

# **PUBLIC ACCOUNTS COMMITTEE**

## **INQUIRY INTO THE DISTRIBUTION OF FUNDS FROM THE CONFISCATION PROCEEDS ACCOUNT**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 1 JULY 2009**

### **SESSION ONE**

#### **Members**

**Mr J.C. Kobelke (Chairman)**  
**Mr J.M. Francis (Deputy Chairman)**  
**Mr A.J. Carpenter**  
**Mr A. Krsticevic**  
**Mr C.J. Tallentire**

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**Hearing commenced at 9.37 am**

**HAINSWORTH, MR JONATHAN MARK**

**Manager, Advisory Services, Department of the Attorney General,  
GPO Box F317,  
Perth 6841, examined:**

**CONNOLLY, MR MARTIN**

**Manager of Management Assurance, Governance and Improvement, Department of the  
Attorney General,  
141 St Georges Terrace,  
Perth 6000, examined:**

**NG, MR JEFFERSON**

**Acting Principal Internal Auditor, Management Assurance, Governance and Improvement,  
Department of the Attorney General,  
GPO Box F317,  
Perth 6841, examined:**

**The CHAIRMAN:** Good morning. We have some formalities to go through. We also have a television crew who will take a bit of footage. They will not be staying when we get into any evidence. This is a public hearing and there are some formalities we have to go through, but before I formally welcome and thank you, I do appreciate your appearing before the committee.

On behalf of the Public Accounts Committee, I thank you for your interest and your appearance before us today. The purpose of this hearing is to assist the committee in gaining evidence for its inquiry into the distribution of grant funds from the confiscation of proceeds account. At this stage I introduce the Deputy Chair, Mr Joe Francis; Mr Tony Krsticevic; Mr Chris Tallentire; and myself, John Kobelke as the chair.

The Public Accounts Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to proceedings in the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament. This is a public hearing and Hansard will be making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you could provide the full title for the record. Before we proceed, I need to ask a series of questions, and perhaps all three of you may answer. Have you completed the "Details of Witness" form?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

**The Witnesses:** Yes.

**The CHAIRMAN:** Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you have any questions in relation to being a witness at today's hearing?

**The Witnesses:** No.

**The CHAIRMAN:** I ask you, in whatever order you think is appropriate, to state the capacity in which you appear before the committee.

**Mr Hainsworth:** I am the manager of advisory services in the Department of the Attorney General. I am the manager of the area that is currently responsible for the confiscation of grants program.

**Mr Connolly:** I am the manager of management assurance, governance and improvement. My responsibilities include the internal audit function of the department and I am Jefferson's boss.

**Mr Ng:** I am acting principal internal auditor with the management assurance, governance and improvement branch. I am the one who did the audit on the criminal confiscation grants program.

**The CHAIRMAN:** From our end, I will lead off. Other members can come in at various times to elucidate or follow through on a line of questioning. Again, from your end you may decide who is the most appropriate to answer, because at this stage we are not specifically clear who can help us with the information we are seeking. I will start with the first question: the audit of the program was consequential to the department's 2008-09 plan, so how was it that the decision was made to do this audit in addition to or out of line with the audit plan that was already in place?

**Mr Connolly:** I will speak to that. I was involved in the audit planning process for the 2008-09 audit plan. I guess in late 2007 or late 2008 I had discussions with the director general and other people involved in the management of the grants program, and they indicated at that point that they saw this as a potential area for audit in the 2008-09 plan for the 2008-09 financial year. That was confirmed during discussions with executive members and the department's audit committee as part of that planning process in about June-July 2008, and it was endorsed as a priority by the audit committee for inclusion in the audit plan in July 2008. There were several reasons for highlighting it as a priority for inclusion in the plan. One is that the grant had been run in the department since 2003, so it was timely. Secondly, the amount of money involved—by that point I think almost \$10 million—had been allocated through the grants program and the amounts being allocated at each round were increasing, so there was increased financial risk, I guess. There are inherent risks around a grants program in making sure that the processes around the program are transparent. I guess the management of the program had been a little unsettled as a result of the split of the department. The grants administrator had been located with juvenile justice, I think, in Cannington and they had come into head office.

[9.43 am]

**The CHAIRMAN:** What date did they come into head office?

**Mr Connolly:** I think around March 2007.

**Mr Hainsworth:** Yes, around March 2007.

**The CHAIRMAN:** Thank you for that. Would you clarify that the actual initiation or investigation of the potential audit started in the 2007-08 year?

**Mr Connolly:** Yes.

**The CHAIRMAN:** And it was commenced, roughly, in July 2008?

**Mr Connolly:** It was included in the 2008-09 audit plan, which was in July 2008, and the audit commenced in December 2008.

**The CHAIRMAN:** I take it that the audit was concluded on 20 March 2009, because that is the date on the audit report.

**Mr Connolly:** Yes. Then it was considered by the department's audit committee on 23 March 2009.

**The CHAIRMAN:** Does anyone have any questions around that setting up procedure?

**Mr C.J. TALLENTIRE:** We will be asking more about guidelines, but were you able to refer to standards for auditing of community grant-type programs?

**Mr Connolly:** During that planning phase?

**Mr C.J. TALLENTIRE:** Yes.

**Mr Connolly:** No, not during that planning phase.

**Mr C.J. TALLENTIRE:** But you were aware that they exist and there are standards and expectations?

**Mr Connolly:** Certainly, in terms of finalising the scope of the audit, we looked at what the OAG did in similar areas; that is, what similar audits the Office of the Auditor General might have done to be consistent with the scope in that respect.

**Mr C.J. TALLENTIRE:** But you were not consulting with other bodies that were perhaps more familiar with community grants-type programs, such as the Lotteries Commission or someone like that?

**Mr Connolly:** Not at the time when we were determining whether an audit of this area should be included in the audit plan.

**Mr C.J. TALLENTIRE:** But you are aware that many other agencies do community grant-type programs and have good procedures in place for the auditing of those?

**Mr Connolly:** One of the reasons for wanting to include it in the audit plan was that there was also a change of grant administrator, so I wanted to ensure that best practice, policies, procedures guidelines were being used so that when the new administrator came on board the department was confident and happy with what was in place.

**Mr J.M. FRANCIS:** I have a general question on this, if I may. Once money had been awarded to a particular project and you then conduct an audit of the program, how much detail or effort did you put into ensuring that that particular program spent that money for that cause? Was it a case of sending them a cheque and telling them to go and spend this—this is what you applied for—or did you make sure they did spend it for that?

**Mr Connolly:** We will answer that between Jefferson and myself. In terms of the audit itself, the focus was very much on the processes, policies and procedures, and governance arrangements.

**Mr J.M. FRANCIS:** For the awarding of the —

**Mr Connolly:** With that scope, we were only doing sample testing of particular grants. Do you want to comment, Jefferson?

**Mr Ng:** Yes. Basically, I looked at the acquittal process for each grant sampled, given there is a grant agreement that the grant recipient must sign and agree to do certain things, such as providing six-monthly reports on how they spend the money, financial statements that are audited and signed by the CEO—that kind of thing. Basically, I was checking each grant recipient file to see whether those documents were on the grant recipient file. They were also supposed to submit things like six-monthly and also final reports, when all the money had been paid, on how they had achieved what they had set out to do in the first place. They are supposed to submit a report saying, “Yes, we have achieved this”, and that kind of thing.

**Mr J.M. FRANCIS:** So a six-monthly report and then a final report.

**Mr Ng:** Yes, from memory, upon the final acquittal of the whole grant, when all the funds have been paid out, to show us how they had achieved that.

**Mr J.M. FRANCIS:** Obviously you did not audit every single one of these grants; you randomly selected some.

**Mr Ng:** Yes, that is right, where appropriate. For example, some of the grant funds were given to produce brochures and that kind of thing for education of senior citizens stating how to keep themselves safe and prevent crime happening. They submit brochures or DVDs as evidence that they ran this program, and that kind of thing. The grant administrator is supposed to assess the information submitted by the grant recipient—that is, the acquittal information—saying that it is satisfactory and that kind of thing.

**Mr J.M. FRANCIS:** How many random ones did you end up selecting?

**Mr Ng:** If you look on page —

**Mr Connolly:** On page 19—I think the committee has copies of the audit report—there are specific recommendations around the acquittal of grants.

**Mr Hainsworth:** The random sample is 20.

**Mr Ng:** Yes, 20 random samples from rounds four and five of the program.

[9.50 am]

**Mr J.M. FRANCIS:** Did it mention how many complied with the six-month reporting requirement?

**Mr Ng:** I have reported only where there were exceptions or noncompliance in the audit report here.

**The CHAIRMAN:** In general terms, there was a requirement to report?

**Mr Ng:** Yes.

**The CHAIRMAN:** And there was reporting, but there were issues of noncompliance?

**Mr Ng:** Yes; that is right, and some recipients who were not complying. The department will get a process where the grants administrator is more actively pursuing these acquittals now.

**Mr J.M. FRANCIS:** So we change that and now we actively pursue them for their six-monthly report?

**Mr Hainsworth:** I think the grants administrator was actively pursuing things in the previous rounds. That degree of chase-up and follow-up has intensified, and will be more clearly documented. I think the recommendation was about the level of documentation that surrounded that follow-up.

**Mr J.M. FRANCIS:** Of four or five random samples, 20 approved grants were found. I am looking for a number out of the 20 you chose that did not comply—page 21, I am sorry.

**Mr Hainsworth:** I refer to page 21. It said out of the sample of 20, of 16 of the recipients who were due to acquit, six had not submitted their financial acquittal reports.

**Mr J.M. FRANCIS:** So six out of 16 had to provide some information?

**Mr Hainsworth:** Yes.

**The CHAIRMAN:** By that date?

**Mr Hainsworth:** By that date, yes.

**Mr C.J. TALLENTIRE:** What is the average size of those 20 grants that you are investigating and perhaps the average size of the six and the 16 in dollar terms?

**Mr Ng:** I do not know off the top of my head.

**Mr Connolly:** We will come back to you.

**Mr C.J. TALLENTIRE:** It is a significant point because if it is a \$5 000 grant, you would not want to apply the same standards as you would to a \$100 000 grant.

**The CHAIRMAN:** We certainly need to come back to the report because I think the audit report is a good one. We want to seek confirmation on some of the things around that. I come back to our first question. Obviously, other work went into the audit. I do not know whether other documentation was done in preparing for this that might be useful for the committee. Can you provide information on the applicants for the six grant funding rounds since 2003, which indicates the suburb of the organisation, the amount of money and the particular services that the money is going into? Because clearly that is not in the audit report but that has been part of the allegation. Can you give us some background in terms of whether those documents are already available?

**Mr Hainsworth:** Certainly, we can give you a breakdown of where the grants are awarded to and what organisation they were awarded to. We can give you the contact officers for those organisations, the amount they applied for and the amount they received. We have a list of locations, but that is currently the location of where the organisation is based. We would need to go through all 180 files to actually determine whether it was just simply the location where the organisation was based or whether they were delivering services to a wider area.

**The CHAIRMAN:** If you are able to give us the purpose for which each grant was made, then it may be clear which group has been serviced.

**Mr Hainsworth:** I am quite happy to provide that information to the committee.

**The CHAIRMAN:** We request that, please. Has that not already been pulled together to be available?

**Mr Hainsworth:** It has been pulled together in certain forms but not in the holistic form you have asked for. We have ones that list just the contact officer, the grant recipient and the program, but that does not have the location. It is in two different formats. I can draw it into the one format.

**The CHAIRMAN:** The Attorney General has made statements that are not for you to answer, but, clearly, one assumes that he had a list of all the grants and the addresses of the recipients of those grants. Without that information, it seems that the statements made would not have any validity. I assume such a list exists.

**Mr Hainsworth:** Yes; but it has the grant, the organisation that received it, the location at which that organisation was based and the grant amount. We can provide that information.

**The CHAIRMAN:** Can we have the list that already exists and the list that you have agreed to put together that gives us that additional information?

**Mr Hainsworth:** Yes.

**Mr J.M. FRANCIS:** If have you to compile that list, can I ask for another line to be added to that; namely, whether the grant was awarded either before or after the closing time of applications for these grants? I know there were guidelines.

**The CHAIRMAN:** That is a very valid issue. Can I continue to pursue this other matter?

**Mr J.M. FRANCIS:** I thought if he was making a list he could add another item.

**The CHAIRMAN:** Can we have the grants by round, not just in alphabetical order. The issue then is: the date of the application.

**Mr J.M. FRANCIS:** That is right—whether it was awarded before the close off date or after the close off date. Whether it was treated outside the guidelines, I guess, is what I am asking, and whether it was repeat funding.

**The CHAIRMAN:** We can do that. If you can give us the date of application and we know which round it is in, so, if it is clear then when the decision was made, we can do our own investigation as to whether things were done out of range.

**Mr A. KRSTICEVIC:** Supposedly, some of the grants were outside the guidelines. I suppose it is a matter of whether they were inside or outside the guidelines that were around at the time. For example, it says in the guidelines that it cannot be used for the purchase of a vehicle. Maybe some people did purchase a vehicle as part of this process.

**The CHAIRMAN:** Can we re-form the questions a bit and work off page 4 of the audit? In the right column of page 4, the third paragraph down indicates that "...the Department is of the view that none are inconsistent with the legislation". Can we have it confirmed that there is no evidence that any grants were actually awarded that did not meet the guidelines of the legislation?

**Mr Hainsworth:** There are two parts to that actual question. There are grants that basically would have met the requirements of the legislation so the money out of the confiscation proceeds account could be made for certain purposes. The guidelines —

**The CHAIRMAN:** I am quite clear on my question. My question goes simply to legislation. You are answering the next question; you are getting ahead of me.

**Mr Hainsworth:** Yes; the point I am making is that the guidelines are not encapsulated in the legislation.

**The CHAIRMAN:** The first question is: can you absolutely confirm that no grants were made that did not meet the required guidelines of the legislation?

**Mr Hainsworth:** Yes.

**The CHAIRMAN:** The issue then follows that there were guidelines that also the process should have worked within, and we now come to whether they met the guidelines. That then comes to your question, Tony, if you want to pursue it.

**Mr J.M. FRANCIS:** Can we start with who actually wrote the guidelines? I do not want to reinvent the wheel.

**Mr Hainsworth:** The policy and the guidelines were formulated by the Office of Crime Prevention.

**Mr J.M. FRANCIS:** They would have been approved by the then Attorney General, I am guessing.

**Mr Hainsworth:** Yes; that is my understanding.

**Mr A. KRSTICEVIC:** It is really about, I suppose, which ones came outside the guidelines and, if they did, was a reason documented that the guidelines were not followed for the particular grant. Some grants may have been outside the guidelines but within the legislation, but it is really then a matter of whether there was a substantive reason why the guidelines were not followed, or was it just a recommendation from someone on the committee.

**Mr Connolly:** In terms of the audit, we looked at a sample of the applications, and I guess the key point is that there is insufficient documentary evidence to show which way the guidelines —

**Mr A. KRSTICEVIC:** Is there no documentation to say why the guidelines were not followed?

**Mr Connolly:** Which is why a lot of our recommendations are focused on improving the documentation.

**Mr A. KRSTICEVIC:** I suppose we are saying that from 2003 to 2008 there may have been guidelines and they may or may not have been followed and, if they were not followed, there is no documentation to indicate why they were not followed; it was just, I suppose, a decision by the committee.

[10.00 am]

**Mr Connolly:** There was insufficient documentation available for Jefferson, as the auditor, to have made that assessment of whether or not, in the case of the sample, they met the guidelines.

**Mr A. KRSTICEVIC:** So there was no requirement as part of the process to document any decisions.

**Mr Hainsworth:** The decisions of the committee were documented, but the level of documentation was not sufficient as to determine whether a particular grant was within or outside the guidelines.

**The CHAIRMAN:** So it was inadequate documents, not a lack of documentation. It was inadequate.

**Mr Hainsworth:** It was inadequate documentation.

**Mr Ng:** Can I just clarify? I did not look directly from 2003 to 2008. The focus of the audit, I guess to make it more current, was rounds 4, 5 and 6. I did not go back and look at grants all the way back.

**Mr A. KRSTICEVIC:** I suppose as part of that, some of the statements made were that there was recurrent expenditure for some of the programs, but this is not meant to be for recurrent expenditure. There is nothing to indicate that this may not have been happening since 2003—that some organisations have been getting money every year for principally the same activities.

**Mr Ng:** I would not have looked all the way back.

**Mr Connolly:** In the audit, we did not look at recurrent expenditure.

**Mr J.M. FRANCIS:** But we will be able to work that out from the list.

**Mr Hainsworth:** In terms of the audit, the issue of whether there was recurrent funding was not examined as part of the audit process.

**Mr A. KRSTICEVIC:** And the data you have given us is really just for the last couple of rounds, is it not?

**Mr Connolly:** When the audit is, yes.

**Mr Hainsworth:** Yes, for rounds four, five and six.

**Mr J.M. FRANCIS:** We cannot get it from day dot.

**Mr Hainsworth:** In terms of the list that the chairman has asked for, we can provide that to you from round one.

**The CHAIRMAN:** I just seek clarification because I think we are at cross-purposes. The issue is that the information that will be provided to us in written form goes to all the grants across all the rounds, but the audit looked only at a sample from three rounds—correct?

**Mr Hainsworth:** That is correct.

**The CHAIRMAN:** Therefore, without incurring a lot of additional work, which I do not think we want to do, we cannot go back and ask those questions of cases or grants that were not part of the audit. But would it be possible for us to get details on the actual grants that were in the sample for the audit?

**Mr Hainsworth:** Yes, we can provide you with copies of the grant applications.

**The CHAIRMAN:** I do not know whether we want to get into that detail; other members may wish to take that up. The line of questioning is going to the grants that were outside the guidelines. Would it be possible to provide to the committee details of any of the grants in this sample for the audit that appear to have been outside the guidelines? Is that a reasonable request?

**Mr Hainsworth:** My concern is that it was a committee that made the decision, I guess, at the end of the day as to whether or not the specific projects met the guidelines. To ask the department to do that would be asking the department to try to, in a way, second-guess the deliberations of that committee.

**Mr Connolly:** We have looked only at the documentation.



**Mr Hainsworth:** We have looked only at whether there was sufficient documentation to indicate whether or not a grant met the guidelines.

**The CHAIRMAN:** I will rephrase the question. In terms of the grants that were part of the sample for the audit, were there any particular grants that caused concerns as being potentially clearly outside the guidelines?

**Mr Ng:** No. They generally meet three uses under the act. On the right-hand side of page 1 of the report, it says that grants paid may be used for the following purposes only. The grants that I looked at generally fell into those three categories.

**The CHAIRMAN:** Your concerns were more that the system was too loose or was not being fully applied to give you the level of assurance that you would like. It was more to those issues, was it?

**Mr Connolly:** It was not being documented to enable us to make clear decisions or clear assessments.

**The CHAIRMAN:** Thank you for that. The other issue that goes to these matters is that it was not as though you came in with the audit and you had had, over the previous rounds, the same regime without change. The processes of the regime were changing, were they not? The end of the second paragraph on page 4 of the audit says —

However, it should be noted that by the commencement of Round 6, procedures had largely been put in place to deal with the issues raised in the audit and the appointment of an experienced grants administrator has resolved the issues around ongoing monitoring and acquittals.

Would you like to confirm that you are standing by that statement or add any variation to it?

**Mr Hainsworth:** No; we would stand by that statement. We were, particularly with the appointment of the new grants administrator, tightening up on our processes all the time.

**Mr J.M. FRANCIS:** I just jump back to the original implementation of the guidelines. I know that that was probably some time back now. Obviously, this is a question that you cannot answer. I am curious to find out what the idea of establishing the guidelines was meant to achieve. I am wondering whether you can maybe go back and look at whether there was an explanatory memorandum on the establishment of the guidelines, other than me trying to interpret the guidelines and saying that, obviously, there was a reason why you could not have recurrent funding. I do not know whether you keep those kinds of records, but was there an EM from back then? If you do not have one, that is fine.

**Mr Hainsworth:** I am willing to undertake to have a look. I cannot obviously make any promises. That work was undertaken by the Office of Crime Prevention, as we have previously indicated. I would need to try to get access to its records to see whether or not there is an explanatory memorandum.

**Mr J.M. FRANCIS:** I am not sure whether this was included on the list of the information you are going to provide, but is it possible to get a copy of the application forms that would have been submitted for the grants for the 20-odd projects that you audited?

**Mr Ng:** Yes.

**Mr C.J. TALLENTIRE:** How did you choose the sample group of 20?

**Mr Ng:** Basically, it was a random sample. I got a listing of all the round five and six grants and put them into a spreadsheet and then randomly selected every second one on the list to keep it unbiased. I was not targeting any specific areas. My aim was to comment on the overall grants administration, so it was a random number of samples.

**The CHAIRMAN:** I would like to ask some questions that go to the administration of the whole grants project. First of all, Mr Steve Muldoon was the grants administrator. Is he still the grants administrator?

**Mr Hainsworth:** No. Mr Muldoon is now employed with the Department of Education and Training.

**The CHAIRMAN:** Is it possible to give us, even if it is only roughly, the turnover in grants administrators; that is, how many were there and how long did they last in the position?

**Mr Hainsworth:** To be certain, I would have to go back to the records. Mr Muldoon was with the department for approximately a year. The previous grants administrator had, I understand, been involved in about three rounds prior to Mr Muldoon. There was then somebody else from, I think, the Department of Justice at the time who did one of the grants rounds. Prior to that, it was done by the Office of Crime Prevention.

**The CHAIRMAN:** So there was some changeover in the grants administrator.

**Mr Hainsworth:** There was changeover in the grants administrator over time. Also, there was change from the Office of Crime Prevention to the Department of Justice and then, of course, for a while, as the department was going through the hiatus of splitting into the Department of the Attorney General and the Department of Corrective Services, it lay in the Corrective Services side for a while before coming across to the Department of the Attorney General in around March 2007.

**The CHAIRMAN:** As I read the audit, that relates to the need for the whole process to be properly accounted for and for there to be proper procedures if there is a changeover in the grants administrator.

**Mr Connolly:** It was certainly one of the factors that led to it being included in the audit plan as a priority.

**The CHAIRMAN:** Can you please try to give me some understanding of the process in terms of how much is done by the grants administrator, or the agency working around the grants administrator, and then what is actually passed through to the committee and what the committee then passes back to the grants administrator or the minister? Can you outline some of the key aspects of that process?

[10.10 am]

**Mr Hainsworth:** Basically, it is a public and open process. There is a call for grants, which is advertised in *The West Australian* and on the department's website and, I think, on the website of the then Attorney General. It has an open and close date, during which the grant applicants put together their grants. As the grants for round six came in, the acting grants administrator at the time started a preliminary assessment of whether the grants met the broad criteria. Following the close-off of the grant round, the members of the committee were given a broad synopsis of what the grants were for and whether they met the criteria. I understand that the committee members also got copies of each of the grant applications well in advance of the meetings.

**The CHAIRMAN:** These are the applications?

**Mr Hainsworth:** Yes, the grant applications. The committee then met to deliberate on each of the grant applications and the grants administrator at the meeting took a record of the committee's decision on whether each grant was recommended.

**The CHAIRMAN:** Can I interrupt you? Were the members of the committee given all the grant applications?

**Mr Hainsworth:** Yes.

**The CHAIRMAN:** They were not sieved or prioritised by the administrator?

**Mr Hainsworth:** My understanding is that they were given the complete set of grant applications.

**Mr J.M. FRANCIS:** The grants that met the guidelines?

**Mr Hainsworth:** No; they were given the whole set. There was no filtering. The committee members would have got a copy of every application. The committee had its deliberations, as I said, and the grants administrator made a record of the final decision. My understanding is that the chair of the committee formulated a memo outlining which grants had been recommended and included a list of all grant applications that went to the Attorney General, who then signed off as having either agreed to or not agreed to the recommendations of the committee.

**Mr J.M. FRANCIS:** How was the committee formulated, and in particular the chairman's position? Is that enshrined in the legislation?

**Mr Hainsworth:** No.

**Mr J.M. FRANCIS:** How did the chairman become the chairman?

**Mr Hainsworth:** My understanding is that the chairman was appointed by the former Attorney General.

**Mr J.M. FRANCIS:** Has the chairman always been a member of Parliament?

**Mr Hainsworth:** It was not a member of Parliament in the early round.

**Mr J.M. FRANCIS:** Where did the original chairman come from?

**Mr Hainsworth:** I would have to look at that.

**Mr J.M. FRANCIS:** If you do not mind. I would like to find out the history of the person who held that position during the time of the grants. Obviously it was Mr Hyde in the past few years, but when did he become the chairman and who was his predecessor? I just want a rough timeframe.

**The CHAIRMAN:** We would appreciate it if you could provide that information. Is it possible to provide us with the history of all the members of the committee?

**Mr Hainsworth:** Yes, I should be able to provide that information from round two onwards. Round one was done in the Office of Crime Prevention and I am not sure whether there was a formalised committee. I can certainly give this committee a list of the members of the grants committee and the chairperson from round two, when there appears to have been a committee.

**Mr C.J. TALLENTIRE:** Were the members remunerated?

**Mr Hainsworth:** Not as far as I am aware.

**Mr C.J. TALLENTIRE:** Is it a voluntary role?

**Mr Hainsworth:** Yes.

**Mr C.J. TALLENTIRE:** With the applications, were you seeing that the rounds were either oversubscribed or undersubscribed?

**Mr Hainsworth:** On the basis of my understanding of the number of applicants for the number of grants that got funded, I would say that they were oversubscribed. From memory, there were around 100 applications of funding for the last round, of which 45 were funded.

**Mr A. KRSTICEVIC:** Is the financial acquittal process in the legislation, or was it a guideline in terms of people having to report back on where they spent the money, how it was spent and whether they had met the conditions of the legislation and not just the guidelines?

**Mr Ng:** It is in the policy framework and the guidelines, as well as the grant agreement that was signed between the department and the recipient.

**Mr A. KRSTICEVIC:** From the small sample that you did, obviously a lot of people did not meet the financial acquittal process in one shape or form.

**Mr Ng:** From the findings, some were a bit late.

**Mr A. KRSTICEVIC:** One was eight and a half months late. Quite a big percentage did not meet the requirements out of a small sample. We can assume that if we translate that across all years and all rounds, 40 per cent of people were not reporting back on what they were spending the money on. Did the committee at any time show a concern about that? Was it interested in getting feedback about whether people were spending the money properly and whether they were reporting back to the committee? For example, when people were getting recurrent expenditure and received four or five grants over five years and never supplied any financial documentation, did the committee ever ask those people whether they had done the right thing in the past before giving them more money again? Some 40 per cent were not doing the right thing.

**Mr Ng:** I cannot comment directly on whether the committee considered that. I am not sure.

**Mr A. KRSTICEVIC:** Did the department consider it, or did anyone consider the fact that 40 per cent were not reporting back?

**Mr Hainsworth:** The point that I will make is that as far as I am aware, the various grants administrators over time were trying to follow-up the acquittal process of the organisations. I do not think it was an issue of allowing people to spend the money and not following it up. There certainly was a follow-up process by the grants administrator. The audit shows the extent of the requirement to follow-up people's lateness was not formalised into a report that was provided to the committee.

**Mr A. KRSTICEVIC:** I am interested in going back to 2003 to find out how many organisations have not met their financial requirements in terms of the acquittal process. For future grants, it would be worth saying that if 500 out of the 5 000 organisations that have applied for a grant have never met the acquittal process, and they apply for a grant again, you would think twice about giving them any money because they did not do the right thing in the first place by documenting the process and reporting back to the provider of the grants. That should be part of any process that we do in the future. We should report back on that to the committee.

**Mr Hainsworth:** My understanding from the previous grants administrator, Steve Muldoon, was that prior to when he left we basically did not have any grants with outstanding acquittals. Those that were late were followed up. In terms of people who had not acquitted and needed to acquit, we were pretty much on target for the formal acquittals process.

**Mr A. KRSTICEVIC:** There is one that took eight and a half months. I am not sure whether they did nor did not give it at all, to be honest. Eight and a half months is a long time for someone to get back to you with a financial report.

**Mr Connolly:** That was reflected in our recommendations for timely acquittals.

**The CHAIRMAN:** Are you saying that there was a form of acquittal for all grants but that sometimes they were late or did not meet the required specifications?

**Mr Hainsworth:** Yes.

**Mr C.J. TALLENTIRE:** I think you were going to give us some information on the size of those grants. Can you give me a sense of how big some of the late ones were? Perhaps they were very small.

[10.20 am]

**Mr Ng:** I cannot remember off the top of my head.

**Mr C.J. TALLENTIRE:** If this one was eight months late, you have no idea if that was \$1 000 or something like that.

**Mr Ng:** I cannot remember off the top of my head. It is quite a while ago.

**Mr J.M. FRANCIS:** If I may refer to page 3 of the report and the key findings for management to consider. I assume, Mr Ng, you were the author of page 3?

**Mr Ng:** Yes.

**Mr J.M. FRANCIS:** I am guessing you feel fairly strongly about the process, and you make recommendations.

**Mr Ng:** Yes.

**Mr J.M. FRANCIS:** Certainly, there must have been some things that rang alarm bells with you for you to write such strong recommendations, such as the grant policies and procedures requiring review, improvement and consolidation, as do the application guidelines et cetera. Where I am at a loss is that we have a legislative requirement, which the grants have obviously met. I am wondering why we have the guidelines if they are just guidelines and no-one is going to pay too much attention to them, to the point where now, Mr Ng, at the right-hand side of the bottom of page 4, the recommendation is actually fairly strong, and is to disband the assessment committee and have a detailed assessment process undertaken by the department, to strengthen the guidelines to exclude certain items, to increase the level of funding available to fund worthwhile projects and to development KPIs. What were the main alarm bells that rang in your head for you to write such strong recommendations? You must feel that it was a fairly inadequate process, surely.

**Mr Ng:** I think the first came from the recommendations which I considered, in my view, best practice for grants management, like an adequate level of documentation and those kinds of things. I thought those could be improved. That is why I came up with those key findings for management to consider on page 3. It was just looking from an audit point of view at how best we could improve policy procedures and that kind of thing, and, yes, I came up with this.

**Mr J.M. FRANCIS:** Does it concern you that you had guidelines that were not adhered to?

**Mr Ng:** Yes, it is of some concern. For me, the legislation states the three uses of funds. My interpretation was that the guidelines help to sift out those grant applications, so that they meet certain criteria before they can get the funding. The criteria are set out in the guidelines, which should be used to assess the quality of the application.

**Mr J.M. FRANCIS:** Now it is your recommendation that we actually disband the assessment committee and have a detailed assessment process undertaken?

**Mr Connolly:** That is a management comment; that is not our recommendation.

**The CHAIRMAN:** Joe, can I come in here for a moment, because I want to go down that line as well. You asked a question earlier—obviously a leading question, and we are all doing it—but you were suggesting to Mr Ng that the guidelines were not being met. I just want to seek clarification. I think the issue here is that there is no evidence from the actual audit, if it was only a sample, that guidelines were not being met, as opposed to no evidence to show it. Is that a correct statement?

**Mr Connolly:** A lack of documented evidence; that is right.

**Mr Hainsworth:** Yes, that is correct.

**The CHAIRMAN:** Let us get this absolutely clear. There is nothing in the audit that has proof that guidelines were not being met. Is that a true statement?

**Mr Hainsworth:** Yes.

**The CHAIRMAN:** The difficult was that there was a lack of detail in the documentation to give confidence that all the grants were meeting the guidelines. Is that what you are saying?

**Mr Hainsworth:** That is correct; it is the lack of documentation.

**Mr J.M. FRANCIS:** One example I am aware of is a community television funding application. Are you aware of that particular grant?

**Mr Ng:** I cannot remember it.

**Mr J.M. FRANCIS:** If I suggested that in one year—I think it is—community television received a grant of approximately \$78 000 or \$79 000 for a particular project, which I think was a 13-part series on crime in Perth, and the following year they received, give or take a small amount, an \$84 000 grant for exactly the same project—you are not aware of that particular grant?

**Mr Connolly:** I am not aware. Do you know if there was one?

**Mr Ng:** I cannot remember off the top of my head —

**Mr Connolly:** Whether that was one of the samples.

**Mr J.M. FRANCIS:** But, clearly, if I said to you that there was a grant awarded in one year for that project, then the following year it would have been outside the guidelines, because the guidelines were not for recurrent funding of the same project.

**Mr Hainsworth:** The people who made that assessment would have been the committee, so what we are saying is that the level of documentation, around whether the grant did or did not meet the guidelines, that came from the committee process was not adequate.

**Mr J.M. FRANCIS:** If I can take you back to John's question then, you really cannot answer whether or not all of the grants met the guidelines; some of them may well have broken the guidelines, and you are just unaware.

**Mr Hainsworth:** Yes—insufficient documentation.

**Mr J.M. FRANCIS:** So really you cannot say that they all met the criteria and there was no breach of the guidelines, can you?

**Mr Hainsworth:** I cannot say whether they were or were not in breach of guidelines. What is there is that the level of documentation does not support whether they met the guidelines or not.

**Mr J.M. FRANCIS:** The same guidelines may then have been broken on grants being awarded after the close of the application date. If the guidelines were that they had to fit a particular time frame, are you aware of any incidents where a grant may have been provided before or after an application date closed?

**Mr Ng:** I am thinking. Here I said that one grant had application dates which were after the date had closed.

**Mr J.M. FRANCIS:** So, clearly, that was a breach of the guidelines.

**Mr Ng:** Yes.

**The CHAIRMAN:** Is that one of the cases you are going to provide? Was it in your audit sample?

**Mr Ng:** Yes.

**The CHAIRMAN:** Then, in terms of what we asked earlier, you are going to provide that to us?

**Mr Ng:** Yes.

**Mr J.M. FRANCIS:** This is the point I was making: there are examples, and I obviously have not seen this list that you are going to provide us with. I am just not quite sure how you can categorically rule out them not breaking guidelines if we know that samples do exist.

**Mr Hainsworth:** I think, though, whilst the report identifies that a grant was received after the close-off date and was considered, the level of documentation as to why it was considered is not there.

**Mr A. KRSTICEVIC:** I am getting a picture that from a legislative perspective all the grants met the legislation, we will assume over the last five years. The committee received all the paperwork for all the grants and they basically made a decision based on whatever rationale they had at the time, not necessarily following any guidelines, and they may or may not have followed the

guidelines. They obviously did not document things to a sufficient level to indicate why they made decisions in some cases. When they did make those decisions, there was no urgency in confirming necessarily that the financial requirements had been met or in looking at year-to-year expenditure for the different organisations.

**Mr Connolly:** Certainly, we are clear that there is a lack of documentation about the decisions of the committee, and there is a lack of documentation around the follow-up or the acquittal of grants, so those are the two aspects we can confirm as a result of audit.

**Mr A. KRSTICEVIC:** Effectively, the committee could have made whatever decision on whatever basis to give out the money, and they probably did, I suppose, and there was not any real accountability on the part of the committee to substantiate what they were doing; they just made that decision based on whatever rationale.

**Mr Connolly:** There was a lack of documentation around the decision making of the committee.

**Mr A. KRSTICEVIC:** It seems rather strange that you would be giving out millions of dollars without actually documenting why you were giving that money out, and to whom and on what basis.

**The CHAIRMAN:** It is potential for discussion. We really need to put questions or get confirmation from these people, or get their advice. Can I come back to the executive summary on pages 3, 4 and 5 and comment that I am impressed with the executive summary and the clarity of it. You clearly start off with the ratings, so again I would ask you to confirm in terms of the audit, which clearly is only based on the audit sample, that there were not critical issues.

**Mr Ng:** Yes.

**The CHAIRMAN:** But there were issues that had a significant rating or moderate rating?

**Mr Ng:** Yes.

[10.30 am]

**The CHAIRMAN:** On the bottom of page 4, it says, in the second last paragraph, “Ministerial approval is sought to—”, and then there are four dot points. I take those as recommendations that you are seeking ministerial approval for.

**Mr Hainsworth:** Yes; ministerial approval has been sought for those four dot points.

**The CHAIRMAN:** My question, then, is: has the agency been advised or instructed by the minister to go ahead in line, fully or partially, with those recommendations?

**Mr Hainsworth:** The minister has provided advice back to the department that he wants to see the confiscation proceeds account grants program substantially revamped.

**The CHAIRMAN:** I take it from that answer, Mr Hainsworth, that the minister has not actually ticked off on the four points you have there, but is using it as a basis for further reform or change.

**Mr Hainsworth:** It is being used as a basis for further reform and change, so a final decision has not been made by the minister as to which direction the grants program is going.

**The CHAIRMAN:** Or if he has, you are not advised of it?

**Mr Hainsworth:** I am not advised of it.

**The CHAIRMAN:** Can I come to some of the conclusions that have been drawn from this report and ask whether you can help me find the specific material in the report? It may not be in the report, but you might be aware of it. The claim has been made that the audit concluded that there was no evidence that the approved grants provided value for money, or that they had been assessed to determine whether they provided value for money. This is in the letter that went out to you, so you have been advised of it. I am looking for evidence in the audit that would support that statement.

**Mr Ng:** That is on page 16 of the internal audit report. You can look at the second last dot point from the bottom, about a lack of evidence of assessment by the CPAC in the following areas. It reads —

There was no evidence that the approved grants provided value for money, nor were they assessed to determine if they provided value for money.

Basically, how I came to that conclusion is that I looked at a sample of 20 approved grants, and looked at the grant applications to see whether there was documentation showing that they had been assessed for value for money. There was a lack of documentation showing, for those 20 samples I looked at, whether the committee or the grant administrator assessed the applicant for value for money, and also I could not determine whether they provided value for money, so I came to that conclusion.

**The CHAIRMAN:** The other one that was also in the letter was that the audit concluded that there was no documentary evidence to show that the committee, in recommending the grants, had assessed the applications against the selection criteria or clearly stated why the grants should be recommended.

**Mr Ng:** I mentioned this on page 13 and 17 of the internal audit report, so maybe you can just go to page 13 first, under the heading “Issues”. It states —

There is a lack of clarity and documented evidence surrounding whether each CPAC member performs an individual assessment for each grant against the selection criteria in the applications guidelines and use the grant checklist form.

I came to that conclusion based on the 20 samples I looked at of approved grants. The only evidence I have surrounding the decisions they made were minutes taken by the grant administrator as to why they wanted to give each grant. That is the decision made by the CPAC to give each grant or not. I found that those minutes that document decisions could be clearer and more explicit as to why the grant was given to an applicant or not given to an applicant. That is how I came to that conclusion.

**The CHAIRMAN:** Thank you, Mr Ng. I am not sure whether we are splitting hairs here, but what you have written in your audit at page 13 is not the same as the statement I asked you comment on, because the statement says that there was no documentary evidence. You are suggesting that there were minutes, but that the detail is lacking. You are acknowledging that there is documentary evidence, but you are saying that there is a lack of clarity and in some cases perhaps a lack of documentation to give you the level of assurance that you would like.

**Mr Ng:** Yes. On page 17, I did say that there was no documented evidence the CPAC clearly assessed the application against the selection criteria, and clearly state why the grant should be recommended.

**The CHAIRMAN:** Can I just get you on page 17 again? Exactly where?

**Mr Ng:** In the middle, where it states —

In recommending the grants for funding there was no documented evidence the CPAC clearly assessed the application ...

**The CHAIRMAN:** Okay; thank you.

**Mr Ng:** I guess my basis for coming to that conclusion is that I did not see any documentation that they assessed each grant against the selection criteria set up in the policy framework and the guidelines. The only documentation I was able to sight was the minutes, stating either they would give this grant or not give this grant. I thought the minutes stating the reasons why the committee decided to give one over another should be better documented and more clearly and explicitly state why the grant is made.



**The CHAIRMAN:** Thank you. Again, I also seek to see reflected in your audit report the third statement we gave you in the letter; that is, that the audit also concluded that there was no evidence to show that reports had been prepared or that the committee had reported to the Attorney General for review.

**Mr Ng:** That is on page 22 of the internal audit report in the underlined section near the top of the page. It states —

No evidence that the GA has prepared a report to the CPAC on the progress of funded projects. The CPAC is to assess the report and submit it to the AG for review.

I got that statement from the policy framework that states that there is a requirement for this to be done. This is what Mr Krsticevic mentioned before about the ongoing management of the grant program. Does the CPAC want to know how the funds are being spent, and whether they are achieving their objectives? That is how I came up with that comment. I did not see any documented evidence that that had been done. I thought that it was good grants practice to monitor how the funds are being spent and how things are progressing. Having said that, the grant administrator has produced a summary document of grant rounds one to five showing a summary of the amount spent for each round and giving examples of projects that the funds were given to. However, I am not sure whether that document has been given to the CPAC for review.

**The CHAIRMAN:** Do you know the date of that document? Was it prior to the start of the audit, or was it done since?

**Mr Ng:** I think it was done—I cannot confirm the exact date.

**The CHAIRMAN:** Would you be able to confirm that to us in written evidence? I see it as important whether that has now been done following your audit, was part of your audit, or was already in train and was part of the reforms that were taking place before the audit was initiated.

**Mr Hainsworth:** My understanding is that that spreadsheet document was used by the grants administrator and had evolved over time, so my understanding is that that document was in place before the audit actually commenced.

**The CHAIRMAN:** It would be useful if you would just confirm in written evidence the date of that document.

**Mr J.M. FRANCIS:** An obvious question: did the committee members even know the guidelines existed? I am not trying to be funny—it is a serious question.

**Mr Hainsworth:** That is a question you should be asking of the committee members.

**Mr J.M. FRANCIS:** So you are not aware whether they even knew they existed or not?

**Mr Connolly:** Certainly not from the scope of the audit.

**Mr J.M. FRANCIS:** I will keep this short. I refer to a newspaper article on 14 June that summarises the report. It points out four obvious glaring faults—that they handed over more money to groups than they even requested; they handed over money to groups without them having to supply quotes for the purchases; they handed over money before submissions for grants had even closed; and they handed over money to buy vehicles despite the scheme's guideline forbidding it.

[10.40 am]

I know that you cannot reflect on their deliberations, but I am curious whether that raises alarm bells with either of you gentlemen—that maybe they did not even know the guidelines.

**The CHAIRMAN:** Joe, could I say that we would actually progress if we could take one of those at a time and ask the people here whether they have any evidence to support those. Would you like to repeat them one at a time?

**Mr J.M. FRANCIS:** Absolutely. I am happy to go through them one at a time. I guess it comes back to my previous question about whether any of these grants breached the guidelines. This particular newspaper article suggests that grants were handed over and that they handed over more money to groups than was requested.

**The CHAIRMAN:** Do we have any evidence of that—of grants being made that involved more money than the actual application?

**Mr Ng:** Yes; I refer to page 16 of the report and the first underlined point —

*Grant budgets submitted by applicants do not total the grant requested*

From my sample testing, I found that seven recipients —

**Mr J.M. FRANCIS:** Seven out of 20.

**Mr Ng:** Just let me confirm that—yes, seven out of 20 recipients. What happens in the grant application is that on the front page, they put the amount that they want, and then within the grant application there is a breakdown of how they are going to spend the money—a budget breakdown.

**Mr J.M. FRANCIS:** Yes.

**Mr Ng:** That is basically how I came to that conclusion: when I added up the figures, the budget amount was more or —

**Mr J.M. FRANCIS:** They received more money than they applied for.

**The CHAIRMAN:** No, no; that is not what you are saying, is it?

**Mr Hainsworth:** No.

**The CHAIRMAN:** No, you are not saying that at all.

**Mr Hainsworth:** No; if I can perhaps paraphrase for Jefferson: on the front page of the application form, the applicant puts in the total dollar value that he wants or they want the organisation to receive. Later on in the application, they submit a detailed budget. The audit found that the amount contained in the detailed budget was often less than the amount than was requested on the front page.

**The CHAIRMAN:** So the application—this is hypothetical—was for \$50 000, but when you added up the components of what they were going to spend, it only came to \$46 000.

**Mr Hainsworth:** Yes; that is correct.

**The CHAIRMAN:** And then they were granted \$50 000.

**Mr J.M. FRANCIS:** So that relates to the next point concerning handing over money to groups without them having supplied quotes for their purchases.

**Mr Ng:** On that one, I can only comment that, yes, one grant submitted in a budget \$1 000 for equipment purchases, but the guidelines say you need to submit two quotes, and I did not see —

**Mr J.M. FRANCIS:** Any quotes at all.

**Mr Ng:** Yes, on file, but they could well —

**Mr J.M. FRANCIS:** So that one would have, for example, obviously breached the guidelines.

**Mr Ng:** Based on the documentation that I have. It could have been submitted later or something like that. I am not —

**Mr J.M. FRANCIS:** In another point on page 16, you refer to—I think it is in the first bullet point—something that was referred to in this newspaper article: they handed over money before submissions were granted closed. You have also said —

One approved grant recipient did not have an assessment...

Sorry, I am referring to the second bullet point on page 16 —

One grant had application dates, which were after the date that the grant round has closed.

**Mr Ng:** But they grant funds and yet —

**Mr J.M. FRANCIS:** Of those 20 that were identified, was the money given before the close-off date or was the grant received after the close-off date and then still processed?

**Mr Hainsworth:** I think the audit sample identifies that one grant basically appears to have been received after the close-off date for the submission of applications, and that it would appear that that grant was considered for funding.

**Mr J.M. FRANCIS:** Okay, and this the final —

**The CHAIRMAN:** Hang on—was considered?

**Mr Hainsworth:** Yes.

**The CHAIRMAN:** But not granted funding?

**Mr Hainsworth:** I cannot comment on that specific case.

**Mr J.M. FRANCIS:** We will be able to identify from the list that you have provided.

**Mr Hainsworth:** But you will be able to identify that from the list.

**Mr J.M. FRANCIS:** The final point then was the program handed over money to buy vehicles despite the scheme's guidelines forbidding it.

**Mr Ng:** Yes; the fifth dot point on page 16 states —

One grant submitted a \$100,000 budget ... to buy a bus which is a capital purchase and against the use of funds stated under the grant policy and guidelines. However, no funds have been paid out as at March 2009 as the Department is still waiting for quotes from the grant recipient.

That application was one of the sample that I happened to pick by chance. The application was, I think, from a church group. They submitted a budget to buy a bus. In the policy framework and guidelines it says that funds will not be provided for the purchase of motor vehicles and capital items, which a bus is. That is how I came to that conclusion. No quotes were provided, and I guess the mitigating factor is that as of March the department has not paid out any money.

**Mr J.M. FRANCIS:** But the committee had approved but not paid out that particular grant—is that correct?

**Mr Connolly:** In terms of the audit, there is no documentation around how the committee determined that that application met the criteria or met the guidelines.

**Mr J.M. FRANCIS:** Had the committee approved that grant? Even though it has not been paid yet, had the committee met and approved that grant?

**Mr Connolly:** Yes.

**Mr Hainsworth:** My understanding is, yes, the committee had —

**Mr J.M. FRANCIS:** And my understanding is that the Attorney General has now put a stop to that particular one because it does not meet these guidelines. The committee had met and said, "Yes, we will give money for this bus", and now we have put a stop to it.

**Mr Ng:** Yes; the approved grants are looked at —

**Mr J.M. FRANCIS:** Okay; so this was one of the approved grants that were looked at.

**Mr Ng:** Yes.

**Mr A. KRSTICEVIC:** In terms of the discussion that we have had so far and looking at page 17 and the noncompliant grants, based on the documentation and based on the audit, would it be correct to say that in most cases, if not all cases, when issuing grants, the committee did not look at the guidelines? I am saying that there were probably guidelines but that probably no-one looked at the guidelines and that people just made decisions based on the application and on whatever other factors they thought were relevant.

**Mr Hainsworth:** We cannot comment on that. You are asking us to comment on the process of the committee.

**Mr A. KRSTICEVIC:** Okay. In terms of the anomalies identified on page 17, was there any documentation as to why the guidelines were not followed in those cases?

**Mr Connolly:** I think the issue is the lack of documentation and why it appears that the guidelines were not followed —

**Mr A. KRSTICEVIC:** Is there evidence to indicate that they looked at the guidelines or that they looked at the guidelines but did not document their decision based on the guidelines—or it is too hard to say anything?

**Mr Connolly:** We do not know whether they looked at the guidelines, but there is certainly a lack of documentation.

**Mr Hainsworth:** Under best grants process, you would expect a level of documentation that would support their recommendation.

**Mr A. KRSTICEVIC:** To the best of your knowledge, do the minutes of any of the meetings of the committee ever indicate or do they ever utter the word “guidelines”? Did they refer to the guidelines in any of minutes that you looked at?

**Mr Hainsworth:** The minutes that I have looked at are basically a record of the committee’s decisions on each of the projects. I could not say that they actually specifically refer to the guidelines. I think the point that the audit makes is that those minutes do not say, “This met the guidelines” or “This did not meet the guidelines.”

**Mr A. KRSTICEVIC:** Or why they made a decision outside of the guidelines—I suppose it does not indicate that either.

**Mr Hainsworth:** I think the issue is that we do not know whether they did make a decision outside the guidelines. At the end of the day, they had a responsibility for ensuring that and making that assessment. The issue is that the committee’s assessment was not well documented.

**Mr A. KRSTICEVIC:** So, there was no requirement in this process to document your decision or your rationale for making a decision—it was just a decision that was documented.

**Mr Hainsworth:** Yes.

**Mr A. KRSTICEVIC:** Okay.

**Mr Connolly:** And that relates to our recommendations that they should be better documented.

**Mr A. KRSTICEVIC:** I agree with you wholeheartedly. I mean, if you are giving out money, you should be listing it.

**The CHAIRMAN:** Have we finished, gentlemen?

**Mr J.M. FRANCIS:** I cannot go anywhere else without the information that they have agreed to provide to us.

**The CHAIRMAN:** Okay, we will conclude there. I just have some formal closing remarks.

Thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made the transcript

returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct.

We have also asked you to please provide some additional information. The transcript will make it clear exactly what information we are seeking and what you have agreed to provide.

New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence along with the other information which you have undertaken to provide.

Thank you for your evidence and the information you have provided to the committee.

**The Witnesses:** Thank you.

**Hearing concluded 10.49 am**

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