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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE REGINALD BLANCH AM QC

PUBLIC HEARING

OPERATION TARLO

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON THURSDAY 4 MAY, 2017

AT 2.00PM

Any person who publishes any part of this transcript in any way and to any person contrary to a Commission direction against publication commits an offence against section 112(2) of the Independent Commission Against Corruption Act 1988.

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

<NATHAN BOYD, on former oath

[2.04pm]

THE COMMISSIONER: Mr Boyd, you're still on the same oath you took before lunch?---Yes.

Thank you.

Yes, Mr Rajalingam.

10 MR RAJALINGAM: Thank you, Commissioner.

Mr Boyd, before the break you gave some evidence about what you would do before collecting a sample of expenditure. I think you said you would try and obtain a general understanding of the organisation, have a discussion with people involved. In the case of the Immigrant Women's Health Service, and I think you said you were approached by Ms Sharobeem in June or July 2013?---That's correct.

20 And that you had about a month to prepare your report?---So in that case, so when I met her in July 2013 the financials or the MYOB system was nowhere near in a position for me to actually audit, so at that point I said, "You need to engage a bookkeeper or someone to actually do that for you." Once that was all prepared and the documentation was in order, then I would be able to commence the audit.

And how soon after June 2013 did you commence the audit?---Probably around August or towards the end of August.

30 Prior to commencing the audit, did you have a conversation with anyone from the board of the Immigrant Women's Health Service about the organisation?---Not at all. So I only dealt with Eman Sharobeem at that time.

And did you have any conversation with Ms Eman Sharobeem about the nature of the organisation?---I would have had discussions, yes.

40 Okay. Do you know what she told you in those discussions?---It would have been quite general in terms of just understanding what Immigrant Women's Health Service does in the community and the types of programs that were held there, and also on the internet I would have checked up on, on their site just to see the general nature of the organisation.

Do you recall in your discussions with Ms Sharobeem any conversation about the types of expenses that the service would incur?---Not specifically. I would have seen, I obtained a copy of the 2012 financial report from the previous auditor which when reviewed I could see the nature of some of the expenditure of the organisation but not very specific items.

After you're provided with a sample of expenditure, do you then go to make sure that the documents you're provided match with for example what's reported in the financial reports?---Correct. So the process would be, I would obtain a detailed ledger of the transactions which on the financial report is just a summary of those transactions, and so within the detailed transactions I would question I guess amounts in those detailed transactions and obtain supporting documentation necessary to verify them.

10 So would you essentially check the accuracy of the financial report having regard to the sample documents you obtained?---Correct.

And you provide a report at the end of your audit, don't you?---Correct, an audit report.

And who do you provide the audit report to?---That is addressed to the board of the committee and it's a relatively standard document used in our profession in issuing an audit opinion .

20 Is there a difference between an audit report and an audit management letter?---There is.

What is it?---So as part of an audit if we identify issues we sometimes prepare what we call a management letter, an audit management letter, which outlines details of deficiencies or issues raised, and we normally issue that towards the end of an audit if there are outstanding matters which we still need clarification on, we would issue that, so I only issued a management letter for the 2014 and subsequent years, not that first 2013.

30 In 2013 when you were doing your audit of IWHS, did you know that it was a requirement of New South Wales Health that funds be acquitted?---Yes.

Firstly, what does that mean?---So acquitted means the funding body would give a certain amount of funds, a grant for example, to the organisation and the acquittal process would be to provide a statement stating that those funds have been used in accordance to what was agreed as to the use of those funds.

40 If funds aren't used in accordance with the agreement, do you refer to those funds in a particular way?---So, so if the funds haven't been spent they would be referred to as unspent funds and typically need to be returned back to the organisation, generally yeah, if the funds weren't used for the operations of the organisation then that's where we would have to discuss how those expenses are dealt with.

Would those funds in a hypothetical situation which are not used in accordance with the funding agreement also be referred to as unspent funds? ---Possibly. The organisation may have other sources of revenue, so for example they may have donations or other contributions from other

organisations, smaller grants for example that are received, so at times there would be expenses incurred which may not specifically relate to a particular, say for example the Health Department's funding, and those expenses would then need to be allocated or attributed to different, yeah, to other income sources.

Now, were you aware in 2013 that both the IWHS and NESH had online bank accounts?---Yes.

10 Did you know that the IWHS used passwords to access that online - - -?  
---Yes, I was aware.

And that was the St George Bank online banking system?---That's correct.

Did you have the password?---No.

How did you obtain documents from the online banking system?---Often all the documentation was already printed and available for me in folders that were prepared by the bookkeeper. If for example I needed specific  
20 documentation I, while I was at the office in Fairfield I would request the bookkeeper to open up the Internet banking and print off a report. That would have only occurred possibly once or twice, not often.

And the bookkeeper you're talking about, is that Neith - - -?---Correct.

- - - Chanthalangsy?---Yes, that's correct.

Now, at the Non English Speaking Housing scheme, did that organisation also have an online banking system?---Yes, that's correct.

30 But did they use tokens?---That's correct.

Are you familiar with the token process?---Yes, I am.

Can you explain how tokens work in online banking?---Sure. So there would be tokens issued by the bank or financial institution which, which is held by the authorised person, should be held by the authorised person. So there would normally be – the reason why they have that is a control in place to ensure that unauthorised payments are made from the, from the  
40 bank account. So typically you would have someone such as a bookkeeper enter into – log into the NetBank process a transaction and have that ready to be paid to a supplier, employee or whichever payment was being made. They then would notify or an email possibly would be sent to the other authorising person and that other person would then log into NetBank and then enter in their code which then effectively releases that payment to the supplier or employee.

In terms of the token itself, is the token provided by the bank?---Yes, that's correct.

What is it, is it a little - - -?---It's a little digital device and they can vary from bank to bank but mostly you would click a button when you were ready to make a payment and it would display a series of numbers which you are required to type into the bank system as well as a password normally.

- 10 So it's an automated code generation – generating system that's sent to a device?---Correct. From, from the bank so from St George would be sending that, yeah, via signals.

And it generates different numbers - - -?---Correct.

- - - to ensure security. Is that correct?---Correct.

- 20 Are the devices registered to particular people?---Typically when, when the banks issue them they would have one token for a particular signatory to the account but I guess they have to keep that safekeeping. Technically someone else could use it so there's nothing, nothing to stop someone else having that token and accessing and using it but it's – you're meant to keep onto it as if it's an important device.

Were you involved in the audit of NESH between 2010 and 2013?---I was.

Did you – in that time did you know a manager – did you know the manager of the service, Ms Mira Mitrovic?---I did, yes.

- 30 Can you describe her – your interactions with her?---So towards – I would have met her around 2010/2011 and at that stage she ran the organisation. I knew a little bit about her background because she had been at that organisation from the beginning, from the year 2000 and from other work colleagues I knew who she was. In dealing with her I knew she was a very, in my view, good operator. She managed the service quite well. She ran the organisation and managed every aspect of it quite well in my view. Up until then from the year 2000 even though I wasn't involved my understanding was the organisation – there were no major issues with the organisation.

40

And I think you said earlier that your office had been involved with that – the NESH organisation since 2000. Is that right?---Correct.

Did Ms Sharobeem approach you in about 2011 seeking to restructure the Non English Speaking Housing women's scheme?---I'm not sure if it was directly to me specifically but I believe she approached our firm and in particular a colleague, Amy Vo, who is actually for the record also my sister as well. So she approached our firm and said look, we need – due to

circumstances and leaving of Mira as manager of the organisation there needed to be someone involved to help assist the organisation through that transition process so she approached our firm.

You provided a statement to the investigator in this matter. Do you remember that?---Yes.

10 And I think you spoke about this particular topic in your statement. Would you agree with the following, that you said that Ms Sharobeem attended your office seeking to restructure NESH so that there was one person looking after the financial side of things?---That's correct.

And that she wanted another person operating the programs of the organisation?---That's correct.

20 And in effect was she trying to split the manager's role?---That's correct. I wouldn't have had a direct involvement with providing that advice or even having those discussions with her, I just heard that as a, within our office meetings I would, I would hear that topic arose.

And who spoke about these things in your office?---It probably would have been Amy Vo at that time.

Did you also hear in the context of those conversations that Ms Sharobeem did not want the manager of the organisation involved in the financial side of things?---Please say that again, sorry?

30 Did you also understand from your conversations in the office about this issue that Ms Sharobeem did not want the manager to take on the financial responsibility of the organisation?---Are you referring to the new manager or Mira there?

MS Mira Mitrovic?---That's correct. She didn't want her to be involved in the organisation.

Thank you for clarifying that. But rather did you understand that she wanted the bookkeeper to take on additional responsibilities?---That's correct.

40 Did you form some view in relation to the relationship between Ms Sharobeem and Ms Mitrovic?---Yes, I did.

What was that?---In my view and from discussions within our office, and predominantly due to communication between Eman and Amy Vo and some of the discussions they had over a period of time, in my view it seemed as if Eman had either some type of rift between, with Mira over a particular incident which actually led to Mira stepping down as manager from the organisation. And so just generally understanding Eman and the principal

also of our firm Chih Yunn Boyd, she also had some dealings with Mira on an unrelated matter, she was also actually a client of our firm as well, Mira, and so just knowing a little bit of the background and hearing things from two sides, we could gauge that there was definitely issues between them, even on a personal level.

10 Did you gain the impression that Ms Sharobeem wanted Ms Mitrovic to leave the organisation so that she, Ms Sharobeem, could step in?---Ah, I'm not sure whether or not that was her intention at that time and I can't say that or confirm that, but I knew that she didn't want Mira to continue on as being involved in NESH.

And at that time was Mira Mitrovic the manager?---She was.

After Ms Mitrovic left, was NESH without a bookkeeper for some time? ---That's, that's correct. So the reason for Mira leaving stemmed from the resignation of the bookkeeper of NESH who was also the same bookkeeper of Immigrant Women at that time.

20 And who was that?---I believe it was a Chinese lady named Ms Chen.

Do you know if it was Ms Selina Chen?---I believe it is. I never met her and, yeah, don't know her personally.

Did at some stage your office recommend Ms Chanthalangsy to do the bookkeeping work for NESH as well?---Possibly actually.

I see?---Yeah, possibly.

30 All right. And you were – were you involved in the audit of IWHS for the 2013-2014 financial year?---Yes, I was.

Do you remember that experience?---Yes, I do.

What did you notice during your audit for that year?---Okay. So 2014 - - -

40 And I'm happy for you to refer to your audit management letter, but if you're able to describe in your own words, please do.---Sure. So in 2014, in my view, the audit of 2013 was a relatively rushed audit. The pressure Eman gave that we needed to submit audit reports to the funding body, along with the lack of bookkeeping for that year, and having to get that up-to-date and not having all documentation, the 2014 year was probably the first year that I was able to, I guess, look at things in a fair, a little bit more detail. So there were – one of the big issues which would have been discussed in 2013 year was the adequacy of documentation for expenses incurred by Immigrant Women Health Service, including reimbursements made to Eman, and also payments to facilitators which, and the

documentation around that was also inadequate, which I raised as issues in my management letter to the board and to Eman.

And did you first phrase that in late 2014, during the second audit, effectively?---Yes, that's correct.

During your audit, and I think you refer to this in your letter, and I'll just take you through the various topics and ask you to expand.---Sure.

10 You referred to a number of cut receipts. Can you tell the Commission more about that?---Sure.

During your audit of - - -?---Sure. So in terms of reimbursements to Eman, the main reason why expenses had to be reimbursed to her was that she used her credit card or her own funds to pay expenses on behalf of the organisation and would then seek reimbursement for that – for those items that she purchased. Now, as part of the documentation she would present to the bookkeeper for reimbursement, there was often quite a fair bit of documents each time, I noted, that were supporting the actual funds  
20 transferred to her account. A lot of those receipts had parts missing or extremely inadequate documentation, such as just a little piece of a credit card receipt, just stating the name of who was being paid and the amount. And on quite a number of instances, there would be cut receipts or no little tax invoice at all, just a receipt of the credit card. So I spoke to her and I said this is not really adequate. Why would you, you know, have so little documentation or even cut? And she would give responses such as, oh, there was a lot of, too much detail so I was cutting off too much documentation. Or she would state some of the little shops, they don't  
30 really give you a tax invoice. They just give you the little credit card receipt. To which I replied, you know, you actually can request for a tax invoice. They will always print one out if requested. So I raised these issues and Eman would always provide an explanation to the relevance of expenses which related to the service, so I accepted them at face value at that time and told her that, going forward, I would expect that you have sufficient documentation supporting reimbursements. I also, just to assist her as well, because I knew she was very busy, I generated a template and said this template needs to be completed very detailed. For every single reimbursement you make, you are to place the detail, the amount and what it relates to. So I provided that to her and said please use this template, you  
40 know, for the next coming year. I don't deal with Immigrant Women on a day-to-day basis. It would be sort of once a year sort of at that point in time.

You referred to the cut receipts. Before you spoke to Ms Sharobeem about the cut receipts, did you make any investigation on the internet in relation to particular vendors?---For the 2014 year, possible. 2015 most certainly. I would – I'm not sure if you're going to the 2015 year yet but - - -

I'll get there.---Yeah. So 2014 I would gauge an understanding of what the expense related to. If they were Woolworths/Coles receipts, the explanation always given was it was relating to purchasing things for the various programs and groups that were held, which made sense to me at that time, due to the nature of the programs being held. Other expenditure, there was always some activity involving those expenses, which I accepted at face value based on representations made by Eman to me.

10 Is it your job to investigate what's being told to you by the board or an employee of the organisation you're auditing?---So we're required to obtain sufficient evidence on particular, I guess, questions we have. So we can receive that by actual documentation, which is probably the most, is the best documentation we could have or best evidence. At times we obtain verbal or written representations from those in charge to verify certain aspects which documentation may not be easily available for. So, yes, a mixture of both.

20 During the 2013-2014 audit you referred to issues relating to cut receipts. Did you also notice some duplicate payments being made?---It is possible for that year that yes, there what appeared claiming of two – so there would have been a tax invoice for example and a credit card receipt which were for the same purchase but on two little separate pieces of paper and therefore both of them were incorrectly reimbursed, yes.

How often did that happen in the 2013-2014 year to your recollection?  
---I can't say exactly but it would make sense that it's very possible because the number of receipts that the bookkeeper was required to go through.

30 When you said you raised some of these issues with Ms Sharobeem, where was it, did you do it on the phone or did you do it in person?---I did it in person for 2014.

And where were you when you did this?---In Ms Sharobeem's office at Fairfield.

Did you have a long conversation with her about what you'd discovered?  
---It would have gone for about 20, 30 minutes, yes.

40 Do you recall her responding in relation to duplicate payments, and I think this is something written in your statement to the Commission, in effect that duplicate payments had been made because facilitator invoices had been prepared up to nine months after work had been completed because women employed as facilitators were in abusive relationships and whose husbands would take money if they saw regular payments?---So at first I did question in particular a facilitator who received significant payments in the months of May and June for what appeared to be work performed by that person earlier on in the financial year, October, December, and in that particular instances when I was performing my audit procedures over facilitator

10 payments I did pick that up from the documentation that there were even payments made to this particular facilitator for periods, sorry, paid twice for the same periods and so when I raised these issues with Eman at that meeting she, she responded as you, as you said, she gave in my view a plausible explanation that she kept a tally of the work performed by this facilitator and at the end of the financial year she would pay large amounts to her as that particular person was going on a holiday or needed those funds, and the reason for that is because the organisation would employ women who were I guess of a background in possibly domestic violence backgrounds or relationships that, that yeah, so that's their way of saving it and not losing that money if it went into the hands of their partner.

20 When you heard that at that time, did that sound convincing coming from Ms Sharobeem?---Most certainly she, the way she spoke, very convincing. Due to the nature of the organisation I accepted it because she worked with women who, refugee background, domestic violence background and she always was an advocate for those women, it made sense that she would employ such women and possibly made sense that she would do that for them, yes.

Also just, I'm going to show you a document soon, but just returning to cutting receipts and the response that Ms Sharobeem may have given you in that meeting, did she say to you something like, in relation to cutting receipts, did she say, "Because it is often a lot of documents so I just cut it to make it less?"---Yes, that's correct.

30 I'll show you a document, volume 3, allegations, page 2, and it will come up on the screen. Is that an example of the reimbursement form that you provided to Ms Sharobeem?---Yes, that is what I prepared.

And did you create that table?---I created the table, but not the figures in the table.

40 Yes. All right. Thanks. In the context of your audit of that financial year 2013-2014, did you begin to have more interactions with Ms Sharobeem? ---Yes, you could say that. Not, not, to be honest, not on a, not even on a quarterly basis, it would probably be towards the end of that financial year, actually, no, I take that back. So during the 2014 year due to the new bookkeeper who came on in August 2013, being Neth, she needed a little bit of guidance so we arranged that for the 2014 year I would perform what we would have called interim audits throughout the year, so I did start, I would come every three months for a day just to review what the bookkeeper was doing, just checking that she was reconciling the accounts correctly, just sort of high level checks, nothing in too much detail, and I probably did that for a couple of quarters until I felt Neth was in a position that she could continue doing the bookkeeping without having myself review her work.

Around about that time if you had an issue with the audit would you approach Ms Sharobeem?---That's the only person I ever approached.

Did you know who the members of the board were?---I knew by name. At that stage I haven't met any of them. My understanding for that reason is I was always told that they had full-time employment elsewhere and really were, were busy and unable to I guess give attention or assist me during the audit and Eman was the main person to go to.

10 Who said that to you?---Oh, that was Eman.

When did she say that to you?---It would have been right from the beginning when I first started working.

When you first – that's in - - -?---Was engaged as an auditor, yes.

When you were first approached by her I think you said in July of 2013? ---2013, correct.

20 Mid-2013. Was Ms Sharobeem one of the persons that gave you supporting documentation in relation to the expenses?---At times. Not, not necessarily in person. She would always refer me to the bookkeeper and the bookkeeper maintained all the documents so very – unless there were specific documents requested by email she at times would forward documents to me but predominantly anything that related to expenses and documentation the bookkeeper typically had that filed.

If you were not given supporting documentation and you were to rely on an oral explanation or a verbal explanation rather who would give you that verbal explanation?---That would be Eman.

Would anyone else give you a verbal explanation for an expense?---No, I wouldn't obtain one from anyone else. I would possibly discuss with the bookkeeper but if she had no idea she would approach me or refer me to Eman.

In relation to that audit of 2013 and 2014, despite some concerns that you had did you nevertheless provide an unqualified opinion?---That's correct.

40 And why is that?---So in my view although we did have issues raised they – you could argue they weren't in my view at that time significant enough for me to issue a qualified audit report. I received explanations which I accepted at face value at that time and, and then based on that was able to issue an unqualified audit opinion.

I'll show you a document, brief volume 2, page 98, brief statements volume 2, page 98. Is that a copy of your audit management letter of 12 – sorry, 22 September, 2014?---Yes, that's correct, the front page.

All right. And the following page, is that a continuation of your letter?

---Yes, it is.

And just keep going to the end. That's the third page of your letter?

---That's correct.

Now, that's not an audit report is it, it's a letter advising essentially?

---Correct.

10

All right. It's addressed to the board isn't it?---That's correct.

Just go back to the first page. But did you send it to the board?---I did not actually send it directly to the board. I gave this particular letter to Eman who I said would need to pass it to the board and have a discussion about the, the contents of this letter.

Did you provide it to her by hand?---I did, yes.

20

I'll ask you these questions. Why is it that you didn't raise your concerns with the board directly at that point?---At that time I dealt, predominantly I only dealt with Eman and my understanding was she was the main person that communicated with the board. In hindsight, looking back, I probably should have issued it and given it directly to the board. However, even if I did, that letter would have been given to – it would have been posted to the organisation's office, which would have been the Fairfield office, and I still would not have necessarily had control over who received that or if they actually read it.

30

And additionally you knew that the Immigrant Women's Health Service was being funded by a public department, the NSW Health Department. Was there any reason why you didn't at that time raise your concerns with the Department of Health, for example?---Not specifically. In terms of the audits, although there can be issues, and in particular payments, for example, of the facilitators, I raised my suggestions that you need to consider receiving, you know, refunds of overpayments. But overall my engagement was to do an audit of the financial reports in terms of how we do an audit and issue an audit opinion to the financial report, of which I believe that audit opinion along with the financial report would be submitted to the funding body.

40

Just turning to your letter now, on the second page, you agree that this, your audit letter for 2014, raises a number of matters. Can you describe what you raise on the first page?---Facilitator invoices. So a number of issues with regards to documentation that was on file for payments made to facilitators. The key things were the lack of details actually required for a tax invoice. So they're on quite – in most instances there wouldn't be any details of an ABN and, and because of that, technically, in terms of tax laws, you are

required to withhold 46.5 per cent tax from payments made to facilitators. Invoices, the second point was invoices paid related to services that had been provided many months earlier. In this particular instance, July-October '13, services were performed by a facilitator which were only paid in June, or May-June that year. And the third point that there were facilitators who were paid twice for the same period of time. And in this particular case Emma Adly was paid on certain days for work performed per the time sheets and invoice generated for the same period of time in 2013.

10 And there are some other names there.---Correct.

Rachie Kakel as well.---And Rachie Kakel. Correct.

All right. And the second issue that you raise, expense reimbursement, I think you've already described that but is there anything else in your letter that you'd like to elaborate on?---The only other point also was the allocation of operating expenses and reimbursements were not always allocated to the correct MYOB account, and that often arose due to the lack of details on the documentations or the receipts. So if the bookkeeper was  
20 required to post them in, it often looked like it was just posted to accounts that was, was advised by Eman and potentially there were issues regarding that posting, to which account.

And the third point there, GST and ATO lodgements. What does that effectively say?---So one of the accounts within the financial report is GST tax obligations. And so that was – once I performed a reconciliation of that, I did note that there were some discrepancies with what was lodged with the ATO to what was actually claimed, and so I just detailed those in the report for them to look at.

30 Was that a major concern for you?---Not really. The GST, I guess, the lodgements to the ATO should represent each quarter the GST activities. But if there are sort of errors, and the errors could arise due to changes after the lodgement of a return, an organisation does have the ability to go back and make amendments to that to correct.

And the following page? Now, provisions for future projects and commitments, can you explain what that is first of all in terms of an audit and your concern here?---Sure. So from what I understand, prior to me  
40 auditing Immigrant Women Health, balances that came from the previous year, 2012, in the liabilities there would be provisions raised which were for, I guess, programs or events or activities to occur into the future. The reason why, and some may argue a lot of not-for profits operate this practice of raising provisions in order to utilise funding for that year, because they haven't spent it that particular year but intend to spend it in the near future on a program, possibly approved by the funding body. So they would raise a provision for that future commitment or project. The accounting rules require that if you raise a provision, you actually have to have – there needs

to be some type of legal or constructive obligation from a past event that requires you to raise that provision. You generally can't raise general provisions. So due to the nature of what – and the amounts being quite whole dollars, it didn't look as if they were true provisions. They're just general provisions.

And when you say there needed to be some sort of legal or constructive obligation you're referring to a quote, a plan or - - -?---That's correct.

10 - - - some sort of document that would suggest something is going to happen in the future. Is that right?---That's correct, yes.

The final part – sorry, HomeCare Services of NSW invoice, what is that in relation to?---Okay. So Immigrant Women held various programs in various locations, at Bankstown, Fairfield, Cabramatta, et cetera. So HomeCare Services would provide reimbursement for the costs associated with running those programs so each month Eman would generate an invoice and issue it to HomeCare Services of NSW which that particular invoice would detail I guess bus hire, number of people who attended, an  
20 allocation of a dollar amount per person for food and crafts and childminding, et cetera, and they, they would be detailed for each, Bankstown, one for Fairfield, Bossley Park I believe and they would be sent on a monthly basis to HomeCare Australia and – HomeCare NSW and they then would make a payment of that to Immigrant Women Health Service.

And that simply says that the GST wasn't - - -?---In that particular instance they – it was not accounted for correctly in terms of GST. The invoices in this particular case did not have GST or in MYOB they did not process the GST and there should have been GST accounted for at that point.

30 And the final issue that you've raised?---It was probably a minor, minor issue and that was in relation to the acquisition of assets at times. When you, when you purchase an item you would always have to look at the nature of that particular expense, whether or not it has future benefits, so for example office furniture will have a benefit to the organisation for often a number of years so rather than classifying that as an expense as such it would be recognised as an asset and depreciated over the useful life of that asset, so in this instance I was raising that. While I was auditing I did note  
40 that certain items such as a Canon camera and office furniture purchased on those dates were recorded as an expense as opposed to recognising it as an asset as they had future benefits to the organisation.

All right. So that brings us to the end of sort of 2014. In the early parts of 2015 were you involved with some issues relating to NESH?---That is correct. So I don't know the exact, exact dates but my understanding is that the funding, funding body of NESH wanted to I guess check up on a number of items in the financial report for I believe it could be the 2014 year and so I – as I had quite an understanding of the organisation and the

documentation I also was brought into that conversation and that process when FACS started reviewing the organisation in terms of payments and expenditure. So from an audit perspective I was involved.

Your I think Ms Vo was responsible for liaising with NESH, is that right, in relation to the audit?---At that – the audit of FACS is it?

Of NESH, sorry?---Audit of NESH by FACS?

- 10 No, by Boyd & Associates?---Okay. So you've got to understand the time. So there was a period of time, so in 2011 when Mira left, sorry, going back to there, they needed someone to assist for a period of time, which Amy Vo was involved in the bookkeeping and also the financial management aspect. Eman wanted to separate that process so Eman would handle more of the operations, Amy would handle the financial aspects. There came a point after, could have been about a year of providing those services, that I felt being part of our own family practice that Amy was spending too much time assisting NESH because it got to the point that every little thing that needed to be done had to be done by Amy and Eman would request Amy to do that.
- 20 So I said, "We can't continue like this. You need to bring a bookkeeper in." And at that point Neth came in as bookkeeper of the organisation, so there was a transition. Neth continued on bookkeeping for some period of time and that's when FACS, about that time FACS came and started questioning certain items in the financial report for 2014.

- Was your office asked to provide responses to the queries raised by FACS?  
---So, so that, there would have been a letter, and I do recall seeing a letter from FACS, quite a detailed letter, spelling out, you know, issues, and that was given to Eman and also the board I believe, and so from, from, as they
- 30 were not involved necessarily with the day-to-day financial transactions and invoices, they just forwarded that on to our office to say, look, this is what questions we've received, can you please provide us some advice how we should respond to those questions. So as a result of that our office, and in particular Amy Vo, prepared a letter to the board, specifically to the board and not to the funding body, that this is the information that we know of and we can provide you the details for, and after reviewing that document in recent times it also stated that there's some information that we don't know that you as the board need to provide that documentation and details to.

- 40 I'll show you a document, volume 12, the allegations, at page 204. Sorry, volume 17. Now, if we just turn to the third page first. Mr Boyd, you know that you didn't prepare this letter or sign it?---That's correct.

But are you aware of some of the issue that are being raised in the letter?  
---Yes. A lot of those issues would also have direct importance to the audit as well, so the figures would make sense to me, yes.

Commissioner, I wonder if the witness could be provided with the written copy of his letter because I'm going to show him the financial report 2013-2014, and it's at volume 17, page 204. Mr Boyd, do you agree that that's a hard copy of a document we see on the screen?---Yes, it is.

It's a letter dated 10 April, 2015, prepared by Boyd & Associates, signed by Ms Vo?---Yes.

10 Do you agree? All right. What I'll do is I'll ask the investigator to put up the financial report for NESH for the year end 30 June, 2014, which is volume 17, page 150. And so essentially, Mr Boyd, what I want you to do is for the first issue under the heading "interest received", is there a part of the financial report which would reflect the issue that's been raised by FACS.---So if you could - - -

20 So if – yeah.---Okay, so to the previous page? Yes. So I believe FACS was querying the second line under "income interest received" of 19,600 – the 19,000 amount for the 2014 year. And the question I believe they were asking is in terms of how the allocation of interest received relating to funding from FACS as opposed to funding – as opposed to the rent operations of NESH at that time. And so to be – as an auditor we knew, as part of the organisation, that they would keep separate the operations of FACS and they would keep separate the operations of the rental arm of the organisation, and everything would be managed actually separately with separate bank accounts and separate funds. So the interest earned on both accounts or both funding would be recognised exactly. There would be no sort of estimated allocation of interest, which is what the issue they were asking about.

30 And conference and seminars, what is the issue being raised?---Okay, previously we discussed about general provisions being raised in the – I guess in the financial reports, and that was for Immigrant Women. Similar instance here for NESH, where a conference, towards the end of the year they felt that they were going to hold a conference in the future, past 30 June '14, and so they raised a provision of 20,000 to recognise that as an expenditure now for future events. And you can see that is listed. That 20,000 amount is shown halfway down the expenses column - - -

40 Yes.--- - - - in 2014.

How do you know it's being raised as a future provision?---So if you go to the next page, to the balance sheet. Next page.

Next page?---Next page.

Next page.---So if you could go to note 4. So within note - - -

So turn the page?---Turn the page. It'll be quite a few pages. Keep on going. Next, next page. Yeah. Stop there, please. So you can see here you have an item, the third item under note 4 at "crude expenses – provisions", 148,389. There is actually a detailed schedule behind that amount, of which that 20,000 provision would be included in that 148. So we do know from that that the amount hadn't been spent physically from NESH's bank account. However, it would be expected to have been spent after 30 June, 2014.

- 10 So because the \$20,000 is included in the 148,000 next to the crude expenses, you know that the money hasn't been spent. Is that - - -?---That's correct.

Am I correct in saying that?---Yes.

Now, going to the, turning the – oh, sorry. Consultancy fees is the issue, the last issue on that page of your letter, dated 10 April, 2015. Does it relate to total consulting fees of 8.760?---That's correct. I believe the question asked is what does that relate to.

20

Yes.---And because we had the details we were able to state that the 8,760 related to two particular consultants, being Bev Lange Consulting and SC Consulting.

And where does the consulting fee appear in the financial report?---So if we look at expenditure, there would be an item "consulting fees".

Yeah.---8,760.

- 30 Turn the page of your letter. If you go back to 204, sorry, page 1 of your letter, Mr Boyd, you'll note that the paragraph on page 2 relates to the subheading "community development" at the bottom of page 1.  
---Community development.

See at the bottom past the footer?---Yes. Okay.

I understand that to be the heading. Am I right about that?---Yes, it would be correct. It probably, yeah, relates to the top paragraph.

- 40 Now, where is that issue in effect reflected in the financial report?  
---So that 55612 would be included in, okay - - -

Is it at the bottom of - - -?---Oh, yes, correct, at the, at the bottom there.

The bottom. Is that another accrued expense?---From memory I believe it hadn't been paid at 30 June, 2014, so that 55612 would probably be included in the 148,0000 provision amount that we saw in the earlier, on note 4.

Equipment repairs and resources, where is that reflected in the financial report?---It's on that same page, it would be mid-point, equipment repairs and resources.

If you keep working down those final three?---Yeah. So repairs and maintenance, the 13,190 would be reflected - - -

10 First page again?---That's correct. Probably made up of three line items, the - - -

So the second page, yeah?---Yeah, the one that's displayed, so probably maintenance, houses, locks, lawns and gardens and possibly some other, some other item, I can't see it specifically.

Was it the case that here there was a lack of documentation again as to how it related to the service?---No, I wouldn't have said that. So those amounts would be related to the organisation's operations.

20 As far as you were aware?---Correct. They were just questioning what they related to I believe.

Rental at Guildford, that's obviously the rent for the organisation. Is that fair?---That's correct.

30 Why is that an issue?---I was not, I was not sure. I don't specifically understand. I think they were just clarifying that rent amount and I do recall when meeting with FACS that they did ask the question if the property was owned by any related party, anyone associated with the committee and I think my understanding is that they just wanted to ensure that that property and the rent paid to them did not relate to anyone.

The renovations at Guildford, is that reflected in the financial report? ---It would be under - - -

I think it's the second page?---Could flip over, okay, 25, so yeah, that's correct, where your pointer is.

40 And what is the issue here, again is it a provision for future- - -?---So that 25145 would have been a provision, it would have been included in the 148,000 amount, and this is where we discussed earlier about having rather than a general provision, an actual constructive provision. So at this time from, from memory prior to 30 June, '14, I understand that there were a large storm and actually roof damage to the Guildford property which resulted in the flooding and damage to computers and other equipment in Guildford.

Did you know that from - - -?---Yes, I was aware of that, yes. And so as a result they looked at replacing quite a large amount and they, and I, I believe an I do recall seeing quotes and quite detailed amounts from a computer supplier as to what was going to be provided, and so that was accrued at 30 June, 2014, 'cause those amounts were expected to be spent after that point.

10 The accrued expenses you – your office refers to at the end of that page, and I wonder if, Commissioner, it might be – page, it's volume 17, page 205, can you explain those three points, 1, 2 and 3?---So I believe FACS in their letter to the organisation were just questioning what do trade and other payables relate to so this response purely was just to state exactly what trade and payables related to. So that 185,611.87 was made up of three balances being one, trade creditors 25,541.90, other creditors of 11,680.47 which, which were in that particular instance GST, PAYG, withholding and superannuation liabilities and accrued expenses recognised during 2014 and those amounts listed in those five bullet points. So it was really just stating - - -

20 What was in the financial report?---Correct.

And take it from me that those figures are contained in the financial report without having to put it back up.---That's correct.

And the accrued expenses point 3 are some of the things that we've already talked about.---Yes. We've spoken regarding point 1, 2, 3, 4 and, yeah, all of those points from above.

30 Yeah. I'll just ask you to return that document. We'll move onto 2015 at IWHS. Now, just from memory, when you were doing the audit in 2014-2015 what significant matters did you find in relation to the audit of IWHS?---Okay. So I – there were probably quite a number of matters which I was alerted to in various ways throughout my audit. I was – I actually had no dealings with the organisation for most of that financial year. At that point the bookkeeper was involved and I had no I guess contact with Eman. It was not – my very first contact in the 2015 year was when I received a call from Eman stating that the bookkeeper had resigned, could I meet with her. So I met with her and at that point she, she just couldn't understand why Neith, the bookkeeper, had resigned and that the  
40 audit needed to be done. Subsequent to that I, I received – someone mentioned in passing to me that oh, are you no longer the auditor of Immigrant Women Health Service and I said why was that and I believe it was Nevine at that time said oh, she had overheard that the administrator mentioned that why Eman was meeting with the previous auditor behind closed doors in her office and that was around probably August, 2015. So at that point I assumed oh, maybe she probably doesn't want to engage us as auditor. I hadn't dealt with her for such a long time so it made sense but she never advised me of that. When the bookkeeper resigned I then went to

meet her and say – and I effectively said I’ve been the auditor for the last year, last two years, it would make sense for me to audit 2015 and then after that if you want to use another auditor I’m happy to resign but as the bookkeeper has resigned I will step into – I guess I understand the organisation, it would make sense for me to do this last audit. And that would have occurred towards the end of August and I knew she was looking to travel overseas beginning of September at that time and so I had a very short time again to perform that audit. However, I, I started looking at it early, it would have been probably the end of August and when I asked a few questions regarding the organisation and there’s one particular instance which has been brought to the attention here on numerous occasions was one payment of an 18,000 amount. I had been auditing NESH and I knew there were transactions between the organisations and so I then just questioned about the 18,000. Eman’s response then suggested to me that oh, possibly there could be a few other errors this year because the bookkeeper wasn’t transacting accurately or there’d been a few a little mistakes. So at that point I didn’t assume there was anything – any major issues. I just assumed that there could be potential miscodings and payments incorrectly made and so I said to myself I’m going to pay a little bit more attention to that to ensure that I cover off everything and make sure the accounts are accurate.

In that respect, in terms of paying a bit more attention, did you provide or firstly did you ask someone in your office to prepare a schedule of reimbursements made to Ms Sharobeem?---Okay. So that probably came a little bit later. So there were a - - -

Well, before we get there, did something else happen in between that’s of note after - - -?---Yeah, there would have been. So not the minor – the reimbursements were often very, a large number of small amounts that were being reimbursed generally. So when I looked at certain larger reimbursements to Eman and picked up on a few issues there, that’s when I said to someone in our office, a junior auditor/accountant, to then schedule all the payments because I wanted to see a summary of all payments made to Eman.

All right. I'll show you those schedules. Brief volume 2, page 118. Oh, volume 1, pardon me. Now, I'll just ask the investigator to go through each page of the schedule that your assistant provided. See if you agree that this is the schedule. So were those pages the schedules that were prepared? ---That was actually prepared by myself.

I see.---Those four pages.

Yes.---Those four pages prepared by myself but I used another schedule which was far, far more detailed than that, which detailed every single reimbursement to Eman. So it was quite – it took about one week of time for that person to go through every receipt and detail it. I then looked at that

summary and did – sort of rearranged it and extracted out the items I felt clearly did not relate to the organisation’s operations, and generated these four pages as a first step to question the committee and Eman as to how these reimbursements relate to the organisation.

All right. The first page relates to reimbursements related to hair and beauty goods and services. Do you agree?---Yes.

10 And the total amount that you identified was \$3,409.85. Is that correct?  
---That’s correct.

And the next page relates to, sorry, just perhaps go to the fourth page first. Keep going. And that page relates to clothes and accessories.---Yes.

Pardon me for one moment. Is the total there \$4,991.90 that you've extracted?---I believe that’s the total amount. It’s not very clear, though.

20 Now, in relation to clothing and accessories, the document that your assistant provided, did that have relatively the same amount of entries as is contained in this document or were there many, many more?---There would have been many, many more reimbursements to her, and all of these details I didn't type any amount or any details. I used what she had scheduled, which could be thousands of line items on an Excel spreadsheet. I then rearranged what she classed as clothing and accessories in her view, based on the little receipt that was claimed, and I then summarised and just prepared this sort of very quickly, this listing of items which, based on the supplier name, appeared to relate to clothing and accessories.

30 And would you agree that some of the supplier names that you’ve decided to extract the following, firstly Myer?—Yes.

What about U-Turn Recycled Fashion?---Yeah, I’m not sure who they are but that looked like it was related to clothing.

And Factorie in Canberra?---That’s right.

Big Merino?---That’s correct.

40 Rebel?---Yes.

Do you know is that a female clothes shop?---I, I’m not – to be honest I don’t know of a shop named Rebel.

What about Tarocash?---I am aware of Tarocash as being a clothing shop.

Le Soft Fashion was one of them, wasn’t it?---Yes. I haven’t heard of that particular business before.

And Camper Shoes was one, another one?---That's right.

And Catwalk Pty Ltd. Was that another vendor?---I believe so.

There's many more listed there, isn't there?---That's correct.

And of course Tarocash is a menswear store, isn't it?---It is, yes.

You provided these schedules to the board, didn't you?---Yes, I did.

10

When and where did you provide it to the board?---So early, it could have been early October 2015, after I had substantially completed my audit I met with the board at my office and as part of that meeting we went through reimbursements to Eman, which I presented these four pages showing a list of these expenditure and in the first instance I asked them whether or not in their view they thought these vendors or suppliers related to the organisation and, and I needed them to seek confirmation that they yes indeed related to the organisation and for them to come back to me with a response to every single item listed there.

20

Where was that meeting?---That was held at our office in Fairfield.

Your - - -?---Accounting office, yes.

Accounting office. Who was present at that meeting?---Myself, Chih Yunn Boyd and three of the committee members, being Audrey, Nada and Julie.

Was Ms Sharobeem there?---We invited her to attend that meeting but she was not able to attend that day.

30

Did she provide an explanation?---Not that I remember, she just was not able to attend.

Do you know what the board members said when you confronted them with these reimbursement schedules?---There was a mixed response from the board. From memory, they were all quite shocked actually when they saw certain documentation that I presented, this was not just the only information, there was quite a number of other documents that we went through that meeting, and they all responded slightly differently but overall they were quite surprised with what I had shown them.

40

Was that the first time you had a conversation with the board about your audit process of IWHS?---That would be correct.

So it was the first time you met the board members?---Not specifically, possibly I would have dealt with them via email throughout the period of 2 September up until the end of September, that occurred as part of my

questioning of audit-related, there was emails that were sent to all the board at that time and the board was included in the correspondence.

Ultimately did you ask the board members to liaise with Ms Sharobeem in order to clarify what were work and personal-related expenses?---Yes.

Did they provide you with a response?---They did, yes. Some, possibly a week after receiving these documents.

10 Did, and I think you've referred to these figures in your statement to the Commission and I'm happy for you to look at your statement if you need to. Do you have a copy of your statement here?---I do, yes.

I think in response to the hair and beauty reimbursement schedule, were you advised that at least \$2,012.95 related to personal expenses?---I'm not sure of the exact amount but I did receive the same schedule which I had forwarded via email to the board to identify and she, I believe Eman went through and next to each item stated what they were, personal, or I believe she used the terms program and personal to identify each item, to which I  
20 just added up what was classed personal and tallied and totalled that amount.

If I take you to paragraph 35 of your statement to the Commission, page 80, do you agree that the figure I read out in relation to what was identified to be personal expenses is correct, \$2012.95?---That's correct.

And in relation to clothing and accessories, were you advised that at least \$2,522.07, if you turn the page, related to personal expenses?---That's  
30 correct.

Did you receive a response in relation to your schedules relating to medical reimbursements and miscellaneous items?---I don't recall exactly. However I do remember sending another email to the board stating that only one tab in the Excel spreadsheet was completed, that there were possibly a couple of other tabs that needed to be analysed as well.

Would you agree if we turn back to the reimbursement schedules on volume 1, page 118 – I know we skipped over miscellaneous, your miscellaneous schedule, but if you turn the page you agree that the miscellaneous schedule  
40 identified \$18,473.27 of suspected personal reimbursements?---That's correct.

And you never received a response from Ms Sharobeem about this particular figure?---That's correct. I did not receive a response.

And did you ever receive a response from any board member about that particular figure?---In that meeting, when we did discuss, they briefly mentioned, for example, Bonnyrigg Garden Centre, I said there was quite a

few thousand spent there and I said does that relate to any of the operations, to which I believe Audrey commented possibly there could have been a gardening program but she wasn't aware.

Do you know if the board members had much knowledge of what was actually going on at the organisation?---To be honest, not too much from just my interactions with them.

10 Also in relation to this audit, did you detect a mixing of transactions between IWHS and NESH?---Yes, I did. That was one of the issues I raised as well in my letter.

And I think you've already referred to in your evidence the \$18,000 transfer that you detected from NESH to IWHS?---Yes, that's correct.

Can I show you a bundle of documents, volume 1, page 151. All right. What do you call this document, Mr Boyd?---It's just a transaction receipts, printed directly from the Commonwealth Bank's online CommBiz system.

20 Would you agree that it's a money transfer from NESH to IWHS - - -?  
---Yes.

- - - in relation to \$18,809.50?---Yes, that's correct.

Would you agree that out of the NESH account was a multiple transfer?---  
Out of the NESH account, yes, totalling \$18,809.50.

30 And it was a transfer to IWHS, Ms Sharobeem, Ms Chanthalangsy for what appears to be her wages, and another amount for some service.---That's correct.

Now, if you go to the top of the page, well, a quarter way down. Do you see processing date 8 January, 2015?---Yes.

40 Can you explain what is contained under that date in relation to what's been confirmed there by Ms Sharobeem and authorised by Ms Sharobeem and then also authorised by Ms Lai? What do those entries mean in your opinion?---It's an audit trail of the time certain transactions were processed. So just looking at that it would state that, I guess, the transaction would have been entered in by whoever was entering in, and that would have possibly been the bookkeeper, and then authorised again. Being so close, only 38 seconds apart or thereabouts, it would appear that would be the same person then authorising that payment. And I can't explain - I don't understand why there's that many authorisations, but, yeah, it would appear that some other token was used to authorise the payment again.

Does the appearance of another name in that section suggest to you that another token was used?---Yes, it would.

Okay.---From my understanding. But even then, sir, I'll just clarify. I, I wasn't involved at all in terms of making payments.

Of course.---So I don't know the full processes, how that works.

And just turn the page to 152. Do you recognise that as a St George, St George Bank account statement?---Yes, I do.

10 Do you recognise those two transactions for 18,695 and 18,000?---I do, yes.

Can you tell the Commission about those two entries?---Okay. So those two entries are cheques that were drawn by Immigrant Health Service for payment to supposedly different – from my understanding at that time for payments of motor vehicle purchases so they were probably presented at, at the bank and deposited into external bank accounts of whoever those payments were intended to go to.

20 Just turn the page again. Is that the account statement for the Immigrant Women's Health Service?---Yes, it is.

And does it show \$18,000 coming in on 8 January?---Yes, that's correct.

And a description NESH car repay?---That's correct.

Sorry, just go back one page. You notice there's cheque numbers next to those two cheques?---Yes.

30 And if we turn the page to 154. Do you recognise those two cheques?---Yes, I do recognise them.

And do the cheque numbers appear on the bottom left-hand – the left part of that serial number?---Yes.

40 Can I show you in relation to this topic page 132 and it's an email exchange with Ms Sharobeem. What did you think firstly when you saw the transfer from NESH to IWHS?---I, I was – it was a bit of an issue. I – as I was also auditing NESH at that time, approximately that time I hadn't moved on to commence the audit of Immigrant Women at that time so I did notice an 18,000 amount leaving NESH's bank account which was not reconciled accurately or allocated to the correct account in NESH. I hadn't received all the documentation for Immigrant Women at that stage. I was going to follow that up. It was not only – it was when I received all the documents from Immigrant Women's Health Service then I was then able to check the 18,000 being deposited into Immigrant Women Health Service account and then I also noticed from the accounting records and MYOB that a payment also left Immigrant Women's Health account for the same amount of 18,000. So when I saw that, that's when I sent a letter – an email to Eman on the 3<sup>rd</sup>

of the 9<sup>th</sup> stating – and it was a general question, it wasn't assuming anything – any major issues but I just wanted to question why there was an 18,000 transfer from NESH to IWHS in the first instance and that I needed clarification of that.

What did you, what did you understand her response to mean, on the top of the page?---So I sent, sent this email – sorry, the top, top section there?

10 The top section is her response to you.---It wasn't fully clear but it sounded as if she was purchasing two vehicles from two different dealers and in the end one was cancelled and another deal was finalised so there was some exchange of cheques to be paid and there was error that occurred and I assumed it was paid into her own personal bank account and she didn't check that and, and then she was, yeah, just realised she had made a mistake.

20 When you say she didn't check that, is that something that she told you about this?---From memory. So I sent this email questioning the 18,000, and that would have been the day before, the night before she was to fly overseas. So that evening I received quite a number of calls from her, which I couldn't answer. So she sent to me an email or message, actually, on my phone stating “I have checked my account and it appears that there's been a mistake.” And she stated in that message that she had paid 10K back and would pay the 8K the following day or something along those lines. So I knew she checked her own account.

30 I'll show you page 155. Sorry, next page. I'm going to ask the investigator to flick through these pages. Are these some of the invoices for facilitators that you came across in your audit?---Yes, it is.

And this is an invoice for chairs.---Yes, that's correct.

40 Pausing there, what did you think of this particular document when you saw it?---When I looked at it, I thought it was quite odd. It didn't look like a real invoice. And I guess that – as I had decided that I was going to be a bit more careful during my audits, it did stand out to me that it didn't look correct. The reason why is the amount paid on this invoice, according to this invoice for 12 blue covered chairs, just didn't make sense to me. I just thought it was too much for what was purchased.

Next page. Oh, sorry, just return, just go back. What did you understand the \$1,500 credit card receipt to be?---So this was actually a bundle of receipts. So the image there just shows the first 1,500. Attached to it were four other little receipts of which tallied up to 6,900.

And the next page now. Pardon me for one moment. Mr Boyd, this tax invoice, did you – were you provided this document in the course of your audit?---Quite late on. So you recall I issued a management letter, which

questioned about the Inada chair, which I believe I forwarded to the committee on I think it was a Friday in September. Then as a result of that I was required to get a response, and one of the issues I stated was the 12 chairs purchased from Inada, please provide – I need a confirmation of that. I wanted to get a supplier’s invoice confirmation as part of my audit procedure. Then I – then when the management committee provided the response to my queries, at some point it just referred to a purchase of a massage chair. So there was never an explanation in relation to the other invoice. It just as part of the audit just switched over to being a massage chair and no reference made to that other invoice. And then I believe Audrey forwarded an email to me at a later stage with this particular invoice, stating this is the invoice for the massage chair. And that was it.

10 And it certainly doesn't relate to 12 chairs, does it?---Most certainly not.

And it refers to a shipping address in Abbotsbury, doesn't it?---That’s correct.

20 But for the same amount of 6,900, do you agree?---Yes, that’s correct.

So the next page. Do you recognise maybe, I think you’d better go to – keep going. Do you recognise these emails?---Yeah, most certainly do.

Were you asking questions about whether or not NESH had 12 chairs, effectively?---Yes, that’s correct.

And you remember those emails and you sent them, didn't you?---Yes, that’s right.

30 All right. Next page. Next page. Next page. Next page. Were you provided with a picture of the chairs?---Actually, I never received the picture. My understanding was because she was sending these from overseas, the image was too large to send through so she wasn’t actually able to send a picture through.

Because there’s no attachment on that email is there?---That’s correct.

40 The 168. Mr Boyd, is this an invoice you saw in the course of your audit of Immigrant Women's Health Service?---Yes. So this document would have been filed in the folders which was given to me as part of the audit as documentation.

What do you notice about this particular invoice, Mr Boyd?---When I first saw the invoice the, the thing that stood out to me was the name of Immigrant Women's Health Service being in a different font. That was the first instance. And there was a spelling mistake of the word service which was a bit odd and given that the document looked like a professional invoice

from a supplier it made no sense to have no delivery address or no address and for it to be – to have different fonts.

I'll take you to the next page 169. Do you – had you seen that credit card receipt on the top right-hand corner in the course of your audit?---Yes, I did.

10 Why do you remember that particular receipt?---There was a fair bit of discussion regarding that. When I received or saw this particular document it was a reimbursement made to Eman and the only thing attaching a supporting documentation was an ANZ credit card receipt and so I requested the details of what that \$3,000 payment related to.

Were you initially told that there was some mistake made by Neith?---In I think an email conversation regarding it I believe someone suggested that there had been some, some issue in relation to which account that \$3,000 payment came from.

20 I'll show you that email, page 170. Did you – I don't think you received these emails did you, Mr Boyd?---I have seen these emails.

Well, all right. Had you seen the actual invoice from Westmead Hospital? ---Yes, I did see that invoice.

All right. I'll just ask you to confirm. It's on page 172. Was that the invoice from Westmead Hospital?---Yes, that's correct.

30 When did you first see this invoice?---It was in my office and I received a copy of this invoice from Nevine Ghaly. She came into the office and gave it to me.

When in the course of your audit did you receive the invoice?---It would have to have been possibly at the end of September or during September, just partway through the – my audit process.

And if you go back to page 169, do you accept that the transaction was processed in March of that year?---It was reimbursed to Eman in March.

Yes. And sorry, the credit card receipt - - -?---Yes. Yes, correct.

40 - - - relates to March. It was reimbursed I think about two hours after it was processed on the credit card wasn't it?---That's correct.

Now, after seeing all of these documents did you take a fundamentally different approach to the audit?---I think at this stage – it was prior to this stage that I took a - - -

Yeah.--- - - - very different approach so this – these documents came up or I identified them as a result of me being very careful in the way I viewed what was received and answers I received from Eman.

Did you form a view that the documentation being provided to you was inadequate, provided to you by the board or – sorry, I withdraw that. Did you form the view that the documents which had been provided to you ultimately were inadequate for the purposes of your audit?---Inadequate and, yeah, not – I would say not acceptable as well.

10

Would you consider that they were misleading?---Yes.

Did you suggest to the board at around about this time where you change your approach to the audit that you needed a breakdown of expenditure in relation to each, in relation to the funding that each organisation was receiving, both for NESH and IWHS?---Just repeat that, can you reword that just - - -

20

I will. Did you essentially ask for a breakdown of expenditure from the Immigrant Women’s Health Service?---Okay. So at this point, once reviewing all these documents, I told the board that there, in my view there were so many issues and not enough supporting documentation for me to even proceed sort of too much further with details of certain payments, and so I said the only way to I guess finalise or have some sort of report prepared would be for them to allocate the expenditure and I assumed they would have to do that with Eman’s knowledge of the operations.

30

I think by this stage you’d already provided the board with your letter of 18 September, 2015. Is that - - -?---Yes.

Can I show you that brief volume 1, page 101. Is that your audit management letter of 18 September, 2015?---Yes, that’s correct.

How did you send that letter?---I believe I would have emailed it to Eman and the full board.

40

Were you still in conversation with Ms Sharobeem in September, 2015? ---Yes. So I was still dealing with Eman via email at this time. I believe she was overseas at this particular time so I was dealing with her by email and that effectively ceased once I sent this email, this particular document to them.

Can I take you to, just turn the page again, just there in the first section you say in bold that, “This issue in relation to facilitator invoices was raised in our audit letter to the executive committee in September 2014 and this issue has not been addressed in the 2015 year.” Were you referring to your letter to the board - - -?---Yes.

- - - in relation to your audit of the 2013-2014 financial year?---Yes, that's correct.

Where you'd already raised some issues in the ones we've been through?  
---Yes.

Did you have a conversation with Ms Lai about this particular topic?  
---We did, we definitely went through every single item in this particular report.

10

But had she told you whether or not she had seen that letter of September 2014?---During our meeting at my office on 8 October they said they had not seen the letter from 2014.

Did you provide them, being the board, with a copy of your September 2014 letter in October 2015?---Yes, that's correct.

20

When did your contact with Ms Sharobeem in relation to the audit stop?  
---Exactly I believe this was a Friday, 18 September, and I did not receive any further emails or dealings with her directly.

If I just – I'm not going to take you through all of these in detail, but do you accept the first page of issues relates to firstly facilitator invoices?---Yes.

And secondly expense reimbursements?---Yes, that's correct.

30

And as we go through your report, and just, you'll – the next page and the next page, just stop there. In this letter you've raised some of the things that we've talked about in the Commission today, firstly the payment in relation to the chairs, do you agree?---Yes, that's correct.

The fencing payment is contained there?---Yes.

And that you noticed there was some issue with the invoice?---Yes, that's correct.

And also the payment to Westmead Hospital is contained in your letter. Do you agree?---Yes, that's correct.

40

There are number of other issues that you raise in this letter. Do you accept that?---Yes, that's correct.

Did you think – withdraw that. Did you expect Ms Sharobeem to respond to these issues directly?---I expected the committee and I presumed they would speak with Eman regarding these issues.

And you never received a response from Ms Sharobeem directly in relation to these issues?---I received a response to this particular letter and I believe

the response was completed or addressed by Eman. But she did not give that to me in person or email it to me. It was delivered by Audrey to my office.

But you never received a response directly from Ms Sharobeem, did you?  
---That's correct.

Ms Lai sent you an email on 23 September, 2015. Is that about right?  
---That sounds correct.

10

I'll show you that document. Volume 1, page 109. And is that the email where she sends you a table of responses to the issues that you raise in your audit management letter of September 2015?---I believe that is correct.

And we'll have a look at that table. Mr Boyd, I'm just going to ask you to agree that this is the table. I won't take you through what's contained in it.  
---Yes, it is.

20

Did you receive this table in response to your audit letter of 2015?---Yes, it is.

And this was attached to Ms Lai's email, wasn't it?---That's correct.

Did you also provide another audit management letter on 13 November, 2015?---Yes, that's correct.

30

It's at volume 1, page 136. And I will have to ask you to describe some parts of this report, but is this the – is this an audit management letter or an audit report?---This is an audit management letter. It's a very similar management letter to the previous one. It's just a subsequent one, so it has very similar details.

40

And I'll take you just through that document. Next page. Can you explain part 2, surplus operating grants, to the Commission?---So as a result of the issues that were identified, so I took a lot of information into consideration, including the responses of Eman, from the committee on my previous management letter, and my review of the reporting, and concluded at this time that what was known was \$251,237 worth of funding from South West Sydney Local Health District had not been spent or remained unspent at 30 June, 2015. And as a result, that would normally be required to be returned to the funding body and therefore recognised as a liability on the balance sheet at 30 June, 2015. Further on, because we were unable to obtain documentation in relation to a large amount of expenditure, so although I had identified, for example, hair and beauty and other expenditure, I was not able to verify a significant amount of other expenditures. There were MasterCard receipts never - no documents supporting that provided. And so I stated that due to the lack of documentation, I was not able to provide comfort that the 251,237 actually was complete. It could have been more

than that. So I was raising that in that particular point and you will note that I actually placed a qualification in my final audit report regarding the balance.

We'll just turn the page. We'll turn the page. And - - -?---And there were, there's - yeah, the same point there is in terms of due to the inability to know what expenses related to the Smith Family project and also the health funding body, we're not able to confirm the completeness, I guess, of the amounts owing to the funding bodies.

10

I just - I really want to be clear about this for the sake of myself, really. ---Sure.

When you say unspent funds, do you mean that there's still money in the bank account?---Okay, I'll clarify. So it doesn't mean, so unspent funds in relation to spending the funds in accordance to what the funding body said. So it is possible that amounts have been paid for expenditure that does not relate to the funding bodies and the agreement. So those amounts would be classed as unspent, so it may not necessarily be represented by cash in the bank account as unspent funds. It may be - and in this case was represented by an asset or a loan account to Eman Sharobeem, of which she was required to return the funds that clearly were not related to - they had been reimbursed to her that had not related to the operations of the organisation.

20

You referred to a loan account in the context of giving your answer.---Yes. It could be - - -

Can you explain that?---Loan account. Maybe to make it a bit clearer, other receivables balance recognised as a current asset on the balance sheet.

30

So it's essentially - - -?---An amount owing by Eman to Immigrant Women Health Service.

Because you've identified that payments have been made to her account? ---Yes.

Okay. After sending this letter, did you have any further involvement with the Immigrant Women's Health Service?---Yes, I was involved in terms of assisting further investigations in relation to these matters when they were raised to the funding body, and so I, yeah, assisted in that matter in terms of there were forensic auditors - - -

40

Can you describe the way in which you assisted the funding bodies? ---Okay.

I don't think that's referred to in your statement to the Commission. But if you're - - -?---Yeah. So - - -

- - - capable of telling this Commission what happened in that respect.---To give you the exact date, so I met with the committee and discussed all these matters I think on 8 October, '15. And from there, due to the inadequate responses to my queries, and I still was not satisfied that everything was not correct, I then advised the committee that I had an obligation to contact the funding body. I also obtained advice from the Institute of Chartered Accountants Australia New Zealand and received other advice to say that I was required to contact the funding body just to mention. And so I did contact Ross Sinclair some time in October. And then from there I was  
10 required to provide certain statements to various other bodies, including the forensic auditor that was engaged.

Do you know, do you remember the name of that person?---I should know this name.

Crestani?---Yeah, Crestani, yeah. Furzer.

Furzer and Crestani. All right.---And subsequent to that I was – I believe I was resigned or dismissed as auditor of the organisation after the 2015 audit,  
20 when the committee resigned, Audrey and a few other committee members, and new committee members were appointed. They then reappointed me to complete the final audit, which was the 2016 financial year. So I did have continued work with Immigrant Women after that.

Pardon me, Commissioner. There's just one or two further matters, Commissioner. Firstly you did mention Ross Sinclair. Who is that?---I understand he is a member of the South West Sydney Health - - -

Local Health District.---Yeah, Local Health District. I think in the finance  
30 division.

You said earlier that you didn't think the board of NESH had a very good idea as to what was going on with that particular organisation. Firstly, did you have much experience dealing with NGOs in an auditor capacity?  
---Yes, I have, yes.

And when you've said that the board of NESH – you didn't think that the board of NESH had the relevant skills effectively - - -?---I wouldn't – yeah, I wouldn't have said – passed that judgement. I just knew that because they  
40 were not involved with the organisation on a I guess day-to-day operational level, not that they were required to, but I knew that they were often taken up, that Eman sort of I guess directed them and, and I guess advised them on the running of the organisation so they may not necessarily have had a thorough understanding of exactly what was done day to day. They would have had a general understanding obviously.

Can I – I'm going to ask you a broad question. I want you to think about your answer. In your opinion what sort of skills do you think a community-

based non-government organisation, a not for profit organisation, what sort of skills do you think a board member of such an organisation should have? ---One of the key things that they need to definitely understand their I guess obligations and responsibilities as a committee member. I believe that they should – if appointed position of treasurer they definitely need to have an understanding of the financial process and the requirements of overseeing the financial aspects of the organisation and they should have an involvement in terms of the, the main direction of the organisation and what its purposes are and, yeah.

10

Before you also – we talked about audit materiality and I think you said for an organisation receipting about \$300,000 the audit materiality might be 10 to 20 per cent.---20,000 not per cent.

Sorry, 20,000.---Yeah.

20 Do you think that that is an issue in any way for a non-government organisation receiving public funds?---In terms of just the audit process so you would make an assessment. So if there, if materiality is made and the judgement from the auditor's perspective as to the riskiness of the organisation, if they feel that, you know, there are issues or concerns they may lower the materiality percentage to therefore look at a larger amount of transactions for example.

So – and do I take it that over the course of you – of your own – of auditing the Immigrant Women's Health Service for over three years, would your concept of audit materiality for that organisation have changed?---Yeah. Yes, it did over that period of time.

30 How did it change?---So by the third year which is the 2015 year I took I guess a more substantive or detailed approach into looking at certain documentation, questioning items and went down I guess a little bit more in detail than in possibly the previous years.

So you would have questioned expenses for lesser amounts?---That's correct.

Okay?---And looked at it in more detail.

40 Pardon me again, Commissioner.

I'll just show you one further document, Mr Boyd, and I think you've already referred to this in your evidence?---Sure.

I'll ask you to confirm it. You said in your evidence that when you provided these reimbursement schedules you were given a copy back with various notations relating to programs?---Yes, that's correct.

Was that after you sent an email to the board requesting some further clarification?---Yes, I believe to.

I'll show you an email. Is that an email you sent to the board on 9 October, 2015?---That is an email, yes.

10 And - - -?---And I, and I believe they related to the management letter I had sent in September '15 and I was still following up some of the points that they either said that they were going to provide details for or were still, I still wanted information for audit purposes.

If we turn the page, are these some of the responses that the board provided you?---Yes. So this was given to me by Audrey Lai, she came to our office and gave this particular, it was quite a number of documents behind and that was given alongside the email response that she, that Audrey had forwarded to me on those tables that we saw earlier and

- - -

20 So you read those tables in conjunction with this document as well?  
---I believe so. They were received about the same time.

And if I ask to turn the page, that's just a continuation of those issues. Now, this schedule, was that the schedule you were given by the board in relation to allocation of expenses?---I believe this schedule was completed by Eman just advising me what those amounts, because in my first instance I thought those were more personal in nature and so I believed Iman was just confirming and advising what those amounts related to.

30 Commissioner, that's the evidence.

THE COMMISSIONER: Thank you.

Mr Chhabra?

MR CHHABRA: Sir, your audits identified payments from IWHS to Ms Sharobeem that were not properly referable to the business of IWHS. Correct?---That's correct in relation to the receipts, yes.

40 To be more specific then, your audit identified reimbursements claimed by Ms Sharobeem with the underlying payments themselves not being properly referable to the business of IWHS?---That was my understanding, yes.

Is it your understanding that at least some of those payments were ultimately refunded by Ms Sharobeem?---Yes, it was.

Nothing further.

THE COMMISSIONER: Thank you. Any other questions? No. Anything arising?

MR RAJALINGAM: No, no, Commissioner.

THE COMMISSIONER: Thank you.

10 Thank you very much, Mr Boyd, thank you for coming in. You're excused if you'd like to leave?---Thank you.

**THE WITNESS EXCUSED [3.57pm]**

THE COMMISSIONER: And we'll adjourn.

20 **AT 3.57pm THE MATTER WAS ADJOURNED ACCORDINGLY [3.57pm]**