

I·C·A·C

INDEPENDENT COMMISSION
AGAINST CORRUPTION

NEW SOUTH WALES



Investigate

Expose

Prevent

**ANNUAL
REPORT
2014–2015**

This publication is available in other formats for the vision-impaired upon request. Please advise of format needed, for example large print or as an ASCII file.

ISSN 1033-9973

© October 2015 – Copyright in this work is held by the Independent Commission Against Corruption. Division 3 of the Commonwealth *Copyright Act 1968* recognises that limited further use of this material can occur for the purposes of 'fair dealing', for example for study, research or criticism etc. However, if you wish to make use of this material other than as permitted by the *Copyright Act 1968*, please write to the ICAC at GPO Box 500, Sydney NSW 2001.

This report was produced in print and electronic formats for a total cost of \$1,527 (including GST). The report is available on the ICAC website www.icac.nsw.gov.au.

ICAC

INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

The Hon Don Harwin MLC
President
Legislative Council
Parliament House
Sydney NSW 2000

The Hon Shelley Hancock MLA
Speaker
Legislative Assembly
Parliament House
Sydney NSW 2000

Mr President
Madam Speaker

I am pleased to furnish to you the Commission's annual report for the year ended 30 June 2015. The report has been prepared in accordance with the requirements of the *Independent Commission Against Corruption Act 1988* and the *Annual Reports (Departments) Act 1985*.

Pursuant to s 78(2) of the ICAC Act, I recommend that this report be made public immediately.

This recommendation allows either presiding officer of the Houses of Parliament to make the report public whether or not Parliament is in session.

Yours faithfully



The Hon Megan Latham
Commissioner

Contents

| | | | |
|--|-----------|--|-----------|
| COMMISSIONER'S FOREWORD | 3 | CHAPTER 4: PREVENTING CORRUPTION | 34 |
| CHAPTER 1: OVERVIEW | 4 | Sector-wide projects | 34 |
| Organisational chart | 5 | Investigations | 37 |
| Structure of the ICAC | 6 | Education | 38 |
| What we do | 8 | Training | 40 |
| Exposing corruption | 9 | CHAPTER 5: COMPLIANCE AND ACCOUNTABILITY | 44 |
| Preventing corruption | 10 | About our compliance framework | 44 |
| Accountability | 11 | Internal governance | 45 |
| Our organisation | 11 | External governance | 46 |
| Financial overview | 12 | Legal changes | 48 |
| CHAPTER 2: ASSESSING MATTERS | 14 | Litigation | 49 |
| Performance in 2014–15 | 14 | Complaints against Commission officers | 53 |
| Profile of matters received | 14 | Privacy and personal information | 54 |
| Complaints from the public | 17 | Access to information | 54 |
| Public interest disclosures | 18 | Report publicly about the work of the Commission | 54 |
| Reports from public sector agencies and ministers | 20 | CHAPTER 6: OUR ORGANISATION | 58 |
| The assessment process | 22 | HR and administration | 58 |
| CHAPTER 3: INVESTIGATING CORRUPTION | 26 | Other internal committees | 61 |
| Investigation challenges in 2014–15 | 26 | Information management and technology | 62 |
| How we investigate | 26 | Shared corporate services | 63 |
| Public inquiries and compulsory examinations | 28 | FINANCIALS | 64 |
| Investigation outcomes | 29 | | |
| Strategic alliances to optimise investigative outcomes | 31 | | |

Contents

| | |
|--|------------|
| APPENDICES | 90 |
| Appendix 1 – Complaints profile | 90 |
| Appendix 2 – Statutory reporting | 93 |
| Appendix 3 – Outcomes of matters | 95 |
| Appendix 4 – Prosecution and disciplinary action in 2014–15 arising from ICAC investigations | 96 |
| Appendix 5 – Implementation of corruption prevention recommendations | 110 |
| Appendix 6 – Report on ICAC's obligations under the <i>Government Information (Public Access) Act 2009</i> | 112 |
| Appendix 7 – Chief executive officer and executive officers | 116 |
| Appendix 8 – Workforce diversity | 117 |
| Appendix 9 – Work health and safety | 120 |
| Appendix 10 – Engagement and use of consultants | 120 |
| Appendix 11 – Payment performance indicators | 121 |
| Appendix 12 – Credit card certification | 122 |
| Appendix 13 – Overseas travel | 122 |
| Appendix 14 – Exemptions | 122 |
| INDEX | 123 |

Commissioner's foreword

This has been a busy and challenging year for the NSW Independent Commission Against Corruption. We dealt with over 3,000 complaints and reports, and continued to reduce the time it took to deal with them. We commenced 42 new preliminary investigations and 14 new full operations, while completing 40 preliminary investigations and 11 operations. Seven public inquiries were conducted over 64 days, 127 compulsory examinations were held over 58 days, and we furnished five investigation reports to Parliament.

We made corrupt conduct findings against 17 people, and recommended that the advice of the Director of Public Prosecutions be sought with respect to the prosecution of 13 people for various offences.

Commission training and advice services were again well patronised; we delivered 194 anti-corruption presentations and training workshops across the state, reaching more than 5,300 people face-to-face and managing 134 requests for corruption advice. Our corruption prevention work included publishing recommendations to help mitigate corruption risks in the regulation of election funding and embarking on new international frontiers with our initiatives to help improve the management of corruption risks in universities' dealings with international students.

All of this activity took place while the Commission faced some high-profile challenges to its functions and jurisdiction during the year. These have included matters that have gone to the High Court in relation to the Commission's jurisdiction, some of which are yet to be determined. The majority decision of the High Court in *ICAC v Cunneen* led to the enactment of the *Independent Commission Against Corruption Amendment (Validation) Act 2015*, to validate the Commission's actions before 15 April 2015 in relation to corrupt conduct under the ICAC Act. The Validation Act is the subject of a still-to-be-determined High Court challenge. The NSW Government also established an independent panel as part of



its response to the High Court decision in *ICAC v Cunneen*, which will consider and report to the NSW Premier early in the next financial year.

In this environment of uncertainty, the Commission's staff have continued to conduct themselves and discharge their duties with dedicated professionalism. I thank my executive team and my staff for the supreme effort that everyone has put in during what has been a challenging year.

As we embark on 2015–16, we will continue our work to fight corruption in the NSW public sector. The Commission's number one goal is to serve our state and its people to the best of our ability by exposing, investigating and preventing corruption. These have always been our main functions, and will continue to be so throughout the coming year.

A handwritten signature in dark ink, reading 'M Latham'.

The Hon Megan Latham
Commissioner

Chapter 1: Overview

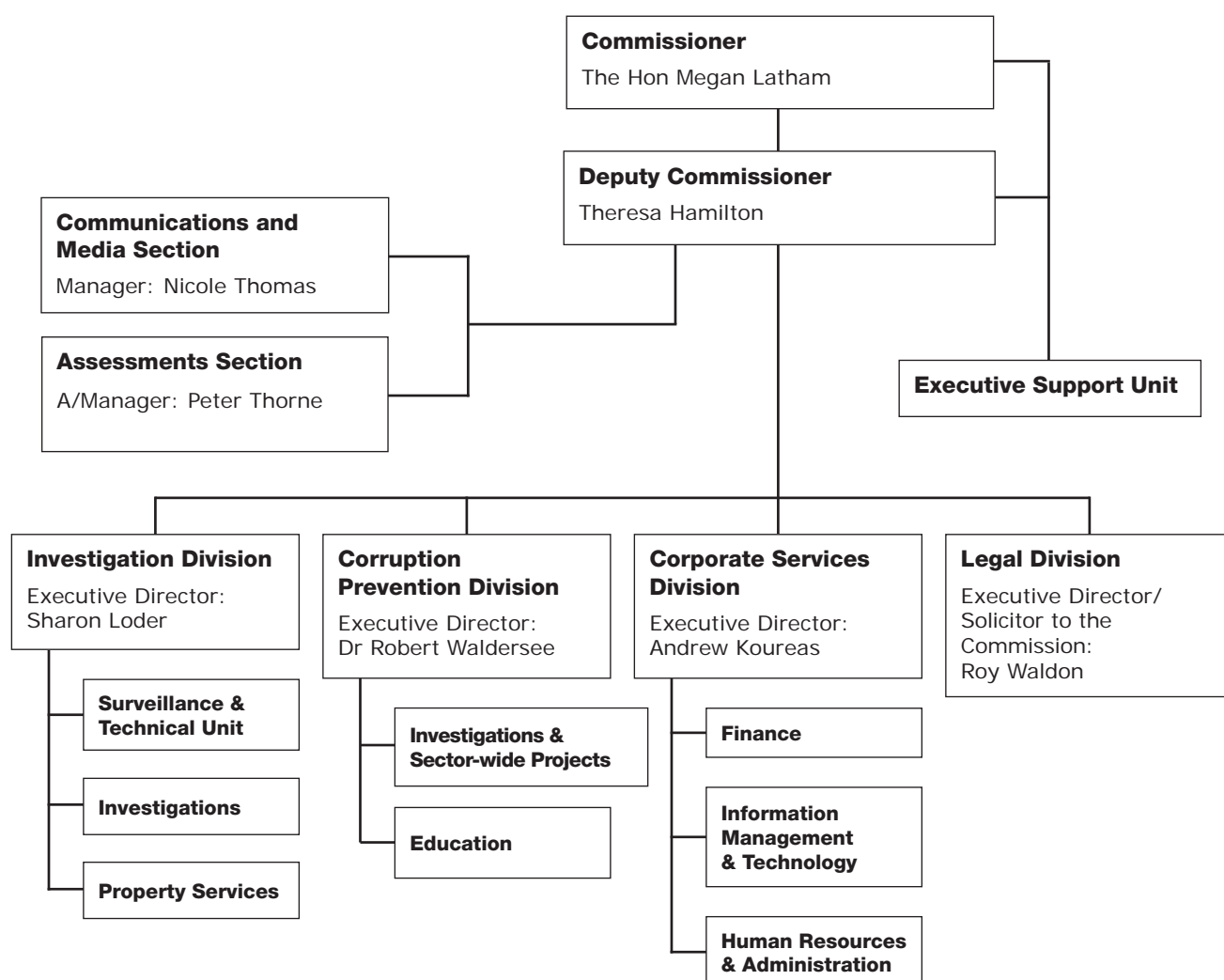
The NSW Independent Commission Against Corruption (“the Commission”) was established as an independent and accountable body by the *Independent Commission Against Corruption Act 1988* (“the ICAC Act”) in response to community concern about the integrity of public administration in the state.

The principal objectives of the Commission are:

- investigating, exposing and preventing corruption
- educating public authorities, public officials and members of the public about corruption and its detrimental effects.

Our mission is to combat corruption and improve the integrity of the NSW public sector.

Organisational chart



Structure of the ICAC

The Commission is led by the Commissioner, whose role is to oversee the Commission's work and to ensure that it meets the objectives of, and complies with the requirements set out in, the ICAC Act and all other relevant legislation.

Under delegation from the Commissioner, the Deputy Commissioner is responsible for day-to-day oversight of staff and operations, and for providing high-level operational and strategic advice to the Commissioner and guidance to executive staff.

The roles of the Commission's operational areas are described below.

The Assessments Section

The Assessments Section is the first point of contact for complaints and reports made to the Commission. The section receives and registers all complaints, reports (whether from external agencies or internally generated) about alleged corrupt conduct, general enquiries and feedback. It also manages and reviews matters that the Commission refers for investigation by public sector agencies under s 53 and s 54 of the ICAC Act.

The Assessments Section was led by manager Trent White until his departure from the Commission in February 2015. From February 2015 to 30 June 2015, deputy manager Peter Thorne acted in the role. In 2014–15, the Assessments Section had an average of 14.2 full-time equivalent (FTE) staff and a budget of \$1.5 million.

The Investigation Division

The Investigation Division comprises two operational areas: the investigation section, and the surveillance and technical unit.

The investigation section consists of the preliminary investigation team and three operational investigation teams. Personnel within this section include investigators, forensic accountants, intelligence analysts and support staff. The surveillance and technical

unit supports the Commission's investigations with surveillance, forensic and technical personnel.

The Commission takes a multidisciplinary approach to its investigation function. Investigative teams include staff, such as lawyers and corruption prevention officers, from other divisions.

Sharon Loder is the Executive Director of the Investigation Division. In 2014–15, the division had an average of 49.3 FTE staff and a budget of \$7.5 million.

The Corruption Prevention Division

The Corruption Prevention Division carries out the corruption prevention and educative functions described under the ICAC Act. The principal functions include examining the laws, practices and procedures of public officials, while also educating, advising and assisting public authorities and the community on ways in which corrupt conduct may be eliminated.

The division also conducts analyses of significant corruption risk areas in the public sector and publishes reports containing guidelines and recommendations to assist public sector managers to effectively and efficiently prevent corruption.

Dr Robert Waldersee is the Executive Director of the Corruption Prevention Division. In 2014–15, the division had an average of 20.2 FTE staff and a budget of \$2.9 million.

The Legal Division

The Legal Division assists the Commission to perform its principal functions and to exercise its statutory powers in a lawful, effective, ethical and accountable manner by providing high-quality, accurate and timely legal services. To achieve this, a lawyer is assigned to the preliminary investigation team and each investigation.

Commission lawyers assist in the planning and conduct of all investigations and provide advice, as

required, to other sections of the Commission. They may also act as counsel in compulsory examinations. Commission lawyers prepare briefs for, and instruct counsel at, public inquiries. They also assist with the preparation of investigation reports, oversee the preparation of briefs of evidence for submission to the Director of Public Prosecutions (DPP) and liaise with DPP lawyers in relation to answering requisitions for further evidence and the conduct of any prosecutions.

Roy Waldon is the Executive Director of the Legal Division and Solicitor to the Commission. In 2014–15, the division had an average of 10.8 FTE staff and a budget of \$2.8 million.

The Corporate Services Division

The Corporate Services Division is a business partner with the operational divisions of the Commission, and is responsible for providing support services to enable the Commission to undertake its statutory functions. It provides administrative, security, financial, and information management and technology services.

The division also manages other functions, including recruitment, payroll, risk management and procurement, and provides significant corporate support services to the Health Care Complaints Commission through a shared services agreement.

Andrew Koureas is the Executive Director of the Corporate Services Division. In 2014–15, the division had an average of 19 FTE staff and a budget of \$2.8 million.

2014–15 snapshot

During 2014–15, the Commission:

- received 3,146 matters and took, on average, 24 days to assess and close a matter, which is a 14% improvement on the average 28 days it took to deal with the 3,386 matters received in 2013–14
- commenced 42 new preliminary investigations and 14 new full investigations (operations)
- completed 40 preliminary investigations and 11 operations
- completed 98% of preliminary investigations within the target 120 days
- conducted seven public inquiries over 64 days, and 127 compulsory examinations over 58 days
- completed and furnished five investigation reports to Parliament
- made corrupt conduct findings against 17 people, and recommended that the advice of the DPP be sought with respect to the prosecution of 13 people for various offences
- delivered 194 anti-corruption presentations and training workshops across the state, reaching over 5,300 people face-to-face
- managed 134 requests for corruption prevention advice
- published recommendations or outlined initiatives to help mitigate corruption risks in reports on the regulation of election funding, management of international university students, and invoice payments
- co-hosted the 10th National Investigations Symposium, which attracted 402 registered delegates
- published two editions of the *Corruption Matters* e-newsletter, which reached 668 subscribers by June 2015, with readers located in Australia and overseas
- recorded 781,591 external visitor sessions to the Commission's website at www.icac.nsw.gov.au
- cooperated fully with three records inspections by the NSW Ombudsman and one records inspection by the Commonwealth Ombudsman
- recorded 630 staff attendances at training sessions, equating to an average of 5.2 training sessions per staff member
- completed the Commission's office relocation to new premises at 255 Elizabeth Street in Sydney's central business district
- completed the ICT (information and communications technology) Infrastructure Upgrade Project.

What we do

The Commission investigates allegations of corrupt conduct in and affecting the NSW public sector, and drives programs and initiatives to minimise the occurrence of such conduct in the state. The Commission's overarching aims are to protect the public interest, prevent breaches of public trust, and guide the conduct of public officials.

The Commission receives and analyses complaints from members of the public and public officials, and reports made by the principal officers of public sector agencies and ministers of the Crown. It has extensive powers of investigation and may conduct hearings to obtain evidence of corruption.

The Commission works to minimise corruption by providing advice and guidance via information, resources and training to public sector agencies to address existing or potential corruption problems. It assists organisations to identify and deal with significant corruption risks, conducts research to identify and help remedy specific areas of corruption risk, and provides advice and guidance to the wider community about corruption and how to report it.

The Commission is a public authority but is independent of the government of the day. It is accountable to the people of NSW through the NSW Parliament.

The Commission's *Strategic Plan 2014–2018* sets out four key result areas for 2014–15:

- exposing corruption
- preventing corruption
- accountability
- our organisation.

Each division and section develops and works to an individual annual business plan aligned with the Commission's strategic plan. During the year, each division and section reported quarterly to the Executive Management Group against its operational business plan.

The following sections specify the Commission's objectives for each result area. More detailed information and results for each key result area are provided in the chapters that follow.

Exposing corruption

A major function of the Commission is investigating and publicly exposing corrupt conduct. The ICAC Act provides the Commission with broad jurisdiction to investigate any allegation or circumstances which, in its opinion, imply that corrupt conduct has occurred. The Commission can also investigate conduct likely to allow, encourage or cause corrupt conduct.

The objectives in the *Strategic Plan 2014–2018* for exposing corruption are to:

- detect and investigate corrupt conduct
- identify any methods of work, practices or procedures that allow, encourage or cause the occurrence of corrupt conduct

- ensure a best practice approach for all investigations
- enhance complaint-handling processes
- maintain strategic alliances to optimise investigative and preventative outcomes.

A detailed description of Commission activities and results relating to this key result area is outlined in Chapter 2 (Assessing matters) and Chapter 3 (Investigating corruption). Table 1 sets out the key quantitative results for workload, work activity and performance for this key result area in 2014–15.

Table 1: Key quantitative results for corruption exposure activities

| Measure | Target* | 2014–15 | 2013–14 | 2012–13 |
|--|---------|---------|---------|---------|
| Matters received | n/a | 3,146 | 3,386 | 2,930 |
| Average time to deal with matters (days) in Assessments Section | 68 | 24 | 28 | 39 |
| Preliminary investigations commenced | n/a | 42 | 43 | 71 |
| Full investigations commenced | n/a | 14 | 10 | 22 |
| Percentage of full investigations completed within 16 months | >80% | 73%** | 71% | 86% |
| Number of public inquiries | n/a | 7 | 9 | 6 |
| Number of public inquiry days | n/a | 64 | 84 | 108 |
| Number of compulsory examinations | n/a | 127 | 203 | 257 |
| Number of persons subject to corrupt conduct findings | n/a | 17 | 41 | 56 |
| Number of investigation reports to Parliament | n/a | 5 | 12 | 6 |
| Percentage of investigation reports completed within the ICAC's target | 80% | 75% | 42% | 50% |
| Number of persons prosecuted arising from investigations | n/a | 8 | 11 | 19 |
| Number of persons against whom disciplinary action commenced arising from investigations | n/a | 1 | 3 | 4 |

* For measures that reflect incoming work or activity beyond the control of the Commission, targets are not set and not applicable (n/a) appears in the column.

** In the years 2012–13 and 2013–14, the figures reported concerned the percentage of full investigations completed within 12 months. The figure reported in the current reporting year is for a 16-month period, which incorporates both the preliminary investigation phase and the operation phase.

Preventing corruption

The Commission fulfils its corruption prevention functions under the ICAC Act by providing advice, education and guidance to public sector agencies. It also does this by educating public officials and the wider community about corruption and how to report it.

The objectives in the *Strategic Plan 2014–2018* for preventing corruption are to:

- encourage government to address corruption risks of statewide significance and public concern

- ensure public authorities revise practices or procedures to reduce the risk of corrupt conduct occurring
- raise awareness in identified communities of inappropriate behaviour and encourage reporting of corrupt conduct.

A detailed description of Commission activities and results for this key result area is outlined in Chapter 4 (Preventing corruption). Table 2 sets out the key quantitative results for workload, work activity and performance for this key performance area in 2014–15.

Table 2: Key quantitative results for corruption prevention activities

| Measure | Target | 2014–15 | 2013–14 | 2012–13 |
|---|--------|---------|---------|---------|
| Requests for corruption prevention advice | n/a | 134 | 102 | 106 |
| Detailed corruption prevention advice responses | n/a | 23 | 8 | 9 |
| Corruption prevention advice relating to complaints and reports of corrupt conduct | n/a | 1 | 4 | 1 |
| Rural and regional outreach visits | 2 | 2 | 3 | 1 |
| Training sessions delivered | 40 | 85 | 90 | 107 |
| Corruption prevention recommendations in investigation reports published during the period | n/a | 6 | 38 | 38 |
| Percentage of corruption prevention recommendations in investigation reports addressed as at 30 June 2015 | 80% | 97% | 94% | 100% |
| Percentage of public inquiries that resulted in the making of corruption prevention recommendations | 90% | 50% | 33% | 100% |
| Number of prevention reports published | 3 | 3 | 3 | 2 |

Accountability

The objectives in the *Strategic Plan 2014–2018* for accountability are to:

- provide timely, accurate and relevant reporting to the Inspector of the ICAC and the Parliamentary Committee on the ICAC
- ensure our work complies with all relevant laws and procedures

- report publicly about the work of the Commission.

A detailed description of Commission activities and results for this key result area is outlined in Chapter 5 (Compliance and accountability). Table 3 sets out the key quantitative results for accountability activities in 2014–15.

Table 3: Key quantitative results for accountability activities

| Measure | 2014–15 | 2013–14 | 2012–13 |
|---|---------|---------|---------|
| Parliamentary Committee on the ICAC meetings | 1 | 1 | 1 |
| NSW Ombudsman inspections of telephone intercept, surveillance devices and controlled operation records | 3 | 3 | 3 |
| Number of reports/responses provided to the Inspector of the ICAC | 29 | 1 | 0 |
| Number of audits conducted by the Inspector of the ICAC | 0 | 0 | 3 |
| Number of assumed identity audits | 1 | 1 | 1 |

Our organisation

The objectives in the *Strategic Plan 2014–2018* for our organisation are to:

- continue to develop as a learning organisation that embraces a culture of continuous improvement, excellence and sharing of knowledge
- provide a safe, equitable, productive and satisfying workplace

- be a lead agency in our governance and corporate infrastructure
- monitor our performance to ensure work quality and effective resource management.

A detailed description of Commission activities and results for this key result area is outlined in Chapter 6 (Our organisation).

Financial overview

Statement of Comprehensive Income

The Commission has achieved a Net Result of \$3.74 million which was \$97,000 below budget. Depreciation expense was \$1.55 million below budget due to the later than forecast completion date of the ICT Infrastructure Upgrade Project. This was largely offset by higher than budget legal expenses of \$0.84 million and change in accounting treatment of the lease incentive revenue of \$1.03 million.

Table 4: Operating Result 2014–15

| | \$'000 |
|------------------|--------|
| Expenses | 25,709 |
| Revenue | 29,575 |
| Loss on Disposal | (123) |
| Net result | 3,743 |

Financial Position

Table 5: Financial Position 2014–15

| | \$'000 |
|-------------|--------|
| Assets | 12,676 |
| Liabilities | 6,414 |
| Net Assets | 6,262 |

Revenue

The main source of revenue is recurrent appropriations (\$20.804 million compared to \$21.15 million in 2013–14). Capital appropriations received were \$6.274 million compared to \$1.5 million during the prior

year. The Department of Premier and Cabinet provided a grant of \$1.6 million compared to \$2.625 million in the previous year. Other revenue includes fees from the provision of shared services, interest from investments and acceptance by the Crown Entity of employee benefits and other liabilities.

Expenses

Total expenses were \$25.709 million, a decrease of \$171,000 or 0.67% from the previous year. Employee-related expenses were \$17.16 million, a decrease of \$0.62 million compared to last year, largely due to significant reductions to long service leave following actuarial adjustments. Other operating expenses were \$6.548 million, a decrease of \$0.5 million from the previous year, primarily due to a reduction to lease rental expenses following the recognition of the lease incentive and make good provision.

Assets

Non Current Assets increased by \$7.371 million (342%) due largely to the capitalisation of the fit-out and ICT projects.

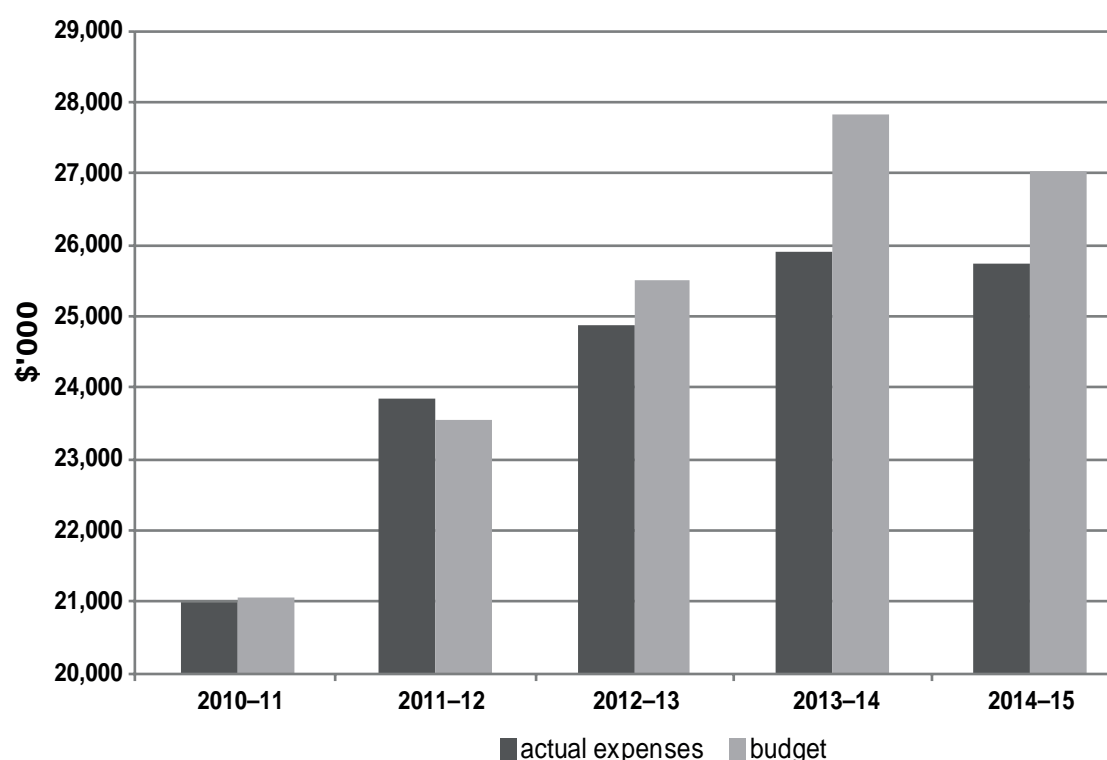
Liabilities

Liabilities increased by \$0.414 million due largely to the lease incentive and make good provisions largely offset, however, by the elimination of the liability to the consolidated fund.

Net Equity

Equity increased by \$3.743 million (248%) due mainly to the capitalisation of the Commission's major capital projects and consequent elimination of the asset revaluation reserve.

Figure 1: Total expenditure budget and actuals



Chapter 2: Assessing matters

All complaints and reports within the Commission's jurisdiction are reported to the Assessment Panel, which is made up of members of the Commission's senior executive. The panel's role is to make decisions about how each matter should proceed. A matter is not reported to the Assessment Panel if it is assessed as being an enquiry only, is outside the Commission's jurisdiction or classified as feedback. Such matters are managed within the Commission's Assessments Section.

The Commission can also take action on an "own initiative" basis. In these situations, the Assessment Panel considers recommendations within an internally generated report outlining reasons for commencing an investigation. These reports may be based on information from various sources, including information that is in the public domain or that emerges from the analysis of complaints received from the public or via reports from public sector agencies.

Performance in 2014–15

In 2014–15, the Commission received and managed a total of 3,146 matters. This figure represents a 7% decrease from the previous year (3,386). In the reporting period, the average time taken to assess and close a matter was 24 days, a 14% improvement on the previous year's average of 28 days.

Achieving turnaround targets

The Assessments Section has targets for turnaround times at key stages during the complaint assessment process. Table 6 provides a number of these targets and achievements during the reporting period.

Profile of matters received

In the reporting period, the majority of the 3,146 matters that were received and assessed by the Commission came from two sources:

- members of the public making complaints under s 10 of the ICAC Act (s 10 complaints), representing 30% of all matters
- principal officers of NSW public sector agencies and ministers, who each have a duty to report suspected corrupt conduct under s 11 of the ICAC Act (s 11 reports), representing 20% of all matters.

Table 7 shows all matters received in 2014–15 by category, compared with the previous two years.

Table 6: Some internal targets and achievements of the Assessments Section in 2014–15

| Measure | Target | Achievement |
|--|--------|-------------|
| Average days to present a "straightforward" matter to the Assessment Panel from date of receipt | 21 | 15 |
| Average days to present a "moderate–complex" matter to the Assessment Panel from date of receipt | 42 | 42 |
| Average days to re-report a matter to the Assessment Panel upon receipt of a s 54 report | 28 | 26 |

Table 7: Matters received by category in 2014–15, compared to the previous two years

| Category | 2014–15 | | 2013–14 | | 2012–13 | |
|-------------------------------------|--------------|-----|--------------|-----|--------------|-----|
| Complaints from the public (s 10) | 947 | 30% | 1,043 | 31% | 916 | 31% |
| Reports from public agencies (s 11) | 641 | 20% | 674 | 20% | 756 | 26% |
| Enquiry | 448 | 14% | 449 | 13% | 385 | 13% |
| Outside jurisdiction | 394 | 13% | 410 | 12% | 287 | 10% |
| Information | 342 | 11% | 362 | 11% | 224 | 8% |
| Public interest disclosure | 255 | 8% | 295 | 9% | 260 | 9% |
| Feedback | 92 | 3% | 118 | 3% | 71 | 2% |
| Dissemination | 16 | 1% | 25 | 1% | 26 | 1% |
| Own initiative | 7 | <1% | 6 | <1% | 5 | <1% |
| Intelligence report | 4 | <1% | 3 | <1% | 0 | 0 |
| Referrals from Parliament | 0 | 0 | 1 | <1% | 0 | 0 |
| Total | 3,146 | | 3,386 | | 2,930 | |

In 2014–15, the Commission received 947 s 10 complaints; a 9% decrease on the number received in 2013–14 (1,043).

The Commission also received 641 s 11 reports, compared with 674 in the previous year. This represents a decrease of 5%, following decreases observed over the last two reporting periods. It is not clear whether this reduction represents a genuine downward trend in corruption reports or if it is attributable to fluctuations in reporting.

In 2014–15, public sector employees lodging complaints under the *Public Interest Disclosure Act 1994* (“the PID Act”) comprised 8% (255) of matters received. While this represents a 14% decrease from the previous reporting period, this number of public interest disclosures (PIDs) is consistent with the figures for the 2011–12 and 2012–13 reporting periods.

Compared to 2013–14, there was a decrease in all categories of matters reported to the Commission; however, this may be attributed to the lower number of high-profile public inquiries conducted by the Commission during 2014–15.

The Commission strives to be accessible to those who submit complaints and reports. It provides a number of methods for members of the public and public sector employees to contact the Commission, including in writing, by telephone or email, in person or online via a complaints form on the Commission’s website at www.icac.nsw.gov.au. Principal officers of public authorities generally submit s 11 reports in writing, including email. If there is some urgency attached to the matter, a principal officer can report a s 11 matter by telephone.



Case study: Friends with benefits

In 2015, the Commission received an anonymous complaint concerning allegations that an unnamed NSW public official working in a regional area was corruptly receiving cash payments from local real estate agents in exchange for information relating to the upcoming auctions of properties repossessed by NSW public authorities.

According to the complainant, the public official regularly socialised with the agents at local licensed establishments. It was further alleged that the public official solicited sexual favours from tenants of properties in return for delaying the repossession of their properties.

The Commission made enquiries into these serious allegations of corrupt conduct, which confirmed some of the information provided by the anonymous complainant; however, due to the broad nature of the allegations, there were limited lines of enquiry available to the Commission.

As a result, the Commission determined to refer the allegations under s 53 of the ICAC Act to the public authority for its information. The authority was advised that, should its enquiries identify any corrupt conduct, it should report back to the Commission.

In 2014–15, the methods used most frequently by complainants to contact the Commission were telephone (31%), email (23%) and letter (19%), as shown in Table 8.

Table 8: Methods of initial contact for all matters received in 2014–15

| Method | Number of matters received | % of matters received |
|--------------|----------------------------|-----------------------|
| Telephone | 985 | 31% |
| Email | 735 | 23% |
| Letter | 609 | 19% |
| ICAC website | 525 | 17% |
| Schedule | 256 | 8% |
| Visit | 21 | 1% |
| Other | 15 | <1% |

Anonymous complaints

The Commission accepts anonymous complaints. It appreciates that, in some instances, people are fearful of reprisal action and prefer to remain anonymous. Where people contacting the Commission by telephone wish to remain anonymous, the Commission provides advice about the various protections afforded under the ICAC Act and/or the PID Act.

In 2014–15, 21% of complaints from members of the public (197 matters) were made anonymously. This represents an 11% decrease on the previous period, although the overall proportion remained the same. Of the matters classified as PIDs, 31% were made anonymously (80 matters), a 29% decrease in volume compared to 2013–14.

There are several challenges in receiving and assessing anonymous complaints. For instance, the Commission is unable to clarify the particulars of the information and notify the complainant of the outcome. Where a matter has been classified as a PID, there is the added risk that any enquiries or action taken by the Commission may inadvertently reveal the identity of the person who made the PID. To mitigate such risks, where a PID is made anonymously, any action such as the making of assessment enquiries or conducting a preliminary investigation will occur only with the approval of the Deputy Commissioner. In deciding whether to approve such actions, the Commission weighs the risks of exposing the discloser's identity against the public interest in having the allegations further explored.

Complaints from the public

Under s 10 of the ICAC Act, any person may make a complaint to the Commission about a matter that concerns or may concern corrupt conduct as defined in the ICAC Act. Complaints made by public sector employees and contractors to public authorities that do not meet the criteria set out in the PID Act, and therefore cannot be classified as PIDs, are also classified as s 10 complaints.

Many matters reported to the Commission by members of the general public are not made the subject of a formal Commission investigation, either because the matters raised are speculative or because the Commission takes the view that there is no real likelihood that corrupt conduct has occurred. Further, the Commission is required under its legislation to focus its attention on serious or systemic corrupt conduct.

The Commission may refer allegations to a NSW public sector agency that is the subject of a complaint for its information, often for the agency to address a perception on the part of the complainant of unfairness or wrongdoing. It is the Commission's experience that perceptions of wrongdoing are often borne of poor communication or consultation, or a lack of consistency or transparency on the part of agencies. Such a referral also allows the agency to conduct its own enquiries and report back to the Commission in the event that it finds any evidence indicative of corrupt conduct.

The case study on page 16 is an example of a potentially serious matter that, due to the lack of specific information provided by the anonymous complainant, the Commission determined to refer to the appropriate public authority for its information.

Table 9 shows the different government sectors about which allegations of corrupt conduct were made under s 10 in 2014–15.

Table 9: Complaints from the public in 2014–15, showing allegations in the top five government sectors

| Sector | Section 10 complaints | % s 10 complaints |
|-----------------------------------|-----------------------|-------------------|
| Local government | 398 | 42% |
| Law and justice | 78 | 8% |
| Government and financial services | 72 | 8% |
| Community and human services | 58 | 6% |
| Land, property and planning | 55 | 6% |

As in previous years, the sector most frequently complained about in 2014–15 was local government, with s 10 complaints relating to this sector accounting for 42% of the total volume received. The Commission notes, however, that there are over 150 local councils in NSW, and that over-representation of local government in the complaints statistics is due to the high level of people's interaction with local government and the personal interest many take in the decisions of their local council.

The five most frequent workplace functions about which the Commission received complaints from the public, as well as the five most frequent types of corrupt conduct alleged, are shown in Table 10 and Table 11 respectively.

Table 10: Complaints from the public in 2014–15, showing the five most frequent types of workplace functions mentioned

| Workplace function | Section 10 complaints | % of s 10 complaints |
|--|-----------------------|----------------------|
| Development applications and land rezoning | 256 | 27% |
| Reporting, investigation, sentencing and enforcement | 253 | 27% |
| Procurement, disposal and partnerships | 130 | 14% |
| Human resources and staff administration | 114 | 12% |
| Allocation of funds, materials and services | 98 | 10% |

Note: These figures have remained relatively static and are comparable with those reported in 2013–14.

Table 11: Complaints from the public in 2014–15, showing the five most frequent types of corrupt conduct alleged

| Types of corrupt conduct | Section 10 complaints | % of s 10 complaints |
|--|-----------------------|----------------------|
| Partiality | 318 | 34% |
| Personal interests | 213 | 22% |
| Improper use of records or information | 202 | 21% |
| Failure to perform required actions | 201 | 21% |
| Corrupt conduct related to investigations or proceedings | 111 | 12% |

Compared to 2013–14, there has been an increase in the volume of allegations about two types of corrupt conduct – “improper use of records or information” (up from 15%) and “failure to perform required actions” (up from 17%). Also, “corrupt conduct related to investigations or proceedings” is now the fifth most prevalent type of corrupt conduct reported, replacing “bribery, secret commission and gifts”.

Appendix 1 provides a full breakdown of the workplace functions and types of conduct about which the Commission received s 10 complaints.

Public interest disclosures

NSW public sector employees or contractors who report allegations of corrupt conduct about a NSW public sector agency or official may, provided they meet certain criteria, be entitled to protection under the PID Act. Under the PID Act, it is an offence to take reprisal action against someone because that person has made a PID or is believed to have made a PID.

In 2014–15, the Commission classified 255 matters as PIDs, in addition to 22 s 11 matters that met the criteria for PIDs. Table 12 shows the number of public officials who made these PIDs.

Table 12: Number of public officials who made a PID in 2014–15

| Type of PID | Number of public officials |
|--|----------------------------|
| PIDs made by public officials in performing their day-to-day functions as public officials | 0 |
| PIDs made under a statutory or other legal obligation (other than those made by public officials performing their day-to-day functions)* | 15 |
| All other PIDs | 177 |
| Total | 192 |

Note: In a reporting period, a PID may be made anonymously or made by multiple individuals, and one individual may make multiple PIDs.

* These arrive at the Commission as s 11 matters.

During the reporting period, there were 312 PIDs finalised, an increase of 8% on the number reported during 2013–14. The majority of PIDs received related to corrupt conduct; however, there were a number of PIDs relating to maladministration, as shown in Table 14. Where appropriate, these misdirected PIDs were referred to the relevant investigating agency under s 25 of the PID Act.

Table 13 shows the number of allegations in the top five categories by government sector for PIDs received during the year. As with s 10 complaints, the largest number of allegations in this category concerned local government (32%, a slight increase from 2013–14).

Table 13: PID allegations by government sector in 2014–15

| Sector | PIDs | % of PIDs |
|--------------------------------|------|-----------|
| Local government | 81 | 32% |
| Health | 29 | 11% |
| Custodial services | 24 | 9% |
| Transport, ports and waterways | 24 | 9% |
| Emergency services | 17 | 7% |

Table 14: Types of allegations made in PIDs

| Type of PID | Type of allegation | | | | | Total |
|--|--------------------|-------------------|---|---------------------------------------|--|------------|
| | Corrupt conduct | Maladministration | Serious and substantial waste of public money | Government information contraventions | Local government pecuniary interest contraventions | |
| PIDs made by public officials in performing their day-to-day functions as public officials | 0 | 0 | 0 | 0 | 0 | 0 |
| PIDs made under a statutory or other legal obligation (other than those made by public officials performing their day-to-day functions)* | 22 | 0 | 0 | 0 | 0 | 22 |
| All other PIDs | 251 | 4 | 0 | 0 | 0 | 255 |
| Total | 273 | 4 | 0 | 0 | 0 | 277 |

* These arrive at the Commission as s 11 matters.

Table 15: Types of conduct reported as PIDs in 2014–15

| Types of conduct reported as PIDs | Number reported | % reported |
|---|-----------------|------------|
| Partiality | 105 | 41% |
| Personal interests | 71 | 28% |
| Improper use of records or information | 56 | 22% |
| Failure to perform required actions | 50 | 20% |
| Improper use or acquisition of funds or resources | 37 | 15% |

Note: These figures have remained relatively static and are comparable with those reported in 2013–14.

Compared to 2013–14, PIDs concerning “improper use or acquisition of funds or resources” have increased from 13% to 15% of the total types of conduct reported as PIDs during 2014–15.

The Commission has a policy on its intranet site relating to PIDs by its staff, and has a number of links on its website relating to such disclosures and the protections afforded to public officials under the PID Act. This information is provided to new Commission personnel during their induction phase, and the Deputy Commissioner conducts training with new staff about the requirements of the PID Act.

Prior to making any enquiries about PID allegations, the Commission seeks written authority from the complainant for his or her identity to be disclosed during any such enquiries. When consent is not given, the Commission may, under s 22 of the PID Act, disclose confidential information if it is considered necessary to investigate a matter effectively or if it is in the public interest to do so. This will occur only with the approval of the Deputy Commissioner.

PIDs are received by the Commission from all levels of the NSW public sector. According to the provisions of the PID Act, both the agency and the officer making the complaint are responsible for ensuring that confidentiality is maintained.



Case study: Recruited for child minding duties

The Commission received a public interest disclosure that alleged that a NSW public official had recruited a friend on a part-time basis to a public authority without any merit selection process being undertaken, that the friend was also being paid to babysit the public official's child on the other weekdays, and that the friend was paid at a higher rate by the public authority to cover the cost of the childminding arrangement. The public official ended both employment arrangements shortly afterwards due to a disagreement in relation to the childminding duties.

The Commission conducted preliminary enquiries into the matter. They revealed that the arrangement, which only lasted a few days, may have been inappropriate, and that the public official may have duped the friend into thinking that she would be paid for the babysitting duties when, in fact, she was not.

The Commission referred the allegations to the public authority for investigation and asked it to report back to the Commission under s 53 and s 54 of the ICAC Act. A short time later, and prior to the investigation being completed, the public official resigned from the authority.

Even if the allegations made are not substantiated, they may highlight system or process deficiencies, which the agency concerned can address. Where this occurs, it can minimise corruption risks and eliminate perceptions of corruption.

The case study on this page is an example of a matter where a PID made to the Commission showed a potentially corrupt recruitment process involving a NSW public official.

In 2014–15, the most frequent workplace function reported by way of PIDs was "human resources and staff administration", comprising 51% of allegations (up from 46% in the previous year), followed by "reporting, investigation, sentencing and enforcement" with 19% (up from 15% the previous year) and "procurement, disposal and partnerships" with 18% (also up from 15% the previous year).

Appendix 1 provides a full list of the workplace functions and types of conduct about which the Commission received PIDs.

Reports from public sector agencies and ministers

Section 11 of the ICAC Act requires principal officers of NSW public sector agencies to report matters to the Commission where they hold a reasonable suspicion that corrupt conduct has occurred or may occur. Principal officers include secretaries and chief executives of state government agencies, and general managers of local councils. NSW ministers have a duty to report suspected corrupt conduct either to the Commission or to the head of an agency responsible to the minister.

Principal officers and ministers are encouraged to report suspicions of corrupt conduct promptly, as delays can impair the Commission's ability to detect and expose corrupt activity. A prompt report means that witnesses' recollections are fresh and there is less likelihood of evidence being compromised or lost.

When assessing a s 11 report, it assists the Commission for the head of an agency to advise on a proposed course of action, in the event that the Commission determines not to take action itself. In many instances, even if the matter is not sufficiently serious for the Commission to conduct an investigation, the Commission will ask the agency to advise it of any disciplinary or

remedial outcomes. Such information can inform trend analysis and the Commission's corruption prevention work generally, as well as enable the Commission to track disciplinary outcomes in relation to individual public sector employees.

It is helpful for the Commission to be advised whether an agency is treating a s 11 matter as a PID. If the matter is a PID, responsibilities under the PID Act, such as confidentiality and keeping the discloser notified, are passed on to the Commission.

The case study on this page is an example of a matter where the head of an agency reported under s 11 a matter involving allegations of an employee corruptly influencing decisions to benefit a family member.

Table 16 shows the number of times allegations were linked to a particular sector. The "transport, ports and waterways" sector ranked the highest, representing 23% (145), which is consistent with the previous year (148 in 2013–14), but is a slight increase in proportion (22% in 2013–14).

Table 16: Section 11 reports received in 2014–15, showing the five most frequently reported government sectors

| Sector | Section 11 reports | % of s 11 reports |
|---------------------------------|--------------------|-------------------|
| Transport, ports and waterways | 145 | 23% |
| Local government | 112 | 17% |
| Education (except universities) | 79 | 12% |
| Health | 66 | 10% |
| Community and human services | 54 | 8% |

In relation to the workplace functions involved in the allegations reported, most s 11 reports concerned "human resources and staff administration", comprising 45% (287) of s 11 reports received. This figure is consistent with the previous year. This was followed by "procurement, disposal and partnerships", which accounted for 14% (91).

With regard to conduct types, "improper use of records or information" was the most frequently reported, with 40% (259). This represents an increase of 16% from the previous year. It was followed by "improper use or acquisition of funds or resources" at 30% (194), which is also up from the



Case study: All in the family

In 2015, a NSW public authority reported allegations against a senior public official of failing to appropriately manage a conflict of interest by corruptly influencing decisions relating to a family member who was also an employee of the public authority.

It was alleged that the senior public official was responsible for the termination of the employment of a casual employee who had previously raised concerns about the conflict of interest.

It was also alleged that the senior public official terminated a residential lease on a property owned by the public authority in order to influence the progression of expressions of interest from internal employees, with the knowledge that her relative was interested in occupying the residence.

The information reported by the public authority raised serious concerns about the effectiveness of management strategies to limit the senior public official's involvement in workplace issues surrounding her relative while he remained within the same division.

It was also apparent that the senior public official failed to comply with reasonable directions given by her superiors and had failed to recognise an appropriate course of action to manage the conflict of interest. The public authority investigated the matter and took disciplinary action against the senior public official, and transferred her relative to another division. As a result, the Commission determined that no further action was required.

“...the Commission is required to focus its attention and resources on serious corrupt conduct and systemic corrupt conduct...”

previous year. “Personal interests” represented 15% (98) of the allegations reported to the Commission.

Appendix 1 provides a full list of the workplace functions and types of conduct about which the Commission received 11 reports.

The assessment process

The Commission’s Assessments Section is responsible for conducting the initial assessment of a complaint or information to determine what action, if any, the Commission will take. Many complainants who report matters to the Commission have expectations that their concerns will be investigated by the Commission, and managing those expectations is a key part of its role. When the Commission decides not to investigate a matter, staff explain to the complainant the reason or reasons for this decision.

Staff analyse all matters received, taking into account:

- whether or not corrupt conduct is involved
- whether the matter is serious and/or systemic, including factors such as the seniority of public officials involved, the nature of the impugned conduct, whether it is isolated or widespread, and the potential monetary value
- whether there is a viable line of enquiry to pursue
- what information has been provided or could be obtained
- whether existing information supports the allegations

- any risks to persons or public money in the Commission acting or not acting
- any prior or current related matters.

Staff also consider whether there are trends across a particular sector or within a particular agency. Regard is also given to whether there are appropriate systems in place for the agency involved to minimise opportunities for corruption. Complaints and reports that highlight corruption risk areas and trends are drawn to the attention of the Corruption Prevention Division to enable the Commission to target its work in this area (see Chapter 4).

Some of the allegations that the Commission receives may not be suitable for investigation by the Commission, even if true, because they are relatively minor. Under s 12A of the ICAC Act, the Commission is required to focus its attention and resources on serious corrupt conduct and systemic corrupt conduct, as far as practicable. In addition, a large number of complaints the Commission receives are speculative in nature and lacking specific information tending to disclose a likelihood that corrupt conduct has occurred. These matters are usually closed.

When the allegations relate to minor misconduct, they may be referred to another agency; usually the agency that is the subject of the allegations. In 2014–15, 198 matters were referred on this basis, up from 183 in the previous year.

All matters, except those that are merely enquiries, feedback or involve conduct that is outside the Commission’s jurisdiction, are reported to the Assessment Panel. The Assessment Panel comprises the manager of the Assessments Section (who acts as the panel convenor), the Commissioner, Deputy Commissioner, and the executive directors of the Commission’s Investigation Division, Legal Division and Corruption Prevention Division. The panel is governed by a charter, which provides that it meets electronically twice a week, and is responsible for determining what action, if any, should be taken on every matter received. If a matter is complex or needs further enquiries before an appropriate course of action can be determined, it may be reported to the Assessment Panel on several occasions.

Reports submitted to the Assessment Panel include the allegations, supporting information, the outcome of any enquiries, an initial assessment of the matter, and recommendations for further action.

For each matter, the Assessment Panel considers whether it presents opportunities for identifying serious or systemic corruption, whether it is being (or could be) adequately handled by another agency and, even if corrupt conduct is not apparent, whether an agency's systems and controls put the organisation at risk of corruption. After considering a matter, the Assessment Panel makes one of five decisions, as follows.

1. Refer to another agency or take no action

A number of the matters the Commission receives can be appropriately referred to other oversight bodies, such as the Office of the NSW Ombudsman or the NSW Division of Local Government. Some disciplinary or administrative matters can be appropriately referred to the agency concerned, while others may have already been adequately dealt with by the reporting agency.

Many matters do not meet the definition of corrupt conduct in the ICAC Act, and therefore do not warrant further action by the Commission.

In 2014–15, there were 2,356 decisions made by the Assessment Panel to either close a matter or refer it elsewhere after closure, compared to 2,340 last year.

2. Request an investigation be conducted by another agency and the outcome reported back in writing to the Commission

Under s 53 and s 54 of the ICAC Act, the Commission has the power to require that an agency or an appropriate oversight body conduct an investigation and report its findings to the Commission. This power is usually reserved for relatively serious matters and allows the Commission to oversee the investigation, including reviewing the investigation plan and progress reports. The Commission can determine the scope of the investigation and, in consultation with the agency, will agree upon a timeframe for its completion.

The Commission refers matters under s 53 and s 54 only if it considers that the agency will be able to investigate the matter, following consultation with the agency. The Commission will not make a referral if it considers the agency might be compromised or lacks the capacity to conduct the investigation and adequately report on it. Under

the ICAC Act, the Commission has powers to deal with investigations or reports by agencies that it considers unsatisfactory.

In 2014–15, 11 matters were the subject of referrals under s 53 and s 54 of the ICAC Act. This figure is considerably lower than the 27 referrals made during 2013–14.

In the reporting period, the Commission made 47 requests for investigation reports from agencies, which is consistent with the 44 during the previous year. This occurs when the agency has reported a matter under s 11 and has either already commenced an investigation or is preparing to embark on one.

Over the past few reporting periods, the Commission has seen a decline in both the number of referrals under s 53 and s 54, and the number of requests for investigation reports from agencies. This may, however, be attributed to the increased number of NSW public sector agencies indicating at the time of making their respective s 11 reports that they intend to investigate the allegation/s and, upon completion, provide the Commission with a copy of the investigation report.

Once assessed, the Assessment Panel reviews the outcomes of matters referred to agencies under s 53 and s 54 of the ICAC Act.

The case study on page 24 is an example of a referral under s 53 and s 54 to a NSW public sector agency to conduct an investigation into allegations of corrupt conduct and the impetus this gave to improving processes and systems.

“A number of the matters the Commission receives can be appropriately referred to other oversight bodies...”



Case study: Lessons learnt

The Commission received a s 11 report of corrupt conduct from a department where it was alleged that an educational institution may have breached the conditions of a funding agreement provided under a government funding program. It was alleged that the institution had been making funding claims that were based on false information about student enrolments and course completion, and failing to maintain adequate records.

The Commission determined that, in light of the large-scale anomalies, suggestions of deliberate falsification of records and long-term systemic failures, the funding issues should be made the subject of a referred investigation to the responsible public authority for reporting back to the Commission under s 53 and s 54 of the ICAC Act.

An investigation was conducted into the complex issues, which identified a large number of improper claims and potential contract non-compliance. It also found that many different position holders were involved in contract administration, enrolment fees and milestone claims, including administration staff, teaching staff and management. The public authority advised that it would be implementing a number of remedial actions in order to prevent the recurrence of such issues in the future.

Although the investigation indicated inappropriate activity, the information did not suggest that any one individual had acted corruptly by misappropriating funds.

Due to the matter involving apparent breaches of funding agreements as well as large-scale systemic failures, the Commission determined to refer the matter to its Corruption Prevention Division for consideration as a corruption prevention project.

3. Conduct assessment enquiries

If the Assessment Panel decides there is insufficient information to determine an appropriate course of action, assessment enquiries – usually with the agency that is the subject of the allegations – will be conducted by the Commission and the matter re-reported to the panel. Assessment enquiries may involve contacting parties for more information, carrying out research, property or business searches, and obtaining and considering relevant policy and/or procedural documents to determine whether there are procedural deficiencies.

In 2014–15, there were 128 matters in which assessment enquiries were undertaken, up from 120 in 2013–14.

Depending on the outcome of these assessment enquiries, the Commission may decide not to pursue the matter further or to refer it to another agency. In some cases, assessment enquiries may lead to an investigation.

Where enquiries have been conducted and the Commission determines not to pursue the matter further, the material obtained by the Assessments Section can enable staff to provide more detailed reasons to complainants as to why a matter is not being pursued.

4. Provide corruption prevention analysis and/or advice

If a matter appears to involve mainly systemic issues rather than specific instances of corrupt conduct or the corrupt conduct has been dealt with but wider problems appear to exist, corruption prevention officers may evaluate the situation and give advice to the agency concerned. This may involve advice on enhancing an agency's capacity to minimise the risk of corruption, and on how to prevent the problem from happening again.

In 2014–15, there were five matters referred by the Assessment Panel to corruption prevention officers for analysis and/or advice, up from the one matter referred during 2013–14.

5. Undertake an investigation

If a matter is serious and likely to need the Commission's special powers to investigate, such as requiring the production of documents or information, executing a search warrant or conducting covert operations, the Commission will usually investigate the matter itself (see Chapter 3). These matters are referred to the Investigation Division for preliminary investigation.

Only a small number of matters with the potential to expose significant or systemic corrupt conduct will meet the criteria for a full investigation. Once a decision to investigate has been made, the matter is overseen by the Strategic Investigation Group, which also gives direction on each investigation.

In 2014–15, 42 matters were referred to the Investigation Division for preliminary investigation, which is consistent with the 43 matters referred during the previous year.

Decisions made by the Assessment Panel in 2014–15 are shown in Table 17.

Table 17: Decisions made by the Assessment Panel in 2014–15

| | Number of decisions | % of decisions |
|--|---------------------|----------------|
| Closed without referral | 2,158 | 83% |
| Closed but referred externally | 198 | 8% |
| Referred internally but not investigated | 192 | 7% |
| Investigated | 42 | 2% |

Chapter 3: Investigating corruption

One of the primary functions of the Commission is to investigate and publicly expose serious and systemic corruption with a view to educating public authorities, officials and the public and to reducing corruption in the NSW public sector. The Commission deploys overt and covert investigation techniques to detect corruption, and uses coercive powers available to the Commission under the ICAC Act and other Acts.

Investigation challenges in 2014–15

In the reporting period, the Commission investigated a number of large and complex matters, some of which resulted in public inquiries and some of which are still in progress.

The Commission continues to adapt to meet the challenges in delivering its investigation outcomes. One of those challenges involves maintaining the capacity to deliver its current level of performance – both in quality and timeliness – for significant investigations with decreasing resources. While the number of preliminary investigations the Commission undertakes is trending downward, the number of current full investigations undertaken by the Commission is increasing in number and complexity.

The Commission continues to work on improving its forensic and technical capacity to identify, capture and interpret evidence, maintain the skills and knowledge of its staff, and continuously improve investigation management, systems and processes.

In 2014–15, the Commission undertook the following investigation systems and process improvements:

- enhanced the Commission's telecommunications data analysis system, including a revised user manual
- completed an upgrade of its surveillance technology
- continued the Operations Manual review to ensure investigation policies and procedures support the Commission's investigation standards, including major improvements to property and exhibit

handling, the conduct of public inquiries and compulsory examinations and the conduct of physical surveillance.

How we investigate

All investigations undertaken by the Commission commence as preliminary investigations. A preliminary investigation may assist the Commission to discover or identify conduct that might be made the subject of a more complete investigation or in deciding whether to make particular conduct the subject of a more complete investigation. If appropriate, a matter may then be escalated to a full investigation (known as an "operation"). If it is in the public interest to do so, the Commission may also decide to hold a public inquiry as part of the investigation process.

Investigations may focus on both historic and current activities, and investigation methods used may vary depending on the nature of the allegations. Detailed investigation plans are prepared and regularly revised and assessed to determine the most appropriate investigation strategy.

The conclusion of an investigation may result in no further action or a number of different actions, including the referral of information to a public authority relevant to the exercise of its functions (such as information for disciplinary action), the dissemination of intelligence and information, the referral of a brief of evidence to the Director of Public Prosecutions (DPP) and the publication of an investigation report.

Our investigations

At the commencement of the 2014–15 reporting period, a total of nine preliminary investigations and 10 operations were carried over from the previous period. Forty-two new preliminary investigations and 14 new operations were commenced in 2014–15. A total of 40 preliminary investigations and 11 operations were completed during the reporting period.

The Commission has key performance targets for the timeliness of its investigations. The Commission aims to complete 80% of its preliminary investigations within 120 days of the Commission's decision to commence the investigation. If a matter is escalated to an operation, the time period for completing the confidential phase of the investigation is extended to 16 months and the Commission aims to complete 80% of matters within that period. If a public inquiry is held for the purpose of an investigation, the confidential phase of the investigation ends. The period of time between the commencement of the public inquiry and the publication of the investigation report is dealt with in Chapter 5.

The percentage of preliminary investigations completed by the Commission within 120 days has increased from 96% in 2013–14 to 98% in 2014–15. The average time taken to complete preliminary investigations has decreased from 82 days in 2013–14 to 74 days in 2014–15. The percentage of operations completed within 16 months was 73% compared to 71% in 2013–14 and this is reflective of the Commission's trend towards undertaking more complex and protracted operations.

Table 18: Preliminary investigation statistics for 2014–15

| | |
|-------------------------------------|-----|
| Number current as at 1 July 2014 | 9 |
| Number referred by Assessment Panel | 42 |
| Number discontinued | 40 |
| Number current as at 30 June 2015 | 11 |
| Days on average taken to complete | 74 |
| Number completed within 120 days | 39 |
| % completed within 120 days | 98% |

Table 19: Source of preliminary investigations by sector in 2014–15*

| Sector | Number of preliminary investigations | % of preliminary investigations |
|---------------------------------------|--------------------------------------|---------------------------------|
| Local government | 13 | 31% |
| Aboriginal affairs and services | 6 | 14% |
| Transport, ports and waterways | 5 | 12% |
| Natural resources and environment | 4 | 10% |
| Law and justice | 3 | 7% |
| Government and financial services | 2 | 5% |
| Land, property and planning | 2 | 5% |
| Education (except universities) | 2 | 5% |
| Parliament | 2 | 5% |
| Universities | 1 | 2% |
| Custodial services | 1 | 2% |
| Tourism, sport, recreation and gaming | 1 | 2% |
| Community and human services | 1 | 2% |

* One preliminary investigation examined allegations concerning two sectors.

Table 20: Full investigation (operation) statistics in 2014–15

| | |
|---|-----|
| Number current as at 1 July 2014 | 10 |
| Number escalated from preliminary investigation | 14 |
| Number discontinued/concluded | 11 |
| Number current as at 30 June 2015 | 13 |
| Days on average taken to complete | 454 |
| Number completed within 16 months | 8 |
| % completed within 16 months | 73% |

Use of statutory powers

Investigations may include the use of statutory powers, such as search warrants, surveillance devices, controlled operations and the interception of telecommunications. All applications for the use of statutory powers are reviewed by a Commission lawyer before final approval is given by the Executive Director, Legal, to apply for use of the power. This process is designed to ensure that all applications comply with regulatory and evidentiary requirements before being submitted to the appropriate authorities.

Public inquiries and compulsory examinations

If the Commission determines it is in the public interest to do so, it may take evidence from witnesses in compulsory examinations. These examinations are held in private. When examinations are held in public, the evidence is generally heard before (and made available to) the public, subject to the discretion of the presiding Commissioner to suppress or restrict publication of evidence, if he or she believes it is in the public interest to do so.

The Commission can compel witnesses to answer questions and produce documents or other things when they are summoned to a compulsory examination or a public inquiry. The witness must comply with this direction regardless of whether the answers or production of the documents or other things may incriminate them. A witness, however, may object to answering the question or to producing the item. If an objection is made, the witness must still comply with the direction but neither the answer nor the item produced is admissible as evidence against the witness in any subsequent criminal or civil proceedings, other than for an offence under the ICAC Act. Also, disciplinary proceedings may be taken against a public official on the basis of a finding of corrupt conduct made by the Commission in a report under

Table 21: Statutory powers used by the Commission in 2014–15, compared to the two previous years

| Power | 2014–15 | 2013–14 | 2012–13 |
|--|---------|---------|---------|
| Notice to produce a statement (s 21) | 16 | 18 | 16 |
| Notice to produce a document or thing (s 22) | 879 | 609 | 644 |
| Notice authorising entry to public premises (s 23) | 3 | 0 | 0 |
| Summons (s 35) | 308 | 448 | 512 |
| Arrest warrant (s 36) | 0 | 0 | 0 |
| Order for prisoner (s 39) | 0 | 0 | 6 |
| Search warrant (s 40) | 17* | 33 | 13 |
| Controlled operations | 0 | 0 | 0 |
| Surveillance device warrants | 2 | 4 | 2 |
| Telephone interception warrants | 5 | 21 | 5 |
| Stored communications warrants | 0 | 3 | 0 |
| Telecommunications data authorities issued | 550 | 963 | 607 |

* In 2014–15, all warrants were issued by an external authority; none was issued by the Commissioner.

s 74 of the ICAC Act and evidence supporting that finding, including evidence of the public official that was given under objection.

In 2014–15, the Commission conducted 127 compulsory examinations over 58 days, and seven public inquiries over 64 days.

Investigation outcomes

The Commission is an investigative body that can make findings of corrupt conduct against public officials or other persons who engage in corrupt conduct that involves or affects, or could involve or affect, the exercise of public official functions by a public official or a public authority.

The Commission is not a court or disciplinary tribunal and does not conduct prosecutions or disciplinary proceedings as a consequence of any of its investigations. Outcomes that may result from a Commission investigation include:

- findings of corrupt conduct
- corruption prevention recommendations and advice
- referral of evidence to the DPP or another appropriate agency to consider action such as:
 - prosecution action
 - disciplinary action
 - proceeds of crime action
 - further investigation.

It is important to acknowledge that not every investigation will produce findings of corrupt conduct. An investigation is designed to determine the truth or otherwise of the allegations raised. As such, an investigation may find that there was no corrupt conduct.

“The Commission is not a court or disciplinary tribunal and does not conduct prosecutions or disciplinary proceedings as a consequence of any of its investigations.”

Case study: Fire sale

The alleged conduct involved the supply to the NSW Rural Fire Service (RFS) of goods and services by D'Vine Tastes and Emergency Management Catering Services Pty Ltd (EMCS). Both entities were controlled by businessman, Scott Homsey, assisted by his mother, Gay Homsey.

The initial phase of the investigation (known as Operation Vika) utilised the Commission's formal powers to obtain records from various financial institutions. Warrants issued under the *Telecommunications (Interception and Access) Act 1979*, allowed the interception of mobile phones used by RFS logistics officer, John Hacking, and Mr Homsey. On each of four occasions between November 2014 and February 2015, Mr Hacking was observed receiving cash payments from Mr Homsey of either \$15,000 or \$20,000.

During the second phase of the investigation, further records were obtained from various sources. Material from the RFS and Mr Hacking's residence revealed Mr Hacking had, since 2011, been taking RFS mobile telephones and other electronic devices without authority. He sold these devices using eBay and made around \$50,000 profit. Other devices he gave as gifts to friends and family.

Between January 2011 and January 2015, the RFS made payments of around \$9.2 million to D'Vine Tastes and EMCS. Mr Hacking, and to a lesser extent RFS manager, Paul Springett, managed the relationship between D'Vine Tastes/EMCS and the RFS. Almost all D'Vine Tastes and EMCS invoices were submitted and processed using emergency regimes initiated under the *Rural Fires Act 1997* (NSW). These regimes involved fewer controls; a fact that was exploited by Mr Hacking and Mr Homsey.

The Commission held a public inquiry in June 2015, which heard evidence that, between 2011 and 2015, Mr Hacking and Mr Homsey engaged in a scheme whereby Mr Homsey would under-supply the RFS by between 10% and 20%. Mr Hacking remitted the full amount to Mr Homsey and, in return, received part of the surplus funds in the form of corrupt payments. Mr Hacking admitted to receiving corrupt payments amounting to \$360,000.

Mr Springett stated he received one cash payment of \$1,000 from Mr Homsey and that, on several occasions, Mr Homsey had provided him with free food and wine. There was no evidence Mr Springett had shared in the profit arising from the under-supply scheme.

Findings from the investigation will be released in the next reporting period.

Table 22: Public inquiries conducted in 2014–15

| Operation name | Summary |
|----------------|--|
| Verdi | Investigation into the conduct of John Cassidy, then chancellor of the University of New England, in relation to the sale of the Tattersalls Hotel |
| Jarah | Investigation into allegations that an Ausgrid engineer corruptly solicited and accepted benefits from Ausgrid contractors and subcontractors |
| Misto | Investigation into the conduct of a university manager and others in relation to false invoicing |
| Tunic | Investigation into the conduct of an officer of the Mine Subsidence Board and others in procuring contractors for mine subsidence repairs |
| Vika | Investigation into the conduct of officers of the Rural Fire Service and others in procuring goods and services |
| Yancey | Investigation into the conduct of officers of the Department of Justice in procuring contractors for court upgrade projects |
| Spicer* | Investigation into the conduct of certain members of the NSW Parliament and others concerning: (a) the solicitation, receipt and concealment of payments from various sources in return for certain members of Parliament agreeing to favour the interests of those responsible for the payments (b) the failure to disclose political donations, including from prohibited donors |

* Public inquiry evidence was given in Operation Spicer in 2013–14 and continued in 2014–15.

Findings of corrupt conduct and recommendations for prosecution/disciplinary action

In 2014–15, the Commission made findings of corrupt conduct against 17 persons.

The Commission does not have a direct role in prosecutions. It does, however, refer briefs of evidence to the DPP for consideration of prosecution action. The DPP then advises the Commission whether prosecution proceedings are warranted.

In 2014–15, the Commission recommended the advice of the DPP be obtained in relation to the prosecution of 13 people for various criminal offences. A recommendation was also made to a relevant public sector agency that disciplinary action be taken against one person.

Appendix 4 provides further details on the progress of prosecutions resulting from Commission investigations.

Proceeds of crime referrals and other disseminations

During the reporting period, the Commission disseminated intelligence gathered in the course of its investigations to the NSW Police Force, the NSW Crime Commission, the Australian Competition and Consumer Commission, and the Royal Commission into Trade Union Governance and Corruption.

Corruption prevention issues arising from investigations

The Commission recognises the high value of lessons learnt in the course of an investigation into corrupt practices. The Commission's investigations provide insight into how or why the corrupt practices occurred. In turn, this insight provides the groundwork for improving systems, policies and procedures within the NSW public sector.

Corruption prevention officers are attached to all investigation teams where corruption prevention issues have been identified. In the course of an investigation, they conduct a comprehensive review of the systems, policies, procedures and work practices relevant to the matter under investigation.

The purpose of the review is to identify weaknesses and gaps and suggest improvements that will reduce future opportunities for corrupt conduct. Even when an investigation does not progress to a public inquiry, the Commission may still provide corruption prevention advice and recommendations to the agency concerned.

Further information on corruption prevention work linked to investigations, including the monitoring of the implementation of recommendations arising from investigations, is outlined in Chapter 4.

Strategic alliances to optimise investigative outcomes

There is a constant need to monitor and keep up with the everchanging investigation environment. For this reason, it is important to maintain ongoing liaison with other law enforcement agencies, and to participate in various forums and interagency committees to enhance the currency of the Commission's investigation techniques and processes. The Commission is a member of the following committees and forums.

Australian Surveillance Group

This group provides a forum for integrity agencies, law enforcement agencies and intelligence agencies to discuss their respective agency's surveillance capabilities, emerging technology and methodologies. Commission officers attended a meeting of this group on 4 and 5 December 2014.

Electronic Evidence Practitioner Partnership

This partnership is dedicated to the sharing of knowledge and ideas about the practice of digital

“In 2014–15, the Commission recommended the advice of the DPP be obtained in relation to the prosecution of 13 people for various criminal offences.”

Case study: Pub talk

During 2013–14, the Commission investigated allegations of corrupt conduct by John Cassidy, the chancellor of the University of New England (UNE) between 2004 and 2008.

It had been alleged that, between 2005 and 2006, Mr Cassidy misused his position to pass on confidential information to a longstanding friend and business partner, Darrell Hendry, regarding the sale of the Tattersalls Hotel. The hotel was owned by Services UNE, an entity controlled by the university. The information allegedly passed by Mr Cassidy to Mr Hendry included the valuation of the hotel and prices offered by other interested parties. Mr Cassidy failed to disclose the true nature of his relationship with Mr Hendry and was involved in deliberations about the sale of the hotel, despite a potential conflict of interest.

The investigation (known as Operation Verdi) utilised the Commission's formal powers to obtain documents from various entities. A number of witnesses were also examined in compulsory examinations.

The investigation revealed Mr Hendry and Mr Cassidy had contact by telephone on 16 November 2005, ahead of the tender closure date. Mr Hendry stated that Mr Cassidy told him he should buy the hotel as it was a good investment. Mr Hendry submitted a conditional offer of \$3.5 million after tenders had closed. This offer was in excess of three other tenders. Mr Hendry was later granted an extension to submit a revised tender by 2 December 2005, which he did for \$2.65 million, and was still the highest tender.

Telephone records show Mr Cassidy contacted Mr Hendry on 1 December 2005 after a meeting Mr Cassidy attended on 28 November 2005, where the other tenders were discussed. Mr Hendry's revised offer was accepted and contracts were exchanged on 6 December 2005. The hotel was purchased by a company in which Mr Cassidy and Mr Hendry were co-directors. Initially, Mr Hendry was listed as the purchaser; however, this was later changed to a company in which Mr Cassidy became a director in late January 2006. Records showed Mr Cassidy appeared to become involved in the companies being set up to purchase and operate the hotel from about 8 December 2005; considerably earlier than when Mr Cassidy claimed he became involved.

A public inquiry was held in July 2014. In its investigation report, the Commission made findings Mr Cassidy had engaged in corrupt conduct by disclosing confidential tender information to Mr Hendry, failing to disclose a number of material interests, and not disclosing the full nature of his relationship with Mr Hendry. The matter was not referred to the DPP for consideration of criminal proceedings, as Mr Cassidy's conduct involved disciplinary rather than criminal behaviour. No disciplinary action could be taken against Mr Cassidy, as he had left UNE in 2008.

forensics. It brings together government agency practitioners to discuss shared challenges and help drive the direction of operational research and development. A Commission officer attended meetings of this group on 18 September 2014, 17 October 2014 and 30 June 2015.

Interagency Technical Group and Special Networks Committee

The Interagency Technical Group provides an opportunity for intercepting agencies to seek common ground in delivery standards and monitoring telecommunications interception. The Special Networks Committee is a forum for intercepting agencies to discuss the capability of telecommunications interception and any related contractual issues. Commission officers attended meetings of both committees on 30 July 2014, 10 December 2014, and 17 and 18 March 2015.

Interception Consultative Committee

This committee is a source of advice to agencies concerning telecommunications interception. It monitors emerging technologies that impact on lawful interception within Australia. It also interacts with telecommunications providers to ensure that they supply the interception capability required by agencies. Commission officers attended meetings of this committee on 31 July 2014, 1 August 2014 and 26 November 2014.

Joint User Group

This group provides a forum for investigation agencies utilising the same brand as the Commission's telecommunications interception system. Commission officers attended meetings of this group on 29 July 2014, and 17 and 18 March 2015.

National Oversight Covert Group

This group is concerned with the sharing of knowledge between the smaller oversight and anti-corruption agencies that have a covert physical and technical capability to improve relevant skills and techniques. Commission officers attended a meeting of this group on 3 December 2014.

SEDNode User Forum

SEDNode is a secure information system used by law enforcement and anti-corruption agencies to receive telecommunications data from providers. The Commission subscribes to the SEDNode system. The SEDNode User Forum has been established to keep members updated with system enhancements, functionality and new members. A Commission officer attended meetings of this group on 4 February 2015, 15 and 29 April 2015 and 10 June 2015.

Other alliances

To further strengthen its strategic alliances with various agencies, the Commission may enter into a memorandum of understanding (MOU) with another agency to facilitate the sharing of information and resources. The Commission currently has MOUs with the Australian Transaction Reports and Analysis Centre, the DPP, the Australian Taxation Office, the Police Integrity Commission, CrimTrac and the NSW Police Force.

Chapter 4: Preventing corruption

Sector-wide projects

The Commission identifies and analyses corruption risks of sector-wide significance with a view to making corruption prevention recommendations to government. Projects are selected on the basis of the degree of public concern and the extent of the corruption risks.

In 2014–15, the Commission conducted six major projects examining corruption risks of sector-wide significance.

Invoice payments

In November 2014, the Commission released *Safeguarding public money: the importance of controlling invoice payments*, which was a response to the Commission having identified poor invoice payment controls as a corruption prevention issue in multiple investigations.

This publication identified five key strategies for improving control over invoice payments and described a variety of mechanisms that can be used to implement each of these strategies. These five strategies are:

- developing motivated and capable accounts payable staff
- securing the vendor master file
- strengthening and protecting the design of payment processes
- making payment consistent with processes as designed
- conducting informed review of expenditure.

In addition to presenting this best practice guidance, the publication provides results from a survey conducted by the Commission of NSW public authorities concerning the invoice payment practices of these authorities. These results can be used by agencies to benchmark their own systems and processes.

Since its release, the publication has received positive feedback from a number of public authorities and Commission officers have delivered presentations on related topics.

Political donations, disclosure and expenditure

In December 2014, the Commission released *Election funding, expenditure and disclosure in NSW: strengthening accountability and transparency*. The report contributed to the review conducted by the Panel of Experts – Political Donations, which was established by the NSW Government in response to public concern over the influence of political donations on the integrity of government decision-making. The Commission made 22 recommendations to address deficiencies in how election funding is managed in this state.

The Commission undertook extensive research on election finance regulatory best practice in the UK, Canada and the United States. Lessons were also learnt from the field of prudential regulation, an industry that faces many of the same challenges as election funding regulation; that is, money is fungible and easily secreted and moved, the stakes are high, the risk appetite is high, and the rules are complex. Like organisations in the financial services industry, the political party administrative structures in NSW are complex and significant problem behaviours can exist in small pockets and away from scrutiny.

The Commission's research focused on four key areas of the NSW election funding and electoral expenditure framework. That is, the existing regulatory system emphasised administration rather than regulatory oversight and governance of political parties. Second, the governance arrangements of political parties lacked effective internal controls and accountabilities. Third, there were few sanctions and penalties against parties that failed to exert effective controls. Finally, limited transparency in the electoral funding framework constrained civil society's oversight of the electoral financing arrangements.

The Commission's recommendations address each of these areas, and include:

- requiring the NSW Electoral Commission to develop risk metrics and conduct regular risk assessment of political parties and making public the results of these assessments
- increasing the powers of the Electoral Commission to enable it to deregister a political party in extreme cases of non-compliance with the rules
- converting the Administration Fund (set up in 2011) from a reimbursement scheme to a grant that is contingent on the internal capability of political parties
- amending the *Parliamentary Electorates and Elections Act 1912* and the *Election Funding, Expenditure and Disclosures Act 1981* to attach criminal and civil sanctions to failures of senior party office holders to meet their internal party governance responsibilities
- requiring the Electoral Commission to adopt a mandatory electronic disclosure system, which allows for online, real-time donation disclosures by political parties, candidates, groups, members of parliament and third-party campaigners in the lead-up to an election.

International students

In April 2015, the Commission released *Learning the hard way: managing corruption risks associated with international students at universities in NSW*, which was a response to the growing reliance of NSW universities on international students to fund core operations.

With markets for international students highly competitive, universities face a difficult problem: they cannot enforce high entry standards without affecting revenue but cannot lower standards without risking their reputations.

The revenue pressures create a situation whereby some students may struggle to pass but the

“In 2014–15, the Commission conducted six major projects examining corruption risks of sector-wide significance.”

university cannot afford to fail them. The gap between student capability and standard academic capability becomes conducive to corruption, with the potential for increased cheating and inappropriate offers to academics on the one hand, and academics exploiting student vulnerability on the other.

In developing the publication, the Commission met with representatives from all publicly funded universities in NSW and two interstate universities, as well as representatives from the NSW Department of Education, the Australian Government Department of Immigration and Border Protection, and the Australian Government Department of Education and Training. The publication presents the insights of these representatives about the challenges facing universities' international student businesses and the strategies many universities have developed to prevent conflict between revenue pressures and academic standards.

While the publication notes that there is no easy solution to the dilemma posed by universities' reliance on international students, it presents a number of key corruption prevention initiatives to assist universities mitigate the associated corruption risks, such as:

- developing a market strategy that considers the full cost profile of international students throughout their studies at the university and targets students of lower corruption risk
- improving management of overseas education agents, including reducing the number of agents,



Case study: Corruption underground

In June 2015, the Commission released its findings of an investigation into allegations that, between 2008 and 2014, Phillip Cresnar, an engineer in the Contract Cable Laying (CCL) division of Ausgrid, corruptly solicited and accepted goods, cash and other benefits from Ausgrid contractors and subcontractors. The Commission's report also identified contractors and subcontractors as having engaged in corrupt conduct in return for favourable treatment in securing future work with Ausgrid's CCL division.

The investigation found that public authorities involved in regular contracting work should align their contracting model with the operating environment to remove potential opportunities for corruption. An important feature of this is to establish tight operational arrangements to select and manage contractors and their work. The Commission found Ausgrid's contracting model to be inadequate in this regard, which provided opportunities for Mr Cresnar to benefit contractors and himself. The Commission recommended that Ausgrid should, in the short term, improve the processes it uses for allocating work to contractors to reduce existing corruption opportunities.

In the long term, the Commission recommended that Ausgrid identify and adopt the optimum contracting model to better tighten operational arrangements. The Commission did not recommend a specific contracting model. Rather, Ausgrid is being asked to determine the optimum contracting model after considering, at a minimum, its operating environment, the motivating factors of contractors and how to align them with Ausgrid's interests, and which of the various contracting models available would be the most efficient and effective.

The investigation also highlighted how unforeseen impacts from piecemeal changes can provide further corruption opportunities when a public authority operates with poor practices and insufficient information. Ausgrid attempted to reduce the cost of engaging contractors. The model failed because, while it reduced the price contractors quoted for work, it allowed contractors to make multiple claims for additional costs after work had commenced. Ausgrid paid these claims even though it had no objective information to verify if they were authentic or accurate.

changing incentive payments to better encourage the provision of quality students, and reducing the reliance on agents by partnering with quality overseas education institutions

- matching the strength of the university's academic standards compliance system with business development risks and separating business development and compliance functions wherever possible.

The publication has generated substantial media attention locally and abroad, and Commission officers have begun delivering presentations to NSW universities on the report's recommendations.

Employment screening

It is not uncommon in Commission investigations for a corrupt public official to have had a background that should have alerted those responsible for the admission of new staff that there was a significant risk associated with the applicant or that the applicant had lied in their resume. However, evidence from employment screening experts indicates that employment screening does not appear to be widely used by the NSW public sector, despite the availability of a specific Australian standard and other guidance documents.

The Commission's aim is to assess the screening practices of the sector, and where they are inadequate, to understand the barriers to effective screening.

This financial year, the Commission collected, coded and analysed the results from its survey, *Employment screening in the public sector*, which was distributed to NSW state and local government organisations in 2014. The aim of the survey was to assess the employment screening practices of the public sector, the way it considers risks associated with specific roles such as procurement, and its perception of screening barriers.

A number of potential weaknesses in employment screening were identified, including the quality of checks, the use of continued re-screening and a lack of consideration of role risk. Several perceived barriers to employment screening were revealed, such as the cost of screening, lack of time and confusion regarding the impact of privacy law on employment screening.

The Commission will conduct interviews with the public and private sector to further explore these issues and intends to release a report on employment screening presenting these findings.

Facilities maintenance

Corrupt manipulation of facilities maintenance has been a common theme in many Commission inquiries. Facilities maintenance represents a significant cost to the NSW Government. It represents a particular challenge for agencies, as it involves the delivery of a large number of services, often in a reactive way, under time pressure, and across a wide geographic area.

Assessing the delivery of services can involve subjective judgments that can make an agency vulnerable to under-delivery and collusion. Difficulties around verifying the performance of maintenance involving hidden or remote assets is another challenge in this area.

In 2013–14, the Commission embarked on a major project examining the vulnerability of facilities maintenance to corruption. The interviews and literature review undertaken to date have highlighted a number of key issues. These include the importance of understanding the true costs involved in maintaining facilities, and the development of systems to capture accurate cost data and information pertaining to the location and condition of assets. Another key issue is appreciating the effect incentives have on service delivery and the complex interplay between factors such as a contractor's risks, costs, rewards and penalties.

The Commission intends to release a report on its findings. The publication will provide advice in areas such as the development of an accurate asset register, understanding need and cost, verification of delivery, matching agency maturity to a contracting model and managing supplier incentives.

Change management

The NSW public sector has been in a state of flux over the last few years. Major changes include the creation of agency clusters and the merging of government departments, downsizing, new contracting models, development of shared services, cooperative agreements between local governments, increasing contestability and continued outsourcing, to name a few. While the literature on organisational change is extensive, little has been written about the corruption opportunities created by organisational change. A number of Commission investigations have highlighted corruption opportunities that have arisen from large-scale change. These risks include confusion over reporting lines and accountabilities, poorly designed processes and failure to appreciate shifts in incentive structures.

The Commission intends to release a report on change management in the next reporting period. This publication will draw together information gathered from research and interviews with the banking and insurance sectors, state and local government organisations and change consultants.

Given the frequency and speed of some change experienced by some agencies in the public sector, corruption controls are often not thoroughly considered when planning or implementing change. As organisational change results in changes to the control environment, an assessment of risk throughout change management is an essential part of preventing corruption. This report will also address operational factors that agencies should consider when undergoing large-scale change and lessons that agencies can apply from both the public and private sectors.

Investigations

Within most investigation teams, specialist corruption prevention officers identify processes, structures, human factors, external influences and, in some cases, legislative issues that allowed the corrupt conduct to occur.

During the course of an investigation, corruption prevention officers conduct interviews and obtain statements from witnesses to understand the systemic weaknesses within the agency. This diagnostic work is carried out with a view to developing recommendations for change that are compatible with the operations of the agency involved in the investigation.

“...specialist corruption prevention officers identify processes, structures, human factors, external influences and, in some cases, legislative issues that allowed the corrupt conduct to occur.”



Case study: Buyers beware

In February 2015, the Commission conducted a three-day public inquiry into allegations that, between 2005 and 2013, Brett Roberts, a former university IT manager corruptly obtained benefits by issuing false invoices to the University of Sydney, the University of Newcastle and Macquarie University when he held positions at each of the universities.

A key corruption prevention lesson from this investigation was that universities can protect themselves from fraud by seeking evidence that a vendor is genuine. A well-controlled vendor master file, which records the details of vendors, is a powerful tool within an accounts payable system that can provide a barrier to fraudulent payments. The Commission was of the view that the University of Sydney should take steps to protect the integrity of the information contained in its vendor master file.

The investigation also highlighted the importance of requiring multiple sources of verification for invoices. The raising of purchase orders and requirements to undertake competitive processes allow the veracity of invoices to be established through providing multiple sources of substantiation. At the University of Sydney, orders were split to circumvent requirements relating to purchase orders and expenditure amounts.

Mr Roberts also made a number of false assertions in the curriculum vitae he provided to each of the three universities. As he held senior positions, the information he provided ought to have been verified, including his previous work history and academic qualifications.

The Commission recommended that the University of Sydney implement measures to safeguard the integrity of vendor banking details when new vendors are created and invoices are processed for payment, and expand its measures to enhance its ability to detect potential order-splitting. It also recommended that all three universities ensure that employment screening checks are performed on preferred applicants in line with the Australian Standard on Employment Screening (AS 4811-2006).

Identifying controls related to agency operations requires understanding of the context in which the organisation functions. Developing such knowledge involves consultation with managers and staff in the workplace and identifying best practice from other organisations that perform similar functions.

Agency response to corruption prevention recommendations made following investigations

Section 111E(2) of the ICAC Act requires any public authority to which recommendations are made to inform the Commission in writing within three months (or such longer period as the Commission may agree to in writing) if it proposes to implement any plan of action in response to the recommendations and, if so, of the plan of action.

If a plan of action is prepared, the agency must provide a written report to the Commission of its progress in implementing the plan 12 months after informing the Commission of the plan. If the plan has not been fully implemented by then, a further written report must be provided 12 months after the progress report.

The Commission publishes agency plans of action, progress and/or final reports on its website so that members of the public and other interested parties can verify the progress an agency has made in implementing changes recommended by the Commission.

Final reports received by the Commission in 2014–15 indicated that 93% of corruption prevention recommendations made to agencies were fully implemented, either as indicated by the Commission or in an alternative way.

Appendix 5 contains details of all progress and final reports received in 2014–15.

Education

Over recent years, Commission investigations have repeatedly exposed corrupt conduct in public sector agencies that have strong governance – including strict codes of conduct and gift and benefits policies – but loose operational controls. As a result, the Commission's corruption prevention work has focused increasingly on how public sector agencies operate, rather than the controls they have in place.

The Commission's corruption prevention work is strongly focused on assisting public sector agencies

to identify ways to create a corruption-resistant environment at a lower overall cost by examining the design of their operations. By doing so, corrupt opportunities and incentives are designed out of their systems.

The Commission has also begun encouraging public sector agencies to adopt work processes that are measured, analysed and “owned” by accountable individuals in order to improve both organisational performance and corruption control. Analysis of structure, reporting lines and chains of command, as well as properly assigned accountabilities, have a strong impact on corruption control, as do motivated and competent management and staff.

Once operations are tightened, the overall control environment can be further enhanced by having in place clear standards of expected behaviour, as set out in a code of conduct, a gifts and benefits policy and other instruments particular to the organisation. Any residual risks and opportunities for corrupt conduct that could not be designed out of the operations can then be addressed by risk treatments.

Finally, the overall effectiveness of operational controls, behavioural standards and risk treatments depends on the interaction of functions such as senior management, audit, investigations and business improvement teams, which are responsible for the design and oversight of the control environment. How well design and oversight operate, in terms of integration, capability and balance, will ultimately drive the effectiveness of the organisation’s corruption control.

This approach is now evident in all advice, executive briefings and workshops, speaking engagements, and training workshops.

Advice

The Commission provides advice on ways in which corrupt conduct can be prevented, detected, or its frequency and effects reduced. The advice service is free, and available to all officers of the NSW public sector and members of the public.

In 2014–15, a total of 134 advice requests were received; an increase of 42% compared with the previous reporting period (102 in 2013–14 and 106 in 2012–13). Of the advice requests received, 23 required a detailed response (for example, holding an advice meeting with the agency in question or drafting a letter).

Executive briefings

During the reporting period, the Commission made efforts to engage with the most senior executives of public sector agencies to encourage them to see merit in adopting operational efficiency as a corruption control. This was needed, as informal feedback had indicated that many senior executives had come to see corruption control as being in opposition to operational efficiency.

The briefings explain that corruption controls and efficiency can be aligned and that a corruption-resistant operation can also be efficient and effective. During the year, mini-workshops were developed and offered to equip executives with the skills to implement such a regime.

In 2014–15, the Commission’s Executive Director, Corruption Prevention delivered briefings to 27 executive leadership groups and delivered five executive workshops.

Speaking engagements

In 2014–15, Commission officers delivered 82 speaking engagement presentations to over 3,762 attendees. If the 27 executive briefings are included, the total speaking and briefing events total 109, representing a 38% increase on the number delivered in the previous reporting period.

Twenty-two of these speaking engagements were delivered within regional centres throughout NSW, four were delivered to interstate audiences at the request of counterpart agencies, and one was delivered at the 2nd Anti-Corruption Compliance Asia-Pacific Summit in Hong Kong.

These speaking engagements were attended in the main by public sector audiences but the broader community was addressed at outreach visits and at TAFE as part of adult migrant English program courses.

A range of topics was presented to public sector audiences, such as the use of operational effectiveness as a corruption control, procurement safeguards, managing risk during change, and effective management of accounts payable.

Table 23: Number of speaking engagements delivered compared with previous years

| Month/quarter | 2014–15 corruption prevention speaking engagements | | 2013–14 corruption prevention speaking engagements | | 2012–13 corruption prevention speaking engagements | |
|-----------------|--|------------------|--|------------------|--|------------------|
| | Number of engagements | Number addressed | Number of engagements | Number addressed | Number of engagements | Number addressed |
| Jul – Sep 2014 | 13 | 398 | 20 | 1,176 | 10 | 827* |
| Oct – Dec 2014 | 28 | 1,227 | 26 | 870 | 26 | 927 |
| Jan – Mar 2015 | 36 | 1,091 | 17 | 622 | 21 | 543 |
| Apr – June 2015 | 32 | 1,046 | 16 | 771* | 12 | 739 |
| Total | 109 | 3,762 | 79 | 3,439* | 69 | 3,036* |

* These figures do not include attendees at the APSACC, National Investigations Symposium, or the ANU or ANZSOG course.

Training

The Commission develops and delivers corruption prevention workshops to NSW public sector managers, and NSW public sector staff who have procurement responsibilities. Since 2010–11, the Commission has offered workshops free-of-charge to public sector agencies to ensure that agencies with smaller budgets or located in remote locations have the same development opportunities as public sector organisations in metropolitan areas.

During the reporting period, the Commission delivered 85 workshops to 1,636 people. A total of 41% of these workshops were delivered in rural and regional areas.

Of the 85 workshops delivered, 37 were evaluated to ensure quality. A total of 93% of participants rated these workshops as “useful” or “very useful” and 94% of participants “agreed” or “strongly agreed” that these workshops had met their training needs. These evaluation results are consistent with those reported in previous years and are indicative of very high participant satisfaction with the Commission’s workshops.

Demand for workshops, nevertheless, has continued to decline; a trend that has been in place since the 2011–12 financial year. Compared with the previous reporting period, there was a 38% reduction in workshop enquiries, resulting in a 6% decline in workshops being delivered (118 training enquiries in 2014–15). The decline may be due to training demands having previously been met or the misconception that the workshops have not been changed since 2011.

During the last reporting period, the Commission reported that the “Corruption prevention for managers” workshop had been revised so that it focused more on the use of controls inherent in robust operational arrangements. In 2014–15, the updated workshop was rolled out. This workshop has been consistently the most frequently requested, accounting for 40% of workshops delivered in 2014–15.

The “Corruption prevention in procurement” workshop was similarly updated during the later part of the year and has been well received.

Three new workshops have also been developed: “Corruption prevention for planning professionals”, “Corruption prevention for council operational staff” and “Corruption prevention for Local Aboriginal Land Councils”. Pilots for each were conducted during the reporting period. It is anticipated that demand for the new workshops in the next financial year will go some way towards increasing the overall demand for workshops.

Table 24: Number of workshops and training sessions delivered from 2012–13 to 2014–15

| Workshop/session | 2014–15 | 2013–14 | 2012–13 |
|--|-----------|-----------|------------|
| Corruption prevention for managers (full-day or half-day workshop) | 34 | 33 | 44 |
| Corruption prevention in procurement* | 30 | 36 | 57 |
| Fact finder (full-day workshop) | 9 | 5 | 4 |
| Custom workshops (including senior executive workshops) | 8 | 16 | 2 |
| New workshop pilots | 4 | – | – |
| Total | 85 | 90 | 107 |

* Includes "Corruption prevention in procurement for managers" (full-day or half-day workshop), "Corruption prevention for procurement officers" (full-day or half-day workshop) and "Probity in procurement" (from 1.5 to 2 hours).

ANZSOG ICAC executive course and scholarship

In 2014–15, the Commission entered into a partnership with the Australian New Zealand School of Government (ANZSOG) to deliver a five-day executive short course entitled "Strategic responses to corruption".

This course, which focuses on the enhancement of operational controls, replaced the previous course that had been co-delivered with the Australian National University's Crawford School of Public Policy. Under the new partnership with ANZSOG, the course was delivered in its entirety by Commission officers. In addition to part-funding and administering the course, ANZSOG promoted the course to the regional public sector, non-governmental organisations and private sector audiences using resources and promotional materials that were jointly branded.

The course, which had a non-residential fee of \$5,000, was offered in Sydney over two sessions – 29, 30 and 31 October, and 13 and 14 November 2014. As in previous years, 10 scholarship placements were provided in exchange for the provision of the Commission's teaching services. The scholarships were competitively awarded to NSW public sector executives with the aim of developing their capacity to implement operational controls to address identified corruption risk.

Fifty-four applications were received (32 in 2013–14). Scholarships were awarded to applicants who were in a position to influence reform and could immediately apply the knowledge they had obtained from the course.

Course evaluations indicated that the course was well received, for example:

- when asked the extent to which the course would help them develop their abilities at work on a 5-point scale (where 1 = not at all and 5 = to large degree) attendees gave average ratings of 4.3 for session one and 4.4 for the second
- when asked the extent to which the course's learning environment was stimulating (using the same rating scale), the average ratings for the two course sessions were 4.5 and 4.4
- when asked to rate the Commission's presenters on a 5-point scale (where 1 = very poor and 5 = very good), the average ratings varied between 4.7 and 4.9.

ANZSOG has invited the Commission to partner with it to run the course again in 2015 and the Commission has agreed.

Rural and regional communities

Every year since 2001, the Commission has visited a number of regional centres with the aim of providing corruption prevention information and advice to the wider NSW community. This initiative is known as the Rural and Regional Outreach Program.

During the reporting period, the Commission hosted two visits. The visits were to the Northern Inland region (based at Tamworth) in December 2014, and the South Coast (based at Batemans Bay) in April 2015.

Each event included training sessions for public sector staff and a community leaders' breakfast. Commission staff also visited a number of public

sector agencies within each region and spoke to senior managers about their role in reporting corruption to the Commission. More than 254 people participated in the programmed events.

Aboriginal governance project

Members of Local Aboriginal Land Councils (LALCs) have the authority under the *Aboriginal Land Rights Act 1983* to participate in significant decisions for their land councils. These decisions can include the use, or disposal, of LALC land, and decisions related to long-term financial and business initiatives.

This means that members themselves, alongside the elected boards and staff of LALCs, all play a vital role in controlling corruption in their organisations. Understanding the corruption risks that can arise in their day-to-day functions, helps LALC members to be alert to anyone who tries to corruptly influence decision-making in areas such as land dealings, heritage and commercial activities.

In 2014–15, additional training resources were developed. The workshop “Corruption prevention for LALCs” was delivered as a pilot during the Batemans Bay outreach visit. This workshop was adapted to include development issues in consultation with La Perouse LALC and is set to be delivered to La Perouse LALC board members on 1 July 2015.

As part of its long-term engagement with LALCs, the Commission was invited to 11 LALC events across the state to hold information sessions and conduct workshops.

National Investigations Symposium

In 2014–15, the Commission once again collaborated with the Office of the NSW Ombudsman and the NSW Division of the Institute of Public Administration Australia to host the 10th National Investigations Symposium (NIS).

The NIS is a biennial conference held to foster and develop investigative ability and knowledge in the NSW public sector. This popular conference was held between 5 and 7 November 2014, at the Four Seasons Hotel in the Sydney CBD. The event attracted 402 registered delegates, representing a 55% increase over the previous event’s registrations (259 delegates in 2012). Evaluations were positive, with 89% of attendees indicating the event enabled them to update their knowledge.

The Commission is currently working with its partners to deliver the 11th National Investigations Symposium in Sydney, which will take place between 9 and 11 November 2016.

APSACC

The biennial Australian Public Sector Anti-Corruption Conference (APSACC) is organised jointly with the Crime and Corruption Commission in Queensland and the Corruption and Crime Commission in Western Australia. It aims to assist the public sector to control corruption by heightening the knowledge and skill levels of public sector leaders and managers.

APSACC is recognised as Australia’s leading anti-corruption conference, and in 2013 the Sydney conference attracted over 500 national and international delegates.

The Commission is currently working with its planning partners for delivery of the 5th APSACC in Brisbane, which will take place between 17 and 19 November 2015.

Chapter 5: Compliance and accountability

The Commission has extensive statutory powers to enable it to effectively investigate and expose corrupt conduct and to identify weaknesses in NSW public sector procedures and practices with a view to working with relevant public authorities to reduce the opportunities for corrupt conduct.

In addition to the powers set out in the ICAC Act, Commission officers can:

- apply for telecommunications interception warrants and stored communications warrants and obtain access to existing and prospective telecommunications data under the *Telecommunications (Interception and Access) Act 1979*
- obtain approval under the *Law Enforcement (Controlled Operations) Act 1997* for the conduct of operations that would otherwise be unlawful
- obtain authorisation to use false identities under the *Law Enforcement and National Security (Assumed Identities) Act 2010*
- apply for warrants to use listening devices, tracking devices, optical surveillance devices and/or data surveillance devices under the *Surveillance Devices Act 2007*.

The Commission has a comprehensive compliance framework to ensure that it complies with relevant legislative requirements and does not abuse its powers.

About our compliance framework

The Commission's compliance framework includes both internal and external accountability systems. Internal accountability mechanisms include:

- strict procedural requirements for the exercise of all statutory powers
- the Strategic Investigation Group (SIG) to oversee investigations
- the Prevention Management Group (PMG) to oversee Commission corruption prevention activities

- the Executive Management Group (EMG) to oversee corporate governance and budgeting, and provide overall strategic direction
- the Audit and Risk Committee to provide independent assistance to the Commission by overseeing and monitoring the Commission's governance and risk and control frameworks
- the Health and Safety Committee to consult on health, safety and risk management within the workplace
- the Access and Equity Committee to oversee equal employment opportunity issues, plans, policies and procedures.

The two main external accountability bodies for the Commission are the Parliamentary Committee on the ICAC and the Inspector of the ICAC. The Commission is also externally accountable for its work through:

- accounting to the NSW Treasury and the Auditor General for the proper expenditure of funds
- inspection by the NSW Ombudsman of records of telecommunications interceptions, controlled operations and the use of surveillance devices
- inspection by the Commonwealth Ombudsman of records for stored communications, preservation notices and access to telecommunications data
- reporting to the NSW Attorney General and the judge who issued the warrant for each surveillance device warrant
- compliance with access to information and privacy laws, with exemption for certain operational matters
- requirements for annual reporting, including those in the ICAC Act.

In some cases, the Commission's actions are reviewable by the NSW Supreme Court to ensure proper exercise of its functions and powers.

Section 20(5) of the ICAC Act requires the Commission to provide reasons to complainants and those who report possible corrupt conduct under s 11 of the ICAC Act for its decisions to discontinue or not commence an investigation and to inform each such person of the reasons for its decisions.

Other ways in which the Commission demonstrates accountability to the community include conducting public inquiries, posting public inquiry transcripts and relevant exhibits on the Commission's website, and publishing investigation reports and other material prepared by the Commission.

Internal governance

Legal review

All applications for the exercise of statutory powers, whether under the ICAC Act or other legislation, are reviewed by a Commission lawyer to ensure they meet relevant regulatory and Commission requirements. Applications are then reviewed by the Executive Director, Legal.

If approved by the Executive Director, Legal, applications for the exercise of powers under the ICAC Act and some other statutes are submitted to the Commissioner or Assistant Commissioner for final approval. Applications for surveillance device warrants are considered by judges of the NSW Supreme Court. Applications for telecommunications interception warrants and stored communications warrants are usually made to members of the Administrative Appeals Tribunal (Commonwealth).

The Executive Director, Legal audits the Commission's assumed identity records as required under the *Law Enforcement and National Security (Assumed Identities) Act 2010*. In 2014–15, the Commission authorised one new assumed identity and revoked two assumed identity authorities. No assumed identity authorities were varied. Assumed identities were granted and used by Commission officers in surveillance operations on people of interest in Commission investigations and to maintain covert arrangements.

The audit was conducted in November 2014. Records of all audited files complied with the relevant legislative requirements.

“The Commission has a comprehensive compliance framework to ensure that it complies with relevant legislative requirements and does not abuse its powers.”

Executive Management Group

The EMG comprises the Commissioner, Deputy Commissioner and all executive directors. It usually meets fortnightly and is responsible for:

- reviewing and recommending:
 - strategic and business plans
 - risk management
 - general policies, procedures and delegations
 - codes of conduct
 - the overall management framework
- considering and determining corporate-wide management commitment to:
 - corporate governance
 - management of information systems
 - human resources
 - finance and general administration
 - communication and marketing
- overseeing major corporate projects by:
 - approving and overseeing projects
 - determining the appropriate level of progress reporting required for each project
 - ensuring effective administration and management of organisational resources
 - making decisions on a suitable course of action when a project is delayed or new information is revealed
 - endorsing strategic directions and broad operational priorities
 - ensuring that Commission staff comply with the policies relating to project planning and management.

Strategic Investigation Group

The SIG comprises the Commissioner, Deputy Commissioner and all executive directors, except the Executive Director, Corporate Services. It oversees Commission investigations, preparation of investigation reports, preparation of briefs of evidence for submission to the DPP, and the progress of criminal prosecutions arising from Commission investigations. The SIG usually meets monthly. The functions of the SIG include:

- determining the appropriate level of reporting for, and overseeing the progress of, investigations, investigation reports, briefs of evidence and criminal prosecutions
- providing direction and advice on proposed investigative strategies
- deciding whether a preliminary investigation should be escalated to a full investigation
- making and/or approving key decisions for an investigation
- endorsing and/or determining investigation priorities.

Prevention Management Group

Members of the PMG are the same as for the EMG. The PMG oversees the Commission's corruption prevention activities, and usually meets monthly.

Operations Manual and General Investigation Standards and Procedure

The Operations Manual sets out procedures for the exercise of relevant statutory powers. The procedures must be followed by Commission officers both in applying to exercise a particular power and in exercising that power. The procedures ensure that all relevant legislative requirements are identified and addressed.

The Operations Manual is updated to reflect changes to legislation. Any changes to the Operations Manual must be approved by the EMG.

The Commission has also developed a General Investigation Standards and Procedure document, which sets out the minimum standards for the conduct of Commission investigations.

External governance

Parliamentary Committee on the ICAC

The Parliamentary Committee on the ICAC is the means by which the Commission is accountable to the NSW Parliament. It was established by resolution on 6 April 1989 and was re-established on 2 June 2015.

The functions of the committee are set out in s 64 of the ICAC Act. They are:

- to monitor and review the exercise by the Commission and the Inspector of the ICAC of the Commission's and Inspector's functions
- to report to both Houses of Parliament, with such comments as it thinks fit, on any matter appertaining to the Commission or the Inspector of the ICAC or connected with the exercise of its functions to which, in the opinion of the committee, the attention of Parliament should be directed
- to examine each annual and other report of the Commission and of the Inspector of the ICAC and report to both Houses of Parliament on any matter appearing in, or arising out of, any such report
- to examine trends and changes in corrupt conduct, and practices and methods relating to corrupt conduct, and report to both Houses of Parliament any change that the committee thinks desirable to the functions, structures and procedures of the Commission and the Inspector of the ICAC
- to enquire into any question in connection with its functions referred to it by both Houses of Parliament, and report to both Houses of Parliament on that question.

The committee cannot investigate a matter relating to particular conduct, reconsider a decision by the Commission to investigate, not investigate or discontinue an investigation, or reconsider any findings, recommendations, determinations or other decisions of the Commission in relation to a particular investigation or complaint.

The Parliamentary Committee on the ICAC consists of members of Parliament, selected from both the Legislative Assembly and Legislative Council. As

of 30 June 2015, the members of the Parliamentary Committee on the ICAC were:

- Damien Tudehope MLA (chair)
- Adam Marshall MLA (deputy chair)
- Ron Hoenig MLA
- the Hon Kevin Humphries MLA
- Tania Mihailuk MLA
- Chris Patterson MLA
- Kathy Smith MLA
- Mark Taylor MLA
- the Hon Trevor Khan MLC
- Reverend the Hon Fred Nile MLC
- the Hon Lynda Voltz MLC.

In June 2014, the Parliamentary Committee commenced an inquiry into prosecutions arising from Commission investigations. The inquiry considered the following matters:

- whether gathering and assembling evidence that may be admissible in the prosecution of a person for a criminal offence should be one of the Commission's principal functions
- the effectiveness of relevant processes and procedures of the Commission and the DPP, including alternative methods of brief preparation
- the adequacy of resourcing
- whether there is a need to create new criminal offences that capture corrupt conduct
- arrangements for the prosecution of corrupt conduct in other jurisdictions.

The Commission made a written submission to the Parliamentary Committee in July 2014. The Parliamentary Committee published a discussion paper in November 2014. Copies of the submission and discussion paper can be accessed through the NSW Parliament website at www.parliament.nsw.gov.au.

Inspector of the ICAC

The Hon David Levine AO RFD QC is the current Inspector of the ICAC.

The Inspector of the ICAC can:

- audit the operations of the Commission for the purpose of monitoring compliance with the law of NSW
- deal with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission

- deal with (by reports and recommendations) conduct amounting to maladministration (including delay in the conduct of investigations and unreasonable invasions of privacy) by the Commission or officers of the Commission
- assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

The Inspector of the ICAC has extensive powers. These include the power to:

- investigate any aspect of the Commission's operations or any conduct of officers of the Commission
- require Commission officers to supply information or produce documents or other things relating to the Commission's operations or conduct of Commission officers
- require Commission officers to attend before the Inspector of the ICAC to answer questions or produce documents or other things relating to the Commission's operations or the conduct of Commission officers
- investigate and assess complaints about the Commission or Commission officers
- recommend disciplinary action or criminal prosecution against Commission officers.

In 2014–15, the Inspector of the ICAC did not complete any audits on the Commission's exercise of statutory powers.

The Auditor General

The *Public Finance and Audit Act 1983* requires the Commission to keep books and records in relation to the Commission's operations and to prepare a financial report for each financial year. This Act requires the Commission to submit the financial report to the Auditor General and to the NSW Premier, as the minister responsible for the Commission. The financial report must:

- be prepared in accordance with Australian Accounting Standards
- comply with any written directions of the Treasurer as to form and content
- exhibit a true and fair view of the Commission's financial position and performance.

The Auditor General is required to audit the Commission's financial report. Details of the Commission's financial report and the Auditor General's audit are contained in this annual report.

The NSW Ombudsman

The NSW Ombudsman inspects the Commission's records of telecommunications interceptions, surveillance device warrants, and controlled operations to measure compliance with statutory obligations.

The Ombudsman inspected the Commission's telecommunications interception records in November 2014 and June 2015. It was found that all records were kept in accordance with the relevant legislative requirements.

The Ombudsman inspected the Commission's surveillance device records in February 2015. It was found that all records were kept in accordance with the *Surveillance Devices Act 2007*.

As the Commission did not authorise or undertake any controlled operations in 2014–15, it was not necessary for the Ombudsman to inspect the Commission's controlled operations records.

The Commonwealth Ombudsman

The Commonwealth Ombudsman can inspect the Commission's records relating to stored communications warrants, preservation notices and access to telecommunications data.

The Commonwealth Ombudsman inspected the Commission's stored communications warrants and preservation notices in October 2014. The Commission's records were compliant except for one minor issue, which was rectified on the day of the inspection. The Commonwealth Ombudsman did not conduct an inspection of the Commission's telecommunications data records during the reporting period.

"The Ombudsman inspected the Commission's telecommunications interception records in November 2014 and June 2015. It was found that all records were kept in accordance with the relevant legislative requirements."

Legal changes

The principal legislative change affecting the Commission was the enactment of the *Independent Commission Against Corruption Amendment (Validation) Act 2015* ("the Validation Act"). The Validation Act commenced on 6 May 2015. It amended the ICAC Act by inserting a new Part 13 into Schedule 4 to the ICAC Act.

Clause 35(1) of Part 13 of Schedule 4 to the ICAC Act provides that:

Anything done or purporting to have been done by the Commission before 15 April 2015 that would have been validly done if corrupt conduct for the purposes of this Act included relevant conduct is taken to have been, and always to have been, validly done.

"Relevant conduct" is defined in clause 34(1) as:

...conduct that would be corrupt conduct for the purposes of this Act if the reference in section 8(2) to conduct that adversely affects, or could adversely affect, the exercise of official functions included conduct that adversely affects, or could adversely affect, the "efficacy" (but not the probity) of the exercise of official functions.

This amendment was a response to the majority decision of the High Court in *ICAC v Cunneen* [2015] HCA 14, which is discussed in more detail below. The effect of this decision was that the Commission lacked jurisdiction to investigate or make corrupt conduct findings in circumstances where the relevant conduct is that of a private individual that affects the "efficacy" as opposed to the "probity" of the exercise of official functions. This affected a number of past investigations (as well as some current investigations) and findings. The purpose of the amendment was to validate things done by the Commission before 15 April 2015, where those things depended on corrupt conduct under the ICAC Act, including conduct that could adversely affect the "efficacy" of the exercise of official functions.

The validity of the Validation Act is subject to a challenge in the High Court by Travers Duncan. Details of the challenge are discussed below under "Litigation".

As part of its response to the High Court decision, the NSW Government also established an independent panel, comprising the Hon Murray Gleeson AC QC and Bruce McClintock SC, to consider and report to the NSW Premier by 31 July 2015 on:

- the appropriate scope for the Commission's jurisdiction
- any legislative measures required to provide the Commission with the appropriate powers to prevent, investigate and expose serious corrupt conduct and/or systemic corrupt conduct involving, or affecting, public authorities and/or public officials
- whether any limits or enhancements, substantive or procedural, should be applied to the exercise of the Commission's powers.

The Commission made a written submission to the panel in June 2015 and subsequently provided additional information and material as requested.

The *Statute Law (Miscellaneous Provisions) Act 2014* made some minor amendments to the ICAC Act as a consequence of the enactment of the *Government Sector Employment Act 2013*.

In its July 2014 submission to the Parliamentary Committee on the ICAC inquiry into prosecutions arising from Commission investigations, the Commission recommended that the *Crimes Act 1900* be amended to make provision for new offences of misconduct in public office, bribery and conspiracy to defraud. The Commission also recommended that the *Crimes Act 1900* be amended to make provision for a new offence to specifically deal with public officials who have a personal interest in a contract with the public authority by which they are employed or engaged and to make provision to reverse the onus of proof for the offence of corrupt commissions or rewards under s 249B of that Act. The Commission recommended that the ICAC Act be amended to include a provision that protects persons from any criminal, civil or disciplinary liability for the voluntary disclosure of information to the Commission where the disclosure was made for the purpose of the Commission exercising its functions.

Litigation

The Commission was involved in the following litigation matters during the reporting period.

1. On 19 May 2015, Locaway Pty Ltd made an application to the Newtown Local Court for an order revoking a certificate issued under clause 11 of the Law Enforcement (Powers and Responsibilities) Regulation 2005 precluding access to the contents of an application made by a Commission officer on 22 November 2011 for a search warrant to search the premises of Locaway Pty Ltd.

The Commission had originally obtained the certificate on the basis that the search warrant application contained information that might, if disclosed, prejudice the Commission's Operation Jasper investigation. As at May 2015, the Commission's concern was limited to disclosure of information in one paragraph of the application which might adversely affect future Commission investigations. The Commission, therefore, sought an order precluding access to that paragraph. The Newtown Local Court acceded to the Commission's application by revoking the previously issued clause 11 certificate and issuing a further certificate precluding access to the relevant paragraph.

2. On 30 April 2015, each of Andrew Poole, Craig Ransley and Michael Chester filed separate summonses in the NSW Supreme Court seeking declarations that the corrupt conduct findings made against them in the Commission's August 2013 report, *Investigation into the conduct of Ian Macdonald, John Maitland and others*, were wrong in law and a nullity. The summonses were filed as a result of the High Court's interpretation of s 8(2) of the ICAC Act in *ICAC v Cunneen* [2015] HCA 14, which is referred to below, but before the commencement of the Validation Act.

The proceedings have been stood over to 31 August 2015.

3. On 9 February 2015, Sandra Lazarus, Michelle Lazarus and Jessica Lazarus filed a statement of claim in the NSW Supreme Court seeking damages for alleged negligence in the conduct of the Commission's investigation that was the subject of the Commission's August 2011 report, *Investigation into corrupt conduct involving alleged fraud on two Sydney hospitals*. The Commission has filed a notice of motion to strike out the statement of claim and dismiss the

proceedings with costs.

4. On 4 November 2014, Margaret Cunneen, Stephen Wyllie and Sophia Tilley filed a summons in the NSW Supreme Court seeking a declaration that the Commission was exceeding its jurisdiction in conducting an investigation into allegations that, on 31 May 2014, Ms Cunneen and Mr Wyllie, with the intention to pervert the course of justice, counselled Ms Tilley to pretend to have chest pains, and that Ms Tilley, with the intention to pervert the course of justice, did pretend to have chest pains, to prevent investigating police officers from obtaining evidence of Ms Tilley's blood alcohol level at the scene of a motor vehicle accident. The plaintiffs also sought a declaration that the Commission's decision to hold a public inquiry into the allegations was invalid and a nullity and an order restraining the Commission from conducting a public inquiry.

The case was heard before Hoeben CJ at CL on 5, 6 and 7 November 2014. On 10 November 2014, his Honour dismissed the plaintiffs' summons and reserved costs.

The plaintiffs then applied for leave to appeal to the NSW Court of Appeal. The principal issue that arose on the application was whether the Commission had jurisdiction under s 13(1) and s 8(2) of the ICAC Act to investigate the allegation. The NSW Court of Appeal granted leave to appeal, which the Commission did not oppose.

The case was heard by the NSW Court of Appeal (Bathurst CJ, Basten and Ward JJA) on 18 November 2014 and judgment delivered on 5 December 2014.

On the jurisdictional issue, Basten and Ward JJA allowed the appeal on the basis that the Commission's power under s 8(2) of the ICAC Act to investigate conduct that "could adversely affect ... the exercise of official functions by any public official" should be construed as being limited to conduct that "has the capacity to compromise the integrity of public administration" such that the conduct has the potential to "lead a public official into dishonest, partial or otherwise corrupt conduct" (Basten JA) or conduct that has "the potential to cause ... 'corruption' in the exercise by the public official of his or her functions" or that "could have [an] adverse outcome when viewed from a public corruption perspective" (Ward JA).

The majority held that, even though the allegation could amount to perverting the course of justice, it could not "adversely affect ... the exercise of official functions by any public official" within the meaning of s 8(2) of the ICAC Act. It followed, on the majority's approach, that the Commission had no power to investigate the allegation and, therefore, no power to conduct a public inquiry.

In dissent, Bathurst CJ held that the appropriate approach to s 8(2) was to "focus on the words of the section". Applying that approach, his Honour held that the allegation fell within s 8(2) of the ICAC Act, with the result that it was within the power of the Commission to investigate, and conduct a public inquiry into, the allegation.

The Commission then applied for special leave to appeal to the High Court.

The case was heard by the High Court (French CJ, Hayne, Kiefel, Nettle, and Gageler JJ) on 4 March 2015 and judgment delivered on 15 April 2015.

The majority (French CJ, Hayne, Kiefel and Nettle JJ) held that s 8(2) refers to conduct "...having an injurious effect upon or otherwise detracting from the probity of the exercise of the official function in any of the senses defined by s.8(1)(b)–(d)" and that could involve any of the matters in pars (a) to (y) of s 8(2).

The majority found that:

...[i]t is not enough to show only that there was conduct by a person (whether or not a public official) that could involve one or more of the matters listed in pars (a)–(y). It is necessary to show also that the conduct did or could adversely affect the exercise of an official function in one of the ways listed in s 8(1)(b)–(d). In the majority's judgment, the definition of corrupt conduct does not extend to conduct that adversely affects or could adversely affect the "efficacy" of the exercise of an official function by a public official in the sense that the official could exercise a function in a different manner or make a different decision.

In dissent, Gageler J found that:

...it [is] sufficient, to be investigated by ICAC, that criminal conduct has the potential to impair the efficacy of an exercise of an official function by a public official. I do not consider it necessary that the criminal conduct has the potential to affect the probity of an exercise of an official function by a public official.

The Commission's appeal was, accordingly, dismissed and the Commission ordered to pay the respondents' costs.

5. On 28 July 2014, Jeffrey McCloy and others filed a writ of summons in the High Court against the State of NSW and the Commission seeking a declaration that s 96 GA of the *Election Funding, Expenditure and Disclosures Act 1981* (making political donations by prohibited donors unlawful) is invalid and that certain conduct was incapable of amounting to corrupt conduct within the meaning of s 8 and s 9 of the ICAC Act.

The Commission filed a submitting appearance.

On 19 September 2014, the plaintiffs filed an amended statement of claim seeking a declaration that Division 2A (caps on political donations for NSW elections) and Division 4A (prohibition on certain donations) and s 96E (prohibition on certain indirect election campaign contributions) of the *Election Funding, Expenditure and Disclosures Act 1981* are invalid.

The case was heard by the High Court on 10 and 11 June 2015. Judgment has been reserved.

6. On 25 July 2014, Ivan Petch filed a summons in the NSW Supreme Court seeking a declaration that the findings of corrupt conduct made against him in the Commission's June 2014, *Investigation into the conduct of certain City of Ryde councillors and others*, were made without, or in excess of, jurisdiction and were a nullity.

The case was heard before Rothman J on 22 and 23 October 2014.

On 28 November 2014, Rothman J delivered judgment for the Commission.

Mr Petch filed a notice of intention to appeal on 12 December 2014. Mr Petch did not subsequently file any process commencing an appeal within the allotted time or seek an extension of time in which to do so. As a result, the Commission is proceeding to recover its costs.

7. On 11 July 2014, a company referred to as "A" filed a summons in the NSW Supreme Court seeking, inter alia, a declaration that a summons issued by the Commission under s 35 of the ICAC Act to appear and produce certain documents be quashed as invalid and was wrong in law and made without or in excess of jurisdiction and was a nullity.

The plaintiff also issued a notice to produce to the Commission seeking production of documents relating to the decision to issue the summons and other documents relating to the Commission's investigation. The Commission filed a notice of motion to set aside the plaintiff's notice to produce.

The case was heard before Harrison J on 11 August 2014.

On 27 August 2014, Harrison J ordered that the plaintiff's notice to produce be set aside and dismissed the plaintiff's summons with costs.

"A" then filed a summons seeking leave to appeal.

The appeal was heard by the NSW Court of Appeal on 4 November 2014. Judgment was delivered on 5 December 2014, dismissing the appeal with costs.

8. In April 2014, NuCoal Resources Ltd, the former holder of coal Exploration Licence 7270, commenced proceedings in the NSW Supreme Court seeking to quash the Commission's report of December 2013, titled *Operations Jasper and Acacia – addressing outstanding questions*, in which the Commission recommended that Exploration Licence 7270 be expunged or cancelled.

The case was heard on 27 October 2014. Judgment is reserved.

9. In January 2014, Cascade Coal Pty Ltd, Mt Penny Coal Pty Ltd and Glendon Brook Coal Pty Ltd commenced proceedings in the NSW Supreme Court seeking a declaration that the recommendation made in the Commission's December 2013 report, *Operations Jasper and Acacia – addressing outstanding questions*, that the Mount Penny and Glendon Brook coal exploration licences be expunged or cancelled, is a nullity.

On 29 July 2014, McDougall J dismissed the plaintiffs' summons and ordered the plaintiffs to pay the Commission's costs.

The plaintiffs filed a summons seeking leave to appeal. A date is to be set for the hearing of the appeal.

10. In October 2013, Travers Duncan, John Kinghorn, John McGuigan, John Atkinson and Richard Poole commenced proceedings in the NSW Supreme Court seeking a declaration that corrupt conduct findings made against them by the Commission in its July 2013 report, *Investigation into the conduct of Ian Macdonald, Edward Obeid Senior, Moses Obeid and others*, were wrong in law and a nullity.

On 29 July 2014, McDougall J dismissed the summonses filed by Messrs Duncan, McGuigan, Atkinson and Poole and ordered them to pay the Commission's costs. A declaration was made that the finding that Mr Kinghorn had engaged in corrupt conduct was not made according to law and was a nullity. This was because, for the purposes of s 9 of the ICAC Act, the corrupt conduct finding against Mr Kinghorn was made on the basis that his conduct could constitute or involve a criminal offence under s 184(1) of the *Corporations Act 2001*. That section provides that a director of a corporation commits an offence if they are reckless or are intentionally dishonest and fail to exercise their powers and discharge their duties in good faith in the best interests of the corporation or for a proper purpose. The Court held that a director's duty under s 184(1) did not require a proactive disclosure of information on their part. The Commission was ordered to pay Mr Kinghorn's costs.

The Commission filed a summons seeking leave to appeal the decision concerning Mr Kinghorn.

Each of Messrs Duncan, McGuigan, Atkinson and Poole also filed a summons seeking leave to appeal.

These matters, together with the appeal proceedings commenced by Cascade Coal Pty Ltd (see above), were set down for a three-day hearing, commencing on 31 March 2015.

As a result of the 5 December 2014 NSW Court of Appeal decision in *Cunneen v ICAC* [2014] NSWCA 421, Messrs Duncan, McGuigan,

Atkinson and Poole amended their grounds of appeal to take that decision into account on the basis that the corrupt conduct findings made against them did not involve any finding that their conduct led or could have led any public official or public authority into dishonest, partial or otherwise, corrupt conduct.

The March hearing dates were vacated and the matters were set down for a three-day joint hearing commencing on 15 June 2015.

On 15 April 2015, the High Court delivered its judgment in *ICAC v Cunneen* [2015] HCA 14. This judgment affected the findings in relation to Messrs Duncan, McGuigan, Atkinson, Poole and Kinghorn because those findings were made on the basis that their conduct could affect the "efficacy" rather than the "probity" of the exercise of official functions.

As the Commission then had no arguable basis to sustain its appeal in the Kinghorn proceedings or to resist the making of orders allowing the appeals by Messrs Duncan, McGuigan, Atkinson and Poole, the Commission consented to the dismissal of its summons seeking leave to appeal the decision in Kinghorn and consented to the appeals in the matters of Messrs Duncan, McGuigan, Atkinson and Poole. On 4 May 2015, the proceedings involving Messrs Duncan, McGuigan, Atkinson and Poole were adjourned for the purpose of constituting a bench of three judges of the NSW Court of Appeal to make orders to finalise the matters.

On 6 May 2015, the Validation Act came into effect. As a result, the orders made on 4 May 2015 concerning the proceedings involving Messrs Duncan, McGuigan, Atkinson and Poole were vacated and a new three-day hearing was set to commence on 15 June 2015. The Commission filed a notice of motion on 7 May 2015, seeking to have set aside the consent order dismissing its appeal in the Kinghorn matter.

Mr Duncan then amended his notice of appeal to include a challenge to the validity of the Validation Act and made application to have that challenge removed to the High Court. The High Court has set down hearing of this challenge for 5 and 6 August 2015.

The matters involving Messrs McGuigan, Atkinson, Poole and Kinghorn are effectively in

abeyance until the High Court hands down its decision on Mr Duncan's challenge to the validity of the Validation Act. The June 2015 Court of Appeal hearing dates have, accordingly, been vacated.

11. In March 2013, Martin Waterhouse filed a statement of claim in the NSW Supreme Court seeking orders to compel the Commission to investigate certain allegations previously made to the Commission.

On 2 April 2014, Garling J dismissed the proceedings and ordered the plaintiff to pay the Commission's costs.

On 30 June 2015, Mr Waterhouse filed a summons seeking leave to appeal this decision.

12. In April 2011, Angela D'Amore sought a declaration from the NSW Supreme Court that the Commission had exceeded its powers under the ICAC Act in making corrupt conduct findings against her in its December 2010 report, *Investigation into the submission of false claims for sitting day relief entitlement by Angela D'Amore MP and some members of her staff*. Ms D'Amore claimed that the Commission had exceeded its statutory powers because the findings of corrupt conduct were made without any evidence or any rationally probative evidence that she knew the conditions of the sitting day relief entitlement had not been met.

On 14 May 2012, the NSW Supreme Court delivered judgment dismissing Ms D'Amore's summons and ordering her to pay the Commission's costs.

Ms D'Amore appealed this decision to the NSW Court of Appeal.

On 21 June 2013, the NSW Court of Appeal delivered judgment dismissing the appeal and ordering Ms D'Amore to pay the Commission's costs.

On 18 July 2013, Ms D'Amore applied for special leave to appeal to the High Court of Australia. On 13 December 2013, the High Court of Australia refused Ms D'Amore's special leave application and ordered her to pay the Commission's costs.

Steps are now being taken to recover the Commission's costs.

Complaints against Commission officers

Complaints concerning the misconduct of Commission officers may be made directly to the Inspector of the ICAC or to the Commission. The Commission's memorandum of understanding with the Inspector of the ICAC provides that the Commission will notify the Inspector of complaints against Commission officers that come within the Inspector's functions. The Inspector may decide to investigate complaints directly or ask the Commission to undertake an investigation and report its findings to him.

The Executive Director, Legal is responsible for advising the Commissioner with respect to complaints of misconduct dealt with by the Commission.

In 2014–15, the Commission investigated two complaints concerning Commission officers.

The first matter concerned an allegation that a Commission officer had, without appropriate authorisation, divulged a person's email address, which had been acquired by the officer by reason of, or in the course of, that officer's exercise of functions under the ICAC Act. The allegation was investigated by the Commission. The investigation substantiated the allegation. Given the particular circumstances of the matter, it was decided to issue the officer with a warning.

The second matter concerned an allegation that a Commission officer had made a number of posts on the officer's Facebook page, which appeared to be disparaging of the officer's work colleagues and supervisor. Preliminary investigation by the Commission established that the posts had not been published with a view to disparaging other Commission officers and it was determined not to take any further action in the matter.

The Inspector of the ICAC was kept informed about these matters and the conclusions reached by the Commission.

Privacy and personal information

The *Privacy and Personal Information Protection Act 1998* (“the PPIP Act”) provides for the protection of “personal information” and for the protection of the privacy of individuals generally.

The PPIP Act sets out a number of information protection principles. They apply to the Commission only in connection with the exercise by the Commission of its administrative and educative functions.

As required by the PPIP Act, the Commission has a privacy management plan. The plan sets out how the Commission complies with the principles and requirements of the PPIP Act and, in so far as the Commission holds any health information, the *Health Records and Information Privacy Act 2002*. The plan can be accessed from the Commission’s website at www.icac.nsw.gov.au or by contacting the Commission directly.

The Commission operated in accordance with its privacy management plan in the reporting period.

No reviews were required or conducted under Part 5 of the PPIP Act during the reporting period.

Access to information

The *Government Information (Public Access) Act 2009* (“the GIPA Act”) facilitates public access to information held by government agencies, including the Commission.

The GIPA Act requires agencies to make “open access information” publicly available on an agency’s website. The Commission’s open access information is available from its website at www.icac.nsw.gov.au.

The GIPA Act provides for the making of access applications for information held by an agency. The GIPA Act provides, however, that an access application cannot be made for access to information held by the Commission relating to its corruption prevention, complaint-handling, investigative or report writing functions. It also provides that it is to be conclusively presumed that there is an overriding public interest against disclosure of other information the disclosure of which is prohibited by the ICAC Act.

Section 125 of the GIPA Act requires agencies to report on the agency’s obligations under the GIPA Act. The Commission’s report is set out in appendix 6.

Report publicly about the work of the Commission

Section 76 of the ICAC Act requires the Commission to report on its operations for each year ending on 30 June and to furnish that report to the Presiding Officer of each House of Parliament.

The section provides that the report shall include the following:

- a description of the matters that were referred to the Commission
- a description of the matters investigated by the Commission
- the time interval between the lodging of each complaint and the Commission deciding to investigate the complaint
- the number of complaints commenced to be investigated but not finally dealt with during the year
- the average time taken to deal with complaints and the actual time taken to investigate any matter in respect of which a report is made
- the total number of compulsory examinations and public inquiries conducted during the year
- the number of days spent during the year in conducting public inquiries
- the time interval between the completion of each public inquiry conducted during the year and the furnishing of a report on the matter
- any recommendations for changes in the laws of the state, or for administrative action, that the Commission considers should be made as a result of the exercise of its functions
- the general nature and extent of any information furnished under the ICAC Act by the Commission during the year to a law enforcement agency
- the extent to which its investigations have resulted in prosecutions or disciplinary action in that year
- the number of search warrants issued by authorised officers and the ICAC Commissioner respectively
- a description of its activities during that year in relation to its educating and advising functions.

This information is included in this publication.

In addition to its annual report, the Commission also publishes its investigation reports and a number of corruption prevention and research publications. These are all available from the Commission's website at www.icac.nsw.gov.au.

Investigation reports

Under the ICAC Act, the Commission is required to prepare reports on matters referred by both Houses of the NSW Parliament and on matters involving public inquiries. The Commission can also produce public reports without conducting a public inquiry. These reports are furnished to the Presiding Officer of each House who arrange for the reports to be tabled in Parliament. Each Presiding Officer has

the discretion to make Commission reports public immediately on presentation.

In 2014–15, the Commission furnished five investigation reports to the Presiding Officers. All were immediately made public.

Four of the reports involved public inquiries. The Commission's 13 October 2014 report, *Investigation into concerns that Sydney Local Health District engaged consultants at the Yaralla Estate because of political donations and links to the Liberal Party*, did not involve a public inquiry. For those reports involving a public inquiry, the time interval between the completion of the relevant public inquiry and the furnishing of the report, are set out in Table 25.

Table 25: Time interval between completion of each public inquiry and furnishing of the report – s 76(2)(ba)(vi) of the ICAC Act

| Public inquiry | Date public inquiry complete* | Date investigation report furnished to presiding officers | Days from end of public inquiry to furnishing of report** |
|---|-------------------------------|---|---|
| Investigation into the conduct of a RailCorp manager and a Housing NSW employee (Operation Spector) (8-day public inquiry) | 18/7/14*** | 13/10/14 | 87 |
| Investigation into the conduct of John Cassidy, then chancellor of the University of New England, in relation to the sale of the Tattersalls Hotel (Operation Verdi) (5-day public inquiry) | 5/9/14 | 30/10/14 | 55 |
| Investigation into allegations that an Ausgrid engineer corruptly solicited and accepted benefits from Ausgrid contractors and subcontractors (Operation Jarrah) (6-day public inquiry) | 18/3/15 | 3/6/15 | 77 |
| Investigation into the conduct of a university manager and others in relation to false invoicing (Operation Misto) (3-day public inquiry) | 21/3/15 | 25/6/15 | 96 |

* The Commission considers a public inquiry to be complete as at the date of receipt of final submissions from parties who are granted leave to appear at the public inquiry.

** Corporate goal is two months (60 days) where duration of public inquiry was five or less days and three months (90 days) otherwise.

*** Final submissions were originally required by 11/4/14. During the course of completing the report, it became necessary to notify some parties of matters requiring additional submissions. The closing date for receipt of the additional submissions was 18/7/14.

Other publications

The following publications were also produced or revised during the reporting period:

- *Annual Report 2013–2014* (22 October 2014)
- *Safeguarding public money: the importance of controlling invoice payments* (19 November 2014)
- *Election funding, expenditure and disclosure in NSW: strengthening accountability and transparency* (17 December 2014)
- *ICAC strategic plan 2015–2019* (17 March 2015)
- *Learning the hard way: managing corruption risks associated with international students at universities in NSW* (15 April 2015).

The Commission also met its target of producing two editions of the *Corruption Matters* e-newsletter. This publication raises awareness in the public sector and the wider community about corruption-related matters and the Commission's activities.

During the reporting period, the number of external visitor sessions on the Commission's website at www.icac.nsw.gov.au was 781,591, which is comparable to the figure of 761,027 reported in the previous year. Once again, the "current investigations" pages generated the most user hits.

Chapter 6: Our organisation

In 2014–15, the Commission employed an average of 122.3 full-time equivalent (FTE) staff across its six functional areas. At the end of the reporting period, of the 151 staff working at the Commission (head count figure), 117 were employed on a permanent basis, 26 on a temporary basis, one was a casual employee, and seven (including the Commissioner) were employed in the equivalent of Senior Executive Service (SES) contract positions (see appendix 7 for further information).

HR and administration

Office relocation

In June 2014, the Commission entered into a lease agreement for new offices at 255 Elizabeth Street, Sydney. The Commission's Relocation Committee, with representatives from each of the divisions, dealt with the tasks of archiving existing records and labelling and packing sensitive and confidential material, which ranged from documents to property seized during investigations.

The physical move commenced on 19 September 2014 with the relocation of information technology (IT) hardware and infrastructure to the new premises. The office move, which involved transporting office materials and documents for 130 staff and over 1,000

boxes of documents and property, commenced at 7 am on Saturday, 20 September 2014, and was completed at 8 pm that evening. Special constables were rostered to travel with the removalist vans for added security while the Commission's material was in transit. Members of the Relocation Committee and IT team worked through the weekend to get everything relocated and operational in the new premises.

Policies and procedures

The Commission continued to review and update Commission-wide policies in accordance with the Commission's established Compliance Monitoring Register, in order to ensure compliance with legislative requirements and alignment with the conditions of employment contained in the ICAC Award. The Audit and Risk Committee (ARC) periodically monitors this register.

Prior to approval by the Commissioner, the Executive Management Group (EMG) reviews all policies, which are then endorsed by the Commission Consultative Group (CCG). Commission policies are available to all staff on the intranet.

During the reporting period the following policies were reviewed and updated:

Table 26: Average full-time equivalent (FTE) staff numbers by division/section

| Division/section | 2014–15 | 2013–14 | 2012–13 | 2011–12 |
|-----------------------|--------------|--------------|--------------|--------------|
| Executive | 8.8 | 8.5 | 8.2 | 8.5 |
| Corporate Services | 19 | 19.3 | 19.9 | 21.7 |
| Corruption Prevention | 20.2 | 20.1 | 19.5 | 20.5 |
| Legal | 10.8 | 13.8 | 12.4 | 10.4 |
| Investigation | 49.3 | 51.8 | 52.2 | 50.7 |
| Assessments | 14.2 | 12.9 | 11.6 | 13 |
| Total | 122.3 | 126.4 | 123.8 | 124.8 |

Note: The average FTE excludes contractors. Further, these figures are based on Establishment Report figures (internal). There is a variation between these figures and those of the Workforce Profile report, which is a result of differences in counting criteria.

- Training and Development Policy
- Military Leave Policy
- Employment of People with Disabilities Policy
- Employee Assistance Program Policy
- Managing Alcohol and Other Drugs Policy
- Career Development Opportunities for ICAC Officers within the Commission Policy.

Learning and development

The Commission strongly encourages staff to maintain or increase their skills, knowledge and experience through attendance at training courses, seminars and relevant educational institutions. The Commission provides assistance in the form of study leave and examination leave to support staff who undertake study to further their careers.

Staff learning and development activities within the Commission are focused on six core streams. These are (1) IT, (2) risk management, (3) project management, (4) organisational development, (5) leadership/management and (6) technical skills.

The Commission's information and communications technology (ICT) trainer designed and delivered in-house training programs to staff in Microsoft Office suite applications, the Management of Cases, Complaints and Assessments (MOCCA), TRIM and the Commission's new telephone and voicemail system (AVAYA).

Training was also provided to staff in the areas of merit selection, grievance resolution, work health and safety, equal employment opportunity (EEO), harassment and bullying prevention, risk management, leadership, project management, dealing with conflict and workplace ergonomics.

There were 630 staff attendances at training sessions, which equates to an average of 5.2 training sessions for each staff member.

During the reporting period, opportunities arose for staff to undertake higher duties and temporary appointments both within divisions and across

divisions. The Commission also supported the secondments of three staff members to work at the Crown Solicitor's Office, Office of the Director of Public Prosecutions and the Ambulance Service of NSW. The Commission also offered a secondment to a member of staff from NSW Fair Trading (under the Elsa Dixon Aboriginal Employment Program) and supported the extension of secondments to three staff members from Legal Aid NSW and the Office of the Director of Public Prosecutions.

Conditions of employment and movement in salaries and allowances

The ICAC Award sets out the conditions of employment for Commission staff. In line with award conditions, a 2.5 % increase for non-executive staff became effective at the beginning of the first full pay period from 1 July 2014. The increase also applied to some of the award's allowances, such as the Associate Allowance, the Community Language Allowance and the First Aid Officer's Allowance. As in the past, ICAC Award increases have followed the Crown Employees (Public Sector 2015) Award.

Industrial relations

The Commission maintains a strong commitment to consultation on industrial issues. The CCG ensures that workplace issues, policies and procedures and organisational changes are discussed and resolved quickly and effectively. There were no industrial disputes involving the Commission during the reporting period.

Staff performance management

The individual performance agreements of Commission employees are clearly aligned with corporate objectives and key result areas (as reflected in the Commission's strategic and business plans), and are linked to individual position accountabilities.

In order to achieve the desired performance targets and organisational goals, each employee's learning

and development plan identifies the corporate, positional and individual learning and development activities that are required to ensure competence and maximise skill levels.

The Commission is committed to ensuring that each employee has in place a performance agreement within six weeks of commencing employment with the Commission. This first agreement is then used as the basis for any probationary review. An annual performance agreement is then developed at the beginning of each financial year with an annual review undertaken in July. To ensure that there are no barriers to optimal performance, however, the Commission is committed to providing informal feedback to staff and to addressing any issues on an ongoing basis. It is also committed to providing staff with the necessary development and training opportunities to achieve corporate and operational goals.

The Commission has an electronic performance management system that allows staff to complete both their performance agreement and review online in Employee Self-Service (ESS). During the reporting period, the first performance review was completed electronically on ESS. Enhancements were also made to the system following staff feedback.

Risk management

The Commission's Risk Management Policy Framework and Toolkit, Strategic Risk Management Plan and Corporate Risk Register are regularly updated in line with the Commission's Compliance Monitoring Register. The Corporate Risk Register identifies all strategic objectives and the potential impact of identified risks on the Commission's business.

The Commission's risk and control framework, including the currency of its risk-related policies and procedures, are overseen by the ARC and the EMG. The ARC also monitors the implementation of any recommendations made by the Commission's independent internal auditors in their annual review, the Auditor General of NSW and other management reviews.

To meet its security needs, the Commission installed a new and up-to-date security system, integrated with electronic access control and updated electronic surveillance in its new premises. This was integral to maintaining the physical safety of staff and Commission resources and also ensures the physical safety of personnel who attend Commission premises, such as witnesses, visitors

and media representatives. The system is monitored and rigorously maintained to ensure optimum efficiency. Monitoring security on the Commission's premises is implemented in collaboration with special constables of the NSW Police Force and includes preventing unauthorised access to premises, removal of information assets, damage to assets and physical harm to staff.

During the reporting period, in line with the Commission's continued commitment to risk management, the Commission's emergency wardens were provided with ongoing training. Additional training was provided for staff on evacuation procedures, fire awareness, coping with an emergency, and bomb threat procedures. Staff took part in a fire drill to practise evacuation procedures in the event of an emergency. Detailed diagrams were installed on Commission premises, displaying evacuation exits, muster points and fire equipment.

In 2014–15, in addition to standard mitigation procedures, following a risk assessment, provision was made for additional security during public inquiries.

Two hazard reports associated with the new premises were lodged during the reporting period. One report related to a slip issue on the ramp in the staff break-out room, which was mitigated by the installation of tactile tiles that provide a non-slip surface. The other report related to overhead lamp shades in the meal room that had the potential to come in contact with personnel sitting under the shades and this was rectified by adjusting the height of the shades.

Table 27: Hazards reported and risks controlled

| Reporting period | Number of hazards reported | Risks controlled to an acceptable level |
|------------------|----------------------------|---|
| 2010–11 | 3 | Yes |
| 2011–12 | 5 | Yes |
| 2012–13 | 3 | Yes |
| 2013–14 | 1 | Yes |
| 2014–15 | 2 | Yes |

Work health and safety

The Health and Safety Committee meets quarterly. The committee reviews safety policies and practices, conducts regular workplace inspections and facilitates the resolution of safety issues. More information on health and safety and the activities of the committee is provided in appendix 9.

Personnel security

The vetting process at the Commission is one of the risk management strategies in place to support the integrity and confidentiality of Commission operations and activities. Suitability assessments are made based on background vetting of persons who are being considered for work engagements at the Commission. This process applies to prospective staff, contractors and consultants.

During the reporting period, 46 personnel were security vetted and the Commission processed 14 requests for background vetting information from external law enforcement agencies.

As part of the induction process, new staff are briefed on security and risk management issues at the commencement of their employment. The Commission's intranet provides relevant information on security and risk management to promote security awareness among its staff and enhance the security profile of the Commission and its staff.

Other internal committees

The Commission continues to support operational and corporate committees to ensure that it maintains and improves its internal governance infrastructure. The role of the three principal internal governance committees – the Strategic Investigation Group, the Executive Management Group, and the Prevention Management Group – is to assist the Commission to meet its compliance and accountability obligations, as outlined in Chapter 5.

The Commission has in place a range of internal management and staff committees to facilitate good governance. These committees meet on a regular basis, in line with each committee's terms of reference.

Commission Consultative Group

The CCG was established to provide a formal mechanism for consultation and communication between staff and management on matters of policy and procedure before final endorsement of these policies and procedures is provided by the Commissioner. The group also considers issues referred by staff and management that relate to employee policies or procedures with Commission-wide significance.

The Executive Director, Corporate Services, provides the CCG with an overview of the outcomes of the quarterly meetings held by the Commission's

other consultative committees, namely the Access and Equity Committee, and the Health and Safety Committee.

Staff are encouraged to contribute to the CCG through a staff representative, and raise any issues relating to the ICAC Award, policies and procedures.

Access and Equity Committee

The primary role of the Commission's Access and Equity Committee is to act as the Commission's oversight body for activities related to EEO. The committee is also a driving force in monitoring the Commission's EEO Management Plan, Disability Action Plan, Multicultural Policies and Services Program and related EEO policies. The committee reports to the Commissioner through the CCG and meets on a quarterly basis. Further information on the Access and Equity Committee is outlined in appendix 8.

Audit and Risk Committee

The objective of the ARC is to provide independent assistance to the Commission by overseeing and monitoring the Commission's governance, risk and control frameworks, and its external accountability requirements. A key role of the committee is to monitor progress on agreed management actions arising out of recommendations made by the Commission's independent internal auditors.

In 2014–15, internal auditors conducted two audits; one on records management and the other on payroll administration. The purpose of the records management audit was to consider whether recordkeeping policies, systems and processes complied with relevant legislation, government policies and accepted recordkeeping standards and principles. The recommendations made were accepted by management and are being implemented. The purpose of the payroll administration audit was to consider whether key controls within the payroll process were designed and implemented effectively and to identify opportunities to strengthen controls. A minor recommendation was subsequently made and accepted by management.

Five meetings were held by the ARC during the year and attended by the independent chair and member. During the reporting period, the Commission appointed KPMG Australia as its internal audit provider. It also extended the term of engagement of its independent ARC chair by a further year (extended to 31 August 2016).

Internal Audit and Risk Management Statement for the 2014–2015 Financial Year for the Independent Commission Against Corruption

I, Megan Latham, Commissioner of the Independent Commission Against Corruption (ICAC), am of the opinion that the ICAC has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Megan Latham, am of the opinion that the Audit and Risk Committee for the ICAC is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09-08.

The Chair and Members of the Audit and Risk Committee are:

- Independent Chair – David Roden (appointed from 1 September 2012 to 31 August 2015, re-appointed to 31 August 2016)
- Independent Member – Paul Apps (re-appointed from 21 June 2014 to 20 June 2018)
- Non-Independent Member – Roy Waldon, Executive Director, Legal and Solicitor to the Commission.

These processes provide a level of assurance that enables the senior management of the ICAC to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.



The Hon Megan Latham
Commissioner
Independent Commission Against Corruption
7/09/2015

Insurance activities

The NSW Treasury Managed Fund provides insurance cover for all of the Commission's activities. These include workers compensation, motor vehicle, public liability, property and miscellaneous claims. During the reporting period, the workers compensation deposit premium decreased by \$40,313 (30.4%), while the remaining deposit premiums increased by \$6,110 (17.1%).

Information management and technology

ICT Infrastructure Upgrade Project

This major capital works project commenced in early April 2014 and finished in March 2015. All components of the Commission's information and technology infrastructure, including software, have been updated. This included the commissioning of new virtualised network servers and data storage devices, a new telephone system with a call recording facility, desktops, printers, scanners, copiers and network management tools. The project included the setting up of a warm disaster recovery site with near real-time data replication.

During the reporting period, additional enhancements were also carried out to the MOCCA system and iBase analytical databases.

Information security

The Commission is strongly committed to information security and, to this end, has continuously and successfully maintained and complied with its annual external audit accreditation to the International Standard ISO/IEC 27001:2005, which is an internationally recognised standard for information and asset security management.

Information Management and Technology (IM&T) Steering Committee

The IM&T Steering Committee was established to provide a coordinated, whole-of-organisation approach to developing and managing information and IT-related technologies. The committee comprises senior management staff and unit managers. Secretariat support is provided by the

manager of the IM&T unit within the Corporate Services Division. The committee provided support and direction during the implementation of the ICT Infrastructure Upgrade Project.

Shared corporate services

The Commission has a shared corporate services arrangement with the Health Care Complaints Commission. It oversees the management of the HCCC's corporate services unit on a fee-for-service basis and provides:

- corporate planning and risk management
- financial planning and financial management
- HR management and advice
- information management, planning on policy development, and technology planning and advice
- payroll administration
- financial accounting, reporting and payments.

The shared services agreement was renewed for 2015–16, incorporating changes to the delivery of agreed HR and IT services and providing for a modest increase in the service delivery fee.

Digital Information Security Policy Annual Attestation Statement for the 2014–2015 Financial Year for the Independent Commission Against Corruption

I, Megan Latham, Commissioner am of the opinion that the Independent Commission Against Corruption had an Information Security Management System in place during the financial year being reported on. The Information Security Management System was recently updated to adapt and be consistent with the Core Requirements set out in the *Digital Information Security Policy for the NSW Public Sector*.

I am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of the Independent Commission Against Corruption are adequate for the foreseeable future.

I am of the opinion that, where necessary, in accordance with the *Digital Information Security Policy for the NSW Public Sector*, compliance certification with AS/NZS ISO/IEC 27001 Information technology – Security techniques – Information security management systems – Requirements had been maintained by all or part of the Independent Commission Against Corruption and all or part of any Public Sector Agencies under its control.



The Hon Megan Latham
Commissioner
Independent Commission Against Corruption
18/08/15

Financials



INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

Statement by Commissioner

In accordance with section 45F of the *Public Finance and Audit Act 1983* ("the Act"), I state that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2015 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, Regulation 2015, Treasurer's Directions and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act
- (b) the financial statements exhibit a true and fair view of the financial position, financial performance and cash flows of the Independent Commission Against Corruption
- (c) I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'M Latham'.

The Hon Megan Latham
Commissioner

21/09/15



INDEPENDENT AUDITOR'S REPORT

Independent Commission Against Corruption

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Independent Commission Against Corruption (the Commission), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

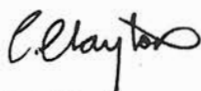
My opinion does *not* provide assurance:

- about the future viability of the Commission
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Chris Clayton
Director, Financial Audit Services

21 September 2015
SYDNEY

Statement of comprehensive income for the year ended 30 June 2015

| | Notes | Actual 2015 \$'000 | Budget 2015 \$'000 | Actual 2014 \$'000 |
|---|-------|--------------------------|--------------------------|--------------------------|
| Expenses excluding losses | | | | |
| Operating expenses | | | | |
| Employee related | 2(a) | 17,160 | 17,908 | 17,782 |
| Other operating expenses | 2(b) | 6,548 | 5,524 | 7,047 |
| Depreciation and amortisation | 2(c) | 2,001 | 3,551 | 1,051 |
| Total expenses excluding losses | | 25,709 | 26,983 | 25,880 |
| Revenue | | | | |
| Recurrent appropriation | 3(a) | 20,804 | 20,822 | 21,150 |
| Capital appropriation | 3(a) | 6,274 | 6,274 | 1,502 |
| Sale of goods and services | 3(b) | 386 | 366 | 350 |
| Investment revenue | 3(c) | 74 | 55 | 46 |
| Grants and contributions | 3(d) | 1,600 | 2,630 | 2,625 |
| Acceptance by the Crown Entity of employee benefits and other liabilities | 3(e) | 434 | 652 | 1,122 |
| Other revenue | 3(f) | 3 | 24 | 55 |
| Total Revenue | | 29,575 | 30,823 | 26,850 |
| Gain/(loss) on disposal | 4 | (123) | – | (19) |
| Net result | 16 | 3,743 | 3,840 | 951 |
| Other comprehensive income | | – | – | – |
| Total other comprehensive income | | – | – | – |
| Total comprehensive income | | 3,334 | 3,840 | 951 |

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2015

| | Notes | Actual 2015 \$'000 | Budget 2015 \$'000 | Actual 2014 \$'000 |
|--|-------|--------------------------|--------------------------|--------------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 6 | 1,640 | 2,908 | 4,299 |
| Receivables | 7 | 622 | 368 | 1,179 |
| Total Current Assets | | 2,262 | 3,276 | 5,478 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 8 | | | |
| – Leasehold improvements | | 5,144 | 917 | 106 |
| – Plant and equipment | | 2,177 | 7,340 | 2,630 |
| Plant and equipment | | | | |
| Total property, plant and equipment | | 7,321 | 8,257 | 2,736 |
| Intangible assets | 9 | 3,093 | 437 | 307 |
| Total Non-Current Assets | | 10,414 | 8,694 | 3,043 |
| Total Assets | | 12,676 | 11,970 | 8,521 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Payables | 10 | 1,072 | 784 | 1,236 |
| Provisions | 11 | 1,823 | 2,124 | 2,478 |
| Other | 12 | 567 | – | 2,262 |
| Total Current Liabilities | | 3,462 | 2,908 | 5,976 |
| Non-Current Liabilities | | | | |
| Provisions | 11 | 519 | 471 | 26 |
| Other | 12 | 2,433 | – | – |
| Total Non-Current Liabilities | | 2,952 | 471 | 26 |
| Total Liabilities | | 6,414 | 3,379 | 6,002 |
| Net Assets | | 6,262 | 8,591 | 2,519 |
| Equity | | | | |
| Reserves | | – | 409 | 409 |
| Accumulated funds | | 6,262 | 8,182 | 2,110 |
| Total Equity | | 6,262 | 8,591 | 2,519 |

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2015

| | Accumulated Funds \$'000 | Asset Revaluation Surplus \$'000 | Total \$'000 |
|--|--------------------------------|---|-----------------|
| Balance at 1 July 2014 | 2,110 | 409 | 2,519 |
| Net result for the year | 3,743 | – | 3,743 |
| Other comprehensive income | | | |
| Net increase/(decrease) in property, plant and equipment revaluation surplus | 409 | (409) | – |
| Total other comprehensive income | 409 | (409) | – |
| Total comprehensive income for the year | 4,152 | (409) | 3,743 |
| Balance at 30 June 2015 | 6,262 | – | 6,262 |
| Balance at 1 July 2013 | 1,159 | 409 | 1,568 |
| Net result for the year | 951 | – | 951 |
| Other comprehensive income | – | – | – |
| Total other comprehensive income | – | – | – |
| Total comprehensive income for the year | 951 | – | 951 |
| Balance at 30 June 2014 | 2,110 | 409 | 2,519 |

Statement of cash flows for the year ended 30 June 2015

| | Notes | Actual 2015 \$'000 | Budget 2015 \$'000 | Actual 2014 \$'000 |
|---|-------|--------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | | |
| Payments | | | | |
| Employee related | | (16,086) | (17,039) | (16,334) |
| Other | | (5,046) | (5,965) | (7,895) |
| Total Payments | | (21,132) | (23,004) | (24,229) |
| Receipts | | | | |
| Recurrent appropriation | 3(a) | 20,804 | 20,822 | 21,150 |
| Capital appropriation | 3(a) | 6,274 | 6,274 | 3,764 |
| Sale of goods and services | | 386 | 366 | 350 |
| Interest received | | 79 | 55 | 35 |
| Grants and contributions | | 1,600 | 1,600 | 2,625 |
| Cash transfers to the Crown Entity | | (2,262) | – | – |
| Other | | 928 | 1,552 | 747 |
| Total Receipts | | 27,809 | 30,669 | 28,671 |
| Net cash flows from operating activities | 16 | 6,677 | 7,665 | 4,442 |
| Cash flows from investing activities | | | | |
| Purchases of property, plant and equipment | | (6,125) | (7,244) | (1,502) |
| Other | | (3,211) | (60) | (255) |
| Net cash flows from investing activities | | (9,336) | (7,304) | (1,757) |
| Net increase/(decrease) in cash | | (2,659) | 361 | 2,685 |
| Opening cash and cash equivalents | | 4,299 | 2,547 | 1,614 |
| Closing cash and cash equivalents | 6 | 1,640 | 2,908 | 4,299 |

Summary of compliance with financial directives

| 2015 | | | | | 2014 | | | |
|---|--------------------------------------|--|------------------------------------|--|--------------------------------------|--|------------------------------------|--|
| | 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 | 20,822 | 20,804 | 6,274 | 6,274 | 21,150 | 21,150 | 9,614 | 1,502 |
| Total Appropriations/ Expenditure/ Net Claim on Consolidated Fund (includes transfer payments) | 20,822 | 20,804 | 6,274 | 6,274 | 21,150 | 21,150 | 9,614 | 1,502 |
| Amount drawn down against Appropriation | | 20,804 | | 6,274 | | 21,150 | | 3,764 |
| Liability to Consolidated Fund* | | – | | – | | – | | 2,262 |

The Summary of Compliance is based on the assumption that Consolidated Fund monies 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”.

Notes to and forming part of the financial statements for the year ended 30 June 2015

1. Summary of Significant Accounting Policies

a. Reporting entity

The Independent Commission Against Corruption ("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 NSW public sector administration.

The Commission is a NSW government entity. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements report on all the operating activities under the control of the Commission.

These financial statements for the period ended 30 June 2015 have been authorised for issue by the Commissioner on 21 September 2015.

b. Basis of preparation

- i. The Commission's financial statements are general purpose financial statements that have been prepared on an accruals basis and in accordance with:
 - applicable Australian Accounting Standards (that include Australian Accounting Interpretations)
 - the requirements of the *Public Finance and Audit Act 1983* and Regulation 2015
 - the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgments, key assumptions and estimations management have made are disclosed in the relevant notes to the financial statements.

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

ii. Going concern

The Commission is a "going concern" public sector entity. The Commission will receive a Parliamentary appropriation as outlined in the

NSW Budget Papers for 2015–16 for drawdown on an "as need" basis from the Crown Entity to meet the Commission's cash requirements.

c. Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. 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 claim experience.

e. Accounting for the Goods and Services Tax (GST)

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

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

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.

f. Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

i. Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as income when the Commission obtains control over the assets comprising the appropriations/contributions.

Control over appropriations and contributions is normally obtained upon the receipt of cash.

Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be

Notes to and forming part of the financial statements for the year ended 30 June 2015

repaid to the Consolidated Fund. The liability is disclosed in Note 12 as part of "Current liabilities – Other". The amount will be repaid and the liability will be extinguished in the next financial year.

ii. Sale of goods

Revenue from the sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the assets.

iii. Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

iv. Interest revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

v. Grants and contributions

Grants and contributions from other bodies (including grants from the NSW Department of Premier and Cabinet) are recognised as income when the Commission obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

g. Assets

i. Acquisitions of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price

equivalent, that is deferred payment amount, is effectively discounted over the period of credit.

ii. Capitalisation thresholds

The Commission's capitalisation threshold for property, plant and equipment and intangible assets is \$10,000. This means that all property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

iii. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-1). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The Commission has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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.

Notes to and forming part of the financial statements for the year ended 30 June 2015

iv. Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material.

Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost is also fair value.

v. Depreciation of property, plant and equipment

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.

All material identifiable components of assets are depreciated separately over their shorter useful lives.

The useful life of the various categories of non-current assets is in the table below.

vi. Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

vii. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

viii. 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 does not transfer substantially all the risks and benefits.

The Commission has no finance lease arrangements. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

ix. Intangible assets

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite.

| | Gross value measurement bases | Depreciation method | Depreciation life in years | Depreciation life in years |
|------------------------|-------------------------------|---------------------|----------------------------|----------------------------|
| Asset category | | | 2014–15 | 2013–14 |
| Computer hardware | Purchase price | Straight-line | 4 | 4 |
| Plant and equipment | Purchase price | Straight-line | 5 | 5 |
| Leasehold improvements | Purchase price | Straight-line | 6 | 6 |

Leasehold improvement assets are depreciated at the lesser of six years or the lease term.

Notes to and forming part of the financial statements for the year ended 30 June 2015

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Commission's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets, that is, computer software, are amortised using the straight-line method over four years. See table below.

x. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, de-recognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

xi. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as "available for sale"

must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

xii. De-recognition of financial assets and financial liabilities

A financial asset is de-recognised when the contractual rights to the cash flows from the financial assets expire or if the Commission transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Commission has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Commission's continuing involvement in the asset.

A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expires.

h. Liabilities

i. Payables

These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

| | Gross value measurement bases | Amortisation method | Amortisation life in years | Amortisation life in years |
|---------------------------------|-------------------------------|---------------------|----------------------------|----------------------------|
| Asset category | | | 2014–15 | 2013–14 |
| Intangibles – computer software | Purchase price | Straight-line | 4 | 4 |

Notes to and forming part of the financial statements for the year ended 30 June 2015

ii. Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits), and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 1.079% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

The Commission has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

(b) Long service leave and superannuation

The Commission's liabilities for long service leave and defined benefit 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 items described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 15/09) to employees with five or more years of service, using current rates of pay.

These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes

(that is, Basic Benefit and First State Super) is calculated as a percentage of the employees' salaries. For other superannuation schemes (that is, State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Consequential on-costs

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

iii. Other provisions

(a) Make-good provision

The Commission has a present legal obligation to make good its current accommodation premises at 255 Elizabeth Street, Sydney, when the current lease agreement terminates on 15 October 2020.

The Commission has recognised a provision for make good because it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

As the effect of the time value of money is material, provisions are discounted at 3.01%, (2014: 5.5%) which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(b) Lease incentive provision

The Commission received a lease incentive of \$3.405 million as part of the new lease agreement for 255 Elizabeth Street, Sydney. The amount of \$3.405 million was used to fit out the office premises prior to September 2014.

A provision has been made in the 2014–15 financial statements to recognise a lease incentive liability for the duration of the lease term of six years. At the same time, an equivalent lease incentive abatement amount is recognised as an offset against rental expenses.

i. Fair value hierarchy

A number of the Commission's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the

Notes to and forming part of the financial statements for the year ended 30 June 2015

use of unobservable inputs. Under AASB 13, the Commission categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs). The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As disclosed in Note 1(g), the Commission holds non-specialised assets with short useful lives and these are measured at depreciated historical cost as a surrogate for fair value. Consequently there are no further disclosures made in relation to the AASB 13 fair value hierarchy.

j. Equity and reserves

i. Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Commission's policy on the revaluation of property, plant and equipment, as discussed in Note 1(g)(iii).

On 16 September 2015 the Commission relocated to new office premises at 255 Elizabeth Street, Sydney. The leasehold improvements revaluation surplus for the previous premises was transferred to accumulated funds.

ii. Accumulated funds

The category "Accumulated Funds" includes all current and prior period retained funds.

k. Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budget amounts. Major variances between the original budgeted

amounts and the actual amounts disclosed in the primary financial statements is explained in Note 15.

l. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

m. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2014–15

The accounting policies applied in 2014–15 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to adopt early new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards represent some of the new standards not yet applied and hence not yet effective.

AASB 9 and AASB 2010-7, financial instruments have mandatory application from 1 January 2018 and comprise changes to improve and simplify the approach for classification and measurement of financial assets.

AASB 15 and AASB 2014-5 regarding revenue from contracts with customers.

AASB 2014-4 regarding acceptable methods of depreciation and amortisation.

AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012–2014 cycle.

AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives.

AASB 2015-3 regarding materiality.

The possible impact of these standards in the period of initial application is considered to be immaterial.

Notes to and forming part of the financial statements for the year ended 30 June 2015

2. Expenses excluding losses

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| (a) Employee related expenses | | |
| Salaries and wages (including annual leave) | 14,542 | 14,447 |
| Superannuation – defined benefit plans | 243 | 286 |
| Superannuation – defined contribution plans | 1,084 | 1,073 |
| Long service leave | 212 | 832 |
| Workers compensation insurance | 96 | 133 |
| Payroll tax and fringe benefits tax | 983 | 1,002 |
| Temporary assistance | – | 9 |
| Employee related expenses | 17,160 | 17,782 |
| (b) Other operating expenses include the following: | | |
| Advertising and publicity | 26 | 1 |
| Auditor's remuneration | | |
| – audit of the financial statements | 47 | 36 |
| Books and subscriptions | 150 | 147 |
| Cleaning | 64 | 35 |
| Consultants | 72 | 9 |
| Contract security services | 284 | 294 |
| Other contractors | 6 | 25 |
| Courier and freight | 2 | 3 |
| Electricity | 101 | 121 |
| External legal fees | 1,642 | 1,773 |
| Fees for services | 434 | 403 |
| Insurance | 41 | 12 |
| Maintenance* | 424 | 338 |
| Minor computer equipment/licences | 132 | 100 |
| Operating lease rental expense | | |
| – minimum lease payments | 2,031 | 2,456 |
| Postal and telephone | 131 | 143 |
| Printing | 30 | 79 |
| Stores and specialised supplies | 63 | 66 |
| Telecommunications | 69 | 65 |
| Training | 145 | 120 |
| Transcript fees | 127 | 167 |
| Travelling, air fares, subsistence, taxi and vehicle rental | 99 | 94 |
| Other | 428 | 560 |
| | 6,548 | 7,047 |
| <i>* Reconciliation – Total maintenance</i> | 424 | 338 |
| Maintenance expense – contracted labour and other (non-employee related), as above | | |

Notes to and forming part of the financial statements for the year ended 30 June 2015

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| (c) Depreciation and amortisation expense | | |
| Depreciation | | |
| Leasehold improvements | 807 | 402 |
| Computer equipment | 495 | 266 |
| Plant and equipment | 204 | 233 |
| | 1,506 | 901 |
| Amortisation | | |
| Intangibles – computer software | 495 | 150 |
| Total depreciation and amortisation | 2,001 | 1,051 |

3. Revenue

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| (a) Appropriations and Transfers to the Crown Entity | | |
| Recurrent appropriations | | |
| Total recurrent draw-downs from NSW Treasury (per Summary of compliance) | 20,804 | 21,150 |
| Less: Liability to Consolidated Fund* (per Summary of compliance) | – | – |
| | 20,804 | 21,150 |
| Comprising: | | |
| Recurrent appropriations (per Statement of comprehensive income) | 20,804 | 21,150 |
| Capital appropriations | | |
| Total capital draw-downs from NSW Treasury (per Summary of compliance) | 6,274 | 3,764 |
| Less: Liability to Consolidated Fund* (per Summary of compliance) | – | (2,262) |
| | 6,274 | 1,502 |
| Comprising: | | |
| Capital appropriations (per Statement of comprehensive income) | 6,274 | 1,502 |
| * The Liability to Consolidated Fund is recognised in the Statement of Financial Position as a current liability – other | | |
| | 2015 \$'000 | 2014 \$'000 |
| (b) Sale of goods and services | | |
| Corporate Services Support – Health Care Complaints Commission | 386 | 350 |
| (c) Interest revenue | 74 | 46 |

Notes to and forming part of the financial statements for the year ended 30 June 2015

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| (d) Grants and contributions | | |
| Operating grant from the Department of Premier and Cabinet | 1,600 | 2,625 |
| (e) 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 – defined benefit | 243 | 286 |
| Long service leave | 178 | 821 |
| Payroll tax | 13 | 16 |
| | 434 | 1,122 |
| (f) Other revenue | | |
| Paid parental leave receipts | – | 34 |
| Other | 3 | 21 |
| | 3 | 55 |

4. Gain/(loss) on disposal

| | | |
|---|--------------|-------------|
| Plant and computer equipment | (112) | (19) |
| Leasehold improvements | (11) | – |
| Intangible assets | – | – |
| Written-down value of assets disposed | (123) | (19) |
| Gain/(loss) on disposal of Plant, Property and Equipment | (123) | (19) |

5. Service Group of the Commission

Corruption Investigation, Prevention, Research and Education

The Commission has one service group.

This service group covers the processing, assessment and investigation of all corruption complaints. It also covers research and development of corruption training and providing prevention advice to public sector agencies through educational materials.

6. Current assets – cash and cash equivalents

| | | |
|--------------------------|--------------|--------------|
| Cash at bank and on hand | 1,640 | 4,299 |
|--------------------------|--------------|--------------|

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and short term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

| | | |
|---|--------------|--------------|
| Cash and cash equivalents (per statement of financial position) | 1,640 | 4,299 |
| Closing cash and cash equivalents (per statement of cash flows) | 1,640 | 4,299 |

Notes to and forming part of the financial statements for the year ended 30 June 2015

7. Current/Non-current assets – receivables

| | 2015 \$'000 | 2014 \$'000 |
|-------------------|----------------|----------------|
| GST | 232 | 433 |
| Prepayments | 364 | 616 |
| Other receivables | | |
| Debtors | 2 | 88 |
| Interest income | 24 | 29 |
| Other | – | 13 |
| | 622 | 1,179 |

The Commission expects to receive all amounts due, therefore no allowance for impairment of receivables has been raised.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 17.

8. Non-current assets – property, plant and equipment

| | Leasehold improvements \$'000 | Plant and equipment \$'000 | Computer equipment \$'000 | Work in progress \$'000 | Total \$'000 |
|---|-------------------------------------|----------------------------------|---------------------------------|-------------------------------|-----------------|
| At 1 July 2014 – fair value | | | | | |
| Gross carrying amount | 1,853 | 1,729 | 1,802 | 1,423 | 6,807 |
| Accumulated depreciation and impairment | (1,747) | (1,110) | (1,214) | – | (4,071) |
| Net carrying amount | 106 | 619 | 588 | 1,423 | 2,736 |
| At 30 June 2015 – fair value | | | | | |
| Gross carrying amount | 5,856 | 1,462 | 2,565 | 101 | 9,984 |
| Accumulated depreciation and impairment | (712) | (1,021) | (930) | – | (2,663) |
| Net carrying amount | 5,144 | 441 | 1,635 | 101 | 7,321 |

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

| | Leasehold improvements \$'000 | Plant and equipment \$'000 | Computer equipment \$'000 | Work in progress \$'000 | Total \$'000 |
|---|-------------------------------------|----------------------------------|---------------------------------|-------------------------------|-----------------|
| Year ended 30 June 2015 | | | | | |
| Net carrying amount at start of year | 106 | 619 | 588 | 1,423 | 2,736 |
| Additions | 5,856 | 89 | 269 | – | 6,214 |
| Disposals | (11) | (63) | (49) | – | (123) |
| Transfer to/(from) other asset classes | – | – | 1,322 | (1,322) | – |
| Depreciation expense | (807) | (204) | (495) | – | (1,506) |
| Net carrying amount at end of year | 5,144 | 441 | 1,635 | 101 | 7,321 |

Notes to and forming part of the financial statements for the year ended 30 June 2015

| | Leasehold improvements \$'000 | Plant and equipment \$'000 | Computer equipment \$'000 | Work in progress \$'000 | Total \$'000 |
|---|-------------------------------------|----------------------------------|---------------------------------|-------------------------------|-----------------|
| At 1 July 2013 – fair value | | | | | |
| Gross carrying amount | 1,897 | 1,787 | 2,042 | 101 | 5,827 |
| Accumulated depreciation and impairment | (1,389) | (936) | (1,347) | – | (3,672) |
| Net carrying amount | 508 | 851 | 695 | 101 | 2,155 |
| At 30 June 2014 – fair value | | | | | |
| Gross carrying amount | 1,853 | 1,729 | 1,802 | 1,423 | 6,807 |
| Accumulated depreciation and impairment | (1,747) | (1,110) | (1,214) | – | (4,071) |
| Net carrying amount | 106 | 619 | 588 | 1,423 | 2,736 |

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below.

| | Leasehold improvements \$'000 | Plant and equipment \$'000 | Computer equipment \$'000 | Work in progress \$'000 | Total \$'000 |
|---|-------------------------------------|----------------------------------|---------------------------------|-------------------------------|-----------------|
| Year ended 30 June 2014 | | | | | |
| Net carrying amount at start of year | 508 | 851 | 695 | 101 | 2,155 |
| Additions | – | 19 | 159 | 1,322 | 1,500 |
| Disposals | – | (18) | (21) | – | (39) |
| Transfer to/(from) other asset classes | – | – | – | – | – |
| Depreciation expense | (402) | (233) | (245) | – | (880) |
| Net carrying amount at end of year | 106 | 619 | 588 | 1,423 | 2,736 |

9. Intangible assets

| | Software \$'000 | Work in progress \$'000 | Total \$'000 |
|---|--------------------|-------------------------------|-----------------|
| At 1 July 2014 | | | |
| Cost (gross carrying amount) | 1,875 | 243 | 2,118 |
| Accumulated amortisation and impairment | (1,811) | – | (1,811) |
| Net carrying amount | 64 | 243 | 307 |
| At 30 June 2015 | | | |
| Cost (gross carrying amount) | 5,047 | 201 | 5,248 |
| Accumulated amortisation and impairment | (2,155) | – | (2,155) |
| Net carrying amount | 2,892 | 201 | 3,093 |

Notes to and forming part of the financial statements for the year ended 30 June 2015

| | Software \$'000 | Work in progress \$'000 | Total \$'000 |
|---|--------------------|-------------------------------|-----------------|
| Year ended 30 June 2015 | | | |
| Net carrying amount at start of year | 64 | 243 | 307 |
| Additions | 3,281 | – | 3,281 |
| Disposals | 42 | (42) | – |
| Amortisation | (495) | – | (495) |
| Net carrying amount at end of year | 2,892 | 201 | 3,093 |
| At 1 July 2013 | | | |
| Cost (gross carrying amount) | 1,886 | – | 1,886 |
| Accumulated amortisation and impairment | (1,685) | – | (1,685) |
| Net carrying amount | 201 | – | 201 |
| At 30 June 2014 | | | |
| Cost (gross carrying amount) | 1,875 | 243 | 2,118 |
| Accumulated amortisation and impairment | (1,811) | – | (1,811) |
| Net carrying amount | 64 | 243 | 307 |
| Year ended 30 June 2014 | | | |
| Net carrying amount at start of year | 201 | – | 201 |
| Additions | 14 | 243 | 257 |
| Disposals | (1) | – | (1) |
| Amortisation | (150) | – | (150) |
| Net carrying amount at end of year | 64 | 243 | 307 |

10. Current liabilities – payables

| | 2015 \$'000 | 2014 \$'000 |
|--------------------------------------|----------------|----------------|
| Accrued salaries, wages and on-costs | 594 | 416 |
| Accrued expenses | 478 | 820 |
| | 1,072 | 1,236 |

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

Notes to and forming part of the financial statements for the year ended 30 June 2015

11. Current/non-current liabilities – provisions

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Current | | |
| Employee benefits and related on-costs | | |
| Annual leave expected to be settled in the next 12 months is \$1,068,987 | | |
| Annual leave (includes annual leave loading) | 1,219 | 1,333 |
| Annual leave on-cost | 95 | 98 |
| Payroll tax on annual leave, long service leave (and fringe benefits tax payable) | 258 | 271 |
| Long service leave on-cost | 251 | 304 |
| Make good provision | – | 472 |
| | 1,823 | 2,478 |
| Non-current | | |
| Employee benefits and related on-costs | | |
| Long service leave on-costs | 28 | 16 |
| Provision for payroll tax on long service leave | 17 | 10 |
| Make good provision | 474 | – |
| | 519 | 26 |
| Aggregate employee benefits and related on-costs | | |
| Provision – current | 1,823 | 2,006 |
| Provision – non-current | 45 | 26 |
| Accrued salaries, wages and on-costs (Note 10) | 594 | 416 |
| | 2,462 | 2,448 |

Movements in provisions (other than employee benefits)

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

| 2015 | “Make good” provision \$'000 | Total \$'000 |
|---|------------------------------------|-----------------|
| Carrying amount at the beginning of the financial year | 472 | 472 |
| Additional provisions recognised | 474 | 3,474 |
| Amounts used | (472) | (472) |
| Carrying amount at the end of the financial year | 474 | 3,474 |

Notes to and forming part of the financial statements for the year ended 30 June 2015

12. Current liabilities/Non-current liabilities – other

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Current liabilities | | |
| Liability to Consolidated Fund | – | 2,262 |
| Lease incentive | 567 | – |
| Total Current liabilities - other | 567 | 2,262 |
| Non-current liabilities | | |
| Lease incentive – non-current | 2,433 | – |
| Total Non-current liabilities – other | 2,433 | – |

13. Commitments for expenditure

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| (a) Capital commitments | | |
| Not later than one year | 28 | 1,814 |
| Later than one year and not later than five years | – | – |
| Later than five years | – | – |
| Total (including GST) | 28 | 1,814 |

The total “capital commitments” above includes potential input tax credits of \$2,530 (2014: \$164,909) and represents support/training services still to be delivered for the ICT Infrastructure Upgrade Project and other miscellaneous capital items.

| | | |
|--|---------------|---------------|
| (b) Operating lease commitments | | |
| Future non-cancellable operating lease rentals not provided for and payable: | | |
| Not later than one year | 2,419 | 2,526 |
| Later than one year and not later than five years | 10,369 | 10,747 |
| Later than five years | 801 | 2,937 |
| Total (including GST) | 13,589 | 16,210 |

The total “operating lease commitments” above includes potential input tax credits of \$1,235,389 (2014: \$1,473,604) that are expected to be recoverable from the ATO. The operating lease commitments represent the six-year lease for new accommodation at Elizabeth Street, motor vehicle leases and miscellaneous outstanding purchase orders as at 30 June 2015.

14. Contingent liabilities and contingent assets

The Commission has contingent liabilities estimated at \$195,500 representing potential legal expenses for which the Crown Solicitor is acting on behalf of the Commission as at 30 June 2015 (30 June 2014: \$123,000).

The Commission's insurer, the NSW Treasury Managed Fund, has potential legal liabilities totalling \$1,299,000, if the liabilities are realised.

Notes to and forming part of the financial statements for the year ended 30 June 2015

15. Budget review

Net result

The actual net result of \$3.743 million surplus was lower than budget by \$0.097 million.

The Commission's expenditure overall was lower than budget by approximately \$1.2 million due mainly to underestimated depreciation expenses offset by unanticipated higher than budget external legal counsel expenses. The Commission's employee related expenditure was also lower than budget with the resignation and retirement of a number of long-term employees during 2014–15.

The Department of Premier and Cabinet provided a grant of \$1,600,000 to fund special investigations and maintain current levels of operations.

The bulk of this grant was spent on external legal counsel fees. The grant also represented a decrease of \$1 million from the 2013–14 grant of \$2.63 million.

Assets and liabilities

Cash and cash equivalents represented a reduction of \$1.268 million in the Commission's cash reserves due to the completion of the ICT Infrastructure Upgrade Project and Relocation capital projects with the exception of \$175,000 representing retention monies to be paid in 2015–16.

The decrease in cash is offset by an increase in the Commission's assets.

Current and non-current liabilities were higher than budget due to the recognition of the lease incentive of \$3.4 million and the make good provision for the new lease.

At the same time, the Commission's employee related provisions have decreased due to the reduction in the leave balances of employees to 30 days in accordance with Treasury directives.

Cash flows

Cash flows from operating activities were similar to those budgeted and represent the spending on the two major capital projects above-mentioned.

16. Reconciliation of cash flows from operating activities to net result

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Net cash used on operating activities | 6,677 | 4,442 |
| Depreciation and amortisation | (2,001) | (1,051) |
| Decrease/(increase) in provisions | (2,838) | (307) |
| Increase/(decrease) in prepayments and other assets | (573) | 601 |
| Decrease/(increase) in payables | 339 | (2,715) |
| Cash transfer to Consolidated Fund | 2,262 | – |
| Net (loss) on sale of plant and equipment | (123) | (19) |
| Net result | 3,743 | 951 |

Notes to and forming part of the financial statements for the year ended 30 June 2015

17. Financial instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls, and to monitor risks. From time to time, compliance with policies is reviewed by the Audit and Risk Committee/internal audit.

(a) Financial instrument categories

| Financial Assets | Note | Category | Carrying Amount | Carrying Amount |
|---------------------------|------|--|-----------------|-----------------|
| | | | 2015 \$'000 | 2014 \$'000 |
| Class: | | | | |
| Cash and cash equivalents | 6 | N/A | 1,640 | 4,299 |
| Receivables ¹ | 7 | Receivables at amortised cost | 26 | 130 |
| Financial Liabilities | Note | Category | Carrying Amount | Carrying Amount |
| | | | 2015 \$'000 | 2014 \$'000 |
| Class: | | | | |
| Payables ² | 10 | Financial liabilities measured at amortised cost | 303 | 820 |

Notes

1. Excludes statutory receivables and prepayments (not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. 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 NSW Treasury. Interest earned during 2014–15 was based on an average interest rate of 2.28% (2014: 2.44%).

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts that are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30-day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015: \$nil; 2014: \$nil) and less than 12 months past due (2015: \$nil; 2014: \$nil) are not considered impaired. Together these represent 100% of the total trade debtors. All of the Commission's debtors are other government departments or government authorities. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

Notes to and forming part of the financial statements for the year ended 30 June 2015

(c) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows to ensure adequate holding of liquid assets. During the current and prior year, there were no defaults on any loans payable. No assets have been pledged as collateral. The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 NSWTC 11/12. For small-business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small-business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the head of an authority (or a person appointed by the head of an authority) may automatically pay the supplier simple interest. No interest was applied during the year.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission has no exposure to market risk as it does not have borrowings or investments. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

18. Trust funds – s 47 Division 4 of the ICAC Act

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Opening balance as at 1 July 2014 | – | – |
| Deposits | 120 | – |
| Less: Payments | 10 | – |
| Total trust funds as at 30 June 2015 | 110 | – |

19. Events after the reporting period

The Department of Premier and Cabinet provided an initial grant of \$840,000 in 2015–16 to maintain the Commission's current level of operations.

Additional funding requirements will be reviewed in November 2015.

The Commission's cash reserves will be gradually reduced by \$1 million as part of the implementation of the Treasury's new Cash Management Policy.

The \$1 million has been identified by the NSW Treasury as excess to the Commission's cash buffer requirements for 2015–16.

(END OF AUDITED FINANCIAL STATEMENTS)

Appendices

Appendix 1 – Complaints profile

Table 28: Government sectors that were subject to matters received in 2014–15

| Government sector | Section 10 complaints (s 10s) | | Public interest disclosures (PIDs) | | Section 11 reports (s 11s) | | Other types of matters (OMs) | | Total for all matters | |
|---------------------------------------|-------------------------------|------------|------------------------------------|-----------|----------------------------|------------|------------------------------|----------|-----------------------|------------------|
| | Number of s 10s | % of s 10s | Number of PIDs | % of PIDs | Number of s 11s | % of s 11s | Number of OMs | % of OMs | Number of matters | % of all matters |
| Local government | 398 | 42% | 81 | 32% | 112 | 17% | 289 | 22% | 880 | 28% |
| Transport, ports and waterways | 44 | 5% | 24 | 9% | 145 | 23% | 28 | 2% | 241 | 8% |
| Health | 46 | 5% | 29 | 11% | 66 | 10% | 28 | 2% | 169 | 5% |
| Community and human services | 58 | 6% | 13 | 5% | 54 | 8% | 30 | 2% | 155 | 5% |
| Government and financial services | 72 | 8% | 6 | 2% | 28 | 4% | 48 | 4% | 154 | 5% |
| Policing | 49 | 5% | 0 | 0% | 2 | 0% | 101 | 8% | 152 | 5% |
| Law and justice | 78 | 8% | 3 | 1% | 10 | 2% | 55 | 4% | 146 | 5% |
| Education (except universities) | 36 | 4% | 15 | 6% | 79 | 12% | 14 | 1% | 144 | 5% |
| Custodial services | 30 | 3% | 24 | 9% | 20 | 3% | 34 | 3% | 108 | 3% |
| Natural resources and environment | 50 | 5% | 10 | 4% | 25 | 4% | 23 | 2% | 108 | 3% |
| Land, property and planning | 55 | 6% | 3 | 1% | 12 | 2% | 17 | 1% | 87 | 3% |
| Emergency services | 19 | 2% | 17 | 7% | 20 | 3% | 12 | 1% | 68 | 2% |
| Universities | 7 | 1% | 6 | 2% | 29 | 5% | 21 | 2% | 63 | 2% |
| Energy | 10 | 1% | 9 | 4% | 23 | 4% | 8 | 1% | 50 | 2% |
| Consumer and trade | 20 | 2% | 0 | 0% | 1 | 0% | 8 | 1% | 29 | 1% |
| Aboriginal affairs and services | 8 | 1% | 5 | 2% | 7 | 1% | 8 | 1% | 28 | 1% |
| Arts and heritage | 12 | 1% | 5 | 2% | 7 | 1% | 4 | 0% | 28 | 1% |
| Tourism, sport, recreation and gaming | 9 | 1% | 1 | 0% | 6 | 1% | 3 | 0% | 19 | 1% |
| Parliament | 2 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 2 | 0% |
| Employment and industrial relations | 1 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 1 | 0% |
| Other – unspecified | 9 | 1% | 3 | 1% | 3 | 0% | 39 | 3% | 54 | 2% |

Note: Percentages may not add to 100% because a matter may relate to more or less than one sector.

Table 29: Workplace functions applicable to matters received in 2014–15

| Workplace function | Section 10 complaints (s 10s) | | Public interest disclosures (PIDs) | | Section 11 reports (s 11s) | | Other types of matters (OMs) | | Total for all matters | |
|--|-------------------------------|-------------|------------------------------------|-----------|----------------------------|------------|------------------------------|----------|-----------------------|------------------|
| | Number of s 10s | % of s 10 s | Number of PIDs | % of PIDs | Number of s 11s | % of s 11s | Number of OMs | % of OMs | Number of matters | % of all matters |
| Human resources and staff administration | 114 | 12% | 130 | 51% | 287 | 45% | 50 | 4% | 581 | 18% |
| Reporting, investigation, sentencing and enforcement | 253 | 27% | 48 | 19% | 59 | 9% | 68 | 5% | 428 | 14% |
| Development applications and land rezoning | 256 | 27% | 26 | 10% | 31 | 5% | 82 | 6% | 395 | 13% |
| Procurement, disposal and partnerships | 130 | 14% | 45 | 18% | 91 | 14% | 31 | 2% | 297 | 9% |
| Allocation of funds, materials and services | 98 | 10% | 24 | 9% | 78 | 12% | 32 | 2% | 232 | 7% |
| Electoral and political activities | 60 | 6% | 10 | 4% | 6 | 1% | 36 | 3% | 112 | 4% |
| Issue of licences or qualifications | 25 | 3% | 4 | 2% | 37 | 6% | 12 | 1% | 78 | 2% |
| Processing of electronic and cash payments | 10 | 1% | 4 | 2% | 35 | 5% | 6 | 0% | 55 | 2% |
| Policy development and information processing | 28 | 3% | 9 | 4% | 1 | 0% | 10 | 1% | 48 | 2% |
| Miscellaneous functions | 105 | 11% | 25 | 10% | 67 | 10% | 69 | 5% | 266 | 8% |

Note: Percentages may not add to 100% because a matter may relate to more or less than one workplace function.

Table 30: Types of corrupt conduct alleged in matters received in 2014–15

| Corrupt conduct alleged | Section 10 complaints (s 10s) | | Public interest disclosures (PIDs) | | Section 11 reports (s 11s) | | Other types of matters (OMs) | | Total for all matters | |
|--|-------------------------------|------------|------------------------------------|-----------|----------------------------|------------|------------------------------|----------|-----------------------|------------------|
| | Number of s 10s | % of s 10s | Number of PIDs | % of PIDs | Number of s 11s | % of s 11s | Number of OMs | % of OMs | Number of matters | % of all matters |
| Partiality | 318 | 34% | 105 | 41% | 83 | 13% | 75 | 6% | 581 | 18% |
| Improper use of records or information | 202 | 21% | 56 | 22% | 259 | 40% | 58 | 4% | 575 | 18% |
| Personal interests | 213 | 22% | 71 | 28% | 98 | 15% | 34 | 3% | 416 | 13% |
| Failure to perform required actions | 201 | 21% | 50 | 20% | 93 | 15% | 43 | 3% | 387 | 12% |
| Improper use or acquisition of funds or resources | 97 | 10% | 37 | 15% | 194 | 30% | 29 | 2% | 357 | 11% |
| Corrupt conduct related to investigations or proceedings | 111 | 12% | 31 | 12% | 16 | 2% | 27 | 2% | 185 | 6% |
| Intimidating or violent conduct | 80 | 8% | 35 | 14% | 29 | 5% | 21 | 2% | 165 | 5% |
| Other corrupt conduct | 129 | 14% | 24 | 9% | 33 | 5% | 39 | 3% | 225 | 7% |
| Non-corrupt conduct | 72 | 8% | 12 | 5% | 10 | 2% | 122 | 9% | 216 | 7% |

Note: Percentages may not add to 100% because allegations may involve more than one type of corrupt conduct or allegations of corrupt conduct may not be made.

Appendix 2 – Statutory reporting

Table 31: Reports under s 76(2) of the ICAC Act

| Section | Reporting requirement | |
|----------------|---|--------------------------------------|
| 76(2)(ba)(i) | The time interval between the lodging of each complaint and the Commission deciding to investigate the complaint | See Table 32 for details |
| 76(2)(ba)(ii) | Number of complaints where investigations were commenced but were not finalised in 2014–15 | 8 |
| 76(2)(ba)(iii) | Average time to deal with complaints | 36 days |
| 76(2)(ba)(iii) | Actual time taken to investigate any matter in respect of which a report is made | See Table 33 for details |
| 76(2)(ba)(iv) | Total number of compulsory examinations during 2014–15 | 127 |
| 76(2)(ba)(iv) | Total number of public inquiries during 2014–15 | 7 |
| 76(2)(ba)(v) | Number of days spent during 2014–15 in conducting public inquiries | 64 days |
| 76(2)(ba)(vi) | Time interval between the completion of each public inquiry conducted during 2014–15 and the furnishing of a report on the matter | See Table 25 (Chapter 5) for details |

Report under s 76(2)(d) of the ICAC Act

In 2014–15, the Commission furnished information to the following law enforcement agencies:

- NSW Police Force
- NSW Crime Commission
- Australian Competition and Consumer Commission
- Royal Commission into Trade Union Governance and Corruption.

The general nature and extent of information furnished was as follows:

- various intelligence disseminations.

Table 32: Time interval between lodging of each complaint and the Commission deciding to investigate the complaint – s 76(2)(ba)(i) of the ICAC Act

| Date matter received | Date decided to investigate | Time interval (days) |
|----------------------|-----------------------------|----------------------|
| 27/2/2014 | 23/7/2014 | 146 |
| 14/5/2014 | 12/8/2014 | 90 |
| 4/4/2014 | 28/8/2014 | 146 |
| 21/8/2014 | 28/8/2014 | 7 |
| 3/9/2014 | 5/9/2014 | 2 |
| 23/10/2014 | 29/10/2014 | 6 |
| 27/6/2013 | 18/12/2014 | 539 |
| 14/7/2014 | 18/12/2014 | 157 |
| 17/12/2014 | 10/2/2015 | 55 |
| 8/12/2014 | 10/2/2015 | 64 |
| 2/10/2013 | 19/2/2015 | 505 |
| 16/1/2015 | 9/3/2015 | 52 |
| 23/10/2014 | 12/3/2015 | 140 |
| 9/3/2015 | 12/3/2015 | 3 |
| 18/3/2015 | 24/3/2015 | 6 |
| 19/3/2015 | 24/3/2015 | 5 |
| 19/3/2015 | 24/3/2015 | 5 |
| 17/3/2015 | 8/4/2015 | 22 |
| 14/4/2015 | 27/4/2015 | 13 |
| 1/6/2015 | 19/6/2015 | 18 |
| 17/6/2015 | 23/6/2015 | 6 |

Note: The Commission may seek further information or conduct preliminary enquiries before deciding to commence an investigation.

Table 33: Actual time to investigate any matter in respect of which a report is made – s 76(2)(ba)(iii) of the ICAC Act

| Date referred for investigation | Date investigation completed | Time taken to investigate (days) |
|---------------------------------|------------------------------|----------------------------------|
| 25/7/2013 | 21/7/2014 | 361 |
| 1/7/2014 | 13/8/2014 | 43 |
| 1/7/2014 | 13/8/2014 | 43 |
| 23/7/2014 | 13/8/2014 | 21 |
| 23/7/2014 | 13/8/2014 | 21 |
| 15/1/2015 | 27/2/2015 | 43 |
| 4/12/2014 | 27/2/2015 | 85 |
| 1/7/2014 | 27/2/2015 | 241 |
| 27/3/2014 | 2/6/2015 | 432 |

Note: These figures relate only to matters reported under s 11 of the ICAC Act.

Appendix 3 – Outcomes of matters

Table 34: Key outcomes recorded in 2014–15

| Key outcomes | Section 10 matters | Public interest disclosures | Section 11 matters | Other types of matters | Total |
|---|--------------------|-----------------------------|--------------------|------------------------|-------|
| Number of persons subject to recommendations that advice of Director of Public Prosecutions be sought for prosecution | 8 | 0 | 5 | 0 | 13 |
| ICAC public inquiry | 2 | 1 | 3 | 1 | 7 |
| ICAC investigation | 12 | 9 | 18 | 3 | 42 |
| Corruption prevention recommendations made | 6 | 0 | 0 | 0 | 6 |

Table 35: Other outcomes for matters closed during 2014–15

| | Section 10 matters | Public interest disclosures | Section 11 matters | Other types of matters | Total |
|--|--------------------|-----------------------------|--------------------|------------------------|-------|
| ICAC outcomes | | | | | |
| Intelligence or technical product passed to another agency | 0 | 0 | 0 | 0 | 0 |
| Matter referred to another law enforcement agency | 5 | 1 | 5 | 5 | 16 |
| Referred to another agency for information | 34 | 9 | 5 | 4 | 52 |
| Referred to the subject agency for information | 76 | 51 | 4 | 2 | 133 |
| Systemic issue identified by the Commission | 2 | 6 | 5 | 7 | 20 |
| No further action identified by the Commission | 883 | 156 | 574 | 1,141 | 2,754 |
| Agency outcomes | | | | | |
| Disciplinary action taken by the agency – Counselling | 5 | 4 | 33 | 1 | 43 |
| Disciplinary action taken by the agency – Dismissal | 7 | 0 | 28 | 2 | 37 |
| Disciplinary action taken by the agency – Resignation | 3 | 5 | 26 | 0 | 34 |
| Disciplinary action taken by the agency – Other | 8 | 3 | 25 | 0 | 36 |
| Disciplinary action proposed by the agency | 2 | 1 | 86 | 2 | 91 |
| Systemic issue identified by the agency | 6 | 6 | 27 | 2 | 41 |
| Systemic issue addressed by the agency | 4 | 4 | 12 | 3 | 23 |
| No action warranted by the agency | 71 | 20 | 43 | 20 | 154 |

Appendix 4 – Prosecution and disciplinary action in 2014–15 arising from ICAC investigations

Table 36: Progress of prosecution matters in 2014–15

The date the investigation report was published is in brackets.

“Crimes Act” refers to the *Crimes Act 1900* (NSW), while the “ICAC Act” refers to the *Independent Commission Against Corruption Act 1988* (NSW).

Investigation into schemes to fraudulently obtain building licences (Operation Ambrosia) (December 2005)

| Name | Joseph Constantin |
|--|--|
| Offences recommended for Director of Public Prosecutions (DPP) consideration | Section 87 ICAC Act (false evidence). |
| DPP advice | On 13 April 2012, the DPP advised there was sufficient evidence to proceed with one s 87 offence. |
| Status | <p>Mr Constantin was found guilty of two s 87 offences. On 28 November 2013, he was sentenced before the Downing Centre Local Court on both offences to a s 9 bond to be of good behaviour for a period of 12 months.</p> <p>Mr Constantin appealed his conviction and, on 12 December 2014, at the Sydney District Court he was found guilty of one s 87 offence while the conviction on the second s 87 offence was quashed. He was sentenced to a s10A good behaviour bond for 12 months.</p> |

Investigation into corrupt issuing of driver licences (Operation Sirona) (September 2007)

| Name | Victor Phomsavanh |
|--|--|
| Offences recommended for DPP consideration | Common law offence of conspiracy to commit misconduct in public office and s 87 ICAC Act (false evidence). |
| DPP advice | On 16 March 2009, the DPP advised there was sufficient admissible evidence to proceed with an offence of conspiracy to commit misconduct in public office and an offence under s 87 ICAC Act. |
| Status | The matter was listed for mention at the Downing Centre Local Court on 19 August 2014. On 20 August 2014, Mr Phomsavanh was committed for trial to the Sydney District Court. On 22 April 2015, at the Sydney District Court, Mr Phomsavanh pleaded guilty to the conspiracy charge and the offence under s 87 ICAC Act. The matter is listed for sentence on 24 July 2015 at the Sydney District Court. |

Investigation into the misuse of Sydney Ferries corporate credit cards (Operation Argyle) (November 2009)

| Name | Geoffrey Smith |
|--|---|
| Offences recommended for DPP consideration | Common law offence of misconduct in public office. |
| DPP advice | On 5 October 2011, the DPP advised there was sufficient evidence to proceed with a s 176A Crimes Act offence (director defrauding a body corporate), one offence of the common law offence of misconduct in public office, and one offence under cl 11(2)(a) of Schedule 10, Part 1 of the <i>State Owned Corporations Act 1989</i> (knowingly making a false statement to a voting shareholder). |
| Status | On 12 May 2014, Mr Smith pleaded guilty to one offence contrary to s 176A Crimes Act. The offence under the <i>State Owned Corporations Act 1989</i> was taken into account on sentence. Mr Smith was sentenced on 4 August 2014 to a total term of imprisonment of three years, four months and 24 days with a non-parole period of 18 months. |

Investigation into corrupt conduct affecting the administration of justice in the Wagga Wagga and other local court areas (Operation Segomo) (March 2010)

Note: briefs of evidence in this matter were provided to the DPP in September 2010. The DPP forwarded the briefs to the Crown Solicitor's office for consideration.

| Name | John Hart |
|--|---|
| Offences recommended for DPP consideration | Section 179 Crimes Act (false pretences) and s 319 Crimes Act (pervert the course of justice). |
| DPP advice | On 14 September 2012, Crown Solicitor recommended Mr Hart be prosecuted for one s 179 offence and 10 s 319 offences. |
| Status | On 18 November 2013, Mr Hart pleaded guilty to five s 319 offences. The other five s 319 offences were placed on a Form 1 to be taken into account on sentence. On 29 November 2013, Mr Hart was acquitted of the s 179 offence. On 22 August 2014, Mr Hart was convicted and sentenced at the Sydney District Court to a total term of two years and nine months imprisonment with a non-parole period of one year and 10 months, for five offences of pervert the course of justice under s 319 Crimes Act. Mr Hart has filed a notice of intention to appeal. |

Investigation into alleged corrupt conduct involving Burwood Council's general manager and others (Operation Magnus) (April 2011)

| Name | Pasquale (Pat) Romano |
|--|---|
| Offences recommended for DPP consideration | Section 249C Crimes Act (provide false document), s 178BB Crimes Act (obtain valuable thing by false or misleading statement), common law offence of misconduct in public office, s 20 <i>Public Interest Disclosures Act 1994</i> (taking detrimental action), s 93 ICAC Act (causing disadvantage to persons assisting the Commission) and s 87 ICAC Act (false evidence). |
| DPP advice | In April 2011, the DPP advised there was insufficient evidence to prosecute Mr Romano for any offence under s 20 <i>Public Interest Disclosures Act 1994</i> . The Commission accepted that advice. On 15 August 2012, the DPP advised there was sufficient evidence to prosecute Mr Romano for four offences of misconduct in public office, six s 178BA offences, one s 249C offence and 23 s 87 offences. |

| | |
|--------|--|
| Status | <p>On 16 May 2014, Mr Romano pleaded guilty to three offences of misconduct in public office, three offences of give false or misleading evidence pursuant to s 87(1) ICAC Act and one offence of fraudulent appropriation pursuant to s 124 Crimes Act. The court was asked to take into account matters contained on a Form 1, being six offences of obtain financial advantage by deception pursuant to s 178BA Crimes Act and three offences of give false or misleading evidence pursuant to s 87(1) ICAC Act.</p> <p>On 7 November 2014, Mr Romano was sentenced to imprisonment for an aggregate term of two years and six months with a non-parole period of 20 months.</p> <p>Mr Romano has lodged a notice of intention to appeal.</p> |
|--------|--|

Investigation into corrupt conduct involving alleged fraud on two Sydney hospitals (Operation Charity) (August 2011)

| Name | Sandra Lazarus |
|--|--|
| Offences recommended for DPP consideration | Section 300(1) Crimes Act (make and use false instrument) and s 178BB Crimes Act (obtain valuable thing by false or misleading statement). |
| DPP advice | On 22 February 2013, the DPP advised there was sufficient evidence to prosecute Ms Lazarus for 42 s 300(1) offences and 16 s 178BB offences. |
| Status | <p>On 27 November 2014, Ms Lazarus was found guilty of 16 s 178BB offences and 27 s 300(1) offences. She was found not guilty of 15 s 300(1) offences. The matter was adjourned for sentence to the Downing Centre Local Court on 9 February 2015.</p> <p>Ms Lazarus was also referred to the NSW Supreme Court for contempt charges under s 24(1) of the <i>Local Court Act 2007</i> for her conduct and refusal to answer questions put to her when directed to do so by the magistrate.</p> <p>On 5 February 2015, Ms Lazarus commenced proceedings in the NSW Supreme Court seeking judicial review of the magistrate's decision. The Local Court proceedings were adjourned until 20 April 2015 for sentence or other appropriate action.</p> <p>The NSW Supreme Court proceedings were dismissed by Garling J on 16 April 2015.</p> <p>On 27 April 2015, Ms Lazarus was sentenced in the Downing Centre Local Court to an aggregate term of 21 months imprisonment with a non-parole period of 16 months. Ms Lazarus has lodged an all grounds appeal.</p> |

| Name | Michelle Lazarus |
|--|--|
| Offences recommended for DPP consideration | Section 87 ICAC Act (false evidence). |
| DPP advice | On 22 February 2013, the DPP advised sufficient evidence to prosecute Ms Lazarus for seven s 87 offences. |
| Status | <p>On 23 May 2014, Ms Lazarus was found guilty of seven s 87 offences. On 14 July 2014, she was sentenced to a total term of nine months imprisonment, which was suspended pursuant to s 12 <i>Crimes (Sentencing Procedure) Act 1999</i> on the condition that she enter into a good behaviour bond.</p> <p>Ms Lazarus has lodged an appeal against conviction and sentence to the District Court. On 15 May 2015, her appeal was set down to commence on 16 November 2015.</p> |

Investigation into the payment of \$4,500 to a councillor of Auburn City Council (Operation Barrow) (June 2012)

| Name | Jack Au |
|--|---|
| Offences recommended for DPP consideration | Section 249B Crimes Act (corrupt reward). |
| DPP advice | On 13 May 2013, the DPP advised that there was sufficient admissible evidence to prosecute for one s 249B offence. |
| Status | On 20 December 2013, Mr Au was convicted of the offence under s 249B and sentenced to 200 hours of community service. Mr Au appealed against his conviction. On 7 July 2014, Mr Au's appeal against his conviction was dismissed and the conviction and sentence was confirmed. |

Investigation into the conduct of a University of New England (UNE) procurement officer and UNE contractors (Operation Crusader) (August 2012)

| Name | Colin McCallum |
|--|--|
| Offences recommended for DPP consideration | Section 178BB(1) and s 192E(1) Crimes Act. |
| DPP advice | On 27 August 2013, the DPP advised that there was sufficient admissible evidence to prosecute for one s 249B offence, one offence of embezzling contrary to s 157 Crimes Act and one offence contrary to s 192E(1). |
| Status | Mr McCallum initially entered pleas of not guilty but, on 22 July 2014, he pleaded guilty to one offence of embezzle as a clerk or servant under s 157 Crimes Act, and one offence of dishonestly obtain financial benefit by deception under s 192E Crimes Act. He was sentenced on 7 October 2014. He received a \$2,000 fine for the s 157 offence and a \$500 fine for the s 192E offence. |

Investigation into the recruitment of contractors and other staff by a University of Sydney IT manager (Operation Citrus) (October 2012)

| Name | Atila Demiralay |
|--|--|
| Offences recommended for DPP consideration | Section 87 ICAC Act (false evidence). |
| DPP advice | On 29 November 2013, the DPP advised there was sufficient admissible evidence to prosecute for three s 87 offences. |
| Status | Mr Demiralay entered pleas of not guilty and a hearing date was set for 27 October 2014 at the Downing Centre Local Court. The matter was adjourned and set down for hearing on 12 February 2015. On 5 February 2015, the charges against Mr Demiralay were withdrawn by the DPP and the hearing date vacated. |

| Name | Virginia Kantarzis |
|--|--|
| Offences recommended for DPP consideration | Section 87 ICAC Act (false evidence). |
| DPP advice | On 29 November 2013, the DPP advised there was sufficient admissible evidence to prosecute for three s 87 offences. |
| Status | Ms Kantarzis entered pleas of not guilty and a hearing date was set for 27 October 2014 at the Downing Centre Local Court. On 29 October 2014, Ms Kantarzis pleaded guilty to one s 87 offence. On 19 December 2014, she was sentenced to perform 180 hours of community service work. |

Investigation into the conduct of officers of the Wagonga Local Aboriginal Land Council and others (Operation Petrie) (September 2012)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of four named individuals, including Ronald Medich. Briefs of evidence were sent to the DPP on 16 January 2013. The DPP is awaiting the outcome of other criminal proceedings involving Mr Medich before finalising its advice in relation to this matter.

Investigation into allegations that staff from a number of local councils and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers (Operation Jarek) (October 2012)

| Name | Glen Lapham |
|--|---|
| Offences recommended for DPP consideration | Section 87 ICAC Act (false or misleading evidence), s 80(c) ICAC Act offence (making false statement to a Commission officer) and s 80(a) ICAC Act (obstructing a Commission officer). |
| DPP advice | On 9 January 2014, the DPP advised there was sufficient admissible evidence to prosecute for two s 87 offences and one s 80(c) offence. |
| Status | <p>On 19 June 2014, Mr Lapham was convicted and sentenced to a s 9 good behaviour bond of two years for the s 80(c) offence.</p> <p>He was also convicted and sentenced to a term of six months imprisonment to date from 19 June 2014 for the first s 87 offence and a further consecutive term of nine months imprisonment with a three-month non-parole period for the second s 87 offence (effectively serving nine months' imprisonment with a further parole period of six months).</p> <p>An appeal against the sentences was lodged. On 10 July 2014, at the Sydney District Court, the appeal was dismissed and the convictions confirmed.</p> |

| Name | John Morgan |
|--|---|
| Offences recommended for DPP consideration | Section 249B(2) Crimes Act (corruptly offering a benefit) and s 87 ICAC Act (false evidence). |
| DPP advice | On 9 January 2014, the DPP advised sufficient admissible evidence to prosecute for two s 87 offences. |
| Status | On 6 May 2014, Mr Morgan pleaded guilty to two s 87(1) offences. On 19 August 2014, Mr Morgan was convicted and sentenced to nine months imprisonment for both s 87(1) offences, which were suspended under s 12 of the <i>Crimes (Sentencing Procedure) Act 1999</i> on the condition that Mr Morgan entered into good behaviour bonds for the period. |

| Name | Kerry Smith |
|--|--|
| Offences recommended for DPP consideration | Section 249B(1) Crimes Act (corruptly receiving a benefit), s 178BA Crimes Act (obtaining a financial advantage by deception) and s 178BB Crimes Act (obtaining financial advantage by false or misleading statement). |
| DPP advice | On 19 February 2014, the DPP advised sufficient admissible evidence to prosecute for seven s 249B(1) offences. |

| | |
|--------|--|
| Status | <p>On 13 May 2014, Mr Smith pleaded guilty to seven s 249B(1) offences.</p> <p>On 15 July 2014, Mr Smith was sentenced as follows with respect to each offence:</p> <ol style="list-style-type: none"> 1. fine \$1,000 2. fine \$1,500 3. fine \$1,500 4. nine months imprisonment with a six-month non-parole period 5. nine months imprisonment with a six-month non-parole period (4. and 5. to be served concurrently) 6. 14 months imprisonment with an eight-month non-parole period 7. 14 months imprisonment with an eight-month non-parole period (6. and 7. to be served concurrently but partially consecutive to 4. and 5.). <p>On 26 August 2014, the court ordered that his sentences be served by way of home detention.</p> |
|--------|--|

| Name | Jacqueline Verdeyan |
|--|--|
| Offences recommended for DPP consideration | Section 87(1) ICAC Act (false evidence). |
| DPP advice | On 9 January 2014, the DPP advised sufficient admissible evidence to prosecute for two s 87 offences. |
| Status | <p>On 19 June 2014, Ms Verdeyan was convicted and sentenced to six months imprisonment, and a further nine months imprisonment with a non-parole period of three months for the two s 87 offences. The sentences are to be served consecutively.</p> <p>On 19 August 2014, the court directed that the sentences be served by way of home detention.</p> |

| Name | Paul Wright |
|--|--|
| Offences recommended for DPP consideration | Section 249B(2) Crimes Act (corruptly offering a benefit), s 178BA Crimes Act (obtaining a financial advantage by deception) and s 178BB Crimes Act (obtaining financial advantage by false or misleading statement), s 87(1) ICAC Act (false evidence) and s 80(c) ICAC Act (make false statement to Commission officer). |
| DPP advice | On 9 January 2014, the DPP advised there was sufficient admissible evidence to prosecute for five s 87 offences, one s 80(c) offence and 19 s 193B(3) Crimes Act offences (recklessly deal with the proceeds of crime). |
| Status | <p>On 5 June 2014, Mr Wright pleaded guilty to 19 charges of obtaining money by deception contrary to s 178BA offences, four s 80(c) offences and five s 87(1) offences. The matters were committed for sentence to the Sydney District Court.</p> <p>On 21 August 2014, Mr Wright was convicted and sentenced as follows:</p> <ol style="list-style-type: none"> 1. sentenced to nine months imprisonment on each of the 19 s 178BA offences 2. sentenced to 12 months imprisonment on each of the five s 87(1) offences 3. in relation to the four s 80(c) offences, no further penalty was imposed. <p>Due to the large number of offences, an aggregate sentence was imposed under s 53A of the <i>Crimes (Sentencing Procedure) Act 1999</i> of four years imprisonment with a non-parole period of two years.</p> |

Investigation into allegations that a manager at the University of Technology, Sydney (UTS) solicited and accepted money, gifts and other benefits from UTS contractors (Operation Stark) (March 2013)

| Name | Nabil Faysal |
|--|---|
| Offences recommended for DPP consideration | Section 249B(1) Crimes Act (corruptly receiving a benefit). |
| DPP advice | On 24 September 2014, the DPP advised sufficient evidence to charge Mr Faysal with nine s 249B(1)(a) offences and 10 s 178BB offences. |
| Status | On 10 December 2014, upon his return to Australia from Qatar, Mr Faysal was charged with the offences. All matters have been set down for hearing to commence in the Downing Centre Local Court on 16 November 2015. |

Investigation into the conduct of Ian Macdonald, Ronald Medich and others (Operation Jarilo) (July 2013)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of Ian Macdonald and Ronald Medich for offences of corruptly receiving and soliciting a benefit contrary to s 249B of the Crimes Act. Briefs of evidence were sent to the DPP on 6 August 2013. The DPP is awaiting the outcome of other criminal proceedings involving Mr Medich before finalising its advice in relation to this matter.

Investigation into the conduct of Moses Obeid, Eric Roozendaal and others (Operation Indus) (July 2013)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of Moses Obeid, Rocco Triulcio, Rosario Triulcio and Paul Obeid for offences of providing false or misleading evidence contrary to s 87 of the ICAC Act. Briefs of evidence were sent to the DPP on 30 September 2013. The Commission is awaiting the DPP's decision on whether proceedings will be taken.

Investigation into the conduct of Ian Macdonald, Edward Obeid Senior, Moses Obeid and others (Operation Jasper) (July 2013)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of Ian Macdonald, Edward Obeid, Moses Obeid, Travers Duncan, John McGuigan, John Atkinson and Richard Poole for various offences. A brief of evidence has been provided to the DPP. The Commission is awaiting the DPP's decision on whether proceedings will be taken.

Investigation into the conduct of Ian Macdonald, John Maitland and others (Operation Acacia) (August 2013)

| Name | Ian Macdonald |
|--|---|
| Offences recommended for DPP consideration | Common law offence of misconduct in public office. |
| DPP advice | On 2 September 2014, the DPP advised sufficient evidence to prosecute Mr Macdonald for two offences of misconduct in public office. |
| Status | After the proceedings were commenced, the DPP decided to proceed with the charges in the absence of committal proceedings. Such proceedings are preliminary to any trial and are normally conducted before the Local Court. In order to dispense with the need for committal proceedings, the DPP found an ex officio indictment in relation to the charges (that is, a bill of indictment found for offences in respect of which there has been no committal for trial). The DPP then sought and gained the permission of the Chief Justice of the Supreme Court to have the charges tried before the NSW Supreme Court. The matters have been listed for trial on 14 March 2016 at the Supreme Court (with an estimate of eight weeks). |

| Name | John Maitland |
|--|--|
| Offences recommended for DPP consideration | Common law offence of accessory before the fact to misconduct in public office and s 87 ICAC Act offence (false or misleading evidence). |
| DPP advice | On 2 September 2014, the DPP advised sufficient evidence to prosecute Mr Maitland for two offences of misconduct in public office and a s 87 offence. |
| Status | <p>After the misconduct in public office proceedings were commenced, the DPP decided to proceed with the charges in the absence of committal proceedings. Such proceedings are preliminary to any trial and are normally conducted before the Local Court. In order to dispense with the need for committal proceedings, the DPP found an ex officio indictment in relation to the charges (that is, a bill of indictment found for offences in respect of which there has been no committal for trial). The DPP then sought and gained the permission of the Chief Justice of the Supreme Court to have the charges tried before the NSW Supreme Court. The matters have been listed for trial on 14 March 2016 at the Supreme Court (with an estimate of eight weeks).</p> <p>The s 87 offence is listed for mention on 17 November 2015 and hearing on 7 December 2015 at the Downing Centre Local Court.</p> |

| Name | Craig Ransley |
|--|---|
| Offences recommended for DPP consideration | Section 178BB Crimes Act (publish false or misleading statements). |
| Status | Briefs of evidence were sent to the DPP in March 2014. The Commission is awaiting the DPP's decision on whether proceedings will be taken with respect to Mr Ransley. |

| Name | Andrew Poole |
|--|---|
| Offences recommended for DPP consideration | Section 178BB Crimes Act (publish false or misleading statements). |
| Status | Briefs of evidence were sent to the DPP in March 2014. The Commission is awaiting the DPP's decision on whether proceedings will be taken with respect to Mr Poole. |

Investigation into the possession and supply of steroids and other matters involving a Corrective Services NSW corrections officer (Operation Torino) (September 2013)

| Name | Robert Di-Bona |
|--|---|
| Offences recommended for DPP consideration | Section 87 ICAC Act (false evidence). |
| DPP advice | On 4 June 2014, the DPP advised sufficient evidence to charge Mr Di-Bona with five offences of giving false or misleading evidence contrary to s 87(1) ICAC Act. |
| Status | <p>On 23 September 2014, Mr Di-Bona pleaded guilty to all offences. On 20 November 2014, Mr Di-Bona was sentenced to 12 months imprisonment with a non-parole period of six months in respect of four offences. Those sentences are to be served concurrently commencing on 20 November 2014. In respect of the fifth offence, Mr Di-Bona was sentenced to 12 months imprisonment with a non-parole period of six months commencing on 20 April 2015.</p> <p>Mr Di-Bona lodged an appeal with the District Court against the severity of his sentence and his sentence was stayed pending the outcome of that appeal. On 21 January 2015, the appeal was dismissed and the sentence imposed in the Local Court confirmed.</p> |

Investigation into allegations of corrupt conduct in the provision of security products and products by suppliers, installers and consultants (Operation Tilga) (September 2013)

| Name | Peter (Charles) Diekman |
|--|--|
| Offences recommended for DPP consideration | Section 249B(2) Crimes Act (corruptly give a benefit). |
| DPP advice | On 17 April 2015, the DPP advised sufficient evidence to charge Mr Diekman with five offences of corruptly giving a benefit to Robert Huskic pursuant to s 249B(2) Crimes Act. |
| Status | On 27 May 2015, the Commission served Mr Diekman with court attendance notices for these offences. These matters are for mention at the Downing Centre Local Court on 7 July 2015. |

| Name | Robert Huskic |
|--|--|
| Offences recommended for DPP consideration | Section 249B(1) Crimes Act (corruptly receive a benefit) and s 254(b)(iii) Crimes Act (use false instrument). |
| DPP advice | On 17 April 2015, the DPP advised sufficient evidence to charge Mr Huskic with five offences of corruptly receiving a benefit from Peter Diekman pursuant to s 249B(2) Crimes Act and two offences of using a false document pursuant to s 254(b)(iii) Crimes Act. |
| Status | On 27 May 2015, the Commission served Mr Huskic with court attendance notices for these offences. These matters are for mention at the Downing Centre Local Court on 7 July 2015. |

| Name | Daniel Paul |
|--|---|
| Offences recommended for DPP consideration | Section 249B(1) Crimes Act (corruptly receive a benefit). |
| DPP advice | On 17 April 2015, the DPP advised insufficient evidence to proceed with charges against Mr Paul. The Commission accepted that advice. |

Investigation into false certifications of heavy vehicle competency-based assessments by a Roads and Maritime Services–accredited assessor (Operation Nickel) (January 2014)

| Name | Christopher Binos |
|--|---|
| Offences recommended for DPP consideration | Section 249B(1) Crimes Act (corruptly receive a benefit). |
| DPP advice | On 13 October 2014, the DPP advised sufficient evidence to charge Mr Binos for four offences under s 249B(1) Crimes Act for corruptly receiving a benefit from Shane Florio, Jacqueline Riley and Mark McDonagh, and for corruptly soliciting a benefit from Simon Hay. |
| Status | Mr Binos has indicated that he will not contest the charges and will plead guilty. He will be sentenced in the Downing Centre Local Court on 17 July 2015. |

| Name | Alexander Daubney, Mark McDonagh, Shane Florio, Peter Friend-Ngui and Jacqueline Riley |
|--|---|
| Offences recommended for DPP consideration | Section 249B(2) Crimes Act (corruptly give a benefit). |
| DPP advice | On 13 October 2014, the DPP advised insufficient evidence to proceed with charges against Mr Daubney, Mr McDonagh, Mr Florio, Mr Friend-Ngui and Ms Riley. The Commission accepted that advice. |

Investigation into the conduct of the commissioner of the NSW State Emergency Service (Operation Dewar) (May 2014)

| Name | Murray Kear |
|--|---|
| Offences recommended for DPP consideration | Section 20 of the <i>Public Interest Disclosures Act 1994</i> (taking detrimental action in reprisal for a person making a public interest disclosure). |
| DPP advice | On 3 February 2015, the DPP advised sufficient evidence to charge Mr Kear with one s 20 offence. |
| Status | The matter is listed for hearing at the Downing Centre Local Court on 12 October 2015. |

Investigation into the conduct of the Hon Edward Obeid MLC and others concerning Circular Quay Retail Lease Policy (Operation Cyrus) (June 2014)

| Name | Edward Obeid |
|--|--|
| Offences recommended for DPP consideration | Common law offence of misconduct in public office. |
| DPP advice | On 19 November 2014, the DPP advised sufficient evidence to proceed with one offence of misconduct in public office. |
| Status | The DPP decided to proceed with the charge in the absence of committal proceedings that are conducted before the Local Court. On 19 March 2015, the DPP presented an ex officio indictment (that is, a bill of indictment found for an offence in respect of which there has been no committal for trial) before the District Court. The DPP also sought and obtained the permission of the Chief Justice of the Supreme Court to have the charge removed to the NSW Supreme Court. The matter is listed for trial before the NSW Supreme Court. |

Investigation into the conduct of certain City of Ryde Councillors and others (Operation Cavill) (June 2014)

| Name | Ivan Petch |
|--|---|
| Offences recommended for DPP consideration | Two common law offences of misconduct in public office, five s 87 ICAC Act (false or misleading evidence), one s 249K Crimes Act offence (making an unwarranted demand with menaces with the intention of influencing the exercise of a public duty), and s 96E of the <i>Election Funding, Expenditure and Disclosures Act 1981</i> ("the EFED Act") offences (accepting an indirect campaign contribution). |
| DPP advice | On 20 April 2015, the DPP advised that, subject to further advice on particular matters, there was sufficient evidence to proceed with one offence of misconduct in public office, six s 87(1) offences, two offences pursuant to s 249K Crimes Act, two s 96E(2) EFED Act offences, and two s 96H(2) EFED Act offences. |
| Status | Offences under EFED Act are to be prosecuted by the NSW Electoral Commission. Awaiting further advice from the DPP before issuing court attendance notices for the other offences. |

| Name | John Gouban |
|--|--|
| Offences recommended for DPP consideration | One s 249K Crimes Act offence (making an unwarranted demand with menaces with the intention of influencing the exercise of a public duty). |
| DPP advice | On 20 April 2015, the DPP advised that, subject to further advice on particular matters, there was sufficient evidence to proceed with one s 249K offence. |
| Status | Awaiting further advice from the DPP before issuing court attendance notices. |

| Name | Anthony Stavrinos |
|--|---|
| Offences recommended for DPP consideration | One s 87 ICAC Act offence (giving false or misleading evidence). |
| DPP advice | On 20 April 2015, the DPP advised that, subject to further advice on a particular matter, there was sufficient evidence to proceed with one s 87 offence. |
| Status | Court attendance notice to be issued. |

| Name | John Booth |
|--|---|
| Offences recommended for DPP consideration | One s 87 ICAC Act offence (giving false or misleading evidence). |
| DPP advice | On 20 April 2015, the DPP advised that, subject to further advice on a particular matter, there was sufficient evidence to proceed with one s 87 offence. |
| Status | Court attendance notice to be issued. |

| Name | Richard Henricus |
|--|--|
| Offences recommended for DPP consideration | One s 249B(2) Crimes Act offence (corruptly offering a benefit). |
| DPP advice | On 20 April 2015, the DPP advised that, subject to further advice on a particular matter, there was sufficient evidence to proceed with one s 249B(2) offence. |
| Status | Court attendance notice to be issued. |

| Name | Justin Li |
|--|---|
| Offences recommended for DPP consideration | One s 96E EFED Act offence (accepting an indirect campaign contribution). |
| DPP advice | On 20 April 2015, the DPP advised sufficient evidence to proceed with one s 96E EFED Act offence and a further offence pursuant to s 96H(2) EFED Act. |
| Status | Offences under the EFED Act are to be prosecuted by the NSW Electoral Commission. |

| Name | Jeffrey Salvestro-Martin |
|--|---|
| Offences recommended for DPP consideration | One s 96E EFED Act offence (accepting an indirect campaign contribution). |
| DPP advice | On 20 April 2015, the DPP advised sufficient evidence to proceed with one s 96E EFED Act offence and a further offence pursuant to s 96H(2) EFED Act. |
| Status | Offences under the EFED Act are to be prosecuted by the NSW Electoral Commission. |

| Name | Terry Perram |
|--|---|
| Offences recommended for DPP consideration | One s 96E EFED Act offence (accepting an indirect campaign contribution). |
| DPP advice | On 20 April 2015, the DPP advised sufficient evidence to proceed with one s 96E EFED Act offence and a further offence pursuant to s 96H(2) EFED Act. |
| Status | Offences under the EFED Act are to be prosecuted by the NSW Electoral Commission. |

| Name | Victor Tagg |
|--|---|
| Offences recommended for DPP consideration | One s 96E EFED Act offence (accepting an indirect campaign contribution). |
| DPP advice | On 20 April 2015, the DPP advised sufficient evidence to proceed with one s 96E EFED Act offence and a further offence pursuant to s 96H(2) EFED Act. |
| Status | Offences under the EFED Act are to be prosecuted by the NSW Electoral Commission. |

Investigations into the conduct of the Hon Edward Obeid MLC and others in relation to influencing the granting of water licences and the engagement of Direct Health Solutions Pty Ltd (Operations Cabot and Meeka) (June 2014)

Recommendations were made in this report that consideration should be given to obtaining the advice of the DPP with respect to the prosecution of Edward Obeid for common law offences of misconduct in public office in relation to his use of his position to influence the actions of Steve Dunn and Mark Duffy (Operation Cabot).

Briefs of evidence were sent to the DPP on 7 October 2014. The Commission is awaiting the DPP's decision on whether proceedings will be taken.

Investigation into the conduct of a RailCorp manager and a Housing NSW employee (Operation Spector) (October 2014)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of:

- **Joseph Camilleri** for offences of corruptly receiving a benefit contrary to s 249B(1) of the Crimes Act
- **Kevin McCarthy** for offences of corruptly giving a benefit contrary to s 249B(2) of the Crimes Act
- **Sam Cassar** for offences of corruptly giving a benefit contrary to s 249B(2) of the Crimes Act
- **Carmen Attard** for offences of corruptly soliciting or receiving a benefit contrary to s 249B(1) of the Crimes Act
- **Jessica Camilleri** for an offence under s 351A of the Crimes Act for recruiting Mr Camilleri to carry out a criminal activity, being the destruction of documents or other things relating to the subject matter of the Commission's investigation contrary to s 88(2) of the ICAC Act.

Briefs of evidence were sent to the DPP on 17 December 2014. The Commission is awaiting the DPP's decision on whether proceedings will be taken.

Investigation into allegations that an Ausgrid engineer corruptly solicited and accepted benefits from Ausgrid contractors and subcontractors (Operation Jarah) (June 2015)

The Commission is of the opinion that the advice of the DPP should be obtained with respect to the prosecution of:

- **Phillip Cresnar** for offences of receiving corrupt commissions or rewards pursuant to s 249B(1)(a) of the Crimes Act in relation to the benefits he received from Messrs Bastow, Madden and McGann; offences of receiving corrupt commissions or rewards pursuant to s 249B(1)(b) of the Crimes Act in relation to the benefits he received from Messrs Twomey, Burke and Miskelly; attempting to procure the giving of false testimony at a compulsory examination or public inquiry contrary to s 89(a) of the ICAC Act in relation to a letter sent to Mr Bastow; giving false or misleading evidence at a compulsory examination on 17 April 2014, contrary to s 87(1) of the ICAC Act, in relation to his evidence that he had done nothing in exchange for the benefits that were provided to him by Mr Bastow
- **Dennis Twomey** for offences under s 249B(2)(b) of the Crimes Act in relation to the benefits he supplied Mr Cresnar, and an offence under s 114(1) of the ICAC Act of disclosing information about a Commission summons that was likely to prejudice a Commission investigation

- **Eamon Burke** for offences under s 249B(2)(b) of the Crimes Act in relation to the four cheques he supplied to Mr Cresnar, and an offence under s 112 of the ICAC Act for disclosing information about his attendance at a compulsory examination
- **Patrick Miskelly** for offences under s 249B(2)(b) of the Crimes Act in relation to the airline tickets he supplied to Mr Cresnar
- **John Madden** and **Fergal McGann** each for an offence under s 249B(2)(a) of the Crimes Act in relation to the \$2,500 payment to Mr Cresnar.

Briefs of evidence are being prepared and will be forwarded to the DPP.

Investigation into the conduct of a university manager and others in relation to false invoicing (Operation Misto) (June 2015)

The Commission is of the opinion that the advice of the DPP should be obtained with respect to the prosecution of **Brett Roberts** for the criminal offences of:

- obtaining money by deception from the University of Newcastle for himself and Christopher Killalea, contrary to s 178BA of the Crimes Act (as it was at the time)
- using a false instrument, namely his curriculum vitae, to obtain employment at the University of Newcastle, contrary to s 300 of the Crimes Act (as it was at the time)
- giving false and misleading evidence, contrary to s 87 of the ICAC Act, by giving evidence during a compulsory examination that Management and Professional Services Pty Ltd (MAPS) did work for the University of Newcastle
- fraud, by dishonestly obtaining \$43,065 from the University of Sydney contrary to s 192E of the Crimes Act
- using a false document, namely his curriculum vitae, to obtain employment at the University of Sydney, contrary to s 254 of the Crimes Act
- giving false and misleading evidence, contrary to s 87 of the ICAC Act, by giving evidence during a compulsory examination that MAPS did work for the University of Sydney
- fraud, by dishonestly obtaining \$32,450 from Macquarie University by submitting a false invoice in December 2012, contrary to s 192E of the Crimes Act
- fraud, by dishonestly causing a financial disadvantage of \$10,450 to Macquarie University through iPath Pty Ltd, contrary to s 192E of the Crimes Act
- attempted fraud, by dishonestly attempting to obtain \$93,750 from Macquarie University by submitting three false invoices, contrary to s 192E and s 344A of the Crimes Act
- using false documents, namely a false licensing agreement and concocted emails, to influence the exercise of a public duty by staff members at Macquarie University, contrary to s 254 of the Crimes Act
- using a false document, namely his curriculum vitae, to obtain employment at Macquarie University, and thereby obtain a financial advantage contrary to s 254 of the Crimes Act
- giving false and misleading evidence, contrary to s 87 of the ICAC Act, by giving evidence during a compulsory examination that MAPS did work for Macquarie University.

The Commission is of the opinion that the advice of the DPP should be obtained with respect to the prosecution of **Christopher Killalea** for the criminal offences of:

- obtaining money by deception from the University of Newcastle for himself and Mr Roberts, contrary to s 178BA of the Crimes Act (as it was at the time)
- fraud, by dishonestly causing a financial disadvantage of \$32,450 to Macquarie University by collaborating with Mr Roberts with respect to a false invoice that was submitted to the university in December 2012, contrary to s 192E of the Crimes Act

- fraud, by dishonestly causing a financial disadvantage of \$10,450 to Macquarie University, through iPath Pty Ltd, contrary to s 192E of the Crimes Act
- using false documents, namely a false licensing agreement and concocted emails, to influence the exercise of a public duty by staff members at Macquarie University, contrary to s 254 of the Crimes Act.

Briefs of evidence are being prepared and will be forwarded to the DPP.

Table 37: Progress of disciplinary matters in 2014–15

Investigation into the conduct of certain City of Ryde councillors and others (Operation Cavill) (June 2014)

| Name | Ivan Petch |
|---------------------|--|
| ICAC recommendation | Consideration should be given by the Office of Local Government to the immediate suspension of Mr Petch from civic office with a view to his dismissal pursuant to s 440B of the <i>Local Government Act 1993</i> . Alternatively, consideration should be given to the commencement of disciplinary action against Mr Petch for misconduct. |
| Status | Mr Petch was suspended from civic office on 30 June 2014. He resigned from the City of Ryde Council with effect from 1 December 2014. |

Investigation into the conduct of a RailCorp manager and a Housing NSW employee (Operation Spector) (October 2014)

| Name | Carmen Attard |
|---------------------|--|
| ICAC recommendation | Consideration should be given to the taking of action against Ms Attard for the specified disciplinary offence of misconduct as defined in Chapters 4.2 and 4.3 of the Housing NSW code of conduct and ethics with a view to dismissing, dispensing with her services or otherwise terminating her services. |
| Status | On 20 February 2015, the NSW Department of Family and Community Services advised that it had instituted formal misconduct proceedings. A finding was made that Ms Attard engaged in misconduct by failing to manage conflicts of interest in obtaining loans from her work colleagues. Ms Attard was demoted from clerk grade 7/8 to clerk grade 5/6 and a determination made that she not supervise staff for a period of two years and undertake training in identifying and managing conflicts of interest. |

Appendix 5 – Implementation of corruption prevention recommendations

After an investigation report is made public, the Commission monitors the implementation of the action plans that public authorities develop in response to corruption prevention recommendations in accordance with s 111E(2) of the ICAC Act.

As a matter of practice, the Commission also liaises with agencies during the development of recommendations and the implementation period,

as appropriate. In this way, alternative but equally effective ways of implementing corruption prevention recommendations may be developed.

Tables 38 and 39 present the progress made by agencies during 2014–15 in implementing action plans developed in response to corruption prevention recommendations made by the Commission.

Table 38: Progress reports received in 2014–15

| Public inquiry | Agency | Number of recommendations | Date progress report received | Implemented as described in report | Implemented in an alternative way | Partially implemented | Not implemented | % fully implemented | % partially implemented |
|----------------|---|---------------------------|-------------------------------|------------------------------------|-----------------------------------|-----------------------|-----------------|---------------------|-------------------------|
| Jarek | Broken Hill City Council | 15 | 29/5/15 | 10 | 1 | 1 | 3 | 73% | 80% |
| | Botany Bay City Council | 15 | 20/5/15 | 13 | 0 | 1 | 1 | 87% | 93% |
| | Narrandera Shire Council | 15 | 8/4/15 | 5 | 3 | 5 | 2 | 53% | 87% |
| | Walgett Shire Council | 15 | 29/5/15 | 10 | 3 | 1 | 1 | 87% | 93% |
| Tilga | NSW Health | 3 | 18/2/15 | 2 | 1 | 0 | 0 | 100% | 100% |
| | Port Authority of NSW (formerly Sydney Ports Corporation) | 10 | 12/2/15 | 1 | 4 | 1 | 4 | 50% | 60% |
| | University of Western Sydney | 10 | 13/2/15 | 9 | 1 | 0 | 0 | 100% | 100% |

Table 39: Final reports received in 2014–15

| Public inquiry | Agency | Number of recommendations | Date progress report received | Implemented as described in report | Implemented in an alternative way | Partially implemented | Not implemented | % fully implemented | % partially implemented |
|-------------------|---------------------------------|---------------------------|-------------------------------|------------------------------------|-----------------------------------|-----------------------|-----------------|---------------------|-------------------------|
| Jarek | Ballina Shire Council | 15 | 5/3/15 | 15 | 0 | 0 | 0 | 100% | 100% |
| | Bathurst Regional Council | 15 | 10/3/15 | 14 | 1 | 0 | 0 | 100% | 100% |
| | Burwood Council | 15 | 6/3/15 | 9 | 6 | 0 | 0 | 100% | 100% |
| | Byron Shire Council | 15 | 27/2/15 | 0 | 10 | 3 | 2 | 67% | 87% |
| | City of Sydney | 15 | 9/4/15 | 9 | 4 | 1 | 1 | 87% | 93% |
| | Lithgow City Council | 15 | 7/5/15 | 11 | 2 | 2 | 0 | 87% | 100% |
| | Liverpool City Council | 15 | 9/3/15 | 15 | 0 | 0 | 0 | 100% | 100% |
| | Orange City Council | 15 | 6/3/15 | 15 | 0 | 0 | 0 | 100% | 100% |
| | Yass Valley Council | 15 | 1/4/15 | 14 | 1 | 0 | 0 | 100% | 100% |
| Citrus | University of Sydney | 7 | 30/1/15 | 7 | 0 | 0 | 0 | 100% | 100% |
| Magnus | Office of Local Government | 13 | 12/12/14 | 3 | 5 | 2 | 3 | 62% | 77% |
| Nickel | Roads & Maritime Services | 1 | 16/10/15 | 0 | 1 | 0 | 0 | 100% | 100% |
| Jasper/ Acacia | NSW Government | 26 | 1/6/15 | 21 | 4 | 1 | 0 | 96% | 100% |
| Tilga | Art Gallery of NSW | 10 | 19/2/15 | 10 | 0 | 0 | 0 | 100% | 100% |
| | NSW Business Link | 10 | 30/3/15 | 10 | 0 | 0 | 0 | 100% | 100% |
| Stark | University of Technology Sydney | 3 | 11/7/14 | 3 | 0 | 0 | 0 | 100% | 100% |

Appendix 6 – Report on ICAC’s obligations under the *Government Information (Public Access) Act 2009*

Section 125 of the *Government Information (Public Access) Act 2009* (“the GIPA Act”) requires an agency to prepare an annual report on the agency’s obligations under the GIPA Act. The *Government Information (Public Access) Regulation 2009* sets out what must be included in the report. This appendix contains the information required to be reported by the Commission.

Section 7(3) of the GIPA Act provides that an agency must, at intervals of not more than 12 months, review its program for the release of government information to identify the kinds of government information held by the agency that should in the public interest be made publicly available and that can be made publicly available without imposing unreasonable additional costs on the agency. During the reporting period, the Commission conducted one such review. The Commission also reviewed its information guide.

The Commission received one valid access application during the reporting period.

Tables 40–47 provide statistical information about access applications – clause 7(d) and Schedule 2.

Table 40: Number of applications by type of applicant and outcome*

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Media | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Not-for-profit organisations or community groups | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (application by legal representative) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (other) | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table 41.

Table 41: Number of applications by type of application and outcome

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Personal information applications* | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Access applications (other than personal information applications) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications that are partly personal information applications and partly other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* A "personal information application" is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA Act) about the applicant (the applicant being an individual).

Table 42: Invalid applications

| Reason for invalidity | Number of applications |
|--|------------------------|
| Application does not comply with formal requirements (s 41 of the GIPA Act) | 0 |
| Application is for excluded information of the agency (s 43 of the GIPA Act) | 1 |
| Application contravenes restraint order (s 110 of the GIPA Act) | 0 |
| Total number of invalid applications received | 1 |
| Invalid applications that subsequently became valid applications | 0 |

Table 43: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the GIPA Act

| | Number of times consideration used* |
|---|-------------------------------------|
| Overriding secrecy laws | 0 |
| Cabinet information | 0 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal professional privilege | 0 |
| Excluded information | 0 |
| Documents affecting law enforcement and public safety | 0 |
| Transport safety | 0 |
| Adoption | 0 |
| Care and protection of children | 0 |
| Ministerial code of conduct | 0 |
| Aboriginal and environmental heritage | 0 |

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table 44.

Table 44: Other public interest considerations against disclosure: matters listed in table to s 14 of the GIPA Act

| | Number of occasions when application not successful |
|--|---|
| Responsible and effective government | 0 |
| Law enforcement and security | 0 |
| Individual rights, judicial processes and natural justice | 0 |
| Business interests of agencies and other persons | 0 |
| Environment, culture, economy and general matters | 0 |
| Secrecy provisions | 0 |
| Exempt documents under interstate freedom of information legislation | 0 |

Table 45: Timeliness

| | Number of applications |
|--|------------------------|
| Decided within the statutory timeframe (20 days plus any extensions) | 1 |
| Decided after 35 days (by agreement with applicant) | 0 |
| Not decided within time (deemed refusal) | 0 |
| Total | 1 |

Table 46: Number of applications reviewed under Part 5 of the GIPA Act (by type of review and outcome)

| | Decision varied | Decision upheld | Total |
|---|-----------------|-----------------|----------|
| Internal review | 0 | 0 | 0 |
| Review by Information Commissioner* | 0 | 0 | 0 |
| Internal review following recommendation under s 93 of the GIPA Act | 0 | 0 | 0 |
| Review by ADT/NCAT | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table 47: Applications for review under Part 5 of the GIPA Act (by type of applicant)

| | Number of applications for review |
|--|-----------------------------------|
| Applications by access applicants | 0 |
| Applications by persons to whom information the subject of access application relates (see s 54 of the GIPA Act) | 0 |

Appendix 7 – Chief executive officer and executive officers

On 28 January 2014, the Governor of NSW appointed the Hon Megan Latham ICAC Commissioner for a five-year term.

Ms Latham's conditions of employment are outlined in her instrument of appointment, and her salary is paid in line with the determination provided by the Statutory and Other Offices Remuneration Tribunal (SOORT) for puisne judges.

The Commissioner's salary is calculated at 160% of the remuneration of a NSW Supreme Court puisne judge. The total annual remuneration package for Ms Latham is currently \$673,024. In its annual determination, SOORT awarded a 2.5% increase, effective from 1 July 2015.

Theresa Hamilton is the Deputy Commissioner of the ICAC and her term of appointment will expire in January 2016. The remuneration package of the Deputy Commissioner's position is equivalent to a Level 5 Senior Executive Service (SES) officer. Ms Hamilton's current total remuneration package is \$305,400.

Executive management

In 2014–15, the Commission's Executive Management Team consisted of:

- the Hon Megan Latham, Commissioner, BA/LLB (University of NSW)
- Theresa Hamilton, Deputy Commissioner, LLB (University of Queensland)
- Andrew Koureas, Executive Director, Corporate Services, BCom, MCom (University of NSW), LLB (University of Technology, Sydney), FCPA
- Sharon Loder, Executive Director, Investigations, LLB (Queensland University of Technology), BBus (HRM) (Queensland University of Technology), LLM (University of Queensland)
- Dr Robert Waldersee, Executive Director, Corruption Prevention, BA (University of Sydney), MA (University of Sydney), MA (University of Nebraska), PhD Management (University of Nebraska)
- Roy Waldon, Executive Director, Legal and Solicitor to the Commission, LLB Hons (University of Tasmania).

Table 48: Number and remuneration of senior executives

| Year | Band level | Average remuneration package | Gender | | Total |
|---------|--------------|------------------------------|--------|--------|-------|
| | | | Male | Female | |
| 2014–15 | Commissioner | \$673,024 | 0 | 1 | 1 |
| | Band 3* | – | 0 | 0 | 0 |
| | Band 2* | \$305,400 | 0 | 1 | 1 |
| | Band 1* | \$221,012 | 3 | 1 | 4 |
| 2013–14 | Commissioner | \$660,608 | 0 | 1 | 1 |
| | Band 3* | – | 0 | 0 | 0 |
| | Band 2* | \$299,750 | 0 | 1 | 1 |
| | Band 1* | \$214,910 | 3 | 1 | 4 |

* Commission executive staff employed at the equivalent of this senior executive band level.

Table 49: Number of female executive staff at 30 June 2015 compared to previous years

| Year | Number |
|---------|--------|
| 2014–15 | 3 |
| 2013–14 | 3 |
| 2012–13 | 2 |
| 2011–12 | 2 |

The percentage of total employee-related expenditure in the reporting period that relates to senior executives compared with the percentage at the end of the previous year was 10.3% in June 2014 and 11% in June 2015.

Appendix 8 – Workforce diversity

The Commission is committed to maintaining a diverse workforce and integrating workforce diversity objectives, strategies and programs into its planning. The Commission aims to attract and retain people with diverse skills, experience and backgrounds to deliver high-quality services. The Commission respects people as individuals and values their differences.

Key objectives of the Commission's *Strategic Plan 2015–2019* are to:

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

Workforce diversity achievements in 2014–15 were:

- participation in the Elsa Dixon Aboriginal Employment Program to provide a career development opportunity to a NSW public sector employee
- equitable access to staff for development opportunities in the form of higher duties and temporary appointments
- adherence to the merit process for recruitment and selection
- availability of training and other educational development opportunities for staff to maintain and increase their skills and experience
- participation in across-the-sector mobility activities to provide secondment opportunities for both Commission staff and staff in other NSW public sector agencies
- promotion of the Community Language Allowance Scheme and the Commission's bilingual skills directory
- provision of equal employment opportunity (EEO), and harassment and bullying prevention training to staff by the Anti-Discrimination Board.

Key workforce diversity strategies proposed for 2015–16 are to:

- attract and recruit a diverse workforce to continue to develop our reputation as an employer of choice
- develop and retain a high-quality diverse workforce and provide opportunities for staff to progress their careers
- continue to include workforce diversity as part of everyday Commission business
- keep the workplace free from all forms of unlawful discrimination and harassment
- identify suitable training for staff and management on workplace diversity.

Access and Equity Committee

The primary role of the Commission's Access and Equity Committee is to act as the Commission's oversight body for activities related to EEO and for monitoring the Commission's related plans and policies. Minutes from the committee's meetings are accessible to all staff via the intranet.

In 2014–15, the Commission's Access and Equity Committee comprised of:

- Chris Bentley, Investigation Division
- John Biady (from February 2015), Corruption Prevention Division
- Stephanie Coorey (until February 2015), Assessments Section
- Kathleen Crilly (until November 2014), Legal Division
- Cindy Fong, Corporate Services Division
- John Hoitink, Investigation Division
- Andrew Koureas, Corporate Services Division
- Nicholas Marney (from February 2015), Legal Division
- Angelica McCall (until February 2015), Executive Unit
- Catherine O'Brien, Corporate Services Division
- Michele Smith, Executive Unit
- Peter Thorne (from May 2015), Assessments Section
- Sandra Walker (until November 2014), Corruption Prevention Division
- Cathy Walsh, Corporate Services Division.

Disability Action Plan

The Commission has a strong commitment, and corporate social responsibility, to equity and diversity in both the workplace and in dealings with clients. As such, the Commission is committed to the inclusion of people with disabilities in all aspects of its operations and service delivery.

The Commission continued to implement its five-year Disability Action Plan 2013–2018, which was developed in the last reporting period in accordance with the NSW Department of Family and Community Services' *Guidelines for disability action planning by NSW Government agencies*. The Commission's Access and Equity Committee was a key stakeholder in the development of this Disability Action Plan.

The Disability Action Plan demonstrates the Commission's commitment to preventing discriminatory practices and increasing access to services and Commission premises for people with disabilities.

In 2014–15, a key focus has been ensuring that the new offices leased by the Commission at 255 Elizabeth Street in Sydney comply with the Building Code of Australia and Australian Standards for access and mobility, including adequate signage. The Commission has made a significant investment in providing the following, among other facilities:

- a raised concrete wheelchair ramp on the level 7 balcony, complete with partial retaining wall
- ambulant bathrooms on both levels 6 and 7 for disabled or elderly visitors with mobility problems
- braille signage on doors
- tactile strips on the ramp to the kitchen to prevent slips and assist staff or visitors with mobility problems
- installation of a glass gate at the reception/security areas to assist with wheelchair access.

Multicultural Policies and Services Program

The Commission's Multicultural Policies and Services Program (MPSP) is a corporate document to assist the Commission in conducting its business within a culturally, linguistically and religiously diverse society. The MPSP identifies strategic priorities, assigns responsibilities and outlines timeframes for implementation.

In 2014–15, the following activities were undertaken:

- engagement of accredited interpreters and translators to assist clients from non-English speaking backgrounds when needed (during the reporting period, there was one occasion in which the Commission utilised external services for the Thai language)
- continuation of the Community Language Allowance Scheme to approved staff
- update of the Commission's bilingual skills directory to include a new staff member skilled in the Greek language
- promotion to staff via the intranet of the 2015 days of religious significance for NSW
- promotion of multilingual resources through the Commission's website, presentations, public displays and information brochures
- promotion of Harmony Day 2015 through the staff newsletter
- promotion of Multicultural March 2015 via the intranet
- delivery of eight speaking engagements to participants of TAFE's Adult Migrant English Program, reaching a total of 185 people
- delivery of two speaking engagements to community groups, reaching a total of 98 people.

The Commission has identified the following activities for 2015–16:

- to provide cultural awareness training to staff
- to promote the 2016 days of religious significance for NSW to staff via the intranet
- to promote Harmony Day and Multicultural March 2016 through the intranet and the staff newsletter
- to review and update the bilingual skills directory to staff
- to promote the Community Language Allowance Scheme to staff
- to engage interpreter services/translators to assist clients of non-English speaking backgrounds
- to promote multilingual resources through the Commission's website, presentations, public displays and information brochures
- to inform relevant communities about the Commission (for example, outreach visits and through the Adult Migrant English Program)
- to monitor Commission investigations involving identified communities in order to provide information and advice to assist them.

Table 50: Workplace diversity in 2014–15

| Remuneration level of substantive position | Total staff (men, women and unspecified) | Respondents | Men | Women | Unspecified gender* | Aboriginal 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 |
|--|--|-------------|-----------|-----------|---------------------|--|---|---|--------------------------|--|
| \$0 – \$43,593 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| \$43,593 – \$57,256 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| \$57,256 – \$64,008 | 3 | 3 | 1 | 2 | 0 | 0 | 0 | 1 | 0 | 0 |
| \$64,008 – \$80,997 | 20 | 20 | 3 | 17 | 0 | 1 | 8 | 6 | 1 | 0 |
| \$80,997 – \$104,743 | 28 | 28 | 8 | 20 | 0 | 1 | 16 | 11 | 2 | 0 |
| \$104,743 – \$130,929 | 52 | 52 | 33 | 19 | 0 | 0 | 11 | 7 | 7 | 1 |
| \$130,929 > (non-SES) | 18 | 18 | 11 | 7 | 0 | 0 | 3 | 3 | 1 | 0 |
| \$130,929 > (SES) | 6 | 5 | 3 | 3 | 0 | 0 | 1 | 1 | 0 | 0 |
| Total | 127 | 126 | 59 | 68 | 0 | 2 | 39 | 29 | 11 | 1 |

* Unspecified gender includes unknown, withdrawn, or indeterminate/intersex recorded values.

Appendix 9 – Work health and safety

The Commission is strongly committed to the prevention of workplace accidents and injuries and in providing a safe environment for its staff and those people on its premises. Work health and safety (WHS) principles continue to be incorporated into all facets of business planning and operational activities.

The Commission's Health and Safety Committee was involved in the relocation of the Commission to the new premises in September 2014.

The following WHS initiatives were implemented by the Commission in 2014–15:

- purchase of two defibrillators and provision of training to identified staff
- engagement of health professionals to administer a flu vaccine program to interested staff
- engagement of an accredited occupational therapist to undertake ergonomic workplace assessments
- ergonomic workplace demonstrations by an accredited occupational therapist to address how to use and adjust new workplace chairs and monitors
- provision of special equipment to assist staff, as recommended by an occupational therapist
- provision of desk winders on workstations in order for staff to have the option of standing
- mechanical adjustments to workstations due to medical reasons, where recommended
- provision of training to identified staff in relation to risk management, WHS portal, operational safety and defensive tactics, safe mail handling, fire awareness, evacuation procedures and first aid.

In 2014–15, the Commission's Health and Safety Committee comprised:

- Heidrun Blackwood, Assessments Section (from February 2015)
- Andrew Koureas, Corporate Services Division
- Mary Murabito, Corruption Prevention Division
- Catherine O'Brien, Corporate Services Division
- Georgina Ross, Legal Division

- Margaret Sutherland, Corruption Prevention Division
- Cathy Walsh, Corporate Services Division
- Trent White, Assessments Section (until February 2015)
- Chris Wightman, Investigation Division
- Aruni Wijetunga, Corporate Services Division.

Table 51: WHS incidents, injuries and claims in 2014–15

| | |
|---|----------|
| Body stress | 4 |
| Journey to/from work | 2 |
| Fall, trip, slip | 1 |
| Other non-specified | 1 |
| Total | 8 |
| Number of workers compensation claims (provisional liability) | 2* |

* There has been a decrease in the number of workers compensation claims from four in 2013–14 to two in 2014–15.

Appendix 10 – Engagement and use of consultants

Table 52: Engagement and use of consultants

| Consultancies equal to or more than \$50,000 | |
|--|-----------------|
| RXP Services Pty Ltd | |
| Review of information technology operations and strategy | |
| Total cost | \$72,380 |
| Consultancies less than \$50,000 | |
| Nil | |

Appendix 11 – Payment performance indicators

Table 53: Aged analysis at end of each quarter 2014–15

| Quarter | Current (i.e.) within due date (\$'000) | Less than 30 days overdue (\$'000) | Between 30 and 60 days overdue (\$'000) | Between 60 and 90 days overdue (\$'000) | More than 90 days overdue (\$'000) |
|--------------------------|---|---|--|--|---|
| All suppliers | | | | | |
| September | 8,166 | 35 | – | 4 | 1 |
| December | 11,426 | 294 | – | 1 | – |
| March | 6,079 | – | – | – | – |
| June | 2,855 | 7 | 9 | – | – |
| Small business suppliers | | | | | |
| September | 76 | – | – | – | – |
| December | 15 | – | – | – | – |
| March | 23 | – | – | – | – |
| June | 41 | – | – | – | – |

Table 54: Accounts due or paid within each quarter

| Measure | September 2014 | December 2014 | March 2015 | June 2015 |
|--|-------------------|------------------|---------------|-----------|
| All suppliers | | | | |
| Number of accounts due for payment | 1,051 | 941 | 918 | 924 |
| Number of accounts paid on time | 1,041 | 938 | 914 | 915 |
| Actual percentage of accounts due for payment | 99.05% | 99.68% | 99.56% | 99.03% |
| Dollar amount of accounts due for payment | 8,206,372 | 11,720,746 | 6,079,391 | 2,871,302 |
| Dollar amount of accounts paid on time | 8,167,323 | 11,426,295 | 6,078,887 | 2,855,398 |
| Actual percentage of accounts paid on time (based on \$) | 99.52% | 97.49% | 99.99% | 99.45% |
| Number of payments for interest on overdue accounts | – | – | – | – |
| Interest paid on overdue accounts | – | – | – | – |
| Small business suppliers | | | | |
| Number of accounts due for payment | 53 | 17 | 23 | 36 |
| Number of accounts paid on time | 53 | 17 | 23 | 36 |
| Actual percentage of accounts due for payment | 100% | 100% | 100% | 100% |
| Dollar amount of accounts due for payment | 76,356 | 14,836 | 23,494 | 40,934 |
| Dollar amount of accounts paid on time | 76,356 | 14,836 | 23,494 | 40,934 |
| Actual percentage of accounts paid on time (based on \$) | 100% | 100% | 100% | 100% |
| Number of payments for interest on overdue accounts | – | – | – | – |
| Interest paid on overdue accounts | – | – | – | – |

The Commission did not make any interest payments for late payment of accounts. Where there were delays in the payment of accounts, the reasons can be attributed to inaccuracies/incompleteness of the original invoices and/or minor disputes requiring the adjustment of invoice details prior to eventual payment.

All small business number of accounts were paid on time during the current reporting period.

Appendix 12 – Credit card certification

The Commissioner certifies that credit card usage in the Commission has met best practice guidelines in accordance with Premier's Memoranda and Treasury Directions.

Appendix 13 – Overseas travel

Table 55: Overseas travel in 2014–15

| Name of officer | Date of travel | Destination | Purpose | Amount incurred by the ICAC | Amount incurred by other sources |
|---------------------|---|-------------|---|-----------------------------|--|
| Dr Robert Waldersee | 11–12 December 2014 (exclusive of travel time) | Hong Kong | Deliver address at the 2nd Anti-Corruption Compliance Asia-Pacific Summit | \$1,350 | \$2,402 (Host: Anti-Corruption Compliance Asia-Pacific Summit) |

Appendix 14 – Exemptions

With regard to implementation of the Waste Reduction and Purchasing Policy, this is a triennial reporting requirement and was last reported in the 2013–14 reporting period.

With regard to the requirement to report on major works in progress, there were none in the reporting period as all have been completed.

A

Aboriginal governance project, 42
Aboriginal Land Rights Act 1983 (NSW), 42
 Acacia (Operation), 51–52, 102, 111
 Access and Equity Committee, 44, 61, 117, 118 *see also*
 Disability Action Plan; equal employment opportunity
 (EEO); Multicultural Policies and Services Program
 (MPSP)
 access to information, 44, 54 *see also* *Government Information*
 (Public Access) Act 2009 (NSW)
 accountability *see* compliance and accountability
 administration *see* Corporate Services Division
 advice service (corruption prevention), 39
 All in the family (case study), 21
 allowances and salaries (staff), 59
 Ambrosia (Operation), 96
Annual Report 2013–2014, 56
Annual Reports (Departments) Act 1985 (NSW), inside front
 cover
 anti-corruption *see* Corruption Prevention Division
 Anti-Corruption Compliance Asia-Pacific Summit (Hong Kong,
 2014), 39, 122
 Anti-Discrimination Board NSW, 117
 ANZSOG *see* Australian New Zealand School of Government
 (ANZSOG)
 ANZSOG ICAC executive course/scholarships, 41
 APSACC *see* Australian Public Sector Anti-Corruption
 Conference (APSACC)
 ARC *see* Audit and Risk Committee (ARC)
 Argyle (Operation), 97
 Assessment Panel, 14, 22–23, 24, 25
 Assessments Section, 5, 6, 9, 14–25
 assessment process, 22–25
 complaints from public *see* complaints (suspected
 corruption)
 matters received, profile of, 14–16
 performance, 14
 reports from public sector agencies/ministers, 20–22,
 90–92
 turnaround targets, 14
 Associate Allowance, 59
 Audit and Risk Committee (ARC), 44, 58, 60, 61–62, 87
 2014–2015 Statement, 62
 Auditor General of NSW, 44, 47, 60
 Australian Competition and Consumer Commission, 30, 93
 Australian New Zealand School of Government (ANZSOG), 41
 Australian Public Sector Anti-Corruption Conference
 (APSACC), 42
 Australian Standard on Employment Screening, 38
 Australian Surveillance Group, 31
 Australian Taxation Office, 32, 72
 Australian Transaction Reports and Analysis Centre, 32
 AVAYA (voice mail system), 59

B

Barrow (Operation), 99
 budget *see* financial overview; financial statements
 Buyers beware (case study), 38

C

Cabot (Operation), 107
 Career Development Opportunities for ICAC Officers within
 the Commission Policy, 59
 case studies
 All in the family, 21
 Buyers beware, 38
 Corruption underground, 36
 Fire sale, 29
 Friends with benefits, 16, 17
 Lessons learnt, 23, 24
 Pub talk, 31
 Recruited for childminding duties, 20
 Cavill (Operation), 51, 105, 109
 CCG *see* Commission Consultative Group (CCG)
 change management (project), 37
 Charity (Operation), 49, 98
 Citrus (Operation), 99, 111
 Commission Consultative Group (CCG), 58, 59, 61
 Commissioner (ICAC) *see* Latham, Megan
 Commonwealth Ombudsman, 8, 44, 48
 Communications and Media Section, 5
 Community Language Allowance Scheme, 59, 117, 118
 complaints (suspected corruption), 3, 6, 8, 14, 15, 17–18, 22,
 54
 anonymous, 16
 complaints profile, 90–92
 complaints against Commission Officers, 53
 compliance and accountability, 11, 44–56
 access to information *see* access to information
 Commission Officers, complaints against, 53
 compliance framework, 44–45
 external governance *see* external governance
 internal governance *see* internal governance
 legal changes, 48–49
 litigation, 49–53
 privacy/personal information, 54
 publications *see* publications
 Compliance Monitoring Register, 58, 60
 compulsory examinations (private hearings), 3, 7, 8, 26,
 28–29, 31, 54, 107, 108
 conditions of employment (staff), 59
 consultants, use of, 61, 120
 Corporate Risk Register, 60
 Corporate Services Division, 5, 7, 58–63
 consultants, use of, 61, 120
 human resources *see* staff
 insurance activities, 62

internal committees *see* Access and Equity Committee; Audit and Risk Committee (ARC); Commission Consultative Group (CCG); Executive Management Group (EMG); Health and Safety Committee; Prevention Management Group (PMG); Strategic Investigation Group (SIG)

office relocation, 8, 58

policies and procedures, 58–59

shared corporate services, 63

Corporations Act 2001 (Cth), 52

s 184(1), 52

corruption

- assessment of complaints *see* Assessments Section
- investigation *see* Investigation Division
- prevention *see* Corruption Prevention Division
- prosecution/disciplinary actions, 30, 31, 46, 47, 96–109

Corruption and Crime Commission (WA), 42

Corruption Matters (e-newsletter), 8, 56

Corruption Prevention Division, 3, 5, 6, 22, 24, 34–42

- advice, 39
- agency responses to recommendations, 38, 110–111
- education, 38–39
- executive briefings, 39
- investigations, review of, 30–31, 37–38
- sector-wide projects *see* sector-wide projects
- speaking engagements, 39, 40
- training *see* workshops and training

Corruption underground (case study), 36

Crawford School of Public Policy (ANU), 41

credit card certification, 122

Crime and Corruption Commission (Qld), 42

Crimes (Sentencing Procedure) Act 1999 (NSW)

- s 12, 98, 100
- s 53A, 101

Crimes Act 1900 (NSW), 49, 96

- s 124, 98
- s 157, 99
- s 176A, 97
- s 178BA, 98, 100, 101, 108
- s 178BB, 97, 98, 100, 101, 102, 103
- s 178BB(1), 99
- s 179, 97
- s 192E, 108, 109
- s 192E(1), 99
- s 193B(3), 101
- s 249B, 49, 99, 102
- s 249B(1), 100, 101, 104, 107
- s 249B(1)(a), 102, 107
- s 249B(1)(b), 107
- s 249B(2), 100, 101, 104, 106, 107
- s 249B(2)(a), 108
- s 249B(2)(b), 107, 108
- s 249C, 97
- s 249K, 105
- s 254, 108, 109
- s 254(b)(iii), 104
- s 300, 108
- s 300(1), 98
- s 319, 97
- s 344A, 108
- s 351A, 107

CrimTrac, 32

Crown Employees (Public Sector 2015) Award, 59

Crusader (Operation), 99

Cunneen v ICAC [2014] NSWCA 421, 52

Cyrus (Operation), 105

D

Department of Education (NSW), 35

Department of Education and Training (Cth), 35

Department of Family and Community Services (NSW), 118

Department of Immigration and Border Protection (Cth), 35

Deputy Commissioner (ICAC) *see* Hamilton, Theresa

Dewar (Operation), 105

Director of Public Prosecutions (DPP), 3, 7, 8, 26, 29, 32

- ICAC investigations, prosecution/disciplinary actions arising from, 30, 31, 46, 47, 96–109

Disability Action Plan 2013–2018, 61, 118

disciplinary actions/prosecutions, 30, 31, 46, 47, 96–109

disclosures *see* public interest disclosures (PIDs)

diversity (workforce), 117, 119

DPP *see* Director of Public Prosecutions (DPP)

E

education (corruption prevention), 38–39 *see also* workshops and training

EEO *see* equal employment opportunity (EEO)

EEO Management Plan, 61

EFED Act *see* *Election Funding, Expenditure and Disclosures Act 1981* (NSW)

Election funding, expenditure and disclosure in NSW: strengthening accountability and transparency (Dec 2014), 3, 34, 56

Election Funding, Expenditure and Disclosures Act 1981 (NSW), 35, 51, 105

- s 96E, 51, 105, 106, 107
- s 96E(2), 105
- s 96H(2), 105, 106, 107
- Div 4A, 51

Electronic Evidence Practitioner Partnership, 31

Elsa Dixon Aboriginal Employment Program, 59, 117

EMG *see* Executive Management Group (EMG)

Employee Assistance Program Policy, 59

employment conditions (staff), 59

Employment of People with Disabilities Policy, 59

employment screening (project), 36, 38

Employment screening in the public sector (survey), 36

equal employment opportunity (EEO), 59, 61, 117

equity *see* Access and Equity Committee

establishment (ICAC), 4

examinations *see* compulsory examinations (private hearings)

executive briefings (corruption prevention), 39

executive management, 116

Executive Management Group (EMG), 8, 44, 45, 58, 60, 61

Executive Unit, 5

exposing corruption *see* Assessments Section; Investigation Division

external governance, 44–45, 46–48

- Auditor General of NSW, 44, 47, 60

Commonwealth Ombudsman, 8, 44, 48
 Inspector of the ICAC, 11, 44, 46, 47, 53
 NSW Attorney General, 44
 NSW Ombudsman, 8, 23, 42, 44, 48
 NSW Supreme Court, 44
 NSW Treasury, 44
 Parliamentary Committee on the ICAC, 11, 44, 46–47, 49

F

facilities maintenance (project), 37
 financial overview, 12
 financial statements, 67–71
 notes to, 72–88
 Statement by Commissioner, 64
 Fire sale (case study), 29
 First Aid Officer's Allowance, 59
 foreword, 3
 freedom of information *see* *Government Information (Public Access) Act 2009* (NSW)
 Friends with benefits (case study), 16, 17
 functions (ICAC), 8

G

General Investigation Standards and Procedure, 46
 GIPA Act *see* *Government Information (Public Access) Act 2009* (NSW)
 governance *see* external governance; internal governance
Government Information (Public Access) Act 2009 (NSW), 54, 112–115
 Report on ICAC obligations under, 112–115
 s 125, 54, 112
Government Sector Employment Act 2013 (NSW), 49
Guidelines for disability action planning by NSW Government agencies, 118

H

Hamilton, Theresa, 5, 116
 Health and Safety Committee, 44, 60, 61, 120
 Health Care Complaints Commission, 7, 63
Health Records and Information Privacy Act 2002 (NSW), 54
 High Court of Australia, 3, 48–49, 50, 51, 52, 53

I

ICAC *see* Independent Commission Against Corruption (ICAC)
 ICAC Act *see* *Independent Commission Against Corruption Act 1988* (NSW)
ICAC Strategic Plan 2014–2018, 8, 9, 10, 11
ICAC Strategic Plan 2015–2019, 56, 117
ICAC v Cunneen [2015] HCA 14, 3, 48, 49, 50–51, 52
 ICT Infrastructure Upgrade Project, 8, 12, 62, 63
 IM&T *see* information management and technology
 Independent Commission Against Corruption (ICAC)
 2014–15 snapshot, 8

accountability *see* compliance and accountability
 Assessments Section *see* Assessments Section
 Commissioner *see* Latham, Megan
 Communications and Media Section, 5
 Corporate Services Division *see* Corporate Services Division
 Corruption Prevention Division *see* Corruption Prevention Division
 Deputy Commissioner *see* Hamilton, Theresa
 establishment, 4
 executive management, 116
 Executive Unit *see* Executive Unit
 financial overview, 12
 functions, 8
 Investigation Division *see* Investigation Division
 Legal Division *see* Legal Division
 mission, 4
 objectives, 4, 10, 11
 organisation, 11
 organisational chart, 5
Strategic Plan 2014–2018, 8, 9, 10, 11
Strategic Plan 2015–2019, 56, 117
 structure, 6–7
 websites *see* websites (ICAC)

Independent Commission Against Corruption Act 1988 (NSW),
 3, 4, 6, 9, 10, 16, 23, 28, 44, 45, 49, 53, 54, 55, 72
 s 8, 51
 s 8(1)(b)–(d), 50
 s 8(2), 49, 50
 s 8(2)(a)–(y), 50
 s 9, 51, 52
 s 10, 14, 17, 95
 s 10A, 96
 s 11, 14, 18, 20–22, 24, 44
 s 12A, 22
 s 13(1), 50
 s 20(5), 44
 s 35, 51
 s 47 Div 4, 88
 s 53, 6, 16, 20, 23, 24
 s 54, 6, 20, 23, 24
 s 64, 46
 s 74, 29
 s 76, 54
 s 76(2), 93–94
 s 76(2)(d), 93
 s 78(2), inside front cover
 s 80(a), 100
 s 80(c), 100, 101
 s 87, 96, 97, 98, 99, 100, 101, 102, 103, 105, 106, 108
 s 87(1), 98, 100, 101, 103, 107
 s 88(2), 107
 s 89(a), 107
 s 93, 97
 s 111E(2), 38, 110
 s 112, 108
 s 114(1), 107
 Sch 4, Pt 13, 48
Independent Commission Against Corruption Amendment (Validation) Act 2015 (NSW), 3, 48, 49, 52, 53
 Indus (Operation), 102
 industrial relations (staff), 59
 information management and technology, 5, 7, 62–63

AVAYA, 59
 ICT Infrastructure Upgrade Project, 12, 62, 63
 IM&T Steering Committee, 62–63
 information security, 62, 63
 Management of Cases, Complaints and Assessments, 59, 62
 TRIM, 59
 Information Management and Technology Steering Committee, 62–63
 information security, 62, 63
 Information Security Management System, 63
 inquiries *see* public inquiries
 Inspector of the ICAC, 11, 44, 46, 47, 53
 Institute of Public Administration Australia (NSW Division), 42
 insurance activities, 62
 Interagency Technical Group, 32
 Interception Consultative Committee, 32
 Internal Audit and Risk Management Statement, 62
 internal governance, 44, 45–46
 Access and Equity Committee, 44, 61, 117, 118
 Audit and Risk Committee, 44, 58, 61, 62, 87
 Commission Consultative Group, 58, 61
 Executive Management Group, 8, 44, 45, 58, 61
 General Investigation Standards and Procedure, 46
 Health and Safety Committee, 44, 60, 61, 120
 legal review, 45
 NSW Supreme Court, 45
 Operations Manual, 26, 46
 Prevention Management Group, 44, 46, 61
 Strategic Investigation Group, 25, 44, 46, 61
 international students (project), 3, 35–36, 56
 internet (ICAC website), 7, 8, 15, 54, 55, 56
 intranet (ICAC), 19, 58, 61, 117, 118
 Investigation Division, 3, 5, 6, 22, 24, 25, 26–32
 2014–15 snapshot, 8
 challenges, 26
 compulsory examinations (private hearings), 3, 7, 8, 26, 28–29, 31, 54, 107, 108
 corrupt conduct findings, 30, 96–109
 corruption prevention issues, 30–31
 full investigations, 26–28
 methods of investigation, 26–28
 operations *see* Operations
 outcomes, 29–31, 95
 preliminary investigations, 26–27
 proceeds of crime referrals, 30
 prosecution/disciplinary actions arising, 30, 31, 46, 47, 96–109
 public inquiries *see* public inquiries
 statutory powers, use of, 6, 28, 44, 45, 46, 47, 53
 strategic alliances *see* strategic alliances
Investigation into concerns that Sydney Local Health District engaged consultants at the Yaralla Estate because of political donations and links to the Liberal Party (Oct 2014), 55
Investigation into the submission of false claims for sitting day relief entitlement by Angela D'Amore MP and some members of her staff (Dec 2010), 53
 invoice payments (project), 34, 56

J

Jarah (Operation), 30, 55, 107
 Jarek (Operation), 100, 110, 111
 Jarilo (Operation), 102
 Jasper (Operation), 49, 51–52, 102, 111
 Joint User Group, 32

K

Koureas, Andrew, 5, 7, 116

L

LALCs *see* Local Aboriginal Land Councils (LALCs)
 Latham, Megan, 5, 116
 foreword, 3
 Information Security Management System Statement, 63
 Internal Audit and Risk Management Statement, 62
 Letter of Transmittal, inside front cover
 Statement by Commissioner, 64
Law Enforcement (Controlled Operations) Act 1997 (NSW), 44
Law Enforcement (Powers and Responsibilities) Regulation 2005 (NSW), 49
Law Enforcement and National Security (Assumed Identities) Act 2010 (NSW), 44, 45
 learning and development (staff), 59
Learning the hard way: managing corruption risks associated with international students at universities in NSW (April 2015), 35, 56
 legal changes, 48–49
 Legal Division, 5, 6–7, 22
 Lessons learnt (case study), 23, 24
 litigation, 49–53
 Local Aboriginal Land Councils (LALCs), 40, 42
Local Court Act 2007 (NSW)
 s 24(1), 98
Local Government Act 1993 (NSW)
 s 440B, 109
 Loder, Sharon, 5, 6, 116

M

Magnus (Operation), 97, 111
 Management of Cases, Complaints and Assessments (MOCCA), 59, 62
 Managing Alcohol and Other Drugs Policy, 59
 Meeka (Operation), 107
 Military Leave Policy, 59
 mission (ICAC), 4
 Misto (Operation), 30, 55, 108
 MOCCA *see* Management of Cases, Complaints and Assessments (MOCCA)
 MPSP *see* Multicultural Policies and Services Program (MPSP)
 Multicultural Policies and Services Program (MPSP), 61, 118

N

National Investigations Symposium (NIS), 42
 National Oversight Covert Group, 32
 Nickel (Operation), 104, 111
 NIS *see* National Investigations Symposium
 NSW Attorney General, 44
 NSW Crime Commission, 30, 93
 NSW Division of Local Government, 23
 NSW Electoral Commission, 35, 105, 106, 107
 NSW Ombudsman, 8, 23, 42, 44, 48
 NSW Police Force, 30, 32, 60, 93
 NSW Supreme Court, 44, 45
 NSW Treasury, 44
 NSW Treasury Managed Fund, 62

O

objectives (ICAC), 4, 10, 11
 Office of the NSW Ombudsman *see* NSW Ombudsman
 office relocation, 8, 58
 Operations, 30
 Acacia, 51–52, 102, 111
 Ambrosia, 96
 Argyle, 97
 Barrow, 99
 Cabot, 107
 Cavill, 51, 105, 109
 Charity, 49, 98
 Citrus, 99, 111
 Crusader, 99
 Cyrus, 105
 Dewar, 105
 Indus, 102
 Jarrah, 30, 55, 107
 Jarek, 100, 110, 111
 Jarilo, 102
 Jasper, 49, 51–52, 102, 111
 Magnus, 97, 111
 Meeka, 107
 Misto, 30, 55, 108
 Nickel, 104, 111
 Petrie, 100
 Segomo, 97
 Sirona, 96
 Spector, 55, 107, 109
 Spicer, 30
 Stark, 102, 111
 Tilga, 104, 110, 111
 Torino, 103
 Tunic, 30
 Verdi, 30, 31, 55
 Vika, 29, 30
 Yancey, 30
 Operations Manual, 26, 46
 organisation (ICAC), 11
 organisational chart (ICAC), 5
 overseas travel, 122

P

Panel of Experts – Political Donations, 34
 Parliamentary Committee on the ICAC, 11, 44, 46–47, 49
Parliamentary Electorates and Elections Act 1912 (NSW), 35
 payment performance indicators, 121
 performance agreements (staff), 59–60
 personnel security (staff), 61
 Petrie (Operation), 100
 PID Act *see* *Public Interest Disclosure Act 1994* (NSW)
 PIDs *see* public interest disclosures (PIDs)
 PMG *see* Prevention Management Group (PMG)
 Police Integrity Commission, 32
 policies and procedures, 58–59
 political donations, disclosure and expenditure (project), 34–35
 PPIP Act *see* *Privacy and Personal Information Protection Act 1998* (NSW)
 preventing corruption *see* Corruption Prevention Division
 Prevention Management Group (PMG), 44, 46, 61
Privacy and Personal Information Protection Act 1998 (NSW), 54
 privacy/personal information, 54
 prosecution/disciplinary actions, 30, 31, 46, 47, 96–109
 Pub talk (case study), 31
Public Finance and Audit Act 1983 (NSW), 47, 72
 s 45F, 64
 public inquiries, 28–29, 53, 55 *see also* Operations
 2014–15 snapshot, 8
Public Interest Disclosure Act 1994 (NSW), 15, 16, 17, 18–20, 21
 s 20, 97, 105
 s 22, 19
 s 25, 18
 public interest disclosures (PIDs), 15, 16, 17, 18–20, 90, 91, 92
 public sector agencies/ministers, reports from, 20–22, 90–92
 publications, 54–56
 2014–15 snapshot, 8
 annual report, 54–55
 investigation reports, 55
 other publications, 56

R

Recruited for childminding duties (case study), 20
 reporting
 exemptions, 122
 GIPA Act, under, 112–115
 publications *see* publications
 statutory reporting, 93–94
 risk management, 7, 44, 45, 59, 60, 61, 62, 63, 87, 120
 Risk Management Policy Framework and Toolkit, 60
 Royal Commission into Trade Union Governance and Corruption, 30, 93
Rural Fires Act 1997 (NSW), 29
 rural/regional communities (workshops), 41–42

S

Safeguarding public money: the importance of controlling invoice payments (Nov 2014), 56

salaries and allowances (staff), 59

sector-wide projects, 34–37

- change management, 37
- employment screening, 36, 38
- facilities maintenance, 37
- international students, 3, 35–36, 56
- invoice payments, 34
- political donations, disclosure and expenditure, 34–35

security

- information security, 62, 63
- personnel security, 61

SEDNode User Forum, 32

Segomo (Operation), 97

senior executive staff, 116

SIG *see* Strategic Investigation Group (SIG)

Sirona (Operation), 96

speaking engagements (corruption prevention), 39, 40 *see also* workshops and training

Special Networks Committee, 32

Spector (Operation), 55, 107, 109

Spicer (Operation), 30

staff, 58

- conditions of employment, 59
- industrial relations, 59
- learning and development, 59
- overview, 58, 116
- performance agreements, 59–60
- personnel security, 61
- risk management, 7, 44, 45, 59, 60, 61, 62, 63, 87, 120
- salaries and allowances, 59
- senior executives, 116
- work health and safety, 120 *see also* Health and Safety Committee
- workforce diversity, 117, 119

Stark (Operation), 102, 111

State Owned Corporations Act 1989 (NSW), 98

Statute Law (Miscellaneous Provisions) Act 2014 (NSW), 49

statutory powers, use of, 6, 28, 44, 45, 46, 47, 53

statutory reporting, 93–94

strategic alliances, 9, 31–32

- Australian Surveillance Group, 31
- Australian Taxation Office, 32, 72
- Australian Transaction Reports and Analysis Centre, 32
- CrimTrac, 32
- DPP *see* Director of Public Prosecutions (DPP)
- Electronic Evidence Practitioner Partnership, 31
- Interagency Technical Group, 32
- Interception Consultative Committee, 32
- Joint User Group, 32
- National Oversight Covert Group, 32
- NSW Police Force, 30, 32, 60, 93
- Police Integrity Commission, 32
- SEDNode User Forum, 32
- Special Networks Committee, 32

Strategic Investigation Group (SIG), 25, 44, 46, 61

Strategic Risk Management Plan, 60

structure (ICAC), 6–7

Surveillance Devices Act 2007 (NSW), 44, 48

survey (*Employment screening in the public sector*), 36

T

Telecommunications (Interception and Access) Act 1979 (Cth), 29, 44

Tilga (Operation), 104, 110, 111

Torino (Operation), 103

training *see* workshops and training

Training and Development Policy, 59

TRIM, 59

Tunic (Operation), 30

V

Verdi (Operation), 30, 55

vetting (staff) *see* personnel security (staff)

Vika (Operation), 29, 30

W

Waldersee, Robert, 5, 6, 116, 122

Waldon, Roy, 5, 7, 62, 116

Waste Reduction and Purchasing Policy, 122

websites (ICAC)

- internet, 8, 15, 54, 55, 56, 118
- intranet, 19, 58, 61, 117, 118

work health and safety, 120 *see also* Health and Safety Committee

workforce diversity, 117, 119

workshops and training

- 2014–15 snapshot, 8
- Aboriginal governance project, 42
- ANZSOG ICAC executive course/scholarships, 41
- APSACC, 42
- corruption prevention, 3, 4, 40–42
- National Investigations Symposium, 42
- rural/regional communities, 41–42
- staff, 59

Y

Yancey (Operation), 30



INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

Level 7, 255 Elizabeth Street
Sydney NSW 2000 Australia

Postal Address: GPO Box 500
Sydney NSW 2001 Australia

T: 02 8281 5999
1800 463 909 (toll free for callers outside metropolitan Sydney)
F: 02 9264 5364
TTY: 02 8281 5773 (for hearing-impaired callers only)

E: icac@icac.nsw.gov.au
www.icac.nsw.gov.au

Business Hours: 9 am – 5 pm Monday to Friday