

I·C·A·C

INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

Annual report 2003–2004

03-04



2003–2004 in brief

Assessing complaints and reports

In 2003–2004, the ICAC:

- received and assessed 901 complaints from members of the public, containing 1,370 allegations
- received and assessed 306 protected disclosures containing 520 allegations
- received and assessed 677 reports from NSW government agencies
- conducted initial enquiries for 203 matters and commenced 254 preliminary enquiries undertaken by Assessment Officers
- continued to improve policies and procedures to ensure that the rights and 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 corruption

In 2003–2004, the ICAC:

- commenced 34 investigations and 136 preliminary investigations, in addition to 14 investigations and five preliminary investigations carried over from 2002–2003
- held 33 days of public hearings in relation to five investigations and 35 days of private hearings in relation to 15 matters
- was granted 73 warrants for use of listening devices and 34 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 504 occasions
- published 11 investigation reports, containing recommendations that the DPP consider the prosecution of a total of 18 persons for criminal offences
- built a dedicated audio/video and computer forensic studio to improve capacity to acquire, store and manage our technical product
- completed the upgrade of the ICAC hearing room to provide on-screen, real time transcripts during hearings and enhanced evidence presentation capacities
- participated in the establishment and development of the NSW Digital Evidence Group.

Preventing corruption

In 2003–2004, the ICAC:

- responded to 322 telephone and email requests and 53 written requests for corruption prevention advice
- provided corruption prevention advice in relation to 53 complaints/reports of corrupt conduct
- made a total of 92 specific corruption prevention recommendations in investigation reports
- conducted training, education and information exchange programs in two regional areas in NSW
- responded to 32 requests for speakers and provided 37 training sessions to agencies
- completed two Corruption Resistance Reviews, and made 58 resultant corruption prevention recommendations
- produced and distributed training and corruption prevention resources in video, radio and print formats
- posted information on the ICAC and reporting corruption on the ICAC website in 29 languages
- conducted marketing campaign for ICAC multilingual information materials and distributed 68,715 copies to public sector agencies in response to requests.



2003–2004 in brief

Accountability and governance

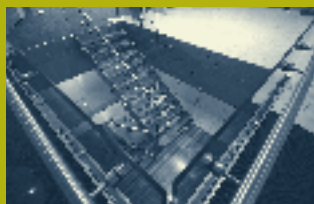
In 2003–2004, the ICAC:

- appeared before two hearings of the Parliamentary Joint Committee on the ICAC
- convened six meetings of the Operations Review Committee (ORC) which in total, considered 1,807 matters – the majority of recommendations made by the ICAC were accepted with no or minor alteration
- commissioned an external review of reporting to the ORC and implemented all recommendations to improve reporting processes and succession planning
- was subject to three compliance inspections by the Ombudsman in respect of telephone interceptions and controlled operations
- completed a review of performance measures, with reporting against these measures scheduled for the 2004–2005 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.

Our people – our organisation

In 2003–2004, the ICAC:

- continued to promote its learning strategy with 780 participants attending training activities and a leadership program introduced for senior managers
- redeveloped the staff performance management system to include position accountabilities, core behaviour competencies and improved guidelines on performance feedback
- developed and implemented a hearing risk assessment template that identifies, assesses and applies appropriate treatments to the risks to witnesses, the public, staff and the media attending public or private hearings
- completed the redevelopment of the ICAC's internet and intranet sites providing improved website useability, ease of navigation and better search facilities
- upgraded hearing room equipment and facilities to provide on-screen real time transcripts during hearings, electronic presentation of evidence and multimedia broadcasting of proceedings via the ICAC's local area network
- completed the implementation of new electronic records management and human resources systems that provide improved file search features for records and electronic self service facilities for staff in both systems
- substantially completed the review and update of Commission corporate policies commenced in 2001–2002 with 29 policies in 2003–2004 either updated or newly introduced
- developed and published *Our statement of business ethics* as a guide for private sector organisations providing services to the ICAC.



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28 October 2004

Madam President

Mr Speaker

The ICAC's Annual Report for the year ended 30 June 2004 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 2003–2004 year was an intensely busy and productive one for the ICAC.

In last year's Annual Report I spoke of consolidation after the major organisational review and restructure undertaken in 2001–2002. In 2003–2004 that new structure was put to the test, as we dealt with unprecedented demand for our services, undertook investigations and corruption prevention work in a wide range of highly complex areas and maintained a high rate of productivity.

In 2003–2004 we received and assessed 2,886 matters from public officials and members of the community, involving 3,550 specific corruption allegations (an increase of 37 percent on the previous year) and conducted a total of 395 preliminary enquiries and preliminary investigations. We conducted 48 investigations, including 33 days of public hearings. We provided responses to 375 requests for corruption prevention advice and published ten reports on major investigations, containing a total of 92 specific recommendations for agencies to address identified systems weaknesses and improve their corruption resistance.

The statistics are impressive, but they tell only half the story.

As the NSW public sector and the wider community adopt new roles, functions and processes, new forms of corruption and corruption risks are emerging. We also continue to deal with traditional high-risk areas such as procurement and tendering and regulatory functions. In 2003–2004 the ICAC has investigated a wide range of highly complex matters, and in doing so we have made full use of the skills and resources introduced into the organisation over the past five years. These, together with the dedication and commitment of the ICAC staff, have allowed us to pursue corruption across a range of public sector activity and to identify new corruption risks as they emerge.

Management and planning

The new management and planning processes established in 2002–2003 and outlined in the Annual Report for that year have worked very effectively in 2003–2004.

The Investigations Management Group (IMG) has overseen the conduct of all ICAC investigations, introducing a classification system to allow for more efficient allocation of staff and resources to investigations based on their scale and complexity. As part of our comprehensive and integrated approach to investigations, corruption prevention officers are part of the investigation team for all major investigations.

The Operations Management Committee (subsequently renamed the Prevention Management Group to better reflect its functions) has overseen the conduct of all corruption prevention, education and research activity, including major strategies such as the Local Government Strategy and the Rural and Regional Outreach Strategy as well as a range of initiatives dealing with specific sectors and issues.

The Executive Management Group has continued to oversee the ICAC's strategic planning and operations in 2003–2004 to ensure that the organisation meets the objectives set out in its current strategic plan and best-practice standards in terms of corporate governance, accountability and efficiency. In 2003–2004 the Executive Management Group has overseen the review and updating or development of 29 policies covering key areas; preparations for a new ICAC Award in consultation with union and staff representatives; the continuing development of performance reporting and the introduction of enhanced business systems, including the implementation of a new records management system.

“In 2003–2004 the ICAC has investigated a wide range of highly complex matters, and in doing so we have made full use of the skills and resources introduced into the organisation over the past five years.”

Investigations

In 2003–2004 the ICAC conducted enquiries and preliminary investigations into 375 matters and conducted formal investigations into 48 matters, ranging from sophisticated financial fraud to systems failures in safety certification in the construction industry.

As in previous years, the ICAC used its formal powers to gather the evidence, intelligence and other information required to pursue investigations and in 2003–2004 our new technical capacities, including a dedicated audio/video and computer forensic studio, were fully utilised in storing and analysing this material.

The ICAC conducts hearings in relation to many of its investigations. These hearings may be held in private, in order to elicit information that may assist with further investigative work, or in public where this is in the public interest.

In 2003–2004, we posted the transcripts of seven public hearings and two private hearings on the ICAC website.

In 2003–2004 we also completed the upgrade of our hearing room facilities to provide on-screen, real time transcripts during hearings and multimedia broadcasting of proceedings via the Commission's local area network (LAN). The upgrade also incorporates the latest in evidence presentation techniques to take account of the changing complexity and diversity of matters investigated by the ICAC.

In 2003–2004 the ICAC held 33 days of public hearings in relation to five investigations, including an investigation into the conduct of officers of the Koompahtoo Local Aboriginal Land Council at Lake Macquarie. These public hearings highlighted issues related to the management of lands held by Land Councils in New South Wales.

Public hearings were also held into the conduct of accredited assessors who were issuing safety certificates to construction workers on behalf of WorkCover NSW. These hearings exposed widespread corrupt conduct with serious implications for workplace safety throughout the NSW construction industry.

The ICAC produces public reports on all its investigations involving public hearings, and in 2003–2004 we produced ten such reports as well as a substantial report to the Department of Health on an investigation into hospital waiting lists that was made public under section 14(2) of the ICAC Act.

These reports dealt with a wide range of corrupt conduct – from the theft of irreplaceable natural history specimens from the Australian Museum and the misuse of parliamentary entitlements to the introduction of contraband into correctional centres – and the ICAC made a total of 92 specific recommendations designed to prevent the recurrence of such conduct.

Corruption prevention

Preventing corruption involves a sustained and coordinated effort on a number of fronts, and in 2003–2004 we continued to take a comprehensive approach to this work.

We provided responses to some 375 requests for corruption prevention advice; delivered training sessions to public sector organisations throughout New South Wales and produced a range of electronic and print resources, including *Developing a statement of business ethics* to help public sector organisations manage business relationships with the private sector.

We delivered Stage 2 of our campaign to raise awareness of corruption and the role of the ICAC among non-English speaking background communities and we continued our Rural and Regional Outreach Strategy with information and education programs delivered in the New England region and Mudgee.

In 2003–2004 the ICAC further developed its cooperative relationships with counterpart agencies, including a joint project with Queensland's Crime and Misconduct Commission to develop guidelines and a practical toolkit for managing conflicts of interest.

Looking back, looking ahead

This is my last Annual Report as ICAC Commissioner. I step down in November 2004 at the end of a challenging and rewarding five-year term.

“Preventing corruption involves a sustained and coordinated effort on a number of fronts”

My term as Commissioner has coincided with significant changes in the operating environment for public officials and public sector organisations. While the core principles of public duty remain constant, the ways in which public officials and public sector organisations deliver services have changed profoundly. Many services are now delivered on-line, information has become a commodity in its own right and public sector organisations increasingly look to private sector contractors to deliver public services – to name but a few such changes.

Each of these changes creates new opportunities for corrupt conduct and new challenges for corruption prevention, not only for public sector organisations but also for a ‘watchdog’ agency like the ICAC.

Early in my term I saw the need to ensure that the ICAC had the skills, the resources and the tools necessary to identify new and emerging forms of corruption, to investigate new manifestations of corrupt conduct and to assist public sector organisations with expert and informed advice in a range of specialist areas.

When I became ICAC Commissioner in November 1999 the organisation had been operating for ten years. The ICAC's very successes and high public profile meant that corrupt individuals were working harder at concealing their corrupt conduct, and I was determined to ensure that we had the capacity to pursue effective investigations and corruption prevention work in all circumstances.

Following a period of extensive consultation and review, including an independent functional review and a review of our investigative capacity, the ICAC's executive management team and I implemented a major restructure of the organisation, designed to boost the ICAC's capacity to take on serious and substantial corruption.

We also instituted changes to improve information-sharing and accountability within the organisation and to adopt a more integrated approach to our work, so that, for example, corruption prevention officers were able to contribute specialist skills to major investigations.

The new structure and processes were put to an early test with the Operation Trophy investigation in 2001–2002 into conduct by councillors at Rockdale City Council. In that extensive investigation we were able to combine expert knowledge of corruption risks in the development approvals process with newly acquired investigative skills and technology to uncover serious, systemic corruption.

The investigation findings had implications for the entire local government system and led to significant legislative reform to address corruption risks highlighted by our investigation; a great result and a testament to the skills and commitment of the ICAC staff.

During my term we introduced a number of measures to improve access to our information and services. The Rural and Regional Outreach Strategy takes our corruption prevention, education and advice services to regional New South Wales and has proved to be an extremely popular initiative. We also commenced posting full transcripts of our public hearings on our website to provide greater transparency and accountability and to permit those unable to attend a hearing to follow the proceedings.

At the same time we have continued to develop the ICAC's capacities. We have enhanced our intelligence-gathering capacity; built and staffed a dedicated audio/video and computer forensics studio to enable us to analyse electronic intelligence product; and recruited staff with a range of specialist skills in investigations and corruption prevention.

In 2003–2004 we were again put to the test with an unprecedented number of matters reported to us by public officials and members of the public; a large number of challenging investigations into highly specialised areas of public sector work and complex public–private sector interactions; and a strong demand for our corruption prevention and education services.

The number and complexity of matters we dealt with in 2003–2004 tested our capacities, and I am pleased to report that the ICAC was able to manage the very substantial workload efficiently and effectively.

Our investigations into the introduction of contraband into the High-Risk Management Unit at Goulburn Correctional Centre and the Metropolitan Remand and Reception Centre, Silverwater not only uncovered corrupt conduct by specific correctional officers, but also highlighted deficiencies in the implementation of policies and procedures which created opportunities for the corrupt conduct. Our specific corruption prevention recommendations will, if fully implemented, reduce the introduction of mobile phones, drugs and other contraband into NSW prisons.

Our investigation into safety certification and training in the NSW construction industry not only uncovered extensive corrupt conduct by a number of accredited assessors, but also highlighted the need for proper monitoring and auditing of private contractors providing services to public sector organisations. The corrupt conduct uncovered in this investigation has serious ramifications for workplace safety throughout the NSW construction industry.

Other investigations, commenced in 2003–2004 and yet to be finalised, have tested our technical capabilities. One of our current investigations involved the acquisition and analysis of some 500 gigabytes of computer data – a mammoth task that would simply have been beyond our capacities just a couple of years ago.

As I leave the ICAC, I want to sound a note of warning.

The organisation has the skills and the commitment needed to meet its strategic objectives and fulfil the expectations of the community. The ICAC has streamlined its operating procedures and is now doing more with fewer staff than it was prior to the 2001–2002 restructure. I believe the organisation has reached the limit in terms of the efficiencies it can introduce without compromising its functions.

As the statistics in this Annual Report clearly show, demand for the ICAC's investigative and corruption prevention functions has been steadily rising. In addition, amendments to the Local Government Act that expand the ICAC's jurisdiction over local government councillors passed through the Parliament in September 2004. These legislative changes will result in an increase in the number of matters referred to the ICAC.

In this context of significantly increased demand for ICAC's services, Government must ensure that the organisation receives the resources it needs to properly fulfil its statutory functions.

Equally importantly, the legislative and governance frameworks within which the ICAC operates need to be such that the organisation is able to undertake its investigative and corruption prevention work effectively, yet with high levels of accountability and transparency.

Accordingly, I welcome the NSW Government's current review of the ICAC Act, which has provided us with a valuable opportunity to raise issues which we believe need to be addressed. I trust that the outcomes of this review will assist the organisation in its work.

A final word

Finally, I want to pay tribute to the staff of the ICAC. None of the achievements of the past five years would have been possible without their dedication and commitment. To all of the staff of the ICAC, past and present, my sincere thanks and my best wishes for the future.



Irene Moss AO
Commissioner



Results for 2003–2004

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 2003–2004 financial year.

Performance against objectives

In 2003 the ICAC finalised its new Strategic Plan, covering the period 2003 to 2007. The Strategic Plan sets out specific objectives against each of four key result areas:

- investigating corruption
- preventing corruption
- accountability
- our people – our organisation.

In 2003–2004 the ICAC worked towards the objectives set out in the strategic plan. Each division of the organisation developed and reported against a divisional operational plan, aligned with both the annual corporate plan and the strategic plan. Each division reported against its operational plan to the Executive Management Group on a quarterly basis.

This following table summarises results against each of these objectives. Additional detail can be found in subsequent chapters.

Key Result Area 1: Investigating corruption

Objective	Results in 2003–2004
1a. Take a proactive approach to detecting and investigating corrupt conduct	<ul style="list-style-type: none"> ■ received and assessed 2,886 matters, containing 3,550 allegations, from public officials, public sector organisations and members of the public ■ conducted initial enquiries for 203 matters and undertook 254 preliminary enquiries ■ commenced 34 investigations and 136 preliminary investigations, in addition to 14 investigations and five preliminary investigations carried over from 2002–2003 ■ held 33 days of public hearings in relation to five investigations and 35 days of private hearings in relation to 15 matters
1b. Tailor approaches in dealing with corruption prevention issues identified through investigations	<ul style="list-style-type: none"> ■ monitoring of current investigations in 2003–2004 to identify systemic issues and areas for address through corruption prevention projects ■ 92 specific corruption prevention recommendations made in investigation reports published in 2003–2004 ■ information from relevant investigations and complaints/reports analysed in development phase of corruption prevention projects in 2003–2004 e.g. corruption resistance and the NSW health sector project; identity fraud project ■ information and examples from relevant investigations and complaints/reports incorporated into ICAC training materials ■ use of hearing process in 2003–2004 for public consultation on prevention issues arising from the Koopahtoo Local Aboriginal Land Council investigation
1c. Ensure a best practice approach for all investigations	<ul style="list-style-type: none"> ■ maintained an integrated approach to investigations, with a lawyer and a corruption prevention officer assigned to all major investigations ■ Investigations Management Group met fortnightly in 2003–2004 to monitor and review current investigations ■ exercised all statutory and investigative powers in accordance with statutory requirements ■ was subject to three compliance inspections by the Ombudsman in respect of telephone interceptions and controlled operations. Legal Division provided additional training to those involved with controlled operations to address the minor procedural issues identified ■ was subject to one audit in accordance with section 11 of the <i>Law Enforcement and National Security (Assumed Identities) Act 1998</i> which did not disclose any fraudulent or other criminal behaviour ■ built a dedicated audio/video and computer forensics studio to improve capacity to acquire, store and manage technical product ■ completed the upgrade of the ICAC hearing room to provide on-screen, real time transcripts during hearings and enhanced evidence presentation capacities

Objective**Results in 2003–2004**

1d. Enhance complaint handling processes

- continued to improve policies and procedures to ensure that the rights and special needs of persons making protected disclosures are observed
- continued to provide information to complainants on ICAC's response to complaints of suspected corrupt conduct – with average turn-around time of 51 days for provision of information to complainant
- continued to participate as a member of the Protected Disclosures Act Implementation Steering Committee (PDAISC)

1e. Develop strategic alliances to optimise investigative outcomes

- participated in the establishment and development of the NSW Digital Evidence Group
- participated in and exchanged intelligence with the Identity Crime Task Force, a joint agency task force hosted by the Australian Federal Police
- exchanged intelligence with NSW Police, Australian Federal Police, the NSW Crime Commission and the Police Integrity Commission to assist ICAC investigations
- continued to receive operational support from NSW Police under terms of the Memorandum of Understanding signed in 2002
- worked closely with the Police Integrity Commission, including receiving specialist technical support and resources from the PIC to assist with gathering evidence of corrupt conduct
- received technical assistance from the NSW Crime Commission
- continued to develop relationships with other regulatory and oversight bodies within the NSW public sector, including the NSW Ombudsman and the Audit Office of NSW
- briefed investigative officers from a range of interstate and overseas agencies

Key Result Area 2: Preventing corruption

Objective	Results in 2003–2004
2a. Provide a range of strategies to develop the public sector's capacity to resist and appropriately respond to corruption	<ul style="list-style-type: none"> ■ conducted training, education and information exchange programs in two regional areas in NSW ■ responded to 32 requests for speakers and provided 37 training sessions to agencies ■ produced training and corruption prevention resources in video, radio and print formats ■ produced and distributed a range of resources specifically for local government and provided associated training as part of the ongoing Local Government Strategy
2b. Provide guidance and advice to the NSW public sector on issues that may lead to corrupt conduct if unchecked	<ul style="list-style-type: none"> ■ responded to 322 telephone requests and 53 written requests for corruption prevention advice ■ provided corruption prevention advice in relation to 53 complaints/ reports of corrupt conduct ■ completed two Corruption Resistance Reviews, and made 58 resultant corruption prevention recommendations
2c. Improve community confidence in reporting corruption	<ul style="list-style-type: none"> ■ delivered Stage 2 of NESB communications campaign and Local Government Strategy and other project activity designed to provide information on the ICAC and reporting procedures ■ produced <i>Introducing the ICAC</i> and <i>Reporting corruption to the ICAC</i> brochures in 29 languages and published on ICAC internet site ■ produced other NESB communications campaign materials in five additional languages ■ distributed 68,715 multilingual information brochures to NSW public sector organisations on request ■ reviewed and updated online reporting function on ICAC internet site ■ analysed and published results of research into community attitudes to corruption and the ICAC

Key Result Area 3: Accountability

Objective	Results in 2003–2004
3a. Provide timely, accurate and relevant reporting to the Operations Review Committee and the NSW Parliamentary Joint Committee	<ul style="list-style-type: none"> ■ convened six meetings of the Operations Review Committee (ORC), which in total considered 1,807 matters – the majority of recommendations made by the ICAC were accepted with no or minor alteration ■ commissioned an external review of reporting to the ORC and implemented all recommendations to improve reporting processes and succession planning ■ attended two hearings of the Parliamentary Joint Committee on the ICAC and provided timely and accurate responses to questions on notice
3b. Ensure delivery of agreed business outputs	<ul style="list-style-type: none"> ■ operational plans in place for all divisions for 2003–2004, aligned to ICAC Strategic Plan 2003–2007 ■ quarterly reports against all divisional operational plans provided to and accepted by Executive Management Group in 2003–2004 ■ performance agreements in place for all staff and based on performance measures identified in divisional operational plans in 2003–2004
3c. Ensure all business activity complies with all regulatory requirements and standards requirements	<ul style="list-style-type: none"> ■ provided all central agency reports and returns (including Annual Report) by due dates, in compliance with all relevant legislation and to specified standards ■ two independent audits undertaken in 2003–2004, on the Operations Review Committee (ORC) reporting process and the performance of financial services respectively, rated each area as “well-controlled”
3d. Report publicly about the work of the Commission	<ul style="list-style-type: none"> ■ completed the redevelopment of the ICAC’s internet and intranet sites providing improved website useability, ease of navigation and better search facilities ■ posted transcripts of seven public hearings and two private hearings on the ICAC internet site ■ published 10 investigation reports (with recommendations that the DPP give consideration to the prosecution of a total of 18 persons for criminal offences) ■ posted all publications produced in 2003–2004 on the ICAC internet site ■ produced and distributed <i>ICAC Annual Report 2002–2003</i> and <i>Corruption Matters No.23</i> and provided articles on request for other publications on the ICAC’s work ■ undertook 43 public speaking engagements and briefings on the ICAC’s work

Key Result Area 4: Our organisation

Objective	Results in 2003–2004
4a. Continue to develop as a learning organisation that embraces a culture of continuous improvement, excellence and sharing of knowledge	<ul style="list-style-type: none"> ■ continued to promote the ICAC's learning strategy with 780 participants attending training activities and a leadership program introduced for senior managers ■ upgraded hearing room equipment and facilities to provide on-screen real time transcripts during hearings, electronic presentation of evidence and multimedia broadcasting of proceedings via the ICAC's local area network ■ completed the implementation of new electronic records management and human resources systems that provide improved file search features for records and electronic self service facilities for staff in both systems
4b. Provide a safe, equitable, productive and satisfying workplace	<ul style="list-style-type: none"> ■ developed and implemented a hearing risk assessment template that identifies, assesses and applies appropriate treatments to the risks to witnesses, the public, staff and the media attending public or private hearings ■ developed and implemented an occupational health and safety (OH&S) risk model to enable OH&S hazards to be identified and managed; maintained a comprehensive OH&S Hazard Register ■ provided comprehensive induction program for all new staff, incorporating OH&S and security requirements ■ incorporated learning and development plans into all staff performance agreements to support and facilitate individuals' professional development ■ specific initiatives undertaken in accordance with the Ethnic Affairs Priorities Statement; Disability Action Plan (including implementation of disability access audit recommendations); Spokeswomen's Program and NSW Government Action Plan for Women
4c. Be a lead agency in our governance and corporate infrastructure	<ul style="list-style-type: none"> ■ maintained a comprehensive internal governance structure, comprising a number of internal committees each operating to a formal charter and meeting regularly in 2003–2004 to plan and approve activity, monitor progress, consider emerging issues and resolve issues (Executive Management Group, Investigations Management Group, Operations Management Committee and IT Steering Committee) ■ substantially completed the review and update of Commission corporate policies commenced in 2001–2002 with 29 policies either updated or introduced in 2003–2004 ■ ensured staff input to decisions affecting staff through regular meetings of the Commission Consultative Group, Occupational Health and Safety Committee and Access and Equity Committee in 2003–2004

Objective**Results in 2003–2004**

4d. Monitor our performance to ensure work quality and effective resource management

- quarterly reports against all divisional operational plans provided to and accepted by Executive Management Group in 2003–2004
- completed a review of performance measures, with reporting against these measures scheduled for the 2004–2005 financial year
- redeveloped the staff performance management system (PMS) to include position accountabilities, core behaviour competencies and improved guidelines on performance feedback. New PMS trialled in 2003–2004 for full implementation in 2004–2005



Assessing complaints and reports

- Overview
- Profile of matters received
- Complaints from the public
(section 10 complaints)
- 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

Overview

Every year the ICAC receives a large number of complaints and reports about suspected corrupt conduct from public officials, principal officers and members of the public.

These complaints and reports provide the impetus for much of the ICAC's investigative work and also highlight corruption risk areas and trends, which assists the ICAC in targeting its corruption prevention work.

Principal officers of NSW public sector organisations have an obligation (under section 11 of the ICAC Act) to report known or suspected corrupt conduct to the ICAC, and the ICAC also receives complaints about suspected corrupt conduct from members of the public and from public officials.

The ICAC actively encourages all members of the public and public officials to report any concerns regarding suspected corrupt conduct and informs principal officers of reporting procedures and their obligations in this regard. The ICAC develops and maintains liaison relationships with public authorities to assist them in reporting corrupt conduct.

Complaints to the ICAC may be made in writing, by telephone, by email, in person or online via a complaints form on the ICAC internet site www.icac.nsw.gov.au. The ICAC is continuing its work to encourage people of non-English speaking background (NESB) in making complaints (detailed in "Preventing corruption" chapter).

In 2003–2004 the ICAC received 2,886 matters, of which 901 were categorised as 'section 10 complaints' (complaints made by any person which involve an allegation of corrupt conduct, as provided for in section 10 of the ICAC Act); 306 were categorised as protected disclosures (complaints made by public officials that met the criteria of the *Protected Disclosures Act 1994*) and 677 were categorised as section 11 reports (reports from principal officers of NSW public sector organisations, as provided for in section 11 of the ICAC Act).

All these matters were received by the ICAC's Assessments Section. Assessment officers formally register each matter and make any necessary enquiries with the complainant or the public sector organisation involved or other bodies in order to better assess the information provided.

All matters are then reported to the Assessment Panel, an internal committee that has the responsibility for determining what action, if any, should be taken in regard to matters 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 number of matters received and handled by the Assessments Section and the Assessment Panel continued to increase in 2003–2004. The number of section 10 complaints increased by 30 percent from 2002–2003; protected disclosures increased by 44 percent and section 11 reports increased by nine percent.

Enhancements made in 2003–2004 to the ICAC complaint–recording and case management system assisted the Assessments Section to manage a significantly increased workload efficiently and without compromising service standards when interacting with complainants, public authorities and other interested parties. The ICAC endeavours to provide all complainants with information on the ICAC's decision in regard to their matter and to provide this information in a timely fashion, consistent with the need to seek all relevant information and to make a full assessment of each matter. The average turn-around time – defined as the time from receipt of a matter to the provision of information to the complainant on the ICAC's decision – was 51 days in 2003–2004.

Table 1 provides an analysis of the matters reported to the Assessment Panel in 2003–2004. The decisions made by the Assessment Panel are set out in Table 2.

In 2003–2004, the ICAC:

- received and assessed 901 complaints from members of the public, containing 1,370 allegations
- received and assessed 306 protected disclosures containing 520 allegations
- received and assessed 677 reports from NSW government agencies
- conducted initial enquiries for 203 matters and commenced 254 preliminary enquiries undertaken by Assessment Officers
- continued to improve policies and procedures to ensure that the rights and 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 2003–2004 the ICAC received a range of complaints, reports and information as shown in Table 1.

Table 1: Matters received by category in 2003–2004, compared to previous two years

Category	2001–2002	2002–2003	2003–2004
Section 10 complaint Complaints involving an allegation of corrupt conduct. These may be made by any person such as a member of the general public, as provided for in section 10 of the ICAC Act.	683	691	901
Protected disclosure Complaints made by public sector employees that meet the criteria of the <i>Protected Disclosures Act 1994</i> . Complaints that do not meet the criteria are treated as section 10 complaints.	154	213	306
Section 11 report 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 have an obligation to inform the ICAC of suspected corrupt conduct.	394	620	677
Information Information provided by members of the general public concerning a situation that may have potential for corruption, but which does not include an allegation of corruption.	177	209	320
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
Enquiry* Advice sought from the ICAC, by either a member of the public or a NSW public sector employee, about whether a particular situation might indicate corrupt conduct, or similar matters.	9	11	306
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.	3	3	5
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.)	83	130	356
Dissemination Information suggesting corrupt conduct usually provided by government agencies other than NSW agencies, such as the Australian Federal Police, the Australian Crime Commission or the Commonwealth Ombudsman.	0	4	12
Intelligence report*** General intelligence information provided by government agencies is classified under this category.	–	5	3
Total	1,505	1,882	2,886

Notes: * Until July 2003, only written enquiries were recorded by the ICAC. Since 1 July 2003 all enquiries, including telephone calls, are recorded.

** Until July 2003, these figures referred to written complaints only. Since 1 July 2003, the ICAC also records details of telephone complaints involving matters outside the ICAC's jurisdiction.

*** Intelligence reports 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)

Under section 10 of the ICAC Act, any person can make a complaint about suspected corrupt conduct. The ICAC refers to complaints made by members of the public, as well as those by public officials that do not meet the criteria to be categorised as a protected disclosure, as section 10 complaints.

For reporting purposes, the ICAC defines complaints as contact with the ICAC where allegations of corrupt conduct are made. The ICAC received 901 section 10 complaints during 2003–2004, containing 1,370 allegations. This represents a 30 percent increase from 2002–2003.

The areas of public sector activity most frequently mentioned in section 10 complaints received in 2003–2004 were:

- building and development applications/rezoning (mentioned in 25.2 percent of the section 10 complaints received)
- law enforcement (13.5 percent)
- staff matters (11.8 percent)
- government services (10.0 percent)
- use of public resources (9.8 percent)
- purchase of goods (7.2 percent).

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

- favouritism/nepotism (14.1 percent of all section 10 allegations made)
- breach of policy/procedures (9.9 percent)
- fabricating or falsifying information/forgery/fraud (8.5 percent)
- failure to take action (8.0 percent)
- misuse of public resources (7.9 percent).

Table 6 in Appendix 1 provides a full list by type of the allegations contained in section 10 complaints to the ICAC.

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 2003–2004, the ICAC received 306 protected disclosures containing 520 allegations. This was almost twice as many protected disclosures as were received in 2002–2003.

The areas of public sector activity most frequently mentioned in protected disclosures received in 2003–2004 were:

- staff matters (mentioned in 47.9 percent of the protected disclosures made)
- use of public resources (13.9 percent)
- purchase of goods and services (7.0 percent)
- building and development (5.7 percent)
- law enforcement (4.6 percent).

The types of misconduct most frequently alleged in protected disclosures made to the ICAC in 2003–2004 were:

- favouritism/nepotism (17.5 percent of the 520 allegations made)
- breach of policies and procedures (11.1 percent)
- harassment/victimisation/discrimination (11.0 percent)
- misuse of public resources (10.4 percent)
- fabricating or falsifying information/forgery/fraud (10.4 percent).

A full list by type of the allegations made in protected disclosures to the ICAC during 2003–2004 is contained in Table 6 in Appendix 1.

Improving the handling of protected disclosures

In 2003–2004 the ICAC reviewed its procedures affecting protected disclosure complainants, to ensure that the rights and special needs of persons making protected disclosures are identified and appropriately dealt with.

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 that is the subject of the complaint. The ICAC's assessment 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 omit any information that might tend to identify the complainant. Where the complainant does not consent to disclosure, 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 exercises the same caution with those anonymous complaints that are treated as protected disclosures. The ICAC rarely refers information tending to identify complainants without the complainant's consent, given the potential for adverse impact on the complainant.

Reports from public sector agencies (section 11 reports)

Section 11 of the ICAC Act requires principal officers of NSW 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 2003–2004, the ICAC received 677 section 11 reports, containing 951 allegations, from principal officers. Agencies making section 11 reports to the ICAC usually make them individually as the need arises. However, some larger agencies have long-standing arrangements to report minor matters by schedule on a regular basis. In addition to the 677 individual section 11 reports received, the ICAC received notification by schedule of some further 350 matters.

Subjects of section 11 reporting

As well as alerting the ICAC to specific instances of known or suspected corrupt conduct, section 11 reports provide useful insights into emerging corruption risks and can also help the ICAC identify systems weaknesses within the public sector. Section 11 reports regularly form the basis for corruption prevention advice and publications.

The areas of public sector activity most frequently mentioned in the 677 individual section 11 reports received in 2003–2004 were:

- use of public resources (mentioned in 23.1 percent of all reports made)
- staff matters (22.6 percent)
- law enforcement (11.7 percent)
- government services (8.6 percent)
- building and development (7.5 percent)
- purchase of goods (6.2 percent).

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

- misuse of public resources (18.3 percent of all reported allegations)
- fabricating or falsifying information/forgery/fraud/ (12.3 percent)
- breach of policies or procedures (10.9 percent)
- bribery/gift/secret commission (8.8 percent).

Initial decisions by Assessment Panel

All matters forwarded to the Assessment Panel are assessed individually to determine the appropriate course of action.

The Assessment Panel consists of the Deputy Commissioner and the Executive Directors of the Strategic Operations Division, Corruption Prevention, Education and Research Division and the Legal Division, or on occasions their delegate. The Assessment Panel usually meets or conferences twice each 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. 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 the matter relates to. Other matters may have already been 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 to notify the person who provided the information of the ICAC's decision. The panel decides that the matter should be referred or does not warrant any action after considering the results of any initial enquiries made.

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 (under sections 53 and 54 of the ICAC Act) to require that the agency conduct an internal investigation and then report its findings back to the ICAC by a certain date. The ICAC will do this after consultation with the agency and 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. Depending on the outcome of these enquiries, 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 an ICAC investigation.

CASE STUDIES

Section 11 matters

False documents

The Office of Fair Trading reported that a person who made an application for an electrical contractor's licence had submitted a fictitious qualification. When the qualification was checked with the applicant's nominated referee, it was discovered that the referee had also submitted false documents in support of his electrical contractor's licence. The person's application was refused, and his referee's licence was cancelled.

Employee fraud

A local council reported that two of its employees had been involved in the misappropriation of approximately \$50,000 of council funds. Over a period of about 18 months the officers had been involved in a complex scam, using the payment of fictitious invoices as a means of directing sums of money to the bank account of one of the officers. The officers were suspended and subsequently left the council. The council conducted an audit and strengthened its internal controls to reduce the chance of such an event reoccurring. The council also reported the officers' conduct to NSW Police.

Misuse of council resources

A local council reported that one of its employees, employed in the council's credit union, used credit union resources to try to assist her brother. The employee printed a letter on credit union letterhead claiming that her brother was a member of the credit union and had a business loan with them. When questioned about the letter, the employee stated that she had intended to help her brother claim a tax deduction for a loan he had. She returned the letter and resigned. The council also advised the Australian Taxation Office of the matter.

Controls against corrupt conduct

Integral Energy reported that 21 unauthorised transactions were made on one of its fuel cards, amounting to over 12,000 litres of petrol being taken in one day. Integral Energy suspected that the card had been stolen, but its own enquiries and those of police were unsuccessful in identifying who was responsible for the unauthorised transactions. Integral Energy identified a number of control weaknesses in relation to fuel cards, and introduced a 'smart alert' system so that a nominated officer is notified if the fuel card exceeds certain limits. Also, as the petrol was taken from an unmanned bowser where there was no video surveillance, Integral Energy put measures in place to prevent the use of fuel cards at such petrol stations.

4. Corruption prevention

If the matter appears to principally involve systemic issues, or the allegations made have been dealt with but wider problems appear to exist, enquiries may be undertaken by corruption prevention officers in order to further evaluate the situation or to give advice about how to prevent 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 investigation 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.

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

In addition to the large number of matters received by the ICAC which are outside its jurisdiction and which are referred wherever possible to the appropriate agency, the ICAC can refer a matter within its jurisdiction to another agency for investigation and report-back to the ICAC. Such referrals are made under section 53 of the ICAC Act and the report-back from the agency is requested under section 54. In 2003–2004, the ICAC referred 37 matters for investigation under section 53/54 provisions.

Table 2: Assessment Panel decisions in 2003–2004, compared to previous two years

Action taken by the ICAC in response to matters received	TOTAL		
	2001–2002	2002–2003	2003–2004
Referral for information to another agency or no action taken by the ICAC	1,063 (73.5%)	1,460 (77.5%)	2,500 (83.4%)
Matters acted upon by the ICAC			
Referred to Assessments Section for further enquiries (including referrals to other agencies for investigation and report-back, under sections 53/54 of the ICAC Act)	163 (11.3%)	159 (8.5%)	246 (8.2%)
Referred to Corruption Prevention Section for further action	140 (9.7%)	129 (6.9%)	55 (1.8%)
Referred to Strategic Operations Division and/or Legal Division for further enquiries and/or investigation	80 (5.5%)	134 (7.1%)	169 (5.6%)
Total number of matters acted upon by the ICAC	383 (26%)	422 (22.4%)	470 (15.7%)
Total number of matters*	1,446	1,882	2,995**

Notes: * The totals may be different to the total of all 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 for 2001–2002 and 2002–2003 also exclude telephone matters classed at the outset as information or outside jurisdiction, which were not recorded until 1 July 2003. Where possible, these complainants were referred to a more appropriate agency.

** From July 2003 telephone enquiries about whether a matter might involve corrupt conduct and telephone complaints involving matters outside the ICAC's jurisdiction were recorded (see Table 1) and are included in these totals for 2003–2004. Wherever possible, matters outside the ICAC's jurisdiction are referred to appropriate agencies. These enhancements to recording and reporting statistics mean that 2003–2004 totals cannot be directly compared to totals for previous years.

The year ahead

In 2004–2005 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 through our improved website and our telephone advice service about the role of the ICAC and how to report corrupt conduct
- continue to enhance our complaint handling and customer service procedures and to reduce turn-around times
- continue to improve procedures for dealing with protected disclosures.



Investigating corruption

- Overview
- The investigation process
- Investigations in 2003–2004
- Use of statutory powers
- Public and private hearings
- Strategic partnerships and liaison with other agencies
- Investigation reports
- Prosecutions and disciplinary actions in 2003–2004 arising from ICAC investigations
- Implementation of corruption prevention recommendations
- The year ahead

Overview

Investigating corruption is a principal function of the ICAC as set out in section 13 of the ICAC Act. Investigations are a major part of the ICAC's work and complement its corruption prevention and education functions.

The Strategic Operations Division (SOD) has primary responsibility for conducting ICAC investigations. The SOD uses both overt and covert techniques in the investigations it undertakes, including the coercive powers granted to the ICAC under its Act. The SOD consists of two units, the Investigations Unit and the Strategic Risk Assessment Unit (SRAU).

Investigations Unit

Through its investigations in 2003–2004 the ICAC exposed significant corrupt conduct. Of particular note was its exposure of systemic corruption in safety certification and training in the NSW construction industry and corrupt conduct on the part of a Department of Corrective Services officer introducing contraband into a correctional facility.

In 2003–2004 the ICAC continued to improve the way it managed investigations by means of the investigations classification system and the Investigation Management Group (IMG), both of which were established in 2002–2003.

The investigations classification system, whereby investigations are classified and internally managed as either Category 1 or Category 2 investigations, enables the ICAC to better prioritise its investigations work, taking into account a range of factors including resource requirements, complexity, public interest, whether private or public hearings may be required and the seriousness and/or systemic nature of the alleged conduct, amongst other criteria.

The IMG, which comprises a small group of senior ICAC officers, met fortnightly in 2003–2004 to ensure investigations were prioritised appropriately; to review strategy and progress on investigations; and to provide direction on critical operational decisions.

Staff of the SOD work collaboratively on investigations with staff of other Divisions. An integrated approach has been adopted for the ICAC's major investigations, with a lawyer and a corruption prevention officer now part of the investigation team for all such investigations.

In addition, formal debriefings are now conducted for all completed Category 1 investigations. Debriefings ensure that the ICAC assesses the management of completed investigations and identifies any opportunities for improving investigative practices and administrative procedures. As part of the ICAC's commitment to undertaking quality investigations and using best practice procedures, the ICAC Operations Manual was subject to ongoing review and update during 2003–2004. The operations manual ensures the consistent application of investigation procedures, risk management, critical decision-making and quality assurance to all investigations. Together, these practices ensure a cycle of continuous improvement in ICAC investigations.

The upgrade of the ICAC's hearing room, completed in 2003–2004 and discussed in more detail on page 34, now permits copies of documents and electronically acquired product to be presented on-screen in the hearing room for viewing by all participants and observers. This is of great assistance in presenting evidence related to the complex investigations that the ICAC is increasingly often undertaking.

Strategic Risk Assessment Unit (SRAU)

The SRAU, established in 2002, is composed of three sections: Surveillance, Product Management and Intelligence. The Surveillance Section undertakes physical surveillance to identify and monitor persons of interest to the ICAC who may be involved in corrupt activity; the Product Management Section is responsible for the collection, management and storage of electronically acquired evidence and intelligence; and the Intelligence Section is responsible for the collection and analysis of information from a range of sources.

In 2003–2004 the ICAC:

- commenced 34 investigations and 136 preliminary investigations, in addition to 14 investigations and five preliminary investigations carried over from 2002–2003
- held 33 days of public hearings in relation to five investigations and 35 days of private hearings in relation to 15 matters
- was granted 73 warrants for use of listening devices and 34 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 504 occasions
- published 11 investigation reports, containing recommendations that the DPP consider the prosecution of a total of 18 persons for criminal offences
- built a dedicated audio/video and computer forensic studio to improve capacity to acquire, store and manage our technical product
- completed the upgrade of the ICAC hearing room to provide on-screen, real time transcripts during hearings and enhanced evidence presentation capacities
- participated in the establishment and development of the NSW Digital Evidence Group.

In 2003–2004 the SRAU continued its proactive work to assist in identifying areas within the public sector where the risk of systemic or serious corruption is high.

The SRAU applied analytical methodologies and tools to develop profiles on persons, groups or organisations of interest within the ICAC's case management system, ensuring that all relevant information and intelligence related to these entities of interest is captured, collated and assessed.

Prior to the tasking and co-ordination of investigation resources, the SRAU is involved in evaluating the accuracy and reliability of information, identifying information gaps, assessing opportunities for covert evidence/intelligence gathering and profiling potential targets.

The SRAU also built a dedicated audio/video and computer forensic studio to improve capacity to acquire, store and manage technical product. This studio is fully operational and staff have been trained in the use of the hardware and software platforms.

The investigation process

In 2003–2004 the ICAC maintained its commitment to undertaking quality investigations, using state-of-the-art technical capabilities, and has continued to improve the way in which investigations are managed.

The ICAC uses a range of investigative techniques, both overt and covert, 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, 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 are considered.

Conducting a number of interviews, for some allegations, may be all that is required to complete some investigations. More complex matters, however, may require the ICAC to use its statutory powers which include the use of search warrants, listening devices and telephone intercepts; as well as physical surveillance and financial and data analysis.

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 IMG.
- 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 granted by a Justice of the Supreme Court.

- Telephone intercept applications under the *Telecommunications (Interception) Act 1979* (Cwth) have to be 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.

Hearings of the ICAC may be held in public or in private. Both private and public hearings may be held into a particular matter. This decision is taken 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. The ICAC 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).

The ICAC also has the power to compel witnesses to answer questions when summoned to appear at a hearing, regardless of whether the answers will tend to incriminate the witness. Where a witness makes an objection to answering (either generally or in respect of a particular question) these answers are not admissible against him/her in any later civil or criminal proceedings. This provision reflects the ICAC's primary role as a fact-finding body.

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 addition, if there is sufficient evidence the ICAC can recommend that the Director of Public Prosecution consider criminal prosecution. The ICAC can also recommend that consideration be given to disciplinary action or dismissal.

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. 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 must be addressed if future opportunities for corrupt conduct are to be minimised.

Investigations in 2003–2004

In 2003–2004 the ICAC commenced 11 Category 1 investigations, 23 Category 2 investigations and 136 preliminary investigations, in addition to five Category 1 investigations, nine Category 2 investigations and five preliminary investigations carried over from the previous financial year.

With the trend by public sector organisations to contract out the provision of services, the ICAC has recently had cause to investigate a number of cases related to the provision of public services by private sector providers. Corruption in

such circumstances is likely to undermine confidence in the public sector agency responsible for the service, and may also reduce community confidence in the integrity of public sector processes more generally.

In 2003–2004 the ICAC's Operation Cassandra investigation exposed significant systemic corruption on the part of accredited assessors acting for WorkCover NSW in relation to safety certification and training in the NSW construction industry. Another investigation, which commenced in 2003–2004, has exposed similar conduct in relation to the issuing of contractor builder licences.

CASE STUDY

Operation Cassandra

On 26 February 2003 the ICAC was approached by WorkCover NSW, a statutory authority that works to promote workplace health and safety and administers related legislation, to provide assistance in investigating the activities of certain accredited assessors.

The ICAC's investigation focused on the assessment and certification for machinery operators; occupational health and safety (OH&S) induction for construction work training and certification; and training and certification of crane operators working in proximity to overhead power lines.

Over the course of the investigation, ICAC investigators analysed a large amount of documentation, interviewed a number of witnesses, obtained and executed a number of search warrants and obtained warrants for the use of telephone interceptions and covert listening devices.

The ICAC's investigation disclosed deliberate and widespread abuses of the competency assessment regulations by six accredited assessors. Several thousand Notices of Satisfactory Assessment were issued where assessors had not properly conducted the specified assessment procedures. In some cases individuals had been issued with Notices of Satisfactory Assessment without any testing of their actual competence in operating the specified equipment.

The investigation also found that OH&S induction training certificates were issued where no induction had taken place and training and certification practices designed to ensure the safe operation of cranes and other heavy plant operating near overhead power lines were improperly manipulated.

In its report on the investigation the ICAC made 11 recommendations to WorkCover NSW regarding better risk management practices. A twelfth recommendation concerned deterring corrupt practice in the area of training and certification through legislative change. It was recommended that an offence of issuing a false statement of training be created under the Occupational Health and Safety Regulation 2001.

Crane operators working in the dangerous environment of overhead powerlines are not formally regulated. Their training and safety regime is governed currently by provisions in an 'interim guide'. The operation of cranes near overhead power lines represented a corruption and safety risk because of a lack of sufficient oversight. The ICAC recommended that minimum standards be established in relation to training for crane operators working in the vicinity of overhead power lines, through an Industry Code of Practice.

This case study illustrates the importance of monitoring and auditing processes where a public sector organisation has out-sourced the provision of services. In this case, deficiencies in monitoring the conduct of assessments allowed assessors to manipulate the system for financial reward, with potentially hazardous results in the construction industry for both operators and other workers.

CASE STUDY

Operation Montessa

In August 2003, the Department of Corrective Services (DCS) informed the ICAC of allegations that a custodial officer employed at the Metropolitan Remand and Reception Centre (MRRC), Silverwater was taking contraband into the gaol.

The ICAC's investigation focused on the conduct of the particular officer and enquiries confirmed that he was in regular contact with an inmate. In December 2003, ICAC officers met with police officers attached to the Corrective Services Investigation Unit to advise that the custodial officer was likely to attempt to bring contraband into the MRRC the following day. On that day, the officer was apprehended after he entered the MRRC. When searched he was found to have a quantity of steroid tablets and a mobile telephone hidden in his underpants.

After his apprehension, the officer gave evidence in public hearings before ICAC and admitted taking mobile telephones and drugs into the MRRC and to receiving cash payments. He also made admissions concerning his involvement in other criminal activity. These admissions were made subject to a declaration pursuant to section 38 of the ICAC Act and as a result cannot be used in evidence against him in any subsequent criminal prosecution. The officer also gave evidence to the ICAC in private hearings. The transcript of the private hearings has not been made public as certain matters are still subject to enquiries.

The custodial officer has since been charged and sentenced to a minimum term of five months imprisonment in relation to each of three counts under the *Summary Offences Act 1988* and to five months imprisonment in relation to section 249B of the *Crimes Act 1900* for soliciting/receiving corrupt commission.

During the operational phase of this investigation, the ICAC sought the assistance of other agencies, including the DCS, NSW Police and the Australian Customs Service. Their assistance ensured that the operation was successful and demonstrates the benefits of inter-agency cooperation.

The ICAC has conducted a number of investigations into corrupt conduct by DCS officers. The most recent prior investigation, Operation Centaur, concerned the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre by a correctional officer in March 2003. That investigation raised similar issues to Operation Montessa in relation to the systems and procedures in place to prevent the trafficking of contraband into correction centres and the development of inappropriate relationships with inmates and their associates, which affected the exercise of official functions by correctional officers. The use of drugs and alcohol is also a factor. In the wake of these ICAC investigations, a major challenge for DCS is to ensure search policies and procedures are enforced to prevent the trafficking of contraband into correctional centres.

Use of statutory powers

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 2003–2004 compared to the two previous years.

Table 3: Exercise of statutory powers

Power	2001–2002	2002–2003	2003–2004
Summonses to give evidence or produce documents or both at a hearing (section 35, ICAC Act)	112	129	147
Warrant for arrest of a witness (section 36, ICAC Act)	0	0	0
Order a prisoner to appear before ICAC (section 39, ICAC Act)	0	0	0
Search warrant (section 40, ICAC Act)	51	11	26
Notice for public authority/official to produce statement of information (section 21, ICAC Act)	11	11	10
Notice requiring production of documents (section 22, ICAC Act)	197	258	314
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, ICAC Act)	7	6	7
Listening device warrant (subject to the <i>Listening Devices Act 1984</i>)	76	36	73
Telephone interception warrant (subject to the <i>Telecommunications (Interception) Act 1979</i>)	55	38	34
Controlled operation authorised (subject to the <i>Law Enforcement (Controlled Operations) Act 1997</i>)	4	7	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))	0	12	15

As indicated in the 2002–2003 report, the increase in the number of notices requiring production of documents (section 22) from 197 in 2001–2002 to 258 in 2002–2003 and 314 in 2003–2004 is due to the ICAC's enhanced investigative capacity, in particular an increased emphasis on financial analysis and profiling as an additional investigative strategy.

The following case study highlights the different ways in which powers are used to investigate matters. See also Operation Cassandra case study, page 29.

CASE STUDY

Investigating land dealings

The ICAC has been conducting an investigation into various land dealings engaged in by the Koopahtoo Local Aboriginal Land Council (KLALC) between 1997 and 2002. The primary purpose of the investigation was to determine whether members of the Executive of the KLALC or its employees, as well as those who dealt with them in organising the various land dealings, engaged in corrupt conduct.

There were four sets of transactions investigated by the ICAC: the Sanpine Joint Venture, the Villaworld Pipeline, the CKT Joint Venture and various transfers of residential land to certain members of the KLALC.

The Minister for Aboriginal Affairs appointed an investigator to examine the affairs of the KLALC in 2002. Following the receipt of the report by the investigating accountant the Minister appointed an administrator to administer the affairs of KLALC and it remains under administration to this date.

The ICAC's investigation was protracted and complex for several reasons. KLALC's record-keeping was seriously deficient and many records were destroyed by fire. The documents available lacked details and were disjointed. Information concerning the affairs of KLALC was concentrated in the hands of a few former officers of the KLALC, who themselves were of interest to the ICAC. These difficulties were further exacerbated by the poor state of financial records maintained by KLALC.

Despite these difficulties, ICAC officers examined and reconstructed a large amount of financial records and other documents spanning more than four years of operations of KLALC. The ICAC extensively used powers granted to it under section 22 of the ICAC Act to obtain financial and other information and analysed the information obtained, which materially assisted the investigation. The ICAC issued 49 section 22 notices in total.

ICAC officers also interviewed a number of former KLALC executives and employees to obtain information relevant to the investigation. Some members of KLALC and persons who have had dealing with the KLALC were also interviewed and hearings were conducted to obtain further information and evidence.

The ICAC identified a range of strategies for building corruption resistance in Aboriginal land councils. The ICAC sought comment on these strategies from Aboriginal communities, key government agencies and other individuals with expertise in this area. The ICAC held hearings to discuss corruption prevention issues and these provided valuable input into the development of the ICAC's recommendations. These are the first such hearings convened by the ICAC. The report on this matter has not yet been published.

Public and private hearings

Hearings are just one of a number of investigative techniques that the ICAC may use when investigating a matter. The ICAC is not a judicial body and hearings are often not the end point of an investigation, in the way that a prosecution follows a police investigation.

If it is decided to conduct hearings into a matter, the Commissioner will consider 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 considerations may be relevant when considering the public interest element, such as the investigative purpose and value of the hearings, their deterrent effect, their educative value particularly in relation to widespread or systemic corruption and the accountability and transparency of the ICAC in the conduct of its investigations.

In deciding to hold hearings in private, the ICAC may consider 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.

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.

In 2003–2004 the ICAC held 33 days of public hearing in respect of five investigations:

- 18 public hearing days were held concerning an investigation into the conduct of the Koopahtoo Local Aboriginal Land Council in carrying out the functions of the Aboriginal Land Council pursuant to the *Aboriginal Land Rights Act 1983*, and in relation to the land dealings by those officers between 1 October 1999 and 30 April 2002. The outcome of this investigation is yet to be reported.
- Ten public hearings days were held concerning an investigation into the conduct of accredited workplace

assessors issuing licences on behalf of WorkCover NSW. The report of this investigation was published in June 2004 (see also Operation Cassandra case study, page 29).

- Three days of public hearings were held in relation to an investigation into the conduct of the Hon. J. Richard Face concerning possible misuse of parliamentary entitlements in 2003. The report of this investigation was published in June 2004 and is discussed below.
- One day of public hearings was held in relation to an investigation into possible corrupt conduct on the part of Department of Corrective Services staff in relation to the High Risk Management Unit, Goulburn Correctional Centre. The report of this investigation was published in February 2004.

- One day of public hearings was held in relation to allegations that Corrective Services officers trafficked contraband into the Metropolitan Remand and Reception Centre at Silverwater. The report of this investigation was published in September 2004.

In 2003–2004 the ICAC made the transcripts of seven public hearings and two private hearings available on the ICAC website. This is part of making the ICAC hearings process more transparent and accessible, particularly for those members of the public who cannot attend hearings in person.

CASE STUDY

Public hearings into use of parliamentary entitlements

In February 2003 the ICAC received a complaint that the Hon. J. Richard Face intended to establish a consultancy business in the areas for which he held portfolio responsibility, namely liquor, gaming and racing. Also, from 4 to 10 February 2003 there was criticism of Mr Face in the media concerning his proposal to work as a consultant in these areas. In November 2002, Mr Face had announced his retirement and that he would not contest the NSW general election on 22 March 2003.

As part of its preliminary enquiries the ICAC wrote to Mr Face on 21 February 2003 seeking information concerning a possible consultancy business and the use of parliamentary resources (including staff) in any preparatory steps to establish the business. Mr Face responded to that letter on 7 March 2003 denying any such use of electorate and/or ministerial staff. The ICAC also searched the Australian Securities and Investment Commission databases which revealed no business interests for Mr Face. In view of its initial findings the ICAC determined that no further investigatory action be taken. On 21 March 2003 Mr Face retired from the Parliament.

In August 2003, the ABC television program *Stateline* broadcast a report concerning alleged misuse by Mr Face of parliamentary resources, including the involvement of a staff member in the establishment of a consultancy business. Following this report the ICAC undertook further investigations, which included interviews with former staff members of Mr Face.

Due to the importance of the matters involved and information obtained from former staff in private hearings, Assistant Commissioner Peter Johnson SC decided it was in the public interest to hold a public hearing.

The public hearing heard from eight witnesses, including three of Mr Face's former electorate staff and two former ministerial staff. There was little factual dispute concerning significant events, namely:

- Mr Face required members of his electorate and ministerial staff to take steps in January and February 2003 in preparation for the establishment of a private consultancy business to be undertaken by him after his retirement;
- Mr Face took photocopying paper, facsimile machine cartridges, envelopes and postage stamps from his electorate office to his private premises in March 2003;
- Mr Face's written response to the Commission, through his solicitor, on 7 March 2003 contained factually incorrect statements.

As a result of the investigation the Assistant Commissioner made findings that Mr Face had engaged in corrupt conduct in taking and using the stationery items and postage stamps provided to him for the performance of parliamentary duties and had made deliberately false and misleading statements in the letter of 7 March 2003 to the ICAC. He recommended that the Director of Public Prosecutions consider the prosecution of Mr Face under section 80(c) of the ICAC Act and for the common law offence of misconduct in public office.

Corruption prevention recommendations were made about employment that Ministers can take up immediately after leaving office and the definition of parliamentary duties in the Parliamentary Remuneration Act. The ICAC also recommended the establishment of a code of conduct for ministerial staff and expansion of induction briefings for Members and their electorate staff.

The upgrade of the ICAC's hearing room, commenced in 2002–2003, was completed during 2003–2004. Equipment has been permanently installed that allows the ICAC to conduct its hearings more efficiently and present evidence obtained during increasingly complex investigations. Documentary evidence can be projected onto screens so that it can be viewed by the public and audio and video evidence stored in digital form can be played using the ICAC intranet. The hearing room now has the capacity to permit real-time transcripts to be prepared and disseminated to those at the bar table and this capacity will be used in 2004–2005.

The following case studies highlight the use of public hearings during 2003–2004.

The ICAC does not conduct public hearings in every investigation as the public interest threshold must be met to conduct hearings in public. As described above, private hearings are often used in the early stages of investigations and may also serve as a useful tool for detecting inconsistencies in the evidence of different witnesses.

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 a private hearing.

CASE STUDY

Use of false academic qualifications

The ICAC commenced an investigation based on a report from the Vice-Chancellor of the University of Newcastle, pursuant to section 11 of the ICAC Act, that Mr Glen Oakley, then Chair of the University Foundation Board and Conjoint Professor at the University's Graduate School of Business, had falsely claimed to hold a Bachelor of Science (Hons) degree and a Graduate Diploma in Education from the University.

Mr Oakley had held a number of senior positions in the public and private sector between 1987 and 2002. The ICAC decided to investigate this matter because making false representations as to academic qualifications, whether or not they were required for the position, indicates a lack of integrity on the part of the applicant that should make that person unsuitable for public sector employment.

The ICAC first identified and obtained relevant documentary evidence, which indicated that Mr Oakley had falsely represented himself as having academic qualifications in relation to a number of applications he had made for employment and honorary positions. In addition to those qualifications that were first brought to the attention of the ICAC, Mr Oakley had falsely claimed to have the degree of Master of Business Administration from the University of NSW and the degree of Doctor of Philosophy from the University of New England.

In order to determine the reasons why Mr Oakley had so acted, the ICAC took evidence from him in private hearing. The hearing was conducted in private to protect the integrity of the investigation and to determine if there was sufficient probative evidence to warrant further investigation.

In his evidence to the ICAC, Mr Oakley admitted that he had falsified his academic record and used that record when making applications for employment. Given his admissions it was not necessary to hold any further hearings. However, given the issues involved, the ICAC decided it was in the public interest to make the evidence given in the hearing public and to make a public report to Parliament. Findings were made that Mr Oakley engaged in corrupt conduct in relation to the creation and use of false documents and when making false representations as to his qualifications.

The transcript of the hearing and the full report are available on the ICAC website www.icac.nsw.gov.au. In its report, the ICAC made a number of recommendations to assist public sector agencies, universities and local councils to minimise corruption risks in their recruitment policies and procedures.

Strategic partnerships and liaison with other agencies

In 2003–2004 the ICAC has:

- participated in the establishment and development of the NSW Digital Evidence Group. This group includes all major law enforcement agencies operating in NSW and meets regularly to discuss issues related to the acquisition, storage and management of digital evidence obtained via computer forensics and analysis
- participated as a member of the National Identity Crime Task Force and collaborated with the Australian Federal Police, Australian Crime Commission, Customs, Austrac, and state police and investigative agencies to provide a holistic approach and rapid response to this new form of crime
- exchanged intelligence with the NSW Police, the Australian Federal Police, the Australian Crime Commission, the NSW Crime Commission and the NSW Police Integrity Commission (PIC) to assist ICAC 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
- worked closely with the PIC at an individual and organisational level. On occasion, the ICAC received specialist technical support and resources from the PIC to assist with gathering evidence of corrupt conduct
- received technical assistance from the NSW Crime Commission
- briefed investigations officers from a range of interstate and overseas agencies including Hong Kong Police Force, Chinese Ministry of Supervision, Chinese Ministry of Discipline, Public Procurators of Xingtai Province, Kuala Lumpur Society for Transparency and postgraduate students undertaking a corruption and anti-corruption course at the Australian National University
- continued to develop relationships with other regulatory and oversight bodies within the NSW public sector with information that relates to the corruption environment, including the NSW Ombudsman and NSW Audit Office.

In appropriate cases the ICAC works collaboratively with other agencies. The following case study highlights the benefits that can be achieved by working with other law enforcement agencies in tackling corruption.

CASE STUDY

Identity crime

In 2003, the ICAC recognised an emerging risk of corruption linked to identity fraud, and commenced work on a project to develop the capacity of the public sector to manage this risk. The project consisted of a survey of public sector agencies to determine which agencies issued documents defined under the *Financial Transactions Reports Act 1988* as having points value under the ‘100 points’ scheme. The survey gathered information on the systems and processes used to prepare, issue and store identity documents, and scoped the agencies’ understanding of identity fraud and risk management strategies. From this research, the ICAC will prepare a resource document for the public sector to raise awareness of the problem of identity fraud and assist agencies to improve corruption resistance in this area.

In addition to corruption prevention activities, the ICAC has become involved with the Identity Crime Task Force (ICTF) through the part-time secondment of an intelligence analyst. The ICTF is a joint agency task force hosted by the Australian Federal Police and uses investigative and analytical resources from the Australian Federal Police, NSW Police Service, NSW Crime Commission and the Australian Customs Service, in addition to resources from other state and federal agencies. The primary purpose of the ICTF is to detect, investigate, disrupt and prosecute persons involved in the commission of organised and serious identity-related crime within the Commonwealth and New South Wales jurisdictions.

The ICTF assists the ICAC in identifying public officials who may be facilitating organised crime and fraud through manufacturing or assisting to provide false identities to criminal syndicates. In addition, the ICTF benefits from timely intelligence disseminations regarding the production of false identity documents identified through ICAC investigations.

The involvement of NSW public officials in identity crime has resulted in the ICAC joining the ICTF, with the ICAC maintaining carriage of investigating the corrupt conduct of the public official, whilst the ICTF investigates the criminal syndicate and the scope of the criminal activity associated with the use of false identities.

The ICAC’s commitment to the ICTF will foster closer working relationships and heightened information sharing with law enforcement agencies at state and federal level and ensure that reported links between identity crime and public sector corruption are adequately addressed.

Investigation reports

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 reports are presented to the Presiding Officer of either House, who will then table the reports in Parliament. The Presiding Officer has the discretion to make ICAC reports immediately publicly available.

The ICAC also has the capacity to conduct hearings in private but to produce a public report to account for the findings made in the matter when it is in the public interest to do so. The ICAC did this in relation to a number of matters in 2003–2004.

As part of reporting its investigations the ICAC also includes tailored corruption prevention advice to agencies. In developing its advice the ICAC looks at any systemic issues that have led to the activity being investigated and provides advice and recommendations aimed at reducing opportunities for corruption in the future (see the Operation Cassandra case study, page 29 and the “Pocketing the proceeds” case study, below).

In 2003–2004, the ICAC presented ten investigation reports to Parliament. All reports were immediately made public.

- *Report on an investigation into the conduct of the Hon. Malcolm Jones MLC* (July 2003)
- *Report on investigation into the conduct of certain officers of the New South Wales Grains Board* (August 2003)

- *Report on investigation into conduct of the Rail Infrastructure Corporation and others in relation to Menangle Bridge* (September 2003)
- *Report on investigation into the theft of zoological specimens from the Australian Museum between 1997 and 2002 and related matters* (September 2003)
- *Report on investigation into the conduct of an officer of Integral Energy* (September 2003)
- *Report on investigation into certain applications made to the Department of Fair Trading for building and trade licences* (November 2003)
- *Report on investigation into Mr Glen Oakley's use of false academic qualifications* (December 2003)
- *Report on investigation into the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre* (February 2004)
- *Report on the investigation into conduct of the Hon. J. Richard Face* (June 2004)
- *Report on investigation into safety certification and training in the NSW construction industry* (June 2004).

Recommendations were made in these reports that the Director of Public Prosecutions consider prosecuting a total of 18 persons for criminal offences. Recommendations were also made that public authorities consider disciplinary action against certain public officials and that public authorities implement a total of 92 specific corruption prevention recommendations to prevent a re-occurrence of corrupt conduct.

CASE STUDY

Pocketing the proceeds

The ICAC conducted an investigation after receiving a report from Integral Energy concerning the suspicious conduct of one of its employees who at the time was the Contracts and Tendering Manager with Integral Energy. Integral Energy is one of four state owned corporations responsible for the distribution of electricity throughout NSW. It appeared from information provided to the ICAC that this employee may have misappropriated a substantial amount of money due to Integral Energy from the sale of one of its decommissioned transformers. The ICAC examined 19 separate tender processes for which the employee was responsible and found that in each case he had appropriated the proceeds of the sale of the transformers for himself – the proceeds amounted to almost \$400,000.

As part of its corruption prevention function the ICAC examined the circumstances in which this employee was able to dishonestly manipulate Integral Energy's disposal procedures and made a number of recommendations to Integral Energy to prevent the re-occurrence of conduct of this kind. The recommendations made in the report on this investigation relate to better practices in relation to registering and managing conflicts of interest, developing a statement of business ethics to guide public/private partnerships, and developing an audit and compliance regime to test risk management practices in the area of disposals.

Prosecutions and disciplinary actions in 2003–2004 arising from ICAC investigations

It is important to note that the ICAC does not have a direct role in prosecutions and disciplinary action arising from ICAC investigations. The ICAC is a fact-finding and investigative body, with powers and procedures appropriate to that role. It is not a court or a disciplinary body.

When preparing investigation reports under section 74A of the ICAC Act, the ICAC must, in respect of each “affected person” include a statement as to whether or not consideration should be given to the prosecution of the person for a specified criminal offence; the taking of action against the person for a disciplinary offence; or the taking of action against the person with a view to dismissing or dispensing or otherwise terminating the services of the person as a public official.

One of the “other functions” of the ICAC under section 14(1)(a) of the Act is to assemble briefs of evidence that may be admissible in the prosecution of an “affected person” and to provide that brief to the Director of Public Prosecutions (DPP).

Consideration of prosecution action and the conduct of any actual prosecution proceedings is a matter for the DPP and the taking of any disciplinary action or action to dismiss or terminate the services of a public official is a matter for the official's employer. Accordingly, information on the number of prosecutions and disciplinary action arising from ICAC investigations should not be used as a sole or principal measure of the ICAC's performance.

However, it is relevant here to note in passing that – based on examination of the relevant material held by the ICAC – the DPP has provided advice on a total of 331 persons who have been referred to it by the ICAC over the past 15 years for consideration of prosecution action. Of that total the DPP has commenced proceedings against 180 (or 54 percent) of these persons. Over the past five years, however, the percentage of those persons referred by the ICAC to the DPP against whom prosecution proceedings have been commenced is 65 percent.

In 2003–2004 six persons were convicted of various offences as a result of prosecutions arising from ICAC investigations and sentenced to terms of imprisonment (in one case the sentence was suspended).

For a complete listing of prosecutions and disciplinary actions in 2003–2004 arising from ICAC investigations, refer to Appendix 2.

Implementation of corruption prevention recommendations

The principal functions of the ICAC include instructing, advising and assisting public authorities on ways in which corrupt conduct may be eliminated (section 13(1)(e) of the ICAC Act) and advising them of changes in practices or procedures which the ICAC thinks necessary to reduce the likelihood of the occurrence of corrupt conduct (section 13(1)(g)).

Consistent with these provisions in the ICAC Act, the ICAC adopts an integrated approach to major investigations, investigating both specific allegations of corrupt conduct and any policies, procedures or systems weaknesses that may have created opportunities for corrupt conduct to occur.

The ICAC makes specific corruption prevention recommendations in its investigation reports, to assist public sector organisations to strengthen their policies, procedures and systems to reduce the likelihood of corrupt conduct re-occurring.

The ICAC made 92 such recommendations in the ten investigation reports published in 2003–2004.

The ICAC requires public sector organisations to which specific recommendations are made to report to the ICAC on their progress in implementing the recommendations. These progress reports are posted on the ICAC internet site, and a summary of progress reports received in 2003–2004 is included in this report as Appendix 3.

In 2004–2005 the ICAC will revise the procedures and presentation of these progress reports on the ICAC internet site, to make the reports more accessible and to ensure that all information relating to a particular investigation is clearly linked.

The year ahead

In 2004–2005 the ICAC will:

- continue to improve and develop investigative techniques, particularly through ongoing review and update of the Operations Manual policies and procedures
- continue to develop the skills of investigative staff through internal and external training
- continue where possible to focus ICAC investigative resources on obtaining admissible evidence to support any subsequent prosecution
- refine on-line reporting and monitoring of agencies' implementation of corruption prevention recommendations
- continue to undertake investigations with the main goal of protecting the public interest and preventing breaches of public trust.



Preventing corruption

- Overview
- Advice
- Education and training
- Research
- Publications and projects
- The year ahead

Overview

In addition to its investigation function, under section 13 of the ICAC Act the ICAC has corruption prevention and education functions. The ICAC fulfils these functions by providing advice, education and training resources and guidance to public sector agencies, as well as by educating public officials and the wider community about corruption and how to report it.

This work is undertaken by the Corruption Prevention, Education and Research Division, working in collaboration with other divisions of the ICAC.

In its reports on investigations, the ICAC provides specific corruption prevention recommendations to particular public sector agencies. These recommendations are based on the ICAC's investigation and analysis of systemic issues that may have facilitated or failed to prevent corrupt conduct. They are designed to assist agencies in reducing opportunities for corruption in the future. A total of 92 such recommendations were made in investigation reports published in 2003–2004. Further information about corruption prevention work associated with investigations is provided in the previous chapter, "Investigating corruption".

The ICAC also provides a range of specific and general corruption advice to public officials and public sector organisations. The ICAC provides a corruption prevention advice service, primarily by telephone, and in 2003–2004 handled over 300 such calls, providing immediate advice and assistance, with more detailed follow-up where necessary. The ICAC also receives written requests for advice and responded to 53 such requests in 2003–2004.

The ICAC's corruption prevention officers also work with agencies where complaints or reports are received that are more appropriately dealt with through corruption prevention response rather than through an investigation.

In 2003–2004 the ICAC worked collaboratively in relation to corruption prevention and education through its

membership and participation in a number of committees, in particular, the Corruption Prevention Network and the Protected Disclosures Act Implementation Steering Committee. In 2003–2004 the ICAC commenced liaison meetings with the Department of Local Government and the Ombudsman to discuss issues relating to local government and with the Auditor-General and Ombudsman in relation to the public sector.

This year the ICAC also undertook joint project work with its counterpart organisation in Queensland, the Crime and Misconduct Commission, on a corruption prevention issue of common concern, namely managing conflicts of interest.

In 2003–2004 Rural and Regional Outreach Strategy (RAROS) programs were delivered in the New England region and the Mudgee area, targeting local councils, regional offices of government departments, universities and Aboriginal land councils. During RAROS visits the ICAC provides corruption resistance training and undertakes liaison visits. RAROS programs also educate regional communities about the role and functions of the ICAC and how to report corruption (see page 43 for further information).

Approximately one third of the complaints received by the ICAC concern local councils and for this reason the ICAC developed its Local Government Strategy, which commenced in June 2001. In 2003–2004 the strategy targeted corruption risks associated with conflicts of interest and local councillors. The ICAC produced *In whose best interest*, a video-based resource for councillors that dramatises a range of conflicts of interest. The ICAC has also continued its program of liaison visits to metropolitan councils as part of the Visit and Advise program, and run workshops for councillors as part of RAROS programs.

In 2003–2004 the ICAC developed a number of publications and projects to build corruption resistance capacity in the public sector and to provide guidance in preventing corruption. This work was targeted at corruption risks identified through ICAC investigations, surveys and research.

In 2003–2004, the ICAC:

- responded to 322 telephone and email requests and 53 written requests for corruption prevention advice
- provided corruption prevention advice in relation to 53 complaints/reports of corrupt conduct
- made a total of 92 specific corruption prevention recommendations in investigation reports
- conducted training, education and information exchange programs in two regional areas in NSW
- responded to 32 requests for speakers and provided 37 training sessions to agencies
- completed two Corruption Resistance Reviews, and made 58 resultant corruption prevention recommendations
- produced and distributed training and corruption prevention resources in video, radio and print formats
- posted information on the ICAC and reporting corruption on the ICAC website in 29 languages
- conducted marketing campaign for ICAC multilingual information materials and distributed 68,715 copies to public sector agencies in response to requests.

Advice

Advising public sector agencies and local councils on ways to minimise opportunities for corrupt conduct is one of the ICAC's principal functions. Many agencies are able to avoid or minimise corruption risks by acting on timely advice from the ICAC.

Requests for corruption prevention advice

In 2003–2004 the ICAC received 322 telephone and email requests and 53 written requests for advice and provided a total of 491 advice responses, relating to 19 risk and risk management areas (see Table 4 on page 41).

Practical advice was provided on how to manage specific corruption risks faced by individual agencies as well as broader issues that need to be addressed in establishing corruption-resistant systems and cultures in public sector organisations.

In the past four years, requests for advice have most commonly been related to procurement and disposal. This reflects the importance of tendering, contracting and general procurement as key functions of most public sector agencies. In particular, contractual arrangements that involved direct negotiations between the public and private sectors elicited

a high number of advice requests. In response the ICAC provided advice on this issue, and where direct negotiations were to be entered into the ICAC advised on general principles to ensure probity in the procurement process.

As the case study below illustrates, such advice may be requested in relation to complex matters and require detailed responses.

Advice has also frequently been requested on conflicts of interest and misappropriation and misuse of public resources. This pattern is consistent with previous years. However, compared with the previous two years, in 2003–2004 there was an increase in requests for advice about gifts and benefits and fewer requests concerning cash handling. This may be a reflection of the increase in electronic fund transfers and credit card transactions.

The ICAC's advice function includes a Visit and Advise service specifically designed for local government. In 2003–2004 the ICAC continued its local government liaison program. This program involves meeting with senior staff of individual local councils to give them the opportunity to ask questions, raise problems and discuss relevant issues with ICAC corruption prevention officers.

CASE STUDY

Providing advice on a complex matter

The ICAC was contacted by a council for advice on its management of a proposal for a large-scale property development.

ICAC staff met with council staff to discuss the development and reviewed the draft master plan for the site and other relevant documents. The proposed master plan sought variations to the planning controls regarding height and floor space. The master plan also included community facilities for the council.

The ICAC advised the council that it had a potential conflict of interest, in that it potentially gained a benefit from the development but also had responsibility for assessing the development. The ICAC also advised the council that as well as managing any actual conflict of interest, it needed to manage possible public perceptions of a conflict of interest.

The ICAC advised on strategies that could be used to manage these risks, including comprehensive notification processes, good record-keeping, minimising ad hoc contacts between council officers and developers, and separating the staff roles of assessing the development and negotiating with the developer.

After providing this advice to the council the ICAC received another submission regarding this development. The submission did not allege that corrupt conduct had occurred, but raised concerns about the transparency and integrity of the council's planning process. The submission asked the ICAC to consider this, and also to consider developing clear criteria to ensure transparency, accountability, probity and integrity in planning processes generally.

In its response, the ICAC noted the criteria included in the *Environmental Planning and Assessment Act 1979* regarding the assessment of development applications. Some of these criteria relate to issues concerning the impact of the development, the suitability of the site, submissions made about the development and the public interest.

These criteria can be interpreted in a variety of ways and provide councils with discretion and flexibility in assessing development applications. The ICAC considered that this flexibility is important and that the corruption resistance of the planning process would not be improved if these criteria were tightened. One of the ways of improving the transparency and integrity of the planning process is to ensure that decisions about planning are documented in a way that is accessible and appropriate for review by the public. This is part of the general probity advice provided to councils by the ICAC.

Table 4: Corruption advice provided in 2003–2004 compared to two previous years

Risk/risk management area	2001–2002	%	2002–2003	%	2003–2004	%
Procurement and disposal	98	24	93	25	106	22
Employment issues and practices	44	11	34	9	37	8
Conflict of interest	42	10	70	19	75	15
Corruption prevention planning	23	5.5	8	2	21	4
Codes of conduct	19	4.5	31	8	27	5
Gifts and benefits	17	4	5	1	35	7
Cash handling	15	4	3	1	1	0
General ICAC information	13	3	32	9	27	5
Public/private sector interface	8	2	12	3	12	2
Confidential information	7	2	1	0	8	2
Sponsorship	5	1	15	4	24	5
Government grants	4	1	3	1	3	1
Protected disclosures and internal reporting	4	1	5	1	13	3
Misappropriation/misuse of public resources	0	0	18	5	19	4
Election issues	0	0	0	0	3	1
Maladministration	0	0	0	0	6	1
Fraud	N/A	N/A	2	1	18	4
Regulatory functions	N/A	N/A	2	1	29	6
Miscellaneous	111	27	39	10	27	5
Total*	410	100	373	100	491	100

* This table records advice provided by topic. Accordingly, where a response provided advice on more than one risk/risk management area, each is counted.

In 2003–2004 the ICAC visited the following local councils:

- Blacktown
- Penrith
- Leichhardt
- Ashfield
- Hornsby
- Ku-ring-gai
- Lane Cove
- Willoughby
- Kogarah
- Hurstville
- Canada Bay

- Burwood
- Holroyd
- Auburn

The liaison visits covered a wide range of corruption prevention issues. An example of the type of advice sought and provided at these visits is illustrated in the case study below.

The liaison visits also allow the ICAC to obtain feedback on its prevention and advice function from the local government sector. Some councils also use the liaison visits as an opportunity to provide feedback on ICAC publications and training resources. Generally, these publications are highly regarded.

CASE STUDY

Advice on managing a conflict of interest

During a liaison meeting with a council, council staff sought advice on how to manage the council's dual roles as consent authority and land owner. The ICAC advised that councils must take every reasonable step to ensure that the legislative requirements designed to manage conflicts of interest – such as prohibitions on councils preparing, assessing, and determining their own development applications – are fully implemented. ICAC officers also discussed a number of ways in which this could be achieved, including the use of independent experts to undertake assessments, referrals to hearing and advisory panels and the importance of not entering into contractual arrangements that purport to guarantee approval outcomes.

Preliminary enquiries and corruption prevention advice

Each year the ICAC receives a large number of reports and complaints of suspected corrupt conduct. After the ICAC assesses each matter, it may undertake preliminary enquiries to seek more information and determine what further action by the ICAC may be required. These preliminary enquiries often result in the ICAC providing specific corruption prevention

advice to the agencies concerned, as the matters often arise because of systems weaknesses in the organisation.

In 2003–2004 we provided corruption prevention advice in relation to 53 complaints or reports of corrupt conduct.

The following case study outlines a typical corruption prevention resolution to such a matter.

CASE STUDY

Advice on a university's corruption risk management

When making an application for enrolment in a combined undergraduate degree at a local university, a student applied for advanced standing for units she claimed to have studied at two other universities, and submitted documents she claimed were original transcripts from these universities. The university accepted the student's application for enrolment and referred her claims for advanced standing to the relevant faculties, who were responsible for assessing these claims. Over the following five months the student was granted advanced standing for several of the units she claimed to have completed. It was not until six months after her application for enrolment and advanced standing that the university made enquiries with the other two institutions and discovered that the student's claims for advanced standing had been fabricated. The student later admitted that she had created the fake transcripts using internal letterheads from the two universities.

The ICAC'S response:

The ICAC determined not to investigate this matter, because the university had identified and dealt with the conduct itself. However, the ICAC was concerned about a number of serious corruption risks that the conduct highlighted. The ICAC recommended that:

- the university's policy on Advanced Standing be amended to specify that only original transcripts be accepted as sufficient documentary evidence or that results be verified on-line with the issuing institution
- all staff who handle and assess claims for advanced standing be trained to understand and recognise what documents constitute sufficient documentary evidence
- claims for advanced standing be assessed within specific timeframes and concurrently with assessment of the application for enrolment and that claims and applications be cross-checked
- that there be greater clarity and consistency in determining what the three categories of misconduct defined in the university's Student Rules comprise, and what the resulting penalties might be
- that the student rules be amended to state that matters of suspected corrupt conduct will be reported to the ICAC.

The ICAC reminded the university of its obligations under section 11 of the ICAC Act to report suspected corruption to the ICAC, and the need for timely reporting to minimise the risk of such conduct re-occurring.

Corruption Resistance Reviews (CRRs)

The ICAC's Corruption Resistance Review (CRR) program has been in operation since 2000 and has involved a broad cross-section of NSW public sector organisations. CRRs assess the strength of an agency's key corruption resistance policies and provide suggestions for improvement. A CRR can be initiated either by the ICAC or an agency requiring advice or assistance.

The CRR focuses on organisational policies that help prevent corruption. These include policies in the following areas:

- 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).

The ICAC completed two CRRs in 2003–2004, which resulted in 58 recommendations to the participating agencies.

In 2003–2004 the ICAC incorporated an evaluation component into the CRR program, to ensure that the program continues to develop and that individual CRRs are relevant and useful. The evaluation has revealed the importance of targeting the program and improving access to it. To meet this challenge, the ICAC is reviewing the program and is considering the development of an internet-based, interactive CRR program.

Education and training

The ICAC provides a range of education and training services and resources to NSW public sector organisations. These services and resources provide practical information and advice on public sector corruption and the role of the ICAC, reporting corruption and the effective management of specific corruption risk areas.

The Rural and Regional Outreach Strategy (RAROS)

The Rural and Regional Outreach Strategy (RAROS) was developed in 2001 to provide corruption prevention advice and resources to rural and regional New South Wales. The ICAC has run two RAROS training, education and awareness programs per year since the strategy began in 2001.

RAROS programs typically include:

- training workshops for public officials
- meetings and discussions with regional managers/directors and general managers of councils
- visits to agencies to discuss corruption resistance
- workshops with students at local schools
- interviews with local media.

Two RAROS regional programs were conducted in 2003–2004: a five-day program in the New England region in November 2003 and a smaller program in the Mudgee area in May 2004. The New England program delivered training, education and information sessions to 265 public officials and community leaders and 94 students and the Mudgee program delivered sessions to 54 public officials and community leaders and 14 students. The specific events and activities undertaken are listed in Appendix 12.

Participants in RAROS events are asked to evaluate the activities, and responses to the 2003–2004 programs were very positive. All of those who provided responses on the usefulness of workshops conducted by ICAC staff rated them as either very useful (55 percent) or quite useful (45 percent), with 96 percent of participants indicating they had a “much better” (43 percent) or “better” (53 percent) understanding of the key topics covered in these workshops. The results of these evaluations will be considered in planning RAROS programs for 2004–2005.

ANU/ICAC corruption and anti-corruption course

For the past six years the ICAC has worked in partnership with the Australian National University 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 devise strategies to make organisations more corruption-resistant.

A key element of the course is assisting senior managers of public sector organisations to understand the causes of corruption and the measures they can adopt to prevent it. From the ICAC's perspective, the value of the course 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 Government.

The 2003 course was held in August/September 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. The aim of the scholarships is to help build capacity in corruption prevention in the NSW public sector. Ten scholarships were offered for the 2003 course. Priority was given to senior employees of the NSW state and local government sectors. Four of the ten scholarships were allocated to employees from rural and regional NSW.

Information security and e-corruption awareness

In 2003–2004 the ICAC produced additional resources as part of a joint initiative by the Department of Information Technology and Management and the ICAC to establish an all-of-government IT security and e-corruption awareness program.

In 2003–2004 a new version of *[I wish] it wasn't me*, a video resource which presents a range of information security risks and risk management strategies, was produced for local government authorities. A facilitator's handbook was also produced to accompany the video, in two versions for state agencies and local government authorities respectively. The aim of these materials is to promote an understanding of key information security risk areas for public officials.

The facilitator's guide sets out the process for a workshop program which covers the following issues and is designed to provide the framework for an organisation to develop its own IT security policy.

- Confidentiality as a key public duty and obligation
- General threat of misuse of information
- Physical security (risk assessment/what it means/preserving physical security)

- Computer security (passwords/screen locks/turning off computers/viruses from floppy discs or emails)
- Communication devices (taking care when using fax machines, copiers and printers)
- Storage and destruction (clean desk policy/sensitive material in locked cabinets/advice on what can be destroyed and how).

The Local Government Strategy

Since June 2001 the ICAC's Local Government Strategy has focused on tendering and contract administration, development and planning approvals, use of council resources and cash handling. This year the emphasis was on the development of resources and training to enable councillors to recognise and manage conflicts of interest, and to develop effective information security practices.

In whose best interest is a training resource that provides guidance to local government councillors and council staff on how to identify and manage pecuniary and non-pecuniary conflicts of interest. The video-based resource tells the story of a fictitious Murrawarra Regional Organisation of Councils meeting and dramatises the conflicts of interest faced by councillors and council staff. In the related training workshop, participants are required to help the characters featured in the video to identify and resolve a range of conflicts of interests.

The interactive resource consists of a 22-minute video, a facilitator's guide and materials for workshop participants. The resource also has an evaluation section for councils to assess the effectiveness of the training after conducting sessions with councillors and staff.

In whose best interest was launched by the Minister for Local Government, the Hon. Tony Kelly MLC, in November 2003.

In 2003–2004, 246 copies of *In whose best interest* were distributed to councils and members of the advisory committee that helped develop the resource. To encourage council managers and councillors to use the resource, ICAC officers conducted train-the-trainer workshops in metropolitan and regional NSW from April to June 2004. Ninety-eight participants from 56 councils attended the workshops and evaluations of the workshops were very favourable.

In addition and as noted in the previous section, in 2003–2004 the ICAC produced information security and e-corruption awareness resource materials for local government, to assist councils to identify and manage corruption risks associated with new and emerging technologies.

Training to build corruption resistance

The provision of training and speakers is an important part of the ICAC's corruption prevention work. The ICAC provides training and speakers to help public sector organisations build their own corruption resistance capacity. These engagements also provide an opportunity for interaction and information exchange between ICAC officers and public officials.

In 2003–2004 the ICAC provided training to local councils and a range of public sector agencies. Presenters and speakers are selected on the basis of their expertise and knowledge of the content area. A complete list of seminars, workshops and other speaking engagements by ICAC officers is included in Appendix 12.

In 2002–2003 the ICAC established a dedicated training officer position to bring greater professionalism to training provided by the ICAC and strengthen its training systems. In 2003–2004 the training officer coordinated and delivered training and developed five generic training modules for use by ICAC officers. These modules cover the following areas: Introduction to the ICAC; Reporting to the ICAC; Managing Conflicts of Interest – Local Government; Managing Conflicts of Interest – State Agencies; and Managing Gifts and Benefits. Wherever possible, training materials have been developed in accordance with the competency standards outlined in the National Public Services Training Package.

Investigation skills training

The ICAC conducts one-day Fact-Finder workshops focusing on the investigative process. These workshops are intended to equip public officials, who may be called upon to conduct internal investigations, with the skills to conduct such investigations fairly and effectively. 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 Fact-Finder 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 in the RAROS program.

Four Fact-Finder workshops were held in 2003–2004. Evaluations of these workshops – and of the Fact-Finder publication – were consistently positive.

Corruption Matters

The ICAC produces a newspaper, *Corruption Matters*, which is distributed free of charge to around 12,000 readers across the NSW public sector. *Corruption Matters* reports on recent investigations, corruption prevention campaigns and projects. *Corruption Matters* was extensively redesigned in 2003–2004 and edition Number 23 was produced and distributed in December 2003.

The ICAC surveyed 200 *Corruption Matters* readers in early 2004 to evaluate the changes made to the content and format of the newsletter. The survey responses provided an indication that *Corruption Matters* is well-read, with respondents reporting an average of eight readers per copy, and that the publication is considered well-designed, easy to read and informative. Survey responses will be taken into account in producing *Corruption Matters* issues in 2004–2005.

Research

The ICAC undertakes a range of research to inform its corruption prevention work. In 2003–2004 this included follow-up to the ICAC's survey of functions, risks and corruption prevention strategies in the NSW public sector; publication of research on community attitudes to the corruption and the ICAC; and research to inform the development of ICAC resources on a range of corruption prevention topics.

Follow-up to *Profiling the NSW public sector*

In 2003–2004 the ICAC conducted a follow-up study to its 2001 survey of public sector organisations, the results of which were published in January 2003 as *Profiling the NSW public sector: functions, risks and corruption prevention strategies*. The purpose of the follow-up study was to gauge public sector progress in several areas of corruption risk management.

The responses received showed that the NSW public sector has made progress since 2001 in all of the key corruption risk management areas. Specifically, there have been increases in the implementation of:

- codes of conduct
- risk management strategies
- gifts and benefits policies
- internal audit provisions
- internal investigation systems.

The ICAC intends to produce a report on the follow-up study in 2004–2005.

Community attitudes to corruption and the ICAC

Since 1993 the ICAC has conducted periodic public surveys to examine community perceptions of corruption and its effects, attitudes to reporting corruption, awareness of the ICAC, and perceptions of the ICAC. The latest survey was conducted in 2003 and the results were published in December 2003 as *Community attitudes to corruption and the ICAC*. The survey revealed that the NSW community understands the term “corruption” in a number of different ways. The most common perceptions were that corruption involves personal financial gain; doing something wrong, dishonest or illegal; and mismanagement or abuse of power.

In keeping with previous community attitude surveys, most people surveyed in 2003 (82 percent) believed 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. The 2003 survey showed strong community support for reporting corruption. Eighty-nine percent of respondents believed that individuals have a responsibility to report corruption. However, more than half of the respondents (60 percent) believed that people who report corruption are likely to suffer some negative consequences as a result.

Most respondents (94 percent) believed 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.

Identity fraud and the NSW public sector

In 2003–2004 the ICAC conducted a survey of public sector agencies as part of a current project on the implications of identity fraud for the NSW public sector. One hundred agencies, including major departments, universities, professional registration boards and selected other agencies, were surveyed. The response rate was 82 percent.

The survey aimed to:

- identify which public sector agencies issue documents defined under the *Financial Transactions Reports Act 1988* as having a points value under the ‘100 points’ scheme (identity documents)
- gather information on the systems and processes used to prepare, issue and store identity documents
- scope the agencies’ understanding of the problem of identity fraud and identify current practices, corruption risks and any initiatives to manage such risks.

Nearly all the surveyed agencies produced at least one document that could be used as an identity document under the ‘100 points’ test. These included drivers’ licences, birth certificates, records of employment, employee identification cards, student identification cards, licences, professional association memberships and public utility records. The survey also found that NSW public sector agencies vary quite markedly in the requirements and practices relating to the issuing of their identity documents.

The information highlighted by the survey will be used to produce an ICAC publication in 2004–2005 on the nature of identity fraud and its impact on the NSW public sector.

Sponsorship and the NSW public sector

In 2003–2004 the ICAC consulted a sample of 45 public sector organisations as part of a review of ICAC corruption prevention advice in relation to sponsorship. The survey was conducted to gather information on current sponsorship practices, as a basis for developing practical and relevant corruption prevention advice on sponsorship.

Most of the participating organisations did receive sponsorship at some level, and at least occasionally. The scale of sponsored events and activities varied and the sources of sponsorship tended to be mainly larger corporations at the state level, medium-sized companies at the regional level and small local businesses at the local level.

Most organisations were at least occasionally approached by potential sponsors; most also actively sought sponsors and most kept records of both approaches by and approaches to potential sponsors.

Less than half of the organisations that received sponsorship had a sponsorship policy, although others said they were in the process of developing one. Most of the organisations consulted also acted as sponsors at least occasionally. The nature of activities sponsored varied, but often included events, conferences, education and training related to their main field of concern. Some agencies determined which of their activities might be compromised by sponsorship and excluded these from consideration for sponsorship. Some agencies required that sponsorship extend or improve the services provided through core funding.

Most sponsored organisations and most sponsoring organisations had written agreements with their sponsors or sponsored parties and most reviewed these agreements annually.

Most participating organisations indicated that they had consulted ICAC publications on sponsorship for guidance when developing the organisation's own sponsorship policy, when advice or decisions about sponsorship were required, and when preparing sponsorship contracts.

Most participants indicated that they had found the advice and information provided by ICAC to be practical, comprehensive and compatible with other management considerations. However, some informants said that the open tendering arrangements and expressions of interest recommended by the ICAC could be impractical in some circumstances.

Feedback about ICAC corruption prevention publications

In 2004, the ICAC sought feedback about its corruption prevention publications from a sample of public sector organisations. This feedback exercise is still being completed but some early findings are available.

Most of those organisations that participated in the feedback exercise had used ICAC corruption prevention publications to some extent and some participants could name six to ten ICAC publications they had actively used.

ICAC publications have commonly been used by public sector organisations:

- to identify their own areas of corruption risk
- for guidance, when formulating their own policies and procedures to manage identified corruption risks
- as source material in the preparation of corruption prevention training materials for staff
- as source material for newsletters and directives
- as reference documents when providing advice to associated agencies or when conducting internal investigations
- as standards provided to consultants contracted to address corruption prevention issues for the organisation.

ICAC publications were widely praised for being relevant to needs, practical and easy to understand. While many participants said they found nothing to criticise in ICAC publications, others made some helpful observations. For example, some found ICAC publications too long and just wanted clear, brief, practical guidelines to help them address their own corruption risk areas effectively and efficiently, while others wanted more advanced materials or new case studies to help maintain an interest in the issues.

Many participants had accessed resources via the ICAC website and there was a demand for easy to use training resources in editable electronic formats, such as PowerPoint.

Feedback from this exercise will be used to improve and better target our corruption prevention publications, including website access and resources.

Publication and projects

ICAC research and information holdings often reveal weaknesses in public sector systems that represent significant corruption risks. To help public sector organisations address these systems weaknesses the ICAC initiated a number of targeted publications and projects in 2003–2004.

Developing a statement of business ethics

The ICAC released *Developing a statement of business ethics* in May 2004. This guide to building ethical relationships provides NSW public sector organisations with detailed advice on communicating core public sector values and practices to private sector contractors and partners. Responses to the ICAC's survey on functions, risks and corruption resistance strategies in the NSW public sector, published as *Profiling the NSW public sector* in January 2003, indicated that there was overwhelming support for the provision of advice in this area.

Strong working relationships with the private sector play an important part in today's public sector environment. All levels of the public sector in NSW, from state agencies to local councils and universities, draw on private sector skills and resources to support the services they provide.

Statements of business ethics provide an excellent vehicle for helping public sector organisations ensure that their business relationships with the private sector are fair, ethical and productive for all concerned. The ICAC's research and investigations have shown that the better the understanding of public sector values and practices the contractor has, the better the project outcomes tend to be.

A number of public sector organisations including numerous NSW local councils, the State Rail Authority, the Roads and Traffic Authority, and the Department of Commerce have provided the ICAC with invaluable assistance in developing the guide.

Non-English speaking background (NESB) project – Stage 2

In 2002–2003 the ICAC initiated a project to raise awareness of the ICAC and its role among non-English speaking background (NESB) communities and to encourage people of NESB to report suspected corrupt conduct to the ICAC. Stage 1 of the project was reported in the ICAC's Annual Report 2002–2003.

In 2003–2004 the ICAC successfully implemented the second stage of the project.

Stage 2 of the project involved:

- a re-run in February 2004 of the initial radio campaign, which features radio mini-dramas designed to dramatise and illustrate common corruption scenarios
- an outreach component, using bilingual staff of the ICAC to produce pre-recorded interviews on corruption issues, broadcast on community radio stations in seven languages
- additional translations and printing to provide campaign postcards and information pamphlets in a total of 30 languages
- two cross-cultural communication workshops for ICAC staff receiving reports and complaints of suspected corrupt conduct
- a marketing campaign to promote the ICAC's multilingual resources to public sector agencies throughout NSW
- an evaluation of the radio campaign, with additional questions about other components of the project (e.g. multilingual print resources).

The marketing campaign resulted in requests from NSW public sector agencies for a total of 68,715 copies of ICAC's multilingual publications.

The quantitative evaluation of the radio component of this project demonstrated that the campaign was successful in reaching the target audience and effectively delivering key messages. Of the 360 respondents covering 12 languages, 75 percent recalled at least one component of the radio campaign. Eighty percent of those who were exposed to the campaign agreed that it is important to report officials who ask for a bribe, compared to just over half (56 percent) of those not exposed to the campaign. The results of the evaluation provide an indication of how best to reach this diverse audience and what types of communications work best with particular language groups.

Conflicts of interest

In June 2003 the ICAC hosted an expert workshop to consider ways to promote the OECD's 2003 Guidelines for Managing Conflicts of Interest in the Public Service.

As a result of the workshop a joint project between the ICAC and the Queensland Crime and Misconduct Commission was developed to produce a resource to implement the OECD guidelines in Australia. The joint project has produced a best practice guide that provides strategies and options for managing conflicts of interest, consistent with the OECD Guidelines.

Managing conflicts of interest in the public sector: Guidelines and Managing conflicts of interest in the public sector: Toolkit are scheduled for release in November 2004.

Model notifications policy

Informing community members about development applications and processes was an issue raised in the ICAC's *Taking the devil out of development* series of discussion papers and guidelines. The ICAC's experience has been that a lack of publicly available information about development applications can lead both to perceptions that the process has been corrupt and to greater opportunities for corruption.

During the year the ICAC, in liaison with various stakeholder partners, continued its research into best-practice notifications.

The Department of Infrastructure, Planning and Natural Resources (DIPNR) has since assumed responsibility for preparing a model notifications policy. This is in line with a recommendation in the Local Development Taskforce report *Improving Local Development Assessment in NSW* that DIPNR develop a model notifications policy for local development in consultation with the ICAC.

The ICAC will maintain a monitoring and advisory role as DIPNR progresses with the development of the policy.

Probity auditing and advising

In December 1996, the ICAC released *Probity Auditing: When, Why & How*. This publication has proved a useful resource for agencies seeking to engage independent probity advice on major projects.

In February 2004, the ICAC agreed that a new edition of this publication was needed in order to address the growing complexity of many government projects as well as the use of non-traditional procurement methods. Recent investigations such as the Department of Local Government's inquiry into Liverpool City Council demonstrate how problems, delays and cost blowouts can develop if probity considerations are not properly embedded into each component of a major project.

The new publication outlines the difference between probity audits and probity advice, emphasises the need to obtain independent probity advice and outlines the circumstances in which engaging external probity advice is justified. The publication will be released in 2004–2005.

Corruption resistance and the NSW health sector

In 2003–2004 the ICAC commenced a project to look at corruption risks in the NSW health sector, and is working closely with the NSW Department of Health and Area Health Services to strengthen corruption risk management in this sector.

The project is seeking to identify corruption risks in the clinical and corporate functions of the health sector, and identify options for addressing these risks in a proactive way. An expert reference group has been established.

The project has three phases:

- research to develop an understanding of corruption risks in the health sector
- consultation with relevant parties in the health sector about the problems they face in managing corruption risks
- development of practical resources to assist area health services and hospitals to better manage their corruption risks.

Phase one is in the final stages of completion and will inform the next stage, scheduled to be undertaken in 2004–2005.

Governance Health Check

In 2003–2004 the ICAC collaborated with Local Government Managers Australia NSW (LGMA) to produce a practical resource for NSW local government authorities to assess their own governance standards and processes.

The *Governance Health Check – a self audit guide to good governance in local government* provides a step-by-step process for analysing and assessing a council's governance systems to ensure that corruption risk areas are being managed effectively.

The *Governance Health Check* is published by the LGMA, which is conducting information and training sessions throughout NSW in 2004–2005.

The year ahead

In 2004–2005 the ICAC will:

- develop additional generic training modules covering specific corruption topics and make these modules available for use by public sector organisations in their own induction and training programs
- develop and produce a publication on the nature of identity fraud and its impact on the NSW public sector
- complete the revision of ICAC publications on probity auditing and advising, direct negotiations and managing gifts and benefits
- commence consultations with the health sector and relevant stakeholders on the issues paper produced for the NSW health sector corruption resistance project
- undertake further work with key public sector agencies and front-line staff to assist in providing information about public sector corruption and the ICAC to people of non-English speaking background.



Accountability and governance

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

Overview

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, including 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 to ensure that the ICAC is accountable and transparent.

The Annual Report is one element of the governance framework. Other external and/or independent aspects of ICAC's 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 and the judge who issued the warrant
- 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 powers.

The ICAC implements a range of additional measures to maximise the organisation's accountability to the community for its day-to-day work. These include the publication and distribution of ICAC investigation reports, the posting of ICAC hearing transcripts on the ICAC internet site and the practice of providing information on the ICAC's response to individuals who make complaints regarding corrupt conduct.

The ICAC has developed and continues to refine its corporate governance structure and practices to ensure that the organisation's systems and decision-making processes are accountable and transparent. The corporate governance initiatives that were implemented in 2002–2003 such as the internal committee structure, improved reporting requirements and updated performance measurement methodologies continue to be refined and made more functional.

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) (resigned, effective 30 August 2004)
- 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 and regular liaison on matters brought to the attention of the PJC by other Members of Parliament or members of the public.

During the 2003–2004 financial year, the ICAC appeared before the PJC on two separate occasions. The first appearance was in September 2003 and focused on the ICAC's *Annual Report 2001–2002*. The second meeting with the PJC took place in February 2004 and focused on the ICAC's *Annual Report 2002–2003* as well as the ICAC report *Profiling the NSW public sector: functions, risks and corruption prevention strategies* which was published in January 2003.

In 2003–2004, the ICAC:

- **appeared before two hearings of the Parliamentary Joint Committee on the ICAC**
- **convened six meetings of the Operations Review Committee (ORC), which in total considered 1,807 matters – the majority of recommendations made by the ICAC were accepted with no or minor alteration**
- **commissioned an external review of reporting to the ORC and implemented all recommendations to improve reporting processes and succession planning**
- **was subject to three compliance inspections by the Ombudsman in respect of telephone interceptions and controlled operations**
- **completed a review of performance measures, with reporting against these measures scheduled for the 2004–2005 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.**

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 existing governance framework for the ICAC under its Act as it is designed 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 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 two weeks 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 matter.

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 until 23 April 2004, thereafter replaced by Mr John Pritchard)
- 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 (Mr Ken Moroney APM)
- 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 Jill Segal, Chairman, Banking and Financial Services Ombudsman (replacing Ms Gabrielle Kibble, Chairperson, Sydney Water in May 2004).

The ICAC thanks all ORC members, past and present, for their dedicated service. The ICAC also wishes to thank Kieran Pehm for all the contributions he made to the ORC during his time as Deputy Commissioner.

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 2003–2004, the ORC met on six occasions and considered 1,807 matters relating to complaints and investigations. Of these, 300 matters were considered by way of a Schedule of Information. Of the remaining 1,507 matters, the ORC:

- accepted the recommendation made in relation to 1,177 matters without any alteration or comment (65 percent)
- accepted reports on the status of 181 matters (10 percent)
- made specific comment or alteration to the recommendation before accepting the report on 131 matters (7 percent)
- did not accept the recommendation and sought further information and required further reports to be prepared for 18 matters (1 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.

During 2002 the ICAC implemented a procedure for the random auditing of matters reported to the ORC and this has continued throughout 2003–2004. The audits check the reports submitted to the ORC against the file to ensure that the allegations have been presented accurately and that the material on file supports the recommendation. ICAC lawyers conduct each audit and the results are then summarised in a further report to the ORC.

Additionally, in March 2004 the Commission engaged Deloitte to carry out an audit of the way in which reporting to the ORC is undertaken. The purpose of the audit was to determine the risks associated with ORC reporting and to assess the adequacy and effectiveness of the controls in place to mitigate those risks. The review focused upon the accuracy and timeliness of all matters referred to the ORC.

The outcomes of the audit indicated that the ICAC maintained, in all material respects, effective control procedures in relation to its ORC report preparation. However, the audit made recommendations in relation to shorter report deadlines to allow for more timely advice; more reliance on automatic as opposed to manual processes to reduce human errors; and an update of process instructions to allow for better succession planning. All of these recommendations have been addressed through enhancements to our information technology and business support systems and through ongoing reviews of the corporate ORC reporting instructions manual.

Internal committees

Following a review in 2002–2003 of its internal accountability and governance structures, throughout 2003–2004 the ICAC continued to use an internal committee system to oversee its major operations, programs and projects.

Investigations Management Group

The Investigations Management Group (IMG) has the specific role of overseeing ICAC investigations and hearings. The IMG was established in 2002 and has the following membership:

- ICAC Commissioner
- Deputy Commissioner
- Executive Director, Legal and Solicitor to the Commission
- Executive Director, Corruption Prevention, Education and Research
- Executive Director, Strategic Operations.

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

The reporting requirements for the IMG were revised in 2003–2004 in accordance with better practice management principles. Regular (monthly or fortnightly) updates continue to be required for every investigation, to keep the IMG well-informed on progress and developments for each investigation.

Operations Management Committee

The Operations Management Committee (OMC) has the specific role of overseeing the ICAC's corruption, education and research activities. The OMC was established in 2002 and has the following membership:

- ICAC Commissioner
- Deputy Commissioner
- Executive Director, Legal and Solicitor to the Commission
- Executive Director, Corruption Prevention, Education and Research
- Executive Director, Strategic Operations
- Executive Director, Corporate Services.

The OMC meets monthly and is advised by senior managers of the Corruption Prevention, Education and Research Division.

OMC reporting procedures were revised in 2003–2004 to provide the committee with ongoing progress information relating to corruption prevention, education and research projects.

In July 2004, OMC members decided to change the name of the committee to the Prevention Management Group (PMG), to more accurately reflect its functions. Its functions remain unchanged. The new title came into effect in August 2004.

Executive Management Group

The Executive Management Group (EMG) has the following roles:

- to advance the ICAC's corporate and strategic directions
- 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 2003–2004 the EMG continued to meet fortnightly.

Charters for all of the above internal committees were developed in 2002–2003. These charters serve to further strengthen the role and purpose of each committee, and provide transparency and accountability for committee members and ICAC staff on internal governance and lines of responsibility.

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 in the following chapter, "Our people – our organisation".

Performance reporting

Over the past 12 months, the ICAC has been refining its use of performance indicators to monitor and assess its organisational performance. This approach is part of the ICAC's overall governance framework and assists management and staff to ensure that the organisation is operating effectively and efficiently.

Quantitative data is provided in this report that indicates how the organisation performed against its objectives as outlined in the ICAC Strategic Plan 2003–2007. These performance measures include items such as the number of matters reported to the ICAC; investigations commenced; research projects undertaken and organisational compliance with legislative requirements.

In 2004–2005 the ICAC will further develop these measures to provide more information on the ICAC's overall performance and efficiency. In order to meet this objective, enhancements will be made to our internal reporting processes and in some areas of the way our internal business systems operate.

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 2003–2004 the ICAC acquired 15 and revoked eight 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 were undertaken in the course of investigations, including controlled operations, to acquire intelligence and evidence.

The records relating to the year 2003–2004 were audited in accordance with section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1998*. This audit identified that the ICAC had complied with all aspects of the policy during the reporting year. No fraudulent or other criminal activity was involved.

The Ombudsman inspects the ICAC's records of telephone interceptions and controlled operations to ensure compliance with statutory obligations. In 2003–2004, 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 Legal Division has provided additional training to those involved with controlled operations during the year to improve their understanding of the procedures.

The year ahead

In 2004–2005 the ICAC will:

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



Our people – our organisation

- Overview
- Staffing
- Appointment of Assistant Commissioners
- Human resources issues
- Information management and technology
- The year ahead

Overview

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-focussed 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.

Staffing

As at 30 June 2004, there were 117 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 (FTE) staff during 2003–2004 was 111, which represented an increase by ten FTEs from the previous financial year. This increase was the result of a number of successful recruitment campaigns to fill investigative positions that had been difficult to fill following the restructure of the Strategic Operations Division in 2001–2002. In August 2003 four new Assessment Officers commenced following recruitment action in response to a continuing increase in the numbers of matters being received and processed by the Assessments Section. In November/December 2003, the Corporate Services Division underwent a minor restructure of its three reporting sections. Although the total number of established FTEs in the division remained unchanged, the functionality of each section was changed to better align each section with the business needs of the organisation.

The ICAC is divided into an executive unit and five divisions. A number of changes within the executive team occurred during the 2003–2004 financial year. The Deputy Commissioner, Kieran Pehm, accepted the position of Deputy Commissioner with the Health Care Complaints Commission and the ICAC's Executive Director of Legal and Solicitor to the Commission, John Pritchard, was appointed to fill the Deputy Commissioner position for a 12-month period. Roy Waldon, Principal Lawyer of the Legal Division, was appointed to act for 12 months in the vacant position of Executive Director of Legal and Solicitor to the Commission.

In 2003–2004, the ICAC:

- continued to promote its learning strategy with 780 participants attending training activities and a leadership program introduced for senior managers
- redeveloped the staff performance management system to include position accountabilities, core behaviour competencies and improved guidelines on performance feedback
- developed and implemented a hearing risk assessment template that identifies, assesses and applies appropriate treatments to the risks to witnesses, the public, staff and the media attending public or private hearings
- completed the redevelopment of the ICAC's internet and intranet sites providing improved website useability, ease of navigation and better search facilities
- upgraded hearing room equipment and facilities to provide on-screen real time transcripts during hearings, electronic presentation of evidence and multimedia broadcasting of proceedings via the ICAC's local area network
- completed the implementation of new electronic records management and human resources systems that provide improved file search features for records and electronic self service facilities for staff in both systems
- substantially completed the review and update of Commission corporate policies commenced in 2001–2002 with 29 policies in 2003–2004 either updated or newly introduced
- developed and published *Our statement of business ethics* as a guide for private sector organisations providing services to the ICAC.

The largest division in the ICAC is the Strategic Operations Division, which consists of two investigative teams and a Strategic Risk Assessment Unit. In May 2004, a new Executive Director of Strategic Operations, Clive Small, commenced on a 12-month contract. Linda Waugh was appointed Executive Director, Corruption Prevention, Education and Research in March 2004 as the result of a selection process following the resignation of the previous Executive Director, Grant Poulton. The Manager, Assessments, who reports directly to the Deputy Commissioner was also recruited early in 2004. An organisational chart is included in Appendix 14.

Table 5: Average FTE staff numbers by division

Division/Unit	2002–2003	2003–2004
Executive	5.1	5.0
Corporate Services	18.8	21.5
Corruption Prevention, Education and Research	19.0	21.9
Legal	9.5	10.7
Strategic Operations	39.2	39.8
Assessments	9.6	12.4

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, formerly Mr Kieran Pehm and currently Mr John Pritchard, presides over hearings as an Assistant Commissioner, 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 Corrective Services Department's investigation (Operation Montessa) and a number of investigations for which private hearings only were held.

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

- Mr John Basten QC, 28 July 2003 to date – who conducted hearings in the ICAC's investigation concerning Koopahtoo Local Aboriginal Land Council (Operation Unicorn).
- Mr Peter Johnson SC, 11 September 2003 to 31 May 2004 – who conducted hearings in the ICAC's investigation into the Hon. J. Richard Face (Operation Wingate).
- The Hon. Paul Stein AM QC, 6 November 2003 to 30 March 2004 – who conducted hearings in the ICAC's investigation regarding the Hon. Peter Breen MLC (Operation Triton).
- The Hon. John Clarke QC, 25 February 2004 to date – who conducted hearings in the ICAC's investigation into South Western Sydney Area Health Service (Operation Jardine).
- Mr Peter Hastings QC, 14 April 2004 to date – who conducted hearings in the ICAC's investigation regarding the Hon. Peter Breen MLC (Operation Triton).
- Mr Peter Hall QC, 19 May 2004 to date – who conducted hearings in the ICAC's investigation into Newcastle University (Operation Orion).

Human resources issues

Conditions of employment and movement in salaries

Conditions of employment for ICAC staff are set out in the ICAC Award (IRC No. 1420 of 2003). This award was a variation of the 2002 ICAC Award and expired in August 2003. As a result of this award not providing for the public sector salary increase of 5 percent as set out in the memorandum of understanding between the NSW Government, the Public Sector Association of NSW (PSA) and the Labour Council from the first pay date after 30 June 2003, negotiations for a new ICAC Award began in June 2003. An agreement was reached between the PSA and ICAC management to pay the 5 percent salary increase to staff from the first pay period in July 2003 prior to completing all of the negotiations pertaining to the new award.

Industrial relations

In preparation for a new ICAC award, the ICAC established a working group comprising a cross-section of ICAC staff to review current working practices and working conditions. The recommendations of the working group formed the basis of a number of the negotiations between the PSA, PSA staff representatives and ICAC management. In addition to the 5 percent salary increase that commenced in July 2003, other changes to the conditions of employment that both parties consented to included provisions on casual appointments and rates of pay, probationary periods of employment, time off in lieu of additional time worked, the calculation of higher duties allowances and availability of salary packaging. The Industrial Relations Commission under Section 11 of the *Industrial Relations Act 1996* approved the new ICAC Award (No. 3173 of 2004), which will form the new conditions of employment following its gazetting in the new financial year.

In December 2003 proceedings for an unfair contract claim under section 106 of the Industrial Relations Act were commenced in the Industrial Relations Commission against the ICAC by a former officer. At the time of reporting those proceedings have yet to be finalised. The ICAC also submitted an application for the making of a new Enterprise Award under section 11 of the Industrial Relations Act.

Policies and procedures

The ICAC has systematically reviewed and updated its established policies and procedures, and continually implements new policies and procedures to ensure adherence to modern human resource management practices and consistency with public sector policies. To enable easier access to the ICAC's policies and procedures, a section of the new intranet site has been devoted to ICAC policies and procedures, which are categorised under functional areas such as finance, human resources and information management and technology.

During 2003–2004 the ICAC either reviewed and updated or newly developed 29 policies that covered key policy areas including:

- Recruitment and Employment Policy and Procedures
- Flexible Working Hours Policy
- Workplace Harassment Policy and Procedures
- Family and Community Service Leave (FACS) and Carer's Leave
- Salary Packaging and Employee Guide
- Performance Management System
- ICAC Travel Policy
- ICAC's Procurement Policy and Procedures
- Information Management and Technology Policies and Procedures.

Other policies that have been developed or updated and are awaiting sign-off from the Executive and Commission Consultative Group and ratification by the Commissioner include:

- Misconduct, Unsatisfactory Performance and Serious Offences Policy
- Firearms Policy
- Higher Duties Policy
- Overtime and Overtime Meal Allowance Policy.

Learning and development

A Learning and Development Committee was established at the beginning of 2003–2004 to coordinate all forms of learning across the ICAC, including internally and externally provided programs. As part of the ICAC's learning strategy, Learning and Development Plans are embedded within individual staff performance agreements resulting in every staff member attending at least one training or development activity during the year. For 2003–2004 there were 780 participants in various forms of training in the key learning streams of Information Technology, Leadership and Management, Organisational Development, Project Management, Risk Management and Technical Skills. Divisional attendance under each learning stream is set out in Table 25 in Appendix 21.

A major training initiative for 2003–2004 has been the introduction of a Leadership Program to develop the management skills and competencies of the ICAC's senior managers. The ICAC sought expert assistance in the development, implementation and facilitation of the program and contracted the University of Technology (UTS) to provide these services. Three members of the academic staff from UTS have been dedicated to the program, with each having specific responsibilities for learning outcomes from the five program modules.

The first three modules, titled Leadership and Facilitating Workplace Effectiveness, Communication and Interpersonal Effectiveness and Change Management were conducted over the latter six months of 2003–2004. The remaining two modules, Achieving Results Creatively and Strategic Thinking, Planning and Environmental Astuteness are scheduled to occur from July to December 2004. Each module includes a group assignment undertaken by a sub-group of course participants. Each assignment is sponsored by an Executive Director with the project topic being a key development area within the ICAC. One such assignment has been the redevelopment and implementation of the ICAC's Performance Management System.

In 2003–2004 the introduction across the organisation of new systems such as the TRIM electronic records management system and the new Employee Self Service (ESS) module of the HR/payroll system meant that targeted staff training on system features and enhancements was necessary as part of the system implementation phase. For TRIM, user guides were developed, 21 training sessions and five question and answer sessions were delivered and one-on-one coaching was provided. TRIM was also integrated with ICAC's complaint handling and case management system and an additional ten training sessions for operation staff were provided on this feature. Nineteen training sessions were delivered prior to the implementation of the ESS system.

In-house training initiatives during the year also included the development of investigative courses covering computer forensics, audio and video enhancement, covert awareness and compliance with policies and laws relating to conduct and use

of covert methodologies. Twenty-five ICAC staff participated in the Fraud Control Government Training Program.

As part of its OH&S strategy, the ICAC engaged the NSW Police Service to provide conflict de-escalation training to 37 Strategic Operations Division staff. Thirty-one staff in the Strategic Operations Division and seven staff from other Divisions in the ICAC undertook first aid training.

Another important aspect of our staff training and development is the provision of study assistance. During 2003–2004, eight members of staff used study leave provisions to undertake tertiary education courses.

Performance management

In 2003–2004 the ICAC continued its focus on improving work performance and developing our people. All staff within the ICAC prepare performance agreements that are linked to the objectives and performance targets of the ICAC. 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.

A review of the performance management system (PMS) at the end of 2002–2003 identified limitations with the current system and guidelines in terms of performance areas assessed, evaluating core behaviour competencies, performance feedback and staff development programs. As one of the group assignments of the Leadership Program, the PMS was reviewed and re-developed into a more comprehensive system. The review proposed a broader coverage of performance management areas and improved performance feedback guidelines. The revised PMS includes:

- key result areas from business plans
- staff members' position accountabilities
- core behaviour competencies relating to communication skills, judgement and decision making, leadership, teamwork, client orientation and relationship management
- learning and development plans covering training and personal development opportunities
- comprehensive performance assessment and feedback guidelines.

The new PMS was trialled in selected areas of the organisation during 2003–2004 and training and full implementation of the new system across the ICAC will occur in early 2004–2005.

Risk management

In 2003–2004 a number of risk management initiatives were implemented within the ICAC in compliance with AS/NZS 4360:1999 – Risk Management. These initiatives included the development of risk models for the identification, treatment and management of risks. Two important risk models that were developed were the:

- Occupational Health and Safety (OH&S) Risk Model
- Hearing Risk Assessment Template.

The OH&S Risk Model was developed to comply with the NSW WorkCover risk matrix rating for OH&S hazards, in particular the values assigned to probability and consequence. This initiative enables OH&S hazards and risk to be identified, treated and managed in compliance with the ICAC's Risk Management Policy and Risk Management Framework. An additional benefit of the model is the ability to document all aspects of the ICAC's hazard identification and mitigation processes, including a comprehensive and up-to-date OH&S Hazard Register.

Following assessment of risk management practices for the conduct of hearings, a Hearing Risk Assessment Template was developed to assist the ICAC to identify and assess any exceptional risks due to the nature and type of hearing to be held. The assessment process is performed by Legal Services and the Risk Management Unit and covers risks to witnesses, the public, staff and the media attending either public or private hearings. The risks identified for each hearing may require additional controls and treatments to be implemented to mitigate the risk to witnesses, the public, staff and the media.

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. Two audits were completed during 2003–2004 and focused on the effectiveness and/or efficiency of:

- the Operations Review Committee (ORC) reporting process, resulting in improvements in the system for reporting on section 10 matters and protected disclosures, further automation of the reporting of matters to the ORC and the update of system documentation
- financial services, resulting in improvements in checking and verification procedures relating to accounts payable and payroll processing and the planned update of accounting procedures.

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 map of projects aimed at harnessing, evolving and exploiting the information holdings of the ICAC.

The important information technology initiatives implemented in 2003–2004 are detailed below.

Redevelopment of ICAC internet and intranet sites

The information architecture and technical design changes for the ICAC's new internet site were largely completed by the end of 2002–2003. Work on the content and information presentation for the site was completed in 2003–2004 and the site 'went live' to the public in February 2004. The redesigned site has provided much needed improved useability and easier navigation and search facilities for users.

The ICAC's internal website (intranet) was also redeveloped during the year using the same architecture as the internet site, resulting in a significant cost saving. The upgraded intranet site has allowed easier, user-friendly uploads and search capability and has facilitated use of the ESS function for human resources and payroll information. As part of the redevelopment of its internet site the ICAC relocated its web-server from an offsite service provider to host the site on its own premises. This project was successfully completed in September 2003. This has improved security of online reporting of corruption matters and includes an additional layer of firewall protection for the ICAC's systems and network.

Replacement of outdated Records Management System

In 2002–2003 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 was implemented in 2003–2004 including migration of approximately half a million ICAC documents to the new system and training of all ICAC staff in managing electronic documents. The system was also fully integrated into ICAC's complaint handling and case management system (ICS). This has facilitated searching, creation and updating of files and documents into TRIM from within the ICS.

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.

The aims of the systems upgrade work were to improve information security, work flow and documentation of complaint handling and case management, enhance search capabilities and ensure effective integration with other systems and was undertaken in two stages. The Stage 1 enhancements were completed and the updated ICS system was rolled out in June 2003. Stage 2 of the enhancement project in 2003–2004 included additional enhancements identified by users during Stage 1 and the effective integration of ICS with the new EDRMS system, providing a more streamlined workflow and information tracking, improved case management tools and better linking of investigatory/enquiry tasks to cases.

Human resources information and payroll system

The new human resources information and payroll system (Aurion) was installed towards the end of 2002–2003 and the first pay was prepared on the new system in July 2003. A number of other modules including Occupational Health & Safety, Training, Organisational Development and a report query tool were rolled out during this year. The ESS module was implemented smoothly in June 2004 following the training of all ICAC staff in the various aspects of this module, which allows staff to electronically process leave applications and review their pay details on-line.

Upgrade of Hearing Room multimedia systems

During 2002–2003 the ICAC assessed its hearing room technology capacity and commenced the initial installation of equipment and systems that would provide for on-screen real time transcripts during hearings and multimedia broadcasting of proceedings via the ICAC's local area network (LAN). The completion of the work during 2003–2004 also incorporates the latest in evidence presentation techniques to take account of the changing complexity and diversity of matters investigated by the Commission.

Other technology initiatives

Other technology initiatives during the year included the implementation of Watson data mining software to support database interrogation by the Strategic Risk Assessment Unit and the implementation of a 1.6 terabyte storage area network (SAN) system that provides a centralised, server-based storage system to facilitate multiple, concurrent access to the various types of operational technical product (e.g. listening device product, digital images and video, computer forensic product).

The year ahead

In 2004–2005 the ICAC will:

- **acquire, commission and integrate new IT equipment to replace all the IT equipment and infrastructure which is currently leased until October 2004**
- **implement a wireless or internet-based remote access facility by March 2005, to allow operational staff who work in the field and need to have a secure mobile online remote access facility to more efficiently interface with the ICAC's systems and network**
- **commence the feasibility study and business process redesign work for the replacement of the ICAC's ageing case management and complaint handling system (ICS)**
- **review and update the Information Management and Technology Strategic Plan to ensure it is aligned with organisation requirements and will facilitate the application of contemporary investigation and surveillance technologies**
- **complete the Leadership Program and undertake a skills audit to identify any skills gaps that may exist in the ICAC and assist in workforce management and planning for the key competency areas associated with operational activities**
- **implement the Australian accounting equivalents of the International Financial Reporting Standards in preparing the ICAC's annual financial statements for the year ending 30 June 2005.**



Financial statements

- Statement by Commissioner
- Independent Audit Report
- Statement of financial performance for year ended 30 June 2004
- Statement of financial position as at 30 June 2004
- Statement of cash flows for year ended 30 June 2004
- Summary of compliance with financial directives for year ended 30 June 2004
- Notes to the financial statements



INDEPENDENT COMMISSION AGAINST CORRUPTION

Financial statements for the year ended 30 June 2004

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 blue ink that reads 'Irene Moss'.

Irene Moss AO
Commissioner

30/9/2004



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 2004 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 and 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 not fulfilled 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
30 September 2004

Statement of financial performance

for the year ended 30 June 2004

	Notes	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000
Expenses				
Operating expenses				
Employee related	2(a)	11,558	11,418	10,214
Other operating expenses	2(b)	4,269	4,273	5,078
Maintenance	2(c)	202	250	161
Depreciation and amortisation	2(d)	543	600	660
Total expenses		16,572	16,541	16,113
Less:				
Retained revenue				
Sale of goods and services	3(a)	7	30	26
Investment income	3(b)	34	5	42
Grant and contributions	3(c)	234	0	305
Other revenue	3(d)	38	30	26
Total retained revenue		313	65	399
Gain/(loss) on disposal of non-current assets	4	(52)	0	(30)
Net cost of services	19	16,311	16,476	15,744
Government Contributions				
Recurrent appropriation	5	15,330	15,347	14,517
Capital appropriation	5	574	579	401
Acceptance by the Crown Entity of employee benefits and other liabilities	6	1,187	930	1,006
Total Government contributions		17,091	16,856	15,924
SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		780	380	180
NON-OWNER TRANSACTION CHANGES IN EQUITY				
Net increase in asset revaluation reserve		0	0	428
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		0	0	428
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	15	780	380	608

The accompanying notes form part of these statements

Statement of financial position

as at 30 June 2004

	Notes	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000
ASSETS				
Current assets				
Cash	8	34	37	37
Receivables	9	225	364	332
Other	10	367	339	287
Total current assets		626	740	656
Non-current assets				
Property, Plant and Equipment	11	1,445	1,444	1,465
Total non-current assets		1,445	1,444	1,465
Total assets		2,071	2,184	2,121
LIABILITIES				
Current liabilities				
Payables	12	146	257	544
Provisions	13	1,097	955	985
Other	14	22	405	405
Total current liabilities		1,265	1,617	1,934
Non-Current Liabilities				
Provisions	13	151	312	312
Total Non-Current Liabilities		151	312	312
Total Liabilities		1,416	1,929	2,246
Net assets		655	255	(125)
EQUITY				
Assets revaluation reserve	15	428	428	428
Accumulated funds		227	(173)	(553)
Total equity		655	255	(125)

The accompanying notes form part of these statements

Statement of cash flows

for the year ended 30 June 2004

	Notes	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(10,786)	(10,913)	(9,538)
Other		(5,729)	(5,248)	(6,286)
Total payments		(16,515)	(16,161)	(15,824)
Receipts				
Sale of goods and services		7	29	26
Interest received		34	5	41
GST refund received		730	0	381
Other		287	430	324
Total receipts		1,058	464	772
Cash flows From Government				
Recurrent appropriation	5	15,330	15,347	14,517
Capital appropriation	5	574	579	401
Cash reimbursements from the Crown Entity		507	350	399
Cash transfers to the Consolidated Fund	14	(383)	0	405
Net cash flows from Government		16,028	16,276	15,722
NET CASH FLOWS FROM OPERATING ACTIVITIES		571	579	670
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment	4	–	–	–
Purchases of plant and equipment	11	(574)	(579)	(401)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(574)	(579)	(401)
NET INCREASE/(DECREASE) IN CASH				
Opening cash and cash equivalents		37	37	(232)
CLOSING CASH AND CASH EQUIVALENTS	8	34	37	37

The accompanying notes form part of these statements

Summary of compliance with financial directives

for the year ended 30 June 2004

	2004				2003			
	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	15,347	15,330	579	574	14,669	14,517	520	401
Additional appropriations					234			
S.21A PF&AA – special appropriation								
S.24 PF&AA – transfer of functions between departments								
S.26 PF&AA – Commonwealth specific purpose payments								
	15,347	15,330	579	574	14,903	14,517	520	401
Other appropriations/ expenditure								
Treasurer's advance								
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	0	0	0	0	(100)	0
Total appropriations								
Expenditure/net claim on Consolidated Fund (includes transfer payments)	15,347	15,330	579	574	14,903	14,517	420	401
Amount drawn down against appropriation		15,347		579		14,903		420
Liability to Consolidated Fund*		17		5		386		19

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 2004

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) 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.

(iii) 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 price is 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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

depreciation is separately restated.

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 2003 – \$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 2004

(q) AASB 1047 "Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards"

AASB 1047 requires entities to provide information to users of financial reports about the impacts of changes in accounting policies resulting from adopting Australian equivalents to International Financial Reporting Standards (AIFRS).

The Commission will apply the Australian Equivalent to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

The Commission is managing the transition to the new standards by allocating internal resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

As a result of this exercise, the Commission has taken the following steps to manage the transition to the new standards:

- (i) The Commission's Executive Director Corporate Services is overseeing the transition. The Manager Finance is responsible for the project and reports regularly to the Commission's Executive on progress against the plan.
- (ii) The following phases that need to be undertaken have been identified:
 - a. analyse all exposure drafts of standards as they become available,
 - b. assess the impacts of all significant changes in finalised standards,
 - c. raise awareness and keep the Executive Director Corporate Services informed,
 - d. develop new or changed policies and guidance as necessary, and
 - e. provide training as required.
- (iii) To date, phases a, b and c are progressing as expected and the Commission expects to be able to move to phase d in September 2004.

The Commission has identified, at this stage, some differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Some differences arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the agency of options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

The Commission's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

1. *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards* requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.
2. *AASB 116 Property, Plant and Equipment* requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*.
Major inspection costs must be capitalised and this will require the fair value and depreciation of the related asset to be re-allocated.
3. *AASB 119 Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plant assets.
4. *AASB 1004 Contributions* applies to *not-for-profit entities only*. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grant included in ED 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
2. EXPENSES		
(a) Employee related expenses comprise the following specific items:		
Salaries and wages (including recreation leave)	9,264	8,182
Superannuation	770	660
Long service leave	498	424
Workers compensation insurance	121	135
Contractor and temporary assistance	262	376
Payroll tax and fringe benefits tax	643	437
	11,558	10,214
(b) Other operating expenses		
Auditor's remuneration		
– audit or review of the financial reports	31	35
Bad and doubtful debts	1	–
Operating lease rental expense		
– minimum lease payments	1,774	2,075
Insurance	48	36
Cleaning	29	35
Electricity	44	39
Travelling, air fares and subsistence	53	90
Motor vehicles	15	24
Consultancies	19	36
External legal fees	330	223
Transcript fees	57	45
Fees for services	257	681
Contract security services	197	247
Training	222	244
Advertising and publicity	112	108
Books and subscriptions	65	77
Postal and telephone	137	154
Printing	133	154
Stores and specialised supplies	159	131
Minor technical and computer purchases	225	217
Courier and freight	10	13
Other	351	414
	4,269	5,078
(c) Maintenance		
Repairs and maintenance	202	161
	202	161
(d) Depreciation and amortisation expense		
Depreciation		
– Computer equipment	160	121
– Plant and equipment	97	143
	257	264
Amortisation		
– Leasehold improvements	286	396
	543	660

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
3. REVENUES		
(a) Sale of goods and services		
Sale of transcripts	–	–
Presentation and seminar fees	7	26
	7	26
(b) Investment income		
Interest	34	42
	34	42
(c) Grants and contributions		
Voluntary redundancy program funding	0	305
Special Allocation – Working Capital	234	0
	234	305
(d) Other revenue		
Other	38	26
	38	26
4. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
Gain on disposal of plant and equipment		
– Proceeds from disposal	–	–
– Written down value of assets disposed	(52)	(30)
	(52)	(30)
5. APPROPRIATIONS		
Recurrent appropriations		
Total recurrent draw downs from Treasury (per Summary of Compliance)	15,347	14,903
Less: Liability to Consolidated Fund* (per Summary of Compliance)	(17)	(386)
	15,330	14,517
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	15,330	14,517
Total	15,330	14,517
Capital appropriations		
Total capital draw downs from Treasury (per Summary of Compliance)	579	420
Less: Liability to Consolidated Fund (per Summary of Compliance)	(5)	(19)
	574	401
Comprising:		
Capital appropriations (per Statement of Financial Performance)	574	401
Total	574	401
*The liability to Consolidated Fund is recognised in the Statement of Financial Position as a Current Liability – Other		

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
6. 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	770	660
Long service leave	371	306
Payroll tax (on employer superannuation contributions)	46	40
	1,187	1,006
7. 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.		
8. CURRENT ASSETS – CASH		
Cash at bank and on hand	34	37
	34	37
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and bank overdraft. Interest is earned 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 3.99%. The average rate for the year ended 30 June 2003 was 3.75%.		
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)	34	37
Closing Cash and Cash Equivalents (Per Statement of Cash Flows)	34	37
9. CURRENT ASSETS – RECEIVABLES		
Sale of goods and services	3	2
Other receivables	222	330
Less: Provision for doubtful debts	–	–
	225	332
10. CURRENT ASSETS – OTHER		
Prepayments	367	287
	367	287

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

	2004 \$'000	2003 \$'000			
11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT					
(i) Plant and equipment					
At Cost	1,316	1,311			
Accumulated Depreciation	(1,129)	(1,032)			
	187	279			
(ii) Computer equipment					
At Cost	1,387	950			
Accumulated Depreciation	(568)	(560)			
	819	390			
(iii) Leasehold improvements					
At Cost	5,340	5,411			
Accumulated Amortisation	(4,901)	(4,615)			
	439	796			
Total property plant and equipment at fair value	1,445	1,465			
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 and equipment \$'000	WIP \$'000	Total \$'000
2004					
Carrying amount at start of year	643	390	252	180	1,465
Additions	82	460	32	–	574
Disposals	–	(203)	–	–	(203)
Transfer	–	180	–	(180)	–
Net revaluation increments	–	–	–	–	–
Depreciation w/b on disposal	–	152	–	–	152
Depreciation expense	(286)	(160)	(97)	–	(543)
Carrying amount at end of year	439	819	187	–	1,445
Work In Progress – Carrying amount at end of year 2002-03 of \$180,000 was initially categorised as part of leasehold improvements and plant and equipment assets. During 2003-04, on completion of the various capital projects the assets were more accurately classified as computer equipment assets.					
				2004 \$'000	2003 \$'000
12. CURRENT LIABILITIES – PAYABLES					
Accrued salaries, wages and on-costs				18	221
Creditors				–	35
Accrued expenses				128	288
				146	544

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
13. CURRENT / NON CURRENT LIABILITIES – PROVISIONS		
Current		
Employee benefits and related on-costs		
– Recreation leave	770	611
– Payroll tax and fringe benefits tax payable	–	1
– LSL on-costs not assumed by Crown	93	42
Other provisions		
– Provision for audit fees	–	11
– Provision for Redfern lease loss	234	320
	1,097	985
Non-current		
Employee benefits and related on-costs		
– LSL on-costs not assumed by Crown	151	75
Other provisions		
– Provision for Redfern lease loss	–	237
	151	312
Aggregate employee benefits and related on-costs		
Provision – current	863	654
Provision – non current	151	75
Accrued salaries, wages and on-costs (Note 12)	18	221
	1,032	950
Movements in other provisions		
Movements in each class of provision during the financial year, other than employee benefits, are set out below:		
	Redfern \$'000	Total \$'000
Current		
Carrying amount at the beginning of financial year	320	320
Additional provisions recognised, including increases to existing provisions		–
Reductions in provisions from payments or other sacrifices	(86)	(86)
Reductions in provisions from remeasurement or settlement without cost		–
Carrying amount at end of financial year	234	234
Non Current		
Carrying amount at the beginning of financial year	237	237
Additional provisions recognised, including increases to existing provisions		–
Reductions in provisions from payments or other sacrifices	(237)	(237)
Reductions in provisions from remeasurement or settlement without cost		–
Carrying amount at end of financial year	–	–

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
14. CURRENT / NON CURRENT LIABILITIES – OTHER		
Recurrent allocation	17	386
Capital allocation	5	19
Liability to Consolidated Fund	22	405
15. CHANGES IN EQUITY		
Surplus/(Deficit) for the year	780	180
Asset revaluation reserve	–	428
Changes in equity	780	608
Accumulated funds as at 1 July	(553)	(733)
Surplus/(Deficit) for the year	780	180
Accumulated funds as at 30 June	227	(553)
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.		
	2004 \$'000	2003 \$'000
16. 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	45	347
Later than one year and not later than five years	–	–
Later than five years	–	–
Total (including GST)	45	347
(c) Operating lease commitments		
Future non-cancellable operating lease rental not provided for and payable:		
Not later than one year	1,690	1,842
Later than one year and not later than five years	6,271	6,794
Later than five years	453	2,482
Total (including GST)	8,414	11,118
The total "operating lease commitments" above includes potential input tax credits of \$0.765M (30 June 2003 – \$1.01M) 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.		

Notes to and forming part of the Financial Statements
for the year ended 30 June 2004

17. CONTINGENT LIABILITIES

There are no known significant contingent liabilities at the balance date (30 June 2003 – \$Nil).

18. BUDGET REVIEW

Net cost of services

There was a variance between budgeted and actual net cost of services of \$165,000 which can be attributed to award salary and salary on-costs increase effective 1 July 2003.

Assets and liabilities

Current assets were \$114,000 less than budgeted due to the all receivables being settled either earlier than anticipated at budget time.

Current liabilities were \$352,000 lower than budget due to a substantial decrease in the liability to consolidated fund for the 2003-04 financial year \$22,000 as compared to \$405,000 for the 2002-03 year. At the same time, accrued employee liabilities (salaries/payroll tax unpaid) were also substantially lower than 2002-03.

	2004 \$'000	2003 \$'000
19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		
Net cash used on operating activities	571	670
Depreciation and amortisation	(543)	(660)
Acceptance by Crown Entity of employee benefits and other liabilities	(1,187)	(1,006)
Decrease/(increase) in provision for employee benefits	(285)	(67)
Decrease/(increase) in other provisions	334	0
Increase/(decrease) in prepayments and other assets	(28)	506
Decrease/(increase) in payables	400	166
Net gain/(loss) on sale of assets	(52)	(30)
Consolidated Fund recurrent allocation	(15,330)	(14,517)
Consolidated Fund capital allocation	(574)	(401)
Liability to Consolidated Fund	383	(405)
Net cost of services	(16,311)	(15,744)

20. AFTER BALANCE DATE EVENTS

The lease of the Commission's former premises at Redfern will expire in February 2005. The Commission will be negotiating with its sub-lessee and the landlord the possible contractual financial obligations arising as a result of the expiration of the lease during 2004-05. The financial effect of the negotiations has not been recognised in the financial statements as it is not possible to estimate the effect reliably as at balance date.

End of audited financial statements



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Appendix 1 ■ Complaints profile

Table 6

Allegations contained in complaints and notifications (section 10, section 11 and protected disclosures) and other matters received during 2003–2004

	Section 10	Section 11	Protected disclosures	Total (inc. other matters received)	%*
Favouritism/nepotism	193	77	91	400	11.3
Misuse of public resources	108	174	54	367	10.3
Fabricating or falsifying information/fraud/forgery	117	117	54	327	9.2
Bribery/gift/secret commission	85	84	24	215	6.1
Breach of policy/procedure	135	104	58	358	10.1
Failure to disclose conflict of interest	94	49	36	209	5.9
Harassment/victimisation/discrimination	87	46	57	224	6.3
Collusion	90	16	26	143	4.0
Failure to take action	110	20	26	223	6.3
Improper use of information	52	33	12	114	3.2
Failure to properly advertise e.g. tenders, employment, DA/BA	28	5	21	60	1.7
Failure to document information/lack of internal documents/lack of systems	25	19	6	64	1.8
Perverting the course of justice/evidence tampering	35	13	5	71	2.0
Threats/extortion/blackmail/undue influence	34	33	6	85	2.4
Negligence	45	16	7	93	2.6
Sexual assault/sexual misconduct/sexual harassment	10	16	4	33	0.9
Trafficking and/or use of drugs/alcohol	4	22	4	36	1.0
Assault	18	46	2	73	2.1
Perjury	5	1	0	7	0.2
Lack of accountability **	0	2	0	3	0.1
Other corrupt conduct	46	23	15	135	3.8
Other illegal behaviour	18	17	8	67	1.9
Unspecified/not applicable	31	18	4	243	6.8
Total	1,370	951	520	3,550	100

* Represents proportion of total allegations for year

** New category

Appendix 1 ■ Complaints profile (continued)

Table 7

Allegations by type received during 2003–2004, compared to previous two years

	2001–2002	%*	2002–2003	%*	2003–2004	%*
Favouritism/nepotism	299	16.1	319	12.3	400	11.3
Misuse of public resources	269	14.5	349	13.5	367	10.3
Fabricating or falsifying information/fraud/forgery	166	9.0	200	7.7	327	9.2
Bribery/gift/secret commission	145	7.8	261	10.1	215	6.1
Breach of policy/procedure	143	7.7	282	10.9	358	10.1
Failure to disclose/abuse of conflict of interest	124	6.7	176	6.8	209	5.9
Harassment/victimisation/discrimination	117	6.3	142	5.5	224	6.3
Collusion	100	5.4	124	4.8	143	4.0
Failure to take action	90	4.8	117	4.5	223	6.3
Improper use of information	76	4.1	107	4.1	114	3.2
Failure to properly advertise e.g. tenders, employment, DA/BA	42	2.3	45	1.7	60	1.7
Failure to document information/lack of internal documents/lack of systems	41	2.2	40	1.5	64	1.8
Perverting the course of justice/evidence tampering	39	2.1	45	1.7	71	2.0
Threats/extortion/blackmail/undue influence	35	1.9	51	2.0	85	2.4
Negligence	30	1.6	49	1.9	93	2.6
Sexual assault/sexual misconduct/sexual harassment	25	1.3	27	1.0	33	0.9
Trafficking and/or use of drugs/alcohol	25	1.3	26	1.0	36	1.0
Assault	18	1.0	44	1.7	73	2.1
Perjury	4	0.2	2	0.1	7	0.2
Lack of accountability**	–	–	–	–	3	0.1
Other corrupt conduct	28	1.5	83	3.2	135	3.8
Other illegal behaviour	16	0.9	53	2.0	67	1.9
Unspecified/not applicable	20	1.1	51	2.0	243	6.8
Total	1,852	100	2,593	100	3,550	100

* Represents proportion of total allegations for year

** New category

Table 8

Types of workplace activity described in complaints and notifications (section 10, section 11 and protected disclosures) and other matters received during 2003–2004

	Section 10	Section 11	Protected disclosures	Total (inc. other matters received)	%*
Building and development	252	58	22	407	14.6
Staff matters	118	174	186	547	19.6
Use of public resources	98	178	54	358	12.8
Law enforcement	135	90	18	333	11.9
Purchase of goods and services	72	48	27	160	5.7
Government services	100	66	17	231	8.3
Use of information	30	20	6	69	2.5
Licensing/qualifications/certificates	29	36	4	79	2.6
Disposal of public assets	21	15	11	54	1.9
Elections	12	4	8	36	1.3
Reporting corruption	14	18	13	62	2.2
Cash handling**	0	4	0	4	0.1
Codes of conduct**	2	1	1	5	0.2
Employment practices**	0	8	5	18	0.6
Other/unspecified	116	50	16	428	15.3
Total	999	770	388	2,791	100

* Represents proportion of total allegations for year

** New categories

Table 9

Types of workplace activity for all matters received during 2003–2004, compared to previous two years

	2001–2002	%*	2002–2003	%*	2003–2004	%*
Building and development	415	20.1	434	16.7	407	14.6
Staff matters	376	18.2	429	16.5	547	19.6
Use of public resources	341	16.5	386	14.9	358	12.8
Law enforcement	193	9.4	316	12.2	333	11.9
Purchase of goods and services	187	9.1	294	11.3	160	5.7
Government services	169	8.2	191	7.4	231	8.3
Use of information	97	4.7	106	4.1	69	2.5
Licensing/qualifications/certificates	61	3	66	2.5	79	2.6
Disposal of public assets	50	2.4	51	2.0	54	1.9
Elections	24	1.2	23	0.9	36	1.3
Reporting corruption	24	1.2	19	0.7	62	2.2
Cash handling**	–	–	–	–	4	0.1
Codes of conduct**	–	–	–	–	5	0.2
Employment practices**	–	–	–	–	18	0.6
Other/unspecified	126	6.1	278	10.7	428	15.3
Total	2,063	100	2,593	100	2,791	100

* Represents proportion of total allegations for year

** New categories

Appendix 2 ■ Prosecutions and disciplinary actions in 2003–2004 arising from ICAC investigations

Table 10

Prosecution proceedings during 2003–2004

Investigation into the conduct of officers of the former State Rail Authority of NSW (Operation Aroo C) (June 1998*)

Name	John Swann
Nature of offences recommended	48 x s.178BB Crimes Act (make false statement with intent to obtain financial advantage)
Action/advice received	11 November 2003 – DPP and ICAC agreed matter not to proceed due to age of matter and evidentiary difficulties
Result (to 30/6/04)	Not to be pursued

Investigation into conduct of officers of the Department of Corrective Services (Operation Cadix) (Feb 1998; June 1999*)

Name	Joseph Attallah
Nature of offences recommended	2 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	18 December 2003 – convicted on 2 x s.87 ICAC Act
Result (to 30/6/04)	Sentenced to four months imprisonment on each count – to be served concurrent with present life sentence
Name	Robert Brown
Nature of offences recommended	s.87 ICAC Act (false or misleading evidence)
Action/advice received	1 September 2003
Result (to 30/6/04)	Plea of guilty on 7 July 2003. Sentenced to eight months imprisonment with six months minimum term, to be served as home detention
Name	Nasser Kalache
Nature of offences recommended	s.87 ICAC Act (false or misleading evidence)
Action/advice received	30 June 2004 (after conviction on 1 x s.87 on 23 March 2004)
Result (to 30/6/04)	Received eight month suspended sentence, to date from 30 June 2004. If sentence is breached, then the non-parole period is four months

Investigation into matters concerning John Kite and the National Parks and Wildlife Service (Operation Meteor) (Dec 2001*)

Name	John Kite
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)
Action/advice received	7 May 2004 – DPP advice – 55 x s.87 and 1 x s.319
Result (to 30/6/04)	Awaiting outcome
Name	Susanne Ryan
Nature of offences recommended	2 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	7 May 2004
Result (to 30/6/04)	DPP advice – insufficient evidence

Investigation into aspects of the greyhound racing industry (Operation Muffat) (Aug 2000*)

Name	Rodney Wayne Potter
Nature of offences recommended	s.249B Crimes Act (corrupt rewards)
Action/advice received	17 December 2003 (guilty plea on 4 September 2003 to 8 x s.249B)
Result (to 30/6/04)	Sentenced to three years and three months imprisonment – minimum term 21 months
Name	Ronald Henry Gill
Nature of offences recommended	s.249B Crimes Act (corrupt rewards); 8 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	23 June 2004 – preliminary advice from DPP – requisitions
Result (to 30/6/04)	Awaiting outcome

*Date of publication of investigation report.

Name	Kenneth Edward Howe
Nature of offences recommended	s.249B Crimes Act (corrupt rewards)
Action/advice received	23 June 2004 – preliminary advice from DPP – requisitions
Result (to 30/6/04)	Awaiting outcome
Name	Raymond Thomas King
Nature of offences recommended	s.249F Crimes Act (aiding, abetting corrupt rewards)
Action/advice received	23 June 2004 – preliminary advice from DPP – requisitions
Result (to 30/6/04)	Awaiting outcome
Name	Andrea Sarcasmo
Nature of offences recommended	s.249B Crimes Act (corrupt rewards); 6 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	23 June 2004 – preliminary advice from DPP – requisitions
Result (to 30/6/04)	Awaiting outcome
Name	Rodney Bragg
Nature of offences recommended	Conspiracy to cheat and defraud; 3 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	10 December 2003 – prima facie case established on conspiracy to cheat and defraud
Result (to 30/6/04)	Information dismissed. DPP withdrew s.87 matter

Investigation into the conduct of officers and students at University of Technology, Sydney (Operation Tudor) (Aug 2002*)

Name	Toto Sujanto
Nature of offences recommended	s.308 Crimes Act (altering computer records); s.249B Crimes Act (corruptly obtain payments); s.87 ICAC Act (false or misleading evidence)
Action/advice received	14 July 2003 – charges filed in court as accused left jurisdiction prior to service
Result (to 30/6/04)	No further action possible
Name	Edwin Sidata
Nature of offences recommended	s.87 ICAC Act (false or misleading evidence)
Action/advice received	14 July 2003 – charges filed in court as accused left jurisdiction prior to service
Result (to 30/6/04)	No further action possible

Investigation into the conduct of officers of the Department of Housing (Operation Hotspur) (May 2003*)

Name	Steven Klimoski
Nature of offences recommended	s.249B Crimes Act (corruptly solicit/receive payments)
Action/advice received	30 January 2004 – DPP advised 1 x s.249B; on 18 June 2004 DPP advised that second count under s.249B to be prosecuted
Result (to 30/6/04)	Awaiting outcome
Name	Anthony Severino
Nature of offences recommended	s.87 ICAC Act (false or misleading evidence); s.249F Crimes Act (aiding, abetting receipt of corrupt benefit)
Action/advice received	30 January 2004 – DPP advice – 1 x s.87 ICAC Act and 1 x s.249F Crimes Act
Result (to 30/6/04)	Awaiting outcome

Investigation into the conduct of Sam Masri, former Purchasing Officer, Liverpool City Council (Operation Benda) (November 1999*)

Name	Sam Masri
Nature of offences recommended	3 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	7 November 2003
Result (to 30/6/04)	DPP decision to discontinue prosecution

*Date of publication of investigation report.

Appendix 2 ■ Prosecutions and disciplinary actions in 2003–2004 arising from ICAC investigations (continued)

Investigation into conduct concerning the Woodward Park project (Operation Hydra) (Feb 2003*)

Name	Stephen Larkin
Nature of offences recommended	1 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	9 December 2003
Result (to 30/6/04)	DPP advice – no charges to be laid

Investigation into conduct of Rockdale City Council Councillors and others (Operation Trophy) (July 2002*)

Name	Andrew Smyrnis
Nature of offences recommended	3 x s.249B(1) Crimes Act (corruptly solicit/receive payments) or conspiracy to commit bribery; 3 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	29 June 2004 – first mention – 2 x s.249B Crimes Act and 18 x s.87 ICAC Act
Result (to 30/6/04)	Awaiting outcome
Name	Adam McCormick
Nature of offences recommended	2 x s.249B(1) Crimes Act (corruptly solicit/receive payments) or conspiracy to commit bribery; 2 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	13 May 2004 – additional material forwarded to DPP
Result (to 30/6/04)	Awaiting advice as to charges
Name	Manuel Limberis
Nature of offences recommended	1 x s.249F Crimes Act (aiding, abetting receipt of corrupt benefit) or conspiracy to commit bribery; 2 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	16 June 2004 – served with Court Attendance Notices for 1 x s.249F Crimes Act and 5 x s.87 ICAC Act
Result (to 30/6/04)	Awaiting outcome
Name	Con Chartofilis
Nature of offences recommended	1 x s.249B(1) Crimes Act (corruptly solicit/receive payments) or conspiracy to commit bribery; 1 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	19 February 2004
Result (to 30/6/04)	DPP advice – insufficient evidence
Name	Tony Retsos
Nature of offences recommended	1 x s.249F Crimes Act (aiding, abetting receipt of corrupt benefit) or conspiracy to commit bribery; 1 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	29 June 2004 – first mention – 1 x s.249F Crimes Act and 37 x s.87 ICAC Act
Result (to 30/6/04)	Awaiting outcome
Name	Terry Andriotakis
Nature of offences recommended	1 x s.249B(2) Crimes Act (corruptly offer/give benefit) or conspiracy to commit bribery
Action/advice received	23 February 2004
Result (to 30/6/04)	Additional evidence requested by DPP

Investigation into the theft of zoological specimens from the Australian Museum (Operation Savoy) (Sep 2003*)

Name	Richard Anthony Kolomy
Nature of offences recommended	1 x s.527C Crimes Act (unlawful possession of property)
Action/advice received	6 April 2004 – hearing on 1 x s.527C Crimes Act adjourned when part-heard
Result (to 30/6/04)	Awaiting outcome
Name	Daniel Deys
Nature of offences recommended	1 x s.117 Crimes Act (larceny)
Action/advice received	25 August 2003 – brief to DPP for advice
Result (to 30/6/04)	Awaiting outcome

*Date of publication of investigation report.

Name	Damien John Stanioch
Nature of offences recommended	s.188 Crimes Act (receiving stolen property)
Action/advice received	10 November 2003 – brief to DPP for advice
Result (to 30/6/04)	Awaiting outcome
Name	Hendrikus (Hank) Van Leeuwen
Nature of offences recommended	199 x s.156 Crimes Act (larceny as a servant); 37 x s.188 Crimes Act (dispose of stolen property)
Action/advice received	For mention 5 July 2004
Result (to 30/6/04)	Awaiting outcome

Investigation into the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre (Operation Centaur) (Feb 2004*)

Name	Cale David Urosevic
Nature of offences recommended	s.249B(1) Crimes Act (corrupt rewards)
Action/advice received	30 June 2004 – DPP advice – 2 x s.249B(1)
Result (to 30/6/04)	Awaiting outcome

Investigation into the conduct of certain senior officers of the NSW Grains Board (Operation Agnelli) (Aug 2003*)

Name	Graham Lawrence
Nature of offences recommended	s.176 Crimes Act (director or officer publishing fraudulent statements)
Action/advice received	2 March 2004 – brief to DPP for advice
Result (to 30/6/04)	Waiting on DPP advice
Name	John Fitzgerald
Nature of offences recommended	s.176 Crimes Act (director or officer publishing fraudulent statements)
Action/advice received	2 March 2004 – brief to DPP for advice
Result (to 30/6/04)	Awaiting DPP advice
Name	Darren Bizzell
Nature of offences recommended	ss.156 (larceny by a servant), 178BA (obtaining money by deception) and 178BB Crimes Act (obtaining money by false or misleading statement)
Action/advice received	2 March 2004 – brief to DPP for advice
Result (to 30/6/04)	Awaiting DPP advice

Investigation into the conduct of former MLC Malcolm Jones (Operation Athens) (July 2003*)

Name	Malcolm Jones
Nature of offences recommended	ss.178BA (obtaining money by deception) and/or 178BB Crimes Act (obtaining money by false or misleading statement); s.87 ICAC Act (false or misleading evidence)
Action/advice received	2 April 2004 – interim advice from DPP that sufficient evidence available re ss.178BA and/or 178BB Crimes Act; insufficient evidence re s.87 ICAC Act
Result (to 30/6/04)	Awaiting final DPP advice

Investigation into the awarding of contracts by officers of Integral Energy (Operation Grenache) (Sep 2003*)

Name	Dennis Neville Hall
Nature of offences recommended	19 x s.157 Crimes Act (embezzlement)
Action/advice received	9 July 2004 – Hall served with Court Attendance Notice in relation to 19 x s.157 Crimes Act
Result (to 30/6/04)	Awaiting outcome

*Date of publication of investigation report.

Appendix 2 ■ Prosecutions and disciplinary actions in 2003–2004 arising from ICAC investigations (continued)**Table 11****Direct referral of prosecution brief 2003–2004****Investigation into attempted bribery of RTA officers (Operation Philidor)**

Name	Steven Pambris
Nature of offences recommended	2 x s.249B(2) Crimes Act (corruptly offer benefit)
Action/advice received	15 August 2003 – pleaded guilty to 2 x s.249B; DPP withdrew the third count
Result (to 30/6/04)	Sentenced to 12 months imprisonment with minimum term of nine months (dated from 17/2/03) – to be served concurrently with sentence for drug matters

Investigation into the conduct of Christopher Puplick (Operation Navaho)

Name	Christopher Puplick
Nature of offences suspected	(i) knowingly giving false testimony at a hearing conducted by the NSW Ombudsman on 17 March 2003, contrary to s.21 of the Royal Commissions Act 1923; and (ii) wilfully making false or misleading statements in a written document provided to the Ombudsman on 16 May 2003, contrary to s.37(1)(c) of the Ombudsman Act 1974
Action/advice received	26 February 2004 – DPP advice – material established that evidence false – no reasonable prospect of conviction that knowingly gave false evidence
Result (to 30/6/04)	No further action

Investigation into offer of a bribe to an officer of the Centennial and Moore Park Trust

Name	Jiae (Jo) Hong
Nature of offences recommended	s.249B(2) Crimes Act (corruptly offer benefit)
Action/advice received	Brief to DPP for advice on 1 September 2003
Result (to 30/6/04)	Awaiting DPP advice

Investigation into the introduction of contraband into the Metropolitan Remand and Reception Centre, Silverwater (Operation Montessa)

Name	Shayne Alan Hughes
Nature of offences	3 x Summary Offences Act; s.249B(1) Crimes Act (solicit/receive corrupt commission)
Action/advice received	21 June 2004 – guilty plea
Result (to 30/6/04)	Sentenced to ten months imprisonment (with minimum term of five months) in relation to each of the counts under the Summary Offences Act and five months imprisonment in relation to the s.249B charge

Table 12**Disciplinary action proceedings during 2003–2004****Investigation into aspects of the greyhound racing industry (Operation Muffat)**

Name	Kenneth Edward Howe
Nature of action	5 x breach of Greyhound Racing Authority Rule 9(4)(a) (misconduct)
Action/advice received	11 October 2002 – Regulatory Committee Hearing was resumed
Result (to 30/6/04)	Disqualified permanently
Name	Raymond Thomas King
Nature of action	4 x breach of Greyhound Racing Authority Rule 9(4)(a) (misconduct)
Action/advice received	23 January 2004 – Regulatory Committee Hearing finished
Result (to 30/6/04)	Disqualified permanently
Name	Rodney Bragg
Nature of action	Breach of Rule 9(4)(a) misconduct – GRA Committee found Bragg guilty and imposed a ten year disqualification on 14 February 2000
Action/advice received	22 December 2003
Result (to 30/6/04)	Court of Appeal allowed appeal against quashing of finding – committee penalty to stand

Investigation into 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
Action/advice received	4 June 2004 – Schmidt J in Industrial Relations Commission declared dismissal of Ryan on 8 July 2003 to be void
Result (to 30/6/04)	Awaiting outcome of NPWS appeal

Investigation into the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre (Operation Centaur)

Name	Cale David Urosevic
Nature of action	Suspended on 30 June 2003 pending disciplinary action in relation to misconduct
Action/advice received	13 August 2003
Result (to 30/6/04)	Governor dispensed with services

Investigation into the introduction of contraband into the Metropolitan Remand and Reception Centre, Silverwater (Operation Montessa)

Name	Shayne Alan Hughes
Nature of action	Suspended on 15 December 2003 pending disciplinary action in relation to misconduct
Action/advice received	28 January 2004
Result (to 30/6/04)	Governor dispensed with services

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
Action/advice received	28 November 2003 – Transport Appeals Board found ten of the most serious counts were substantiated – four were dismissed – Kambouris was reinstated
Result (to 30/6/04)	Awaiting outcome of SRA application to Supreme Court for judicial review of the decision

Appendix 3 ■ Implementation of recommendations for reform arising from ICAC investigations

Table 13
Progress reports received in 2003–2004

Investigation report	Last progress report	Agency responsible for implementation	Number of recommendations	Number addressed	Proportion addressed
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%
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%
Report on the 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 the conduct of Mr Sam Masri, former purchasing officer, Liverpool City Council – November 1999	July 2003	Liverpool City Council	38	37	97%
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%
Investigation into dealings between Homfray Carpets and the Department of Housing – September 1990	August 2003	Department of Housing	6	6	100%
A major investigation into corruption in the former State Rail Authority of New South Wales – June 1998	August 2003	State Rail	15	15	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%
Preserving paradise: Good governance guidance for small communities – Lord Howe Island – November 2001	August 2003	Lord Howe Island Board Minister for the Environment Transport Authority	40	35	88%
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%
Investigation into the conduct of officers and students at University of Technology, Sydney – August 2002	February 2004	University of Technology, Sydney	8	7	88%
Report on investigation into the theft of zoological specimens from the Australian Museum between 1997 and 2002 and related matters – September 2003	April 2004	Australian Museum	33	29	88%

Appendix 4 ■ 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 Division of the NSW Supreme Court in June 2001. In her statement of claim Ms Hagan claimed that by not providing reasons for discontinuance of the investigation the ICAC breached the rules of natural justice, and that there appeared to be a reasonable apprehension of bias from the ICAC in the manner with which the complaint was dealt.

As reported last year a number of interlocutory applications have been made since the proceedings commenced, primarily by the plaintiff. In September 2002 Ms Hagan lodged a Notice of Motion seeking leave to administer interrogatories upon the ICAC. That motion was dismissed by Barr J in October 2003 and the Court of Appeal dismissed the plaintiff's application for leave to appeal that decision in February 2004. Ms Hagan died on 26 February 2004 and consequently the proceedings abated as they could not be pursued by her estate. They were formally dismissed on 10 June 2004 and, by consent, an order was made that the parties each pay their own costs. The Crown Solicitor's Office had the conduct of the proceedings on behalf of the ICAC.

Unfair dismissal claim in the Industrial Relations Commission

In May 2003, the Anti-Discrimination Board declined to grant leave to a former employee to pursue a claim of discrimination against the ICAC. This matter was reported in the last annual report. In December 2003 the former employee commenced proceedings in the Industrial Relations Commission, in which she claims that she was unfairly dismissed. A conciliation conference has been set down for 10 September 2004. The Crown Solicitor's Office has the conduct of the proceedings on behalf of the ICAC.

Appendix 5 ■ Legal changes

Although there were no changes to the ICAC Act in the reporting year there were changes to other legislation which affected the operations of the ICAC.

Commencement of criminal proceedings

Significant changes to the legislative regime governing the initiation of criminal proceedings commenced on 7 July 2003. The *Criminal Procedure Act 1986* authorises police officers and 'public officers' to commence criminal proceedings by the issue of a Court Attendance Notice without the assistance or approval of the Court Registry. The ICAC sought advice from the Crown Solicitor as to whether an officer of the ICAC was a 'public officer' for the purposes of the *Criminal Procedure Act 1986*. The Crown Solicitor concluded that was not the case. At the request of the ICAC the *Criminal Procedures Act 1986* was amended on 23 April 2004 to give officers of the ICAC the status of 'public officers' under the Act. This means that any ICAC officer may issue a Court Attendance Notice in the same way as a police officer.

Telecommunications interception

A recent amendment of the definition of a class 2 offence in the *Telecommunications (Interception) Act 1979* allows warrants to be obtained for the interception of telecommunications to assist in the investigation of computer offences under state legislation. This change, which commenced on 28 April 2004, will enable the ICAC to better investigate offences such as those involving unauthorised access to and modification of data held by public authorities.

Appendix 6 ■ Complaints about the ICAC

In 2003–2004 a total of five complaints against staff were received. Of these three were from internal sources and two were from external sources. All matters were handled by the Solicitor to the Commission.

Enquiries were made in relation to each matter. Three matters were finalised within the reporting period, being two reported internally and one from an external source. None of these matters involved allegations of corrupt conduct.

No substance was found to the allegation from the external source.

The two internally reported matters, which were related, resulted in the taking of disciplinary action against the two officers involved. In one case the officer resigned before the disciplinary process had concluded. In the other case the officer was dealt with by way of caution and reprimand together with a notation to this effect being placed on the relevant personnel file.

Appendix 7 ■ 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 in accordance with the Privacy Management Plan.

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

Appendix 8 ■ 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 enquiries, whether by post, telephone, e-mail or visit, are welcome. Where an enquiry cannot be satisfied through such contact, then a 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.

Structure and functions

The ICAC's organisational structure is shown in Appendix 14. The ICAC's functions are broadly to investigate allegations of corruption, to prevent corruption and to educate the public. These functions 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 involving or affecting the NSW public sector. Members of the public can provide 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 committee 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. In 2003–2004 many transcripts have been made available on the ICAC website, www.icac.nsw.gov.au.

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 2003–2004 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.

Appendix 9 ■ Freedom of Information

Freedom of information requests in 2003–2004

The FOI requests received by the ICAC in 2003–2004 are summarised 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)	0	1	1
A2: Brought forward	0	0	0
A3: Total to be processed	0	0	1
A4: Completed	0	1	1
A5: Transferred out	0	0	0
A6: Withdrawn	0	0	0
A7: Total processed	0	1	1
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	0	0
B2 Granted in part	0	0
B3 Refused	0	1
B4 Deferred	0	0
B5 Total completed	0	1

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 consultations 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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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	1
G5 Section 25(1) (b), (c), (d) (otherwise available)	0	0
G6 Section 28(1) (b) (documents not held)	0	0
G7 Section 24(2) – (deemed refused, over 21 days)	0	0
G8 Section 31(4) (released to medical practitioner)	0	0
G9 Totals	0	1

Section H: Costs and fees of requests processed during the period.

	Assessed costs	FOI fees received
H1 All completed requests	\$NIL	\$NIL

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	0	1
J2 22–35 days	0	0
J3 Over 35 days	0	0
J4 Totals	0	1

Appendix 9 ■ Freedom of information (continued)**Section K: Processing time –**

the number of completed requests (A4) by hours taken to process.

Processing hours	Personal	Other
K1 0-10 hrs	0	1
K2 11-20 hrs	0	0
K3 21-40 hrs	0	0
K4 Over 40 hrs	0	0
K5 Totals	0	1

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 previous year

In 2003–2004 the ICAC received one FOI request relating to personal matters and three requests concerning other matters. All were dealt with in that period.

Impact on the ICAC

The impact on the ICAC of handling these requests was minimal.

Appendix 10 ■ 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*.

Heads of Criminal Intelligence Agencies

Comprising a broad range of heads of law enforcement agencies from Australasia, meetings are 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.

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.

Inter-departmental Committee (IDC) for Department of Corrective Services (DCS)

The IDC oversees and make decisions in respect of the Custodial Witness Protection Program operating within DCS.

NSW Digital Evidence Group

This group meets quarterly and brings together representatives from law enforcement organisations to discuss issues relating to computer forensics and the acquisition of digital evidence.

Interception Consultative Committee

The Consultative Committee comprises representatives of a number of law enforcement and investigative agencies. It 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 committee.

NSW Corruption Prevention Network

This is a network 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 and trends relating to fraud.

Protected Disclosures Act Implementation Steering Committee

The committee develops strategies to promote the effective implementation of the Protected Disclosures Act.

Public Sector Risk Management Association (PSRMA)

The PSRMA was established to provide a forum to educate and disseminate information to NSW public sector risk managers and their agencies on contemporary risk management matters and to encourage best practice management of current and emerging risk management issues to improve efficiency and control losses. The PSRMA committee meets bi-monthly with an occasional extraordinary meeting as required. A seminar program is scheduled to be run every other month. Members comprise personnel from all NSW public sector (Treasury Managed Fund) agencies including NSW Health.

Appendix 11 ■ ICAC publications in 2003–2004

Investigation reports

July 2003	<i>Report on investigation into the conduct of the Hon. Malcolm Jones MLC</i>
August 2003	<i>Report on investigation into the conduct of certain officers of the New South Wales Grains Board</i>
September 2003	<i>Report on investigation into conduct of the Rail Infrastructure Corporation and others in relation to Menangle Bridge</i>
September 2003	<i>Report on investigation into the theft of zoological specimens from the Australian Museum between 1997 and 2002 and related matters</i>
September 2003	<i>Report on investigation into the conduct of an officer of Integral Energy</i>
November 2003	<i>Report on investigation into certain applications made to the Department of Fair Trading for building and trade licences</i>
December 2003	<i>Report on investigation into Mr Glen Oakley's use of false academic qualifications</i>
February 2004	<i>Investigation into the alleged misreporting of hospital waiting list data (section 14(2) report)</i>
February 2004	<i>Report on investigation into the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre</i>
June 2004	<i>Report on investigation into the conduct of the Hon. J. Richard Face</i>
June 2004	<i>Report on investigation into safety certification and training in the NSW construction industry</i>

Corruption prevention and research publications

September 2003	<i>IT security management for local government: facilitator's guide</i>
September 2003	<i>Regulation of secondary employment for Members of the NSW Legislative Assembly: Report to the Speaker of the Legislative Assembly</i>
November 2003	<i>Fact-Finder: A 20-step guide to conducting an inquiry in your organisation</i>
December 2003	<i>Community attitudes to corruption and the ICAC</i>
March 2004	<i>In whose best interest: An educational resource designed to provide guidance to local councillors on how to resolve conflicts of interest</i>
June 2004	<i>Developing a statement of business ethics</i>
June 2004	<i>Providing advice on corruption issues: A guide for Members of the New South Wales Parliament</i>
June 2004	<i>Providing advice on corruption issues: A guide for NSW Local Government Councillors</i>

Corporate documents

October 2003	<i>Annual Report 2002–2003</i>
February 2004	<i>A message to all local government candidates from the ICAC Commissioner</i>
June 2004	<i>Our statement of business ethics</i>

Multilingual and community resources

October 2003	<i>Reporting corruption to the ICAC</i> (DL brochure)
October 2003	<i>Introducing the ICAC: A guide for NSW public officials</i> (DL brochure)
October 2003	<i>Introducing the ICAC: A guide for the NSW community</i> (DL brochure)
May 2004	<i>Bribery = crime</i> brochure produced in five additional languages
May 2004	<i>Corruption is wrong</i> postcard produced in five additional languages
June 2004	<i>Introducing the ICAC: A guide for the NSW community</i> brochure, produced in 29 languages other than English
June 2004	<i>Reporting corruption to the ICAC</i> brochure, produced in 29 languages other than English

Corruption Matters newspaper

December 2003	<i>Corruption Matters No. 23</i>
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Appendix 12 ■ Summary of training engagements, speeches and presentations by ICAC officers during 2003–2004

Training engagements

Month	Organisation	Presenter	Subject	Location
July 2003	Department of Commerce	Nicola Dunbar	Introduction to ICAC, risks associated with procurement, best practice in preventing corruption in procurement	Sydney
	Office of Fair Trading – Building Services	Jane Coulter	Code of conduct (two sessions)	Sydney
August 2003	Planning NSW – Hunter region	Giselle Tocher, Andrew Marsden	Local Government approval process	Newcastle
	NSW Police – Forensic Services Group	Steffanie Von Helle	Introduction to the ICAC	Parramatta
	Attorney General's Department, Audit Office	Chris Bentley, Jan Daly	Protected disclosures	Sydney
	Department of Housing – Resitech	Nicola Dunbar	Public duty and conflicts of interests in the tendering process	Ashfield
	Department of Housing	Don McKenzie	Fact-finder	Liverpool
September 2003	Department of Commerce	Steffanie Von Helle	Introduction to ICAC, risks associated with procurement, best practice in preventing corruption in procurement	Sydney
October 2003	Department of Commerce	Steffanie Von Helle	Introduction to ICAC, risks associated with procurement, best practice in preventing corruption in procurement	Sydney
	Waste Services NSW	Steffanie von Helle	Introduction to the ICAC and corruption prevention	Homebush Bay
	Office of Protective Commissioner	Deirdre Cooper	Introduction to the ICAC and corruption prevention	Sydney
November 2003	Department of Commerce	Steffanie Von Helle	Introduction to ICAC, risks associated with procurement, best practice in preventing corruption in procurement	Sydney
	Canada Bay Council	Don McKenzie	Fact-finder	Concord
	New England RAROS program	Don McKenzie	Fact-finder	Armidale
	New England RAROS program	Lynn Atkinson, Andrew Marsden	Councillor's workshop	Armidale
	New England RAROS program	Lynn Atkinson, Andrew Marsden, Steffanie Von Helle	Corruption Risk Management workshop	Armidale
	Oxley High School	Rod McLauchlan	Introduction to the ICAC	Armidale
	New England Area Health Service	Ros Bragg, Nicola Dunbar	Corruption Risk Management workshop	Tamworth
	New England Area Health Service Executive	Ros Bragg, Nicola Dunbar	Corruption Risk Management workshop	Tamworth
	University of New England	Lynn Atkinson, Andrew Marsden	Corruption Risk Management workshop	Armidale
	Armidale High School	Rod McLauchlan	Introduction to the ICAC	Armidale
	Aboriginal Land Council	Lynn Atkinson, Andrew Marsden	Corruption Risk Management workshop	Armidale

Month	Organisation	Presenter	Subject	Location
February 2004	Mid-coast Water	Alexandra Mills, David Burfoot	Introduction to the ICAC and corruption prevention	Taree
	Department of Lands – Titling and Registry Services	Jane Coulter, Lewis Rangott	Code of conduct; introduction to the ICAC	Sydney
March 2004	NSW Health	Nicola Dunbar	Ethics, values, accountability	North Sydney
April 2004	Department of Commerce	Lewis Rangott	Introduction to the ICAC, risks associated with procurement, best practice in preventing corruption in procurement	Sydney
	NSW Health	Don McKenzie	Fact-finder	Ryde
	Local government strategy	Catherine Hughes, Sue Bolton	In whose best interest – Train the trainer workshop	Wagga Wagga
May 2004	Department of Lands – Titling and Registry Services	Deirdre Cooper	Introduction to the ICAC and Code of conduct (two sessions)	Sydney
	Local government strategy	Catherine Hughes, Sue Bolton	In whose best interest – Train the trainer workshop	Dubbo
	Local government strategy	Catherine Hughes, Sue Bolton	In whose best interest – Train the trainer workshop	Coffs Harbour
June 2004	Local government strategy	Catherine Hughes, Sue Bolton	In whose best interest – Train the trainer workshop	Wollongong
	Mudgee High School	Yvonne Miles, Andrew McCutcheon	Introduction to the ICAC	Mudgee
	Mudgee RAROS	Nicola Dunbar, Giselle Tocher	Corruption Risk Management workshop	Mudgee
	Local government strategy	Catherine Hughes, Sue Bolton	In whose best interest – Train the trainer workshop	Parramatta
	Local government strategy	Catherine Hughes, Sue Bolton	In whose best interest – Train the trainer workshop	Merimbula
	Waste Services NSW	Catherine Hughes	Code of conduct; Fraud prevention (three sessions)	Chatswood
	Local government strategy	Catherine Hughes, Sue Bolton	In whose best interest – Train the trainer workshop	Sydney

Speeches and presentations

Month	Organisation	Presenter	Subject	Location
July 2003	Senator Pangilinan, Philippines	Grant Poulton, Yvonne Miles	Understanding Australian public institutions	Sydney
	Matthew Wale, Solomon Islands	Grant Poulton	General advice on corruption issues	Sydney
	Non-English speaking background (NESB) campaign	Nicola Dunbar	Introduction to the ICAC	Illawarra Migrant Resource Centre
	Hong Kong Police Force	Mark Healy	Telecommunications interception – management and regulation	Sydney
	Local Government Rangers	Yvonne Miles	Introduction to the ICAC	Warwick Farm

Appendix 12 ■ Summary of training engagements, speeches and presentations by ICAC officers during 2003–2004 (continued)

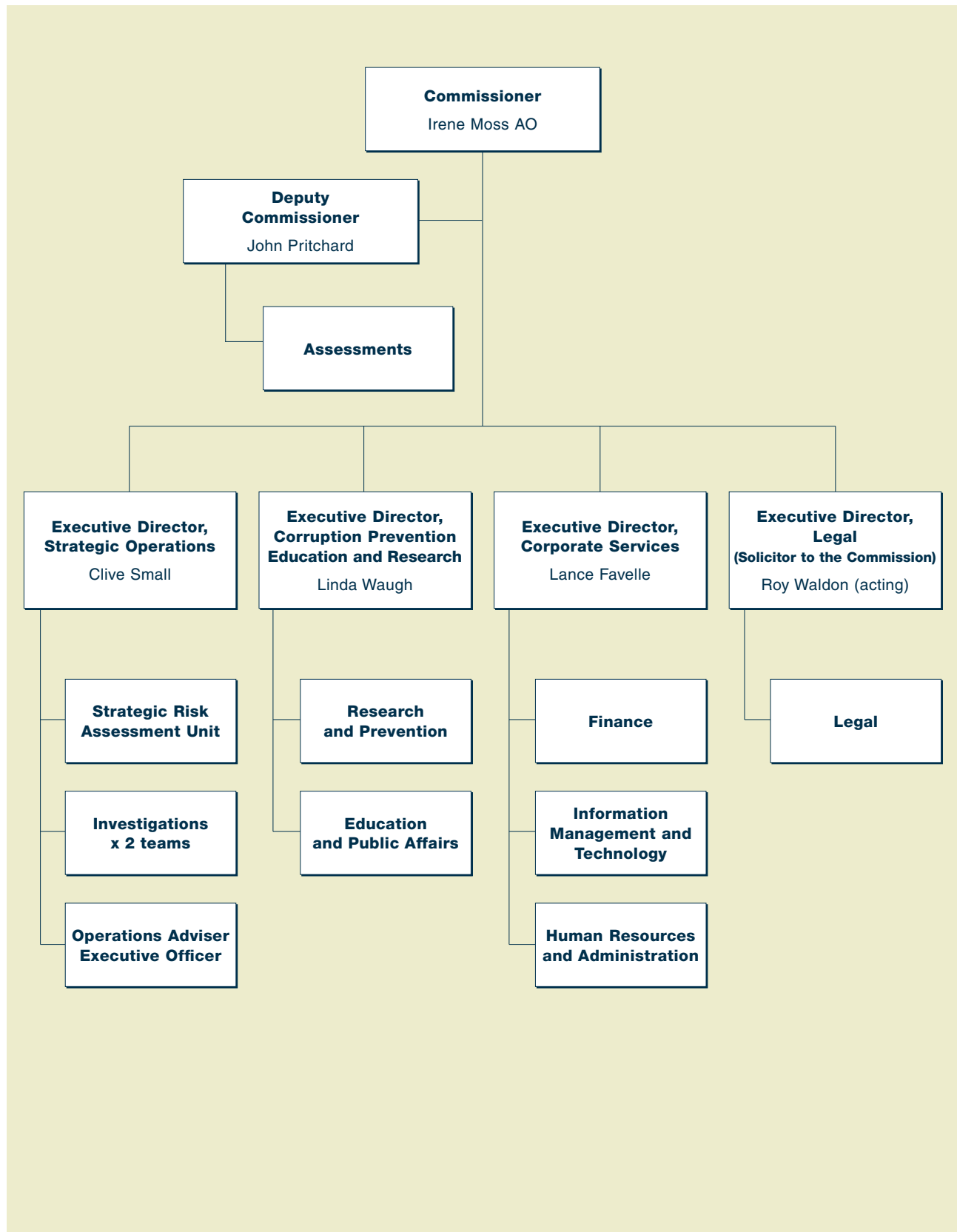
Month	Organisation	Presenter	Subject	Location
August 2003	Ministry of Supervision, China	Steve Osborne	Corruption and the public sector	Sydney
	NESB Campaign	Nicola Dunbar	Introduction to the ICAC	Sydney
	Committee for Economic Development of Australia – trustee lunch	Irene Moss	Roles and functions of the ICAC	Sydney
	Non-indigenous Animals Advisory Committee	Nicola Dunbar	Introduction to the ICAC	Sydney
	NESB campaign	Steffanie von Helle	Introduction to the ICAC	Sydney
September 2003	Inspection Bureau, Guangzhou, China	Grant Poulton, Ros Bragg	Roles and functions of the ICAC; education strategies	Parliament House, Sydney
	ANU Developing Countries MBA	Ian Bowyer	Corruption and anti-corruption	Canberra
	Corruption Prevention Network's Annual Forum "True Lies, Genuine Fakes – Identity Crisis"	Michael Outram	"Lifting the security blanket: new technology and security"	Sydney
	UNSW	Andrew Patterson	Introduction to the ICAC	Sydney
October 2003	NSW Parliament staff	John Pritchard	The ICAC Act, powers under the Act, ICAC investigations and rights of individuals in relation to those investigations	Parliament House, Sydney
	Australian Public Service Commission	Ros Bragg	Recruitment in the public sector	Sydney
	Community Relations Commission	Yvonne Miles	Introduction to the ICAC	Sydney
	Local Government Managers Australia	Irene Moss	Introduction to the ICAC	Sydney
	Audit Committee Best Practice Forum	Irene Moss	"Corruption prevention within the government framework – some practical tips for audit committees"	Sydney
	NSW Area Health Service – Senior Executive Forum	Irene Moss	"Strengthening the corruption resistance of the NSW public health sector"	North Sydney
	Chief Executive Women Boardroom Lunch	Grant Poulton	Introduction to the ICAC	Sydney
November 2003	Hubei Bureau of Supervision, China	Grant Poulton	Exposing and minimising corruption	Sydney
	Public Procurators of Xingtai Province, Hebei	Steve Osborne, John Pritchard, Ros Bragg	Roles and functions of the ICAC	Sydney
	Ministry of Discipline, Supervision and Investigation, China	Grant Poulton, Steve Osborne	Roles and functions of the ICAC	Sydney
	Chief Justice, East Timor	Kieran Pehm, Grant Poulton	Roles and functions of the ICAC	Sydney
	Commissioner of Mauritius ICAC, Mr Navin Beekary	Irene Moss, Grant Poulton	Scope and activities of the ICAC	Sydney
	Police Technical Conference	Paul Empson	Auto iris lenses and back focus	Darwin

Month	Organisation	Presenter	Subject	Location
	Ministry of Commerce, China and Consulate General of China, Sydney	Grant Poulton, Kieran Pehm	Roles and functions of the ICAC	Sydney
	Local government video launch with Minister for Local Government the Hon. Tony Kelly MLC	Irene Moss	<i>In whose best interest</i> – video launch	Sydney
December 2003	Ministry of Supervision, China	Irene Moss, Grant Poulton, Yvonne Miles	Ethics, values and capacity building for public servants	Sydney
	NSW Health	Nicola Dunbar	Creating an ethical culture – the role of leaders	North Sydney
January 2004	Legislative Bureau, House of Councillors, Japan	Jan Daly, Peter Richardson	Whistleblower legislation, education and awareness	Sydney
	Kuala Lumpur Society for Transparency	Kieran Pehm, Michael Outram	Corruption and ethics	Sydney
February 2004	NSW Health	Nicola Dunbar	Creating an ethical culture – the role of leaders	North Sydney
March 2004	Provincial Government of Gangwon-Do Province, Korea	Linda Waugh	Roles and functions of the ICAC	Sydney
	Indonesian Judicial Training Program	John Pritchard	Roles and functions of the ICAC	Parliament House, Sydney
	Papua New Guinea parliamentary delegation	Roy Waldon	Accountability, transparency and good governance	Parliament House, Sydney
	Australian Institute of Purchasing and Materials Management Conference	Ros Bragg	Corruption in purchasing: the ICAC perspective	Sydney
May 2004	Local Government Managers Australia (LGMA)	Irene Moss	Launch of Governance Health Check	Sydney
	Crime and Misconduct Commission, Queensland	John Pritchard, Linda Waugh, Maria Plytarias	Monitoring and review of other agencies' investigations; organisational culture	Sydney
June 2004	Delegation from Guangdong Province, China	Roy Waldon	Investigating public security and anti-corruption matters	Parliament House, Sydney
	Mr Chao-gee Yuh, Deputy Commissioner of the Department of Government Ethics, Taipei City Government, Republic of China (Taiwan)	John Pritchard	Anti-corruption	Sydney
	National University Internal Auditors Conference	Lynn Atkinson, Lewis Rangott	Corruption prevention in the university sector	Sydney

Appendix 13 ■ Overseas travel during 2003–2004

There was no overseas travel on official business by ICAC officers in 2003–2004.

Appendix 14 ■ Organisation structure



Appendix 15 ■ Chief Executive Officer and Senior Executive Service

Executive remuneration, Commissioner and Executive Officers level 5 and above

The conditions of employment for the Commissioner, Irene Moss AO, 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 \$414,336. No fringe benefits were paid for the relevant reporting period. The Commissioner's five-year term finishes on 13 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. A Special Determination was made by SOORT to provide an increase of 1.6 percent to the remuneration for Judges, Magistrates and Related Group payable from 1 July 2003. In September 2003, SOORT determined a further increase of 4 percent to the base rate of remuneration for a Supreme Court Judge.

In its annual determination, SOORT awarded a 4.7 percent increase to ICAC SES Officers, effective from 1 October 2003.

Deputy Commissioner Kieran Pehm resigned in April 2004. This Deputy Commissioner's position is approved by the Governor and is remunerated at a SES Officer Level 5. As a result of Mr Pehm's resignation, John Pritchard, the Executive Director of Legal and Solicitor to the Commission was statutorily appointed to this role on a 12-month contract. Mr Pritchard's remuneration in this role is a total salary package of \$190,551.

Performance of Deputy Commissioner

The ICAC is required under annual reporting legislation to report on the performance of any SES Officers at Level 5 or above. Kieran Pehm, the Deputy Commissioner up until 26 April 2004 and John Pritchard, the Deputy Commissioner from 26 April 2004 are the only two ICAC senior officers in this category.

The Commissioner reviewed Mr Pehm's performance for the 2003–2004 period prior to his departure and stated that his performance against his performance measures was outstanding and that he had more than fulfilled the objectives of his performance agreement. Mr Pehm in his role of Deputy Commissioner had performed this role with distinction, exhibiting an extremely high level of technical expertise and sound judgement.

In relation to Mr Pritchard's performance in the two months since his appointment to the role of Deputy Commissioner, he has been instrumental in coordinating the conduct of the more substantial investigations including the preparation of material for presentation at private and public hearings scheduled for early 2004–2005. The Commissioner has rated Mr Pritchard's performance to be more than satisfactory for the period he has been in the role.

Executive management

As at June 2004 the executive management team comprised:

- Irene Moss AO, Commissioner, BA LLB (Sydney), LLM (Harvard)
- John Pritchard, Deputy Commissioner, BA LLB (UNSW), LLM (Sydney)
- Linda Waugh, Executive Director, Corruption Prevention Education and Research, BA, Double Major in Psychology (University of Queensland), Postgraduate Diploma of Psychology (University of Queensland), MBA (University of Queensland)
- Lance Favelle, Executive Director, Corporate Services, B Com. (UNSW) CPA (ASCPA)
- Clive Small, Executive Director, Strategic Operations, Dip. of Criminology (Sydney), BA Sociology (Macquarie), Postgraduate Diploma in Public Sector Management (UTS)
- Roy Waldon, acting Executive Director Legal and Solicitor to the Commission, LLB Hons (University of Tasmania).

Statistics on the comparison of the current number of executive positions with previous years as well as the remuneration for Senior Executive Officers Level 5 and above is included in the table below.

Table 14
Total number of senior executive staff 2003–2004 compared to previous years

SES Level	1999–2000	2000–2001	2001–2002	2002–2003	2003–2004
Commissioner	1	1	1	1	1
Level 5	1	1	1	1	1
Level 3	1	1	1	1	1
Level 2	1	1	2	2	2
Level 1	1	1	1	1	1
Total	5	5	6	6	6

Table 15
Number of female senior executive staff 2003–2004 compared to previous years

Year	Number
2003–2004	2
2002–2003	1
2001–2002	2
2000–2001	2
1999–2000	2

Appendix 16 ■ Access and equity

The ICAC actively supports EEO principles. These principles have been incorporated into all business planning activities and management tools. The Access and Equity Committee continues to be a major consultative group that has actively contributed to support the operational needs of the ICAC to ensure equity principles in staff's conditions of employment.

The Access and Equity Committee includes staff representing each division and the Human Resources and Administration Section:

- Kathryn Jarvis, Assessments (resigned from the ICAC)
- Maria Plytarias, Assessments (new member)
- Jay Lawrence, Legal
- Yvonne Miles, Corruption Prevention, Education and Research
- Steve Osborne, Strategic Operations
- Cindy Fong, Corporate Services
- Virginia Tinson, Human Resources and Administration
- Cathy Walsh, Human Resources and Administration.

The senior management representative is Lance Favelle, Executive Director, Corporate Services. The ICAC's acting spokeswoman, Susan Hay, is also an active member of the committee.

The Access and Equity Committee, in conjunction with Human Resources, have achieved the ICAC's EEO Management Plan's outcomes through the following activities:

■ *Spokeswomen's program*

Appointment of a temporary ICAC spokeswoman (Susan Hay) whilst the nominal occupant is on secondment to the Department of Fair Trading. Ms Hay has undertaken the required spokeswoman's training and attended the Spokeswomen's Conference held in May 2004. Two female staff were also sponsored to attend the annual Spokeswomen's Conference in May 2004.

■ *EEO and diversity training*

Participation of all new staff in EEO and Diversity training which also encompasses an outline of ICAC's policies and procedures on Equal Employment Opportunity and Discrimination, Harassment and Bullying and Grievance Handling. An external consultant conducted three training sessions which were held for both management and general staff. A total of 39 staff attended these sessions.

■ *Induction Program*

Enhancement of the ICAC's Induction Program to include additional segments on:

- Harassment and Bullying Policy
- Grievance Handling Policy
- EEO & Discrimination Policy.

■ *Disability Action Plan*

Involvement in the implementation of recommendations arising from the Disability Access Audit undertaken as part of the Disability Action Plan to enhance access for both staff and the general public on ICAC premises.

Participation in the review, monitoring and implementation of other strategies identified in the Disability Action Plan.

■ *Recruitment practices*

Improved access to information for both staff and potential job applicants by streamlining job vacancies on ICAC's internet and intranet sites.

Review and ratification of the ICAC's Recruitment and Selection Policy to include reference to equity.

■ *Work arrangements*

Approval granted to several staff to work from home on short-term, part-time basis to meet family and childcare commitments.

■ *Employee Assistance Program*

Continue to engage the services of an Employee Assistance Program (EAP) provider to provide professional and confidential counselling services to staff and family through a self-referral system. The ICAC's EAP policy and procedures were reviewed and ratified. As part of their induction all new staff are informed about the policy and issued with the EAP pamphlet.

■ **Disability Traineeship Program**

Permanent appointment of a staff member initially employed under the Traineeship Program for People with a Disability (DTP).

■ **Policies**

- Ratification of the ICAC's revised Grievance and EEO policies and procedures and training provided to all staff on the newly developed Harassment and Bullying policy and procedures.
- Revision of the ICAC's Adoption/Maternity/Parental policy into three individual policies each with its own procedural guidelines.
- Review of the ICAC's Disciplinary policy and procedures. This policy has been separated into three individual policies and procedures namely: Misconduct, Unsatisfactory Performance and Serious Offences in line with the changes proposed by the Public Sector Employment and Management Act 2002. Ratification of these policies will occur in 2004-2005.
- Ratification of the ICAC's revised Family and Community Service Leave (FACS) and Carer's Leave.
- Revision of the Flexible Work Hours Policy in line with the provisions of the new ICAC 2004 Award negotiations.

■ **Parental/childcare**

Development of a parental/childcare information site on the intranet to provide support mechanisms for staff that have parental/childcare responsibilities.

■ **Flexible work practices survey**

A survey was developed and distributed to all ICAC managers on opportunities for flexible work arrangements. The analysis of the survey results indicated that there were positions identified at a lower level that could be reconfigured into more flexible work patterns. Strategies still need to be developed to improve potential flexible work arrangements for positions at a higher level.

During 2004–2005 our key access and equity strategies will focus on:

- Enhancement of the Spokeswomen's Program section of the ICAC intranet site to provide more defined and relevant information on key issues and links to identified external sites.
- Enhancement of the parental/childcare intranet site to include additional Frequently Asked Questions.
- Increase in the number of ICAC Grievance Support Officers (contact officers) to ensure equitable gender and divisional representation and provide the appropriate training to these new officers.
- Enhancement of the Learning and Development intranet site to ensure better access for staff, to enhance their awareness of available external training courses and seminars.

- Implementation of strategies identified in the EEO Management Plan to increase Aboriginal and Torres Strait Islander representation, which includes the targeting of selected job vacancies to be advertised in indigenous publications.
- Review of Flexible Work Practices survey results and formation of strategies to improve the flexibility of key positions at higher levels within divisions.
- Revision of the ICAC's Working from Home Policy.

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 responsive to all aspects of women's lives by ensuring that it has current policies and procedures in place that reflect these principles. The ICAC has adopted flexible work practices such as flexible working hours, part-time and job sharing arrangements and provides leave for family and carers' responsibilities. Ten percent of the female staff employed by the ICAC work on a part-time basis. The Commission's flexible work hours policy was revised and endorsed to allow more flexibility in the taking of flex leave. The ICAC's policy of allowing staff to work from home when needed has also supported our female staff in undertaking their work and carers' responsibilities. The issuing of equipment such as mobile phones and laptops with remote access services has ensured staff feel supported by the organisation when working in a home office environment. Practices such as these have assisted female staff employed at the ICAC to balance family and work commitments.

The ICAC's new Harassment and Bullying Policy was ratified and through its implementation and the training of all Commission staff has assisted in ensuring that the ICAC continues to be a safe and secure place for women to work.

The ICAC has also contributed to the Action Plan's objectives for improving the access of women to educational and training opportunities and maximising the interests of women by supporting its Spokeswomen's Program for female staff. The ICAC's Leadership Program that has been facilitated by the University of Technology had seven female managers attending the first three modules scheduled between January and June 2004. Also, 75 percent of the study leave and examination leave granted by the ICAC throughout 2003–2004 has been to female staff undertaking tertiary postgraduate courses.

The ICAC, in relation to the Action Plan's objective for promoting the position of women, has ensured that it has a skilled and diverse workforce with women comprising 51 percent of our total staff, of which 67 percent earn more than \$53,346 per year.

Appendix 16 ■ Access and equity (continued)

Spokeswomen's Program

The Spokeswomen's Program continues to be actively implemented within the ICAC. During the past year nominations were sought from female staff to temporarily fill the position of the ICAC's Spokeswoman due to the secondment of the nominal occupant to the Department of Fair Trading. Susan Hay, from the Strategic Operations Division, was the successful appointee and has undertaken the required Spokeswoman's training and attended the annual Spokeswomen's Conference held in May 2004.

The ICAC sponsored two female staff members who also attended the annual Spokeswomen's Conference, where the theme was "Changing Lanes: Finding a New Career/Life Direction".

As part of the ongoing Spokeswomen's Program educational strategy, an information session on the background of the Spokeswomen's Program and presentation by the Commissioner, Irene Moss AO, was held in February 2004 for female staff. Commissioner Moss spoke about the background to her successes and accomplishments as a senior member of the NSW public sector, and shared her insights into the role of women today, career opportunities and impediments.

The following strategies are proposed for 2004–2005:

- Enhancement of the Spokeswomen's Program content on the ICAC intranet site
- Continuation of guest speaker program, with a focus on providing a support and information network to assist and encourage female staff to develop their confidence, skills and abilities and to achieve their full potential professionally and personally.

Members of our staff come from diverse backgrounds and experience. The government has established targets for the employment of people from various EEO categories. Measurement against these benchmarks provides an excellent indication of the success or otherwise of our EEO/Diversity program. Tables 16 and 17 illustrate ICAC's percentage of staff in the various EEO target groups. Tables 18 and 19 show the gender and EEO target groups of staff by salary level and employment basis, that is, permanent, temporary, full-time or part-time.

Table 16
Benchmarks – trends in the representation of EEO groups

EEO group	Benchmark or target	% of total staff				
		2000	2001	2002	2003	2004
Women	50%	57%	53%	52%	50%	51%
Aboriginal people and Torres Strait Islanders	2%	1.4%	1%	0%	0%	0%
People whose first language was not English	20%	20.3%	16%	18%	21%	22%
People with a disability	12%	5.5%	7%	7%	9%	11%
People with a disability requiring work-related adjustment	7%	2%	3%	1.9%	5%	4.3%

Table 17
Trends in the distribution of EEO groups

EEO group	Benchmark or target	Distribution index				
		2000	2001	2002	2003	2004
Women	100	n/a	n/a	83	85	91
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a	102	98
People with a disability	100	n/a	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	n/a

Notes:

1. Staff numbers are as at 30 June.
2. Excludes casual staff.
3. 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.
4. The distribution index is not calculated where EEO group or non-EEO group numbers are less than 20.

Table 18
Staff numbers by salary level

Level	Total Staff	Number							
		Respondents	Men	Women	Aboriginal people and 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	0	0	0	0	0	0	0	0	0
\$28,710–\$37,708	1	1	1	0	0	0	0	1	1
\$37,709–\$42,156	1	1	0	1	0	0	0	0	0
\$42,157–\$53,345	26	26	7	19	0	10	8	3	1
\$53,346–\$68,985	29	29	11	18	0	8	4	3	0
\$68,986–\$86,231	45	45	29	16	0	14	12	3	2
> \$86,231 (non-SES)	10	10	6	4	0	2	1	2	1
> \$86,231 (SES)	5	5	3	2	0	1	1	1	0
TOTAL	117	117	57	60		35	26	13	5

Table 19
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	95	95	48	47	0	29	23	12	5
Permanent part-time	6	6	0	6	0	2	1	0	0
Temporary full-time	10	10	6	4	0	3	1	0	0
Temporary part-time	1	1	0	1	0	0	0	0	0
Contract – SES	5	5	3	2	0	1	1	1	0
Contract – Non-SES	0	0	0	0	0	0	0	0	0
Training positions	0	0	0	0	0	0	0	0	0
Retained staff	0	0	0	0	0	0	0	0	0
Casual	0	0	0	0	0	0	0	0	0
TOTAL	117	117	57	60		35	26	13	5
SUBTOTALS									
Permanent	101	101	48	53		31	24	12	5
Temporary	11	11	6	5		3	1		
Contract SES	5	5	3	2		1	1	1	
Full-time (excluding contract)	105	105	54	51		32	24	12	5
Part-time (excluding contract)	7	7		7		2	1		

EQUITY, DISABILITY, EAPS AND OH&S

Appendix 16 ■ Access and equity (continued)

Table 20

Employment basis for 2003–2004 compared to previous four years

Employment basis		1999–2000	2000–2001	2001–2002	2002–2003	2003–2004
Permanent	Full-time	102	87	76	83	95
	Part-time	14	15	9	7	6
Temporary	Full-time	8	21	16	10	10
	Part-time	2	3	0	0	1
Contract	SES	4	3	6	6	5
	Non-SES	0	0	5	0	0
	Trainee	0	0	0	1	0
TOTAL		130	129	112	107	117

Tables 16–18 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 (17th June 2004).

Table 21, which sets out the reported average Full Time Equivalent (FTE) staffing levels throughout the year, provides a more accurate indication of staff trends.

Table 21

Average Full-Time Equivalent staffing 1999–2000 to 2003–2004

Average Full-Time Equivalent staffing 1999–2000 to 2003–2004

	1999–2000	2000–2001	2001–2002	2002–2003	2003–2004
Average full-time equivalent staffing	131	125	126	101	111

Table 22

EEO for women

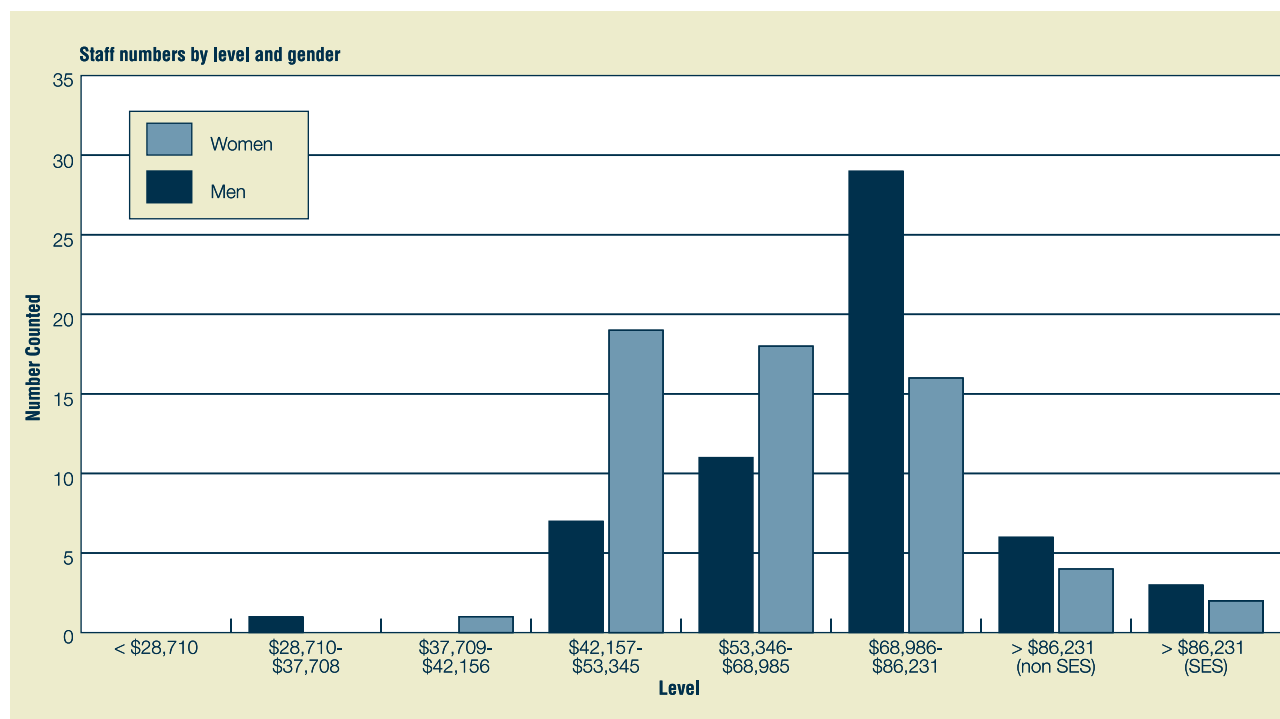


Table 23
First language other than English

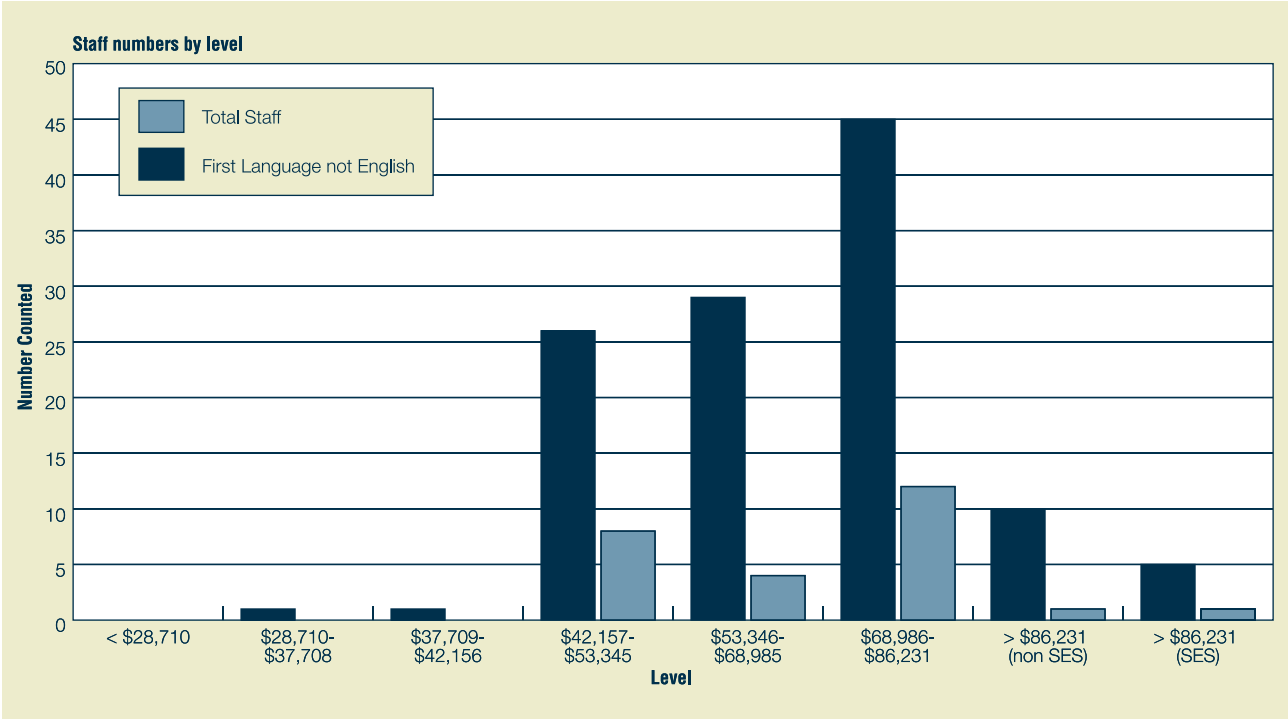
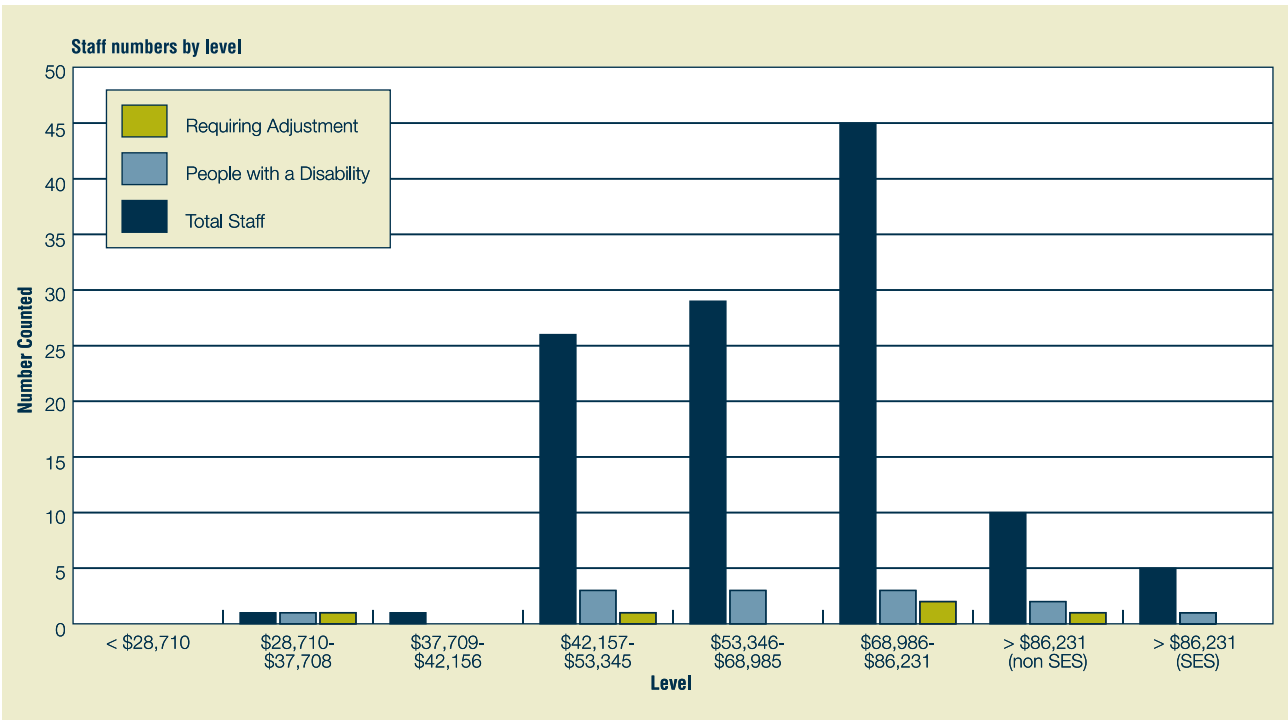


Table 24
Staff with disabilities



Appendix 17 ■ Disability Action Plan

The ICAC's Disability Action Plan outlines strategies to be included in organisational planning activities to ensure that staff with disabilities, and clients and visitors with disabilities accessing our premises, are considered and included as an integral part of ICAC's operations.

The ICAC is committed to the progressive removal of physical barriers to ensure participation by people with disabilities both within the Commission and those visiting ICAC premises.

Whilst the major focus during 2003–2004 has been on implementing a number of recommendations arising from the Disability Access Audit Report undertaken by the Australian Quadriplegic Association, the ICAC has also paid attention to other areas.

Both the Executive and relevant ICAC committees support the Disability Action Plan through internal monitoring, review and evaluation measures to ensure its effectiveness.

During 2003–2004 the following were achieved:

■ **Disability Action Plan**

- Integration of the Disability Action Plan into all planning and budgetary processes.
- Permanent appointment of a staff member initially employed under the Traineeship Program for People with a Disability (DTP).
- Engagement of an external consultant to undertake reasonable workplace adjustments to assist staff with disabilities in their work environment.
- Engagement of an external consultant in accordance with the ICAC's Workplace Injury Management Policy to prepare several return-to-work plans for staff with work-related injuries.
- Availability of the ICAC's Emergency Plan on the intranet site and the ICAC's annual evacuation training addressing the needs of people with a disability.
- Easier access on the ICAC intranet site to the ICAC's Flexible Work Arrangements Policy.
- Enhancement of the Recruitment and Employment Policy and Work Related Grievance Handling Policy to reflect the ICAC's equity principles.

■ **Disability Access Audit**

The ICAC has implemented the following audit report recommendations at its premises located at Piccadilly Tower, 133 Castlereagh Street, Sydney:

- Relocation of the existing telephone intercom system leading into the reception area to ensure easy access for wheelchair-confined people.
- Review of the internet kiosk in the ICAC foyer to ensure height compliance for wheelchair access.
- Instructions provided to the security staff to ensure easy access to the media room during public hearings for people with disabilities.
- New furniture purchased for the staff workstation and witness stand in the Hearing Room to ensure height compliance for people with disabilities.
- Slip-resistant stripping fitted to the stairway leading between levels 20 and 21.
- Handrails installed in a cubicle in each of the male and female toilets located on levels 20 and 21.
- Review of the Records Unit and appropriate action taken to improve storage areas.

During 2004–2005 our key strategies will focus on:

- Undertaking reasonable workplace adjustments, where necessary, for both new and current staff who identify themselves as having a disability.
- Investigating the use of telephone typewriter (TTY) facilities for general use across all ICAC activities and inclusion in web-based publications.
- Arranging refresher training in merit selection for identified staff incorporating recruitment practices for employing staff with a disability.
- Review of ICAC's Corporate Induction Program to include information on reasonable workplace adjustment and disability issues.
- Review of ICAC's Employment of People with Disabilities Policy.
- Research options for Disability and Diversity Awareness training for staff.
- Appointment of additional ICAC Grievance Support Officers (contact officers).

Appendix 18 ■ Ethnic Affairs Priorities Statement

The ICAC recognises that effective understanding and resolution to address the needs and concerns of ethnic communities is fundamental to our operations. Steps have been taken to improve data collection and analysis on client needs to service delivery in relation to existing and potential clients. The ICAC has continued to support its commitment to our culturally diverse staff and community.

During 2003–2004 the following outcomes were achieved:

- Engagement of accredited interpreters when required for hearings and preliminary complaints. The use of interpreters included both telephone and face-to-face contact.
- Maintenance of an information chart to measure the telephone response to information brochures in community languages.
- Development of a new online complaints form for the ICAC internet site. The format and language of the new form is easier to understand and navigate and includes hyperlinks to explanations of important terms.
- Promotion of the Community Allowance Language Scheme (CLAS) to staff.
- Invitation to staff to nominate for the CLAS allowance. Two nominations received for Portuguese and Cantonese/Chinese.
- Ratification of ICAC's revised Community Allowance Language Scheme Policy.
- Update of the intranet to be more user-friendly and accessible to ICAC policies and the EAPS Management Plan.
- Development of ICAC's 2003–2004 EAPS Management Plan.
- Development of Human Resources Information Management System module to capture relevant training undertaken by staff.
- Cross-cultural training – to raise awareness of culturally differing social outlooks and communication styles.
- Engaging with ethnic media – a forum to improve understanding of ICAC by ethnic media.
- Update of bilingual register to include new staff that identified themselves as having another language (spoken and/or written).
- Identification of community language media publications for future job vacancies.
- Ratification of ICAC's revised Recruitment and Selection Policy.
- Ratification of ICAC's revised Essential Religious Duties and Cultural Obligations Policy.
- Marketing of ICAC's multilingual print resources to all NSW state agencies, resulting in requests for a total of 68,715 such publications.
- Re-run of the 25 language advertisements over a two-week period consisting of 556 radio spots. In June 2004, advertisements were also run in five additional languages – Japanese, Bengali, Tamil, Urdu and Thai.

- Evaluation of the *Corruption is Wrong* postcard pilot completed.
- *Corruption is Wrong* campaign resources produced in 18 additional languages.
- Two information brochures, *Introducing the ICAC* and *Reporting Corruption to the ICAC*, translated into 29 languages and published on-line on ICAC website. In addition, a glossary of corruption-related terms was translated into these 29 languages for reference purposes.
- Review of witness brochure to assist witnesses summoned by the ICAC to appear at hearings.

During 2004–2005 our key strategies will focus on:

- Enhancement of ICAC's Bilingual Skills Directory including inclusion on the intranet.
- Human Resources documentation for new starters to be reviewed to give new staff the opportunity to identify their language skills.
- Development of an intranet page listing the 2005 religious holidays as advised by the Premier's Department.
- Promotion of the Community Language Allowance Scheme (CLAS) to staff.
- Review of all job vacancies to determine suitability for advertising in ethnic media publications.
- Review of the Corporate Induction Program.
- Undertake cultural diversity awareness training to target new staff and other identified personnel.
- Ongoing use of telephone interpreters and other alternative arrangements to assist the non-English speaking background (NESB) community in reporting possible corruption.
- Ongoing review of internal arrangements to improve receiving complaints from people of NESB, including translation and interpreting services.
- Exploring the prospects of using telephone typewriter (TTY) facilities for hearing-impaired NESB complainants.
- Determining the need for, and engagement of, interpreters through investigation activities.
- Maintaining public awareness of ICAC's multilingual resources through website, presentations, public displays and information brochures.
- Developing new strategies for communicating key messages about public sector corruption and the role of the ICAC to NESB communities.
- Considering integrating elements of the NESB communications campaign into areas of ICAC activity.

Appendix 19 ■ Commission Consultative Group

The Commission Consultative Group (CCG) is the principal means for enabling consultation and communication between the ICAC Executive, staff of the ICAC and the Public Service Association of NSW (PSA) to occur during the year. Reference to the CCG is included in the ICAC Award. The committee's terms of reference require it to meet on a monthly basis, approve the endorsement of any new and revised policies and procedures that affect staff conditions of employment, and ensure the Access and Equity Committee, the Occupational Health and Safety Committee and ICAC's Classification Committee report to the Commissioner through the CCG Committee. The CCG ensures that these committees are appropriately represented in terms of gender and occupational grouping and operate in accordance with relevant legislation.

The CCG Committee membership for 2003–2004 comprises:

- Staff representatives: Sharon Osborne, Bob Lewis, Bill Kokkaris, Michael Rees and Rod Marsh
- Executive representatives: John Pritchard, Lance Favelle, Linda Waugh, Clive Small, Roy Waldon
- Human Resources representative: Virginia Tinson
- PSA delegate: Andrew Wilson
- Secretariat: Gillian MacKay.

Appendix 20 ■ Occupational health and safety (OH&S)

The ICAC is committed to maintaining the best possible standard of Occupational Health and Safety (OH&S) for staff and for clients and visitors accessing our premises. The consultative process applied by the ICAC's OH&S Committee, and the incorporation of OH&S objectives into all business planning and operational activity demonstrates this focus.

During 2003–2004 the following outcomes were achieved:

- Engagement of a Government Insurance Office (GIO) accredited external consultant to conduct an ergonomic assessment of all new starters' workstations. This will formally be incorporated into the proposed review of ICAC's Induction Program.
- Engagement of a GIO-accredited external consultant to conduct four ergonomic work environment demonstrations to educate staff on correct ergonomic postures and safe working principles. As a result of these demonstrations several staff were issued with ergonomic equipment to assist them in undertaking their work duties.
- Engagement of a GIO-accredited external consultant to conduct several individual staff workplace assessments and the subsequent purchase of the recommended ergonomic equipment.
- Establishment of an additional permanent First Aid Officer position and relief First Aid Officer position. An expression of interest was circulated to staff to fill these vacancies with formal training to be organised in 2004–2005.
- The appointment of a new Return to Work Coordinator with formal WorkCover accredited training undertaken.
- The update of ICAC's OH&S intranet site to be user-friendly and accessible to other OH&S-related sites.
- The appointment of two new fire wardens to replace staff who have left the ICAC.
- The conduct of three Fire Warden training sessions, which included one evacuation exercise.
- Development of HRIMS OH&S module to capture accident/incident reporting and related workers compensation details.

Occupational Health and Safety (OH&S) Committee

The committee continues to be a major consultative group and meets on a quarterly basis. An expression of interest was circulated to staff within ICAC's Assessments Section to fill the vacant staff representative position on the committee. Formal training has been organised to assist the staff representative in the role. On a rotational basis a member of the Committee conducts a presentation for all new staff on the key elements of the OH&S Act 2000, OH&S Regulation 2001 and ICAC's OH&S Policy. Three presentations were conducted during 2003–2004 for a total of 50 new and existing staff.

The committee conducted several workplace inspections and introduced formal reporting procedures on the outcome of these inspections to senior management. The recommendations of these inspections have been actioned.

The committee has been actively involved in the implementation of recommendations arising from the Disability Access Audit Report undertaken as part of the Disability Action Plan.

OH&S Committee's Divisional staff representatives for 2003–2004 were:

- Margaret Sutherland, Assessments (resigned due to internal promotion to another Division)
- Mark Nolan, Assessments (new member)
- 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 Human Resources and Administration.

Occupational health and safety incidents, injuries and claims 2003–2004

Body stress	Mental stress	Fall, trip, slip	Motor vehicle accident	Hitting objects	Hot water splash	Trauma/journey from work	Total injuries 2003–2004	No. of workers compensation claims (provisional liability accepted)	No. of workers compensation claims accepted
14	1	2	3	0	1	1	22	7	1
6 claims			1 claim			1 claim			

There has been a slight increase in the number of work-related injuries from the previous financial year. Last financial year 17 work-related injuries occurred compared to 22 this financial year. In accordance with new legislation, the Government Insurance Office (GIO) has accepted provisional liability for eight workers compensation claims. The nature of the claims has involved six claims relating to repetitive strain type injury.

As a preventative measure, the ICAC engaged the services of a GIO-accredited external consultant to conduct a series of ergonomic information sessions for staff and purchased ergonomic equipment where recommended. In addition, all new staff within one week of their commencement have a workplace assessment conducted by a GIO-accredited external consultant. The Senior Human Resources Officer also undertook training in Return-to-Work Coordination to assist and encourage safe work practices within the ICAC.

Appendix 21 ■ Training 2003–2004

A total of 780 participants attended training activities organised by the ICAC. The following table provides a breakdown of training by core learning and development streams.

Table 25

Training attendance by Division & Learning and Development (L&D) stream in 2003–2004

Core L&D stream	Assessments	CPE&R	Corporate Services	Executive	Legal	Strategic Operations	Total
Information technology	33	57	52	5	20	88	260
Leadership/management	8	9	9	6	6	26	64
Organisational development	41	28	26	3	8	20	126
Project management	2		1				3
Risk management	10	7	17		2	61	97
Technical	22	46	46	4	25	87	230
Total	84	88	96	7	35	176	780

Appendix 22 ■ Consultancies

In 2003–2004, the ICAC spent \$19,351 on consultancy services. The consultants used provided advisory services in relation to:

- Implementation of CED Job Evaluation System and application for accreditation with the Premier's Department.
- Configuration, database management and onsite administration of ICAC's intranet site.

Appendix 23 ■ Payment performance indicators

Accounts payable

	Current	30 days	60 days	90 days
	\$	\$	\$	\$
1st quarter	358,662	139	—	—
2nd quarter	19,952	57	—	139
3rd quarter	100,882	—	—	—
4th quarter	51,386	—	—	—

Payments on time

	Accounts paid on time		Amount paid on time \$	Amount paid \$
	Target	Actual		
1st quarter	95%	98%	2,407,196	2,453,328
2nd quarter	95%	99%	2,314,211	2,339,965
3rd quarter	95%	99%	1,510,150	1,521,222
4th quarter	95%	99%	2,430,524	2,447,318
Annual average	95%	99%		

Commentary

The ICAC sets a target of 95 percent and a problem-level indicator of 90 percent in relation to the prompt payment of accounts. As indicated above, ICAC's annual average payment performance for the 2003–2004 financial year was 99 percent.

Late payments eventuated when invoices were in dispute and resolution was not reached by the payment due date. The ICAC did not forfeit any discounts available and there was no interest charged on the payments not made on time.

Appendix 24 ■ Electronic service delivery

During the year ICAC developed and implemented new internet and intranet websites. This has allowed secure online reporting of corruption matters and achieved improved accessibility and useability. The new internet site has also allowed improved publication of transcripts. All recent ICAC publications are posted on the ICAC internet site

The TRIM Context Electronic Documents and Records Management System (EDRMS) was also implemented which has made possible electronic self-service for staff in creating and managing files. To take advantage of the latest advances in browser-based self-service, the ICAC has also replaced its outdated payroll system with the Aurion Human Resources Information and Payroll system. The new system has self-service facilities for staff and allows online lodgement and approval of human resources forms, such as leave applications, and the electronic distribution of pay slips. These features result in savings in printing and distribution costs.

Appendix 25 ■ Insurance activities

The NSW Treasury Managed Fund (TMF), through the Government Insurance Office (GIO), 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 2003–2004 are reflected in the ICAC's deposit premiums for 2004–2005. The ICAC compares favourably to the Primary Pool in most lines of insurance, with reductions in liability (–26%), motor vehicle (–2%) and miscellaneous (–14.9%). While deposit premiums for property have increased by 11.9 percent, this is slightly better than the Primary Pool increase of 13.2 percent.

The Workers Compensation Deposit Premium for 2004–2005 has increased by 14.6 percent compared to 2003–2004. This is a result of an increased number of claims that the ICAC has experienced over the past twelve months. Programs were developed and implemented during 2003–2004, for example workplace ergonomic assessment and training, to mitigate the frequency and severity of workers compensation claims.

Appendix 26 ■ Energy management

The ICAC remains committed to the Government's Energy Management Policy (GEMP).

Under NSW State Government contractual arrangements, the ICAC continues the practice of buying an energy mix of ten percent SEDA-accredited green power and 90 percent conventional energy. Vehicle numbers have also been reduced to the minimum practicable level possible given the nature and level of work being undertaken.

Energy-efficient products are purchased whenever practicable, and the ICAC is using power saving-enabled computer and general office equipment in an effort to reduce power consumption.

Appendix 27 ■ Waste Reduction and Purchasing Policy

The ICAC continues its commitment to the Government's Waste Reduction and Purchasing Policy (WRAPP).

Greater use is being made of electronic data management including the installation and staff training in the use of TRIM records management software.

Individual paper recycling bins are situated at all workstations, and larger 240-litre recycling bins are positioned on each floor. All office paper and cardboard products are collected for recycling or shredded and bagged for recycling. Toner cartridges including printer consumable plastics are also recycled.

Maximum use is also made of recycled-content materials including:

- A4 photocopy paper purchased by the ICAC is either 50 percent recycled or 100 percent recycled, dependent on archiving requirements, with any virgin paper content being from plantation timber i.e. not old-growth forests.
- ICAC reports and educational material are printed on recycled paper whenever cost-effective and practicable to do so.
- When suitable for the purpose, recycled paper is used in the printing of other ICAC material e.g. ICAC A4 letterhead is now printed on recycled paper.

Appendix 28 ■ ICAC Code of Conduct

There were no revisions to the ICAC Code of Conduct during 2003–2004.

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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.