All right.---That's my fault. Yes. Of course that paragraph was there for many years.

Well, that's why I was - - -?---Yeah. Sorry, I beg your pardon.

10

I took you to 22 of your statement.---Commissioner, I've erred there. I'm sorry. I used the wrong words. I knew of their existence but I never saw one is what I was trying to say.

Isn't the purpose of the management letter to inform the Council of the auditor's recommendations for improving internal controls?---Generally, yes, that would be right. Well, to improve – probably referring it to the management of Council not to the, in the first instance, to the General Manager and the staff in that sense.

20

Yeah. Now, we know that the Audit Committee has to rely on management and no check and balance could cover a situation where everyone that's supposed to assist the Audit Committee is not doing their job. Has – have the – sort of those sort of checks and balances have they changed since the end of last year when ICAC came into the Council or is that - - -?---Oh, certainly. Yeah, the General Manager has done a lot of work since ICAC got involved then we – and we as a Council thank ICAC for bringing it to our attention. We've done many issues. We've done having a look at the Business Unit, having SINC Solutions go through and investigate for us and we've come up – the General Manager has come up with a number of reforms. She would be in a better place to detail the content to you. I recall the principle but not the content – the paragraph, sorry. So she's done much, much work and over a sequence of when ICAC first raised the matter with us to as recently I think as at May of this year.

30

All right. Can I just ask you to have a look at this, volume 2, page 75 please. I want to take you to point – sorry, can we first just identify what this document is. I'm sorry. You recognise this from being the Audit Committee charter? I can take you to page 72 if you need to.---Yes.

40

All right. We'll must go back to 4.6 please on page 75.---Yes.

And just go to the third bullet point of 4.6.---One, two, three, review. Yes.

What does that actually refer to, what are the external plans and reports it refers to?---External audits would be – probably I would understand that to mean the work completed – undertaken by the external auditors and to –

once they gave us the report particularly on the final accounts that they signed off on things is what I would see that as, yes.

All right. You understand that the external auditor prepares two different reports, there's the final audit - - -?---Yes.

- - - and then the management material?---Yes.

10 Is there any reason why management material, the draft management letters wouldn't come within that third bullet point?---Well, they haven't.

Sorry?---Sorry. They, they don't come to us, no.

No, no.---I've got copies - - -

20 I'm not suggesting they have come to you. I'm not suggesting that. I'm saying - I'm asking you as part of the Audit Committee charter 4.6, the third bullet point, would that include - the way it's, the way it's set out there would that include the audit management letters, the draft management letters given what's written there about reviewing all external plans and reports in respect of planned or completed external audits?---We haven't taken it that way.

All right. What about the following bullet point - - -

30 MR MOSES: I have to say, Commissioner, so there's no issue about this in terms of the Council's position is that if this Commission wishes to recommend that Councils be provided with the management letters as part of the Audit Committee's functions, we will not be heard against that. It's a matter for the Commission if it wants to recommend it but we know what the practice and procedure has been to date. I'm not sure how far this takes the matter but certainly if this Commission forms the view that Audit Committees should look at such letters in the future then it's not something that we will be putting any submissions against.

MR THANGARAJ: Well, maybe that can be dealt with later rather than during the examination of a witness.

40 THE COMMISSIONER: Yes.

MR MOSES: But we don't think it's relevant what my friend is doing because I think there's a misconceived - - -

THE COMMISSIONER: Well, look, it - - -

MR MOSES: But there's misconceived questions being put which ignore the evidence given by the auditor and which ignore what has already been said by the witness. We know what the practice and procedure is and what

my friend is saying is well, on this interpretation they could have been. Well, they weren't because the auditor didn't give them to the Audit Committee for the reasons he's already given so I'm not sure where this takes us.

THE COMMISSIONER: Well, I suppose that all explains – I mean I think we can all accept, Mr Moses, that it's the practice and no one is being critical of any individual witness.

10 MR MOSES: Okay.

THE COMMISSIONER: But this is a corruption prevention aspect of the inquiry.

MR MOSES: Okay.

THE COMMISSIONER: So what we're doing I think is just exploring how the system might be improved so that these things might not happen again.

20 MR MOSES: Thank you, Commissioner.

THE COMMISSIONER: We could make – at the close of the inquiry there will be submissions on that issue no doubt.

MR MOSES: Sure. Thanks, Commissioner.

MR THANGARAJ: Did you ever feel bound to only read material provided to you by the external auditor?---Yes.

30 All right. And does that - - -?---Sorry, let me explain that. There was an agenda prepared for the Audit Committee and the items on there were what we examined.

Yes. But you don't – surely the Audit Committee doesn't limit itself to only material provided to it by the external auditor?---Well, that's the practice, that's what we were doing.

Well, that may be the practice but – well, let's look at some other material. You've received material by the internal auditor?---Yes.

40

Right. You received material from management?---Material from management? Sorry, I - - -

Did you receive anything from management in relation to material that the Audit Committee would read?---No, only proposed changes like to the audit charter, et cetera, et cetera (not transcribable)

All right. Well, if you - - -?---Management didn't give us any different reports.

I'm not talking about reports. For example, if you asked questions or required people to come to Audit Committee meetings, you would receive material, oral or documentary, from management?

---There would be oral if we had any reasons to ask it, if we didn't understand something.

10 Yeah.---For it to be explained. That was the purpose of inviting them.

Right.---But, yes, we did do that. But there was nothing raised to alarm us until this incident.

Yeah.---Or these incidents, I suppose.

I'm not suggesting that you were told about any or all of these problems and you didn't do anything about it. I'm not suggesting that. I'm just exploring what it is the Audit Committee did do and what it is that it wasn't doing.

20 Now, there might be – so, anyway, well, what I want to confirm with you is what the Audit Committee looks at is not simply material that the external auditor provides directly to them, right?---Yes, in the sense that we did the audit plan and the final accounts or the draft final account, sorry.

Yeah. And you run, or you follow the Audit Committee charter?---Yes.

You've got the Office of Local Government guidelines.---Yes.

30 And you fulfil your role by doing whatever it is you need to do to comply with both of those documents.---Yes.

So whether or not the external auditor has given you everything you need isn't the point, is it? You do what you are required to do under those documents.---Not sure about that. Don't understand the question.

Sorry, what does that mean? You've got an Audit Committee charter.---Yes.

40 The external auditor isn't the person responsible for you doing your job as an Audit Committee, is it?---No, of course not.

Right. He assists the Audit Committee fulfil its obligations under the Audit Committee charter.---Yes.

And he assists the Audit Committee fulfilling the OLG guidelines.---Yes.

Right. So you can't just simply say, when it says, "Review all external plans and reports, or consider significant issues in relevant external audit

reports and better practice guides,” you're not saying, are you, that unless the external auditor brings something to your attention, you don't have to do anything?

MR MOSES: Commissioner, the problem with the question is, what is being suggested that they should do? Maybe that might assist the witness.
---Yes.

10 Because we know what they did. But if the Commission's got a suggestion as to what more the Audit Committee should be doing, maybe that could be put to the witness so that he can answer the correct - - -

MR THANGARAJ: Well, I thought I had, but I will again. What I'm asking you is you knew about the existence of the audit management letters. You knew what their purpose was, as outlined in the document - - - ---Yes.

- - - I've just taken you to. You agreed it was an important document.---Yes.

20 And I've taken you to parts of the Audit Committee charter, as to what it is that the Audit Committee is required to do.---Yes.

Including, if we can have it brought up again, 4.6 on page 75 of volume 2. Bullet points 3 and 4. Now, bullet points 3 and 4 are important issues, aren't they?---Well, I'm sorry. I don't understand the term “external plans”, to be honest.

30 Well, if you don't understand the term “external plans”, how can you follow the Audit Committee charter?---We've never had external plans put on our table. External plans means external, somewhere from outside coming into the Council.

That's right.---Well, we've never had anything like that before an Audit Committee.

All right. Well, that's really not what I'm asking you. What I'm asking you is the audit management plans are an external document.---Yes.

You knew that.

40 MR MOSES: They're actually not called audit management plans.---Like the DLG.

MR THANGARAJ: Yeah.---Those matters are - - -

The audit management, sorry, did I say “plans”?

MR MOSES: Yeah.

MR THANGARAJ: Audit management letters. Sorry, I should have said audit management letters. They're an external document.---Prepared by the
- - -

External auditor.--- - - - external auditor.

10 All right. Well, having read bullet points 3 and 4, and understanding what the audit management letter refers to, as it's described in the audit report that I took you to earlier, do you agree that they fall within 4.6?---Yes, probably right, yeah.

All right.---Having said that, of course, there was nothing there, as I said much earlier, to alarm us. It was almost a platitude paragraph.

But it's difficult to come to that conclusion without actually reading the document, isn't it? Do you agree with that?---The document was never presented to us. He didn't see a need to present it to audit or to expand it in his report.

20 All right. Well - - - ---Both to the Audit Committee in the financial statements, as well to the mayor in his summation of the audit process.

Well, I think I asked you before about the relevance of role segregation and reconciliation problems, and you said something like you would have had a strong reaction to if there were any issues with it.---A very strong reaction, yes.

30 Right. Well, those were two of the issues raised in the audit management letters.---Yes. But when the external auditor writes that, yes, they're being attended to, without identifying what's being attended to, how would that raise any alarms? The external auditor is putting his signature to it and saying, yes, there were some things and we recommended some improvements.

All right.---Year after year, probably after year.

40 Did that raise a concern, that the same issues were being raised year after year?---Well, if you get them year after year after year without them being identified that they are the same thing coming up year after year, no, wouldn't normally cause a concern. If, on the other hand, we knew that these were continuing issues year after year after year, of course that would be a concern. Any one of them would be a serious concern. Now, whether that's a recommendation that they do be sent in detail to the Audit Committee, I personally have no objection to that.

If we bring up volume 5, page – oh, sorry, this is actually attached to your statement. Sorry, Mr Glinatsis.---Yes.

If you can go to the guidelines under section 23A. And there's a page number down the bottom of 30.---It's not the right order. There's a paragraph before it but it has "Audit Committee Operations".

Yes. So if you go, do you see there are several bullet points?---Yes.

10 And then there's a paragraph that reads, "Generally the Audit Committee should meet at least four times a year." I'll come to that. "It is also appropriate to have meetings dedicated to considering the annual external audit plan, external management letters, et cetera." What do you understand the external management letters to be?---This is preparation. Yes, it refers to preparation of the ensuing year's audit program, external audit program. And it's saying that we refer to the auditor annual financial reports of the previous year so as we can prepare for that year's report and raise any matters that seem to be repeating.

20 Well, let's just look at that sentence. The second sentence. "It is also appropriate to have meetings dedicated". Do you understand what that means?---Yes, yes.

"Dedicated to considering the annual external audit plan."---Yes.

"External management letters and Council's audited annual financial reports." Did the Audit Committee have any meetings dedicated to considering the external management letters?---No. Not that I have attended, no.

30 All right. You've attached this to your statement. What was the purpose of attaching this guideline to your statement?---It was supporting a statement that I made and identifying the audit charter and what we were working along, yes.

Right. So, well, it wouldn't be correct to say it was what you were working on, because that's not something you did, with respect to having a meeting dedicated to the external management letters.---Not that I attended, no.

40 Well, are you suggesting there possibly was a meeting?---I can't recall, in five years, whether I missed one or not. But it would only be one or two, maximum.

Well, but your evidence is that you never even read an external management letter, is that right?---That's correct.

Well, then, how could there have been a meeting that was dedicated to the external management letter?---Well, I'm just saying I never saw one.

All right. Well is this how it worked. Notwithstanding what's in 4.4.1, the audit committee never to your knowledge even read the external

management letters let alone had a meeting dedicated to discuss one?---That would be correct, yes.

All right. Does the audit committee have an obligation to ensure that internal audit recommendations are implemented by management?---Yes.

10 And what role does the, if any, does the audit committee have in fulfilling that obligation?---Well we would look at the progress of the audit plan. We would see that there's a red mark or a blue mark which suggested that this hasn't been done. We would see that it's been some time and we would ask for an explanation of it.

Right. Sorry, I might have asked you this before in a different context but did the, the audit committee ever check and made it, it wasn't part of its function and I'm not suggesting it was, I'm just asking the audit committee ever check with management what it was directing the internal auditor to do or not do?---No. Only when something might have been changed in the plan or dropped for a reason.

20 Okay?---If a plan varied for some reason then we'd want to know why.

All right?---But did we want a report on it, no, we wanted just a verbal report why.

All right. Can you go, can you go to volume 2 page 40, please. All right. You've seen this document before I assume?---Yes, I think I have, yes.

30 All right. Can we got then to page 51, please? You see that there, there are ratings for - - -?---Yes, yes.

And what does high mean? Which end of the scale is - - -?---High is that the, heading towards the top end of the, if not the top end of - - -

This is the risk?---The risk, yes.

Yes. Okay. So if you go down to the bottom of that left hand column - - -? ---Yes.

40 The above issues show non-compliance with the purchasing process. Can you just read to the end of that and over the page?---Yes.

Was that something that the committee looked at when reviewing the audit?---It was some time ago, I can't recall.

All right. Is this - - -?---I recall that that audit report was presented to us, I'm sure.

Right?---I've seen it before anyway.

Yes. Is that the sort of thing that the audit committee would report to council?---Not, not, not if the, if the internal auditor subsequently received explanations and answers for that.

10 So how would you, would you monitor what was happening with respect to that?---Well when we'd review, looked at the audit plan it would showing up again and again and again that they didn't have their answers. The question would be asked at the table, at the meeting well what about this? More often than not the response came it's being attended to by management, from management it's being attended to. The external auditor didn't get any, he or she would have reviewed that in the normal course of her two interim audits in the year where they do two months thoroughly to get a confidence there.

Sorry are you talking about the internal audit?---The external auditor may very well have seen that. If the internal auditor had any concerns about it she would have raised that with her immediate superior.

20 Just so that we've got it clear that internal auditor that gave evidence wasn't at council at that time. I'm not sure who the internal auditor was in 2012?--- We were using I think at that time an auditor twice, two days a week from the South Sydney Regional Organisation of Councils. At that time many local government councils were borrowing, not borrowing, hiring to days with one council, three days with another.

Yes?---and I think at that time we may we well have had, I can't remember his name.

30 All right?---But, but an auditor performing an internal audit function from SSROC, South Sydney Regional Organisation of Councils.

Given that we've heard that the extent of the fraud that was committed by abusing the purchasing and invoicing process of the business unit and that this was flagged in 2012, what was the breakdown with the benefit of hindsight as you see it?---It wasn't investigated enough.

40 Do you have any reason to be believe it was investigated at all?---I suppose investigated was a very loose word. It wasn't looked into enough, no.

Right?---I'll use that word.

And given where that document was what should have happened from that point?---It should have been subject to a thorough investigation with those controls.

No, no, let's just, let's just go back to that. Let's assume we're sitting now and you've received, oh sorry, can you just bring that back up?---Yep.

The internal audit of the business unit where does that go?---That goes to eventually to the General Manager.

Right. But before - - -?---It should go eventually to the General Manager.

Who, who does it go to? Do you remember that time, or sorry, who did it go to at that time? Do you remember?---The General Manager, no sorry, the Deputy General Manager.

10

The Deputy General Manager. All right. And did it come - - -

- - - ?---That would have been in, it might have been in, there would have been a crossover of General Managers, but I would say the Deputy General Manager, yes.

All right. And does the – did the internal audit of a business unit or a unit of that sort of size come to the audit committee?---Only through the plan. The actual report, no.

20

So this document would not have come to the audit committee. Is that right?---No, I don't recall it coming to the audit committee.

All right. So - - -?---You have to bear in mind that I had another role as a councillor so I may very well have seen it there.

So is it – O.K.?---I have a memory of seeing it, but I can't say definitely whether it was - - -

30 One or the other?--- - - - one or the other.

All right?---But yes, I've seen the document.

Okay. So let's say that's raised what should have happened from that point onwards?---A full time investigation into it to see - - -

40

Sorry, can you just explain to us who, who should it have gone to, who then should have done what? I mean I understand the idea that there be an investigation, but just to, to work out sort of what the breakdown might have been. It's sent to, tell us who it's sent to and then what that person should have done?---To my knowledge the internal auditor - - -

Yes?--- - - - would have reported that to whomever was his immediate superior at that time in council.

Yes?---And then that person I'm pretty sure, I'm pretty sure, I'm not certain was going to the Deputy General Manager.

Okay. And so the Deputy General Manager should then take care of - - -?
---Any issues, yes.

Right, right. And let's say that happened today what would – would there be a different process?---A much different process, yes.

And what's the process now?---The process now would have been that there would have been a proper investigation, a thorough investigation.

10 Well that's a sort of a general – what's the process now? Let's say the internal auditor puts that in a document, what happens?---It goes to the immediate supervisor of that and in this case I think it might very well be Mr Patterson, who's in charge of that area now. My Patterson would then note it and forward it up with a recommendation to the General Manager.

All right. So what I'm asking is, does it go to more than one person now or still only one?---Yes, no. More than one person.

20 What if, what if the - - - ?---It would go past, sorry, it would go past John Patterson now, who's acting in that role. And then it would go to the general manager.

Whether or not Mr Patterson does anything, is that a matter for him or is it a matter of otherwise? I'm pretty sure it's procedure now, I think the general manager's put that in place. So the general manager or the deputy general manager has to also see the internal audit recommendations?---There is currently no deputy general manager as such.

30 All right. All right. Now, the Audit Committee charter requires that the Audit Committee meet at least four times a year. Is that correct?---That is correct as per the charter, yes.

At least from the records that ICAC's been able to obtain, 2012, '13, '14 and last year, the Audit Committee did not meet four times. It met either three times or twice a year. Is that correct to your understanding?---To my understanding, that's correct. That would be more likely than not because of Mr Norm Mah Chut, our chairman's incapacity.

40 Sorry, we're talking about four separate years where there were only two or three meetings. What would one person's incapacity - - - ---It was a long-term illness that he had, a terminal illness, yes.

Right. But doesn't that mean somebody else then takes that role temporarily while - - - ---Well, not as chairman, so - - -

But, sorry, what does that mean?---They would have a phone conversation with Mr Norm Mah Chut and see, really, what's going on. Should we have a meeting or should we postpone it and just do the two or three at the year's

end when we consider the final accounts? Unless there was anything more pressing.

All right. Well - - - ---Again, you're asking me to speak on behalf of the chair. And we would not necessarily be privy to those sort of arrangements.

All right. Well, surely good governance would mean that if someone was incapacitated, the balance of a committee would still meet?---Yes, you would think that.

10

All right, well, over the last four years - - - ---We missed one, I think, in two of the years, I think, from memory.

Yeah, three, three, two and two.---Yes.

Well, this is the Audit Committee charter that your committee follows. It's not something that anyone else is suggesting should happen.---No, no.

20

It's the Audit Committee charter.---I understand that. But you're asking me what the chairman decided. It wasn't put to the committee to have a meeting or to - - -

So it's entirely within the discretion of the chair, is it?---Yes.

All right.---The chair has some significant powers, yes.

30

All right. All right. What about the requirement for regular and timely communication of internal audit findings and recommendations? Was the Audit Committee meeting enough in those circumstances, when there are recommendations coming from the internal auditor?---Unless the committee or any member of the committee was concerned about anything, yes, then they would ask for a specific report on that particular. That type of issue, then a meeting may very well be held with the general manager and then the person or the area manager responsible, just to follow up what is happening. But that's a theoretical situation.

Yeah.---I have not encountered one of those.

40

Well, you've read the evidence of Natasha Rai, I take it, from what you said earlier.---Way back, yes.

And she said that, this was at transcript 1075, she indicated that she has prepared two internal audit reports that the committee has not yet considered because it's not met since October of last year.---I can't dispute that. I wouldn't - - -

All right. And even that the October meeting was only concerned with the financial report, so that the last time the internal audit report was considered

was the previous meeting, which was September of 2015. Is that correct, to your knowledge?---I can't say. But I wouldn't dispute that.

All right. That would mean that the internal audit has two reports outstanding for over six months. Is there an explanation for why that would be the case, especially that this is after this investigation has commenced?
---That may very well be the cause of it, at this point of time.

10 Sorry, I don't understand that.---Well, if it hasn't met, they're waiting for more evidence to come forward on what the matters are. She's put forward to reports, she said, that hadn't been considered yet. Well, all I can conclude there is that they haven't been raised and forwarded to the Audit Committee.

20 Does the internal auditor now report, sorry, I might have asked you this. Does the internal auditor now report directly to the Audit Committee at any time, either - - - ---Is present but I don't know that she reports per se. She might present where her plan is up to. She would do that if that's report, in the sense, yes, she would do that.

Did the Audit Committee report to the governing body of Council?---To the Council?

Yes.---It presented – yes, through the Finance and Performance Committee, yes.

So it's through the subcommittee, is it?---Yes.

30 All right.---Its minutes would be presented that way.

So I know the minutes go to the subcommittee. The Finance and Performance Committee receives the minutes of the Audit Committee.
---Yes.

The minutes are pretty thing, though, aren't they? They don't really say much. They're almost formal minutes.---Well, they don't say much if there's no need to say much.

40 Right.---That'd be my view.

Right. And so - - - ---I don't know that as a fact, but that's my explanation of it.

Okay. Well, what's the purpose of the Finance and Performance Committee having the Audit Committee minutes? Is it to confirm that there are no issues or is it - - - ---Yes, more or less, yes.

All right. And is the process, or was the process, that unless there was something to escalate, it wouldn't go to the governing body of Council?
---Well, it does in the sense that it goes to the - - -

The subcommittee?---The subcommittee of Council, yes. Well, it's a committee of Council, I suppose, in the strict words. But, yes, it's a - - -

All right. I understand.---It doesn't have delegated authority. But that's the next step before it gets on the Council agenda.

10

All right. Was there anyone else besides you that was on both the governing body of Council and - - - ?---No.

All right. I take it that if you're on the Audit Committee, you don't sit on the Finance and Performance Committee?---Well, I'm the deputy chair of it, yes.

Of the - - - ?---The Finance and Performance Committee.

20

Right.---But the councillor position on the Audit Committee must not be, cannot be the chair. It has to be one of the independents.

Okay.---To be the chair.

All right. All right. Can we go to volume 2, page 72, please?

MR LATHAM: Commissioner, might I just say something at this moment? There's a page missing between 73 and 74 of this document, which is quite important.

30

MR THANGARAJ: Between 73 and 74?

MR LATHAM: Sorry, there should be a page 74 that's not there. And you'll see, if you go to the bottom of page 73, it starts 4.2, then it goes to 4.6.

MR THANGARAJ: I've got it.

40

THE COMMISSIONER: It might just be a problem with the copying, but we'll make sure that you receive it. Unless it was redacted for some reason.

MR THANGARAJ: Mr Moses might be able to help us, I think. All right. You see Mr Glinatsis, you'll see that the under the objective it has, "The objective of the committee is to provide independent assurance"?---Yes.

It might seem obvious but how do you regard, what do you regard the term independent to mean?---Independent is faithful.

Well independent means something more than good faith, doesn't it?---(No Audible Reply)

THE COMMISSIONER: It must be independent of something or someone?---See I don't have control of the Audit Committee as such, I'm not the Chairman. So in that sense I can be independent.

MR THANGARAJ: I'm not suggesting that you couldn't sit on the Audit Committee, I'm not suggesting that. I'm just asking you what is it that this
10 means, independent of whom or what?

THE COMMISSIONER: Is it independent of Council staff and management, is it independent - - -?---Yes, it's clearly - - -

Right?--- - - - of that, thank you, Commissioner.

All right?---Yes.

MR THANGARAJ: And the OLG guideline talks about it being a crucial
20 component of corporate governance and being fundamental to helping the GM, the General Manager and Council doing its job?---Yes. I would accept that, yes.

Now does that mean that the purpose of the charter and the purpose of the guidelines and if we look at this objective is to provide independent assurance and assistance to the Council, to the City of Botany Bay on risk management control governance and external accounting responsibilities. Does that mean that the Audit Committee had a role in evaluating how good the processes were?---No, I don't think we ever saw the process, other than
30 when they were being structured and put to Council to be adopted.

Right. What about, I mean how is it that if the OLG guideline says that it's a crucial component of corporate governance and fundamental to assisting the General Manager and the Council with their oversight functions and then the Audit Committee charter talks about it providing independent assurance and assistance to the City of Botany Bay on those matters. Is it simply a matter of ensuring that particular processes are in place or having some understanding and role in evaluating those processes that are in place? Because you understand there's a significant difference between the two?---
40 Yes.

I mean one can have, you can have the best manual and policies in the world and if they're not being followed then they're all – it's a waste?---Well if they're not being followed, yes, they're wasted.

So what was the role of the Audit Committee? Was the role of the Audit Committee simply to make sure that processes were documented or that

there was some evaluation - - -?---That there was a process that they were documented and that in the sense of control to that, yes. But, but - - -

And sorry, what was it, what - - -?--- - - - and that there was the protection of the - there was a process, there was the procedures to cover certain aspects.

10 Right. Did the Audit Committee have any role that was more than mechanical to look at the substance of whether - - -?---If I may, with respect I think I said earlier, the Audit Committee did not walk around with a clipboard and a green pen. We weren't out in the field in that sense. You know without being rude that's - - -

No, no, that's fine. I understand, I understand you're not - - -?---That's exactly the way it was.

Yeah. So - - -?---It is.

20 Yeah. So does this objective, for example, and I understand it's only an objective. But this objective of the Audit Committee charter, for example, did it have any function other than formal or mechanical structures? Did it have any role in - - -?---No, none arose, no.

No. I'm not talking about whether it arose. I'm asking did the Audit Committee have a role in making sure that the processes that were in place were evaluated to make sure that they were actually working?---Well, no. Well that should've come up through the internal audit function, if anything was raised, yes.

30 All right?---But that was the extent of the - - -

Yeah. I understand?--- - - - the involvement for want of a better word.

All right. You're aware of this, just finally, you're aware of this report of the review of the City of Botany Bay Council that was undertaken by the Office of Local Government?---Yes.

And - - -?---I know of it, yes.

40 Yeah. You know of it. I take it that means you haven't read it in relation to Botany Bay Council?---Ah, I've glanced, I've read it but I haven't studied it and written a thesis on it, no.

All right. And that report concluded that the Council had satisfactory systems and processes in place to meet its legislative obligations?---Yes.

And therefore the Council was not required to report to the Office of Local Government on its progress in implementing the outcome of the review?---

Yeah. That's about page 1 or so I think from memory or, the summary page of the report wasn't it?

Right. I'm not sure. But - - -?---Yeah.

10 It had a number of recommendations including that the Council should consider auditing its risk management function and its development assessment function. Did anything, did the Audit Committee look at any of this report and look at any of the recommendations in the report?---Not in any depth, I don't recall, no.

Well do you remember looking at it all?---Yes. We got a copy. See the problem is I'm confusing both my roles.

Right. Well let's talk about you then and we'll - - -?---Yes. I certainly got one from the General Manager, we got a copy.

20 Right?---And we studied it and it went to Council and Council was informed, yes.

All right. But did you as an Audit Committee member consider any of the recommendations to be once that affected how the Audit Committee should run?---I might have, I can't recall specifically on that.

30 All right. Well I'll put it this way. I'll go to one of the other recommendations. One of the other recommendations was that Council should broaden the role of the Audit Committee/internal auditor to include organisational audits?---Well that slash aspect implies that the Audit Committee is something like an operational area along with the internal auditor.

Right. Well it may or may not be read that way. I'm just asking what the Audit Committee or your reaction to any of this was, were there any changes implemented as a result of this review by the Office of Local Government?---I don't recall but I think not.

Right?---Nothing comes to memory.

40 All right. I have nothing further.

THE COMMISSIONER: Does anyone have any questions of Mr Glinatsis?

MS GERACE: I do, Commissioner.

THE COMMISSIONER: Yes.

MS GERACE: Thank you. Mr Glinatsis, I represent former Deputy General Manager, Ms Cullinane. Can I ask the following questions. Was your evidence earlier today in answer to Counsel Assisting's questions that in relation to the audit of the Business Unit that you were taken to in 2013, and the section you were taken to that the responsibility for investigation implementation of recommended changes, the responsibility of the Deputy General Manager. Was that the effect of your evidence?---No, that's what I understood to be the position, yes.

10 All right. And can you explain to me why you gave that evidence, what led you to conclude that the responsibility for investigation of those issues firstly was the responsibility of the Deputy General Manager?---What took me there was that above the internal auditor, the internal auditor reported to that person to that position.

Is that the only reason?---Yes, of course.

20 And what led you to concluded that responsibility for implementation of any changes should've been that of the Deputy General Manager?---To suggest the – what could be done to improve the situation, again in the hierarchy sense that's all, nothing else.

All right. Well which part of the hierarchy led you to conclude that Deputy General Manager was in charge of the Business Unit?---If I said that I'm sorry, I misled you.

All right. So you know, don't you, that the Deputy General Manager was never in charge of the Business Unit?---No, I don't actually.

30 All right. Do you know who was in charge of the Business Unit?---Yes, I think Peter, Peter Fitzgerald Junior had a management role and I think – now I'm getting my dates confused.

All right. So you're not certain?---No, I'm not certain at what stage things changed around, no.

Could – sorry. Excuse me, Commissioner.---Yes, of course.

40 Could I ask for the audit of the Business Unit to be brought back up. If I need a reference I'll get it. It was the document Counsel Assisting took the witness to. No, it's the audit of the Business Unit, the internal audit of the Business Unit. Volume 2 I think, page 40. All right. Now, could the witness – Councillor, can I ask you to have a look at the front page of that internal audit report and do you see the line, "The distribution of this report has been made to the following persons"?---Yes.

And that's in fact that report was distributed was it not to the General Manager, the DGM, the CFO, the Manager of Special Projects Mr Patterson?---Yes.

The Manager of Airport and City Operations?---Yes.

And the Manager of ATAR?---Yes.

10 Right. Now, of those persons listed there the only person who was an attendee at the Audit Committee reports was the General Manager Lara Kirchner. Is that correct?---How would I remember that? I'm sorry.

Well, you've put it in your statement who the attendees were.---When did I mention attendees? I don't recall.

THE COMMISSIONER: Are you talking about routine meetings of the Audit Committee?

20 MS GERACE: Audit Committee, yes.---Yes, I certainly mentioned that as, as routine meetings normally, yes, yes.

MR MOSES: I think paragraph 10. My friend may have, may have inadvertently misled the witness when she goes to paragraph 10 as well.

MS GERACE: No, I understand what I'm asking - - -

MR MOSES: (not transcribable)

30 MS GERACE: No, I'm using the term advisedly so let me, let me explain this. There were the members of the Committee. Correct?---Three members of - - -

Of the Audit Committee, three members?---Three members of the Committee.

All right. Now, there are two classifications of other people who can attend. Right?---Yes.

40 The first one is an attendee.---Yes.

They have a right to attend - - -?---Yes.

- - - and participate?---Correct.

All right. Now, there's another classification that's an invitee?---Correct.

They attend at the invitation - - -?---Yes.

- - - of the members?---Yes.

Correct. Now, of the people that I was taking you to on the internal audit report to whom this report was distributed the only person in that group of people who was an attendee, that is, a right to attend and participate in the discussions of the Audit Committee, was the General Manager. Is that correct?---Correct.

10 Right. And if we go further down to in terms of the Business Unit audit report. Where weaknesses were identified for instance on page 40 – 49 of that report raised weaknesses in the payroll process of the Business Unit, what the internal auditor identified in this report was a manager responsible and an executive responsible. Do you see that?---Yes.

Right. And just to clarify, the manager responsible would be the person on the ground in the division who had direct responsibility for the problems that were identified. Do you agree with that?---Very much so, yes.

20 And the executive responsible has oversight of changes or discussions in relation to making those changes. Do you agree with that?---Yes, I do.

All right. So we see there in relation to those problems identified the manager responsible on the ground was Peter Fitzgerald because he was in fact at the Business Unit at Airport and City Operations. That's correct isn't it?---Yes.

And the executive responsible was John Patterson who had a supervisory role of the Business Unit at that time. Do you agree with that?---Yes.

30 And similarly in relation to difficulties identified in the purchasing process which is on page 51 and 52, if we go further down there again, the manager responsible for bringing about those changes identified on this internal audit was Peter Fitzgerald and Gary Goodman the CFO?---Yes.

MR LATHAM: Sorry, which Fitzgerald?

MS GERACE: Well, I don't – I presume it is Peter John Fitzgerald, the junior, but it is in fact just listed on the report as Peter.

40 MR MOSES: It is Mr Fitzgerald Junior, Commissioner.

MS GERACE: Yes. Thank you. Do you see that?---Yes.

And the executive responsible was firstly, Mr Patterson?---Yes.

Who had oversight of the operation of the Business Unit directly. Correct? ---Well, I'm sorry, I think that's right.

Yes.---I'm not disputing that it was anyone else but I don't know for certain.

And Lorraine Cullinane who is the Deputy General Manager in - - -?
---Correct.

And would you agree in respect of which she had some responsibility in relation to the finance section but not the Business Unit?---I can't differentiate that but logically I would accept that it was the finance side, yes.

10

So can we – can the Commissioner take it, Mr Glinatsis, that your earlier evidence about who should be responsible for acting on matters raised in this audit should be guided by the persons to whom the document was distributed and the individual people identified in the report itself and their respective roles at the time. You accept that?---Now, would you explain that slowly. Sorry.

20

All right. Well, to the extent that you did give an answer that suggested that the person responsible for implementing changes or investigating these matters was the Deputy General Manager - - -?---Just on that point, to the best of my knowledge the internal auditor reported to the Deputy General Manager as far as I believe so that's the point I was trying to make there.

Just on the report?---Not a point just an answer, yes.

All right. So you weren't making any comment specifically about who should act on the matters - - -?---No, just in the sequence - - -

30

- - - contained within the audit report?--- - - - of hierarchy that's all.

Let me - - -?---As we understood it.

I understand that, Mr Glinatsis. So if your evidence suggested otherwise we should disregard it?---Absolutely.

All right. Thank you.---If it suggested anything else.

40

All right. Now, in terms of the way the, the responsibility for the internal auditor - - - sorry, I withdraw that. The reporting of the internal auditor should have been functionally to the Audit Committee and administratively to the General Manager. Do you agree with that?---No.

No?---No, that's not the way it happened. The reports would come from the internal auditor ultimately in my belief to the Deputy General Manager and then to the General Manager if there were any issues.

Well, the audit charter provided for that reporting – for the reporting system to be that the internal auditor reported to the Audit Committee and to the

General Manager. Do you accept that's what the charter said?---That's what the charter says but that's not the way it has been happening.

And to the extent it was set up in any other way, that was the responsibility of the Audit Committee and the General Manager. Do you agree with that? ---I'd have to agree with that.

10 All right. Thank you. Now, Commissioner, I'm not familiar with the protocol here but I do note the time and I will be a little while. Does the Commission wish to take the morning break?

THE COMMISSIONER: How much longer do you think you will be?

MS GERACE: I think a good 20 minutes or so.

THE COMMISSIONER: Does anyone else have questions of Mr Glinatsis after this?

20 MR ABBOUD: (not transcribable)

THE COMMISSIONER: You do, Mr Abboud?

MR ABBOUD: Yes, just one.

THE COMMISSIONER: Anyone else?

MR MOSES: I'll be very brief, five minutes, Commissioner.

30 THE COMMISSIONER: All right. Well, we'll take a short adjournment and resume at quarter past 12.00. Thank you.

SHORT ADJOURNMENT

[11.59am]

THE COMMISSIONER: Yes.

40 MS GERACE: Thank you, Commissioner. Mr Ginatsis, just earlier on from what I asked you about the internal audit report, I should point out also that the other person to whom it was distributed was the CFO, Mr Goodman and according to your evidence he in fact was also listed as an attendee at the audit committee - - -?---That would be correct, yes.

All right. Okay. So now we know from to whom it was given it was the General Manager and the CFO who were also attendees at the audit committee report?---Yep.

Right. At the audit committee meetings. Now can I just clarify this, the audit committee served to be, to provide an independent source of advice to council about risk management issues internally. Correct?---That would be correct, yes.

All right. It was – the aim of the committee was to be comprised of a person’s independent of the operations of council firstly. Correct?---They had to be the majority, that is correct, yes.

10 And the reason being was that served as, as a safety net to ensure that independent consideration was given to areas of council that might require attention or audit. Correct?---Correct.

All right. And so decisions about what areas to be audited were decisions made by the committee who were independent of the operations of council. Correct?---Yes, but I think the, the areas to be audited were also partly recommended by council as well.

20 Now in terms of that where would we find any recommendations made? What documents would support that evidence?---There’d have to be something on the management file. I wouldn’t know where to be honest with you.

All right. And if any significant information was being reported to audit committee about areas that might need to be looked at would one assume that they would be recorded in the Minutes?---Yes.

30 Right. So we could look to the Minutes to see if any significant advice or recommendation was made by council itself?---Yes.

Right?---For significant – yes.

All right. Now in terms of that or what so otherwise as an invitee, a person who is an invitee could only attend firstly on invitation of the Committee?---Yes?---Yes.

And secondly to answer information or request for information made that those present. Correct?---Yes. An explanation or information, yes.

40 Right. Okay. And that was the limit of the role of the person who was the invitee, whomever it was?---Whomever it was, correct.

All right. Now the audit plan itself was a document agreed upon by the audit committee?---Yes, yes.

All right. Voted upon. And that was what inquiries made by the audit committee itself as to areas that should be looked at?---No, not that I recall.

Ah hmm?---(not transcribable) management's concern of areas to be – and then they'd weigh it up whether that enough or the proper areas or whatever, yes, that's what we did.

All right. Now to the , let me say this Mr Glinatsis, it was the role – it should have been the role of the committee members to make their own inquiries in order to determine what area should be looked at. Do you agree with that?---It should have been, yes.

- 10 Yes. And you would accept that would you not having regard to the need for the committee to be independent firstly. Yes?---Yes, but bearing in mind of course that we had two independents and one internal for want of a better term.

All right. In order to provide independent oversight and monitoring the committee members had to undertake their own inquiries. Do you agree with that?---Individually no, they had to consider the documents put before them for consideration.

- 20 Well it wasn't just limited to being – well I'll withdraw that. The committee was not just a puppet of the information being put before it was it?---No, we had to determine whether it was valid or whether we had concerns or whether we wanted to add anything.

Whether it was sufficient, whether it had been through enough, whether it encompassed all of the operations?---All of that.

- 30 All right. So whatever information was put to the committee members, the committee members themselves had to exercise a process of analysis in order to reach their own conclusion about whether the audit plan was sufficiently thorough or appropriate at the time. Do you agree with that? ---Yes.

And that is why is it not, if we could have a look at this witness's statement on page 72, Exhibit R86, 72. That is why the Council specifically authorised the committee to obtain any information it needed from any employee or any external party, do you agree with that?---Yes.

- 40 And to discuss any matters with the external auditor or other external parties?---Yes.

And to request the attendance of any employee or Councillor, do you agree with that?---Yes.

And to obtain external legal or other professional advice?---Yes.

And do you agree the committee members to undertake their own rigorous analysis of the areas to which the internal audit function should be directed?---Yes.

Now we've seen in evidence the audit plan for 2014 to 2017. May I raise one thing with you, Councillor, were you aware, I'm sorry. In terms of the audit plan, let me come back to this. You've said in answer to questions from Counsel Assisting that what the Audit Committee would do would be to review the agreed audit plan at their meetings to check progress?---
10 Correct, yes.

All right. Now is it fair to say that in terms of, firstly, did you undertake that task at your meetings?---Yes.

All right. And is it fair to say that as a result of you undertaking that task, no significant variation was identified by the committee members between the audit plan and the work being undertaken?---I think there was if I remember correctly, there was one area that was deleted and another was put in but I can't recall the exact detail of that.
20

Now but other than that instance that you're referring to, generally there was no significant variation from the agreed audit plan to the task being undertaken by the auditor?---No. Generally except for that.

Right. And that would be found in the minutes?---Not necessarily. The minute that went forward would be that the committee agreed with the presentation we were at.

So but there would be a full document – a report presented to the committee and the minutes might record either an acceptance or a disagreement with the report, is that correct?---Yes. But not a full document in the sense that we'd repeat the audit plan or - we'd make a comment and be two or three paragraphs under headings from memory.
30

I understand. Councillor, was it the case then that in that instance you were talking about, what you would expect to see would be that a report was made to the committee in summary form that said in relation to audit processes this has been deleted, this has been substituted and we recommend the committee agree with it. You would consider it and either
40 accept that or not accept it as the case would be?---Correct.

All right. So there would be some of document trail in relation to any recommendation on that, even in summary form?---Even in summary form there should be, yes.

All right. Thank you. Now were you aware that in 2012, Councillor, the Promoting Better Practice review was undertaken by the Office of Local Government?---Yes.

And is it fair to say, Councillor, that the issues raised by the Promoting Better Practice were likely to have informed the Audit Committee in terms of the direction to be undertaken by the Audit Committee when devising its audit plan?---I think in the sequence of events the audit plan had already been prepared. I think when Better Practice came out, but I can't be sure.

All right?---They came out about the same time, I think from memory.

10 Okay. Right. Now I'm going to just ask two small questions. But before I move on from the Promoting Better Practice, is it accurate to say that one of the issues identified by Promoting Better Practice was the need to review or audit organisational processes as part of the Promoting Better Practice review undertaken by Local Government?---I don't specifically remember that but that makes sense that that would've been in there, yes.

20 And so whilst you're not, okay. Well I won't press that further. All right. Now in terms of the internal auditors attendance at Audit Committee meetings. Sitting here now are you able to assist, was it the case that the internal auditor routinely attended the Audit Committee reports?---Most times I would remember, I think, yes.

Yes?---I wouldn't guarantee every time but most times.

But to the extent you met four times a year, the majority of those meetings were attended by the internal auditor?---Yes. When we had one as such, yes.

30 All right. Now do you also accept that the role of the Audit Committee was to build a strong relationship with the internal auditor itself, that was the function or one of the ideals. Do you agree with that?---I don't think we were there to threaten or to intimidate in any way. So I'd phrase that in those terms nor did we.

Sorry?---Nor did we intimidate or scare or - - -

No?---She was more than welcome. And - - -

40 Well I think my point was different Councillor. I think the point I'm making is this. The Premier and Cabinet in the division of Local Government internal audit guidelines said this at 1.3.1 and that is this witness's statement Exhibit R86, page 10, "That the strong relationship between the Audit Committee and the internal audit enables the Committee to meet its responsibilities and carry out its functions firstly and that the Audit Committee establishes the role and direction from the internal audit and maximises the benefits for the internal audit function". Following on from what the specific purpose of the Audit Committee is would you agree that it was the role of the Audit Committee to strengthen the relationship between

the Audit Committee and the internal auditor?---Yes. Yes, I think that's a fair statement.

All right. Now finally. There were some questions about the meetings of the Audit Committee and I understand at the time perhaps that Ms Rai gave her evidence you had not met. But in fact the Audit Committee has met this year, has it not?---Yes, we did.

10 All right. And at that meeting you gave some consideration to what areas should be subject to audit?---No, I don't think we worked that out. Because we appointed our new Chairman at that time. But we certainly discussed that general theme, yes. And we, in the minutes you'll find that we had some suggestions but we hadn't finalised them.

All right. And in relation to those suggestions did the Committee resolve that in relation to the 18 month audit plan for June, 2015 to December, 2017, that the internal auditor proceed with audits in relation to one, voluntary planning agreements and two, audit management letters?---Yeah. That rings a bell, I think, yes.

20 So that other than those two matters even at your most recent meeting in May, 2016, the Audit Committee did not resolve to undertake some detailed audit of the finance section, did it?---No. Not in as many words, no. We had some discussion about it but no, we didn't formerly resolve that way. Bearing in mind of course at that time we introduced our new Chairman, Peter Brown.

30 This would appear to have been your first meeting was it not after the ICAC investigation started late last year and after a number of your current and former employees had given evidence in the first part of this hearing. Yes?--Yes.

And at that stage in May, 2016 on discussion between the Committee members and those who attended the areas determined to be proceeded with immediately were the voluntary planning agreements and the audit management letters?---Yes.

40 Accepting within that that the item 2 audit management letter I presume we are – we – is it fair to presume that that refers to the external auditor's audit management letters?---Yes, of course.

Now, that brings me to my final point. It would be fair to say the evidence so far before this Commission is that the audit, the external auditor's audit management letters were not taken to the Audit Committee?---Absolutely correct.

All right. However, it's also the evidence so far that you were aware of the existence of letters of that kind having regard to your audit experience?---
Yes.

And that you would have expected since Council had had an external auditor for some time that documents of that type might exist?---Yes.

And that the Councillors could request information as needed in order to undertake their functions, you agree with that, in the Audit Committee?---
10 The Committee members you mean, yes, yes.

And had you turned your mind to it one of the things that would have informed you in the execution of your role as a Committee member would have been details recorded in the audit management letter. Correct?
---Absolutely, yes.

And to the extent that the evidence establishes that attendees at the Audit Committee meetings receive those audit management letters that identified areas of concern, you might have also expected, Councillor, that those
20 attending an Audit Committee meeting who had received that information would bring that to you?---It would have been nice, yes.

Perhaps not Mr Goodman who might have had a direct interest in not identifying some of that information but otherwise to those who received it where issues were identified that might have been relevant to your consideration as a Committee member of areas that might need to be looked at you would have benefited from having that information in your meeting?
---Certainly benefited, yes.

30 They're my questions, Commissioner.

THE COMMISSIONER: Thank you. Who was next?

MR ABOUD: Thank you. If I may, Commissioner. Mr Glinatsis, I appear for Mr Goodman in this inquiry. I've just got a very quick question for you. You we asked some questions by Counsel Assisting in relation to some fraudulent activities namely, the – some funds going into employee – Council employees' accounts and there was Cabcharges.---Yes.

40 Do you recall that?---Yes, I recall that.

MR ABOUD: And you did agree with Mr Counsel Assisting that there was no inquiry at the time that was carried, was that true?---Not, not that I was aware of, no.

Sure. And you went on to say that you related such activities to some conspiracy between some group members. Do you recall that?---Yes.

Could you assist the Commission by naming some of those group members?---Well, it became clear that in Mr Goodman's case he, he acknowledges that perhaps those things did take place in his evidence.

It is considered by Mr Goodman. I'm asking you about other people that you know of that might have been involved in such an activity?

10 THE COMMISSIONER: Well, I mean, Mr Abboud, I'm a bit troubled by asking this witness who is giving evidence by way of hard expert testimony what he may have gleaned from reading the transcript because ultimately
20 the findings are for the Commission aren't they?

MR ABOUD: Well, he could tell if he knew at the time or now after reading the transcript, Commissioner, with all due respect.

20 THE COMMISSIONER: Well, I don't know about that. I mean anyone can read the transcript and form a view about what they think but ultimately it's a finding for the Commission that needs to be made. I mean short of this witness having direct knowledge of what was happening at the time it was
20 happening I can't see how he had answer that question.

MR ABOUD: Well, perhaps he can tell us if he knew if there was something of those people at the time, Commissioner.

THE COMMISSIONER: Did you have any direct knowledge, Mr Glinatsis, of what was going on at the time?---No, no direct knowledge.

30 And do I understand that your previous suggestion in relation to a conspiracy came from your own reading of the transcript of the Commission's hearings?---Yes, absolutely.

Thank you.

MR ABOUD: Thank you, Commissioner, for that. Mr Glinatsis, just one last question. And you go on and mention the word hierarchy. Could you elaborate on that?---Oh, hierarch in the sense of the HR sense. A reports to B, B reports to C. In that context. There's nothing more sinister in hierarchy than that. Just the stepping of the positions that's all.

40 Thank you, Commissioner. Nothing further.

THE COMMISSIONER: Mr Moses, do you have anything?

MR MOSES: Yes, just briefly. Councillor Glinatsis, can I just show you a document. This is Exhibit 38, Commissioner, to Ms Kirchner's statement which I think is not yet up on the website. Councillor, can I ask that you go to the first four pages. That is I think the current version – that is the previous version of the Audit Committee charter which is at volume 2 - - -.

---Yes.

- - - of the Corruption Prevention volume at page 72. Can you go then to the next document which is the business paper for 16 May, 2016.---Yes.

Do you have that in front of you?---Yes, I do.

You are asked some questions about this by the former deputy general manager's counsel, about the meeting that took place in May 2016.---Yes.

10

Is that the business paper for the document, for the meeting on that day?
---Yes.

Can I ask, then, you go to the document that appears at page 4? This is the new Audit Committee charter that was being considered at this meeting.
---Correct.

And was that resolved to be adopted by the committee?---The committee adopted it, yes, with a few modifications.

20

And if you go to page 7, one of the amendments that were made at 6.2 was, and this relates to an issue, I think, that the Commissioner may have raised, or Counsel Assisting one of the questions of you, was that the general manager may attend each meeting but will permit the committee to meet separately with the internal auditor and the external auditor in the absence of management on at least one occasion per year. Do you see that?---Yes, that, yes.

30

That was one of the amendments that was made to the document?---Very much so, yes.

And was that a response to the issues that had been highlighted before this Commission?---Yes.

Thank you, if I could have that document marked as an MFI, Commissioner? Because, as I said, it's in Ms Kirchner's statement, at Exhibit 38.

40

THE COMMISSIONER: Yes. I don't think we have any MFIs at the moment, do we? MFI 1? We do?

MR MOSES: I think we've had some previous MFIs.

THE COMMISSIONER: We have?

MR MOSES: But not sure whether they're still current or the documents have gone into evidence.

THE COMMISSIONER: MFI 6.

**#EXHIBIT MFI 6 – AUDIT COMMITTEE CHARTER AND
BOTANY BAY COUNCIL AUDIT COMMITTEE BUSINESS PAPER
DATED 16 MAY 2016**

10 MR MOSES: Thank you. Councillor, in terms of the Audit Committee, I think you said that that was a committee that you were appointed to relatively shortly after it was adopted by the Council, correct?---Yes, Mr Moses.

And that was in 2011?---Yeah, shortly after. A few months after, I think, maximum. It wasn't - - -

20 And that was as a result of the Council adopting recommendations from the Office of Local Government about the establishment of audit committees? ---Yes, there should be one councillor only, yes.

30 Okay. I just want to ask you some general questions if I could. During your period as a member of the audit committee were any allegations of fraud brought to the attention of the internal audit committee prior to the Independent Commission Against Corruptions investigation which commenced in relation to Mr Goodman?---I seem to recall that there was one letter where a supplier gave Coles credit cards or something as a commission for buying excess quantities of paint and things like that. I can't remember the code name, but I recall that. Council's involvement was about eleven hundred dollars and I think that's why it came to ICAC's attention in the scheme of things.

That was a previous ICAC inquiry - - -?---A previous ICAC, yes.

- - - into a number of councils?---Yes.

40 Thank you. Now did the council – were you aware that Mr Thompson had come across an issue in 2009 that bank account numbers being used by Gary Goodman in the payroll system were the same as the bank account numbers used for payment of a certain creditor? Were you told about that back in 2009?---No, not in 2009.

Were you aware that – are you Mr Thompson's evidence was - - -?---I became aware of it, yes, more recently.

As a result of the ICAC inquiry?---Yes.

And are you aware of Mr Thompson's evidence that he informed the Deputy General Manager of this issue?---Yes, I am.

And was that something that the Deputy General Manager to the best of your knowledge, disclosed to council at the time, in 2009?---To the best of my knowledge, no.

It is something you would have expected her to notify the council of?---Oh yes.

10 And I think in relation to a question by my learned friend Counsel Assisting, he asked you about what measures had been undertaken post 8 October, 2015 and I think you said there were a number of policies and procedures that have been implemented. Can I just go through some of them, if you could just confirm whether this is the case. Morris and Lowe Consultants, they were appointed were they in November, 2015 to oversight review and make recommendations in relation to the operation of the business unit?
---Absolutely, yes.

20 And in late 2015 the council reviewed and approved corporate credit card and store card policy communications devices policy and internal reporting policy?---Yes.

And that with dealing with public interest disclosure is the last policy I refer to?---Yes.

And also did the General Manager limit the system administration access rights to inquiry level to Mr Thompson?---Yes.

And was there removal of Mr Thompson as a cheque signatory?--- Yes.

30 And also in relation to the council's complaint management and government information public access policies, these were reviewed as well and adopted on 23 March, 2016?---Yes.

Further there's also been the amendment of the assets and materials disposal policy?---Yes.

The white motor vehicle policy?---Yes.

40 Which includes provisions of fuel cards?---Yes.

And that's in response to matters that have been exposed by this Commission?---Yes.

Now the new Chair of the audit committee who is that?---Peter Brown.

And what is his background?---A lot of government work, Acting General Managers in a number of instances. He's certainly well thought of in government circles and has performed at executive levels, yes.

And are the majority of the current members, what I could describe as independent members of the audit committee?---Yes.

Thank you. I have no further questions of the witness.

THE COMMISSIONER: Anything arising Mr Thangaraj?

10 MR THANGARAJ: Can you have – that document that was marked for identification the New Audit Committee Charter, can the witness be shown this?

THE COMMISSIONER: You mean 56?

MR THANGARAJ: Do you have that?---Oh you mean here as a document? What Mr Moses just gave you?---Yeah.

20 Can you go to page 7 of the updated – I want to take you to the paragraph that Mr Moses took you to?---Page 79 is the heading of Five Reporting. Correct?

Yes. So see down at 6.2 the final paragraph you were taken to?---Yes, the General Manager may attend. That one?

May attend each meeting but will permit – who's the person that's granting the permission?---I think the charter, the document we're speaking of.

Right. It gives the authority that's been passed by council.

30 Right. Okay. I thought that's how it should read. I thought I might have misread it, might of read it the other way around. That's fine. Thanks? ---That wold cause a riot.

That's right.

THE COMMISSIONER: Thank you Mr – you may step down. You're excused?---Thank you.

40 <THE WITNESS EXCUSED [12.56pm]

THE COMMISSIONER: We may has well take the luncheon adjournment and resume 2 o'clock. Thank you.

LUNCHEON ADJOURNMENT [12:56pm]