

I·C·A·C

INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

Annual report 2002-2003

02-03



2002-2003 in brief

Complaints assessment and profiling

In 2002-2003, the ICAC:

- received and assessed 1,882 matters containing 2,593 allegations
- received and assessed 213 protected disclosures containing 375 allegations
- commenced 159 preliminary enquiries undertaken by Assessment Officers, this was in addition to 45 preliminary enquiries carried over from the previous financial year
- continued our ongoing project to raise awareness and improve reporting of corrupt conduct in non-English speaking background communities, involving production and display/distribution of multilingual resources, a radio campaign that ran in 25 different languages and a briefing for ethnic community media
- completed a review of policies and procedures to ensure that the special needs of persons making protected disclosures are observed
- continued to participate as a member of the Protected Disclosures Act Implementation Steering Committee (PDAISC).



Investigating corrupt conduct

In 2002-2003, the ICAC:

- commenced 105 preliminary inquiries (undertaken by Strategic Operations Division) and 29 investigations, in addition to 31 preliminary inquiries and nine investigations carried over from the previous financial year
- held 18 days of public hearings in relation to four investigations and issued 54 summonses for private hearings in relation to 14 matters
- was granted 36 warrants for use of listening devices and 38 warrants for telephone intercepts and conducted seven controlled operations
- exercised formal powers under sections 21, 22, 23, 35 and 40 of the ICAC Act on 415 occasions
- published five investigation reports, with recommendations that the DPP give consideration to the prosecution of a total of 11 persons for criminal offences
- enhanced investigative capacities by recruiting staff with high-level specialist skills in forensic psychology, law enforcement and commerce and acquiring a range of specialised analytical tools
- established a Product Management Section and recruited a highly skilled Product Manager
- upgraded surveillance capabilities through training and the purchase of state-of-the-art equipment
- commenced an upgrade to the ICAC hearing room
- continued to develop strategic partnerships with NSW Police and the NSW Crime Commission
- participated in a multi-agency initiative targeting identity crime
- provided professional development training in strategic intelligence for relevant ICAC staff
- gave presentations to the 4th National Investigations Symposium.



Building corruption resistance through tailored solutions

In 2002-2003, the ICAC:

- published three sets of guidelines to assist local councils strengthen their corruption resistance
- developed a video and training material to deliver key corruption prevention messages to local councillors
- commenced two new projects in collaboration with key agencies that are aimed at supporting corruption resistance in local government
- worked collaboratively with the Department of Corrective Services to address a number of key corruption risks
- established a partnership with the Department of Health to commence a new project exploring corruption risk management in the health sector
- published a corruption risk profile of NSW universities
- convened a universities forum with a number of lead agencies to review corruption risks.



2002-2003 in brief

Building corruption resistance through capacity building

In 2002-2003, the ICAC:

- finalised 151 matters referred to the Corruption Prevention Education and Research Division for corruption prevention assessment and advice
- provided advice regarding 60 complaints or reports of corruption
- responded to 242 telephone requests and 64 written requests for corruption prevention advice
- made 30 specific recommendations to improve corruption resistance in investigation reports
- published guidelines to assist state agencies and local government to respond to and prevent fraud
- worked with key agencies to develop a training video about information security
- commenced a new project on conflicts of interest in partnership with the Queensland Crime and Misconduct Commission
- conducted training, education and information-exchange programs in two regional areas of NSW
- responded to 58 requests for speakers and provided 39 training sessions to agencies
- completed six Corruption Resistance Reviews, which resulted in 167 recommendations for improving corruption resistance.



Accountability and governance

In 2002-2003, the ICAC:

- convened six meetings of the Operations Review Committee (ORC) which, in total, considered 1,353 matters – the majority of recommendations made by the ICAC were accepted with no or minor alteration
- conducted two audits of reports to the ORC which found that all of the audited reports contained an accurate summary of the inquiries undertaken and the results of those inquiries supported the assessments made
- completed a review of internal committee structure which further enhanced the internal accountability processes
- completed a review of performance measures, with reporting against these measures scheduled for the 2003-2004 financial year
- was subject to one audit in accordance with section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1998* which did not disclose any fraudulent or other criminal behaviour
- was subject to three compliance inspections by the Ombudsman in respect of telephone interceptions and controlled operations.



Our people – our organisation

In 2002-2003, the ICAC:

- reviewed its strategy direction and published the ICAC Strategic Plan 2003-2007
- continued to promote its learning strategy with 593 participants attending training activities
- fully implemented the performance management system, with ICAC goals and targets reflected in individual staff agreements
- reduced the number of work-related injuries by more than 50 percent
- improved its security systems and procedures following a detailed physical security risk assessment
- commenced the redevelopment of the ICAC's internet and intranet sites to improve website useability and navigation and to provide better search facilities
- improved its complaint handling and case management system by streamlining workflow and information tracking, resulting in better case management tools and greater efficiency in assigning and tracking investigatory tasks
- replaced outdated records management and human resource systems with systems that will provide electronic self-service facilities for staff
- was the third NSW Government agency to be certified as having achieved full compliance with the Australian Standard (7799) for information security management.



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31 October 2003

Madam President

Mr Speaker

The ICAC's Annual Report for the year ended 30 June 2003 has been published in accordance with the *Independent Commission Against Corruption Act 1988*, and the *Annual Reports (Department) Act 1985*.

In accordance with section 76 of the *Independent Commission Against Corruption Act*, I am pleased to furnish the Annual Report to each of you for presentation to Parliament.

Yours faithfully

A handwritten signature in cursive script, reading 'Irene Moss'.

Irene Moss AO
Commissioner

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Commissioner's foreword

The 2002-2003 year was one of consolidation for the ICAC. In 2001-2002 we undertook a major organisational review and restructure and this year we began harvesting the first fruits of that major change process.

The ICAC has developed new structures and acquired new skills in investigating corruption and in corruption prevention, education and research.

As a result, in 2002-2003 we were able to track complex and often deliberately confusing asset and money trails, to chart corruption risks across the NSW public sector and to provide expert advice and guidance to specific sectors, such as universities and the Department of Corrective Services. We helped these sectors develop corruption resistance policies and procedures appropriate to their particular needs. We also conducted an extensive campaign through ethnic

media to promote greater awareness of corruption issues and the role of the ICAC among communities of non-English speaking backgrounds.

As well as entering into new areas, we have strengthened our core assessment, investigation and corruption prevention functions. In 2002-2003 we assessed 2,593 corruption allegations (an increase of nearly 30 percent on the previous year) and conducted 340 preliminary inquiries. We conducted 38 investigations, including 18 days of public hearings. We responded to 306 requests for advice as well as providing a range of training and information sessions for public sector agencies and the wider community.

We were able to achieve these results with the flatter, leaner organisational structure we established in 2001-2002. The appointment of staff with specialist skills, the introduction of new resources and the development of existing management systems has helped us become more efficient and effective at what we do.

Management and planning

As part of our commitment to making optimal use of skills and experience across the organisation in all our work, we have developed our management systems to provide strategic direction to our core functions and to ensure good communication and cooperation across the various Divisions.

The Investigations Management Group has been established to review the prioritisation and conduct of investigations and the Operations Management Committee was reformed.

The ICAC Executive has reviewed the organisation's strategic planning and has replaced the Corporate Strategic Direction 2001-2006 planning document with a new Strategic Plan covering the period 2003-2007. Three-year operational plans have also been replaced with one-year business plans for each Division and plans for 2003-2004 were developed this year by each Division.

These revised management and planning processes will allow us to respond more flexibly and efficiently to an increasingly complex environment, one in which the NSW public sector is establishing new functions and relationships and new forms of corruption and corruption risks are emerging.

Investigations

In 2002-2003 we conducted investigations into 38 matters, ranging from corrupt handling of applications for public housing to allegations concerning Members of Parliament. As in previous years, ICAC officers used the powers under the ICAC Act where necessary to gather evidence, but this year we were also able to bring our new investigative and analytical skills and resources to bear on our investigations. Our financial investigators played a key role in finalising the highly complex investigation into corrupt manipulation of

"The high professional standards of our investigations and investigation reports contributed to the extensive, good-quality media coverage we received this year, which helps expose and promote awareness of corruption issues in the wider community."

the NSW Grains Board's financial affairs and our developing strategic partnerships with other investigative agencies allowed the deployment of sophisticated techniques to expose the smuggling of contraband into prisons.

The high professional standards of our investigations and investigation reports contributed to the extensive, good-quality media coverage we received this year, which helps expose and promote awareness of corruption issues in the wider community. The full effects of the new approach have yet to be felt and I am confident that ICAC investigations will become even more effective.

Hearings and reports

During the year we conducted public hearings over a total of 18 days in relation to four investigations.

Public hearings are only held where it is in the public interest to do so. In 2002-2003 public hearings were held as part of our investigations into allegations of corrupt conduct involving officers of the NSW Grains Board (Operation Agnelli) and the Department of Housing (Operation Hotspur), allegations that a member of the NSW Legislative Assembly had misused his parliamentary entitlements and allegations that a NSW Government Minister had attempted to solicit a payment in return for promising NSW Government support for a commercial development project and to ascertain whether any local council officers or any other person had acted corruptly in respect of the commercial development project.

Although we are placing increased emphasis in our investigations on collecting evidence that will be admissible in any subsequent court proceedings, public hearings still play an important role in exposing corruption. Public hearings also help raise public awareness of corruption issues and can help clear the name of individuals or organisations against whom unfounded allegations have been made. Of the four investigations outlined above, three resulted in findings of corrupt conduct and recommendations that the Director of Public Prosecutions (DPP) consider charges against individuals involved. In the latter case, we found no evidence of corrupt conduct and our investigation helped resolve intense public and political debate about the matter.

During the year our investigations have resulted in recommendations that the DPP give consideration to prosecuting 11 individuals for various offences. Just as important, though, are the specific and detailed recommendations made in these reports to help public authorities prevent corrupt conduct occurring in future. The ICAC monitors the implementation of these recommendations by the relevant authorities and I am pleased to report there is a high level of compliance with the recommendations we make.

Corruption prevention

This year we continued to work with particular sectors to develop corruption prevention solutions that are appropriate to their particular needs and circumstances. For example, we have been monitoring the implementation of specific recommendations made in a number of investigation reports dealing with matters involving the Department of Corrective Services (DCS). In March 2003 DCS reported that almost all of the recommendations have been implemented. The ICAC's Corruption Prevention staff are working to assist DCS implement all recommendations and in particular to enhance corruption resistance around the significant problem of trafficking of contraband into prisons.

In 2002-2003 we continued our successful Rural and Regional Outreach Strategy, with two education, training and information-exchange programs conducted in non-metropolitan areas of New South Wales. This year we also conducted a highly successful pilot program to promote awareness of corruption issues and the role of the ICAC to non-English speaking background communities. We intend to build on this work in 2003-2004.

Each year the ICAC produces a large number of publications and this year we redesigned our investigation reports, corruption prevention publications and a range of corporate publications, including our Annual Report, to ensure that we are engaging and communicating effectively with our key audiences.

Conclusion

During my term as Commissioner, the ICAC has undergone a major transformation, adapting itself to a rapidly changing environment and equipping itself with the skills and resources it needs to identify and tackle new forms of corruption. The year 2002-2003 marks the completion of that process and I look forward to seeing the work undertaken bear fruit in coming years.

We will remain vigilant in ensuring the continued skill development of our staff and implementing new and innovative investigative technology as it emerges.

Finally, I would like to thank my Executive Management Team and the staff of the ICAC for their continued effectiveness and outstanding achievements in 2002-2003.



Irene Moss AO
Commissioner

"We will remain vigilant in ensuring the continued skill development of our staff and implementing new and innovative investigative technology as it emerges."





Performance

Results for 2002-2003

The ICAC Charter

The Independent Commission Against Corruption (ICAC) was established by the *Independent Commission Against Corruption Act 1988* (the ICAC Act) in response to growing community concern about the integrity of public administration in New South Wales.

The ICAC discharges its principal functions under the ICAC Act by:

- targeting serious and systemic corruption and corruption opportunities in the NSW public sector
- establishing facts and referring matters to others to consider prosecution, discipline and preventative actions
- recommending systemic changes to prevent corruption from recurring
- conducting hearings and producing reports on our investigations
- giving public sector agencies advice, guidance and information
- reinforcing with each public sector agency its responsibility for minimising corruption
- deterring corruption through investigation and public exposure
- promoting an ethical climate so that public sector agencies and individuals are encouraged to act against corruption.

This report sets out the activities and performance of the ICAC in the 2002-2003 financial year.

Performance against objectives

During this year, we continued to work towards achieving the ICAC's Corporate Strategic Direction for 2001-2006. Each Division (Strategic Operations; Corruption Prevention, Education and Research; Legal; and Corporate Services) continued to work from its operational plan for 2001-2004.

In the 2001-2002 Annual Report, we committed to delivering improvements in each of our key result areas:

- Identifying and assessing corruption risks.
- Investigating corruption.
- Building corruption resistance.
- Accountability and governance.
- Our people – our organisation.

The following table outlines the commitments given in last year's Annual Report and describes what the ICAC has done to deliver on those commitments.

One significant event in 2002-2003 was the decision to review the annual planning cycle for the organisation. The Executive of the ICAC held a planning day in February 2003 to discuss achievements to date, progress on the organisational change program and priorities for the future.

As part of that process, the ICAC's Corporate Strategic Direction for 2001-2006 was reviewed to determine if the priorities set in 2001 remained the same for 2003. The Executive agreed that certain changes were required and two significant consequences resulted. Firstly, it was decided to replace the Commission's Corporate Strategic Direction document with a new Strategic Plan covering the period 2003-2007 (see Appendix 1). The second consequence is that three-year operational plans have been replaced by one-year operational plans, to be completed by each Division of the ICAC. The divisional operational plans are supported by an overall annual corporate plan.

As a result, this will be the last year that the ICAC will report against the commitments shown in the following table. For the 2003-2004 Annual Report, the ICAC will report against the objectives set out in our Strategic Plan 2003-2007.

Another significant event in 2002-2003 was the review of ICAC performance measures. The review was completed in mid-2003. The ICAC will collect baseline information for these measures during 2003-2004 and the 2003-2004 Annual Report will report on a broader range of performance measures than has occurred in the past.

Complaints assessment and profiling

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Provide the community with better information about the role of the ICAC to ensure that information provided to the ICAC relates to possible corruption in the NSW public sector.	Improve resourcing of Assessments Unit, and identify opportunities for improvements to processes, particularly in the turn-around time for matters.	<p>Two additional Assessments staff positions were established and officers appointed. The processes for referring matters to the Assessment Panel were simplified and turn-around times were improved. (See pages 21, 77-78.)</p> <p>Assessment Officers conducted 159 preliminary enquiries in 2002-2003, in addition to a further 45 preliminary inquiries carried over from the previous financial year.</p> <p>A lawyer was tasked to provide Assessments with ready and immediate advice and assistance on legal issues relating to complaints and complaint handling. A Corruption Prevention Officer continued to provide advice to Assessment Officers on corruption prevention issues. Similarly investigative officers are available to assist and advise Assessment Officers.</p>
	Ensure continuing improvement in our service by reviewing our dealings with people making complaints to the ICAC to ensure we provide the best response possible.	<p>Complainants are now provided with the reasons for taking, or not taking, action on complaints. The detail provided does vary on a case-by-case basis. For example, where a matter has been investigated, the provision of reasons may need to be limited in consideration of factors such as privacy and the need to ensure that confidential informants and sources are not compromised. Letters concerning the outcome of investigations are reviewed by investigation managers to ensure that information on decisions made is provided to the greatest extent possible.</p> <p>Procedures were also improved to ensure that this information was provided to complainants in a more timely way.</p>
	Deliver communication strategy through ethnic media in 2002-2003.	<p>An extensive public awareness and education campaign, <i>Corruption is wrong</i>, was developed and delivered primarily through ethnic radio. Multi-lingual radio mini-dramas and an advertorial in 25 languages were run on community language radio stations. (See pages 23-24.)</p> <p>Strategies to complement and reinforce the messages in the radio component included:</p> <ul style="list-style-type: none"> ■ distribution of multi-lingual poster to over 3,200 public sector offices ■ production of supporting postcards in 12 community languages ■ the piloting of display stands with postcards and posters in customer service areas of community centres and over 30 public authority offices with high NESB clientele ■ providing training to public sector staff participating in the pilot.
	Provide resources in community languages to two agencies that were identified in preliminary research as being perceived by NESB communities to have high levels of corruption.	The two agencies concerned were incorporated into the above project and provided with resources in community languages.

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Assist the public sector (including CEOs) in reporting corrupt conduct so as to improve the quality of information given to the ICAC.	Improve liaison relationships, offering assistance in the handling of matters and building the capacity of agencies to deal with matters.	<p>A series of meetings was held with public authorities to review liaison/reporting relationships. This resulted in an increase in the number and quality of reports received. Agencies were also able to exchange information with ICAC on areas of mutual interest. (See pages 21, 22, 26.)</p> <p>ICAC's Strategic Operations staff continued to strengthen the liaison relationship with the Department of Corrective Services. This has resulted in improved liaison and methods of operation. A bi-monthly meeting at Commissioner/Deputy Commissioner level is now held. (See pages 49-51.)</p> <p>Organisations often contact the ICAC seeking advice about specific issues. In some cases the ICAC responds in writing and in some cases meetings were held with agencies such as local councils, government departments and statutory authorities. (See pages 57-58.) The ICAC also conducted two regional visits. (See page 64.)</p>
	Review handling of protected disclosures (PDs) to ensure these are managed appropriately.	Assessments staff reviewed the handling of PDs, and amended and documented procedures to ensure greater protection for persons making PDs. These new procedures were communicated to relevant ICAC staff. (See pages 25-26.)
	Evaluate the impact of communication strategy on staff awareness of protected disclosures (PDs).	This was an objective of the Protected Disclosures Act Implementation Steering Committee (PDAISC). At the ICAC's initiative, the PDAISC developed a strategic plan for 2002-2005. As a consequence of the changes in the work plan of the PDAISC, the evaluation has been rescheduled for 2005 following implementation of all communication initiatives. (See page 26.)
Make more strategic use of the information received with a view to maximising the impact of the ICAC's involvement in any given matter.	Release report in 2002-2003.	The research report <i>Profiling the NSW Public Sector</i> was released in January 2003. (See pages 66-67.)

Investigating corrupt conduct

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Select matters that correspond with identified risk areas.	Develop our strategic risk assessment capability and use it to inform decision making in investigations planning and management.	The ICAC is developing intelligence-led methodology for its tasking and coordination of investigative resources at the strategic level, however intelligence assessments are already being used to inform the ICAC's Investigations Management Group in planning investigations and making critical decisions. (See pages 31, 42.)
	Finalise recruitment for Strategic Risk Assessment Unit (SRAU).	The recruitment and retention of high quality staff to this specialised area was challenging but by year-end the majority of positions were filled. A new Product Manager position was created to coordinate the technological and administrative activities surrounding the acquisition of intelligence product from a range of technical sources. (See page 31.)
	Develop and integrate the strategic and tactical role of the SRAU in the Strategic Operations Division.	All the sections within the SRAU now work closely with the investigation teams to provide operational support to investigations. The ICAC is also developing intelligence-led methodology for its tasking and coordination of investigative resources and intelligence assessments are used to inform the ICAC's Investigations Management Group in making decisions.
	Incorporate the SRAU into strategic and tactical decision-making and investigation planning and management.	<p>The SRAU works closely with the investigation teams to provide timely intelligence and covert support to investigations. Some intelligence analysts are seconded to investigation teams to ensure this occurs. The SRAU aims to proactively develop matters for investigation and to monitor trends so as to identify potential high-risk areas or issues within the NSW public sector. In doing so, the SRAU and Corruption Prevention staff work closely to exchange information and knowledge regarding risks, agencies and issues. Conducting strategic intelligence analysis is an exhaustive process and during the year we acquired new systems, software and methodology to enable it to occur. (See page 31.)</p> <p>An ICAC lawyer was also dedicated to provide SRAU with ready and immediate advice and assistance on legal issues.</p>
	Deploy extended financial investigative capacity on serious and/or substantial matters involving fraud and corruption.	Financial Investigators and Special Financial Investigators are now regularly engaged in the conduct of serious and substantial corruption investigations. The skills of these staff have added considerable value to investigations in tracing and identifying the assets and financial transactions of corrupt individuals.
Ensure investigations are effective.	Investigate serious and/or substantial corruption, employing latest methodologies in risk assessment and investigation management.	<p>The ICAC conducted 340 preliminary inquiries (by both Assessments and Investigations) and 38 investigations in 2002-2003. Reports on five major ICAC investigations were released during 2002-2003: Trophy (Rockdale Council), Tudor (University of Technology, Sydney), Hotspur (Department of Housing), Browning (Department of Housing), Hydra (Oasis); 18 days of public hearings were conducted and 54 summonses were issued for private hearings.</p> <p>During the year the ICAC employed a range of contemporary investigative and evidence-gathering techniques. Risk assessment and management is incorporated in investigation planning and management – it is also incorporated into the preparation of operational orders and requests for the deployment of specialist resources.</p> <p>The case management system has also been upgraded to improve management processes; for example, electronic task lists are generated at the commencement of each phase of investigations. (See pages 42, 78.)</p>

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
	Review arrangements for coordination and management of investigations to achieve more focused outcomes for activities of the Strategic Operations Division.	The Investigations Management Group (IMG) was constituted to regularly review the handling and priority of investigations and to provide strategic direction to the work of the Strategic Operations Division. (See pages 42, 71.)
	Focus on gathering admissible evidence for applicable substantive charges against persons under investigation.	Investigation staff now incorporate the gathering of evidence in admissible form as part of the investigations process. (See page 34.)
	Improve overall governance of ICAC planning, management and implementation.	<p>As well as the formation of the IMG to monitor investigations, the Operations Management Committee (OMC) was reformed to provide strategic direction to the work of the Corruption Prevention, Education and Research Division. (See page 71.)</p> <p>The ICAC has also reviewed its strategic and business planning processes. In June 2003 the ICAC endorsed a new Strategic Plan 2003-2007 and each Division has prepared an annual business plan for the 2003-2004 financial year. All Divisions will be required to report against their annual business plan at the end of each quarter. (See page 21.)</p>
Work with the public sector to ensure the response to detected corruption is effective.	Ongoing implementation of recommendations and evaluation of their effectiveness in managing the impact of ICAC investigations.	<p>Three agencies under investigation were provided advice and guidance about managing internal and external communication as part of the investigation liaison role and we received positive feedback about the role in relation to the ICAC's Department of Housing investigation. (See page 65.)</p> <p>The ICAC also updated an older publication on managing an ICAC investigation and reprinted it in August 2002 to assist public sector organisations which are the subject of an ICAC investigation.</p>
	Continued monitoring of the implementation of recommendations to occur as part of overall performance measurement project.	Information about the progress agencies had made in implementing ICAC investigation report recommendations continued to be published on the ICAC website. (See page 41.)
	We will continue working with peer agencies to identify opportunities for sharing information and working on joint operations.	<p>We continued with significant operational cooperation with the NSW Police Service, NSW Crime Commission and Police Integrity Commission. (See pages 39-40.)</p> <p>We also commenced a joint project with the Queensland Crime and Misconduct Commission on conflicts of interest. (See page 63.)</p>

Building corruption resistance

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Promote awareness of corruption risks in the public sector.	Work with Department of Information Technology and Management (DITM) to develop IT security awareness resources and guidelines for agencies' security management plans.	ICAC collaborated with DITM to produce a video resource on electronic information security. The video was adapted to meet the needs of local government IT professionals. Accompanying print resources were developed for state and local government agencies. (See page 62.)
	Deliver Rural and Regional Outreach Strategy (RAROS) programs in Riverina-Murray (Wagga Wagga) and Central West (Orange).	<p>RAROS programs were delivered in the Riverina (centred on Wagga Wagga) in November 2002 and in the Central West (centred on Orange) in May 2003. At each RAROS:</p> <ul style="list-style-type: none"> ■ a one day fact-finding/inquiry workshop was delivered by a lawyer ■ Corruption Prevention officers conducted conflicts of interest training for councillors ■ corruption risk management workshops were held ■ liaison visits were conducted with public sector agencies. <p>(See page 64.)</p>
	We will finalise and release guidelines on managing corruption risks in the waste industry.	The guidelines were finalised and published as <i>Taking the Whiff Out of Waste</i> . (See page 48.)
	We will finalise and release guidelines on managing fraud risks in the public sector.	The fraud guidelines were finalised and published as <i>Fighting Fraud</i> . (See pages 45, 47, 62.)
	We will implement a tailored strategy for identifying and managing risks in the universities sector.	The strategy for identifying and managing risks in the universities sector resulted in the publication of an issues paper <i>Degrees of Risk</i> and the convening of a forum to further explore the issues raised. (See pages 53-54.)
	Continue implementation of Local Government Strategy, with further work on development controls, misuse of resources and cash handling.	<p>Further implementation of the Local Government Strategy resulted in the publication and distribution of:</p> <ul style="list-style-type: none"> ■ guidelines on misuse of resources and fraud/cash handling (<i>No Excuse for Misuse</i>) ■ a statutory reform paper on development assessment and approval (<i>Taking the Devil Out of Development</i>). <p>(See pages 45-46, 47, 62.)</p>
Develop tools to help detect and minimise corruption risks.	Conduct Corruption Resistance Reviews for public sector agencies, and monitor the implementation of recommendations.	Corruption Resistance Reviews were undertaken with six public sector agencies. Progress reports were obtained regarding the implementation of recommendations from agencies who completed Corruption Resistance Reviews in previous years. Implementation reports were subject to assessment. (See page 66.)
	Evaluate the impact of implementation of recommendations resulting from Corruption Resistance Reviews.	Feedback obtained from some agencies indicated that the CRR process has been beneficial and has assisted agencies to improve their corruption prevention policies and procedures. (See page 66.)

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Respond to individual agencies' corruption issues in order to encourage agencies to seek early assistance.	Promote corruption prevention advice function in light of findings from the evaluation to increase use of the function.	The advice function was promoted through opportunities provided by implementation of the Local Government Strategy and Rural and Regional Outreach Strategy. An established program of visit and advice liaison meetings for agencies located in metropolitan Sydney was commenced to further promote awareness of availability of service.
	We will continue to provide training and resources to improve the capacity of agencies to handle internal investigations and their outcomes.	Five Fact-Finder investigation training workshops were conducted in 2002-2003. (See page 65.) Released and distributed <i>Managing an organisation through an ICAC investigation: practical advice for management</i> . (See page 65.)
	We will co-host the 4th National Investigations Symposium to provide an opportunity for leading practitioners to share their insights into best practice investigations.	The ICAC co-hosted the 4th National Investigations Symposium in November 2002. Leading practitioners gave presentations on topics such as investigation planning and best practice, performance auditing and compliance investigations, legal frameworks and ethics. 190 law enforcement practitioners from around Australia attended the Symposium. (See page 65.)

Accountability and governance

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Be responsive to the needs of the Parliamentary Joint Committee on the ICAC (PJC).	We will improve internal and external reporting and accountability by implementing improved governance arrangements and improved transparency in internal management and decision making.	During 2002-2003 the ICAC reviewed its internal committee structure and reporting processes (see page 71) and completed a corporate project to review performance measures. (See pages 71-72.)
	Continue to meet requests for information from PJC in timely and satisfactory manner.	Provided detailed and timely response to all requests from PJC relating to functions of the ICAC and exercise of its powers. During 2002-2003 the PJC did not hold any public hearings or formal meetings. The current PJC that was constituted in May 2003 following the State election, held a public hearing into the ICAC's 2001-2002 Annual Report in September 2003.
	Provide adequate and timely information to the Parliamentary Joint Committee and following the 2003 State elections will provide a briefing to new members of the Committee.	The ICAC did organise a briefing for PJC members following the 2003 State elections, however, the PJC was required to cancel the briefing at short notice. The ICAC forwarded information kits to all members of the PJC.
Support the Operations Review Committee (ORC).	Ongoing provision of timely and accurate reporting to the ORC.	During 2002-2003 the ICAC provided papers for ORC meetings at least a week in advance of meetings. (See page 70.) Two internal random audits of papers and reports prepared for ORC meetings were conducted. (See pages 70-71.)
	Review the administration and support of the Operations Review Committee to ensure adequacy of reporting to the ORC.	Procedures for reporting to the ORC were reviewed and streamlined. Personal assistants to the Commissioner/Executive Directors now provide secretariat support for the ORC.

Our people – our organisation

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Establish appropriate performance measurement and feedback mechanisms.	Maintain and enhance improved capacity acquired by restructure.	Targeted recruitment of staff with skills in intelligence analysis, strategic risk assessment, financial investigation, criminal investigation, covert surveillance and information analysis occurred during the year. The time taken to acquire people with the right skills was longer than anticipated. (See pages 31, 75.) Additional training was provided in risk management, operational technical skills and computer information analysis software. (See pages 31, 76-77.)
	Continue monitoring and reviewing corporate strategic direction and planning.	The ICAC reviewed its corporate strategic direction and developed a revised Strategic Plan for 2003-2007. (See pages 11, 99-100.)
	Continuing implementation of performance management system.	The performance management system was fully implemented across the ICAC with corporate goals and targets reflected in individual staff performance agreements. (See pages 75, 77.)
	Evaluation of the performance management system to ensure that it is meeting objectives.	The system was reviewed at the end of 2002-2003 with improvements in developing staff, evaluating core competencies and undertaking performance feedback and appraisal to be progressively implemented during 2003-2004. (See pages 75, 77.)
	Continue work on development of performance indicators against results of change management program.	In late 2002 the ICAC established an internal working group to review ICAC performance measures for the 2003-2004 financial year. The working party submitted a reviewed set of performance measures for consideration by the Executive. (See pages 71-72.)
	Develop and implement performance tracking systems to allow sustained performance reporting.	During 2002-2003 significant enhancements have been made to the case management system to support performance reporting to commence in 2003-2004. (See page 78.)
Maintain a cooperative, productive and safe work environment.	Further develop and implement targeted training and integrate the Learning and Development Program and align it with the performance management system.	Training was increased to target the key competencies identified in the ICAC's Learning and Development Program 2002-2004. Staff performance agreements for 2002-2003 included individual learning and development plans tailored to position skill requirements and a staff member's learning needs. (See pages 77, 132.)
	Implement a new Occupational Health, Risk and Safety Management Plan.	The new plan was implemented. An OH&S committee was formed. Staff training was conducted and policies and procedures were updated. (See pages 130-131.)
	We will reduce the number of workers compensation incidents through improved understanding of OH&S legislation and risk assessment.	The number of work-related injuries was halved and compensation claims were reduced. (See page 131.)

Objectives:	In the 2001-2002 Annual Report, we undertook to:	What occurred:
Ensure resources, systems and procedures are relevant and effective.	Continue re-design of the ICAC corporate system (ICS) to improve case management and performance tracking and reporting.	Further enhancements were made to the complaint handling and case management system (ICS) to streamline workflow and information tracking, improve case management tools and provide better linking of investigatory/inquiry tasks to cases. (See page 78.)
	Introduce a new human resource and payroll system that will provide electronic self-service for all staff.	<p>The ICAC acquired a new human resource information and payroll system that will allow staff to access relevant human resource and payroll information. (See page 78.)</p> <p>Implementation was commenced in 2002-2003 but will be completed in 2003-2004.</p> <p>The ICAC also acquired a new records and document management system that will allow staff to create and manage records more efficiently. (See page 78.)</p>
	Review human resource policies and update them to reflect best practice.	Eight policies and procedures were reviewed. (See page 76.)
	Continue delivery of electronic services.	The ICAC commenced the rebuild of the ICAC website so that provision of electronic services could be enhanced. (See page 78.)
	Liaise with peer agencies to identify enhancements to electronic services between agencies.	<p>The ICAC implemented closer ties with the Department of Corrective Services (DCS) through achieving on-line access to DCS corporate applications and Corrections Intelligence to improve the timeliness and accuracy of information exchange.</p> <p>The ICAC also has retained its direct access to the NSW Police database (COPS). We have also improved our contribution to the Australian Crime Commission's law enforcement intelligence database (ALEIN/ACID) through acquiring a dedicated ICAC notice board. On-line access to Austrac information forms part of a regular partner liaison group to ensure information services conform to client needs.</p>



Complaints assessment and profiling

- Introduction
- Profile of matters received
- Complaints from the public (section 10 complaints)
- Communication strategy with NESB communities
- Community attitude survey
- Protected disclosures
- Improving the handling of protected disclosures
- Reports from public sector agencies (section 11 reports)
- Initial decisions by Assessment Panel
- Referrals to public sector agencies (section 53/54 reports)
- The year ahead

Introduction

The Assessments Section is the first point of contact for the public and agencies when approaching the ICAC. Complaints may be made in writing, over the telephone, via email or in person at the offices of the ICAC. The ICAC also has an online complaints form which can be accessed at **www.icac.nsw.gov.au**. In 2002-2003 the Assessments Section worked on improving and simplifying this form to make it more accessible for persons referring matters.

Three new brochures were developed in 2002-2003 to better inform people about the work and role of the ICAC. These brochures are *Introducing the ICAC: A Guide for the NSW Community*; *Introducing the ICAC: A Guide for NSW Public Officials*; and *Reporting Corruption to the ICAC*. The ICAC is also working to assist people from non-English speaking backgrounds (NESB) in making complaints.

Under section 11 of the ICAC Act, all principal officers of NSW public sector authorities are obliged to report known or suspected cases of corruption to the ICAC. Principal officers include the General Managers of NSW Councils and the Directors-General of NSW government departments. The ICAC provides advice to principal officers about these reporting obligations and procedures. This advice extends into developing and maintaining liaison relationships with public authorities.

The Assessments Section is responsible for conducting an initial evaluation of all matters received. The purpose of this assessment is to determine the most appropriate action to take on the information provided. The ICAC may make preliminary enquiries with the complainant or public authority involved in order to better assess the information provided. These enquiries may include clarifying the issues with the complainant, or making procedural enquiries with

the agency concerned. The ICAC works hard to ensure that customer service principles are met when interacting with complainants, public authorities and other interested parties, and when explaining the reasons for our decisions.

All matters received by the ICAC are reported to an ICAC internal committee (the Assessment Panel) with the responsibility for determining what action, if any, should be taken in regard to complaints and information received. Reports to the Assessment Panel include the allegations made to the ICAC, the outcome of any enquiries conducted, and an assessment of the matter. Reports also include recommendations in regard to a proposed course of action. The role of the Assessment Panel is to review these reports and recommendations and determine what further action, if any, should be taken in each matter.

Table 1 provides an analysis of the matters reported to the Assessment Panel in 2002-2003. The decisions made by the Assessment Panel are set out in Table 2.

Consistent with significant increases in the number of matters reported to the ICAC, the resources of the Assessments Section were expanded in 2002-2003. These resources included increased staffing levels and major enhancements such as improved case management and research capabilities for the computer system used to record complaints made to the ICAC. These measures have led to significant improvement in the turn-around times for the handling of matters, and have also enhanced the ICAC's strategic capacity by enabling the earlier identification of corruption risks.

In 2002-2003, the ICAC:

- received and assessed 1,882 matters containing 2,593 allegations
- received and assessed 213 protected disclosures containing 375 allegations
- commenced 159 preliminary enquiries undertaken by Assessment Officers, this was in addition to 45 preliminary enquiries carried over from the previous financial year
- continued our ongoing project to raise awareness and improve reporting of corrupt conduct in non-English speaking background communities, involving production and display/distribution of multilingual resources, a radio campaign that ran in 25 different languages and a briefing for ethnic community media
- completed a review of policies and procedures to ensure that the special needs of persons making protected disclosures are observed
- continued to participate as a member of the Protected Disclosures Act Implementation Steering Committee (PDAISC).

Profile of matters received

In 2002-2003 the ICAC received a range of complaints and information as shown in Table 1.

Table 1: Categories of matters received (2002-2003, compared to previous two years)

Category	2000-2001	2001-2002	2002-2003
Section 10 Complaints that may be made by any person such as a member of the general public as provided for in section 10 of the ICAC Act.	515	683	691
Protected Disclosure Complaints made by NSW public sector employees that meet the criteria of the <i>Protected Disclosures Act 1994</i> . Complaints that do not meet the criteria are counted as section 10 complaints.	130	154	213
Section 11 Reports from the principal officers of NSW public sector organisations, such as chief executive officers of State public authorities or general managers of local councils. Under section 11 of the ICAC Act, these officers must inform the ICAC of suspected corrupt conduct.	411	394	620
Information Information provided by members of the general public concerning a situation that may have potential for corruption, but which is not a section 10 complaint.	314	177	209
Referrals from Parliament Matters referred to the ICAC by resolution of both Houses of the NSW Parliament as provided for by section 73 of the ICAC Act.	0	0	0
Inquiry Advice sought from the ICAC, usually by a member of the public, about whether a particular situation might indicate corrupt conduct, or similar matters.	9	11	7
Own Initiative Matters initiated by the ICAC itself without a complaint or referral being received. This may arise from other matters being investigated or from media reports.	11	3	3
Outside Jurisdiction* These matters do not involve the NSW public sector. (Where possible, people making complaints outside the ICAC's jurisdiction are referred to another agency that can deal with their complaint.)	115	83	130
Dissemination Information suggesting corrupt conduct provided by government agencies other than NSW agencies, such as the Australian Federal Police, the National Crime Authority or the Commonwealth Ombudsman.	4	0	4
Intelligence Report** General intelligence information provided by government agencies is classified under this category.	—	—	5
Total	1,509	1,505	1,882

Notes: * These figures refer to written complaints only. The ICAC also received a large number of telephone complaints involving matters outside the jurisdiction of the ICAC. Where possible, these complainants were referred to an appropriate agency.

** Intelligence Report is a new category developed in 2002-2003. Matters falling into this category may have previously not been counted or were included in the Dissemination category.

Complaints from the public (section 10 complaints)

Section 10 complaints are usually made by members of the public or by public sector employees whose complaints do not meet the criteria to be categorised as a protected disclosure under the *Protected Disclosures Act 1994*.

For reporting purposes, we define complaints as contact with the ICAC where allegations of corrupt conduct are made. There were 691 section 10 complaints received during 2002-2003, containing 1,080 allegations.

The areas of public sector activity resulting in the most section 10 complaints during the year were:

- building and development applications/rezoning (29.2 percent of allegations)
- staff matters (13.2 percent)
- law enforcement (10.9 percent)
- purchase of goods (10.7 percent)
- use of public resources (8.9 percent)
- government services (7.7 percent).

The types of misconduct most frequently alleged in the section 10 complaints received were:

- favouritism/nepotism (16 percent of allegations)
- bribery/gifts/secret commissions (11.6 percent)
- breach of policy/procedures (10.3 percent)
- failure to disclose conflict of interest (8.8 percent)
- misuse of public resources (8.1 percent).

Table 5 in Appendix 2 provides a full list of the issues raised in complaints and notifications received by the ICAC in 2002-2003.



Improving reporting from non-English speaking background (NESB) communities

The ICAC has an ongoing project to raise awareness and improve reporting of corrupt conduct in NESB communities. In 2002-2003 the NESB project evolved into a multifaceted communications strategy. Building on prior research and feedback from community consultations, a strategic approach to reaching NESB communities was implemented. The objectives of the campaign were to encourage people from these communities to report corruption and to raise their awareness of public sector corruption and the ICAC's role. The campaign's key messages – that bribery and fraud are illegal in NSW – were delivered through a range of media to ensure effective communication with target audiences.

Prior ICAC research had identified two NSW government agencies that people from NESB populations perceived to have high levels of corruption. In the 2001-2002 Annual Report we undertook to provide these agencies with resources for distribution to their NESB clients to assist them in addressing these perceptions. These and other key agencies were provided with a range of resources as part of the initiatives undertaken in 2002-2003, described overleaf.

Communication strategy with NESB communities

Postcard and poster display

One of the main components of the strategy includes the pilot of new multilingual resources for key public sector agencies in NSW with a high NESB clientele. These resources include a poster and a series of postcards in 12 community languages displayed at shopfronts or reception areas in a customised display unit.

Altogether, 35 agencies are participating in the pilot including local councils, hospitals, libraries, migrant resources centres, remand centres and a wide range of NSW public service offices. Each participating office was also equipped with support material and the option of a corruption prevention information session for staff.

The pilot commenced in May 2003 and will run for six months and will be followed by an evaluation.

Commissioner's meeting with the ethnic media

A briefing and morning tea was held in June 2003 at the ICAC's offices for editors and journalists from NESB print media, TV and radio programs. The Commissioner and other staff briefed journalists and editors that attended and encouraged them to inform their audiences about public sector corruption and the role of the ICAC. Each guest received an information kit and press releases. The event consolidated good relations and ongoing communication with some major ethnic media outlets, in particular the ethnic print media. The event also resulted in a number of

reports in Spanish, Thai, Korean and Chinese community newspapers, including a feature story in the *Australian Chinese Daily's* weekly magazine supplement.

Radio campaign

Throughout June 2003, 25 community language radio stations aired the campaign's radio component – a series of radio mini-dramas illustrating common corruption issues and 'infomercials' promoting awareness of the ICAC in 25 community languages. One hundred scripts were professionally produced and tested with focus groups representing six NESB communities.

Bribery = Crime brochures

These popular print brochures were reviewed, redesigned and translated into a further 13 languages to cover the 25 languages through which the radio campaign was delivered. The 25 language versions have also been designed for the Internet and are currently available on the ICAC website.

State-wide dissemination of *Corruption is wrong* poster

A copy of the poster *Corruption is wrong* was mailed out to all State agencies, Members of Parliament, local councils and police stations across NSW in June 2003 – a total of 3,222 agencies and offices. The distribution of posters prompted a number of inquiries concerning the communication campaign and/or requests for further copies of the poster.

The campaign has effectively communicated key messages and information from the ICAC to NESB communities via the ethnic media. It has resulted in an increase in communication to the ICAC from people of non-English speaking backgrounds. The campaign also had a positive impact on public sector organisations, which have demonstrated particular interest in the campaign through requests for information and suggestions for further work and involvement in this area.

Stage two of the campaign will continue in 2003-2004.

Community attitude survey

In 2003 the ICAC commissioned research into the NSW community's views on corruption and the ICAC. A telephone survey methodology was used and 500 randomly selected NSW residents participated.

The research obtained data on public perceptions of corruption, attitudes towards reporting corruption, and awareness and perceptions of the ICAC. The research was undertaken in April 2003 and some preliminary findings are outlined below. The report of this research will be finalised and published later in 2003.

Community perceptions about corruption and the ICAC

The research revealed that community understanding of the term 'corruption' varied, the most common perceptions being that it involves personal financial gain; doing something that is wrong, dishonest or illegal; or mismanagement or abuse of power.

Consistent with previous community attitude surveys, of those people surveyed in 2003, most (82 percent) perceived corruption to be a problem in NSW and roughly half (48 percent) believed that they or their families were affected by corruption in some way. Corruption was perceived to affect the whole community, resulting in poorer-quality services and/or people having to pay more for services.

Consistent with previous surveys, in 2003 there was substantial support for reporting of corruption, with most people believing it is appropriate and acceptable to report corruption (97 percent) and that individuals have a responsibility to report corruption (89 percent).

Public cynicism about the outcomes of reporting corruption appears to be declining. The proportion of respondents who believed "there is no point in reporting corruption, because nothing will be done about it", which was stable from 1993 to 1996 at around 32 percent and rose in 1999 to 39 percent, dropped significantly in 2003 to 29 percent.

Consistent with previous surveys, attitudes toward the ICAC in 2003 were generally positive, with most respondents (94 percent) believing that the ICAC is "a good thing" for the people of NSW and that it has been successful in exposing (74 percent) and reducing (55 percent) corruption in the NSW public sector.

Protected disclosures

Public sector employees who raise suspected corrupt conduct matters with the ICAC may receive the protection of the *Protected Disclosures Act 1994*.

Protected disclosures are treated as a special class of section 10 complaints. This is because they constitute an important source of information about potential corrupt conduct, given the employee's 'insider' status, and because the Protected Disclosures Act requires the complaint to be handled with special attention, given the position of the complainant.

During 2002-2003, the ICAC received 213 protected disclosures containing 375 allegations.

The areas of public sector activity resulting in most protected disclosures were:

- staff matters (40 percent)
- purchase of goods and services/tendering/contracting (19.2 percent)
- use of public resources (14.4 percent)
- building and development applications/rezoning (6.9 percent)
- law enforcement (3.7 percent).

The types of misconduct most commonly alleged in protected disclosures made to the ICAC were:

- favouritism/nepotism (17.6 percent)
- misuse of public resources (13 percent)
- harassment/victimisation/discrimination (10.9 percent)
- breach of policies and procedures (9.8 percent)
- fabricating and falsifying information/forgery/fraud/tampering with information (8 percent).

A full list of the issues raised in protected disclosures made to the ICAC during 2002-2003 is contained in Table 5 in Appendix 2.

Improving the handling of protected disclosures

During the year the Assessments Procedures Manual was reviewed to ensure that the special needs of persons making protected disclosures are identified and appropriately dealt with. This involves close consultation with such persons on action proposed and how it is likely to affect them.

The Protected Disclosures Act gives the ICAC discretion regarding the disclosure of the identity of a person making a protected disclosure to the public authority which is the subject of the complaint. The ICAC's Assessments procedures require the written consent of the complainant where disclosure of information tending to identify the complainant is proposed.

Protected disclosures may be referred to public authorities for investigation and report-back but care is taken to eliminate any information that might tend to identify the complainant. Where the complainant does not consent to disclosure, and the complaint cannot be referred without identifying the complainant, any decision to disclose must be approved by the Deputy Commissioner on the public interest grounds set out in the Protected Disclosures Act. The ICAC rarely refers information tending to identify complainants without the complainants' consent, given the potential for adverse impact against the complainants.

The work of the Protected Disclosures Act Implementation Steering Committee

The ICAC is also a member of the Protected Disclosures Act Implementation Steering Committee (PDAISC) that seeks to address issues associated with protected disclosures on a more systemic level. The two major issues the PDAISC has been working to address are raising the low levels of awareness of protected disclosures and effective implementation of the requirements of the Act.

Two groups have been targeted for awareness training. The first group is public sector managers, who have a duty to protect and encourage officials who make disclosures in good faith. The second group is public officials who may be thinking about making disclosures.

The PDAISC has focused on ensuring that organisations have internal reporting systems in place and that organisations take steps to inform staff about these systems. The PDAISC has also sought to change attitudes amongst public sector managers so that they come to see protected disclosures as a potentially valuable source of information about corruption, waste and maladministration. The PDAISC has run a significant number of workshops over the last seven years to equip managers with the skills necessary to manage the investigation of a protected disclosure.

Recently, at the ICAC's initiative the PDAISC developed a Strategic Plan for 2002-2005 and a work plan for 2003-2004. The strategic plan has four key result areas: improving awareness; providing information; monitoring legislation and providing an annual report.

Reports from public sector agencies (section 11 reports)

Section 11 of the ICAC Act requires principal officers of public sector agencies, such as chief executive officers of state government agencies and general managers of local councils, to report suspected corrupt conduct to the ICAC.

In 2002-2003, 620 section 11 reports containing 856 allegations were received from principal officers. This is a substantial increase on the number reported in previous years.

Schedule reporting

Agencies making section 11 reports to the ICAC usually make them individually. However, some larger agencies have long-standing arrangements to report less significant matters by schedule on a regular basis. Schedule reporting arrangements with a number of agencies were reviewed during 2002-2003, with new arrangements being reached with some specific agencies to ensure more effective reporting.

In addition to the individual section 11 reports, we received notification of over 800 minor matters from agencies with schedule reporting arrangements.

Subjects of section 11 reporting

The areas of public sector activity resulting in most section 11 reports were:

- use of public resources (25.2 percent)
- law enforcement (16.7 percent)
- staff matters (13.5 percent)
- purchase of goods and services/tendering/contracting (10.3 percent)
- unspecified areas of workplace activity (9.8 percent).

The types of misconduct most frequently reported by principal officers were:

- misuse of public resources (23.5 percent)
- breach of policies and procedures (11.7 percent)
- bribery/gifts/secret commissions (10.9 percent)
- fabricating and falsifying information/forgery/fraud/tampering with information (9.3 percent)
- favouritism/nepotism (6.5 percent).

Table 5 in Appendix 2 provides a full list of the issues raised in complaints and notifications received by the ICAC in 2002-2003.

CASE STUDY

Section 11 matter

In January 2003 the Waterways Authority reported to the ICAC an allegation made by one of its staff as a protected disclosure that one of the Authority's Regional Managers was acting as a consultant and had close connections with private companies involved in marine and port-related projects. It was alleged that the manager was engaged in activities that constituted a conflict of interest with his position at the Authority and that he was using his position to secure personal and/or financial gain.

The Authority engaged an external agency to conduct an independent external investigation into these allegations. The ICAC advised the Authority to continue with the external investigation and to report to the ICAC under section 54 of the ICAC Act upon completion.

The external investigators interviewed staff in the Regional Manager's office and reviewed documents stored on his computer. The Regional Manager was invited to participate in an interview to address the issues raised, but instead tendered his resignation.

The ICAC determined that no further action against the Regional Manager should be taken in light of his resignation and the fact that the available evidence was insufficient to make a finding of corrupt conduct. However, the ICAC identified the need for the Authority to provide additional training and other measures to ensure staff comply with the provisions of the Staff Code of Ethics and Standard of Conduct as it relates to secondary employment and related conflict of interest issues.

Initial decisions by Assessment Panel

Every matter the ICAC receives is assessed individually by the Assessment Panel to determine the appropriate course of action.

The Assessment Panel consists of the Deputy Commissioner, and the Executive Directors of the Strategic Operations, Corruption Prevention, Education and Research, and Legal Divisions, or on occasions their delegate. The Assessment Panel meets or conferences on average twice a week.

For each matter, the panel will consider issues relating to jurisdiction, the seriousness of the complaint, whether it is being or could be adequately handled by another agency and opportunities for identifying serious, substantial or systemic corruption.

The panel will then make one of five decisions.

1. Immediate referral or no action by the ICAC

A significant number of matters can be appropriately referred to other investigating agencies, such as the Ombudsman's Office, the Department of Local Government or the Health Care Complaints Commission. Some may be disciplinary matters that do not involve corruption but should still be referred to the agency about which the matter was raised. Other matters may already be adequately dealt with by the agency making the notification. Many other matters do not relate to corrupt conduct as defined in the ICAC Act and do not warrant any action by the ICAC other than advising the person of that fact.

2. Request an investigation and report by another agency

If an allegation of corrupt conduct is made about an agency, the ICAC has the power to require that the agency conduct an internal investigation and then report back to the ICAC by a certain date. The ICAC will do this if it is appropriate for the agency to deal with the matter.

3. Preliminary enquiries

If it is determined that a matter should be further considered but may not yet warrant a full investigation, preliminary enquiries can be undertaken which can result in different outcomes – depending on what is found it may be decided that a matter should not be further pursued or should be referred to another agency. In some cases, the matter may become the subject of a full ICAC investigation.

4. Corruption prevention

If the matter appears to principally involve systemic issues raised by allegations of corrupt conduct, or the allegations have been dealt with but wider problems appear to exist, further inquiries may be undertaken by Corruption Prevention Officers in order to further evaluate the situation or to give advice about how to stop the problem happening again.

5. Referral to Strategic Operations and/or Legal Divisions for further action

The Assessment Panel also refers matters to the Strategic Operations and/or Legal Divisions for further action. Further action may include a preliminary inquiry or full investigation. These matters are those that fall within the jurisdiction of the ICAC, appear to be serious and/or are matters with potential to expose significant and/or systemic corrupt conduct.

Table 2: Assessment Panel decisions for 2002-2003 (compared to previous two years)

Action taken by the ICAC in response to matters received	T O T A L		
	2000-2001	2001-2002	2002-2003
Immediate referral or no action taken by the ICAC	762	1,063 (74%)	1,460 (77.5%)
Matters acted upon by the ICAC			
Referred to Assessments Unit for further enquiries	28	163	159 (8.5%)
Referred to Corruption Prevention Unit for further action	94	140	129 (6.9%)
Referred to Strategic Operations Division and/or Legal Division for further inquiries and/or investigation	165	80	134 (7.1%)
Total number of matters acted upon by the ICAC	287 (27%)	383 (26%)	422 (22.4%)
Total number of matters*	1,049	1,446	1,882

Note: * The total figures may be less than the figures for matters received during the year. This table records *decisions* made during the reporting year. Some matters received towards the end of a reporting year will not be assessed until the beginning of the next reporting year. The figures also exclude telephone matters classed at the outset as information or outside jurisdiction. Where possible, these complainants were referred to a more appropriate agency.

Referrals to public sector agencies (section 53/54 reports)

The ICAC can refer a matter to another agency for investigation. Such referrals are made under section 53 of the ICAC Act and the report back from the agency is made under section 54. In 2002-2003, the ICAC referred 27 such matters. The sorts of matters referred included allegations that an officer obtained personal benefits from suppliers and charged these benefits to the government agency where he worked; allegations that a council imposed special requirements on a Development Application because the

property concerned adjoined property owned by a councillor; and allegations that a public officer had a conflict of interest when recommending the use of a consultancy firm in which he had an interest.

The following case studies are examples of matters referred to agencies for investigation and report and the action taken in response. They show agencies undertaking thorough inquiries and taking responsibility for responding to the issues identified.

CASE STUDIES

Section 53/54 – Action taken by health agencies

Drug theft

The ICAC received a number of matters concerning the disappearance of scheduled drugs such as pethidine and benzodiazepines from hospitals. In one case it was not possible to identify the persons stealing the drugs but an investigation and audit by the Department of Health found that the controls and procedures for the handling of drugs had a number of weaknesses. The investigation report made 19 recommendations covering a wide range of areas including:

- management of drug safes in various locations in the hospital
- entries for drug registers
- training
- drug deliveries.

The responsible area health service required the implementation of the recommendations by the end of June 2003 and has installed a security camera at one of the drug safes. The Department of Health has also recommended that the Area Health Service internal auditors review compliance with procedures in six months, or earlier if problems arise. The ICAC assisted by providing advice to the Area Health Service concerning education and training for staff on issues such as ethics and public duty, as well as internal reporting systems and protected disclosures.

Misappropriation

The ICAC was advised that a Research Officer in a public research Institute was involved in the misappropriation of \$10,000. The Internal Audit Unit of the relevant Area Health Service conducted a review of the actions of the Research Officer in relation to a research consultancy agreement with an external organisation. The review found the Research Officer had:

- signed a consultancy agreement between the external organisation and the Institute when he did not have the authority to do so
- conducted all work related to this contract in his capacity as an employee of the Institute and performed the work for the consultancy agreement during normal working hours
- Arranged with the external organisation for the money to be paid to the Institute to be paid personally to the Research Officer.

The Research Officer was suspended on full pay and later resigned from the Institute. The Department of Health Internal Audit Unit advised that it was in the process of reviewing the procedures with regard to awarding and managing research agreements.

Money theft

The ICAC was advised that a hospital employee was stealing money from patients under his care. The relevant Area Health Service conducted an internal investigation and the employee admitted to the theft of money from patients. NSW Police were notified and have subsequently charged the employee with eight counts of larceny. The court case is pending and the Area Health Service is considering a proposal to provide secure storage for small amounts of cash by installing bedside lockers for patients.

The year ahead

In 2003-2004 the ICAC will:

- continue to improve our liaison relationships with public sector agencies by providing assistance to agencies to identify, report and address possible corrupt conduct
- continue to communicate about the role of the ICAC and about how to report corrupt conduct through our improved brochures, website and telephone advice service
- continue to enhance our complaint handling and customer service procedures to improve turn-around times for the handling of matters
- continue to improve our information management systems to enable earlier identification of corruption risks and to ensure the most effective use of the information provided.



Investigating corruption

- Introduction
- How the ICAC investigates corruption
- Investigations in 2002-2003
- Use of statutory powers
- Public and private hearings
- Strategic partnerships and liaison with other agencies
- Reporting investigations
- Results in 2002-2003 of previous investigations
- Improving the investigative process
- External review of investigation processes
- The year ahead

Introduction

Investigating corruption is one of the ICAC's key statutory responsibilities and a major part of the organisation's work. Within the ICAC, primary responsibility for conducting investigations rests with the Strategic Operations Division (SOD). In 2001-2002 the ICAC undertook a major restructure of the SOD in order to give the ICAC the skills and capacities needed to identify and investigate current and emerging forms of corruption.

In 2002-2003, the restructure of the SOD was completed with both business units within the Division – Investigations and the Strategic Risk Assessment Unit (SRAU) – now fully operational. Specialist financial and fraud investigators have been recruited to work within the Investigations Unit and a number of analysts and a deputy manager recruited for the SRAU. The skills sets include forensic psychology, foreign languages, financial analysis, forensic accounting, police operations and risk management.

The SRAU was established in 2002 to identify areas within the public sector where the risk of systemic or serious corruption is high, to monitor trends and proactively develop matters for investigation. The SRAU is composed of three areas: Intelligence, Surveillance and Product Management.

The Intelligence Section is responsible for the collection and analysis of information from a range of sources. During 2002-2003 the Intelligence Section were provided with a range of new databases and enhanced analytical tools, including data-mining software and reporting systems, to interrogate and manipulate internal and external information and intelligence holdings.

In 2002-2003 two analysts undertook the National Strategic Intelligence Course conducted by Charles Sturt University and the Australian Crime Commission. This course provides

the high-level skills needed to identify, analyse and interpret information and trends from diverse sources to produce actionable strategic intelligence. Intelligence assessments are used to inform the ICAC's decision-making. In this way the ICAC is developing intelligence-led methodology for its tasking and coordination of investigative resources. With the establishment of the Section nearly complete and ongoing improvement projects, we anticipate a number of specific strategic and proactive projects in 2003-2004.

The Surveillance Section undertakes physical surveillance to identify and monitor persons of interest to the ICAC who may be involved in corrupt activity. Mechanisms for the tasking and review of surveillance resources have been improved and, at an operational level, risk assessments are routinely undertaken throughout the course of all investigations.

The Product Management Section is responsible for the collection, management and storage of electronically acquired evidence and intelligence. A new Product Manager position was created, bringing extensive information technology, networking and database development experience to the area. In 2002-2003 the ICAC commenced a project to design and build a dedicated audio/video studio to improve capacity to store and manage our technical product. The Product Management Section also has a lead role in implementing and improving our capacity to acquire computer forensic product and the subsequent examination and analysis of data for investigative review.

Equipped with the new skills achieved through the restructure, the SOD has significantly improved the way in which investigations are managed and the way in which critical operational decisions are made. These improvements are underpinned by new technology and adherence to newly established risk management and project management processes.

In 2002-2003, the ICAC:

- commenced 105 preliminary inquiries (undertaken by Strategic Operations Division) and 29 investigations, in addition to 31 preliminary inquiries and nine investigations carried over from the previous financial year
- held 18 days of public hearings in relation to four investigations and issued 54 summonses for private hearings in relation to 14 matters
- was granted 36 warrants for use of listening devices and 38 warrants for telephone intercepts and conducted seven controlled operations
- exercised formal powers under sections 21, 22, 23, 35 and 40 of the ICAC Act on 415 occasions
- published five investigation reports, with recommendations that the DPP give consideration to the prosecution of a total of 11 persons for criminal offences

- enhanced investigative capacities by recruiting staff with high-level specialist skills in forensic psychology, law enforcement and commerce and acquiring a range of specialised analytical tools
- established a Product Management Section and recruited a highly skilled Product Manager
- upgraded surveillance capabilities through training and the purchase of state-of-the-art equipment
- commenced an upgrade to the ICAC hearing room
- continued to develop strategic partnerships with NSW Police and the NSW Crime Commission
- participated in a multi-agency initiative targeting identity crime
- provided professional development training in strategic intelligence for relevant ICAC staff
- gave presentations to the 4th National Investigations Symposium.

How the ICAC investigates corruption

The ICAC uses a range of investigative techniques to pursue allegations of corrupt conduct. The decision as to which investigative techniques should be used is made on a case-by-case basis. Factors such as the nature of the conduct being considered, whether it has occurred in the past or is still occurring, whether there are witnesses and/or documents to provide evidentiary support to the allegations, and the seriousness of the conduct may be considered. Conducting a number of interviews, for some allegations, may be all that is required to complete the investigations. More complex matters, however, require the ICAC to use its statutory powers to productively investigate the matter. These powers include search warrants, listening devices, and telephone intercepts. The ICAC also has surveillance capacity that is deployed for particular investigations.

However, the use of these statutory powers and the use of surveillance techniques require sufficient justification and appropriate authority:

- The use of surveillance techniques requires the authority of the Executive Director, SOD and is also reported to the committee which oversees investigations (the Investigations Management Group which is discussed later in this chapter).
- Search warrant applications are submitted to authorised justices (attached to Local Courts) for approval. Section 40(2) of the ICAC Act also gives the ICAC Commissioner the power to issue search warrants however this power has not been exercised under the current Commissioner.
- Listening device applications under the *Listening Devices Act 1984* (NSW) have to be approved/granted by a Justice of the Supreme Court.
- Telephone intercept applications under the *Telecommunications (Interception) Act 1979* (Cwth) have to be approved/granted by a Member of the Administrative Appeals Tribunal.

For search warrant, listening device, and telephone intercept applications there is also an internal approval process. The applications are drafted by investigators and then submitted to the lawyer attached to the relevant investigation for review. The application must then be submitted to the Executive Director, Legal for final approval to ensure the application meets all regulatory and evidentiary requirements before being submitted to the appropriate authority.

The ICAC also has the power to compel people to appear before hearings of the ICAC and/or to produce documents and other things (for example, a computer hard disk drive). Hearings of the ICAC can be held in public, in private or both. The Commissioner presiding over the matter makes this decision on a case-by-case basis. It is a discretionary decision that must be made in consideration of the public interest as required under section 31 of the ICAC Act.

When allegations are made to the ICAC there is no presumption that the person against whom an allegation has been made has engaged in corrupt conduct or committed a criminal offence. It is the role of the ICAC to conduct investigations to reveal what has occurred on the basis of fact or evidence and then determine whether the conduct of any person amounts to corrupt conduct as defined in the ICAC Act. In more serious cases and where there is sufficient evidence, the ICAC can recommend that the Director of Public Prosecutions consider criminal prosecution. With this in mind, where possible, the ICAC applies a higher standard of evidence for its investigations.

However, the success of ICAC investigations should not be measured by the number of findings of corrupt conduct or recommendations for consideration of prosecution action alone. A successful investigation can also be one which shows, on the basis of facts and evidence, that a person has not engaged in corrupt conduct. While the ICAC does not 'exonerate' individuals who have been alleged to have engaged in wrongdoing, an ICAC investigation can 'clear the air' as to what has occurred and clear a subject person's name. Similarly, an ICAC investigation may reveal procedural or systemic issues that require addressing to ensure future opportunities for engaging in misconduct and corruption are minimised.

Investigations in 2002-2003

In 2002-2003 the SOD commenced 105 preliminary inquiries and 29 investigations, in addition to 31 preliminary inquiries and 9 investigations carried over from the previous financial year. Major ICAC investigations in 2002-2003 dealt with matters ranging from alleged corrupt handling of applications for public housing to allegations concerning Members of Parliament. These investigations related to serious offences against the criminal law and where necessary ICAC officers used the powers granted under the ICAC Act to gather evidence. Corruption prevention issues are considered as part of all major investigations and form part of the ICAC response to such matters. The integrated and comprehensive approach in dealing with serious allegations is demonstrated in the following case study.

CASE STUDY

An integrated ICAC response

On 27 June 2002 the ICAC received a report from the Department of Housing (DOH) that a Client Service Officer (CSO) of the DOH had solicited a bribe from an applicant for public housing. It was alleged that the applicant had paid \$2,000 to the CSO as part-payment to have her application for priority housing approved and that further payments were to take place.

The ICAC commenced its investigation on 1 July 2002. ICAC investigators used a range of the powers granted under the ICAC Act to gather evidence and ICAC Corruption Prevention officers commenced a review of DOH internal systems and procedures to identify the deficiencies that allowed the conduct to occur undetected. As well as examining all files handled by the suspect CSO over the previous 18 months and interviewing staff and clients of DOH, the ICAC:

- served notices on various persons and organisations for production of documents
- applied to a Magistrate for a search warrant to search the suspect CSO's premises
- applied to the Administrative Appeals Tribunal for a warrant to listen to and record telephone conversations
- applied to a judge of the Supreme Court for a warrant to listen to and record private conversations between people identified in the warrant.

These warrants were granted and used to gather evidence. Private hearings were held between 4 July and 19 August 2002 and public hearings were held on 18 and 19 September 2002.

The ICAC investigation found that the suspect CSO, Steven Klimoski, had solicited and received bribes from a client of DOH in return for an undertaking that he would expedite the client's application for priority housing. The investigation also found that Mr Klimoski had an illicit arrangement with a tenant of the Department, Anthony Severino, who introduced the client to Mr Klimoski.

In its report of this investigation, the ICAC made findings of corrupt conduct against Mr Klimoski and recommended that the Director of Public Prosecutions (DPP) consider prosecuting both Mr Klimoski and Mr Severino for a number of offences under the *Crimes Act 1900* (NSW) and the ICAC Act. These recommendations are currently being considered by the DPP.

The ICAC investigation also examined the context in which this corrupt conduct occurred. The ICAC's review of the DOH's systems and processes resulted in 16 ICAC recommendations to improve corruption resistance measures. These recommendations related to the assessment and review of priority housing applications, administrative structures and practices within work teams, audit procedures and handling of gifts and benefits.

This investigation attracted substantial media attention, reinforcing the ICAC's public education campaigns dealing with bribery and people from non-English speaking background communities. The active involvement of the DOH during the investigation and in implementing the ICAC's recommendations has also helped ensure that a vital public resource – public housing for those in need – is allocated fairly and equitably.

Use of statutory powers

As foreshadowed in the 2001-2002 Annual Report, the ICAC has maintained an emphasis in its investigations on the gathering of admissible evidence to support subsequent potential prosecutions as well as its own investigations. In many instances, it is the use of statutory powers that enables such evidence to be collected. The following table sets out the use of powers by the ICAC in 2002-2003 compared to the two previous years.

Table 3: Exercise of statutory powers

Power	2000-2001	2001-2002	2002-2003
Summonses to give evidence or produce documents or both at a hearing (section 35 of the ICAC Act)	140	112	129
Warrant for arrest of a witness (section 36)	0	0	0
Order a prisoner to appear before ICAC (section 39)	0	0	0
Search warrant (section 40)	11	51	11
Notice for public authority/official to produce statement of information (section 21)	3	11	11
Notice requiring production of documents (section 22)	193	197	258
Notice authorising ICAC officer(s) to enter premises occupied by public authority/official, and inspect any document or thing and copy any document (section 23)	9	7	6
Listening device warrant (subject to the <i>Listening Devices Act 1984</i>)	2	76	36
Telephone interception warrant (subject to the <i>Telecommunications (Interception) Act 1979</i>)	14	55	38
Controlled operation authorised (subject to the <i>Law Enforcement (Controlled Operations) Act 1997</i>)	1	4	7
Acquisition and use of assumed identities (subject to the <i>Law Enforcement and National Security (Assumed Identities) Act 1998</i> and the <i>Crimes Act 1914</i> (Cwth)).	6	0	12

It is worth noting that the increase in the number of notices requiring production of documents (section 22) reflects the change in approach to investigations outlined in this chapter, particularly an increased emphasis on financial analysis and profiling as an additional investigative strategy.

The following case studies highlight the different ways in which powers are used to productively investigate matters, and in the second case study, how the ICAC works with peer agencies to yield maximum outcomes from the use of its powers.

CASE STUDY

Bribery in the Centennial Park and Moore Park Trust

In October 2002, the ICAC conducted an investigation concerning an alleged offer of a bribe to an officer of the Centennial Park and Moore Park Trust, a public authority for the purposes of the ICAC Act.

The offer of an immediate payment of \$1,000 in cash and two future payments in the same amount was allegedly made by the representative of a commercial painting business for the purpose of influencing the officer to award a major Trust contract to the business. The contract was of significant value, requiring substantial maintenance works to Trust property which included repainting the Trust's Equestrian Centre.

The Trust officer reported the alleged bribe offer to the ICAC and an investigation was commenced. A controlled operation was conducted pursuant to an authority granted under the *Law Enforcement (Controlled Operations) Act 1997* and a meeting was arranged between the Trust officer and the business representative. The meeting was subject to both physical and electronic surveillance by ICAC officers – warrants to use listening devices and to intercept telephone communications had been granted to the ICAC under the *Listening Devices Act 1984* and the *Telecommunications (Interception) Act 1979* (Cwth) respectively.

The conversations at this meeting, together with \$1,000 cash seized from the business representative, constitute evidence of the bribe offer which has been referred by the ICAC to the Director of Public Prosecutions for consideration of prosecution action.

CASE STUDY

Theft in the Australian Museum

In late 2002, the Australian Museum Trust (AMT) reported to the ICAC that, since early 1997 a number of natural history specimens had gone missing from the Australian Museum (AM) and were presumed stolen. This loss of a significant quantity of rare and unique natural history artefacts over a lengthy period was suspected to be the work of a staff member from the AM.

Initial inquiries conducted with the AM revealed that there were about 500 items missing, most of which were rare and some classified as being unique. An audit of the missing items for insurance purposes indicated the loss to the AM in excess of \$1.2 million. As a result, the ICAC and the AM commenced a joint investigation into the thefts.

As part of its investigation the ICAC utilised electronic technical surveillance and physical surveillance. Partnership arrangements with other law enforcement agencies also contributed significantly to the success of the investigation.

The investigation identified a particular member of staff who had access to the missing exhibits. This staff member was also alleged to have a substantial private collection of natural history artefacts including thousands of animal skulls and hundreds of frozen skins. The investigation gathered evidence against this person and identified others who may have assisted in removing or receiving stolen items.

In March 2003 the ICAC, assisted by the NSW Police, executed search warrants on the homes of an AM staff member and other persons. Experts from the AM also assisted and helped in identifying items believed stolen from the AM. Each of the premises searched revealed a significant quantity of rare and unique natural history artefacts believed stolen from the AM. Approximately 3,500 exhibits were photographed and catalogued of which the staff member identified only 13 as belonging to him.

A number of other seized items, whilst not the property of the AM, were also located and these were referred to other agencies such as the National Parks & Wildlife Service and Environment Australia.

The staff member made admissions to the ICAC officers in a recorded interview that he had stolen some of the items found on his premises. He also admitted that he had given stolen items that were recovered to other persons. Evidence and other information collected by the ICAC during its investigation is being collated for referral to the Director of Public Prosecutions for consideration of prosecution action. Proceedings have already been commenced against one person arising from the investigation.

A valuation of the items recovered by the ICAC is in excess of \$3 million.

Public and private hearings

As set out in the ICAC Annual Report 2001-2002, the ICAC considers the use of hearings as one means of investigating matters. Hearings are often not the end point of an investigation, in the way that a prosecution follows a police investigation. Instead, hearings are one of a number of investigative techniques which may or may not be used.

If it is decided to conduct hearings into a matter, the Commissioner presiding over the matter considers whether the hearings should be held in public or private or both. The reasons for holding public hearings are quite different to those for holding private hearings. In determining whether a hearing should be public or private, the critical element as set out in section 31 of the ICAC Act is the public interest.

A range of issues may be relevant when considering the public interest element, for example, the need to protect and/or maintain the integrity of the investigation, the need to protect the identity of a witness or an informant or to protect the reputation of individuals from untested or unverified evidence, and whether alternative means of obtaining evidence are available so that it can be admissible for the purpose of prosecution. The former Parliamentary Joint Committee (PJC) reviewed the conduct of ICAC hearings, and in its June 2002 Report, recommended that the ICAC continue to retain its discretion regarding public and private hearings but give consideration to only conducting public hearings when the evidence was capable of sustaining findings of corruption.

Public hearings facilitate wide exposure of corrupt conduct and can be an important mechanism for educating the public about corruption. They act as an important deterrent to corrupt conduct and provide a mechanism for public officials and others to be publicly accountable for their actions. The experience of the ICAC has been that public hearings can also encourage others to come forward with information which may be of assistance to the ICAC.

Also in 2002-2003, the ICAC has adopted the practice of routinely making transcripts of public hearings available on the ICAC website. This affords greater transparency and

allows members of the public who cannot attend hearings at the ICAC offices to monitor and follow hearings that are of interest.

In 2002-2003 the ICAC held 18 days of public hearing in respect of four investigations:

- Two public hearing days were held concerning an allegation that a Client Service Officer (CSO) of the Department of Housing had solicited a bribe from an applicant for housing (Operation Hotspur). The outcome of this investigation was a public report released in 2002-2003. (See page 33.)
- Two public hearing days were held concerning the possible corrupt conduct associated with the collapse of the NSW Grains Board (Operation Agnelli). The public hearings were held to hear closing submissions for this investigation in late 2002. The final report was made public in September 2003 and the final outcomes will be presented in the ICAC Annual Report 2003-2004.
- Twelve public hearing days were held concerning whether any person solicited or offered to make a financial contribution to the Australian Labor Party in return for obtaining NSW Government support for any aspect of the Woodward Park development, and the involvement of Liverpool City Council (LCC) in the development and in particular whether any LCC officer or other person acted corruptly in relation to that involvement (Operation Hydra). The outcome of this investigation was a public report released in 2002-2003 and is further discussed below.
- Two public hearing days were held into the conduct of the Hon. Malcolm Jones MLC, with regard to his use of certain parliamentary entitlements provided under the *Parliamentary Remuneration Act 1989*. The investigation report was made public in September 2003 and the final outcomes will be presented in the ICAC Annual Report 2003-2004.

The following two case studies highlight the use of public hearings during 2002-2003.

CASE STUDY

Public hearings into bribery and corrupt conduct

This investigation concerned whether any person engaged in corrupt conduct in relation to a proposed development at Woodward Park, Liverpool. This development included construction of a club and hotel facility for the Bulldogs League Club Limited and a mixed residential/commercial/leisure development known as 'Oasis'. The project required the acquisition of certain NSW Government land and was in part predicated on the club facility being granted a number of gaming machine licences.

The investigation focused on two main issues:

- **whether any person solicited or offered to make a financial contribution to the Australian Labor Party (ALP) in return for obtaining NSW Government support for any aspect of the development, and**
- **the involvement of Liverpool City Council (LCC) in the development and in particular whether any LCC officer or other person acted corruptly in relation to that involvement.**

In relation to the first issue there was an allegation that a NSW Government Minister, the Hon. Edward Obeid MLC, had attempted to solicit a \$1 million donation to the ALP in return for promising NSW Government support for the project.

Initial hearings were conducted in private to protect the integrity of the investigation and to determine if there was sufficient probative evidence to warrant further investigation and to conduct public hearings.

Following five days of private hearings, which took evidence from seven witnesses, Assistant Commissioner the Hon. John Slattery AO QC determined that, given the importance of the issues involved and the nature of the evidence gathered, it was in the public interest to hold public hearings. Public hearings were held over 11 days and evidence was taken from 15 witnesses.

These hearings dealt with matters of public interest which had been the subject of some speculation. As such, the hearings played an important role in establishing facts and testing evidence in a public forum.

The investigation found evidence of discussions at various times between Mr Gary McIntyre, the Chairman of the Bulldogs League Club, and others associated with the project concerning the issue of making a donation to the ALP in return for obtaining NSW Government assistance in relation to aspects of the Woodward Park project. However, the evidence did not establish to the requisite degree that any such donation was ever seriously contemplated by Mr McIntyre.

There was no evidence that any donation was made to the ALP in relation to the project. No findings were made that Mr Obeid ever solicited such a donation. Further, the report found no evidence that any LCC officer or other person had acted corruptly in relation to LCC's involvement with the Woodward Park project.

The ICAC did recommend, however, that the Director of Public Prosecutions consider prosecuting one person under section 87 of the ICAC Act for an offence of giving false or misleading evidence.

CASE STUDY

Public hearings into misuse of parliamentary entitlements

In September 2002, the ICAC received information that alleged that the Hon. Malcolm Jones MLC, a member of the NSW Legislative Council, had misused certain entitlements provided under the *Parliamentary Remuneration Act 1989*.

The investigation commenced as a preliminary inquiry, the purpose of which was to ascertain the substance of the allegations that had been made. The ICAC used its powers under section 22 of the ICAC Act to obtain relevant documentation and section 23 to enter and inspect the parliamentary office of Mr Jones. The ICAC also executed search warrants authorised for the searches of a home unit owned by Mr Jones in Sydney and the headquarters of the Outdoor Recreation Party, the party which Mr Jones then represented.

Private hearings were initially held to ensure the integrity of the investigation and the reputations of those involved. However, after the completion of the private hearings the Commissioner decided that, given the importance of the matters involved and the nature of the evidence obtained, it was in the public interest to hold a public hearing.

The public hearing was held in January 2003. Evidence was taken from five witnesses. An order was made pursuant to section 112 of the ICAC Act that no information or visual likeness was to be published which could identify one of these witnesses, a former parliamentary staff officer.

The public hearing took evidence from various witnesses which established to the requisite degree that Mr Jones had knowingly misused additional entitlements and had, for the purpose of claiming the Sydney Allowance, wrongfully claimed to reside in the country. The ICAC found that Mr Jones in fact resided in the Sydney metropolitan area.

As a result of its investigation, including evidence taken in public hearing, the ICAC made findings that Mr Jones engaged in conduct that was corrupt within the meaning of the ICAC Act in relation to his use of parliamentary entitlements and recommended that the Director of Public Prosecutions consider the prosecution of Mr Jones for offences under the *Crimes Act 1900* (NSW), the common law and the ICAC Act. The ICAC's investigation report also expressed the opinion that the conduct was such that consideration be given to the expulsion of Mr Jones from the Legislative Council.

Mr Jones subsequently resigned from the Parliament.

The ICAC does not conduct public hearings in every investigation. As described above, it must be in the public interest to conduct hearings in public. However, private hearings are often used in the early stages of investigations where the protection of reputation is a consideration, or where hearings would assist in determining what investigative steps should be taken next. Private hearings are also a critical investigative technique when it is necessary to protect the integrity of an investigation. They also serve as a useful tool for detecting inconsistencies in the evidence of different witnesses. The benefits of private hearings were recognised by the previous PJC in its June 2002 report on the review of the conduct of ICAC hearings.

In 2002-2003 the ICAC issued 54 summonses for private hearings in respect of 14 investigations. The following two case studies highlight the use of private hearings in 2002-2003.

On occasion, private hearings are held in preference to public hearings to expedite matters and ensure that investigations into matters of public interest are finalised and reported as quickly as possible. Subsequently the ICAC may determine, pursuant to section 31 of the ICAC Act, that it is in the public interest to make public the evidence given in private hearing.

CASE STUDY

Public Trustee

The ICAC investigated an allegation that a real estate agent responsible for appraising and marketing properties on behalf of the Public Trustee purchased three properties through a third party without disclosing that he was the actual purchaser. It was alleged he made a substantial profit from their resale.

Property A was appraised by the agent at \$120,000 and sold in March 1999 for \$122,000. It was resold in June 1999 for \$241,000. Property B was appraised by the agent at \$250,000 and sold in November 2000 for \$256,000. It was resold in January 2001 for \$370,000. Property C was appraised by the agent at \$135,000 and sold in August 2001 for \$142,000. It was resold in September 2001 for \$215,000.

Private hearings were held to take evidence from those nominated as first instance purchasers of the properties and the agent. The first instance purchaser of properties A and B said that he had acted on behalf of the agent who was the real purchaser. The agent admitted that he and his partner, another real estate agent, were the real purchasers of properties A and B and that he had concealed this fact from the Public Trustee. He and his partner shared the profits of the resales.

The evidence indicated that the sale of property C had been to legitimate purchasers. The agent denied receiving any benefits in relation to its sale other than his agent's commission.

The ICAC's investigation did not identify any evidence to indicate any Public Trustee officer acted corruptly.

Given the admissions made in the private hearings it was not considered necessary to conduct further hearings. The results of the ICAC's investigation were communicated by way of a report pursuant to section 14(2) of the ICAC Act to the Public Trustee. Relevant information was also disseminated to the Department of Fair Trading which is considering taking action against the agents.

The ICAC also reviewed changes made by the Public Trustee to its practices and procedures in the selection and use of real estate agents for sale of property under its control. The ICAC was satisfied the new policy addresses the problems identified by the investigation.

CASE STUDY

Menangle Bridge

The ICAC investigated allegations that Menangle Bridge, on the main South rail line in NSW, had been kept open for rail traffic despite expert reports recommending its closure for safety reasons, so as to avoid any political embarrassment to the Government in the lead-up to the March 2003 State election. There were also concerns the Rail Infrastructure Corporation (RIC), the public authority responsible for the bridge, may have acted to 'cover up' the recommendations for commercial reasons or to avoid any embarrassment to it from disclosures that might indicate it had failed to maintain a safe railway system.

A decision to keep the bridge open, in the knowledge that it was unsafe to do so, could not only endanger public safety but also constitute corrupt conduct within the meaning of the ICAC Act and involve a criminal offence.

The ICAC Commissioner regarded it of fundamental public interest to investigate whether any person or the RIC had acted corruptly and to expose any improper failure to close the bridge.

In conducting its investigation, the ICAC first identified and obtained all relevant documentary evidence. In order to determine why the various protagonists had acted as they did, it was necessary to take evidence from them. The decision was made to take evidence in private hearing to protect the integrity of the investigation and to determine whether there was sufficient probative evidence to warrant further investigation.

As a result of those hearings, it became apparent that there was no evidence that any person had acted corruptly and so the Commissioner decided that it was neither necessary nor in the public interest to hold public hearings. An important consideration in reaching this decision was that, given the serious nature of the allegations, it would be in the public interest for the ICAC to publicly report its findings as soon as possible. The holding of public hearings would necessarily have delayed the reporting process.

At the conclusion of the private hearings the ICAC prepared submissions on the evidence and on relevant RIC practices and procedures. These were provided to all relevant persons, who were invited to make submissions in response.

Given the public interest issues arising from this investigation, the Commissioner determined that it was in the public interest to make public a report on its investigation and the evidence given in the private hearings. The transcripts of evidence are posted on the ICAC website www.icac.nsw.gov.au.

Strategic partnerships and liaison with other agencies

In 2002-2003, the ICAC has:

- become a member of a National Identity Crime Taskforce and collaborated with the Australian Federal Police, Australian Crime Commission, Customs, Austrac, and state police and investigative agencies to share intelligence and contribute to the establishment of an identity fraud register to tackle this escalating problem
- exchanged intelligence with the NSW Police, the Australian Federal Police, the Australian Crime Commission, the NSW Crime Commission, the Western Australian Anti-Corruption Commission and the NSW Police Integrity Commission (PIC) to assist our investigations
- continued to receive support from the NSW Police under the terms of the Memorandum of Understanding signed in 2002 which provides for police support in the execution of search warrants to minimise risk to ICAC officers and the community, as well as other forms of operational support
- continued to develop a close working relationship with the PIC at an individual and organisational level. The ICAC exchanged information and intelligence on a variety of matters and received specialist technical assistance during the course of several major investigations. Representatives from both agencies undertook an information gathering exercise with key federal government agencies in Canberra to research current and future developments in surveillance technology
- continued to receive assistance from the NSW Crime Commission in respect of technical capacity. The ICAC has also improved the depth of this relationship by implementing proposals to share some specialised technical equipment, expertise and infrastructure
- briefed investigations officers from a range of interstate and overseas agencies including the Chinese Ministry of Supervision, National and Jiangsu Province, the NSW Corruption Prevention Network Conference, the School of Business Law and Taxation, University of NSW, the Beijing Prosecution Bureau, the Office of the National Counter Corruption Commission, Thailand, the Korean ICAC and the Internal Security Service of Oman and the Royal Oman Police

- made a presentation on the role of investigation in strengthening organisational integrity to the Corruption and Anti-Corruption course conducted by the Australian National University in partnership with the ICAC.

The ICAC also seeks, where possible, to work collaboratively with agencies that are the subject of an ICAC investigation. The following case study highlights the benefits that can be achieved through collaborative investigations.

CASE STUDY

Contraband in prisons

In March 2003, Department of Corrective Services (DCS) officers undertook a search of two prisoners' cells within the High Risk Management Unit (HRMU) of the Goulburn Correctional Facility. The HRMU is commonly called the 'Supermax' and is designed as one of Australia's highest security prisons. During the cell searches, officers found four mobile phones, SIM cards, a mobile phone charger, a miniature digital camera that connects to mobile phones and a miniature ratchet device used for removing the screws attaching the cover plate of the cells' wall light unit.

Soon afterwards, the ICAC was formally notified of these matters by senior DCS staff, who also informed the ICAC that the items found in the search may have been brought into the gaol by a prison officer. This was the start of a protracted covert operation by ICAC investigators who worked closely with a select group of senior staff from within the DCS. The liaison between the two organisations proved to be an essential ingredient in achieving a successful outcome – identifying the prison officer concerned, gathering evidence of corruption against him and maintaining confidentiality.

The role of the DCS was to keep ICAC staff apprised of information and intelligence which assisted in each stage of planning and executing investigative phases. Due to the highly covert nature of the ICAC's investigative strategy, maintaining secrecy was essential and this was clearly understood and adhered to by all parties involved. The assistance provided to the ICAC by the DCS extended beyond the provision of information and intelligence and included providing access to DCS premises to facilitate the investigation.

As a result of the partnership between the DCS and the ICAC the suspected DCS officer was quickly identified and investigative resources and methodologies were targeted on him. The ICAC's partnership arrangements with another law enforcement agency were later utilised, enabling the ICAC to draw upon some highly specialised expertise from within that agency.

Throughout the operation extensive use of electronic surveillance was made to gather evidence and intelligence about the DCS officer's activities. Information was shared between agencies to ensure the extent of the DCS officer's involvement in corrupt activity was clearly understood and risks were properly managed.

Pursuant to a Memorandum of Understanding that exists between the ICAC and the NSW Police, Goulburn Detectives later provided assistance in the execution of the operation's final phase. In this way the ICAC was able to gain the assistance of the police, with their powers to stop and search, in order to successfully detain the corrupt DCS officer and retrieve vital evidence, following the corrupt officer's meeting with another person to collect contraband and bribe money.

The success of this investigation can, in part, be measured by the fact that the DCS officer, when faced with the irrefutable cogent evidence gathered through a range of investigative techniques, admitted his involvement in corrupt activities.

The above case study highlights the benefits of the ICAC's approach in seeking, where appropriate, to utilise strategic partnerships to maximise the impact of its investigations. Other benefits include a heightened awareness by ICAC investigators of contemporary investigative techniques and equipment used by other agencies, improved outcomes for the organisation under investigation, improved lines of communication and a greater awareness of the need for collaborative approaches to fighting corruption.

Reporting investigations

Under its Act, the ICAC is required to prepare reports on matters referred to the ICAC by both Houses of the NSW Parliament and matters involving public hearings. These types of reports are presented to the Presiding Officers who will then table the report in Parliament. The Presiding Officer has the discretion to make ICAC reports immediately publicly available.

In 2002-2003, the ICAC presented five investigation reports to Parliament. All reports were immediately made public.

- *Report into corrupt conduct associated with development proposals at Rockdale City Council (July 2002)*
- *Investigation into conduct of officers and students at the University of Technology, Sydney (August 2002)*
- *Investigation into conduct concerning the Woodward Park project (February 2003)*
- *Investigation into handling of applications for public housing by an officer of the Department of Housing (May 2003)*
- *Investigation into dealings between Thambiaiah Jeevarajah, an engineer employed by the Department of Housing, and the construction company Australian Colour Enterprises Pty Ltd (May 2003).*

Recommendations were made in these reports that the Director of Public Prosecutions consider prosecuting a total of 11 persons for criminal offences. Recommendations were also made that public authorities consider disciplinary action against certain public officials and that public authorities implement specified corruption prevention measures to prevent a recurrence of corrupt conduct.

Results in 2002-2003 of previous investigations

Ten persons were convicted in 2002-2003 for various offences as a result of prosecutions arising from ICAC investigations.

Sentences of imprisonment (including suspended sentences and home detention) were imposed in seven cases, good behaviour bonds imposed in two cases and a community service order made in one case. In one additional case,

offences were proven against the individual and a good behaviour bond was imposed, but no conviction was recorded.

As a result of information collected during one of the ICAC's investigations involving private hearings, a senior officer of the State Rail Authority was dismissed from his position.

For a complete listing of prosecutions and disciplinary action in 2002-2003 resulting from ICAC investigations, refer to Appendix 3.

Typically, results from ICAC investigations include:

- criminal proceedings and/or disciplinary action in relation to individuals against whom the ICAC has made findings of corrupt conduct
- action by the relevant public authorities to address corruption risks in line with ICAC recommendations – the ICAC monitors the implementation of corruption prevention recommendations by requiring agencies to report their progress on implementation for posting on the ICAC website (Recos on the web).

Investigations can also lead to collaboration and liaison with a range of public sector agencies, including 'watchdog' agencies and law enforcement agencies within NSW and around Australia.

Results in 2002-2003 from a previous ICAC investigation into a car-rebirthing racket involving staff of the Roads and Traffic Authority provide a good illustration of this nexus of results. The second case study highlights successful outcomes from another previous ICAC investigation.

CASE STUDY

Operation Jommelli

In early 2003 the principal subject of the ICAC's investigation in 1999-2000 into car-rebirthing, a former RTA manager, was sentenced to three and a half years' imprisonment for bribery-related offences. He also received two months' imprisonment, to commence at the end of his other sentences, for giving false and misleading evidence to the ICAC.

Operation Jommelli was a joint strategic investigation led by the ICAC and conducted in partnership with a NSW Police strike force and the RTA. NSW Police took responsibility for preparing the criminal briefs of evidence that led to the former manager's conviction.

Other significant outcomes from this investigation include:

- **the establishment of a car-rebirthing desk within NSW Police's intelligence unit**
- **major systems change within the Roads and Traffic Authority to address corruption risks identified during the investigation**
- **alerting of law enforcement agencies to the risks posed by the creation of false identities**
- **provision of valuable intelligence into serious and violent crime in southwest Sydney**
- **provision of intelligence and tactical/operational advice on car-rebirthing to interstate law enforcement agencies.**

CASE STUDY

Secret commissions

On March 25 2003, a former head of security at NSW Parliament House was convicted of three counts under section 249B(1) of the *Crimes Act 1900* (NSW). The convictions resulted from an ICAC investigation that was conducted in response to information alleging that the former head of security had received secret commissions in his previous position as head of security at St Vincent's Hospital, Sydney.

The ICAC investigation established that the former head of security had received 'spotter's fees' from a manufacturer of security software in return for promoting their products. After recommending the company's products to the hospital, he then used his managerial delegation to authorise the purchase of these items.

The ICAC used its powers under section 22 of the ICAC Act to obtain his bank statements and documents from the manufacturer, which established that he had received three secret commissions from the manufacturer, totalling \$2,543.

After making partial admissions in interviews with ICAC officers, recommendations were made to the Director of Public Prosecutions to consider prosecution action. The former head of security pleaded guilty to the three counts of receiving secret commissions/rewards. A good behaviour bond of 12 months was imposed for each offence. The former head of security also tendered his resignation to Parliament House administration and the NSW Police Security Industry Registry cancelled his security licence in view of his conviction.

Improving the investigative process

In 2002-2003 the Investigations Management Group (IMG) was established to review all investigation plans, progress reports and critical decisions. The IMG is comprised of the Commissioner, Deputy Commissioner and the Executive Directors of the Strategic Operations, Corruption Prevention Education and Research and Legal Divisions. The composition of this body is designed to ensure that an integrated approach is taken to all major investigations.

Investigations are now classified and managed as Category 1 investigations (high priority, major investigations which generally involve significant use of a range of ICAC resources and powers), Category 2 investigations or preliminary inquiries.

As part of the integrated approach to investigations foreshadowed in the 2001-2002 Annual Report, staff of both the Legal Division and the Corruption Prevention, Education and Research Division are formally involved in all Category 1 investigations. Their involvement in devising investigation plans and managing investigations has helped ensure that all investigations into serious matters can draw on relevant skills and knowledge from across the organisation and that any systemic corruption risks or governance issues are addressed at all stages of the investigation.

In 2002-2003 best-practice project management and risk management methodology has been integrated into ICAC investigations. Standardised operational orders are now produced prior to field operations, providing a framework for effective planning, articulation of objectives, risk management, resource management, briefing and de-briefing. Investigation Plans are required at the commencement of all Category 1 and Category 2 investigations to establish clear objectives and timeframes, identify risks and risk treatments. Any conflicts of interest that may arise for ICAC officers must also be declared.

The capacity to respond quickly and efficiently is critical to effective investigations and in 2002-2003 a new case management system has been introduced to manage individual tasks, timeframes and casework within the ICAC's main information database. This system is linked to the ICAC's email system for efficient allocation of tasks to investigations staff. The new case management system is expected to save time in allocating and carrying out investigations tasks and also to improve monitoring of performance in this area.

Also in 2002-2003 the ICAC commenced an upgrade of its hearing room. When the upgrade is completed it will ensure more efficient conduct of hearings and effective presentation techniques to take account of the changing complexities of matters investigated by the ICAC.

External review of investigation processes

As part of the ICAC 2002-2003 Internal Audit Program, Deloitte Touche Tohmatsu conducted a review of the adequacy and effectiveness of the control environment in relation to the conduct of ICAC investigations.

The review was conducted in accordance with Australian Auditing Standard AUS810, and examined the key controls in place with respect of:

- investigations planning
- timeliness of investigations
- allocation of resources
- the assignment of appropriately skilled staff to investigations
- investigation review mechanisms
- quality control mechanisms
- processes to measure the performance of investigations against planned outcomes.

The outcome of this review was a very positive assessment, with the auditors concluding that the ICAC maintained effective control procedures in relation to its investigations. The auditors made a number of recommendations, including that the ICAC review (and continue to review annually) its Operations Manual in order that the procedures within it remain contemporary. These recommendations are currently being implemented.

Such external reviews, including both the Functional and Investigative Capacity Reviews, are used to identify and implement improvements in the ICAC's conduct and management of investigations. These improvements are factored into the business plans of both the Investigations and Strategic Risk Assessment Units of the Strategic Operations Division. These plans, together with individual job descriptions, have provided the framework for staff performance agreements and performance measurement in 2002-2003.

The year ahead

In 2003-2004 the ICAC will:

- **continue to develop and improve the use of the ICAC's complaint handling and case management system (ICS) to improve efficiency and accountability in investigations**
- **continue the skills development of specialist investigative staff**
- **commence a program of review and update of targeted policies and procedures within the operations manual**
- **continue to tailor approaches in dealing with corruption prevention issues identified through investigations**
- **develop and implement a strategic risk assessment framework to support the proactive work of the ICAC**
- **complete the upgrade of the ICAC hearing room to provide for the more efficient conduct of hearings and effective presentation of evidence.**



Corruption resistance – tailored solutions

- Introduction
- The Local Government Strategy
- Corrective services
- Health
- Corruption risk management in NSW universities
- The year ahead

Introduction

Over the past few years the ICAC has been working with particular sectors to develop tailored corruption prevention solutions that address the specific risks they face. We recognise that there will always be a need for generic initiatives in areas of risk for the whole of the public sector. Our previous work in areas such as recruitment and codes of conduct illustrates this generic approach. However, this whole-of-government work needs to be mixed with sector-specific corruption prevention solutions that are tailored to the needs and characteristics of individual sectors.

The ICAC's corruption prevention work in a number of different sectors is outlined below.

These sectors have been identified for special attention for a range of reasons. The local government sector is part of our core business and complaints about local government make up about one quarter of the total number of complaints the ICAC receives. Corrective services, by their nature, deal with a number of high-risk areas and have been an ongoing focus for the ICAC for some time. The public health sector is one of the largest in NSW, comprising about one quarter of the State Government's budget. While the number of complaints about health is relatively low, it is an important sector in terms of public interest and the potential impact of any major corruption incident. We began our work in universities because we believed that there may be corruption risks in the sector that were not being proactively addressed.

In 2002-2003, the ICAC:

- published three sets of guidelines to assist local councils strengthen their corruption resistance
- developed a video and training material to deliver key corruption prevention messages to local councillors
- commenced two new projects in collaboration with key agencies that are aimed at supporting corruption resistance in local government
- worked collaboratively with the Department of Corrective Services to address a number of key corruption risks
- established a partnership with the Department of Health to commence a new project exploring corruption risk management in the health sector
- published a corruption risk profile of NSW universities
- convened a universities forum with a number of lead agencies to review corruption risks.

The Local Government Strategy

Our ongoing work on the Local Government Strategy began in June 2001, based on an identification of four main council business activities prone to corruption risks:

- tendering and contract administration
- development and planning approvals
- use of council resources
- cash handling.

In 2001-2002, our focus was principally on tendering and contract administration, development approvals and fraud/cash handling matters. Several publications and discussion papers on these topics were produced during this initial phase of the project.

There were four areas of focus in 2002-2003: planning and development, use and misuse of council resources, waste management and fraud prevention. The ICAC's work on fraud prevention (including cash handling matters) resulted in the publication *Fighting Fraud: Guidelines for state and local government*, published in November 2002.

Taking the Devil out of Development: development assessment and planning

Previous ICAC research on local government identified partiality, bribery and conflicts of interest in local government planning as high-level risk areas. As foreshadowed in the 2001-2002 Annual Report, the focus for 2002-2003 was on the further development of reforms to minimise opportunities for corrupt conduct associated with development approvals. The ICAC focused specifically on the development of proposals to assist councillors in their capacity as development assessors, and on 'grey areas' such as unethical and inappropriate behaviour and non-pecuniary conflicts of interest. This work formed the basis for developing policy and practice guidelines for improving the development assessment process.

Because local government councillors play a unique role in development assessment and determination, the ICAC's recommendations for statutory reform focus on their role. Local councillors are responsible – sometimes at the same time – for making plans and regulating development, advocating for constituents, and making decisions on individual development applications. This combination of three, often conflicting, functions is unique to local government and presents its own particular problems.

In December 2002, the ICAC published *Taking the Devil out of Development: recommendations for statutory reform*. It was informed by the ICAC's experiences in investigating Rockdale Council (*Report into corrupt conduct associated with development proposals at Rockdale City Council*, July 2002) and by the 150 submissions received in response to two discussion papers in the *Taking the Devil out of Development* series, released in the previous financial year.

The report outlines legislative changes that the ICAC believes are required to make the development assessment system more transparent and accountable. These suggested legislative reforms aim to improve the management of councillors' conflicts of interest and to strengthen accountability and transparency in development assessment and council decision-making processes. If the proposed

reforms are adopted, this should lead to greater community confidence in the capacity of councils to deliver consistently objective and fair development decisions.

It is pleasing to note that several councils have already adopted some of the ICAC's recommendations in their codes of conduct and meeting practices.

CASE STUDY

A council acting with propriety

In 2002-2003 the ICAC investigated allegations that a large developer offered a regional council substantial cash inducements to rezone land. The complainant provided correspondence from the developer that initially appeared to support the allegation. Our inquiries not only focused on the matter concerned, but also examined the potential systemic issues the allegation raised. We sought to establish whether the offer of cash inducements was common practice for the developer, which other councils may have been offered similar inducements, and what action other councils might have taken as a result.

Our inquiries revealed there had been no attempt to improperly influence the council's impartiality with reference to any rezoning decision. The developer had intended to offer compensation to the local community for the loss of amenities relating to the proposed development. However, the wording of the developer's correspondence to the council was plainly inappropriate. In discussions with the ICAC, the developer acknowledged the inappropriate drafting of the correspondence and the perceptions of impropriety it raised. The developer took the opportunity presented by the allegation to work with the ICAC in strengthening its policy framework. Specific changes were made to improve the developer's communication plan, its community development charter, and its policies for making contributions towards community resources.

We also acknowledged the actions of the council's planning staff, who acted with propriety in the matter and maintained a clear separation between the issue of compensation for loss of amenity and the need to independently assess the rezoning application.

CASE STUDY

The need for clarity in councils' decision-making

We investigated allegations that a metropolitan council had improperly approved a development application (DA) against the advice of council staff. The council staff's assessment recommended the DA not be approved because it failed to conform to the council's development control plan on a number of substantial measures.

Many councils make planning decisions that go against their own development control plans and councils do not always agree with or accept staff recommendations. Development control plans are discretionary and planning decisions can lawfully be made outside the requirements of a council's plan. The controversial issue we discovered in this case was that approval had been granted by the council in the context of significant ambiguity surrounding the arguments put both by the applicant and council staff. Internal divisions within the council compounded the controversy over the approval.

We concluded that the council's granting of approval in the circumstances was not corrupt. However, the council's failure to clearly identify the issues on which it made its final decision – in particular, where it disagreed with the staff recommendation – led to a great deal of unnecessary speculation. Following our investigation, the council agreed in future to give reasons for those decisions where they approve a DA contrary to the recommendation of council staff. This was one of the key recommendations in our position paper *Taking the Devil out of Development*.

Model notifications policy

Informing community members about development applications and processes was an issue raised in the *Taking the Devil out of Development* discussion papers. The ICAC's experience from project work and the investigation of complaints into planning and assessment matters shows a link between a lack of publicly available information on developments and the approval process and a perception that corruption is involved.

In early 2003 the ICAC began preparing a model policy on the notification of development applications. The aim of this work is to increase the transparency, objectivity and accountability related to council decision-making in respect of development applications.

Working in partnership with the Department of Local Government and what is now the Department of Infrastructure, Planning and Natural Resources (DIPNR), the ICAC commenced communication with councils and others to develop the project and to identify and collate examples of good practice in community notifications with regard to development assessment. The NSW Ombudsman recently joined the project as a strategic partner.

The direction of the project and outcomes will be further refined at the completion of this initial consultation phase.

Statement of Business Ethics

Another key feature of our ongoing Local Government Strategy in 2002-2003 has been the development of a draft Statement of Business Ethics for councils. The final Statement will encourage public sector organisations to adopt a clearly articulated ethical position and to promote public service values when doing business with the private sector, including contracted service providers. Our previous work with councils indicated there is overwhelming support for guidance in this area. A final set of guidelines for local government and another set for the NSW public sector will be released in 2003-2004.

Misuse of resources

A discussion paper on preventing the misuse of council resources was published and distributed in May 2002. The paper focused on the risks associated with effective management of council resources and sought submissions on these issues. A number of submissions were received and these informed the development of *No excuse for misuse: Preventing the misuse of council resources. Guidelines: 2*, which was published in November 2002.

This publication draws on a number of excellent resources available from councils, agencies and professional organisations to provide a resource that:

- defines what council resources are
- outlines the major areas of resource misuse
- identifies the factors that allow or lead to heightened risk of misuse, and
- provides practical advice to manage these risks.

The publication also provides guidance on the following risk areas:

- secondary employment, often a crucial factor in the misuse of council resources
- use of council resources, such as cars, tools and other assets
- use of council electronic communication devices, such as mobile phones, fixed phones and computers, and
- the disposal of surplus and waste material, often not identified as a resource by some councils.

The ICAC has offered help to councils wanting assistance in implementing these guidelines.

The guidelines are a companion resource to the ICAC guidelines *Fighting Fraud: Guidelines for state and local government*, released in November 2002. *Fighting Fraud* provides advice on key tools for preventing fraud and misuse of resources.

CASE STUDY

Working with councils to ensure strategies are effective

The ICAC received a protected disclosure alleging that a senior staff member at a rural council had accepted benefits from a contractor and that this had biased recommendations for the purchase of equipment. The recommended contractor's quote was more than \$50,000 higher than the next best offer and the senior staff member had provided no rationale for recommending the more expensive contractor. Our assessment process revealed an identical allegation had been made against the same staff member two years previously. Following the first allegation, the council had initiated a series of corruption prevention strategies on our advice. However, our investigation of the protected disclosure revealed the senior staff member had repeatedly circumvented these strategies. The council commenced disciplinary proceedings against the staff member and we assisted the General Manager to reassess the corruption prevention strategies in place at the time of the second allegation.

As a result of our work with the council, the General Manager has tightened the regulations on the acceptance of gifts and benefits and has instituted the practice of issuing reminders to staff at key times of the year – such as Christmas and Easter – about issues relating to conflicts of interest, and gifts and benefits. Staff are now forbidden to accept gifts and benefits without the General Manager's approval (which is only given in exceptional circumstances), and the prohibition has been specifically extended to event tickets, cruises and other potential inducements.

Waste management

In 2002-2003 the ICAC continued its work with the waste sector, a complex, essential and constantly evolving sector. We wanted to ensure that it is well placed to manage existing risks and any new corruption risks that might emerge in managing waste.

In November 2002, the ICAC published *Taking the Whiff out of Waste: Guidelines for managing corruption risks in the waste sector*. The guidelines cover important corruption risk areas such as regulation and contract management. Our aim in developing the guidelines was to identify approaches that would assist agencies and public officials to minimise and

manage these risks. We are confident that by following these guidelines, all players in the waste sector will be contributing to making the sector much more resistant to corruption.

In consulting with agencies during the preparation of these guidelines, we found strong support for the development of a corruption risk management plan for the NSW waste sector. It was suggested that the ICAC could take a coordinating role in developing such a plan. We will now work with key agencies towards achieving this outcome.

The following case studies illustrate the problems that can arise when agencies do not have effective systems in place.

CASE STUDY

The need for vigilance

It was reported that a private sector waste operator contracted to a local council regularly collected non-domestic rubbish from residences in a nearby area and dumped this at Council tips at Council's expense. A manager with the contractor reportedly collected \$6 per bin for this extra household collection. The collection truck bore the Council's logo. The contractor investigated the matter. It found a number of similar irregularities in the practices of some of its drivers in recent years.

As a result the following actions were taken:

- **Council negotiated with the contractor to determine the amount of compensation owed to Council for these irregularities.**
- **The contractor introduced measures to improve its accountability.**
- **The Council tightened management controls in relation to its contract, including improved monitoring of waste deposited in landfills, unscheduled inspections of daily run sheets and auditing of vehicle maintenance records.**
- **Council required the contractor to certify on the monthly accounts that only domestic waste collected within Council's area had been disposed of on the Council's account.**
- **Council will undertake a study of local government best practice and review *Taking the Whiff out of Waste* to identify any further improvements it could make to its systems.**
- **Council to consider introducing global positioning systems (GPS) as a monitoring tool.**

CASE STUDY

Improving tendering processes

The ICAC received an allegation that a rural council had infringed local government regulations in a tender for a waste contract. The report focused on a series of perceived breaches alleged to have led to the existing contractor winning the tender against new bidders.

Waste collection contracts are often the biggest single commercial agreements councils enter into and the ICAC has identified them as a major corruption risk. In this case, our investigation found no evidence of corrupt conduct in relation to tenders. However, we did identify a number of shortcomings in the tendering process. These related to information management and general customer service, particularly to providing unsuccessful tenderers with reasons explaining why their tender had failed. While the council's actions did not constitute a breach of local government regulations, the council has recognised the need to develop a tendering policy that focuses on developing best practice in the problem areas identified by the ICAC. For this, the council will be drawing on our publication *Taking the Whiff out of Waste*, and we will be providing general probity auditing advice.

Training video for local government councillors

Local government councillors are a key audience for the ICAC's prevention work. In order to engage constructively with councillors, we have developed a strategy to deliver key messages on issues affecting councillors – most of which centre on conflicts of interest. The medium chosen to communicate these messages and to engage the target audience was a video drama, structured around a fictitious Regional Organisation of Councils meeting. The plot presents a number of realistic conflict of interest issues which present challenges and dilemmas for the main characters. The video is supported by a facilitator's guide and background materials. It was felt that a dramatisation of the relevant issues would engage the councillors' attention where a traditional training resource would not. The use of video also supports delivery of consistent messages and advice, whether delivered by ICAC personnel or other facilitators.

The ICAC tested the market to ascertain the most cost-effective and appropriate treatment. In March 2003 the ICAC engaged Sydney-based Metroscreen Film Centre to produce the video.

To ensure the accuracy of the intended message, we convened an Advisory Committee to review and advise on the script. The Advisory Committee included representatives from the NSW Ombudsman, the Department of Local Government, the Local Government Association of NSW and the Shires Association of NSW. A wider reference group including a number of council general managers and ex-councillors was used to verify the characterisation and storyline.

The video is intended to become the key tool for conflicts of interest training for councillors. It will be most useful to new councillors but is also highly relevant to more experienced councillors and council staff. The video and accompanying resources will be launched in late 2003.

Corrective services

The ICAC has had a longstanding interest in the Department of Corrective Services (DCS). A number of reports outlining investigations and projects concerning DCS have been produced. Five investigation reports were made public and released in February and November 1998, June and November 1999 and April 2000 respectively. In addition, a research report on case management was released in March 1999. This body of work is referred to as Operation Cadix.

Of these public reports, the following three contained extensive and wide-ranging recommendations to improve the corruption resistance of DCS:

- *First Report: The Conduct of Prison Officer Toso Lila (Josh) Sua and matters related thereto.*
- *Second Report: Inappropriate relationships with inmates in the delivery of health services.*
- *Third Report: Betrayal of Trust: The activities of two correctional officers.*

Since the release of these reports, the ICAC has monitored the implementation of the recommendations made in them. The progress of implementation is published on the ICAC's website. The most recent update from DCS, in March 2003, indicated that all of the recommendations were largely implemented. The ICAC is now in the process of verifying this update.

The first report used the investigation of a particular officer to highlight a number of issues, the importance of which transcended the conduct of the individuals involved. The investigation was initiated by information gathered by DCS indicating that an officer might have been involved in the trafficking of drugs and other contraband in correctional centres and also in the organisation of assaults on certain inmates. The investigation found that the officer concerned, as well as two inmates, had acted corruptly.

The primary recommendation from this report was that DCS develop and implement a new policy on the entry to and exit from correctional centres by correctional officers. Included in this was the searching of correctional officers for contraband items that they may be smuggling in for prisoners. DCS has taken some preliminary steps towards introducing new policies and procedures. Despite protracted negotiations with the Correctional Officer's Union, the policies and procedures have not, as yet, been implemented across the state.

The second report focused on two employees of the Corrections Health Service. Both individuals had inappropriate close personal relationships with inmates. In each case, their relationships with particular inmates either intruded upon the exercise of their official functions or had the potential to seriously affect the honest and impartial exercise of those functions. The report made ten recommendations to strengthen the mechanisms of staff guidelines, monitoring and support.

Corrections Health has responded to each of these recommendations. Significantly, a number of support documents such as professional guidelines, the code of conduct, the orientation manual and clinical supervision guidelines have been revised. In addition, procedural and physical alterations have been implemented. These include the use of a syringe register and the placement of observation windows in all rooms used for conducting interviews and treatment.

As with the second report, the third report focused on the improper relationship of two correctional officers with inmates. Findings of corruption were made, including the fact that the partial exercise of official functions had occurred. In addition, it was found that the two officers also breached the trust placed in them in the discharge of their official duties. This report made 11 recommendations that focused on the administration, monitoring, and corruption resistance of the urinalysis and work release programs.

DCS is in the process of reviewing the urinalysis policy and procedure. The Pre-Release Program Unit was established to focus on minimising corruption in work release and day/weekend leave programs. Several measures have been put into place to provide greater monitoring and accountability around the work release programs.

In addition, DCS has made a number of systems enhancements to counter corruption throughout the Department. These enhancements have included the review of the DCS Academy and DCS's internal investigation processes and corruption prevention capacity.

Of all the matters that the ICAC has been involved in with DCS, the interdiction of contraband into correctional centres is the issue that has the most serious corruption and safety ramifications. Most of the recommendations made in Operation Cadix have some impact on the trafficking of contraband. The recommendations made in the first Cadix report are directly related. Using this as a starting point, and given the increase both in the prison population and drug-related crime, the ICAC remains concerned about the trafficking of contraband.

Contraband that is trafficked into the prison system includes drugs, mobile phones, DVDs and DVD players, foodstuffs etc. Mobile phones are of particular concern as their use allows inmates to have unmonitored contact with people on the outside of the prison. Additionally, they provide an opportunity to organise the trafficking of other goods and to continue possible involvement in other criminal activities outside the prison.

There are four categories of traffickers:

1. Prison visitors – family, friends and associates who deliver contraband during a prison visit.
2. Friends on the outside – family, friends and associates who remain outside the gaol but find ways of delivering contraband into the prison.
3. Minimum security prisoners who are able to exit and re-enter the prison who are not always searched or who have developed ways to conceal contraband without it being detected (e.g. inside equipment).
4. Prison staff – custodial staff, other staff or contractors who smuggle the contraband into the prison with them.

The entry of contraband into prisons poses significant risks to inmates, prison staff and visitors. The presence of drugs in a prison means that some prisoners are under their influence. This may result in inappropriate behaviour or even physical injury. In addition, there is the very real danger of prisoners contracting diseases through the sharing of needles. Other implements can be used as weapons and, as noted above, mobile phones pose a number of threats.

The culture around drug use in prisons can, in itself, be detrimental. Drugs can be used as currency and therefore form a power base within the prison between inmates. This can result in manipulation of other prisoners and abuse. In particular, often younger inmates and short-term inmates can become indebted to other inmates, who have established a supply route for the supply of drugs and other contraband. In addition to the above risks related to contraband trafficking, the activity itself is obviously in opposition to the best practice of inmate management and rehabilitation.

To address the trafficking of contraband in prisons there needs to be a two-pronged approach. Firstly, the supply routes need to be blocked; secondly, the demand for the contraband needs to be tackled. For example, different search methods may need to be introduced and a range of programs made available to provide inmates with alternatives to drug use.

To date, DCS's efforts to address drug and other contraband trafficking have been concentrated on visitors and inmates. However, as better screening and search procedures relating to these two groups are implemented in prisons, more pressure is placed on other avenues of supply.

In the course of their work, staff in prisons are inevitably exposed to inmates who seek to corrupt them. Opportunities for staff to bring contraband into a prison are enhanced in an environment where stringent screening and search procedures are not applied to staff.

Despite the recommendations made in the first report into DCS in February 1998, a comprehensive and consistent entry and egress search policy for staff has not been introduced. There appear to be a number of factors impacting on the introduction and maintenance of such policies and procedures. Staff culture within prisons can

often create resistance to the introduction of staff searches, particularly in the case where a less senior staff member is required to search a more senior staff member. The process of searches can also be resource-intensive in terms of time and the maintenance of records and equipment. In addition, familiarity with procedures can lead to complacency resulting in less rigorous work practices. Industrial disputes concerning the implementation of such policies has been another factor.

The development of systems and procedures to prevent trafficking of contraband, particularly drugs, into correctional centres is a difficult and challenging endeavour. Inmates tend to have time in which to plan, and those with long or life sentences feel that they have little to lose. The ICAC will be working with the DCS to enhance corruption resistance around the trafficking of contraband. This process will be guided by the finalisation of Operation Cadix, the recommendations resulting from recent investigations and ongoing liaison with DCS.

Health

In the 2001-2002 Annual Report we reported we were planning a new project to look at corruption risks in the health sector. This project is to commence in the second half of 2003.

We will be conducting the project in partnership with NSW Health. The project will involve three phases:

1. research to develop an understanding about corruption risks in the health sector
2. consultation with relevant parties in the health sector

about problems they face in managing corruption risks

3. development of a better practice guide and resource to strengthen the corruption resistance of area health services and public hospitals.

While planning for this project has been in progress we have dealt with a number of enquiries that illustrate many of the corruption risks faced by hospitals and health services. Many of the issues discussed below will be explored in the health project.

Gifts and benefits

All area health services include provisions in their codes of conduct that explicitly prohibit the acceptance of gifts and benefits which might influence, or appear to influence, the actions of staff in their official capacity. This is a difficult area. To provide the best treatment for their patients, clinicians need to be aware of new therapeutic products and the advantages and disadvantages of existing products. However the marketing practices that are sometimes used by suppliers have been questioned. There is a risk that clinicians can choose products on the basis of the benefits provided by the supplier. The relationship between the medical profession and the pharmaceutical industry is well known and has been the subject of a new code of conduct developed by and for pharmaceutical companies.

However the practice of providing benefits to medical practitioners as part of marketing and promotional activities can extend beyond doctors.

CASE STUDY

A proactive approach to gifts and benefits

In 2002-2003 the ICAC has been dealing with a complaint about specialist nurses receiving gifts and benefits from a supplier of specialist patient products. These nurses are in a position to influence which product their patients receive while they are in hospital, and therefore have a significant impact over what products are used by the patients after they leave hospital. The matter was investigated by the Area Health Service that employed the nurses. It was found that the nurses had received gifts and benefits such as a digital camera, bar refrigerators and interstate trips as part of participating in promotional programs of the supplier. The products were in use in the hospital and the trips were to attend educational seminars. The Area Health Service found that the code of conduct had been breached but chose not to take disciplinary action. The ICAC then asked the Department of Health to examine the extent to which this issue could be a risk across NSW. Information from all Area Health Services indicated that this is a risk across NSW, and was likely to be not limited to one particular area of nursing practice. The Area Health Service that originally investigated the matter is now taking steps to inform suppliers of their expectations regarding relationships with individual staff members, and to require all promotional activities to be directed to the executive director of each hospital, rather than to individual clinicians. The ICAC recommends that all Area Health Services consider adopting this proactive approach.

CASE STUDY

Regulating secondary employment

An Area Health Service reported an anonymous allegation that three senior staff specialists had established a private pathology laboratory and now spent most of their time working away from the hospital at the laboratory. It was also alleged that one of the pathologists seemed to be spending time when working at the hospital on his private practice, and that he had staff help him with that work. This allegation had been sent to the Director-General of the Department of Health who forwarded it to the Area Health Service.

The matter was investigated by the Area Health Service. The ICAC suggested that as well as examining the arrangements for managing secondary employment, the investigation should also review the internal reporting system. The ICAC was concerned that the anonymous allegation indicated that staff were not aware of the procedures for internal reporting, nor of the protections afforded to them under the Protected Disclosures Act.

The Area Health Service investigated the matter and identified a number of areas of concern regarding the compliance of the staff specialists with the terms of their approval. It was found that the staff specialists had reduced their hours working at the hospital in order to set up the laboratory. The investigation found that Area Health Service staff and resources were used for the laboratory. It appeared that the Area Health Service did not manage the potential conflicts of interest that emerged because of the private practice arrangement. In addition, the organisation did not adequately support the staff who raised concerns about the three specialists.

Regarding its internal reporting system, the Area Health Service reported that it had an extensive ethical education program for new employees and formal training in ethics and accountability for managers.

The investigation made a number of recommendations about disciplinary action, improving procedures for processes such as timekeeping and billing, education and negotiating with the pathologists to change to a part-time appointment. The recommendations from the investigation were implemented by the Area Health Service, although an issues resolution procedure needed to be implemented because two of the staff specialists refused to change to part-time. The laboratory has recently been sold and the staff specialists have been asked to provide consultancy services. The approval process for these requests will be done in accordance with the new policy on secondary employment developed by the Area Health Service.

Secondary employment

An important issue for all area health services is secondary employment. Most area health services employ staff specialists who have rights of private practice. Approval for secondary employment must be sought from the CEO of the Area Health Service, but is not refused without reasonable grounds for doing so. There are a number of risks associated with secondary employment. These include misuse of official time in favour of the second job and potential conflicts of interest that can arise between the two positions. It is important that the correct procedures for approving and monitoring these private practice rights are consistently and properly implemented.

Procurement

The NSW government has developed a whole-of-government policy framework for procurement in the public sector. The principles of value for money, efficiency and effectiveness, probity and equity and effective competition apply to area health services in the same way that they apply to other government agencies. However, it can be difficult to ensure that these principles are always met. One of the factors that can contribute to problems arising in area health services is when specialist medical equipment is being purchased by individuals who have little experience in purchasing.

CASE STUDY

Dealing with purchasing

One Area Health Service reported an allegation about a staff specialist who was organising the purchase of an expensive piece of medical equipment. There were two suppliers of the equipment on contract with State Procurement and the staff specialist was liaising with State Procurement and negotiating with suppliers for the purchase. At the same time as this negotiation took place, the staff specialist was also negotiating with the suppliers for a donation to his research fund. He received a donation of \$150,000 from one supplier, and this supplier also won the contract for the equipment. The investigation into this matter by the Area Health Service concluded that there was no private benefit to the staff specialist. This was because the donation was made to his research fund, and the money used to conduct research. There was no indication that there was any direct financial payment to the staff specialist. Nonetheless, the investigation also concluded that the probity of these arrangements should be questioned. This was because the offer of the research funds contributed to a lack of transparency about the process. The Area Health Service has taken a number of actions to address this matter including banning the staff specialist from participating in any tender processes for three years, requiring the purchase of equipment to occur through a central supply unit rather than through individual hospitals and requiring suppliers to declare any research grants provided to the Area Health Service. The ICAC has also provided advice about ways of managing the risks associated with relationships between clinicians and suppliers.

Corruption risk management in NSW universities

Universities established through NSW state legislation are part of the NSW public sector. There are ten such universities in NSW. Like all NSW public authorities, these ten universities have an obligation under section 11 of the ICAC Act to notify the ICAC of possible corrupt conduct. University staff have the same reporting rights and responsibilities as any other NSW public servants.

The 2001-2002 Annual Report foreshadowed two NSW university sector activities that were planned for the 2002-2003 financial year. As a result of those planned activities, the NSW university sector was the focus of considerable ICAC attention in this financial year.

For a variety of reasons, including the number and types of complaints that were being received about universities, we became concerned that corruption risk management in the sector was not as effective as it should be. We took proactive steps to address those concerns. The first step was the August 2002 release of a report titled *Degrees of Risk: A corruption risk profile of the New South Wales university sector*.

Universities face a number of specific challenges that may increase their corruption risks. These include:

- a competitive environment that encourages universities to become entrepreneurial
- reliance on revenue from sources other than the government
- overseeing and accounting for funding from a range of sources
- changing work practices, including employment of casual staff
- the multi-campus nature of most universities
- the potential for academics and other staff to have paid outside work

- employees not identifying with the broader ethics of the public service.

We used a range of tools to look at the performance of universities in managing their corruption risks. These included complaints received by the ICAC, the results of a number of Corruption Resistance Reviews, a survey of academic record systems conducted following an ICAC investigation into the fraudulent alteration of student records at the University of Technology, Sydney and the results of ICAC research into the corruption risk profile of the NSW public sector.

We found that there were a number of areas where corruption risks were not well managed. These included:

- poor monitoring of the application of policies and procedures and a lack of accountability for adherence to policies and procedures
- lack of awareness or identification of conflicts of interest
- lack of attention to monitoring of, accountability for and transparency in acquiring and acquitting research and business centre funds
- lack of attention to good record keeping and documentation, including recording and documenting decisions
- inadequate risk management in relation to emerging technologies and their application.

The *Degrees of Risk* report provided the basis for a universities forum held in August 2002 in Sydney. The purpose of the forum was to bring university representatives together to hear the messages about identified risks and for them to discuss strategies for managing risks. This included developing a sector approach to common problems. The forum was well attended with representatives from all ten NSW universities.

Some encouraging signs have emerged in the sector since the forum. One worthy of particular mention is that the network of university auditors has been working together to develop a 'sector-based integrity system'. The University of Technology, Sydney is at the forefront of this well-developed strategy, holding a workshop on 13 May 2003 to progress it. The ICAC's Executive Director, Corruption Prevention, Education and Research provided the opening address.

Building on our work with universities the ICAC has recently submitted comments to the Minister for Education on amendments to the *University Legislation Amendment (Financial and Other Powers) Act 2001*. This piece of legislation and resulting guidelines impacts directly on universities' commercial activities.

CASE STUDY

The need to check the facts

The ICAC received two protected disclosures from staff at a university alleging serious impropriety on the part of a senior academic staff member. The disclosures alleged the senior academic had improperly claimed travel expenses and other expenditure, subverted university recruitment policies and procedures, and negotiated an offshore agreement without the knowledge and authority of the university.

The ICAC assisted the university with its inquiries into these matters. Further investigation revealed the senior academic had also fabricated and omitted information in his curriculum vitae. In particular, he had failed to disclose prior employment at another Australian university – employment that was terminated for breaches similar to those alleged in the protected disclosures. The university had not applied its normal vetting process to this academic as he had been recommended by a recruitment agency contracted by the university.

When confronted with the information gathered in the inquiry, the academic resigned.

The university is now taking action against the recruitment agency for breach of contract and is providing its own selection committees with additional training, with a specific focus on checking applicant claims and referees. The university will also be reissuing its policy on obtaining appropriate delegation for the approval of overseas contracts.

CASE STUDY

Workplace culture issues

A university contacted the ICAC with allegations that a staff member had improperly claimed more than \$20,000 of overtime. The university indicated these false claims had been made with the knowledge and approval of a senior academic staff member.

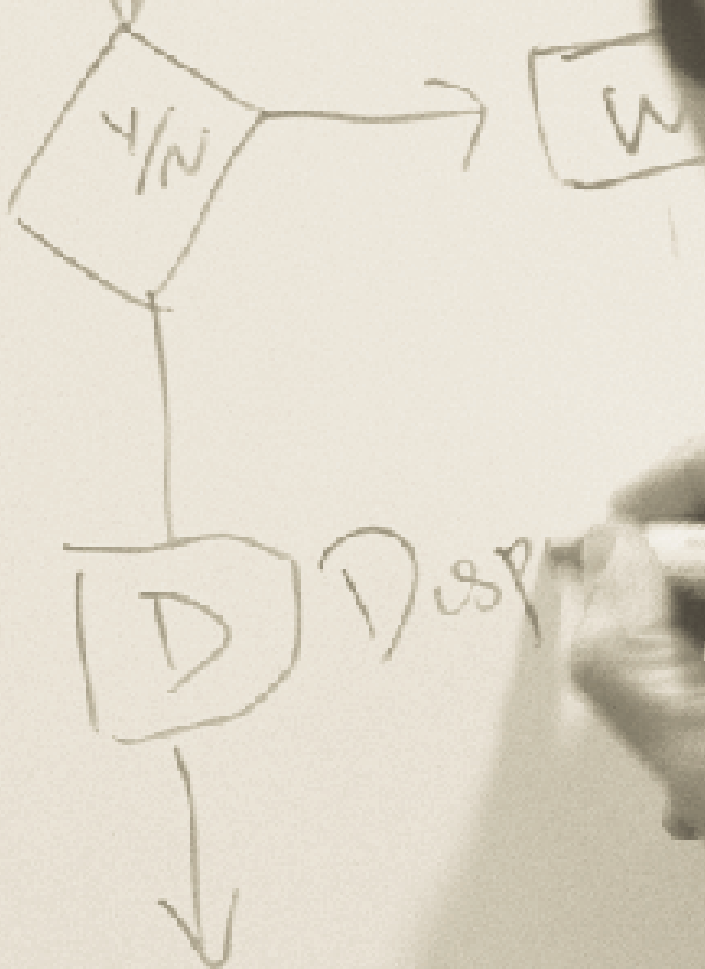
While recognising that the university had come forward as soon as it became aware of this issue, we identified flaws in the university's strategies for dealing with the direct and systemic problems the matter raised. The university failed to acknowledge and address the underlying issues that had contributed to the corrupt conduct continuing for an extended period. The university had appropriate policies and procedures in place. However, the workplace culture was such that official policies were deliberately circumvented and ignored in the department concerned.

The ICAC provided detailed advice to the university to enable it to develop the proactive strategies necessary to address the workplace culture issues we had identified.

The year ahead

In 2003-2004 the ICAC will:

- **continue to implement the Local Government Strategy. This will include further work on the Statement of Business Ethics and the development of a new project on the post-approval process**
- **continue to implement training for local councillors, particularly following the local government elections in March 2004**
- **continue to work with the Department of Corrective Services to proactively address corruption risks in the sector**
- **commence a long term partnership with the Department of Health to explore corruption risk management in area health services and hospitals.**



Corruption resistance – capacity building

- Introduction
- Corruption prevention advice
- Fraud
- eCorruption
- Conflicts of interest project
- The Rural and Regional Outreach Strategy
- Training to build corruption resistance
- Training to build investigative capacity
- Investigation liaison
- Corruption Resistance Reviews
- ANU/ICAC Corruption and Anti Corruption course
- Profiling corruption risks and prevention strategies in the NSW public sector
- Corruption Matters
- The year ahead

Introduction

All public sector agencies have a responsibility to proactively identify and manage their own corruption risks. They are responsible for ensuring that corruption risk management is incorporated into their broader governance frameworks. The ICAC has a vital role in supporting agencies to do this. This is done in a number of ways, which include providing advice and training as well as targeted initiatives which examine the adequacy of the corruption risk management strategies of individual agencies.

In 2002-2003, the ICAC:

- finalised 151 matters referred to the Corruption Prevention, Education and Research Division for corruption prevention assessment and advice
- provided advice regarding 60 complaints or reports of corruption
- responded to 242 telephone requests and 64 written requests for corruption prevention advice
- made 30 specific recommendations to improve corruption resistance in investigation reports
- published guidelines to assist state agencies and local government to respond to and prevent fraud
- worked with key agencies to develop a training video about information security
- commenced a new project on conflicts of interest in partnership with the Queensland Crime and Misconduct Commission
- conducted training, education and information-exchange programs in two regional areas of NSW
- responded to 58 requests for speakers and provided 39 training sessions to agencies
- completed six Corruption Resistance Reviews, which resulted in 167 recommendations for improving corruption resistance.

Corruption prevention advice

Corruption Prevention staff provide advice on corruption-related matters. The aim of the advice function is to:

- assist public sector agencies and local councils with specific problems
- assist public sector agencies and local councils to build more corruption-resistant cultures
- raise awareness and educate about corruption-related issues in general.

Advising public sector agencies and local councils on how to eliminate corrupt conduct is one of the ICAC's key statutory functions. The ICAC's Corruption Prevention Officers perform this vital function, responding to requests for advice in person, by telephone, letter or e-mail. Many agencies are able to avoid or minimise corruption risks by acting on timely advice from the ICAC.

In 2002-2003 we responded to 242 telephone requests and 64 written requests for advice. We also provided written responses to agencies regarding 60 complaints or reports of corruption. In our responses we provided advice on 373 issues. We respond quickly, and generally in detail, to these requests. The ICAC's aim is to provide practical advice about managing the specific corruption risks faced by the individual agencies concerned.

The frequency of advice about different issues fluctuates from year to year, however it is possible to identify some trends over time. Over the past three years the issues we have most frequently been asked to provide advice about are procurement and disposal. This reflects the importance of tendering, contracting and general procurement as a key function of most public sector agencies. Over the past three years there has been an increase in the number of requests for advice about conflicts of interest, general information about the ICAC (this is mostly provided through our telephone advice service) and misuse of public resources. In 2002-2003 there were fewer requests than in the previous two years for advice about employment practices, corruption prevention planning and gifts and benefits.

Table 4: Trends in corruption advice requested.

Issue	2000-2001	Percentage	2001-2002	Percentage	2002-2003	Percentage
Procurement and disposal	108	26	98	24	93	25
Employment issues and practices	30	7	44	11	34	9
Conflict of interest	52	12	42	10	70	19
Corruption prevention planning	N/A	N/A	23	5.5	8	2
Codes of conduct	14	4	19	4.5	31	8
Gifts and benefits	22	5	17	4	5	1
Cash handling	N/A	N/A	15	4	3	1
General ICAC information	33	8	13	3	32	9
Public/private sector interface	15	4	8	2	12	3
Confidential information	N/A	N/A	7	2	1	0
Sponsorship	18	4.5	5	1	15	4
Government grants	5	1	4	1	3	1
Protected disclosures and internal reporting systems	18	5	4	1	5	1
Misappropriation/misuse of public resources	5	1	0	0	18	5
Election issues	2	0.5	0	0	0	0
Maladministration	5	1	0	0	0	0
Fraud	N/A	N/A	N/A	N/A	2	1
Regulatory functions	N/A	N/A	N/A	N/A	2	1
Miscellaneous	89	21	111	27	39	10
Total	416	100	410	100	373	100

CASE STUDY

Problems with procurement and tendering processes

In 2002 we completed an investigation into allegations about the awarding of building maintenance and repair contracts by a large public sector agency. It was alleged that a private sector company had an arrangement with a senior officer of the agency and a consultant whereby company employees would submit dummy quotations from supposed competitors for contracts with the agency. These quotations were submitted along with a genuine quotation from the company, which would then ultimately be awarded the work.

Evidence was given during the investigation that these arrangements were entered into to comply with the agency's tendering arrangements. No evidence was found that corrupt payments were made to agency officers by the company. The employee at the centre of the investigation was suspended by the agency and subsequently resigned.

As part of our corruption prevention work we reviewed this matter and identified a number of corruption prevention issues. These included:

- problems with the tender and procurement processes within the agency in terms of value for money, transparency, accountability and monitoring and evaluating performance of contractors
- poor processes for managing secondary employment and the conflicts of interest that can arise from secondary employment.

We provided advice to the agency to help them put in place mechanisms to prevent this type of situation occurring again. We made recommendations about:

- ensuring audit practices can identify trends that might suggest favouritism, order splitting and collusion
- improving record keeping

CASE STUDY – continued

- developing clear policies about when ‘emergency circumstances’ can be used to bypass contracting policies and procedures
- considering the possibility of establishing a list of pre-qualified contractors who are available to do specialised work
- providing or enhancing training about procurement for employees and contractors involved in evaluating tenders
- reviewing and updating secondary employment policies.

The agency implemented all of these recommendations. One of the key strategies it used was to employ a Program Manager with experience in the building industry. This officer was responsible for reviewing a random selection of building maintenance jobs contracted out by the agency. The agency is monitoring the implementation of these recommendations as part of its regular audit review program.

This matter illustrates the importance of providing corruption prevention advice as part of the investigation process. Contracting and tendering are major activities in all public sector agencies. This agency spends a significant proportion of its budget on contracting and outsourcing. It is important therefore that this process is done with integrity.

CASE STUDY

Establishing proper tendering processes

The ICAC received a complaint from an unsuccessful tenderer. The tenderer complained that the agency that awarded the tender met separately with the winning tenderer prior to awarding the contract. The complainant alleged that this was a secret meeting and that the successful tenderer obtained an unfair advantage from this meeting.

The ICAC examined the circumstances in which the tender was awarded. While we did not make a finding of corrupt conduct we provided the following corruption prevention advice to the agency:

- *Meeting with a tenderer prior to awarding a contract:* We advised the agency that meeting separately with a tenderer can create a perception that the tenderer is being favoured by receiving access to additional information that may be relevant to their bid. We recommended that if a tenderer requests a meeting with staff of the agency all tenderers should be invited. It is also important that a written record is kept of such meetings.
- *Adoption of selection criteria:* There was no formal selection criteria for the tender. We advised the agency that formal selection criteria should be adopted for all tenders.
- *Poor contractor performance:* We were advised that the complainant had previously held the contract with the agency. The complainant had a history of poor contractor performance. This previous poor record may have influenced the selection panel’s decision. We advised the agency that in the interest of transparency anything relevant to awarding a tender should be formally considered and included in the selection criteria. This includes previous performance.
- *Non-conforming tenders:* The winning tender did not include all required information. The complainant claimed that the tender should have been excluded on this basis. We advised the agency that it should establish a procedure for dealing with tenders that do not include all required information at the outset of any tender process.
- *Donations:* The successful tenderer donated a Walkman to the organising committee of the agency’s staff family day. The successful tenderer’s bid included a letter of thanks for the donation. We advised the agency that the acceptance of gifts from tenderers by its staff could create the perception that the staff had become compromised as a result. Consequently we advised the agency that its staff should not accept gifts from contractors or tenderers.

Public/private sector interface

One of the important roles of councils is in planning facilities and services for the local area. The developments included in these plans are often large and expensive, and these can involve both public and private stakeholders. There are two main concerns that can arise for councils in the planning process. Where a council's own land is being

developed there can be a conflict of interest between its role as landowner and its role as regulator of planning approvals. In addition, where direct negotiations with landowners are required, the probity of these negotiations can be questioned. We receive a number of requests for advice about probity associated with large developments. One such example is outlined here.

CASE STUDY

Direct negotiations

We received a request for advice from a metropolitan council regarding the probity of directly negotiating with landowners to redevelop a private and public retail area. The council wanted to act to revitalise this retail centre as part of an integrated planning process, and was looking at proactive ways to stimulate landowners to develop their properties.

The council had undertaken an extensive planning process since the project was first proposed two years earlier. The proposal involved the potential for a range of retail and hospitality uses, as well as public open space. The site that was found to be the most commercially viable was owned by a number of parties.

The council was now looking at engaging the landowners in a joint venture. The process proposed by the council was to:

- **directly approach the landowners to present the development concept as a joint venture**
- **allow time for negotiations to develop a master plan for the site and enter into a Heads of Agreement between the council and the landowners**
- **place the master plan concept on exhibition and invite alternative proposals**
- **assess the alternative proposals (and the master plan) against specified criteria.**

We advised that when direct negotiations are proposed there are two main issues to be considered: whether this is in the public interest, and whether the negotiation process occurs in a way that is as open, transparent and accountable as possible.

The results of the planning process commissioned by the council indicated that there was only one logical position for the development that would be economically viable. This suggested that the direct negotiations between the council and the landowners may be appropriate in terms of maximising the public interest. We also advised that the proposal by the council to invite comments on the master plan as well as invite alternative proposals was another way of maximising the public value of the development. It provided an additional level of scrutiny and public input regarding the development.

One of the problems with direct negotiations is that they can often be perceived as closed and prone to corruption. We advised that if the council decided that it was in the public interest to proceed to the direct negotiation there was a number of steps they would need to put in place to ensure that probity was maintained. These included:

- **dealing with each landowner equally**
- **ensuring that the process for negotiation and expected outcomes is clear from the start of the process**
- **ensuring that full and accurate records are kept**
- **ensuring that the Heads of Agreement with the landowners included appropriate clauses to manage probity issues that arise during the development**
- **ensuring that the assessment process for alternative proposals was clear**
- **considering the engagement of a probity auditor at key points in the negotiations.**

The council has asked the ICAC to continue to provide advice at key points in the project as it progresses.

Advising on legislative changes

Part of the recent *University Legislation Amendment Legislation (Financial and Other Powers) Act 2001* concerns guidelines for universities' commercial activities.

The ICAC reviewed the legislation and concluded that there were a number of issues fundamental to good corruption risk management that were not addressed. These included:

- the guidelines for commercial activities made no mention of the need to:
 - a. adhere to university policies and procedures, including the reporting of suspected corrupt conduct
 - b. require corruption risk assessment and management to be undertaken along with other risk assessment and management
 - c. require staff working in a commercial activity to adhere to university policies and procedures, including those relating to declaring and managing conflicts of interest
- the amendment does not include reference to the ICAC or its Act, but does include reference to the Audit Office and the Ombudsman and their respective Acts.

The ICAC recommended changes to the legislation that we saw as fundamental to the appropriate operation of universities' commercial activities.

Our suggestions have been included in the guidelines for universities. The Minister is currently considering these points in terms of making changes to the legislation.

Fraud

Fraud is one of the most common and widespread forms of corruption and one which has the potential to do great damage. The NSW public sector manages billions of dollars in resources. The NSW Government has an annual budget of over \$30 billion and Council revenues from all sources amount to \$5.5 billion.

These resources are at risk if public officials and organisations are not active, vigilant and effective in dealing with the risk of fraud.

In May 2002 the ICAC released a discussion paper that included guidelines to help agencies and councils respond to fraud. We also ran two workshops to get feedback from key agencies and councils. The guidelines were published in November 2002.

The guidelines provide advice on fraud prevention, managing fraud investigations and dealing with identity fraud.

We are continuing to support agencies to minimise their fraud risks. In particular we will continue to work with expert agencies in this area to ensure that the advice we provide reflects current best practice in fraud prevention.

CASE STUDY

Verifying claims for payment

An agency sent the ICAC details of an alleged fraud committed by one of its contractors. The alleged fraud involved the contractor making false claims in relation to a transport scheme.

The ICAC was concerned that the current transport scheme provided an opportunity for contractors to make false payment claims to the agency. This was because the onus was on the contractors to inform the agency of any changes to their eligibility to receive payments.

The ICAC recommended that the agency consider alternative arrangements, such as requiring another public sector agency, which was also involved in the administration of the scheme, to provide the agency with details of changes to contractors' eligibility to receive payment. These details could then be reconciled with the information provided by contractors before the contractors received payment. We also suggested that contractors be required to certify that any claims for payment made to the agency were based on correct information.

We also advised the agency to examine the frequency with which it audited payments made under the scheme. In addition, we advised the agency to review its contracts with contractors to determine whether they contained adequate disincentives to provide inaccurate information about their entitlement to payment.

The agency responded to the ICAC that it was considering the recommendations and had already implemented some of them.

CASE STUDY

Dealing with systems failures

An agency reported to the ICAC that it had paid a small supplier two payments totalling \$1.02 million. This was despite the fact that the goods relating to the payments had not been received.

The agency conducted an extensive investigation into the circumstances surrounding the payments. The agency concluded that there was no corrupt conduct involved. However, the payments had been made due to a systems failure. The investigation report made various recommendations to improve the control weaknesses in the agency's procurement system. The agency informed the ICAC that it intended to implement the recommendations.

The ICAC reviewed the recommendations and decided they were comprehensive. Consequently we made no further recommendations.

eCorruption

In 2002-2003 the ICAC has continued its ongoing strategy of working with the public sector to identify and manage corruption risks associated with new and emerging technologies.

The key focus for this year has been our work with the Office of Information Technology (OIT). This work focused on the development of IT security awareness education resources. In particular, a video was developed and released in May 2003 (titled *I wish it wasn't me*) that promoted IT security awareness in the context of eCorruption risk management.

This staff training and refresher video covers a range of information security risk areas and provides practical tips for managing these risks.

Copies of this video were sent to the CEOs of all NSW public sector agencies and to their respective IT sections. Resources to support the video are currently being developed in partnership with OIT. These will be released next year.

Another key focus of our eCorruption work this year has been to embed the eCorruption key messages into generic ICAC products. In 2002-2003 this has occurred through:

- the development of an eCorruption questionnaire for the ICAC's Corruption Resistance Review program, and
- the inclusion of eCorruption risk management principles in the publications *No excuse for misuse: Preventing the misuse of council resources* and *Fighting Fraud: Guidelines for state and local government*.

We will continue to work with expert agencies to ensure that the eCorruption component of ICAC advice and materials remains relevant and up-to-date.

CASE STUDY

Failing to obtain approval

An Area Health Service reported that a senior pharmacist was alleged to have accessed inappropriate websites with pornographic material during work time. While this allegation was being investigated it was also found that the pharmacist had approached a number of pharmaceutical companies to obtain sponsorship for an overseas holiday and study trip. The Area Health Service commissioned an investigation into these matters, and during this investigation it was found that the pharmacist had conducted some work for an outside organisation, and this had not been approved. The investigation substantiated all of the allegations.

The Area Health Service is in the process of upgrading their database of websites that are denied to users. To address the issue of sponsorship, the hospital where the incident occurred has established a process to manage requests for and offers of sponsorship through their Community Relations Department. The ICAC recommended that this be expanded to the whole Area Health Service. The Area Health Service will now use the development at this hospital as a template for other hospitals.

Conflicts of interest project

Matters to do with conflicts of interest are at the heart of much of the work and advice of the ICAC. Conflicts of interest occur in all areas of our jurisdiction and potentially affect all levels of staff in the organisation where they occur. They are difficult issues for many staff to recognise and manage effectively. We have previously produced two relevant publications: an 11-page module in the 1996 *Practical Guide to Corruption Prevention* and the 2001 publication *Preserving Paradise: Good governance guidance for small communities – Lord Howe Island*. However, we have also identified a need for material that provides practical advice on how to recognise and manage conflicts of interest, using case studies as exemplars of conflict of interest and their good management.

To this end, we have commenced a joint project with the Queensland Crime and Misconduct Commission (CMC) to produce good-practice guides for the public sector and local councils. The key objective for the guides is that they are relevant and easy to use. A key message will be that having a conflict of interest is not the problem, it is how the conflict is managed that is the critical issue.

The foundation work of the Organisation for Economic Cooperation and Development (OECD), published in their *Guidelines For Managing Conflict of Interest in the Public Service*, underpins the project. These guidelines were ratified by the OECD's Public Management Committee in April 2003 and the OECD Commissioners in June 2003. The OECD is currently working on conflicts of interest standards for member countries. The development of a NSW and Queensland standard for managing conflicts of interest will be compatible with these international standards. The project provides an opportunity for the ICAC and the CMC

to take the lead nationally, in demonstrating a collaborative approach to providing advice about this important topic.

To commence the project the ICAC hosted an expert workshop on conflicts of interest on 3 June 2003. Considering how the conceptual work of the OECD might be translated into a practical useful guide for public servants was a principal focus of the workshop. The need for a well-grounded practical guide was well illustrated by the discussions at the workshop. The expert workshop was chaired by Professor Percy Allan AM and other participants included:

- Irene Moss AO, Commissioner, ICAC
- Janos Bertok, OECD
- The Hon Alan Demack AO, Integrity Commissioner, Queensland
- Moira Raynor, Commissioner, Anti-Corruption Commission, Western Australia
- Peter Salway, Commissioner, Commission for Public Employment, Victoria
- Chris Wheeler, Deputy Ombudsman, NSW Ombudsman
- Michael Wintringham, Commissioner, State Services Commission, New Zealand
- Judith Withers, Acting Assistant Director, PSMO, New South Wales.

The CMC was represented by its Capacity Development and Prevention Managers.

Since the expert workshop, the ICAC and CMC have been working together to develop the suite of documents that will make up the practical guide. It is anticipated that it will be ready for publication by the end of 2003-2004.

CASE STUDY

Recognising conflicts of interest

An anonymous complainant alleged that a senior public official received free trips from a major computer supplier. Further enquiries revealed that the company paid for the public official to attend national conferences it was hosting. The company also paid the public official's registration fee and for two nights' accommodation at conferences in the USA in 2001 and 2002.

The ICAC found no evidence to support a finding of corrupt conduct as defined in the ICAC Act. Of particular note in this case was that the public sector agency the official worked for was aware of and supported her attendance at the conferences.

However, we advised the public sector agency that it should review its policy of supporting attendance by public officials at such events. We advised the agency that the acceptance of such trips by public officials could create a perception that those public officials involved are accepting an inappropriate gift. Indeed, the complainant in this matter held this perception. Such perceptions can undermine public confidence in the impartiality of the agency's procurement activities. One way to avoid this problem is for government agencies to fully fund attendance by its officers at conferences where it feels there is a public benefit in attending.

CASE STUDY

Dealing with conflicts of interest

It was revealed that an employee of an agency involved in a licensing scheme became aware she had a conflict of interest and declared it. The employee felt that her supervisor did not deal with the issue adequately. Consequently the employee was put in a position where she had to decide how her conflict of interest would be dealt with.

The ICAC advised the agency that staff who disclose conflicts of interest should not be solely responsible for deciding how they will be managed. The ICAC noted that the agency's code of conduct did not specifically state who was responsible for deciding how a conflict of interest will be dealt with. The ICAC recommended that the agency amend its code to address this issue.

The ICAC also advised the agency that it is important that managers know what their conflict of interest responsibilities are.

The Rural and Regional Outreach Strategy

The Rural and Regional Outreach Strategy (RAROS) is an important corruption awareness activity that involves events targeted at the community, public and private sectors. It is aligned with other ICAC programs such as Corruption Resistance Reviews and the Local Government Strategy.

Two RAROS regional programs were conducted in 2002-2003, in the Riverina region in November 2002 and the Central West in May 2003. Activities included in these programs were:

- training workshops on conflicts of interest, conducting internal investigations and corruption risk management were held for councillors and public sector staff
- the launch of products developed as part of the Local Government Strategy and for community leaders
- meetings and discussions with regional managers/directors and general managers of councils
- visits to agencies to discuss Corruption Resistance Reviews
- workshops with students at local schools
- radio, TV and print interviews and stories.

As part of our program in the Central West we worked in partnership with NSW Agriculture. This involved providing training sessions on corruption risk management to their staff and executive. NSW Agriculture also participated in a Corruption Resistance Review.

Feedback from the evaluation of the RAROS programs indicates that the training workshops were seen as useful and relevant to the needs of participants. The engagements undertaken are listed in Appendix 13.

In 2003-2004 we will be enhancing our training for councillors by using the local councillor training video *In Whose Best Interest?*

Training to build corruption resistance

Face-to-face communication can be an effective way for the ICAC to deliver key messages. Training activities and speaking engagements enable ICAC officers to interact with public sector officials and the community, and to share experiences of corruption prevention.

The ICAC provides trainers and speakers upon request. During 2002-2003 the ICAC provided training to local councils, advisory boards and a range of public sector agencies. Presenters and speakers are generally selected on the basis of their expertise and knowledge of the content area. A complete list of seminars, workshops and contribution to conferences is included in Appendix 13.

Following an ICAC investigation, the ICAC supports the affected agency or agencies to remedy the weaknesses exposed. Training is a particularly effective way to support the implementation of changes, to build capacity within the organisation to prevent future corrupt activities and to assist all staff to engage in the process of strengthening organisational systems and procedures. For example, in 2002 an employee of the Department of Housing was investigated for soliciting bribes from applicants for priority housing. Following the investigation the Department asked the ICAC to provide training to all managers and team leaders within the Department. Fourteen training sessions were delivered by ICAC staff.

A dedicated training position was established to bring greater rigour and professionalism to the training provided by the ICAC. That position was filled towards the close of 2002-2003. Work to strengthen the ICAC's training systems, and establish a strategic direction for future training activities has begun. We anticipate one of the results will be the production of generic presentation materials for use by ICAC staff and agencies.

Training to build investigative capacity

Fact-Finder workshops

The ICAC conducts one-day Fact-Finder workshops focusing on the investigative process. These workshops are intended to equip non-investigators with the skills and principles to conduct fair and effective internal investigations. The ICAC has produced a written resource, *Fact-Finder: A 20-step guide to conducting an inquiry in your organisation*, to complement the workshops.

The workshops are offered in-house to requesting organisations, and also offered to a general audience through a strategic alliance with the Institute of Public Administration of Australia (IPAA). Fact-Finder workshops are also conducted as part of the regional education and training programs held under the Rural and Regional Outreach Strategy (RAROS).

Five Fact-Finder workshops were held in 2002-2003. Evaluations of these workshops, and of the *Fact-Finder* publication distributed to all participants, are consistently positive.

National Investigations Symposium

In November 2002, the ICAC together with the NSW Ombudsman and the Institute of Public Administration Australia (IPAA) held the 4th National Investigations Symposium. Over 190 delegates from NSW public sector agencies and local councils, interstate and Commonwealth and international public authorities attended.

The symposium aims to build the professional capacity of public officials who routinely undertake audit, regulatory or administrative investigations. The 2002 symposium, titled *Sherlock or Sheer Luck?*, included streams for practical investigation techniques, planning and management of investigations, legal frameworks and topical issues.

The symposium is organised on a cost recovery/profit share basis and returned a slight profit to the organising partners. Evaluations again indicated that attendees' objectives were met. Based on this positive feedback the ICAC, the NSW Ombudsman and IPAA will begin planning a fifth symposium for 2004.

Investigation liaison

Wherever possible ICAC endeavours to work collaboratively with public sector agencies or councils under investigation to help management lead the organisation through what can be a difficult time.

Once an ICAC investigation is made public, staff, clients and the community look to the agency's management to take a leadership role in communicating what is happening and what it means. However, it is often the case that management themselves are too distracted to realise that communication about the investigation is something that needs to be actively managed.

In the absence of clear communication, rumour and anxiety flourish. With effective and open communication, positive investigation outcomes are more easily achieved.

The Investigation Liaison role was initiated in 2001-2002, in response to research findings about the impact of ICAC investigations. Experience to date has shown that ICAC's assistance to management about communication with staff and external stakeholders has been welcomed and considered effective.

During the year the liaison role was invoked on three occasions. The role has developed with each application. The Department of Housing provided positive feedback about the role in relation to the ICAC's investigation of a Department employee.

The ICAC liaison role now assists the leadership and communications staff of the affected agency by giving advice about:

- communication strategies
- the ICAC's powers and processes
- how to access and coordinate corruption prevention advice
- resources available to help the organisation to manage staff expectations after the investigation.

This service is available to affected agencies by requesting the ICAC investigation team to have the liaison officer make contact.

In August 2002 ICAC released *Managing an organisation through an ICAC investigation: practical advice for management*. This publication supports the investigation liaison role, and gives guidance on:

- the ICAC's powers and functions
- what to expect during an investigation
- leading an organisation through an investigation
- how to improve an organisation after an investigation.

Corruption Resistance Reviews

One of the most successful corruption prevention initiatives has been the Corruption Resistance Review (CRR) program, which commenced in 2000. CRRs are used to assess the strength of agencies' key corruption resistance measures and suggest ways to fill gaps or improve performance. CRRs can be conducted at the instigation of the ICAC or at the request of an agency.

The CRR looks at features of the organisation that help prevent corruption. These include:

- corruption risk management
- corruption prevention strategies
- internal audit
- code of conduct
- conflicts of interest
- gifts, benefits and bribes
- secondary employment
- internal reporting
- performance management
- staff development
- complaint and grievance management
- specialised risk management (such as procurement and disposal).

During the year CRRs were completed with Hunter Area Health Service, the Tow Truck Authority of NSW, Goldenfields Water County Council, Riverina TAFE, the State Emergency Service and the Public Trustee NSW.

All of these agencies worked cooperatively with the ICAC. Reports containing a number of recommendations for improvement were provided to each agency. All of the agencies reviewed during 2002-2003 accepted the reports and associated recommendations. Some of the recommendations made to Riverina TAFE have been taken up by the Department of Education and Training for implementation throughout New South Wales.

We received progress reports from a number of agencies reviewed during this year and in previous years. Hunter Area Health Service, the Tow Truck Authority, Riverina TAFE and the Department of Education and Training have provided progress reports on the implementation of the recommendations from the reviews. Broken Hill City Council, the NSW Registry of Births, Deaths and Marriages, WorkCover NSW, Southern Cross University, NSW Sheriff's Office and Maitland City Council provided the ICAC with progress reports following reviews conducted in previous years. These reports indicate commitment to developing and implementing strategies focused on building corruption resistance.

ANU/ICAC Corruption and Anti Corruption course

For the past six years, the ICAC has worked in partnership with the Australian National University (ANU) to deliver a post-graduate course unit in Corruption and Anti Corruption. This successful and internationally recognised course is designed for middle and senior managers from public sector agencies around the world. It aims to help participants to devise strategies to make organisations and countries more resistant to corruption. A key element of the ICAC approach is to assist the senior management of public sector organisations to understand the causes of corruption and the measures that they can adopt to prevent it. From our perspective, its value is its practical focus and the participation of NSW public sector managers who, upon completion of the course, can incorporate these insights into their day-to-day work. The unit can also count towards a Masters Degree at the ANU's Asia Pacific School of Economics and Management.

The 2002 course was held in August/September 2002 at the ANU campus in Canberra and at a venue in Sydney.

The ICAC offers scholarships to NSW public officials to attend the course, and receives a large number of applications each year. This year ten scholarships were offered for the 2003 course. Priority was given to senior employees of NSW state and local government sectors. Four of the ten scholarships were targeted at employees from rural and regional NSW. The aim of the scholarships is to help build capacity within the NSW public sector.

Profiling corruption risks and prevention strategies in the NSW public sector

In January 2003 the *Profiling the NSW public sector* research report was published. The report outlines the results of a large research study undertaken by the ICAC in order to:

- find out more about what the public sector perceives its corruption risks to be
- measure the prevalence of key corruption prevention strategies across the sector
- identify opportunities for the sector to improve its corruption resistance.

Responses were received from 265 agencies and 357 staff from a selection of agencies, representing 73 percent of the agencies who were asked to participate and 60 percent of the staff.

The report has substantially increased the amount of information available to the ICAC and the NSW public sector about corruption risks in the sector and the prevention policies and strategies in place to manage these risks. The research sets a benchmark in terms of the prevalence of prevention strategies that the ICAC and the sector can use over time to measure improvements in the uptake of such strategies.

The ICAC's peer agency in Queensland, the Crime and Misconduct Commission, has applied the ICAC's research methodology to undertake similar research in the Queensland public sector. When the CMC's research becomes available it will also serve as a useful interstate benchmark.

Information from the survey is being used to inform the following initiatives:

- follow-up on the implementation of internal reporting systems and staff education strategies with respect to the Protected Disclosures Act
- the project being conducted in the health sector
- continued work in eCorruption
- the Statement of Business Ethics project
- planning for a project addressing procurement/tendering/contracting areas
- planning for a project addressing confidential information
- further examination of the research findings relating to boards and committees
- further examination of staff education/compliance.

The information from individual agencies is also useful for informing activities such as Corruption Resistance Reviews.

Corruption Matters

Corruption Matters is the ICAC's biannual newspaper which is distributed free of charge to some 12,000 readers across the NSW public sector. Two editions were published in 2002-2003.

Following a review in August 2001 of the publication's reach and effectiveness (reported on in the 2001-2002 Annual Report), a number of enhancements have been made in 2002-2003.

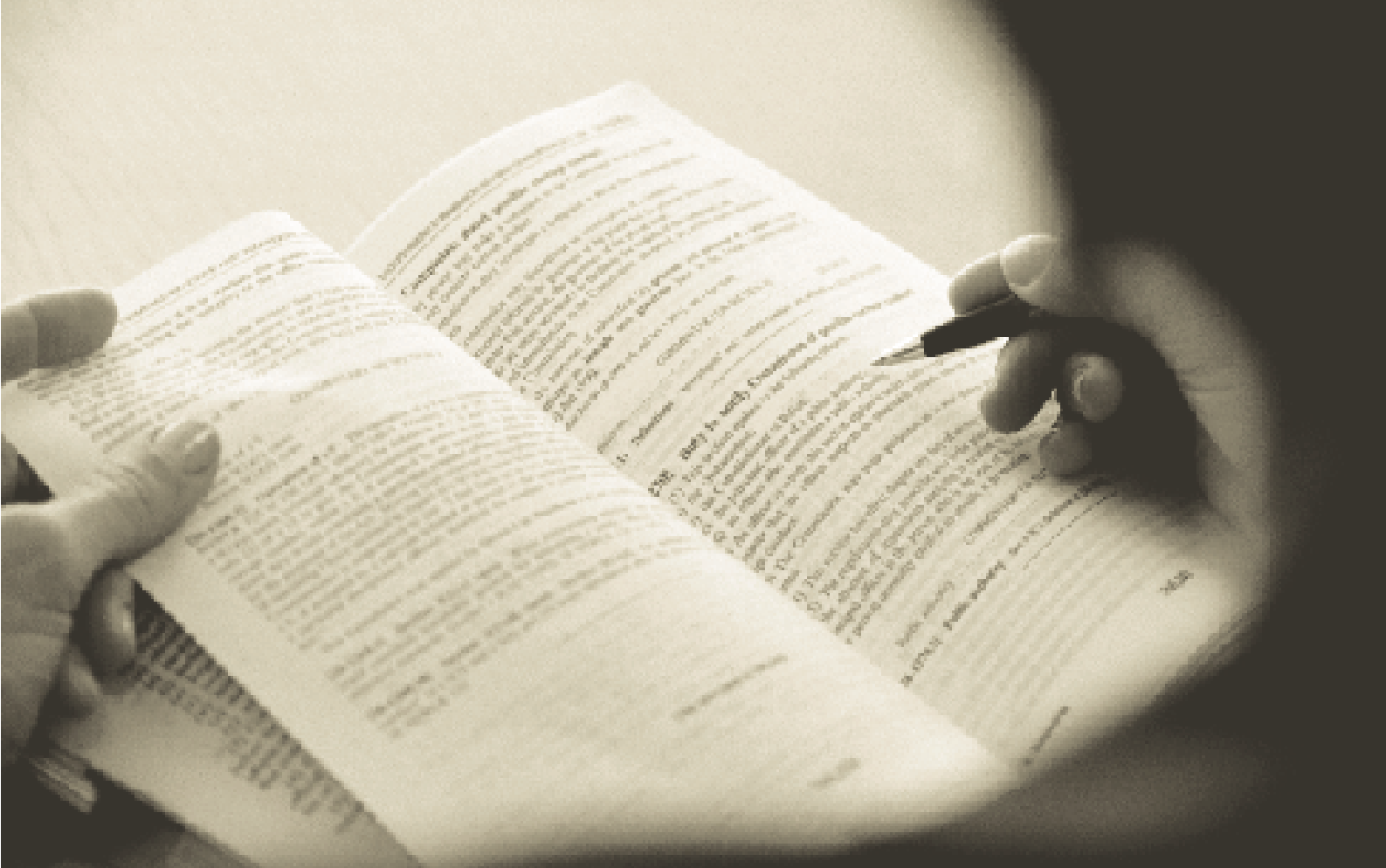
The distribution database for the publication has been extensively reviewed and updated to ensure comprehensive coverage of the NSW public sector; and agencies have been encouraged to use *Corruption Matters* content in public sector journals and in-house publications. The content and format of the publication has been improved, with greater use of illustrations, newspaper layout conventions and more diverse and topical content. Further enhancements to layout are planned for issues published in 2003-2004.

A sample of *Corruption Matters* readers will be surveyed by means of a simple questionnaire to evaluate changes made in 2002-2003 and to inform further enhancements to the publication in 2003-2004.

The year ahead

In 2003-2004 the ICAC will:

- **continue to provide corruption prevention advice that is focused and responsive to the needs of a range of public sector agencies**
- **liaise with expert agencies to ensure our advice is accurate and up-to-date**
- **continue our work on conflicts of interest and produce a resource about managing conflicts of interest for public sector agencies**
- **organise our training to allow for more flexible delivery and to ensure that modules meet the capacity-building needs of public sector agencies**
- **conduct two visits to regional areas of NSW as part of our RAROS program.**



Accountability and governance

- Introduction
- Parliamentary Joint Committee on the ICAC
- Operations Review Committee
- Internal committees
- Performance reporting
- Accounting for the use of statutory powers
- The year ahead

Introduction

The ICAC operates independently from the NSW Parliament, government and judiciary. This independence is critical because the ICAC's jurisdiction allows it to investigate public officials, Members of Parliament, and members of the judiciary. Furthermore, the ICAC Act confers significant powers and discretion on the ICAC Commissioner and ICAC staff to undertake its principal functions; consequently, it is important that there is a comprehensive governance framework in place for the ICAC to ensure accountability and transparency in all its functions.

The Annual Report is one element of the governance framework, however, there are a number of other elements in place for the ICAC. External and/or independent aspects of our governance framework include:

- the Parliamentary Joint Committee on the ICAC (PJC)
- the Operations Review Committee (ORC)
- inspections by the NSW Ombudsman of ICAC's records of telephone interceptions and controlled operations
- case-by-case reporting on the use of listening devices to the Attorney-General of NSW
- application of the NSW Freedom of Information and Privacy laws with exemption for operational matters
- accountability to the NSW Treasury and Audit Office for the proper expenditure of funds.

The ICAC's actions are also reviewable by the Supreme Court to ensure the proper exercise of functions and proper use of powers.

The public reports of the ICAC and the practice of providing information and explanations to complainants are also important means by which the ICAC is held to account by the community on our day-to-day work.

Internally, we also have in place a number of systems to ensure accountable and transparent decision-making. During 2002-2003 we reviewed our internal committee structure, reporting requirements and performance measurement systems.

Parliamentary Joint Committee on the ICAC

The Parliamentary Joint Committee (PJC) is established under the ICAC Act and consists of 11 Members of Parliament, selected from both the Legislative Assembly and Legislative Council. The current committee was constituted in May 2003 and consists of representatives from the government and opposition parties, and the crossbench (the minor parties and independents). The current Members of the PJC are:

- The Hon. Kim Yeadon MP (Chair)
- Ms Kristina Keneally MP
- Mr John Mills MP
- Mr Barry O'Farrell MP
- Mr Paul Pearce MP
- Mr John Price MP
- Mr Anthony Roberts MP
- Mr John Turner MP
- The Hon. Jenny Gardiner MLC
- Reverend the Hon. Fred Nile MLC
- The Hon. Peter Primrose MLC

Under the ICAC Act, the PJC is responsible for monitoring and reviewing the ICAC's activities and reports and can examine trends in corruption. It is prohibited from investigating particular conduct and reconsidering decisions made by the ICAC on individual matters.

The PJC undertakes its role through general meetings and briefings with the ICAC, discussion papers and hearings on issues where the views of interested parties are sought. There is also liaison on matters brought to the attention of the PJC by other Members of Parliament or members of the public.

During the 2002-2003 financial year the PJC did not require the ICAC to attend any general meetings or public hearings of the Committee. However, the ICAC did appear before a public hearing of the PJC in September 2003 regarding the 2001-2002 Annual Report. The PJC has also indicated its intent to hold another public hearing before the end of 2003 concerning this Annual Report and the *Profiling the NSW Public Sector* report released in January 2003.

In 2002-2003, the ICAC:

- convened six meetings of the Operations Review Committee (ORC) which in total, considered 1,353 matters – the majority of recommendations made by the ICAC were accepted with no or minor alteration
- conducted two audits of reports to the ORC which found that all of the audited reports contained an accurate summary of the inquiries undertaken and the results of those inquiries supported the assessments made
- completed a review of internal committee structure which further enhanced the internal accountability processes

- completed a review of performance measures, with reporting against these measures scheduled for the 2003-2004 financial year
- was subject to one audit in accordance with section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1998* which found that the ICAC had complied with all aspects of ICAC policy and that no fraudulent or other criminal behaviour was involved
- was subject to three compliance inspections by the Ombudsman in respect of telephone interceptions and controlled operations.

Operations Review Committee

The ICAC Act establishes the Operations Review Committee (ORC) and governs its functions, membership and procedures. The ORC represents an important element of the governance framework for the ICAC because it serves to ensure that the ICAC is accountable for decisions about whether to investigate complaints of corrupt conduct made by members of the public. This is done by the ORC advising the ICAC Commissioner as to whether the ICAC should not commence or should discontinue an investigation into an allegation of corrupt conduct. Consultation with the ORC is required before the ICAC can close a complaint.

The ICAC Act also allows the ICAC Commissioner to seek advice from the ORC on any other such matters as the Commissioner may wish to refer to it. Over time, the Commissioner has broadened the role of the ORC to advise on:

- whether the ICAC should continue an investigation that is underway
- whether the ICAC should discontinue an investigation dealing with matters commenced on the ICAC's own initiative or reported from another agency
- other matters referred to the ORC by the Commissioner.

Members of the ORC also bring to the attention of the Commissioner any matter relating to the operations of the ICAC which the member considers important.

The ORC is required to consider a significant number of matters and/or issues each meeting. To assist members, ORC papers are provided approximately ten days in advance of meetings. At each meeting, ORC members advise the Commissioner to accept, reject or modify recommendations made in the papers, and can request further information relating to particular matters.

ORC Members

By law, the ORC consists of eight members:

- the ICAC Commissioner, who is the Chairperson of the ORC (Ms Irene Moss AO)
- an Assistant Commissioner, nominated by the ICAC Commissioner (Mr Kieran Pehm)
- a person appointed by the Governor on the recommendation of the Attorney-General and with the concurrence of the ICAC Commissioner (Mr Laurie Glanfield AM, Director General, Attorney-General's Department)

- the Commissioner of Police
- four persons appointed by the Governor on the recommendation of the Minister responsible for the ICAC Act, with concurrence of the ICAC Commissioner, to represent community views:
 - Reverend Harry Herbert, Executive Director, Uniting Care
 - Dr Suzanne Jamieson, Department of Work and Organisational Studies, The University of Sydney
 - Ms Merrilyn Walton, Department of Medical Evaluation, Faculty of Medicine, The University of Sydney
 - Ms Gabrielle Kibble, Chairperson, Sydney Water (replacing Ms Yvonne Grant, lawyer in May 2003).

The ICAC thanks Ms Grant, who resigned during the reporting year, for her long and dedicated service to the ORC.

ORC advice during the year

The Commissioner is required by the ICAC Act to consult with the ORC on a regular basis and at least once every three months. In 2002-2003, the ORC met on six occasions and considered 1,353 matters relating to complaints and investigations. Of these, 250 matters were considered by way of a Schedule of Information. Of the remaining 1,103 matters, the ORC:

- accepted the recommendation made in relation to 884 matters (80 percent) without any alteration or comment
- accepted reports on the status of 149 matters (14 percent)
- made specific comment or alteration to the recommendation before accepting the report on 47 matters (four percent)
- did not accept the recommendation and sought further information and required further reports to be prepared for 23 matters (two percent).

Compliance with duty to report

To ensure compliance with reporting obligations and the quality of reports to the ORC, the ICAC undertakes regular reviews and audits of the matters reported to the ORC.

In June 2002 the ICAC implemented a new procedure for the auditing of matters reported to the ORC. This process was continued throughout the year 2002-2003. The purpose of these audits is to check the report submitted to the ORC against the relevant file to ensure that the allegations were presented accurately and that the material on file supported the recommendation. Three ICAC lawyers conduct each audit and the results of their inquiries are summarised in a report to the ORC.

Reports on audits were presented to the ORC meetings in December 2002 and April 2003. Thirty files were audited for each report. The allegations were accurately presented in all of the reports that had been made to the ORC although it was noted that three matters could have been presented more clearly. One status report had been prepared prior to a detailed examination of the file. All of the reports contained an accurate summary of the inquiries undertaken and the results of those inquiries supported the assessments and recommendations made.

Internal committees

To further improve accountability and governance, the ICAC reviewed its internal committee structure during 2002-2003. Previously, the ICAC had one internal operations committee, the Operations Management Committee (OMC) which had oversight responsibilities for all activities of the Strategic Operations, Corruption Prevention, Education and Research and Legal Divisions. Although the OMC had membership from all relevant areas of the ICAC, the number of matters and detail and variety of reporting meant that a significant amount of material was being considered at each meeting.

It was decided that accountability could be further improved by establishing the Investigations Management Group (IMG) with the specific role of overseeing ICAC investigations and hearings. The IMG was established in September 2002 and has the following membership:

- Irene Moss AO, Commissioner, BA LLB (Sydney), LLM (HARVARD)
- Kieran Pehm, Deputy Commissioner, BA LLB, LLM (SYDNEY)
- John Pritchard, Executive Director, Legal and Solicitor to the Commission, BA LLB (UNSW), LLM (SYDNEY)
- Grant Poulton, Executive Director, Corruption Prevention, Education and Research, BA LLB (AUCKLAND), LLM (LONDON), MPS (UNSW)
- Michael Outram, Executive Director, Strategic Operations, Former Detective Inspector, London Metropolitan Police Service (19 years).

The IMG meets fortnightly, and is advised by Chief Investigators, Deputy Chief Investigators and the Operations Advisor.

The OMC continues to exist, with its primary function being the oversight of all corruption prevention, education and research work. The OMC meets monthly and has the same membership as the IMG but the advisers to the OMC are the senior managers from within the Corruption Prevention, Education and Research Division. The OMC membership also includes Mr Lance Favelle, Executive Director, Corporate Services, BA COM (UNSW) CPA (ASCPA).

The reporting requirements to the IMG and OMC have also been revised in accordance with project management principles. In particular, investigation progress reporting requires, for each matter, an account of what activity has occurred in the last fortnight, the decisions made, and the proposed activities for the following fortnight.

The Executive Management Group (EMG) continues to exist with the following roles:

- to advance the corporate and strategic directions of the ICAC
- to review, develop and endorse ICAC policies and procedures
- to overview corporate planning and budgeting
- to overview and support the ICAC's commitment to business improvement initiatives and key result areas
- to provide strategic oversight and promote organisation-wide ownership of corporate projects
- to ensure efficient deployment of ICAC resources.

Membership of the EMG comprises the Commissioner, Deputy Commissioner and all Executive Directors. In 2002-2003 the EMG met fortnightly.

Also, during the 2002-2003 year, the ICAC developed and endorsed a Charter for each of the above committees. The Charters serve to further strengthen the role and purpose of each committee, and make it transparent to committee members and ICAC staff more generally, how the internal accountability system operates and where the lines of responsibility are.

The ICAC also has a range of other internal committees for issues such as EEO and occupational health and safety. These other committees are discussed under 'Our people – our organisation'.

Performance reporting

As part of the ICAC governance framework, the ICAC provides information about its performance in the ICAC Annual Report. The presentation of case studies as well as information and statistics on performance measures serve to give an indication of the ICAC's activities and performance throughout the year. In this and previous Annual Reports figures are provided concerning the major outputs of the ICAC, for example, number of preliminary inquiries and investigations conducted, hearings held and corruption prevention advice provided.

However, like many other public sector organisations, the ICAC has endeavoured to further develop and improve its performance measures in order to provide more comprehensive information on effectiveness and efficiency.

The ICAC worked closely with the previous PJC to develop draft performance measures. These draft measures were developed prior to the extensive reviews of the ICAC's functions, investigative capacity and information management systems. Consequently, it has become necessary to reconsider these measures in light of these changes. This is not to say that these measures have been disregarded – instead they have been incorporated into the project described below.

In September 2002 the Executive Management Group endorsed a corporate project to review the draft performance measures, in the light of the changed work processes and information management capabilities for capturing performance measurement data. A project team with members representing all areas of the ICAC was established, covering both the operational and corporate areas, and was tasked with developing and defining performance measures for which data collection, if not already commenced, would commence in July 2003.

The working party has completed their task and submitted the final set of draft performance measures to the Executive Management Group. In the first year of operation (2003-2004) our priority is the collection of data and resolving any problems that we may encounter in respect of information management and data collection procedures. After baseline data has been collected in 2003-2004, we will commence with setting performance targets. The working party also considered benchmarking against similar organisations such as the Crime and Misconduct Commission in Queensland, however, differences between the organisations on how data is collected, stored and reported as well as different business processes does not support effective and accurate benchmarking.

Accounting for the use of statutory powers

Under the *Law Enforcement and National Security (Assumed Identities) Act 1998*, the ICAC is required to report on the use of assumed identities. In 2002-2003 the ICAC acquired 12 and revoked seven assumed identities.

Assumed identities were granted and used by officers in the conduct of surveillance upon persons of interest in ICAC investigations and for the maintenance of the ICAC's covert arrangements. Other duties undertaken were directly associated with these tasks.

In June 2003 an audit was conducted in accordance with section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1998*. This most recent audit identified that the ICAC had complied with all aspects of the policy apart from a minor procedural issue which has subsequently been addressed. No fraudulent or other criminal activity was involved.

The NSW Ombudsman inspects the ICAC's records of telephone interceptions and controlled operations to ensure compliance with statutory obligations. In 2002-2003, the Ombudsman conducted three such inspections and apart from some minor procedural issues the ICAC was found to have complied with the relevant legislation.

The year ahead

In 2003-2004 the ICAC will:

- **continue to provide timely, accurate and relevant information to the Parliamentary Joint Committee**
- **continue to provide timely, accurate and relevant information to the Operations Review Committee**
- **further refine the reporting processes to the Investigations Management Group**
- **continue our work on the development of performance measures and improvement of data collection systems.**



Our people – our organisation

- Introduction
- Staffing
- Appointment of Assistant Commissioners
- Human resource issues
- Risk management
- Information management and technology
- The year ahead

Introduction

There is a community expectation that the ICAC will deliver a consistently high standard of organisational performance. This expectation is shared by ICAC staff who require quality corporate support and infrastructure services to enhance their operational performance. The Corporate Services Division provides customer-focused business services and solutions and strategic policy advice in the areas of business planning, human resources, learning and staff development, finance administration, risk management, procurement and office services and information management and technology.

In 2002-2003, the ICAC:

- reviewed its strategy direction and published the ICAC Strategic Plan 2003-2007
- continued to promote its learning strategy with 593 participants attending training activities
- fully implemented the performance management system, with ICAC goals and targets reflected in individual staff agreements
- reduced the number of work-related injuries by more than 50 percent
- improved its security systems and procedures following a detailed physical security risk assessment
- commenced the redevelopment of the ICAC's internet and intranet sites to improve website useability, ease of navigation and provide better search facilities
- improved its complaint handling and case management system by streamlining workflow and information tracking, resulting in better case management tools and greater efficiency in assigning and tracking investigatory tasks
- replaced outdated records management and human resource systems with systems that will provide electronic self-service facilities for staff
- was the third NSW Government agency to be certified as having achieved full compliance with the Australian Standard (7799) for information security management.

Staffing

As at 30 June 2003, there were 107 staff in established positions. This figure does not include contract staff employed to cover staff vacancies and absences.

The average number of full time equivalent staff during 2002-2003 was 101. A number of the new investigator positions that were created following the Strategic Operations' Divisional restructure in 2001-2002 financial year have taken an extended period of time to fill. A targeted recruitment campaign was commenced toward the end of 2002-2003.

During 2002-2003 the number of corruption complaints and reports received by the ICAC increased by approximately 25 percent. In line with this increase, the establishment of the Assessments Section was increased by two positions and two officers have been subsequently appointed.

The ICAC is divided into an Executive Unit and five Divisions. The largest Division is Strategic Operations, which consists of two investigative teams and a Strategic Risk Assessment Unit. The other Divisions are Corporate Services; Legal; Corruption Prevention, Education and Research; Assessments. An organisational chart is included in Appendix 15.

Average FTE staff numbers by Division	2002-2003
Executive	5.1
Corporate Services	18.8
Corruption Prevention, Education & Research	19.0
Legal	9.5
Strategic Operations	39.2
Assessments	9.6

In April 2003, the Corruption Prevention, Education and Research Division had a minor restructure which combined the Research and Corruption Prevention Units to form two new units with the title of Research and Prevention. The restructure took place in support of the corporate objective of adopting fully integrated approaches to the work of the ICAC.

Appointment of Assistant Commissioners

The ICAC Act permits the Governor to appoint Assistant Commissioners, with the Commissioner's concurrence, to assist the ICAC as the Commissioner requires.

The Deputy Commissioner, Kieran Pehm, as an Assistant Commissioner presides over hearings, assists the Commissioner in the exercise of the ICAC's powers and oversees the management of significant strategic corporate issues. In particular, Mr Pehm presided over the investigation into the relationship that existed between a staff member of the Department of Housing and the construction company Australian Colour Enterprises Pty Ltd (Operation Browning) in 2002-2003.

During the year, the following Assistant Commissioners presided over specific ICAC investigations:

- The Hon John Slattery AO QC – who conducted hearings in the ICAC's investigation concerning the Woodward Park Development Project (*Operation Hydra*)
- Nigel Cotman SC – who conducted hearings in the ICAC's investigation into the NSW Grains Board (*Operation Agnelli*).

Human resource issues

Conditions of employment and movements in salaries

Conditions of employment for the ICAC staff are set out in the ICAC Award 2002. This Award replaced the 1998 ICAC Award. Negotiations with the Public Service Association of NSW (PSA) and staff representatives took place towards the end of November 2002, which resulted in a variation to the ICAC Award 2002. Following these negotiations, and consistent with the agreement reached by the NSW Government with the Labour Council of NSW and the PSA, the staff of the ICAC received a four percent salary increase from the first pay period in January 2003.

In May 2003, the ICAC contracted McMillan Shakespeare to externally administer its salary sacrifice program for non-SES staff. The program is due to commence in August 2003.

Industrial relations

The current ICAC Award expires in August 2003 and negotiations for a new Award commenced in late June 2003. As a prelude to these negotiations, a Commission-wide working party was formed to look at the ICAC's working conditions and to determine what should form part of the Award discussions and what should be considered policy and procedure issues. The five percent salary increase to be paid in July 2003 will be subject to these negotiations. For the

period 2002-2003 the ICAC was not involved in any matters before the NSW Industrial Relations Commission.

Policies and procedures

In line with the project plan for the review of all human resources policies that was developed in 2001, a number of pertinent policies were reviewed and developed throughout 2002-2003. The ICAC developed and ratified a new OH&S and Risk Management policy and a Workplace Injury Management and Rehabilitation policy. All ICAC staff received training on these policies. New guidelines for the Probation Review of staff and New Recruits' Relocation Assistance were also developed during the year. Other policies that have been developed and are awaiting sign-off from the Executive and Commission Consultative Group and ratification by the Commissioner include a Grievance Policy and Procedures, an EEO policy and a Harassment and Bullying Prevention policy and procedures.

Following the implementation of the ICAC's new Employee Assistance Program (EAP) policy, the ICAC selected the company IPC as the service provider. Self-referral by staff members forms the basis of the ICAC's new EAP program.

For the safety and security of ICAC personnel, consultants and visitors, an anti-tailgating procedure was implemented during the year to provide controls that all authorised personnel can follow to mitigate the risk of tailgating into the ICAC's restricted areas.

Learning and development

In 2001, a skills audit/gap analysis was undertaken by Ernst and Young to provide an indication of which competencies identified as necessary to the ICAC's effective operations were deficient in the ICAC's workforce. The ICAC's Learning and Development (L&D) Program for 2002-2004 has been based around the following five key learning streams identified during the skills gap analysis.

- Risk assessment.
- Leadership and management.
- Project management.
- Information technology.
- Organisational development.

Within each of the 'core' L&D Streams there were also a number of essential corporate competencies. Within the Organisational Development L&D stream, Teamwork, Customer Relations, Change Management and EEO competencies required various staff from all Divisions to participate in learning activities relevant to their skills gap and individual learning needs.

Specific technical competencies were identified under a separate stream and training and learning activities were sourced to meet the particular development requirements of the staff within the relevant Division. For example, within the Strategic Operations Division, it was identified that for Surveillance staff, advanced driving techniques was a Division-specific competency. This training was only made available to staff who were incumbent in surveillance-related positions.

As part of our learning strategy, Learning and Development plans are embedded within individual staff performance agreements. For 2002-2003, the L&D Program resulted in every staff member attending at least one training or development activity. The attendance numbers for the year were bolstered by a number of compulsory training courses and information sessions held under Human Resources, EEO and OH&S categories such as the information sessions on discrimination and harassment in the workplace. These courses were held in response to legislative requirements rather than ICAC-specific skills gaps.

A review of the L&D Program at the end of 2002-2003 identified the need to develop a broader program on leadership and management training for middle management. This will be a priority learning activity for 2003-2004. The review also recommended the establishment of a Commission-wide Learning and Development Committee to better coordinate all forms of learning, from staff induction programs to the delivery of external training courses.

Performance management

In 2002-2003 the ICAC continued its focus on improving work performance and developing our people. The performance management system was fully implemented across the organisation with the ICAC's strategic objectives, goals and targets reflected in individual staff performance agreements. A Learning and Development plan is included in each staff member's performance agreement to support and facilitate the growth and advancement of the employee. The system was reviewed at the end of 2002-2003 with improvements proposed in the processes for developing staff, evaluating core competencies and undertaking performance feedback and appraisal. These will be progressively implemented during 2003-2004.

Risk management

In 2002-2003 a number of risk management initiatives were implemented within the ICAC in compliance with the AS/NZS 4360:1999 standard on risk management. These initiatives included the development and promulgation of the following risk management information and policy documents:

- Risk Management Strategy Paper – *Managing Risk at the Independent Commission Against Corruption*
- ICAC Risk Management Policy
- ICAC Risk Management Framework & Toolkit.

In February 2003 a Physical Security Risk Assessment was undertaken of the ICAC's premises on Levels 20 & 21, 133 Castlereagh Street, Sydney. Project Team members included representatives from all ICAC business units.

The risk management context that was applied for this assessment was against a background of concerns raised by central government agencies of a need for heightened security awareness; in particular, the precautions to be put in place and the promotion of security awareness to protect agencies from potential security threats that may arise.

The project team identified 20 physical risks that required treatments and controls to be developed and implemented to reduce the risks to an acceptable level. All treatments and controls were implemented or being actioned by 30 June 2003. This project has provided a 'benchmark' process for future risk assessments and analyses.

Risk management initiatives for the next 12 months include the review, promotion and awareness of risk management processes and procedures in all ICAC activities for the protection of information, equipment, assets, personnel, visitors and the public, including during public hearings.

Internal audit

Internal audits help the ICAC to maximise its effectiveness and efficiency in specific activities and processes. The ICAC appoints independent auditors to undertake internal audits on an annual basis. The work of the auditors is overseen by the Executive Management Group and audits are undertaken in line with the ICAC's three-year Audit Plan. Three audits were completed during 2002-2003 and focused on the effectiveness and/or efficiency of:

- the processing and turn-around of complaint files within the Assessments and Corruption Prevention units, resulting in improvements in performance monitoring to track file progress and proposed enhancements to the ICS system
- financial services, resulting in improvements in asset records and procedures and improved ledger reconciliation processes
- the control of formal investigations, resulting in the proposed development of a post-investigation evaluation process.

Information management and technology

In 2001 the ICAC developed a five-year Information Management and Technology Strategic Plan to support the corporate information requirements and business direction of the ICAC. The plan provides a road map of projects aimed at harnessing, evolving and exploiting the information holdings of the ICAC.

The important information technology initiatives during the year included:

Redevelopment of ICAC internet and intranet websites

The information architecture and technical design changes were largely completed by the end of 2002-2003 and work on the content and information presentation for the website will be finalised by the end of November 2003. The revamped internet website will provide improved useability and easier navigation and search facilities to people visiting the website. The upgraded intranet website will allow easy uploads and facilitate self-service functionality with other systems such as the HR payroll system and electronic document and records management system.

As part of the website redevelopment the ICAC decided to relocate its web-server from an offsite service provider and to host the website on its own premises. This will improve security of online reporting of corruption matters including an additional layer of firewall protection to the ICAC's systems and network. The bandwidth for the ICAC's access to the internet has also been increased from 128KB to 2048KB which has significantly improved the speed of access to the internet.

Replacement of outdated Records Management System

The ICAC undertook a detailed review of its records management system to assess its long-term document management needs and the integration of records and files with other core business systems. The Trim Context Electronic Documents and Records Management System (EDRMS) was selected in June 2003 to replace the ICAC's existing records management systems. The new system will facilitate self-service for staff in creating and managing files. The implementation and training on the new system and its integration with the ICAC's complaint handling and case management system (ICS) will be completed by the end of December 2003.

Improvements in the complaint handling and case management system (ICS)

In 2001-2002 the ICAC engaged KPMG Consulting to undertake a business process redesign study that considered the internal systems and technology needed to support complaint handling, case management and performance tracking. This was followed by the preparation of design specifications to address the functional requirements of the KPMG review to provide a more flexible, efficient and productive system that will improve information security, work flow and documentation of complaint handling and case management, enhance search capabilities and ensure effective integration with other systems.

The systems upgrade work has been undertaken in two stages with the Stage 2 project to also include additional enhancements identified by users during Stage 1 and the effective integration of ICS with the new EDRMS system. The Stage 1 enhancements were completed and the revamped ICS system was rolled out in June 2003, providing a more streamlined workflow and information tracking, improved case management tools and better linking of investigatory/inquiry tasks to cases. The Stage 2 work is planned for completion by December 2003.

ICAC meets Australian Standards Information Security Compliance

All NSW Government departments and agencies are required to achieve certification to the AS/NZS 7799 standard for information security management. In order to meet the required standard a comprehensive review and major update of IT security policies, procedures and system changes were completed during the year. The ICAC achieved full IT security compliance in February 2003 being only the third NSW Government agency to have achieved this certification.

Other technology initiatives

Other technology initiatives during the year included an evaluation of data mining software to support database interrogation by the Strategic Risk Assessment Unit; an assessment and initial installation of hearing room technology to provide more efficient conduct of hearings and incorporate the latest in evidence presentation techniques to take account of the changing complexity and diversity of matters investigated by the ICAC; the acquisition and initial implementation of a new human resource information and payroll system to provide more efficient payroll processing and improve human resources information; and the update of the ICAC's financial system.

The year ahead

In 2003-2004 the ICAC will:

- **complete the review of our human resource policies and update them to reflect best practice**
- **complete the implementation of the human resource information and payroll system that will provide electronic self-service for all staff and enhance workforce planning and analysis with better human resources information in the areas of individual learning and development activities, staff profiles and employee experience and qualifications**
- **continue to develop staff skills and key competencies through better coordination of our Learning and Development Program activities and improvements to the performance management system that focus on developing core competencies**
- **review the operation of risk management practices across the ICAC including risk management planning and procedures for hearings**
- **implement and integrate our new electronic records management system with the complaint handling and case management system (ICS) and upgrade ICS system functionality that will improve the tracking of case information and enhance access to and reporting on complaints and case information**
- **complete the upgrade of hearing room transcript and multimedia broadcast facilities that will ensure a more efficient conduct of hearings incorporating the latest in evidence presentation techniques**
- **continue to improve business systems and management of corporate information through the implementation of the Information Management and Technology Strategic Plan.**



Financial statements

The financial statements that follow consist of:

- Statement by Commissioner
- Independent Audit Report
- Statement of Financial Performance for year ended 30 June 2003
- Statement of Financial Position as at 30 June 2003
- Statement of Cash Flows for year ended 30 June 2003
- Summary of Compliance with Financial Directives for year ended 30 June 2003
- Notes to the Financial Statements



INDEPENDENT COMMISSION AGAINST CORRUPTION

Financial Statements for the year ended 30 June 2003

Pursuant to Section 45F of the Public Finance and Audit Act 1983, I state that:

- a. the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Financial Reporting Code for Budget Dependent Agencies, the applicable clauses of the Public Finance and Audit (General) Regulation 2000 and the Treasurer's Directions;
- b. the statements exhibit a true and fair view of the financial position and transactions of the Commission; and
- c. there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in cursive script, reading 'Irene Moss'.

Irene Moss AO
Commissioner

16th September, 2003



GPO BOX 12
SYDNEY NSW 2001

Independent Audit Report

Independent Commission Against Corruption

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Independent Commission Against Corruption:

- (a) presents fairly the Commission's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 45E of the *Public Finance and Audit Act 1983* (the Act).

The opinion should be read in conjunction with the rest of this report.

The Commissioner's Role

The financial report is the responsibility of the Commissioner. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement – expenses and revenues, the summary of compliance with financial directives and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- ☐ evaluated the accounting policies and significant accounting estimates used by the Commissioner in preparing the financial report, and
- ☐ examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Commissioner had failed in her reporting obligations.

My opinion does *not* provide assurance:

- ☐ about the future viability of the Independent Commission Against Corruption,
- ☐ that the Independent Commission Against Corruption has carried out its activities effectively, efficiently and economically,
- ☐ about the effectiveness of its internal controls, or
- ☐ on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- ☐ providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- ☐ mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

R J Sendt
Auditor-General
SYDNEY
18 September 2003

Statement of financial performance

for the year ended 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
Expenses				
Operating Expenses				
Employee related	2(a)	10,214	10,686	11,620
Other operating expenses	2(b)	5,078	4,400	6,492
Maintenance	2(c)	161	300	180
Depreciation and amortisation	2(d)	660	570	609
Total Expenses		16,113	15,956	18,901
Less:				
Retained Revenue				
Sale of goods and services	3(a)	26	30	51
Investment income	3(b)	42	10	6
Grant and Contributions	3(c)	305	–	1,170
Other revenue	3(d)	26	29	19
Total Retained Revenue		399	69	1,246
Gain/(loss) on disposal of non-current assets	4	(30)	–	24
Net Cost of Services	20	15,744	15,887	17,631
Government Contributions				
Recurrent appropriation	5	14,517	14,669	15,524
Capital appropriation	5	401	520	250
Acceptance by the Crown Entity of employee benefits and other liabilities	7	1,006	1,038	919
Total Government Contributions		15,924	16,227	16,693
SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		180	340	(938)
NON-OWNER TRANSACTION CHANGES IN EQUITY				
Net increase in asset revaluation reserve		428	–	–
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		428	–	–
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	17	608	340	(938)

The accompanying notes form part of these statements

Statement of financial position

as at 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
ASSETS				
Current Assets				
Cash	9	37	149	10
Receivables	10	332	82	80
Other	11	287	112	32
Total Current Assets		656	343	122
Non-Current Assets				
Property, Plant and Equipment	12	1,465	1,277	1,327
Total Non-Current Assets		1,465	1,277	1,327
Total Assets		2,121	1,620	1,449
LIABILITIES				
Current Liabilities				
Payables	13	544	651	624
Interest bearing liabilities	14	–	–	242
Provisions	15	985	854	847
Other	16	405	–	–
Total Current Liabilities		1,934	1,505	1,713
Non-Current Liabilities				
Provisions	15	312	469	469
Total Non-Current Liabilities		312	469	469
Total Liabilities		2,246	1,974	2,182
Net Assets		(125)	(354)	(733)
EQUITY				
Assets Revaluation Reserve	17	428	–	–
Accumulated funds		(553)	(354)	(733)
Total Equity		(125)	(354)	(733)

The accompanying notes form part of these statements

Statement of cashflows

for the year ended 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(9,538)	(9,905)	(11,197)
Other		(6,286)	(5,179)	(6,690)
Total Payments		(15,824)	(15,084)	(17,887)
Receipts				
Sale of goods and services		26	29	23
Interest received		41	10	16
GST Refund received		381	–	661
Other		324	427	1,218
Total Receipts		772	466	1,918
Cash Flows From Government				
Recurrent appropriation	5	14,517	14,669	15,524
Capital appropriation	5	401	520	250
Cash reimbursements from the Crown Entity		399	330	341
Cash transfers to the Consolidated Fund	16	405	–	(64)
Net Cash Flows from Government		15,722	15,519	16,051
NET CASH FLOWS FROM OPERATING ACTIVITIES		670	901	82
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment	4	–	–	24
Purchases of plant and equipment	12	(401)	(520)	(388)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(401)	(520)	(364)
NET INCREASE/(DECREASE) IN CASH		269	381	(282)
Opening cash and cash equivalents		(232)	(232)	50
CLOSING CASH AND CASH EQUIVALENTS	9	37	149	(232)

The accompanying notes form part of these statements

Summary of compliance with financial directives

for the year ended 30 June 2003

2003	2002								
		Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000
Original Budget Appropriation/ Expenditure									
Appropriation Act		14,669	14,517	520	401	14,124	14,124	520	250
Additional Appropriations		234							
S21A PF&AA – special appropriation									
S24 PF&AA – transfer of functions between departments									
S26 PF&AA – Commonwealth specific purpose payments									
		14,903	14,517	520	401	14,124	14,124	520	250
Other Appropriations/ Expenditure									
Treasurer's Advance						1,400	1,400		
Section 22 – expenditure for certain works and services									
Transfers from another agency (Section 26 of the Appropriation Act)									
Less:									
Working Capital Cash Adjustment (Treasury advice 23/5/03)									
Carryover to 2003-04 (Treasury advice 23/5/03)				(100)					
		0	0	(100)	0	1,400	1,400	–	–
Total Appropriations									
Expenditure/Net Claim on Consolidated Fund (includes transfer payments)		14,903	14,517	420	401	15,524	15,524	520	250
Amount drawn down against Appropriation			14,903		420		15,524		250
Liability to Consolidated Fund*			386		19		Nil		Nil

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed)

The "Liability to Consolidated Fund" represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund."

The accompanying notes form part of these statements

Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Commission is constituted by the *Independent Commission Against Corruption Act 1988*. The main objective of the Commission is to minimise corrupt activities and enhance the integrity of the NSW public sector administration. These financial statements report on all the operating activities under the control of the Commission.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

(b) Basis of Accounting

The Commission's financial statements are a general-purpose financial report which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act 1983 and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS6 "Accounting Policies" is considered.

The financial statements are prepared in accordance with the historical cost convention, except for leasehold improvement non-current assets which are recorded at valuation.

All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency.

The accounting policies adopted are consistent with those of the previous year. Where applicable, previous years figures have been recast to facilitate comparison.

(c) Revenue Recognition

Revenue is recognised when the Commission has control of the good or right to receive, it is probable that the economic benefits will flow to the Commission and the amount of revenue can be measured reliably. Additional comment regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations

Parliamentary appropriations are generally recognised as revenues when the Commission obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following year. As a result, unspent appropriations are now accounted for as liabilities rather than revenue.

The liability is disclosed in Note 5 as part of "Other current liabilities". This amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products and services including user charges. User charges are recognised as revenue when the Commission obtains control of the assets that result from them.

(iii) Investment income

Interest revenue is recognised as it accrues.

(d) Employee benefits

(i) Salaries and Wages, Annual Leave, Sick Leave and On Costs

Liabilities for salaries and wages and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Accrued Salaries and Wages – reclassification

As a result of the adoption of Accounting Standard AASB 1044 "Provisions, Contingent Assets" accrued salaries and wages and on-costs has been reclassified to "payables" instead of "provisions" in the Statement of Financial Position and the related note disclosures for the current and comparative period. On the face of the Statement of Financial Position and in the notes, reference is now made to "provisions" in place of "employee benefits and other provisions". Total employee benefits (including salaries and wages) are reconciled in Note 13 "Current liabilities – Payables".

(iii) Long Service Leave and Superannuation

The Commission's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits and other Liabilities".

Long service leave is measured on a present value basis for all employees with five or more years of service. This is pursuant to the requirements of AASB 1028. This standard requires that employee benefit liabilities that are expected to be settled more than 12 months after the reporting date, must be measured as the present value of the estimated future cash outflows to be made by the employer in respect of services provided by employees up to the reporting date. This calculation takes into account future increases in remuneration rates as they will increase the amount that the employer is required to pay to settle the liability.

Long service leave on-costs are not assumed by the Crown Entity and are the responsibility of the Commission, except for the related superannuation on-costs and long service leave accruing while on long service leave.

The superannuation expense for the financial year is determined by using the formula specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

(iv) Other Provisions

Other provisions exist when the entity has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

(e) Insurance

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(f) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office recognised as part of the cost of acquisition of an asset or as part of the item of expense.
- receivables and payables are stated with the amount of GST included.

(g) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(h) Plant and Equipment

Plant and equipment acquired with an expected life in excess of one year and with a value of \$5,000 or more individually are capitalised. Values are determined on an asset-by-asset basis, although items that form part of a network are aggregated as a single asset and depreciated if their total value exceeds \$5,000.

(i) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002.

Where available, fair value is determined having regards to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling prices for the same or similar assets are not available, the asset's fair value is measured as its market buying price i.e. the replacement cost of the asset's remaining future economic benefits. The Commission is a not for profit entity with no cash generating operations.

Each class of physical non-current assets is revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(j) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission. The Commission's leasehold improvements when constructed were projected to have a useful life of fifteen years or the unexpired period of the lease. The Commission's computer equipment, plant and equipment, when purchased, are projected to have a useful life of five years.

(k) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(l) Leased Assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. The Commission has no finance lease arrangements.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(m) Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Receivables are recognised and carried at cost based on the original invoice amount less a provision for any uncollectable. Bad debts are written off. A provision for doubtful debts is raised when some doubt as to collection exists. No interest is earned on trade debtors.

(n) Other assets

Prepayments are recognised on a cost basis.

(o) Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 210.01 allows the Minister to award interest for late payment. No interest was applied during the year (30 June 2002 – \$Nil).

(p) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments the effects of additional appropriations, s.21A, s.24 and/or s.26 of the Public Finance and Audit Act 1983.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on the carried forward actual amounts, i.e. per the audited financial statements (rather than carried forward estimates).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
2. EXPENSES		
(a) Employee related expenses comprise the following specific items:		
Salaries and wages (including Recreation Leave)	8,182	9,578
Superannuation	660	667
Long service leave	424	211
Workers Compensation Insurance	135	46
Contractor & temporary assistance	376	544
Payroll tax and fringe benefits tax	437	574
	10,214	11,620
(b) Other operating expenses		
Auditor's remuneration		
– audit or review of the financial reports	35	17
Bad and doubtful debts	–	–
Operating lease rental expense		
– minimum lease payments	2,075	2,386
Insurance	36	54
Cleaning	35	35
Electricity	39	68
Travelling, air fares and subsistence	90	86
Motor vehicles	24	47
Consultancies	36	28
External Legal fees	223	552
Transcript fees	45	82
Contractor fees	–	–
Fees for services	681	427
Contract security services	247	331
Training	244	119
Advertising and publicity	108	141
Books and subscriptions	77	85
Postal and telephone	154	224
Printing	154	82
Stores and specialised supplies	131	99
Minor technical and computer purchases	217	60
Courier & Freight	13	–
Relocation	–	1,426
Other	414	143
	5,078	6,492
(c) Maintenance		
Repairs and maintenance	161	180
	161	180
(d) Depreciation and amortisation expense		
Depreciation		
– Computer equipment	121	134
– Plant and equipment	143	135
	264	269
Amortisation		
– Leasehold improvements	396	340
	660	609

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
3. REVENUES		
(a) Sale of goods and services		
Sale of transcripts	–	29
Presentation and Seminar Fees	26	22
	26	51
(b) Investment Income		
Interest	42	6
(c) Grants & Contributions		
Voluntary redundancy program funding	305	1,170
(d) Other revenue		
Other	26	19
4. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
Gain on disposal of plant and equipment		
– Proceeds from disposal	–	24
– Written down value of assets disposed	(30)	–
	(30)	24
5. APPROPRIATIONS		
Recurrent appropriations		
Total recurrent draw downs from Treasury (per Summary of Compliance)	14,903	15,524
Less: Liability to Consolidated Fund* (per Summary of Compliance)	(386)	–
	14,517	15,524
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	14,517	15,524
Total	14,517	15,524
Capital appropriations		
Total capital draw downs from Treasury (per Summary of Compliance)	420	250
Less: Liability to Consolidated Fund (per Summary of Compliance)	(19)	–
	401	250
Comprising:		
Capital appropriations (per Statement of Financial Performance)	401	250
Total	401	250
*The liability to Consolidated Fund is recognised in the Statement of Financial Position as a Current Liability – Other		
6. INDIVIDUALLY SIGNIFICANT ITEMS		
Commission expenditure during 2002-03 did not include any individually significant items.		
Relocation	–	1,426
Redundancy payments	–	1,170
	–	2,596

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
7. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES		
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation	660	667
Long service leave	306	211
Payroll tax (on employer superannuation contributions)	40	41
	1,006	919
8. PROGRAM/ACTIVITIES OF THE COMMISSION		
The Independent Commission Against Corruption operates under a single program for Treasury reporting purposes. For the 2002-2003 financial year this program was identified as 5.1.1 Investigation, Community Education and Prevention of Corruption.		
Program Objective		
To minimise corrupt activities and enhance the efficiency and integrity of government administration.		
Program Description		
Investigation of possible corrupt conduct, advice for public authorities on ways in which to prevent corrupt conduct and education of the community about the detrimental effects of corruption.		
9. CURRENT ASSETS – CASH		
Cash at bank and on hand	37	10
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and bank overdraft. Interest is earned on on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11 am unofficial cash rate adjusted for a management fee to Treasury. The average interest rate during the period was 3.75%. The average rate for the year ended 30 June 2002 was 3.50%.		
Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:		
Cash (per Statement of Financial Position)	37	10
Bank Overdraft	–	(242)
Closing Cash and Cash Equivalents (Per Statement of Cash Flows)	37	(232)
10. CURRENT ASSETS – RECEIVABLES		
Sale of goods and services	2	20
Other receivables	330	60
Less: Provision for doubtful debts	–	–
	332	80
11. CURRENT ASSETS – OTHER		
Prepayments	287	32

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
12. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
(i) Plant and Equipment		
At Fair Value	1,311	1,237
Accumulated Depreciation	(1,032)	(888)
	279	349
(ii) Computer Equipment		
At Fair Value	950	820
Accumulated Depreciation	(560)	(439)
	390	381
(iii) Leasehold Improvements		
(a) At Cost	4,983	4,823
Accumulated Amortisation	(4,562)	(4,226)
	421	597
(b) At Fair Value	428	–
Accumulated Amortisation	(53)	–
	375	–
Total Property Plant and Equipment at net book value	1,465	1,327

For reporting period commencing 1 July 2002, the Commission elects to revalue its Leasehold Improvement Assets on a progressive basis over more than one reporting period pursuant to Section 8.13(b) of AASB 1041. The basis for this election is that the Commission's Leasehold Improvement Assets can be clearly classified as (i) the assets currently positioned in the Commission's current premises at Piccadilly Centre, and (ii) the assets at its other leased premises at Redfern. The Commission's assets at Piccadilly Centre were acquired from the previous lessee of its existing premises at Piccadilly Centre in October 2001. The Commission received the assets from the previous lessee as consideration for the Commission taking over the lease some six months before the expiration of the lease. In the previous reporting period, the leasehold assets were recognised as assets at a nominal value of \$39,000. At the same time, there were other assets that were inadvertently not brought to account due to the timing of the relocation of the Commission's office premises in 2001. It is considered to be a matter of priority that the Leasehold Improvement assets at Piccadilly Centre is revalued to ensure the accuracy of the Commission's asset values. An Independent valuer, Mr S.J. McMahon AAPI (P&M) of Machinery Valuations Pty Limited provided a revaluation of these assets at fair value, based on a reasonable consideration of age, condition and estimated remaining life.

The Commission's leasehold improvement assets at Redfern's revaluation will be deferred to the 2003-04 reporting period as the sub-lease is due to run for another 18 months and the option period is up for negotiation during this time. These assets are also nearly fully depreciated, unlike the Piccadilly Centre assets.

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Leasehold Improvements \$'000	Computer Equipment \$'000	Plant & Equipment \$'000	WIP \$'000	Total \$'000
2003					
Carrying amount at start of year	597	381	349	–	1,327
Additions	45	130	46	180	401
Disposals	(38)	–	–	–	(38)
Net revaluation increments	428	–	–	–	428
Depreciation w/b on disposal	7	–	–	–	7
Depreciation expense	(396)	(121)	(143)	–	(660)
Carrying amount at end of year	643	390	252	180	1,465

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
13. CURRENT LIABILITIES – PAYABLES		
Accrued salaries, wages and on-costs	221	209
Creditors	35	11
Accrued Expenses	288	404
	<u>544</u>	<u>624</u>
14. CURRENT LIABILITIES – INTEREST BEARING LIABILITIES		
Bank Overdraft	–	242
15. CURRENT / NON CURRENT LIABILITIES – PROVISIONS		
Current		
Employee benefits and related on-costs		
– Recreation leave	611	568
– Payroll tax and fringe benefits tax payable	1	105
Other provisions		
– Provision for Audit Fees	11	–
– LSL On-costs not Assumed by Crown	42	–
– Provision for Redfern lease loss	320	174
	<u>985</u>	<u>847</u>
Non Current		
Other provisions		
– LSL On-costs not Assumed by Crown	75	–
– Provision for Redfern lease loss	237	469
	<u>312</u>	<u>469</u>
Aggregate employee benefits and related on-costs		
Provision – current	1	105
Provision – non current	–	–
Accrued salaries, wages and on-costs (Note 13)	221	209
	<u>222</u>	<u>314</u>

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

Movements in other provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Audit Fees \$'000	LSL On-costs \$'000	Redfern \$'000	Total \$'000
<i>Current</i>				
Carrying amount at the beginning of financial year–	–	–	175	175
Additional provisions recognised, including increases to existing provisions	11	42	584	637
Reductions in provisions from payments or other sacrifices	–	–	439	439
Reductions in provisions from remeasurement or settlement without cost	–	–	–	–
Carrying amount at end of financial year	11	42	320	373
<i>Non Current</i>				
Carrying amount at the beginning of financial year	–	–	469	469
Additional provisions recognised, including increases to existing provisions	–	75	–	75
Reductions in provisions from payments or other sacrifices	–	–	232	232
Reductions in provisions from remeasurement or settlement without cost	–	–	–	–
Carrying amount at end of financial year	–	75	237	312

	2003 \$'000	2002 \$'000
16. CURRENT / NON CURRENT LIABILITIES – OTHER		
Recurrent Allocation	386	–
Capital Allocation	19	–
Liability to Consolidated Fund	405	–
17. CHANGES IN EQUITY		
Surplus/(Deficit) for the year	180	(938)
Asset Revaluation Reserve	428	–
Changes in Equity	608	(938)
Accumulated Funds as at 1 July	(733)	205
Surplus/(Deficit) for the year	180	(938)
Accumulated Funds as at 30 June	(553)	(733)

The Asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets in accord with the Treasury's policy on the "Revaluation of Physical Non-Current Assets" and AASB 1041.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
18. COMMITMENTS FOR EXPENDITURE		
(a) Capital Expenditure Commitments		
Not later than one year	164	–
Later than one year and not later than five years	–	–
Later than five years	–	–
Total (including GST)	164	–
The total “capital lease commitments” above includes potential input tax credits of \$14,934 (30 June 2002 – Nil) that are expected to be recoverable from the ATO.		
(b) Other Expenditure Commitments		
Aggregate other expenditure for the acquisition of goods/services contracted for at balance date and not provided for:		
Not later than one year	347	–
Later than one year and not later than five years	–	–
Later than five years	–	–
Total (including GST)	347	–
(c) Operating Lease Commitments		
Future non-cancellable operating lease rental not provided for and payable:		
Not later than one year	1,842	1,571
Later than one year and not later than five years	6,794	5,918
Later than five years	2,482	3,398
Total (including GST)	11,118	10,887
The total “operating lease commitments” above includes potential input tax credits of \$1.010M (30 June 2002 – \$0.988M) that are expected to be recoverable from the ATO.		
The operating lease commitments represent the eight-year lease for the current premises, IT equipment, photocopiers and varying motor vehicle lease arrangements.		
19. CONTINGENT LIABILITIES		
There are no known significant contingent liabilities at the balance date (30 June 2002 – \$Nil).		
20. BUDGET REVIEW		
Net cost of services		
There was a variance between budgeted and actual net cost of services of \$143,000 which can be attributed to salaries and other employee related expenses. The reason for this under-expenditure is due to unanticipated delays in the filling of staff vacancies throughout the financial year.		
Assets and liabilities		
Current assets were \$313,000 more than budgeted due to the GST input tax credit receivable and prepayments of rent and other contractual agreements.		
Non-current assets positive variance of \$188,000 was the result of a revaluation of the Commission's leasehold improvements as at 1 July 2002.		
Current liabilities were \$429,000 higher than budget due to the recognition of a liability to consolidated fund of \$405,000 for the 2002-03 financial year. This is offset by the variance in non-current liabilities of \$157,000 resulting from the more accurate re-classification of the provision for Redfern lease loss into current and non-current for the 2002-03 financial year.		
Cash flows		
The variance in net cash flows can be attributed to under-expenditure in employer related expenses and the deferral of planned capital expenditure.		

Notes to and forming part of the Financial Statements
for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		
Net Cash Used on Operating Activities	670	82
Depreciation and amortisation	(660)	(609)
Acceptance by Crown Entity of employee benefits and other liabilities	(1,006)	(919)
Decrease/(increase) in provision for employee benefits	(67)	(488)
Increase/(decrease) in prepayments and other assets	506	(145)
Decrease/(increase) in payables	166	134
Net gain/(loss) on sale of assets	(30)	24
Consolidated Fund Recurrent Allocation	(14,517)	(15,524)
Consolidated Fund Capital Allocation	(401)	(250)
Liability to Consolidated Fund	(405)	64
Net Cost of Services	(15,744)	(17,631)

End of audited financial statements



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Appendix 1 ■ Strategic plan 2003-2007

Our mission

Combat corruption and improve the integrity of the NSW public sector.

Our role

The ICAC was established to investigate and minimise corruption in the NSW public sector.

Responsibility for the management of corruption risks rests with individual organisations. The ICAC focuses on investigating and undertaking minimisation work with organisations that are unable or unwilling to do so, or where the public interest warrants intervention.

We investigate corruption by:

- targeting serious and systemic corruption and corruption opportunities in the NSW public sector
- establishing facts and referring matters to others to consider prosecution, discipline and preventative actions
- recommending systemic changes to prevent corruption from recurring
- conducting hearings and producing reports on our investigations.

We minimise corruption by:

- giving public sector agencies advice, guidance and information
- reinforcing with each public sector agency its responsibility for minimising corruption
- deterring corruption through investigation and public exposure
- promoting an ethical climate so that public sector agencies and individuals are encouraged to act against corruption.

Our values

We are committed to certain fundamental values in all our interactions with public sector agencies, other organisations, individuals and our staff.

Our values are to:

- advance the public interest
- act ethically and with integrity
- be fair, impartial and accountable
- strive for excellence
- be tenacious and professional in pursuing our aim
- respect each other and work collaboratively
- preserve the ICAC's independence.

What we can do

- investigate the conduct of any individual having public official functions or acting in a public official capacity in NSW – this includes the Governor, Members of Parliament, Local Government (both Councillors and Council staff), judges and magistrates, and employees of NSW Government departments and organisations.
- make findings of corrupt conduct against individuals in our public investigation reports
- make recommendations that the Director of Public Prosecutions consider prosecuting individuals, or that organisations consider taking disciplinary action
- use legislative powers of coercion to assist in our investigations.

What we cannot do

Unless the NSW public sector is involved, the ICAC does not have power to investigate:

- private sector matters
- issues arising in other States or Territories
- federal parliamentarians, departments or agencies
- matters solely concerning police.

The ICAC is not a court. It cannot find people guilty or innocent of criminal charges.

The ICAC cannot make decisions for other agencies or overrule their decisions.

Our key result areas and objectives

1. Investigating corruption

- Take a proactive approach to detecting and investigating corrupt conduct
- Tailor approaches in dealing with corruption prevention issues identified through investigations
- Ensure a best practice approach for all investigations
- Enhance complaint handling processes
- Develop strategic alliances to optimise investigative outcomes.

2. Preventing corruption

- Provide a range of strategies to develop the public sector's capacity to resist and appropriately respond to corruption
- Provide guidance and advice to the NSW public sector on issues that may lead to corrupt conduct if unchecked
- Improve community confidence in reporting corruption.

3. Accountability

- Provide timely, accurate and relevant reporting to the Operations Review Committee and the NSW Parliamentary Joint Committee
- Ensure delivery of agreed business outputs

- Ensure all business activity complies with all regulatory requirements and standards requirements
- Report publicly about the work of the Commission.

4. Our organisation

- Continue to develop as a learning organisation that embraces a culture of continuous improvement, excellence and sharing of knowledge
- Provide a safe, equitable, productive and satisfying workplace
- Be a lead agency in our governance and corporate infrastructure
- Monitor our performance to ensure work quality and effective resource management.

Accountability and performance

Accountability

The ICAC is a statutory authority constituted by the *Independent Commission Against Corruption Act 1988*. We are accountable to the people of New South Wales through the Parliamentary Joint Committee (PJC) for the ICAC. The PJC is made up of Parliamentarians to monitor and review the ICAC's activities and published reports. It can also examine trends, methods and practices in corrupt conduct. By answering to Parliament rather than to Executive Government, the ICAC retains its independence while remaining accountable.

Another means of accountability is the Operations Review Committee (ORC) that is established under the ICAC Act. The Committee includes the ICAC Commissioner, representatives from the community and key Government agencies. The Committee serves to advise the ICAC Commissioner whether the ICAC should investigate a complaint or discontinue the investigation of such a complaint. The Committee can also advise the Commissioner on other matters the Commissioner refers to it.

Performance

The performance of the ICAC is monitored and reported on in a number of ways. These include:

- reports to the Parliament
- public reports on the outcomes of investigations and corruption
- prevention projects
- annual reports
- the ICAC website.

Performance measures

We report the following information in our Annual Report.

Investigating Corruption

- matters reported to the ICAC
- matters assessed within appropriate timeframes
- investigations undertaken
- investigations finalised within six months
- public and private hearing days held
- reports produced.

Preventing Corruption

- corruption prevention advice provided to external organisations
- Corruption Resistance Reviews conducted
- Rural and Regional Outreach Strategy visits conducted.

Accountability

- determinations accepted by the ORC
- meetings with the PJC
- compliance with legislative requirements.

Our Organisation

- performance agreements in place and linked to corporate objectives
- deliver a staff development program that addresses technical, professional and management learning needs
- continued commitment to developing corporate information management services that enable better business outcomes.

Appendix 2 ■ Complaints profile

Table 5

Allegations contained in complaints and notifications (section 10, section 11 and protected disclosures) received during 2002-2003

	Section 10	Section 11	Protected disclosures	Total	%
Favouritism/nepotism	174	56	66	319	12.3
Misuse of public resources	88	201	49	349	13.5
Fabricating or falsifying information/fraud/forgery	73	80	30	200	7.7
Bribery/gifts/secret commissions	125	94	21	261	10.1
Breach of policy/procedures	111	100	37	282	10.9
Failure to disclose conflict of interest	96	46	28	176	6.8
Harassment/victimisation/discrimination	56	28	41	142	5.5
Collusion	74	19	19	124	4.8
Failure to take action on corruption	54	15	22	117	4.5
Improper use of information	49	41	9	107	4.1
Failure to advertise properly e.g. tenders, employment, DA/BA	23	6	13	45	1.7
Failure to document systems/lack of internal documents/lack of systems	12	12	7	40	1.5
Perverting the course of justice/evidence tampering	26	7	5	45	1.7
Threats/extortion/blackmail/undue influence	27	13	8	51	2.0
Negligence	24	10	3	49	1.9
Sexual assault/sexual misconduct/sexual harassment	2	21	3	27	1.0
Traffick and/or use of drugs and/or alcohol	6	16	2	26	1.0
Assault	2	38	2	44	1.7
Other illegal behaviour	15	18	7	53	2.0
Perjury	2	0	0	2	0.1
Other	31	26	2	83	3.2
Unspecified/not applicable	10	9	1	51	2.0
Total	1,080	856	375	2,593	100

Table 6
Allegations of suspected corruption by type received 2002-2003 compared to previous two years

	2000-2001	%	2001-2002	%	2002-2003	%
Favouritism/nepotism	268	13.0	299	16.1	319	12.3
Misuse of public resources	360	17.5	269	14.5	349	13.5
Fabricating or falsifying information/fraud/forgery	211	10.3	166	9.0	200	7.7
Bribery/gifts/secret commissions	122	5.9	145	7.8	261	10.1
Breach of policy/procedures	124	6.0	143	7.7	282	10.9
Failure to disclose conflict of interest	159	7.7	124	6.7	176	6.8
Harassment/victimisation/discrimination	166	8.0	117	6.3	142	5.5
Collusion	86	4.2	100	5.4	124	4.8
Failure to take action on corruption	119	5.8	90	4.8	117	4.5
Improper use of information	86	4.2	76	4.1	107	4.1
Failure to advertise properly e.g. tenders, employment, DA/BA	50	2.4	42	2.3	45	1.7
Failure to document systems/lack of internal documents/lack of systems	81	3.9	41	2.2	40	1.5
Perverting the course of justice/evidence tampering	29	1.4	39	2.1	45	1.7
Threats/extortion/blackmail/undue influence	52	2.5	35	1.9	51	2.0
Negligence	35	1.7	30	1.6	49	1.9
Sexual assault/sexual misconduct/sexual harassment	15	0.7	25	1.3	27	1.0
Traffick and/or use of drugs and/or alcohol	11	0.5	25	1.3	26	1.0
Assault	16	0.8	18	1.0	44	1.7
Other illegal behaviour	18	0.9	16	0.9	53	2.0
Perjury	2	0.1	4	0.2	2	0.1
Other	22	1.1	28	1.5	83	3.2
Unspecified/not applicable	26	1.3	20	1.1	51	2.0
Total	2,058	100	1,852	100	2,593	100

Table 7

Types of workplace activity described for complaints and notifications (section 10, section 11 and protected disclosures) received, and all matters considered during 2002-2003

	Section 10	Section 11	Protected disclosures	All matters considered
Building and development	316	51	26	434
Staff matters	143	116	150	429
Use of public resources	96	216	54	386
Law enforcement	118	143	14	316
Purchase of goods	115	88	72	294
Government services	83	70	12	191
Use of information	49	37	11	106
Licensing/qualifications/certificates	31	22	6	66
Disposal of public assets	18	24	6	51
Elections	14	2	4	23
Reporting corruption	8	3	8	19
Other/unspecified	89	84	12	278
Total	1,080	856	375	2,593

Table 8

Types of workplace activity for all matters considered during 2002-2003 compared to previous two years

	2000-2001	%	2001-2002	%	2002-2003	%
Building and development	294	12.8	415	20.1	434	16.7%
Staff matters	489	21.2	376	18.2	429	16.5%
Use of public resources	455	19.8	341	16.5	386	14.9%
Law enforcement	196	8.5	193	9.4	316	12.2%
Purchase of goods	232	10.1	187	9.1	294	11.3%
Government services	222	9.6	169	8.2	191	7.4%
Use of information	108	4.7	97	4.7	106	4.1%
Licensing/qualifications/certificates	67	2.9	61	3	66	2.5%
Disposal of public assets	53	2.3	50	2.4	51	2.0%
Elections	23	1.0	24	1.2	23	0.9%
Reporting corruption	81	3.5	24	1.2	19	0.7%
Other/unspecified	85	3.7	126	6.1	278	10.7%
Total	2,303	100	2,063	100	2,590	100%

Appendix 3 ■ Prosecutions and disciplinary actions arising from ICAC investigations during 2002-2003

Table 9

Prosecution proceedings during 2002-2003 on matters dealt with under current Commissioner

Investigation into the handling of applications for public housing by an officer of the Department of Housing (Operation Hotspur)

Name	Steve (Stanko) Klimoski
Nature of offences recommended	1 x s.249B Crimes Act (corrupt payment)
Date of action/advice received	Under consideration by DPP
Result	Awaiting outcome
Name	Tony Severino
Nature of offences recommended	1 x s.249F Crimes Act (aiding and abetting the receipt of corrupt benefit); s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	Under consideration by DPP
Result	Awaiting outcome

Investigation into conduct concerning the Woodward Park project (Operation Hydra)

Name	Larkin, Stephen
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	4 March 2003 – preliminary brief to DPP
Result	Awaiting outcome

Investigation into the conduct of officers and students at the University of Technology, Sydney (Operation Tudor)

Name	Toto Sujanto
Nature of offences recommended	19 x s.308 Crimes Act (alter computer records); 6 x s.249B Crimes Act (corrupt payment); 1 x s.80(c) ICAC Act (mislead officer of the Commission); 1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	3 April 2003 – DPP recommended 17 charges
Result	Awaiting outcome
Name	Edwin Sidata
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	3 April 2003 – DPP recommended 1 charge
Result	Awaiting outcome

Investigation into corrupt conduct associated with development proposals at Rockdale City Council (Operation Trophy)

Name	Smyrnis, Andrew
Nature of offences recommended	3 x s.249B Crimes Act (corrupt payment); 3 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 February 2003 – preliminary advice from DPP – Brief to DPP for consideration on 12 June 2003 (1 x s.87)
Result	Awaiting outcome
Name	McCormick, Adam
Nature of offences recommended	2 x s.249B Crimes Act (corrupt payment); 2 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 February 2003 – preliminary advice from DPP
Result	Awaiting outcome
Name	Limberis, Manuel
Nature of offences recommended	1 x s.249F Crimes Act (aiding & abetting a corrupt benefit); 2 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 February 2003 – preliminary advice from DPP – Brief to DPP for consideration on 12 June 2003 (1 x s.87)
Result	Awaiting outcome

Name	Chartofilis, Con
Nature of offences recommended	1 x s.249B Crimes Act (corrupt payment); 1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 February 2003 – preliminary advice from DPP
Result	Awaiting outcome
Name	Retsos, Tony
Nature of offences recommended	1 x s.249F Crimes Act (aiding & abetting corrupt benefit or conspiracy to commit bribery); 1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 February 2003 – preliminary advice from DPP
Result	Awaiting outcome
Name	Andriotakis, Terry
Nature of offences recommended	1 x s.249B Crimes Act (corrupt payment)
Date of action/advice received	5 February 2003 – preliminary advice from DPP
Result	Awaiting outcome

Investigation into the matters concerning John Kite and the National Parks and Wildlife Service (Operation Meteor)

Name	Kite, John
Nature of offences recommended	2 x s.319 Crimes Act (attempt to pervert the course of justice); 2 x s.327 Crimes Act (perjury); 3 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	2 April 2003 – initial advice – further material being considered by DPP
Result	Awaiting outcome
Name	Ryan, Susanne
Nature of offences recommended	2 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	2 April 2003 – initial advice – further material being considered by DPP
Result	Awaiting outcome

Wentworth Area Health Service

Name	Carroll, Stephen
Nature of offences recommended	1 x s.188 Crimes Act (attempting to dispose of stolen property); 1 x s.188 Crimes Act (receiving stolen property); 1 x s.527C(1)(a) Crimes Act (goods in custody)
Date of action/advice received	23 September 2002 – plea of guilty to 1 x s.188 (attempting to dispose of stolen property) and 1 x s.527C(1)(a) Crimes Act (goods in custody)
Result	Offences proven – no conviction recorded – discharged pursuant to s.10 of the Crimes (Sentencing Procedure) Act – two-year good behaviour bond. Security licences revoked by NSW Police
Name	Connell, Benjamin
Nature of offences recommended	1 x s.112(1) Crimes Act (break enter and steal); 1 x s.156 Crimes Act (larceny as a servant)
Date of action/advice received	7 November 2002 – Plea of guilty to 1 x s.156 Crimes Act; 1 x s.112(1) charge withdrawn by consent
Result	Convicted of larceny as a servant – one-year good behaviour bond. Security licences revoked by NSW Police

Investigation Philidor

Name	Steven Pambris
Nature of offences recommended	2 x s.249B Crimes Act (corrupt payment)
Date of action/advice received	15 May 2003 – DPP recommended 3 x s.249B – corruptly offer benefit
Result	Awaiting outcome

**Appendix 3 ■ Prosecutions and disciplinary actions arising from ICAC investigations during 2002-2003
(continued)**

E01/0111

Name	Mulvey, Nigel
Nature of offences recommended	3 x s.249B Crimes Act (corrupt payment)
Date of action/advice received	25 March 2003
Result	Pleaded guilty to 3 x s.249B charges. Sentenced – good behaviour bond of 12 months

Investigation into aspects of greyhound racing industry (Operation Muffat)

Name	Rodney Wayne Potter
Nature of offences recommended	3 x s.249B Crimes Act (corrupt payment) or common law bribery; 1 x common law offence of conspiracy to cheat and defraud
Date of action/advice received	3 April 2003 – DPP advised that evidence sufficient to proceed on 8 counts under s.249B Crimes Act
Result	Awaiting outcome
Name	Ronald Henry Gill
Nature of offences recommended	1 x s.249B Crimes Act (corrupt payment); 1 x common law offence of conspiracy to cheat and defraud; 8 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	9 August 2001 – brief to DPP – waiting for induced statement to be signed before can advise
Result	Awaiting outcome
Name	Kenneth Edward Howe
Nature of offences recommended	1 x s.249B Crimes Act (corrupt payment)
Date of action/advice received	9 August 2001 – brief to DPP – waiting for induced statement to be signed before can advise
Result	Awaiting outcome
Name	Raymond Thomas King
Nature of offences recommended	1 x s.249F Crimes Act (aiding and abetting corrupt payment)
Date of action/advice received	9 August 2001 – brief to DPP – waiting for induced statement to be signed before can advise
Result	Awaiting outcome
Name	Andrea Sarcasmo
Nature of offences recommended	1 x s.249B Crimes Act (corrupt payment); 6 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	9 August 2001 – brief to DPP – waiting for induced statement to be signed before can advise
Result	Awaiting outcome
Name	Rodney Bragg
Nature of offences recommended	1 x common law offence of conspiracy to cheat and defraud; 3 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	8 April 2003 – DPP advice – two charges to be laid – 1 x common law offence of conspiracy to cheat and defraud; 1 x s.87 ICAC Act
Result	Awaiting outcome

Investigation into the conduct of an officer of Hastings Shire Council (Operation Obrecht)

Name	Schmitzer, Terry
Nature of offences recommended	1 x s.249B Crimes Act (corrupt payment)
Date of action/advice received	2 October 2002
Result	Plea not guilty to 1 x s.249B. Information dismissed

Table 10**Prosecution proceedings during 2002-2003 on matters dealt with under previous Commissioners***Investigation into the conduct of staff of the Roads and Traffic Authority and others (Operation Jommelli)**

Name	Grech, Oscar
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	11 September 2002
Result	DPP advice – insufficient evidence
Name	Henderson, David
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	20 January 2003
Result	Sentenced to 2 months imprisonment
Name	Jovellanos, Erwina
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	16 September 2002
Result	DPP advice – insufficient evidence.
Name	Manalansang, Levi
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	30 June 2003
Result	DPP advice – insufficient evidence – witness unwilling to give evidence.
Name	Manning, Howard
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	11 September 2002
Result	DPP advice – for discretionary reasons no recommendation made to commence criminal proceedings.
Name	Maskaleh, Hatem
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	11 September 2002
Result	DPP advice – insufficient evidence.
Name	Salameh, Fadi
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	3 October 2002
Result	DPP advice – insufficient evidence.
Name	Salameh, Jamal
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	11 September 2002
Result	DPP advice – insufficient evidence.
Name	Skaf, Rayed
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	14 May 2003
Result	DPP advice – insufficient evidence due to unwillingness of one witness to give evidence.
Name	Tandog, Purisima
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	16 September 2002
Result	DPP advice – insufficient evidence.

* Further charges were recommended against other persons whose conduct was examined during the investigation. The conduct of proceedings against those persons was conducted primarily by the NSW Police Service. Those prosecution proceedings are not reported here.

Appendix 3 ■ Prosecutions and disciplinary actions arising from ICAC investigations during 2002-2003 (continued)

Investigation into the conduct of Sam Masri, former purchasing officer, Liverpool City Council (Operation Benda)

Name	Masri, Sam
Nature of offences recommended	3 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	19 May 2003 – summonses issued
Result	Awaiting outcome.

Investigation into disposal of waste & surplus assets in Transgrid, Pacific Power and Integral Energy (Operation Coruna)

Name	Thomas, Peter
Nature of offences recommended	2 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	26 July 2002
Result	Guilty plea. Sentenced to six months home detention.

Investigation into the conduct of officers of the former State Rail Authority of NSW (Operation Aroo A)

Name	Christopher, Philip Alan
Nature of offences recommended	1 x s.156 Crimes Act (larceny by clerk or servant); 2 x s.249B Crimes Act (corrupt payment); 1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	22 February 2003
Result	Pleaded guilty to 1 x s.87 offence. Sentenced 12 months fixed term – suspended
Name	Zuev, George
Nature of offences recommended	1 x s.300 Crimes Act (make false instrument); 1 x s.249B Crimes Act (corrupt payment); 1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 July 2002 – 1 x s.87 ICAC Act recommended
Result	Pleaded guilty to 1 x s.87 offence. Sentenced 12 months fixed term – suspended

(Operation Aroo B)

Name	Kojic, Branislav
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	6 November 2002
Result	Pleaded guilty to 1 x s.87 offence. Sentenced to 250 hours community service order. (Crown appealed on sentence – sentence held to be inadequate but as CSO already performed, appeal dismissed on double jeopardy principles on 2 May 2003.)

(Operation Aroo C)

Name	Swann, John
Nature of offences recommended	48 x s.178BB Crimes Act (make false statement with intent to obtain financial advantage)
Date of action/advice received	24 February 2003
Result	DPP advised on recommended charges subject to additional statements being obtained

Investigation into Aboriginal Land Councils in New South Wales – four reports (Operation Zack)

Name	Green, Gary Raymond
Nature of offences recommended	1 x s.87 ICAC Act (giving false or misleading evidence); 1 x s.80(c) ICAC Act (mislead an officer of the Commission)
Date of action/advice received	14 April 2003 – magistrate exercised discretion under s.90 Evidence Act to exclude evidence
Result	Dismissed

Investigation into the Glebe Morgue (Operation Sublime)

Name	Manning, Michael
Nature of offences recommended	1 x s.249B Crimes Act (make corrupt payment); 3 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 August 2002
Result	Convicted on 3 counts x s.87 ICAC Act (guilty plea). Sentenced 8 months fixed term – suspended
Name	Manning, John
Nature of offences recommended	1 x s.249B Crimes Act (make corrupt payment); 2 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	5 August 2002
Result	Convicted on 2 counts 2 x s.87 ICAC Act (guilty plea). Sentenced 6 months fixed term – suspended

Investigation into the Department of Corrective Services – four reports (Operation Cadix)

Name	Attallah, Joseph
Nature of offences recommended	2 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	13 June 2003 – hearing date to be set
Result	Awaiting outcome
Name	Brown, Robert
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	13 May 2003 – summons returnable on 1 count under s.87
Result	Awaiting outcome
Name	Kalache, Nasser
Nature of offences recommended	4 x s.87 ICAC Act (false or misleading evidence)
Date of action/advice received	13 May 2003 – summonses returnable – 4 x s.87 charges
Result	Awaiting outcome
Name	Kelly, Leslie
Nature of offences recommended	1 x s.327 Crimes Act (perjury – knowingly provide wrong information to Court for compensation)
Date of action/advice received	6 December 2002
Result	Sentenced to 9 months imprisonment, with 6 months minimum term – to be served as home detention

Appendix 3 ■ Prosecutions and disciplinary actions arising from ICAC investigations during 2002-2003 (continued)

Table 11

Disciplinary action proceedings arising from matters dealt with under current Commissioner – advice received during 2002-2003

Investigation into the matters concerning John Kite and the National Parks and Wildlife Service (Operation Meteor)

Name	Susanne Ryan
Nature of offences recommended	2 x s.66(1)(b) and/or (f) of the Public Sector Management Act 1988
Date of action/advice received	4 June 2003
Result	Dismissed – with effect from 8 July 2003

Investigation into conduct of officers of the Greyhound Racing Authority (Operation Muffat)

Name	Howe, Kenneth Edward
Nature of action	5 x breach of Greyhound Racing Authority Rule 9(4)(a) (misconduct)
Date of action/advice received	21 December 2001
Result	Supreme Court appeal arguing Regulatory Committee biased dismissed by Adams J. Appeal lodged with Court of Appeal
Name	King, Raymond Thomas
Nature of action	4 x breach of Greyhound Racing Authority Rule 9(4)(a) misconduct
Date of action/advice received	21 December 2001
Result	Supreme Court appeal arguing Regulatory Committee biased dismissed by Adams J. Appeal lodged with Court of Appeal

Table 12

Disciplinary action proceedings arising from matters dealt with under previous Commissioners – advice received during 2002-2003.

Investigation into matters arising from the tender for an integrated public transport ticketing system (Operation Bourbon)

Name	Anthony Kambouris
Nature of offences recommended	Information and evidence collected referred to State Rail Authority for consideration of disciplinary proceedings
Date of action/advice received	10 July 2003
Result	24 June 2003 – Kambouris dismissed in relation to fourteen (14) misconduct allegations. Appeal lodged with Transport Appeals Board – awaiting outcome

Investigation into conduct of officers of Department of Corrective Services and others (Operation Cadix)

Name	Johanna Cunningham
Nature of offences recommended	Professional misconduct and/or unsatisfactory misconduct pursuant to Part 5 of the Nurses Act 1991
Date of action/advice received	3 March 2003 – decision of Nurses Tribunal
Result	Deregistered – not to reapply for 3 years

Appendix 4 ■ Implementation of recommendations for reform arising from ICAC investigations

ICAC has a continuing program to monitor and report on developments in building corruption resistance in the NSW public sector. Where corruption prevention recommendations are made as part of an investigation report agencies are asked to report back to us on the implementation of the recommendations. This appendix sets out the information received from such agencies regarding the implementation of these recommendations in 2002-2003. The appendix reports on the number and proportion of recommendations that agencies state have been addressed. A recommendation is considered to be addressed when it has either been implemented, where action is being taken to implement it, or where the agency has considered the recommendation and found an alternative way of addressing the issue. In some cases a number of different agencies are responsible for implementing recommendations from the same investigation.

Investigation report	Last progress report	Agency or agencies responsible for implementation	Number of recommendations	Number addressed	Proportion addressed
Investigation into dealings between Homfray Carpets and the Department of Housing – September 1990	August 2003	Department of Housing	6	6	100%
Integrity in public sector recruitment – March 1993	July 2003	Premier's Department	12	11	92%
Investigation into Randwick City Council – February 1995	July 2003	Department of Local Government Department of Infrastructure, Planning and Natural Resources	9	7	78%
Report on investigation into Aboriginal Land Councils in NSW: CP & R Volume – April 1998	September 2003	NSW Aboriginal Land Council Department of Aboriginal Affairs Registrar of the Aboriginal Land Rights Act	26	22	85%
A major investigation into corruption in the former State Rail Authority of New South Wales – June 1998	August 2003	State Rail	15	15	100%
Investigation into the disposal of waste and surplus assets in Transgrid, Pacific Power and Integral Energy – June 1998	July 2003	Transgrid Integral Energy (Pacific Power recommendations all implemented prior to 2002-2003)	17	11	65%
Investigation into the conduct of a senior inspector with the Department of Gaming and Racing – September 1998	July 2003	Department of Gaming and Racing	4	4	100%
Investigation into the Department of Corrective Services First Report: Conduct of prison officer Toso Lila (Josh) Sua and matters related thereto – February 1998	May 2003	Department of Corrective Services	10	10	100%
Investigation into the Department of Corrective Services Second Report: Inappropriate relationships with inmates in the delivery of health services – November 1998	May 2003	Department of Corrective Services	11	11	100%
Investigation into the Department of Corrective Services Third Report: Betrayal of Trust: The activities of two correctional officers – June 1999	May 2003	Department of Corrective Services	4	4	100%
Report on Investigation into the Disposition of Funds Remaining in the Accounts of the Former Illawarra Development Board (1987-1990) – October 1999	July 2003	Premier's Department	7	7	100%
Report on conduct of Mr Sam Masri, former purchasing officer, Liverpool City Council – November 1999	July 2003	Liverpool City Council	38	37	97%
The greyhound report: Investigation into aspects of the greyhound racing industry – August 2000	February 2003	Greyhound Racing Authority	16	16	100%
Rebirthing motor vehicles: Investigation into the conduct of staff of the Roads and Traffic Authority and others – November 2000	August 2003	Roads and Traffic Authority	16	16	100%
Garbage drains and other things: An examination of conduct of two Liverpool City Council contractors – July 2001	July 2003	Liverpool City Council	7	7	100%
Preserving paradise: Good governance guidance for small communities – Lord Howe Island – November 2001	August 2003	Lord Howe Island Board Minister of the Environment Transport Authority	40	35	88%
Investigation into the conduct of officers and students at University of Technology, Sydney – August 2002	Feedback will be requested in 2003-04	University of Technology, Sydney	8	N/A	N/A
Investigation into handling of applications for public housing by an officer of the Department of Housing – May 2003	Feedback will be requested in 2003-04	Department of Housing	16	N/A	N/A
Investigation into dealings between Thambiah Jeevarajah, an engineer employed by the Department of Housing, and the construction company Australian Colour Enterprises Pty Ltd – May 2003	Feedback will be requested in 2003-04	Department of Housing	5	N/A	N/A

LEGAL REPORTING

Appendix 5 ■ The ICAC and litigation

The ICAC has been involved in two litigation matters during the reporting year.

Hagan v ICAC

Patricia Hagan filed a summons in the NSW Court of Appeal on 28 May 2001. She sought declaratory relief against a decision by the ICAC, on the advice of the Operations Review Committee to discontinue the investigation of an allegation she had made concerning corrupt conduct by a public official. The matter was remitted by consent to the Common Law Supreme Division of the NSW Supreme Court in June 2001. In her statement of claim Ms Hagan claims that the ICAC by not providing reasons for discontinuance of the investigation breached the rules of natural justice and there appeared to be a reasonable apprehension of bias from the Commissioner in the manner in which the complaint was dealt.

Since the proceedings have been commenced there have been a number of interlocutory applications including a successful application by the ICAC to set aside a subpoena issued by Ms Hagan and directed to the ICAC which was determined in October 2001. Ms Hagan subsequently filed a Notice of Motion seeking the appointment of a Justice from outside of NSW to hear the substantive application. In August 2002 that application was dismissed by Justice Dunford in the Supreme Court and a later appeal from that decision by Ms Hagan to the Court of Appeal was also dismissed. Ms Hagan has now lodged a Notice of Motion seeking leave to administer interrogatories upon the ICAC which is listed for hearing on 7 and 8 October 2003. The substantive matter is yet to be listed for hearing. The Crown Solicitor's Office has the conduct of the proceedings on behalf of the ICAC.

Complaint under the *Anti-Discrimination Act 1977* (NSW)

In March 2003 a former employee lodged a claim against the ICAC with the Anti-Discrimination Board (ADB) alleging discrimination against her by the ICAC on the basis of her being a carer and her pregnancy. At the time the application was lodged the former employee had resigned from the ICAC. The application was lodged out of time and required leave of the ADB President to be pursued further. The ADB invited submissions from the ICAC as to whether leave should be granted to the applicant. In May 2003 the acting President of the ADB declined to grant leave and the application was dismissed.

Appendix 6 ■ Legal changes

There were no major legal changes that affected the ICAC during the last reporting year.

Appendix 7 ■ Complaints about ICAC

In line with the objectives for the *Protected Disclosures Act 1994*, the ICAC has internal procedures for reporting and dealing with protected disclosures made by ICAC staff. The Code of Conduct and other policies and procedures make it clear that the ICAC is committed to ensure that those who make protected disclosures do not suffer detrimental action as a result of making such disclosures.

During the year the ICAC did not receive any internal complaints or protected disclosures from staff.

One complaint against a member of staff was received from a person outside the organisation. In accordance with the ICAC's complaints policy, the Solicitor to the Commission handled this complaint. Investigations into the complaint were conducted including an interview with the subject of the complaint. There was found to be no substance to the allegation. As the complaint however involved an allegation of corrupt conduct it was also referred to the ORC. The ORC accepted the recommendation that it not be further investigated.

Appendix 8 ■ Privacy and personal information

In accordance with the *Privacy and Personal Information Protection Act 1998*, the ICAC developed a Privacy Management Plan. The ICAC continues to operate against that Management Plan.

No reviews have been required or conducted pursuant to Part 5 of the Act.

Appendix 9 ■ Statement of Affairs

Each agency covered by the *Freedom of Information Act 1989* (FOI Act) is required by the FOI Act to publish an Annual Statement of Affairs.

The ICAC's administrative, research and educational roles are covered by the FOI Act. Our corruption prevention, complaint handling, investigative and report functions are exempt.

The ICAC is committed to public awareness and involvement in its activities. General inquiries, whether by post, telephone, e-mail or visit, are welcome. Where an enquiry cannot be satisfied through such contact, then formal application can be made to the Solicitor to the Commission who is the ICAC's FOI Officer.

ICAC contact details are shown at the front of this Annual Report.

Freedom of Information procedures

Arrangements can be made to obtain or to inspect copies of available documents at the ICAC by contacting the Solicitor to the Commission. Formal requests made under the FOI Act for access to documents held by the ICAC should be accompanied by a \$30.00 application fee, and be sent to the Solicitor to the Commission. Persons wishing to be considered for a reduction in fees should set out reasons with their applications. Those holding a current Health Care Card are eligible for a 50 percent reduction.

Appendix 10 ■ Freedom of Information

Structure and functions

The ICAC's organisational structure is shown in Appendix 15. The ICAC's functions are broadly to investigate allegations of corruption, to prevent corruption and to educate the public. They are described comprehensively in the body of this Annual Report.

Effect of functions on the public and arrangements for public participation

The public can participate directly in the ICAC's work by providing information to the ICAC about suspected corrupt conduct in or affecting the NSW Public Sector. You can give this information by telephone, letter, e-mail or personal visit.

Four members of the public are appointed to the ICAC's Operations Review Committee. This has the role of ensuring that the ICAC properly deals with complaints received from the public.

Members of the public can attend and observe the ICAC's public hearings, which are advertised in metropolitan newspapers for Sydney hearings and metropolitan and regional or country newspapers for public hearings outside Sydney.

Members of the public can obtain ICAC reports on investigations and view most transcript and documentation evidence from public hearings. Anyone wishing to read such transcripts is welcome to contact the ICAC and make arrangements to visit the premises for this purpose. Transcripts of recent public hearings can also be accessed via the website.

The ICAC is accountable to the public through the Parliament, specifically through the Parliamentary Joint Committee on the ICAC. The functions and membership of this Committee are described in this Annual Report. Members of the public can make comments to the Committee about how the ICAC does its work and suggest changes. Members of the public can also make such comments directly to the ICAC by writing to the Commissioner.

Documents held by the ICAC

The following categories of ICAC documents are covered by the FOI Act:

- research reports
- administrative policy documents (such as personnel policies)
- general administration documents (such as accounts and staff records).

Members of the public may contact the Solicitor to the Commission to clarify which documents may be available under FOI legislation.

ICAC publications produced in 2002-2003 are listed in Appendix 11. They include investigation reports, corruption prevention reports and educational material. The ICAC also publishes brochures about the ICAC's activities and procedures.

These publications are also available, free of charge, on the ICAC website.

Freedom of Information requests for 2002-2003

The FOI requests received in 2002-2003 are summarised in the tables below.

Section A: Numbers of new FOI requests –

information about the numbers of new FOI requests received, those processed, and those incomplete from the previous period.

FOI Requests	Personal	Other	Total
A1 New (including transferred in)	1	3	4
A2 Brought forward 1	0	0	0
A3 Total to be processed	0	0	4
A4 Completed	1	3	4
A5 Transferred out	0	0	0
A6 Withdrawn	0	0	0
A7 Total processed	1	3	4
A8 Unfinished (carried forward)	0	0	0

Section B: What happened to completed requests?

completed requests are those on line A4 above.

Result of FOI Request	Personal	Other
B1 Granted in full	1	0
B2 Granted in part	0	1
B3 Refused	0	2
B4 Deferred	0	0
B5 Completed	1	3

Section C: Ministerial Certificates –

the number of certificates issued during the period.

C1 Ministerial Certificates issued	0
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Section D: Formal consultations –

the number of requests requiring consultations (issued) and total number of formal consultation(s) for the period.

	Issued	Total
D1 Number of requests requiring formal consultation(s)	0	0

Section E: Amendment of personal records –

the number of requests for amendment processed during the period.

Result of Amendment Request	Total
E1 Result of amendment – agreed	0
E2 Result of amendment – refused	0
E3 Total	0

Section F: Notation of personal records –

the number of requests for notation processed during the period.

F3 Number of requests for notation	0
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Appendix 10 ■ Freedom of information (continued)

Section G: FOI requests granted in part or refused –

the basis of disallowing access and the number of times each reason is cited in relation to completed requests which were granted in part or refused.

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 (application incomplete, wrongly directed)	0	0
G2 Section 22 (deposit not paid)	0	0
G3 Section 25(1)(a1) (diversion of resources)	0	0
G4 Section 25(1)(a) (exempt)	0	2
G5 Section 25(1)(b), (c), (d) (otherwise available)	0	0
G6 Section 28(1)(b) (documents not held)	0	1
G7 Section 24(2) – (deemed refused, over 21 days)	0	0
G8 Section 31(4) (released to Medical Practitioner)	0	0
Totals	0	3

Section H: Costs and fees of requests processed during the period –

	Assessed Costs	FOI Fees Received
H1 All completed requests	\$ NIL	\$60

Section I: Discounts allowed –

the numbers of FOI requests processed during the period where discounts were allowed.

Type of Discount Allowed	Personal	Other
I1 Public interest	0	0
I2 Financial hardship – Pensioner/Child	0	0
I3 Financial hardship – Non profit organisation	0	0
I4 Totals	0	0
I5 Significant correction of personal records	0	0

Section J: Days to process –

The number of completed requests (A4) by calendar days (elapsed time) taken to process.

Elapsed Time	Personal	Other
J1 0-21 days	1	1
J2 22-35 days	0	1
J3 Over 35 days	0	1
J4 Totals	1	3

Section K: Processing time –

the number of completed requests (A4) by hours taken to process.

Processing Hours	Personal	Other
K1 0-10 hrs	1	2
K2 11-20 hrs	0	0
K3 21-40 hrs	0	1
K4 Over 40 hrs	0	0
K5 Totals	1	3

Section L: Reviews and Appeals –

the number finalised during the period.

L1 Number of internal reviews finalised	0
L2 Number of Ombudsman reviews finalised	0
L3 Number of District Court appeals finalised	0

Details of Internal Review Results –

in relation to internal reviews finalised during the period.

Bases of Internal Review	Personal		Other	
	Upheld	Varied	Upheld	Varied
Grounds on which internal review requested	0	0	0	0
L4 Access refused	0	0	0	0
L5 Deferred	0	0	0	0
L6 Exempt matter	0	0	0	0
L7 Unreasonable charges	0	0	0	0
L8 Charge unreasonably incurred	0	0	0	0
L9 Amendment refused	0	0	0	0
L10 Totals	0	0	0	0

Comparison with 2001-2002

In 2002-2003, the ICAC received four FOI requests concerning other matters. No matters were brought forward from 2001-2002. In 2002-2003 the ICAC received one FOI request relating to personal matters and three requests concerning other matters.

Impact on the ICAC

The impact on the ICAC of these requests was minimal.

Appendix 11 ■ Participation in significant committees

AUSTRAC client liaison meetings

AUSTRAC clients liaise with the financial transactions tracking agency on a half-yearly basis. Meetings are organised by the Australian Transaction Reports and Analysis Centre. Representatives from the ICAC and other Federal and State agencies attend this meeting to discuss matters in relation to the *Financial Transaction Reports Act 1992*.

Heads of Criminal Intelligence Agencies

Comprising a broad range of heads of law enforcement agencies from Australasia held half yearly and chaired by the Australian Crime Commission. Discussions are centred upon issues of national intelligence interest.

Heads of Government Legal Departments

This group is convened by the Law Society of NSW and meets periodically throughout the year to discuss and consider issues relevant to Government lawyers and Government legal departments. In 2002-2003 the group participated in the preparation of a paper titled "Ethical Guidelines for Government Lawyers" which was initially drafted and researched by the Law Society's Government Solicitors Committee and the draft of which the group was invited to consider and comment.

Inter-Agency Technical Group

The Group is a sub-committee of the annual Law Enforcement Telecommunications Interception Conference. The Group meets quarterly to discuss issues relating to the delivery of material from telecommunications carriers and to share solutions for overcoming technical problems. Representatives of the telecommunications carriers also attend and provide information and research results on new industry initiatives and solutions.

Interception Consultative Committee

Comprised of representatives of a number of law enforcement and investigative agencies. Deals with legal, policy and technical issues relating to the administration of interceptions. The ICAC is also represented on sub-committees providing technical advice to the Consultative Committee.

NSW Corruption Prevention Committee Inc

This is a committee of public sector officers that works to promote corruption prevention strategies through corruption prevention forums. It also encourages formal and informal networks of practitioners.

NSW Police Fraud Liaison group

This group meets quarterly and brings together representatives from law enforcement and private sector organisations to discuss issues/trends relating to fraud.

Protected Disclosures Act Implementation Steering Committee

The Committee develops strategies to promote effective implementation of the Act.

Appendix 12 ■ ICAC publications released in 2002-2003

Investigation reports

9 July 2002	Report into corrupt conduct associated with development proposals at Rockdale City Council (TROPHY)
6 August 2002	Investigation into conduct of officers and students at University of Technology, Sydney (TUDOR)
27 February 2003	Report on investigation into conduct concerning the Woodward Park project (HYDRA)
15 May 2003	Investigation into handling of applications for public housing by an officer of the Department of Housing (HOTSPUR)
29 May 2003	Investigation into dealings between Thambiah Jeevarajah, an engineer employed by the Department of Housing, and the construction company Australian Colour Enterprises Pty Ltd (BROWNING)

Investigations issues

9 July 2002	Investigation Issues: Report into corrupt conduct associated with development proposals at Rockdale City Council (TROPHY)
6 August 2002	Investigation Issues: Investigation into conduct of officers and students at University of Technology, Sydney (TUDOR)
27 February 2003	Investigation Issues: Report on investigation into conduct concerning the Woodward Park project (HYDRA)
15 May 2003	Investigation Issues: Investigation into handling of applications for public housing by an officer of the Department of Housing (HOTSPUR)
29 May 2003	Investigation Issues: Investigation into dealings between Thambiah Jeevarajah, an engineer employed by the Department of Housing, and the construction company Australian Colour Enterprises Pty Ltd (BROWNING)

Corruption prevention and research publications

August 2002	Degrees of Risk
August 2002	Managing an organisation through an ICAC investigation – Reprint
November 2002	Taking the whiff out of waste
November 2002	Taking the whiff out of waste: A snapshot guide
November 2002	No excuse for misuse
November 2002	No excuse for misuse: A snapshot guide
November 2002	DIY CRR – Reprint
November 2002	Fighting Fraud
November 2002	Fighting Fraud Checklist
November 2002	The first four steps – Reprint
December 2002	Taking the devil out of development: Position paper
January 2003	Profiling the NSW public sector. Functions, risks and corruption resistance strategies
March 2003	Scholarship brochure

Corporate documents

October 2002	Annual Report 2002
October 2002	Annual Report 2002 Summary
June 2003	ICAC Strategic Plan 2003-2007

Multilingual and community resources

March 2003	Bribery = Crime brochures 12 Languages – Reprint
April 2003	Bribery = Crime postcards 12
April 2003	Bribery = Crime posters
May 2003	Providing advice on corruption issues: A guide for community leaders
June 2003	Bribery = Crime New languages 13
June 2003	Information folders

Corruption Matters newspaper

September 2002	Corruption Matters No 21
May 2003	Corruption Matters No 22

Appendix 13 ■ Summary of speeches and presentations by ICAC officers during 2002-2003

Date	Organisation	Speaker	Subject	Venue
1 July 02	Strathfield Council	Dominic Riordan, Giselle Tocher	Taking the devil out of development – staff briefing	Strathfield
16 July 02	Southern Sydney Regional Organisation of Councils	Dominic Riordan, Deirdre Cooper	Waste managers briefing – Taking the whiff out of waste	Rockdale
17 July 02	Hunter Regional Development Board	Dominic Riordan, Deirdre Cooper	ICAC and conflicts of interest	Newcastle
26 July 02	ICAC – Waste Forum	Dominic Riordan, Stephanie Cooke	Taking the whiff out of waste	Wesley Centre, Sydney
29 July 02	Australian Capital Region Development Council	Deirdre Cooper	Conflicts of interest	Narrabundah, ACT
1 August 02	Local Government Managers Association	Grant Poulton	Local government in disrepute?	Newcastle
5 August 02	Riverina Regional Development Board	Deirdre Cooper	Conflicts of interest	Narrandera
7 August 02	ICAC – Fraud Forum	Stephanie Cooke, David O'Sullivan	ICAC fraud response discussion paper	Wesley Centre, Sydney
9 August 02	Chinese Ministry of Supervision, National & Jiangsu Province	Kieran Pehm, Yvonne Miles, Robert Lang	Presentation on the ICAC and its role and functions	ICAC, Sydney
13 August 02	IIR	Grant Poulton	4th Annual corporate governance in the public sector conference	Canberra ACT
13 August 02	Roads and Transport Association Waste Group	Dominic Riordan	Taking the whiff out of waste	Silverwater
21 August 02	ICAC – Universities Forum – Degrees of Transparency	Irene Moss, Angela Gorta, Grant Poulton and others	Corruption resistance in NSW universities	Wesley Centre, Sydney
21 August 02	Department of Housing, Burwood	Nicola Dunbar, Sue Bolton	Overview of ICAC, processes for Investigation	Burwood
29 August 02	Department of Housing, Central Sydney Region	Nicola Dunbar, Sue Bolton	Overview of the ICAC, introduction to corruption prevention	Central Office, Sydney
30 August 02	Australian National University	Angela Gorta	Making corruption research relevant	Australian National University, Canberra
2 September 02	Sustainable Energy Development Authority (SEDA)	Deirdre Cooper	Codes of conduct	SEDA Head Office, Sydney
3 September 02	Australian National University/ICAC Anti-Corruption Course	Various	A systems view for managing the investigation of corruption	ICAC, Sydney
4 September 02	Masters Unit & Professional Short Course, Corruption and Anti-corruption, Australian National University	Angela Gorta	Understanding corruption: Using research to decide where and how to intervene	ICAC, Sydney
10 September 02	Annual Government Lawyers CLE Convention	Grant Poulton (Panel Member)	Ethics panel – Ethical issues for government lawyers giving advice within government	Parliament House, Sydney
12 September 02	Corruption Prevention Network Conference	Mal Brammer	Rockdale Council developments: Investigation issues and implications for councils	Sydney
12 September 02	Law Foundation of NSW	Dominic Riordan	ICAC and plain English – a work in progress	Parliament House, Sydney

Appendix 13 ■ Summary of speeches and presentations by ICAC officers during 2002-2003 (continued)

Date	Organisation	Speaker	Subject	Venue
12 September 02	School of Business Law and Taxation, University of NSW, Sydney	Andrew Patterson	ICAC's operations and general investigation techniques	University of NSW, Sydney
18 September 02	Chinese Ministry of Supervision	Grant Poulton, Yvonne Miles, Dominic Riordan	Roles and functions of ICAC, concentrating on areas of corruption prevention and public education	ICAC, Sydney
18 September 02	University of Sydney Politics and Ethics students	Vicki Klum	Roles, functions, ethics and politics of ICAC	University of Sydney
20 September 02	Holiday Coast Development Board	Deirdre Cooper	Conflicts of interest	Bellingen
26 September 02	Department of Housing, Hunter Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Newcastle
27 September 02	Beijing Prosecution Bureau	Stephen Osborne, Anthony Johnson	Roles and functions of ICAC, the ICAC Act, investigative processes and powers	ICAC, Sydney
September 02	Annual National Police Conference	Paul Empson	"Blue tooth" technology	Adelaide
1 October 02	Department of Public Works and Services	Andrew Marsden	Procurement training and certification	Sydney
1 October 02	Department of Housing, Liverpool	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Liverpool
2 October 02	Department of Housing, Policy Unit, City	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Sydney
2 October 02	Central Western Region Development Board	Deirdre Cooper	Conflicts of interest	Orange
5 October 02	International Institute of Public Ethics Biennial Conference	Angela Gorta	Developing a corruption risk profile for the NSW government sector	Brisbane
7 October 02	International Institute of Public Ethics Biennial Conference	Stephanie Cooke	Identifying and reducing corruption risks in local government	Brisbane
8 October 02	Office of Community Housing, Parramatta	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Parramatta
9 October 02	Office of the National Counter Corruption Commission, Thailand	Kieran Pehm, Mal Brammer, Dominic Riordan, Yvonne Miles	Roles and functions of ICAC, investigative processes and powers, corruption prevention issues and strategies, education and public affairs issues and strategies	ICAC, Sydney
10 October 02	Department of Housing, Western Sydney Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Parramatta
14 October 02	Department of Housing, Western Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Orange
14 October 02	Greater Western Sydney Economic Development Board	Dominic Riordan	Conflicts of interest	Strategic Capital Management, Sydney
16 October 02	Waste 02 Conference	Dominic Riordan	Taking the whiff out of waste	Opal Cove Resort, Coffs Harbour

Date	Organisation	Speaker	Subject	Venue
16 October 02	Office of the Protective Commissioner	Deirdre Cooper	Staff rotation as a corruption prevention tool	Sydney
17 October 02	Public Trustee	Dominic Riordan	Organisational integrity and the Corruption Resistance Review program	Mecure Hotel, Sydney
18 October 02	Department of Housing, South Eastern Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Wollongong
23 October 02	Manly Council (staff)	Dominic Riordan, Nicola Dunbar	Conflicts of interest and managing corruption risks	Manly
23 October 02	Roads and Traffic Authority	Deirdre Cooper	Corruption prevention planning	Furama Hotel Surry Hills
25 October 02	Premier's Department	Peter Stathis	Roles and functions of ICAC	ICAC, Sydney
25 October 02	Department of Housing, South West Sydney Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Campbelltown
25 October 02	Northern Province RSA Parliamentary Delegation	Dominic Riordan	Overview of ICAC	Parliament House, Sydney
25 October 02	Charles Sturt University Policing Studies Graduation	Irene Moss	ICAC, corruption prevention and terrorism	Technology Park, Sydney
28 October 02	Department of Housing, Northern Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Coffs Harbour
28 October 02	(ABN)ANZABI, BEC and National NEIS Association (ABN) Conference ANZABI – Australia and New Zealand Association of Business Incubators BEC – Business Enterprise Centres NEIS – New Enterprise Incentive Scheme	Deirdre Cooper	Conflicts of interests	Millennium Hotel, Kings Cross
29 October 02	Department of Housing, Northern Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Tamworth
7 November 02	4th National Investigations Symposium: Sherlock or Sheer Luck	Irene Moss	Opening address and welcome	Manly Pacific Parkroyal Hotel, Manly
8 November 02	4th National Investigations Symposium: Sherlock or Sheer Luck	Ian Bowyer, Michael Outram	The role of investigation in strengthening organisational integrity	Manly Pacific Parkroyal Hotel, Manly
8 November 02	4th National Investigations Symposium: Sherlock or Sheer Luck	Anthony Johnson	Truth, justice and the administrative way: building on the organon of fairness	Manly Pacific Parkroyal Hotel, Manly
11 November 02	Chinese Ministry of Supervision	John Pritchard	Legal punishment system for corruption within the public sector	Travellers Club, Sydney
11 November 02	Institute of Public Works Engineering Australia, NSW Division Conference 02	Irene Moss	“Winning the Game” on role and function of ICAC	Coffs Harbour
12 November 02	Korean ICAC	Irene Moss, Kieran Pehm, Mal Brammer, John Pritchard, Grant Poulton	Roles and function, history and structure of ICAC, the ICAC Act, investigative processes and powers, confidentiality and protection, corruption prevention, education and research	ICAC, Sydney

Appendix 13 ■ Summary of speeches and presentations by ICAC officers during 2002-2003 (continued)

Date	Organisation	Speaker	Subject	Venue
18 November 02	Koorringal High School,	Yvonne Miles, Rachelle Fenton	About the ICAC and recognising corruption, Rural & Regional Outreach Strategy	Wagga Wagga
18 November 02	Trinity Senior High Catholic School	Yvonne Miles, Rachelle Fenton	About the ICAC and recognising corruption, Rural & Regional Outreach Strategy	Wagga Wagga
18 November 02	Riverina state agencies and local council employees	Grant Poulton, Dominic Riordan	Managing corruption risk – Rural & Regional Outreach Strategy	Wagga Wagga
18 November 02	Media briefing	Rachelle Fenton, Yvonne Miles	Rural & Regional Outreach Strategy	Wagga Wagga
18 November 02	Department of Education, Ministers Young Designers Awards	Andrew Marsden	Presenting ICAC award for design and promoting ethics with school students	Taronga Zoo Sydney
19-20 November	Riverina public officials and local government employees	Anthony Johnson	Fact finder workshop, Rural & Regional Outreach Strategy	Wagga Wagga
19 November 02	Roads and Traffic Authority	Yvonne Miles, Linda Madgwick	Corruption resistance – What you can do to contribute, Rural & Regional Outreach Strategy	Wagga Wagga
19 November 02	Chamber of Commerce	Yvonne Miles, Rachelle Fenton	Corruption – your role in its downfall, Rural & Regional Outreach Strategy	Wagga Wagga
19 November 02	Riverina Eastern Regional Organisation of Councils Meeting	Grant Poulton Dominic Riordan	Rural & Regional Outreach Strategy	Wagga Wagga
19 November 02	Government Access Centre	Yvonne Miles, Linda Madgwick	Rural & Regional Outreach Strategy	Narranderra
20 November 02	Manly Council (staff)	Nicola Dunbar	Conflicts of interest and managing corruption risks	Manly
21 November 02	Albury Council, Visit and advise	Deirdre Cooper, David O'Sullivan	Rural & Regional Outreach Strategy	Albury
21 November 02	Holbrook Council, Visit and advise	Deirdre Cooper, David O'Sullivan	Rural & Regional Outreach Strategy	Holbrook
22 November 02	Riverina College of TAFE, Visit and advise	Deirdre Cooper, David O'Sullivan	Rural & Regional Outreach Strategy	Wagga Wagga
22 November 02	Lockhart Council, Visit and advise	Deirdre Cooper, David O'Sullivan	Rural & Regional Outreach Strategy	Lockhart
25 November 02	Revenue Protection and Internal Fraud Prevention Conference	Dominic Riordan	Organisational integrity as a tool for preventing fraud	Millennium Hotel, Sydney
25 November 02	Department of Public Works and Services	Peter Stathis	ICAC and corruption risks in procurement	Sydney
27 November 02	CPA President's Luncheon	Irene Moss	Launch of the publication "Fighting Fraud"	CPA Australia Conference Centre, Sydney
28 November 02	Department of Local Government	Dominic Riordan	Roles and functions of ICAC	Nowra
3 December 02	Orana Regional Development Board	Deirdre Cooper	Conflicts of interests	Dubbo
5 December 02	Bellingen Council and staff (2 presentations)	Deirdre Cooper, David O'Sullivan	Conflicts of interests (Board) ICAC overview and other issues (staff)	Bellingen
5 December 02	NSW Health Area Health Service, Annual Internal Auditor Conference	Nicola Dunbar	Roles and functions of the ICAC, organisational integrity, Do-it-yourself Corruption Resistance Review	Orange

Date	Organisation	Speaker	Subject	Venue
6 December 02	Audit Office, Performance Auditing Division	Dominic Riordan	Roles and Functions of ICAC and the work of the Corruption Prevention Division	Sydney
9 December 02	Northern Rivers Regional Development Board	Deirdre Cooper	Conflicts of interests	Yamba
17 December 02	Sydney Girls High School	Irene Moss	Celebrating our diversity	Sydney Girls High School, Sydney
18 December 02	Brian Thompson, University of Liverpool, UK	Grant Poulton	Discussion about a comparative study between the Parliaments of the UK, Scotland, Ireland, The Commonwealth of Australia, NSW, Western Australia and Queensland concerning how Parliaments regulate the conduct of their elected members	ICAC, Sydney
19 December 03	NSW State Infrastructure Meeting	Irene Moss	Role of ICAC	Governor Macquarie Tower, Sydney
10 January 03	State Rail Authority	Andrew Marsden & Bill Kokkaris	"Corruption is Wrong" Campaign	Sydney
3 February 03	Italian Parliamentary Delegation	Kieran Pehm, Grant Poulton	Australian efforts against corruption and organised crime	ICAC, Sydney
26 February 03	IIR Conference	Grant Poulton	Effectively responding to fraud in the NSW public sector	Rydges Hotel, Canberra
26 February 03	Department of Housing, Central Sydney Region	Nicola Dunbar	Overview of the ICAC, corruption prevention, identification and management of corruption risks	Sydney
7 March 03	Chatswood Chamber of Commerce	Irene Moss	International Women's Day Luncheon	Chatswood
12 March 03	State Rail Authority	Andrew Marsden	Probity session with SRA auditors	Sydney
4 April 03	Local Government Association ('Lgov')	Irene Moss	Executive meeting	Sydney
15 April 03	Department of Public Works and Services	Nicola Dunbar, Steffanie von Helle	Introduction to the ICAC, risks associated with procurement, best practice in preventing corruption in procurement	Sydney
1 May 03	Planning Institute of Australia	Irene Moss	Best practice in local government	Pokolbin
2 May 03	Local Government Managers Australia	Grant Poulton	Introduction to the ICAC	Mascot
19 May 03	Public officials, Orange	Don McKenzie	Fact Finder training, Rural & Regional Outreach Strategy	Orange
19 May 03	Orange Councillors	Grant Poulton, Andrew Marsden	Conflict on interests – councillor workshop, Rural & Regional Outreach Strategy	Orange
20 May 03	Orange public officials and local government employees	Grant Poulton, Andrew Marsden	Managing corruption risk – state agencies and local councils, Rural & Regional Outreach Strategy	Orange
21 May 03	Joint session for 80 Year 11 Business Studies and Legal Studies students from Orange High and Canobolos Rural Technology High School	Yvonne Miles, Andrew McCutcheon	About the ICAC and recognising corruption, Rural & Regional Outreach Strategy	Orange
21 May 03	Workshop held for 140 students of Kinross Wolaroi, Independent High School	Yvonne Miles, Andrew McCutcheon	About the ICAC and recognising corruption, Rural & Regional Outreach Strategy	Orange

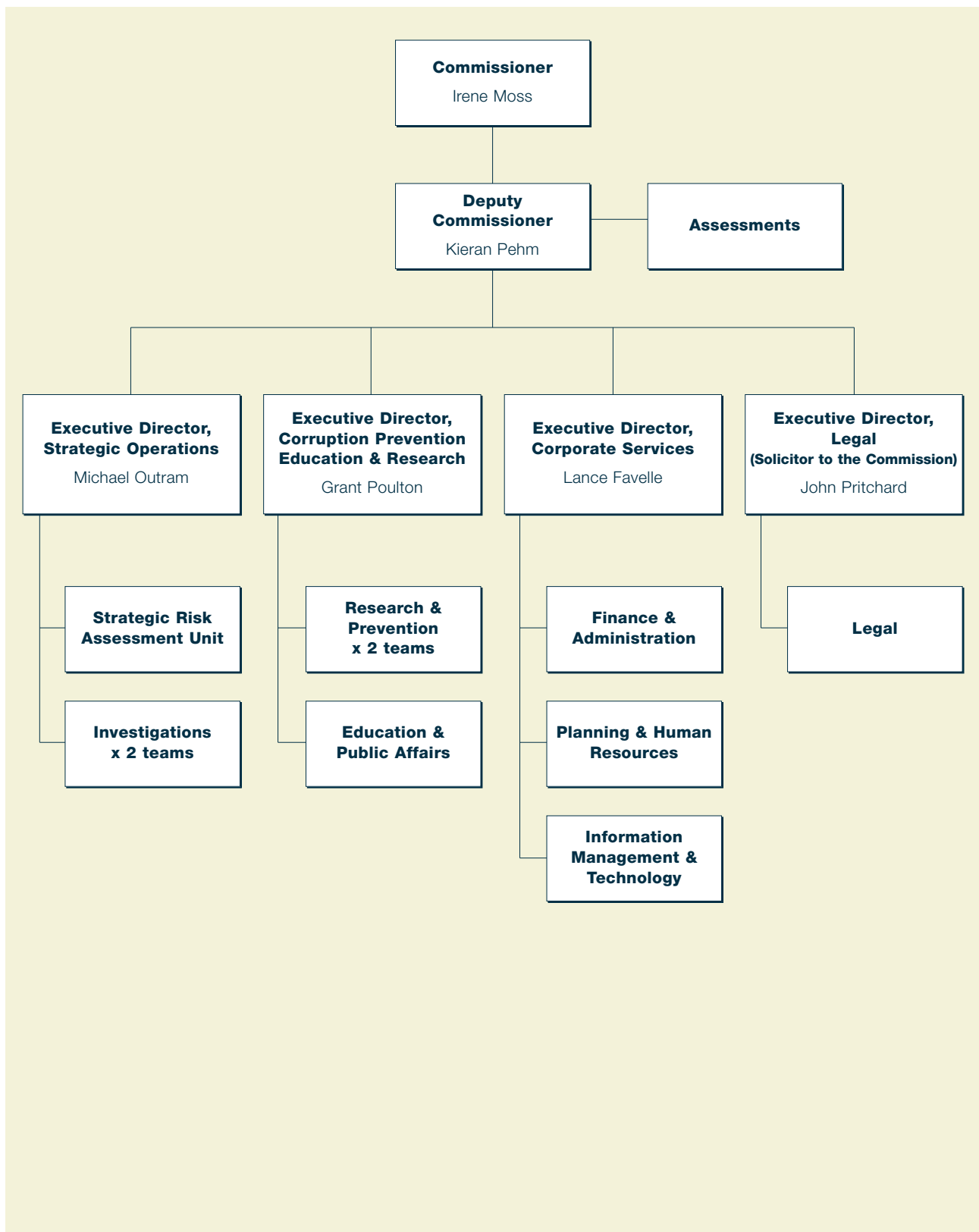
Appendix 13 ■ Summary of speeches and presentations by ICAC officers during 2002-2003 (continued)

Date	Organisation	Speaker	Subject	Venue
21 May 03	NSW Dept of Agriculture (Head Office)	Andrew Marsden, Jane Coulter	Managing corruption risk workshop for Department of Agriculture, Rural & Regional Outreach Strategy	Orange
22 May 03	Orange community leaders	Grant Poulton	Community breakfast – Launch of community leaders guide, Rural & Regional Outreach Strategy	Orange
22 May 03	Central Regional Organisation of Councils meeting	Grant Poulton, Andrew McCutcheon	ICAC and local government, Rural & Regional Outreach Strategy	Georges Plain
22 May 03	Senior executive and Director General, NSW Department of Agriculture	Grant Poulton	Managing corruption risk	Orange
22 May 03	Bathurst Council	Giselle Tocher, Nicola Dunbar	Rural & Regional Outreach Strategy, Visit and advise	Bathurst
22 May 03	Charles Sturt University	Giselle Tocher, Nicola Dunbar	Rural & Regional Outreach Strategy, Visit and advise	Bathurst
1 June 03	State Rail Authority	Steffanie von Helle	"Corruption is Wrong" Campaign	State Rail Authority, Sydney
3 June 03	Fairfield Council	Nicola Dunbar	"Corruption is Wrong" Campaign	Fairfield Council
8 June 03	Illawarra Migrant Resource Centre	Nicola Dunbar	"Corruption is Wrong" Campaign	Wollongong
12 June 03	Internal Security Service of Oman & Royal Oman Police	Steve Osborne, Peter Richardson	ICAC investigation and corruption prevention functions	ICAC, Sydney
12 June 03	NSW Treasury	Vicki Klum	Corruption resistance	NSW Treasury, Sydney
16 June 03	Department of Commerce (formerly DPWS)	Steffanie von Helle	Introduction to the ICAC, risks associated with procurement, best practice in preventing corruption in procurement	Sydney
17 June 03	Department of Corrective Services, Metropolitan Remand & Reception Centre	Nicola Dunbar & Steffanie von Helle	"Corruption is Wrong" Campaign	Silverwater
18 June 03	Ethnic media briefing	Irene Moss	"Corruption is Wrong" Campaign	ICAC, Sydney
19 June 03	Community Relations Commission	Yvonne Miles	"Corruption is Wrong" Campaign	Sydney
19 June 03	Cabramatta Community Centre	Nicola Dunbar	"Corruption is Wrong" Campaign	Cabramatta
23 June 03	Kogarah Council	Steffanie von Helle	"Corruption is Wrong" Campaign (2 sessions)	Kogarah
24 June 03	Office of Fair Trading, Hurstville	Steffanie von Helle	"Corruption is Wrong" Campaign	Hurstville
26 June 03	Department of Aging, Disability and Home Care	Nicola Dunbar	"Corruption is Wrong" Campaign	Disability Services, Leichhardt
30 June 03	Office of Industrial Relations	Nicola Dunbar	"Corruption is Wrong" Campaign	Western Sydney

Appendix 14 ■ Overseas travel during 2002-2003

Officer	When	Countries visited	Purpose	Cost
Grant Poulton	14-15 November 2002	South Korea	To attend and present at the 1st International ICAC Forum and meet with Korean anti-corruption agencies	Korea Independent Commission Against Corruption (KICAC) funded all expenses associated with the conference (e.g. meals, accommodation and local transport costs) and no costs were incurred by the ICAC. Flight costs were incurred personally by Mr Poulton.

Appendix 15 ■ Organisation structure (as at 30 June 2003)



Appendix 16 ■ Chief executive officer and senior executive service

Executive remuneration, Commissioner and Executive Officer's Level 5 and above

The Commissioner's conditions of employment are contained in her instrument of appointment, made in November 1999. The salary is calculated at 160 percent of the remuneration of a NSW Supreme Court puisne judge. The total remuneration package (inclusive of superannuation contributions) is currently \$392,448. No fringe benefits were paid for the relevant reporting period. The Commissioner's five-year term finishes in November 2004.

Increases to the Commissioner's salary are in line with the determination provided by the Statutory and Other Officers Remuneration Tribunal (SOORT) for puisne judges. In October 2002 this amounted to an increase of five percent.

On the recommendation of the Commissioner, the Governor approved the appointment of Kieran Pehm as an Assistant Commissioner on 12 February 2001 initially for a two year term. In February 2003, Mr Pehm's term was extended to February 2006. Mr Pehm acts as the Deputy Commissioner on a full time basis for the ICAC and is remunerated at a SES Officer Level 5 with a current total salary package of \$209,241. Mr Pehm received a 4.3 percent salary increase in October 2002, which was awarded based on satisfactory work performance in accordance with the 2002 SOORT determination.

Statistics on the comparison of the number of executive positions with previous years is included in the table below.

Performance of the Deputy Commissioner

The Commission is required under annual reporting legislation to report on the performance of any SES officers at Level 5 or above. Mr Kieran Pehm, Deputy Commissioner throughout 2002-2003, at SES Level 5 was the only ICAC senior officer in this category.

The Commissioner reviewed Mr Pehm's performance for 2002-2003 period and stated that Mr Pehm's performance was outstanding. Mr Pehm in his role as Deputy Commissioner has been responsible for substantial improvements to the Commission's operational IT system, the ICS. As a result of Mr Pehm's effective management style and initiatives, productivity in the assessment area has increased significantly despite a 25 percent increase in the number of matters received and major barriers such as staff shortages throughout the year. He has also played a key role in remodelling the ICAC's corporate governance mechanisms and committees to improve accountability.

Mr Pehm has also been responsible for establishing successful liaison networks with other agencies during investigations such as Operation Hotspur as well as providing strategic and operational advice to other Executive Directors of the Commission.

Table 13
Total number of senior executive staff 2002-2003 compared to previous years

SES Level	1999-2000	2000-2001	2001-2002	2002-2003
Commissioner	1	1	1	1
Level 5	1	1	1	1
Level 3	1	1	1	1
Level 2	1	1	2	2
Level 1	1	1	1	1
Total	5	5	6	6

Table 14
Number of female senior executive staff 2002-2003 compared to the previous three years

Year	Number
2002-2003	1
2001-2002	2
2000-2001	2
1999-2000	2

Appendix 17 ■ Access and equity

Equal Employment Opportunity (EEO) principles have been incorporated into all our programs focusing on building a culture that embraces diversity. The Access and Equity Committee continues to be a major consultative group and meets on a regular basis. The Committee has also been involved in the ongoing process and consultations arising from recommendations made in the Disability Access Audit Report undertaken as part of the Disability Action Plan.

The Access and Equity Committee is comprised of the following staff representatives from each Division and from the Planning and Human Resources Section:

- Kathryn Jarvis, Assessments
- Jay Lawrence, Legal
- Yvonne Miles, Corruption Prevention, Education and Research
- Steve Osborne, Strategic Operations
- Cindy Fong, Corporate Services
- Virginia Tinson and Cathy Walsh, Planning and Human Resources Section.

The senior management representative is Lance Favelle, Executive Director, Corporate Services. The Commission's Spokeswoman, Jane Coulter, is also a member of the Committee.

The Access and Equity Committee and the Manager, Planning and Human Resources have achieved the Commission's EEO Management Plan's outcomes by implementing the following activities.

- *the appointment of a Commission Spokeswoman:*
Nominations occurred for a Commission Spokeswoman during the second half of the financial year. A Spokeswoman (Jane Coulter) and a Liaison Officer (Virginia Tinson) were appointed. Ms Coulter attended the required Spokeswoman's training and the Spokeswomen's Conference. The ICAC's Spokeswoman was invited to be an active member on the Access and Equity Committee.
- *EEO and Diversity Training:*
Mandatory EEO and Diversity training has been provided to all Commission staff throughout the year. Staff with managerial responsibilities attended a longer, more involved program.
- *Induction Program:*
EEO and Diversity segments have been incorporated into the Commission's Induction Program: New staff have been targeted to undertake scheduled EEO and Diversity training within the first 3 months of their appointment.
- *The Disability Action Plan:*
Identification of a number of priority areas for action in relation to reviewing and enhancing access for both staff and the general public of the ICAC premises.
- *Recruitment Practices:*
A review of recruitment practices to increase employment of women was undertaken.
- *Advertising Vacant Positions:*
Inclusion in all job vacancies that "The Commission promotes flexible work practices".

- *Work Arrangements:*

Job share arrangements in accordance with flexible work practices policy have been created for selected positions.

- *Employee Assistance Program (EAP):*

EAP service provider appointed to provide professional and confidential counselling services to staff and family through a self referral system.

- *Disability Traineeship Program:*

Staff member employed under the Traineeship Program for People with a Disability (DTP) in February 2003 and is currently undertaking the Certificate III in Office Administration.

- *Policies:*

The Grievance policy and procedures, the EEO policy and procedures have been revised and a Harassment and Bullying policy and procedures developed. Ratification of the policies will occur in 2003-2004.

To enable the Commission to have a truly diverse workplace and encourage more flexible workplace conditions, an initial job position survey has been issued to all managers seeking their feedback in relation to positions within their relevant divisions. Issues included the potential for future vacant positions to be considered as either:

- part time
- ability to work partially from home
- job share.

Outcomes to be achieved for 2003-2004 include:

- implementation of the new Grievance policy and procedures, the EEO policy and the Harassment and Bullying policy and procedures, which will include the training of Commission staff
- collation of the Job Position survey results re flexible work practices and the formation of strategies to improve key positions' flexibility within Divisions by the Access and Equity Committee
- establishment of a Child Care Resource kit for use by Commission staff.

Table 15
Higher duties allowance (HDA) by gender

	Male	Female	Total
No HDA paid	40%	49%	89%
HDA	6%	5%	11%
Total	46%	54%	100%

Note: Staff must act in a higher position for 21 days or more to receive the HDA (as per the ICAC Award).

Table 16
Overtime by gender

	Male	Female	Total
Did not work overtime	22%	38%	60%
Overtime	21%	19%	40%
Total	43%	57%	100%

Table 17
Average remuneration by gender

	Male	Female	Average
Average Remuneration	\$80,482	\$66,739	\$73,152

NSW Government Action Plan for Women

The NSW Government Action Plan for Women is a whole-of-government approach to improving the economic and social participation of women in NSW society. The ICAC contributes to the Action Plan's objective to promote workplaces that are safe, equitable and that are responsive to all aspects of women's lives by adopting flexible work practices such as flexible working hours, part-time and job sharing arrangements and leave for family and carers' responsibilities. The Commission's "Working from Home" policy is currently being revised to enable applications from staff to work from home due to carers' responsibilities to be easier to support and implement. Although this policy will apply to all Commission staff, it will enable the Commission's female staff who were the major users of leave specifically for carer's responsibilities (62 percent) for the period, to have greater flexibility to balance work and family commitments.

Harassment and Bullying policy

A major initiative for the 2002-2003 year was the complete review of the Commission's Harassment and Bullying policy, which although still to be ratified, will assist in ensuring the Commission continues to be a safe and secure place for women to work.

Spokeswomen program

The Commission has also contributed to the Action Plan's objective for improving the access of women to educational and training opportunities by establishing the Spokeswomen's Program for female staff. Nominations were called for the position of Commission Spokeswoman during the second half of the financial year. A Spokeswoman (Jane Coulter) and a Liaison Officer (Virginia Tinson) were appointed.

Jane attended the required Spokeswoman's training and the Spokeswomen's Conference. She was invited to be an active member on the Access and Equity Committee. Future activities/strategies as part of this Program include the holding of quarterly education sessions for all Commission female employees with key note female speakers being invited to address the meeting on issues such as career opportunities, their successes, accomplishments and positive actions. Also, a Spokeswomen's educational page on our new intranet site will feature during 2003-2004.

Table 18
Bench Marks – Trends in the representation of EEO groups

EEO group	Benchmark or target	Percentage of total staff			
		2000	2001	2002	2003
Women	50%	57%	53%	52%	50%
Aboriginal people and Torres Strait Islanders	2%	1.4%	1%	0%	0%
People whose first language was not English	20%	20.3%	16%	18%	21%
People with a disability	12%	5.5%	7%	7%	9%
People with a disability requiring work-related adjustment	7%	2%	3%	1.9%	5%

Table 19
Bench Marks – Trends in the distribution of EEO groups

EEO group	Benchmark or target	Distribution index			
		2000	2001	2002	2003
Women	100	n/a	n/a	83	85
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a	102
People with a disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

Notes:

- Staff numbers are as at 30 June.
- Excludes casual staff.
- A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
- The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Table 20
Staff numbers by salary level

Level	Total Staff	Number							
		Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
< \$28,710	1	1	1	0	0	0	0	1	1
\$28,710-\$37,708		0	0	0	0	0	0	0	0
\$37,709-\$42,156	2	2	0	2	0	0	0	0	0
\$42,157-\$53,345	22	22	4	18	0	6	5	4	2
\$53,346-\$68,985	24	24	6	18	0	6	4	1	1
\$68,986-\$86,231	42	42	31	11	0	17	12	1	0
> \$86,231 (non SES)	10	10	6	4	0	2	1	2	1
> \$86,231 (SES)	6	6	5	1	0	2	1	1	0
TOTAL	107	107	53	54		33	23	10	5

Table 21
Staff numbers by employment basis

Employment Basis	Total Staff	Number							
		Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
Permanent full-time	83	83	39	44	0	27	19	7	3
Permanent part-time	7	7	1	6	0	2	1	1	1
Temporary full-time	10	10	7	3	0	2	2	0	0
Temporary part-time		0	0	0	0	0	0	0	0
Contract – SES	6	6	5	1	0	2	1	1	0
Contract – non SES		0	0	0	0	0	0	0	0
Training positions	1	1	1	0	0	0	0	1	1
Retained staff		0	0	0	0	0	0	0	0
Casual		0	0	0	0	0	0	0	0
TOTAL	107	107	53	54		33	23	10	5
SUBTOTALS									
Permanent	90	90	40	50		29	20	8	4
Temporary	10	10	7	3		2	2		
Contract	6	6	5	1		2	1	1	
Traineeship	1	1	1	0	0	0	0	1	1
Full-time	100	100	52	48		31	22	9	4
Part-time	7	7	1	6		2	1	1	1

Appendix 17 ■ Access and equity (continued)

Table 22

Employment basis for 2002-2003 compared to previous three years

Employment basis		1999-2000	2000-2001	2001-2002	2002-2003
Permanent	Full time	102	87	76	83
	Part time	14	15	9	7
Temporary	Full time	8	21	16	10
	Part time	2	3	0	0
Contract	SES	4	3	6	6
	Non SES	0	0	5	0
	Trainee	0	0	0	1
TOTAL		130	129	112	107

Tables 20-22 are calculated using data provided to the Premier's Department's Review and Reform Division for the NSW Public Sector Workforce Profile. The data relates to information concerning employees of ICAC on a particular census date (19th June 2003).

Table 23 which sets out the reported average full time equivalent staffing levels throughout the year provides a more accurate indication of staff trends.

Table 23

Average full time equivalent staffing for 2002-2003 compared to previous three years

	1999-2000	2000-2001	2001-2002	2002-2003
Average full time equivalent staffing	131	125	126	101

Appendix 18 ■ Disability plan

The ICAC is committed to the inclusion of people with disabilities in all aspects of its operations and service delivery.

The Commission acknowledges its responsibility to provide premises and services, which are inclusive of the public and staff with disabilities whilst adhering to legislative requirements. As such, the ICAC continues to have a strong commitment to equity and diversity, in both the workplace and in dealings with our clients.

A key objective in the ICAC's 2002-2005 Disability Action Plan is to identify gaps and barriers preventing or inhibiting people with a disability from physically accessing facilities leased by ICAC.

A Disability Access Audit and Evaluation of the public and staff access areas within the ICAC premises, located on Levels 20 and 21 of the Piccadilly Tower Office Building, Castlereagh Street, Sydney, was undertaken by a consultant from the Australian Quadriplegic Association in late 2002. The ICAC is committed to the outcomes of the access audit report and to implementing its recommendations.

A comprehensive list of barriers was compiled from the report and an action plan developed. The report highlighted several areas of responsibility with a priority rating for recommendations made. Consultations were undertaken with all relevant internal and external bodies identified in the report.

Key staff were also identified to participate in a training program conducted by the access auditor that focused on skills development and increasing knowledge and awareness of access issues to ensure that the present workplace accommodation and facilities to be used in the future take into account access needs of people with a disability. Disability and Diversity Awareness training for relevant staff has been undertaken.

The ICAC's Recruitment and Selection policy has been updated to incorporate disability access and equity issues.

The key result areas of the Disability Action Plan will continue to be reviewed and implemented in 2003-2004.

Appendix 18 ■ Ethnic affairs priorities statement

The ICAC recognises the cultural and linguistic diversity of both the NSW community and the staff that it employs. This is strengthened through its values reflected in ICAC's Strategic Plan and integrated into our core business. The ICAC fosters a work culture based on consultation, tolerance, fairness and participation.

A key mechanism for implementing the ICAC's principles is through its Ethnic Affairs Priorities Statement and Management Plan. During 2002-2003 the following outcomes were achieved:

- accredited interpreters were made available when required for hearings and preliminary complaints
- bi-lingual skills staff directory was maintained on the ICAC's intranet to enable easy access to 21 languages in emergency and informal situations
- the Community Language Assistance Scheme (CLAS) was promoted and suitable staff identified
- cultural diversity awareness training was conducted for all managers and staff
- leave was approved for staff for observance of holy days and essential religious duties
- a pilot of new resources, "Corruption is wrong" postcard series was produced in 12 languages and a multilingual poster
- a radio campaign was produced and broadcast featuring an advertorial and three mini-dramas in 25 languages
- translation of the Bribery=Crime brochure into a further 13 languages (bring the total languages covered to 25)
- the Commissioner hosted a morning tea with the ethnic media
- staff were made aware of the availability of the Telephone Interpreting Service and given guidelines on its use.

During 2003-2004 our key strategies will focus on:

- updating the intranet to ensure user friendly and accessibility to EAPS related information and the ICAC policies

- reviewing the Corporate Induction Program
- monitoring the use of staff with bi-lingual skills and CLAS recipients
- maintaining a corporate database of all training conducted on diversity and cultural awareness issues
- reviewing recruitment and selection practices
- identifying key ethnic publications for advertising job vacancies
- promoting the participation of staff from diverse and cultural backgrounds on internal committees and working parties
- maintaining an information chart of the main language spoken at home of all telephone complainants to assist with the translation of future brochures
- designing a new online complaints form
- promoting the ICAC's TTY (telephone typewriter) facilities
- reviewing the structure and appropriateness of the languages displayed on the witness brochure issued to people summoned by the ICAC to appear at hearings
- further promotion of the print and web version of Bribery=Crime brochure
- further roll-out "Corruption is wrong" radio campaign and supporting print resources
- availability of the radio dramas on the ICAC's website.

Appendix 20 ■ Commission consultative group

The Commission Consultative Group (CCG) is the primary mechanism for consultation and communication between the Executive and staff of the Commission. The CCG Committee meets monthly and comprises five elected staff representatives and the Deputy Commissioner and Executive Directors of the Divisions. A major focus of the CCG is the endorsement of new and or revised policies and procedures.

- CCG staff representatives: Sharon Osborne; Grant Astill, Bill Kokkaris, Bob Lewis, Michael Rees
- CCG Senior Managers: Kieran Pehm, Lance Favelle, Grant Poulton, John Pritchard, Michael Outram
- PSA delegate: Kerrie Butson
- Executive Officer: Gillian MacKay

The Access and Equity Committee, the Occupational Health & Safety Committee and the Classification Committee report to the Commissioner through the CCG. The CCG ensures that these committees are appropriately structured and operate in accordance with relevant legislation; that election procedures are appropriate; and that membership is balanced by gender and is representative of the staff.

Appendix 21 ■ Occupational health and safety (OH&S)

The Commission is committed to providing a safe working environment and OH&S objectives have been incorporated into the 2003-2007 Strategic Plan and divisional business plans. Performance agreements are linked to corporate objectives.

This commitment has been enhanced through a Disability Access Audit Report arranged by the ICAC and conducted by an external organisation to audit the accessibility of the ICAC's premises for people with disabilities inclusive of the general public and employees.

During the past twelve months a number of initiatives identified in the ICAC's Occupational Health, Safety and Risk Management Plan have been implemented.

The intranet now has a dedicated OH&S site accessible to all staff. The site has been designed to provide information on the ICAC's related OH&S policies and procedures. To complement the intranet site, OH&S bulletin boards have been erected in workplace areas.

Also posted on the intranet site are the newly developed Central Hazardous Identification and Hazardous Substances Registers.

Staff are regularly kept informed of OH&S activities through the issue of fact sheets and presentations from the OH&S Committee members. Key staff members have undertaken training in manual handling, OH&S consultation, Workplace Rehabilitation and in Risk Management.

The OH&S committee continues to be consulted and actively involved in ICAC internal operations and meet on a quarterly basis.

OH&S Committee

The ICAC staff voted and selected a Committee comprised of a staff representative from each Division, members from the Planning and Human Resources Section and a senior management representative as their OH&S consultative mechanism. During 2002-2003 nominations were called from staff to be Workgroup representatives. Three new members were elected and undertook formal training to assist them in their new role.

The Committee has been responsible for ensuring all staff within the Commission have been trained in the key elements of the OH&S Act 2000 and the OH&S Regulation 2001, as well as the Commission's newly-developed OH&S and Workplace Injury Management and Rehabilitation Policies and Procedures. The OH&S Committee also conducted quarterly workplace inspections.

The OH&S Committee's Divisional staff representatives are:

- Margaret Sutherland, Assessments
- Jan Daly, Legal
- Bob Lewis, Corporate Services
- Nicola Dunbar, Corruption Prevention, Education & Research
- Susan Hay, Strategic Operations
- Ian Trebble, Strategic Operations

The senior management representative is Lance Favelle, Executive Director, Corporate Services. The ICAC Assistant Risk Management Adviser, Aruni Wijetunga is the Executive Officer of the Committee. Virginia Tinson and Cathy Walsh represent Planning and Human Resources.

In response to concerns raised by staff to committee members, ergonomic equipment has been issued to staff where deemed necessary.

The Corporate Induction Program has been revised and the following components on OH&S included:

- OH&S responsibilities for both the employee and the employer
- role and composition of the OH&S Committee
- Workplace Injury Management Plan
- first aid
- office ergonomics
- emergency evacuation procedures
- risk management.

New staff are required to complete the induction program and sign an undertaking that they have read the ICAC's OH&S policy and procedures.

The ICAC has entered into an agreement with an Employee Assistance Program service provider with the launch of the Policy and Program in March 2003. The EAP is an external counselling service that assists staff to deal more effectively with personal problems and work related difficulties.

ICAC staff participated in evacuation training and evacuation drills coordinated by Piccadilly Building Management in August 2002. The Commission Floor and Area Wardens also underwent a series of training sessions throughout the year.

Table 24
Occupational Health and Safety, incidents, injuries and claims

Body Stress	Mental Stress	Fall, trip, slip	Cut/rash/swelling	Hitting objects	Total Injuries 2002-2003	No of workers comp claims	No of workers comp claims accepted
2	2	8	4	1	17	2	0

The Commission has reduced the number of work related injuries by more than half over the past year. Last financial year, 38 work related injuries occurred compared to 17 injuries this financial year. The number of workers compensation claims has also decreased, with last year there being 3 claims with 2 being accepted compared to this year where there has been only 2 claims with nil accepted by Government Insurance Office. The Commission has had nil prosecutions under the *Occupational Health and Safety Act 2000*.

Appendix 22 ■ Training 2002-2003

A total of 593 participants attended training activities organised by the ICAC. The following tables provide a breakdown of training by core learning and development streams and by category of training.

Table 25
Training attendance by Division & learning and development (L&D) stream in 2002-2003

Core L&D Stream	Division						Total
	Assessments	CPE&R	Corporate Services	Executive	Legal	Strategic Operations	
Information technology		6	24			25	55
Leadership/management	1	4	2		1	3	11
Organisation development	32	63	42	7	13	80	237
Project management		4	2		1	5	12
Risk management	27	48	67		1	58	201
Technical	5	5	11		11	45	77
Total	65	130	148	7	27	216	593

Table 26
Training attendance by Division and training category 2002-2003

Category	Division						Total
	Assessments	CPE&R	Corporate Services	Executive	Legal	Strategic Operations	
HR	19	37	18	1	5	47	127
Encase	1		2			18	21
Project management		4	2		1	5	12
Technology		3	13				16
Intelligence						12	12
Development	5	5	8			6	24
Conferences		9	8	3		7	27
Criminal law	4	1			5	3	13
EEO	8	21	17	3	7	30	86
Web			4				4
Driving						6	6
Finance			9		2		11
OH&S	20	37	48		1	22	128
RM training	1	6	9			7	23
First aid	6	1	3			25	35
Management	1	2	2				3
Investigation		1				2	3
ITS			1				1
Offender management						10	10
General law					6		6
Records			1				1
Education		3	1				3
Payroll			2				2
Corporate IT						16	16
Grand Total	65	130	148	7	27	216	593

Average Training Cost per Course = \$436.50

Average Training Cost per EFT = \$2,456.40

Appendix 23 ■ Consultancies

In 2002-2003, the ICAC spent \$72,769 for consultancy services.

Objective Corporation was engaged at a cost of \$36,900 to provide advice regarding the Commission's records management system needs, the development of detailed user requirements and design specifications for the acquisition of a new electronic document and records management system and its integration with the Commission's complaint handling and management system.

In addition, five consultancies, costing \$35,869, provided advisory services in relation to:

- improvements in the Commission's hearing room audio/visual communication and transcript facilities and equipment
- site specific accessibility for persons with disabilities
- improvements to website useability
- facilities required to conduct computer forensics in a controlled environment
- office security infrastructure, facilities and systems.

Appendix 24 ■ Payment performance indicators

Table 27
Accounts payable

	Current \$	30 days \$	60 days \$	90 days \$
1st quarter	50,365	1,018	4,004	25
2nd quarter	31,770	3,406	9,020	794
3rd quarter	31,437	9,409	–	1,375
4th quarter	34,598	2,181	–	–

Table 28
Payments on time

	Accounts paid on time		Amount paid on time \$	Amount paid \$
	Target	Actual		
1st Quarter	95%	95%	1,500,063	1,573,806
2nd Quarter	95%	95%	1,730,455	1,816,441
3rd Quarter	95%	93%	1,759,287	1,907,464
4th Quarter	95%	98%	3,669,810	3,728,696
Annual average	95%	95%		

Commentary

The ICAC sets targets of 95 percent and problem level indicators of 90 percent in relation to the prompt payment of accounts. As indicated above, the Commission's annual average payment performance for the 2002-2003 financial year was 95 percent.

Late payments eventuated where invoices were in dispute or suppliers offered 7-day credit terms. The Commission did not forfeit any discounts available and there was no interest charged on the payments not made on time.

Appendix 25 ■ Electronic service delivery

During the year the ICAC entered a contract to rebuild the external website. This was undertaken to allow a secure online reporting of corruption and achieve improved accessibility and useability. The new site will also allow improved publication of transcript.

The Trim Context Electronic Documents and Records Management Systems (EDRMS) was selected to replace the Commission's outdated records management systems. The new system will facilitate improved electronic service delivery and self-service for staff in creating and managing files. The implementation and training on the new system will be completed by the end of December 2003.

To take advantage of the latest advances in browser based self-service, the Commission has also replaced its outdated payroll system with the Aurion Human Resources Information & Payroll system. The new system when fully implemented in 2003-2004 will provide self-service facilities for staff and will allow online lodgement and approval of human resources forms.

Appendix 26 ■ Insurance activities

The NSW Treasury Managed Fund (TMF), through the Government Insurance Office, provides insurance cover for our workers compensation, motor vehicles, public liability, property and miscellaneous items.

Claims management processes undertaken by the ICAC in Fund Year 2002-2003 have resulted in a number of reductions in Deposit Premiums for most lines of insurance. The Workers Compensation Deposit Premium for 2003-2004 for example has been reduced by \$14,090.00 – a 10.4 percent variation on the previous Fund Year – due to improved claims management. Similarly, the ICAC's strong claims history in the Liability line of insurance shows a continuing decrease in Deposit Premium, even with a 30 percent increase in the Primary Pool.

Client reporting systems that have been developed and implemented between the TMF and ICAC have resulted in improved claims management performance. It is the Commission's objective, in close consultation and cooperation with the TMF, to maintain, and wherever possible improve claims management in all lines of insurance.

Appendix 27 ■ Energy management

The ICAC is committed to the Government's Energy management policy (GEMP).

Under new State Government contractual arrangements, the ICAC elected to continue its practice of buying an energy mix of 10 percent SEDA-accredited Greenpower and 90 percent Conventional Energy. This is a practical initiative to reduce greenhouse emissions for electricity consumed by the Commission.

Energy consumption by the ICAC has reduced by 40 percent since the relocation from Cleveland Street, Redfern to Castlereagh Street, Sydney. This reduction is attributable in part to the decision to move to smaller premises, combined with a reduction in vehicle numbers and the associated fuel usage.

Energy efficient products are purchased whenever practicable, with the ICAC using power-saving enabled IT and general office equipment. Staff awareness on energy conservation and greenhouse emission reduction strategies is ongoing.

Appendix 28 ■ Waste reduction and purchasing policy

The ICAC remains committed to the NSW Government's Waste Reduction and Purchasing Policy (WRAPP).

To reduce waste generation (waste avoidance and minimisation) during 2002-2003, the ICAC undertook the following initiatives:

- using e-mails and attachments to reduce hardcopy document requirements
- increased use of the ICAC's intranet for the storage of and access to electronic files, reports and studies
- purchasing online electronic access and updates to journals, periodicals, law reports and other publications via the internet
- providing published ICAC reports and recent public hearing transcripts on the ICAC's web-site (www.icac.nsw.gov.au)
- staff training in electronic data management, combined with enhancements to existing e-mail, internet and intranet systems
- encouraging staff to utilise office equipment double sided printing and photocopy capabilities as far as practicable.

Resource recovery (waste reuse and recycling) initiatives included:

- small 'individual' paper recycling bins situated at all workstations
- larger 240 litre recycling bins situated in printer/photocopier rooms
- all office paper is either recycled or shredded and recycled
- all cardboard cartons and products are collected for recycling
- all toner cartridges are recycled.

The present lease arrangements at our CBD premises includes building management responsibility for waste and recycling services, so no calculation of the amount of material recycled is possible. However, on a daily basis, building management empties and processes all 'individual' recycling bins, full 240-litre recycling bins, and all cardboard products.

The use of recycled material (purchase of recycled-content materials) included:

- all A4 paper purchased by the ICAC is 50 percent recycled de-inked pulp, and 50 percent virgin
- fibre plantation timber pulp, i.e. it has no old growth forest timber content
- all ICAC reports are printed on recycled paper wherever cost effective and suitable for purpose
- all toner cartridges used by the ICAC, including printer consumable packages (plastics), are recycled.

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Regulation in NSW – how the ICAC fits in

There are a number of organisations that contribute to the regulatory framework in NSW:

- The ICAC is a standing commission of inquiry that focuses specifically on corrupt conduct. As well as undertaking investigations, the ICAC is also charged with helping prevent public sector corruption and educating the community and the public sector about corrupt conduct and the importance of maintaining the integrity of public administration.

Corrupt conduct can be any conduct by any person (whether or not a public official) that adversely affects, or could adversely affect, the honest or impartial exercise of official functions by a New South Wales public official or public authority. To be considered corrupt within the meaning of the *Independent Commission Against Corruption Act 1988* (ICAC Act), the conduct must also be serious. That is, the conduct must, if proved, be of a type that could constitute or involve:

- a criminal offence,
- a disciplinary offence,
- reasonable grounds for dismissing, dispensing with the services of, or otherwise terminating the services of a public official, or
- in the case of conduct of a Minister of the Crown or a Member of a House of Parliament, a substantial breach of an applicable code of conduct or conduct that brings the Parliament or the office of the Minister or Member into serious disrepute and involves a breach of the law.

- The NSW Ombudsman is responsible for safeguarding the public interest by providing for the redress of justified complaints and promoting fairness, integrity and practical reforms in public administration. The Ombudsman's jurisdiction includes administrative review and investigation of complaints about police, freedom of information and allegations of child abuse. The Ombudsman has other responsibilities regarding protected disclosure advice, witness protection appeals and auditing of agency records for telecommunications interception and controlled operations.
- The NSW Audit Office provides advice to Parliament, Government and public sector agencies about public sector performance. It conducts audits under the *Public Finance and Audit Act 1983* and other NSW Acts and may conduct an audit of all or any of the particular activities of a public authority concerning efficiency, economy and compliance with relevant laws.
- The Police Integrity Commission investigates complaints of serious misconduct against NSW police officers.

What is the ICAC and what do we do?

The Independent Commission Against Corruption (ICAC) is a New South Wales public sector organisation, created by the *Independent Commission Against Corruption Act 1988* (ICAC Act).

Although a public authority, it is independent of the government of the day, and is accountable to the people of NSW through the NSW Parliament.

In order to build and sustain integrity in the NSW public sector, the ICAC:

- assesses and profiles complaints made by individuals and reports made by Chief Executive Officers of public authorities
- investigates corrupt conduct not just to make findings about individuals, but to examine the circumstances that allowed the corruption to occur. Recommendations are made and guidance is given to prevent these circumstances recurring
- builds corruption resistance by providing advice, information and training to remedy potential or real problems, by tailoring solutions to address major risks or assist targeted sectors and by working with the public sector to build their capacity to identify and deal with corruption risks.

To ensure the proper and effective performance of these functions, the ICAC:

- is accountable to the people of NSW, through the Parliament, and meets statutory and other reporting requirements
- manages, supports and develops its staff in support of these activities.

The Annual Report is structured around the five key functions outlined above.