



annual report

2019–20

ICAC

INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

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ISSN 1033-9973

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This report was produced in print and electronic formats for a total cost of \$1,971 (including GST). The report is available on the ICAC website www.icac.nsw.gov.au.

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INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

The Hon Gladys Berejiklian MP
Premier of NSW
Parliament House
SYDNEY NSW 2000

The Hon John Ajaka MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon Jonathan O'Dea MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Madam Premier
Mr President
Mr Speaker

In accordance with the requirements of the *Annual Reports (Departments) Act 1985* and the *Independent Commission Against Corruption Act 1988*, the Commission hereby furnishes to you the Commission's annual report for the year ended 30 June 2020.

The report has been prepared in accordance with the requirements of those Acts.

Pursuant to s 78(2) of the ICAC Act, it is recommended 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 sincerely

The Hon Peter Hall QC
Chief Commissioner

Philip Reed
Chief Executive Officer

Chief Commissioner's foreword



The NSW Independent Commission Against Corruption (“the Commission”) has continued its core mission to investigate, expose and help prevent corruption in NSW during 2019–20.

This year has not been without its challenges, however, the most sober being not only for the Commission but also for the rest of the state, the nation and the world as we have faced the Coronavirus pandemic and dealt with its consequences.

Just less than three months shy of the end of the 12-month period covered by this report, much of our lives were in lockdown and the Commission had closed its premises, with the vast majority of staff set up to work from home remotely. The challenge we had before us was to keep operating as effectively as possible, within the reduced confines of remote access, while maintaining the wellbeing and enthusiasm of our staff.

When Commissioners Patricia McDonald SC and Stephen Rushton SC and I joined the Commission as its inaugural three-Commissioner-model members, one of the first things that struck us was the dedication and commitment of the Commission's staff. The unwavering willingness to maintain that dedication and commitment has continued, along with the impressive ability to adapt, in these uncertain times.

I thank and acknowledge our management and staff for keeping our work going and maintaining the high standards for which this Commission is renowned.

At this point of our tenure, I believe now is an appropriate time to reflect on how the Commission has embraced change and innovation.

A decision was made in the early days of the new three-Commissioner model that greater emphasis would be given to a structured development of the Commission's proactive investigative jurisdiction. With the establishment of the Commission's Strategic Intelligence and Research Unit (SIRU) in 2018, the Commission has developed its proactive investigative capacity. This has enabled us to more effectively identify corruption risk within particular agencies and to provide additional support, as may be required, in the investigation of suspected corrupt conduct. At present, and as a result of SIRU's work, the Commission is currently pursuing preliminary investigations into a number of matters and five of the 19 matters referred from the Assessments Panel for preliminary investigation in 2019–20 were directed to SIRU for further analysis.

The Commission's new Witness Cooperation Policy is another innovation. Under the policy, persons with information concerning the subject matter of an investigation may cooperate with our officers in providing the information to them. In such circumstances, the information may benefit the Commission in its investigation and may also potentially benefit those who assist the Commission.

With the changes in the delivery of government services and advances in technology, new forms of corruption have emerged in more recent years; and they continue to develop. In that environment there is an ever-present requirement for anti-corruption agencies to continue the development of their work in corruption prevention and to pursue strategic intelligence-driven proactive investigations in addition to exercising their conventional reactive jurisdictions.

Throughout 2019–20, the Commission has continued, amongst other matters, to research and advise on corruption risks associated with new forms of contracting between the public and private sectors, and the corruption controls required to meet potential and emerging risks. The Commission's recently-released publications, *Supplier due diligence: a guide for NSW public sector agencies* and *Managing corrupt conduct during the COVID-19 outbreak*, are examples of the Commission's proactive approach in responding to the threat posed by new or increased corruption risk.

The Commission has continued to be active in identifying and exposing a fundamental flaw in the system by which it is funded. I am pleased to note that the Commission's call for the adoption of a new funding model, which is independent of the Executive Government and that will ensure its independence, has received the support of the Parliamentary Committee on the ICAC and from the NSW Legislative Council's Public Accountability Committee. The advice of Senior Counsel to the Commission confirms that reform of its funding system is a public interest matter of high priority, requiring appropriate action by the Parliament.

The Commission presented its proposed independent funding model in a special report to Parliament, the first such report produced under s 75 of the ICAC Act in the Commission's history. Readers are welcome to access this report, and other Commission publications, from our website at www.icac.nsw.gov.au.

In the past 12 months, the Commission has also maintained focus on pursuing its active work program.

The Commission received 2,416 matters in 2019–20, which, while fewer than the 2,743 received in 2018–19, is a strong result. The percentage of preliminary investigations completed by the Commission within 120 days has increased from 59% in 2018–19 to 87.5% in 2019–20. We have continued to improve our investigation planning and approach to closing, referring or escalating matters, which has assisted with this pleasing result. Four public inquiries were continued or commenced over 56 days, and there were 63 compulsory examinations conducted over 49 days.

We have continued to provide advice, training and speaking engagements, including some now online so we can proceed with this important work during the pandemic. Of the 116 workshops delivered during 2019–20, 17% were conducted online. We reached over 5,700 people through the combined 178 face-to-face and online workshops and presentations we held during the year.

On the subject of our online presence, the Commission also broadened its external communications reach through proactively establishing its own social media presence. This commenced with our Twitter account in December 2019, and continued with the launch of our YouTube channel in June 2020. These initiatives are helping us to further our contact with those who do not necessarily utilise more traditional forms of communication, such as people who prefer to only operate in the digital space. It has also become an important way for us to enhance our external communications during the restrictive period of COVID-19, when we have less opportunity to connect through publicly-facing activities.

I encourage readers to follow us on Twitter, and to subscribe to our YouTube channel, which in its short life to date already has some enlightening videos on what corruption is, and what does or may amount to a conflict of interest.

There are many more items in the Commission's Annual Report 2019–2020. As readers peruse the Commission's review of the past 12 months as recorded in the report, I hope they will find it interesting and informative, and demonstrative of the vital work that this organisation performs.



The Hon Peter Hall QC
Chief Commissioner

Snapshot 2019–20

Public inquiries



conducted

4

over

56

days

Compulsory examinations



conducted

63

over

49

days

Corrupt conduct

12

serious corrupt conduct findings made against 6 people



Prosecution advice

6

recommended the advice of the Director of Public Prosecutions be sought regarding the prosecution of 6 people

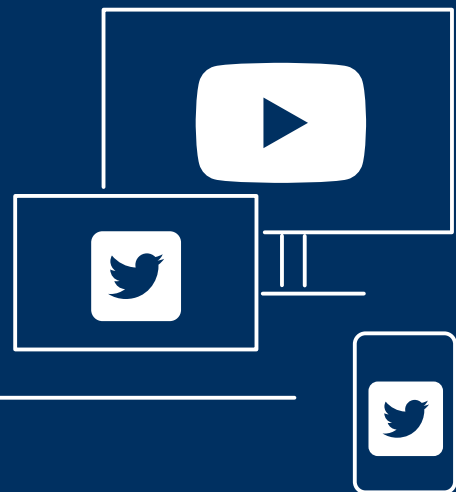


2,416

Matters received and managed

Social media

YouTube channel and the @nswicac Twitter account launched



Corruption prevention



presentations and training

178 anti-corruption presentations and training workshops reaching over 5,700 people face-to-face and online

178

5,700



advice provided

142
occasions

Preliminary investigations



commenced
(new)

19

5 SIRU



completed

7

4 SIRU



completed
within 120-day
target

87.5%

Operations

commenced (new)



5

completed



13



Joined other state integrity bodies as a member of the Australian Public Sector Anti-Corruption Conference Program Coordinating Committee and became an official conference partner.



Published two editions of the *Corruption Matters* e-newsletter, reaching approximately 1,000 subscribers, with readers located in Australia and overseas.



Recorded 149 staff attendances at learning activities, equating on average to each staff member participating in 12 hours of formal development.



Completed and furnished one investigation report to Parliament.



Recorded 463,779 visitor sessions to the ICAC website.

Chapter 1: Overview

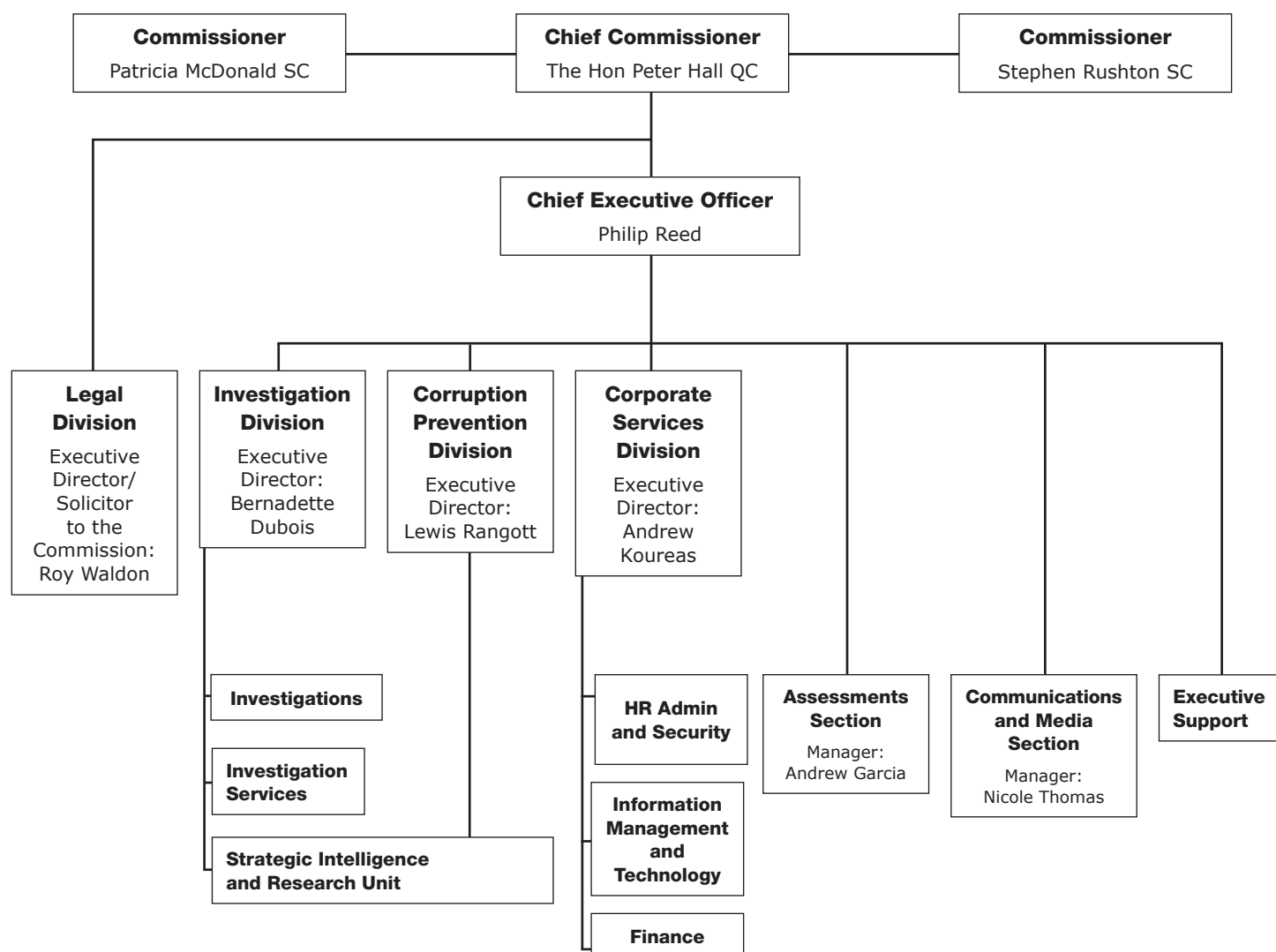
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Our mission is to
combat corruption
and improve the
integrity of the
NSW public sector.

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 functions of the Commission as set out in the ICAC Act are:

- to investigate and expose corrupt conduct in the public sector
- to actively prevent corruption through advice and assistance, and
- to educate the NSW community and public sector about corruption and its effects.

Organisational chart*



* As at 30 June 2020.

Structure of the ICAC

Commissioners

The Commission is led by the Chief Commissioner, who oversees the Commission's work and ensures that it meets the objectives of, and complies with the requirements set out in, the ICAC Act and all other relevant legislation.

The Commission also has two part-time commissioners, whose roles include participating in determining if a matter will proceed to a public inquiry, and presiding at compulsory examinations and public inquiries (these functions are also undertaken by the Chief Commissioner).

The Hon Peter Hall QC is the current Chief Commissioner, and the part-time Commissioners are Patricia McDonald SC and Stephen Rushton SC.

Chief Executive Officer

The Chief Executive Officer (CEO) leads and directs the day-to-day management of the affairs of the Commission and is responsible for the implementation of the decisions of the Commissioners (and Assistant Commissioners).

The CEO provides advice to assist the Commissioners in their decision-making, resource allocation and strategic planning, and provides leadership and guidance to the executive management team.

The CEO during the reporting period was Philip Reed.

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

Executive Support Section

The Executive Support Section provides administrative and paralegal support (the latter shared with the Legal Division) to the Chief Commissioner and Commissioners, and acts as a point of contact to the CEO. It also provides secretariat services to executive management groups, and provides reception and switchboard services. In the reporting period, the Executive Support Section had an average of 4.18 full-time equivalent (FTE) staff.

Assessments Section

The Assessments Section is the first point of contact for complaints and reports made to the Commission. Assessments 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 Manager of the Assessments Section during the reporting period was Andrew Garcia. In the reporting period, the section had an average of 11.61 FTE staff.

Investigation Division

The Investigation Division comprises the investigation section and the investigation services section. The investigation section consists of three operational investigation teams and includes investigators, forensic accountants, intelligence analysts and support staff. The division's investigation services unit supports the Commission's investigations with surveillance, forensic, property services and technical personnel.

The Commission takes a multidisciplinary approach to its investigation function, with investigative teams including staff from other divisions. The Strategic Intelligence and Research Unit, which proactively identifies suspected corruption for referral for investigation and develops strategic intelligence products and reports, is linked to both the Investigation and the Corruption Prevention divisions.

John Hoitink was the Executive Director of the Investigation Division until he resigned from the Commission effective 25 October 2019. After a period of chief investigators acting in the role, Bernadette Dubois was appointed to the position from 30 January 2020. In the reporting period, the division had an average of 49.19 FTE staff.

Corruption Prevention Division

The Corruption Prevention Division's principal functions include examining the laws, practices and procedures of public officials that may be conducive to corrupt conduct, while educating, advising and assisting public authorities and the community on ways in which corrupt conduct may be eliminated. The division's role also includes promoting the integrity and good repute of public administration.

Lewis Rangott was the Executive Director of the Corruption Prevention Division during the reporting period. In the reporting period, the division had an average of 14.41 FTE staff.

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 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 was the Executive Director of the Legal Division and Solicitor to the Commission during the reporting period. In the reporting period, the division had an average of 11.11 FTE staff.

Corporate Services Division

The Corporate Services Division partners with all divisions and organisational units of the Commission to provide corporate support. It delivers human resources, administrative, security, facilities, financial and information management and technology services.

Other functions provided to support the Commission's activities include recruitment, payroll, risk management and procurement.

Andrew Koureas was the Executive Director of the Corporate Services Division during 2019–20. In the reporting period, the division had an average of 17.47 FTE staff.

Communications and Media Section

The Communications and Media Section manages the Commission's internal and external communications functions with various interested parties, including the media, other agencies and ICAC staff via media liaison, publications and resources, corporate identity and branding, major events management, and the ICAC's internet and intranet sites.

In 2019-20, Communications and Media initiated and led the Commission's project to establish a pro-active social media presence, which resulted in the launch of its Twitter account and YouTube channel during the year.

Nicole Thomas was the Manager of the Communications and Media Section during the reporting period. In the reporting period, the section had an average of 3.94 FTE staff.

What we do

The Commission's overarching aims are to protect the public interest, prevent breaches of public trust, and guide the conduct of public officials.

Its functions comprise investigating allegations of corrupt conduct in and affecting the NSW public sector, and driving programs and initiatives to minimise the occurrence of such conduct in the state. The Commission also investigates conduct that may involve specified criminal offences referred to it by the NSW Electoral Commission.

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. The Commission may also initiate its own investigations.

It has extensive investigative powers and may conduct hearings to obtain evidence of, and to expose, serious corruption and systemic corruption. The Commission can make findings of corrupt conduct, may make recommendations for disciplinary action and is able to obtain the advice of the DPP with respect to the prosecution of individuals.

The Commission's corruption prevention functions include providing advice and guidance via information, resources, and training to public sector agencies to address existing or potential corruption issues. It also conducts research to identify and help remedy specific areas of corruption risk.

The Commission helps organisations to identify and deal with significant corruption risks. Through the use of various communication tools, which now include social media, it provides advice and guidance to the wider community about corruption and how to report it.

The Commission is a corporation and is independent of the government of the day. It is accountable to the people of NSW through the NSW Parliament and is also overseen by the Inspector of the ICAC.

The Commission's *Strategic Plan 2017–2021* sets out four key result areas for 2019–20:

- 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

The objectives in the *Strategic Plan 2017–2021* 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 good practice approach for all investigations
- maintain an efficient and effective complaint-handling service
- maintain strategic alliances with other relevant agencies to optimise investigative and preventative outcomes
- maintain a proactive and reactive strategic intelligence capacity.

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 2019–20.

Preventing corruption

The objectives in the *Strategic Plan 2017–2021* for preventing corruption are to:

- encourage government to address corruption risks of state-wide significance and public concern
- ensure public authorities revise practices or procedures to reduce the risk of corrupt conduct occurring, and promote the integrity and good reputation of public administration

- raise awareness in the community of corrupt conduct and encourage reporting of corrupt conduct
- ensure good practice for all corruption prevention work.

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 2019–20.

Table 1: Key quantitative results for corruption exposure activities

Measure	Target*	2019–20	2018–19	2017–18
Matters received	n/a	2,416	2,743	2,751
Average time to deal with matters (days) in Assessments Section	68	28	24	25
Preliminary investigations commenced	n/a	14	18	41
Preliminary SIRU investigations commenced**	n/a	5	–	–
Full investigations commenced	n/a	5	12	12
Percentage of full investigations completed within 16 months	>80%	30%	50%	72%
Number of public inquiries	n/a	4***	4****	4
Number of public inquiry days	n/a	56	133	47
Number of compulsory examinations	n/a	63	83	112
Number of persons subject to serious corrupt conduct findings	n/a	6	8	18
Number of investigation reports to Parliament	n/a	1	3	3
Percentage of investigation reports furnished within the ICAC's target	80%	100%	67%	67%
Number of persons against whom prosecutions commenced	n/a	6	4	10
Number of persons against whom disciplinary action commenced arising from investigations	n/a	0	5*****	0

* 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.

** Commencing 2019–20, SIRU preliminary investigations are reported separately from general preliminary investigations.

*** Two of these public inquiries (operations Ember and Skyline) were continued from the previous year.

**** Two of these public inquiries (operations Dasha and Skyline) were continued from the previous year.

***** This figure was incorrectly reported in the *Annual Report 2018–2019* table 1 as "0".

Accountability

The objectives in the *Strategic Plan 2017–2021* 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
- keep the public informed about the work of the Commission through the publication of its reports and by sharing current information on its website
- assist the Parliamentary Committee on the ICAC.

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 2019–20.

Our organisation

The objectives in the *Strategic Plan 2017–2021* 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).

Table 2: Key quantitative results for corruption prevention activities

Measure	Target	2019–20	2018–19	2017–18
Requests for corruption prevention advice	n/a	142	180	139
Rural and regional outreach visits	2	1*	2	2
Training sessions delivered	80	116	111	126
Corruption prevention recommendations in investigation reports published during the period	n/a	24	46	22
Percentage of corruption prevention recommendations in investigation reports accepted in action plans as at 30 June 2020	80%	100%	100%	97%
Percentage of public inquiries that resulted in the making of corruption prevention recommendations	90%	100%	100%	67%
Number of prevention reports published	n/a	3	4	1

* A second visit was postponed due to the COVID-19 pandemic and related public-health orders.

Table 3: Key quantitative results for accountability activities

Measure	2019–20	2018–19	2017–18
Parliamentary Committee on the ICAC meetings	2	0*	3
NSW LECC Inspector/Commonwealth Ombudsman inspections of telecommunications intercepts and accesses, surveillance devices and controlled operation records	3	2	2
Number of reports/responses provided to the Inspector of the ICAC	13	16	22
Number of audits conducted by the Inspector of the ICAC	1	0	0
Number of assumed identity audits	1	1	1

* A state election took place during this reporting period.

Financial overview

Statement of Comprehensive Income

The Commission has achieved a Net Result of (\$0.063) million, which was \$0.600 million favourable to budget.

Table 4: Operating result 2019–20

	\$'000
Expenses	27,976
Revenue	28,250
Loss on Disposal	(211)
Net Result	63

Table 5: Financial position 2019–20

	\$'000
Assets	17,910
Liabilities	17,465
Net Assets	445

Revenue

The main sources of revenue were recurrent allocations (\$24.099 million or 85.3%) and grant income of \$2.5 million or 8.9%. Capital appropriation received was \$0.800 million, compared to the previous year of \$0.944 million.

The NSW Department of Premier and Cabinet also provided a grant of \$2.5 million. The recurrent grant was necessary to meet operational expenditure needs as well as improving the Commission's cash reserves.

Expenses

Total expenses were \$27.976 million, representing a decrease of \$1.112 million or 3.8% from the previous year.

Employee-related expenses were \$19.190 million, a decrease of \$0.431 million or 2.2% compared to last year.

Other operating and depreciation expenses were \$0.991 million (10.5%) lower than the previous year primarily due to reduced legal and transcript expenditure, which in turn was largely offset by increased depreciation expenses following the adoption of the AASB 16 *Leases* accounting standard.

Assets

Total assets increased by \$13.245 million (284%) due largely to the implementation of the AASB 16 *Leases* accounting standard, resulting in the recognition of a right-of-use asset.

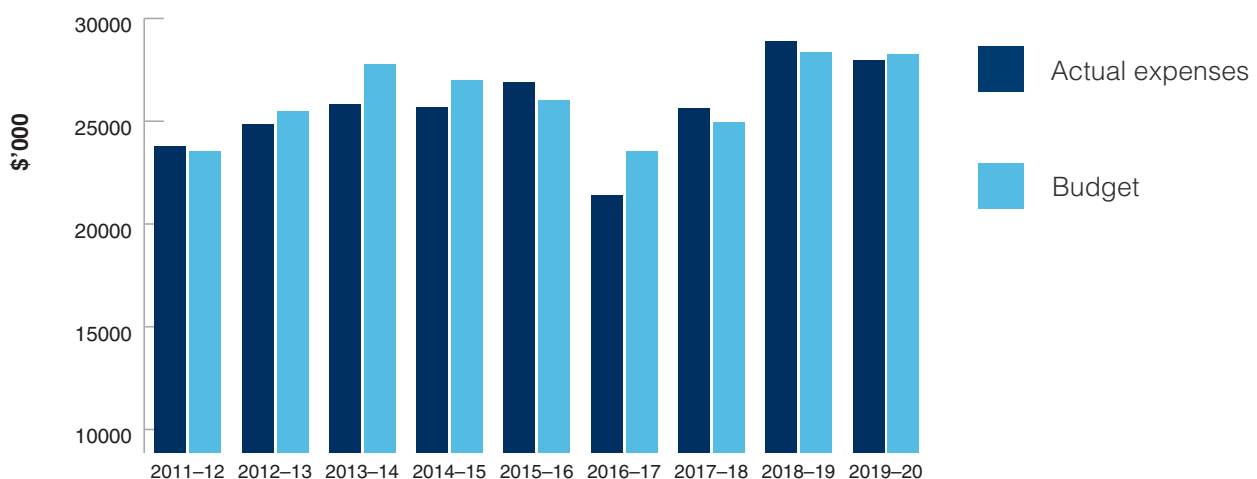
Liabilities

Total liabilities increased by \$13.183 million (308%) mainly due to the recognition of lease liabilities arising from the AASB 16 *Leases* accounting standard.

Net Equity

The Commission incurred a positive equity result of \$0.445 million.

Figure 1: Total expenditure budget and actuals



Chapter 2: Assessing matters

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All complaints and reports within the Commission's jurisdiction are reported to the Assessment Panel, which is made up of the Commissioners and 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 a query only, is outside the Commission's jurisdiction or considered simply 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 from 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 NSW public authorities.

Performance in 2019–20

In 2019–20, the Commission received and managed a total of 2,416 matters. This figure represents a drop from the number of matters received in the previous year (2,743 matters). In the reporting period, the average time taken to assess and close a matter was 28 days, as compared with the previous year's average of 24 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.

Table 6: Some internal targets and achievements of the Assessments Section in 2019–20

Measure	Target	Achievement
Average days to present a "straightforward" matter to the Assessment Panel	28	15
Average days to present a "complex" matter to the Assessment Panel	42	35
Average days to review an s 54 report from a public authority and report a matter back to the Assessment Panel	42	24

Table 7: Matters received by category in 2019–20, compared to the previous two years

Category	2019–20		2018–19		2017–18	
Complaint (s 10)	1,037	43%	1,220	44%	1,264	46%
Report (s 11)	728	30%	789	29%	646	23%
Query	353	15%	431	16%	468	17%
Outside jurisdiction	189	8%	235	9%	302	11%
Feedback	79	3%	47	2%	64	2%
Referrals (s 16(1))	12	< 1%	9	< 1%	5	< 1%
Own initiative (s 20)	18	< 1%	12	< 1%	1	< 1%
Referral (s 73)	0	0%	0	0%	0	0%
Referral (s 13A)	0	0%	0	0%	1	< 1%
Total	2,416		2,743		2,751	

Profile of matters received

In the reporting period, the majority of the 2,416 matters that were received and assessed by the Commission came from two sources:

- people making complaints under s 10 of the ICAC Act (s 10 complaints), representing 43% of all matters
- principal officers of NSW public sector authorities and ministers, who each have a duty to report suspected corrupt conduct under s 11 of the ICAC Act (s 11 reports), representing 30% of all matters.

Table 7 shows all matters received in 2019–20 by category, compared with the previous two years.

In 2019–20, the Commission received 1,037 s 10 complaints compared with 1,220 in the previous financial year (a 15% decrease). The Commission also observed an 8% decrease in the number of s 11 reports (from 789 in 2018–19 to 728 in 2019–20). Figure 2 provides an overview of matters received since the Commission was established.

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,

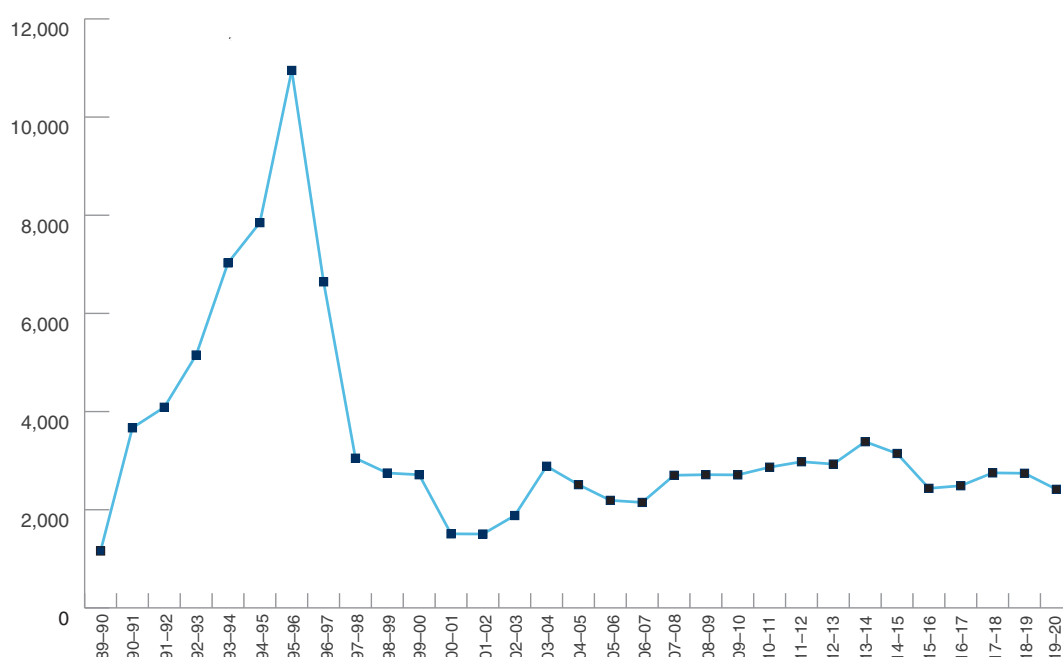
including in writing, by telephone or email, or online from the Commission's website at www.icac.nsw.gov.au.

In 2019–20, the methods used most frequently by individuals to contact the Commission were email (30%), the ICAC website (26%), and telephone (20%), as shown in Table 8. The Commission's offices were closed between March 2020 and the end of the financial year, as a precautionary measure due to the COVID-19 pandemic. During this time, individuals could not contact the Commission by telephone or in person.

Table 8: Methods of initial contact for all matters received in 2019–20

Method	Number of matters received	% of matters received
Email	719	30%
ICAC website	638	26%
Telephone	482	20%
Schedule	348	14%
Letter	205	8%
Visit	3	< 1%
Other	21	< 1%

Figure 2: Number of matters received from 1989–90 to 2019–20



Note: In 1997, the NSW Police Integrity Commission was established and assumed responsibility for investigating allegations of police corruption.

A managed conflict

In 2019, the Commission received two anonymous complaints from member/s of the public about a public official employed by a local council. It was unclear if the complaints were made by one or two people. The complainant/s alleged that the public official sent the complainant/s answers to employment application questions (selection criteria), giving them an unfair advantage. The complaints included a copy of the answers, which appeared to be those given by the public official in an application they had previously submitted. The complaints also alleged that the public official was partial and favoured a named individual when recruiting for a job vacancy.

As the complaints were made anonymously, the Commission was not able to obtain further details concerning the purpose and context in which the public official allegedly provided their answers to the selection criteria, including whether other candidates received the information. Limited lines of enquiry were available for the Commission to pursue this allegation and clarify whether the public official may have engaged in corrupt conduct in this regard.

In relation to the second allegation, having regard to the potential seriousness of the issue, the Commission made enquiries with the council. The council confirmed that the public official was the chair of the recruitment panel for the named individual. However, the public official declared a conflict of interest, noting a professional relationship with the named individual and not a personal one.

The council advised that the conflict was managed by having a more senior public official on the recruitment panel. In addition, a human resources officer independently reviewed the shortlisted applicants prior to being progressed to interview. The council also provided details to the Commission of a robust recruitment process for the named individual and confirmed that it conducted pre-employment screening without identifying any concerns.

The Commission decided not to investigate these complaints further.

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 *Public Interest Disclosures Act 1994* ("the PID Act").

In 2019–20, 24% of complaints from people (245 matters) were made anonymously. The proportion of anonymous complaints is consistent with those received in 2018–19 (23% of matters). Of those anonymous complaints, 50 (20%) were classified as public interest disclosures (PIDs).

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 Chief Commissioner or a 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 employees and contractors of NSW public authorities that meet the criteria set out in the PID Act are also classified as s 10 complaints.

Many matters reported to the Commission by people 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 corrupt conduct and systemic corrupt conduct.

The Commission may refer allegations to a NSW public authority that is the subject of a complaint for its information, often for the authority to address a perception on the part of the complainant of unfairness or wrongdoing. Perceptions of wrongdoing are often borne, in the Commission's experience, of poor communication or consultation, or a lack of consistency or transparency on the part of public authorities. Such a referral also allows the public authority 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 20 is an example of the enquiries the Commission makes in order to determine whether the Commission will investigate a complaint.

Table 9 shows the different government sectors about which allegations of corrupt conduct were made in complaints under s 10 in 2019–20.

Table 9: Complaints from people in 2019–20, showing allegations in the top five government sectors

Sector	Section 10 complaints	% s 10 complaints
Local government	415	40%
Government and financial services	88	8%
Health	84	8%
Natural resources and environment	82	8%
Law and justice	80	8%

As in previous years, the sector most frequently complained about in 2019–20 was local government, with s 10 complaints relating to this sector accounting for 40% of the total volume received (compared with 37% in 2018–19). The Commission notes, however, the large number of local councils in NSW, and that over-representation of local government in the complaints statistics may be 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 tables 10 and 11 respectively.

Table 10: Complaints from people in 2019–20, showing the five most frequent types of workplace functions mentioned

Workplace function	Section 10 complaints	% of s 10 complaints
Reporting, investigation, sentencing and enforcement	315	30%
Allocation of funds, materials and services	258	25%
Human resources and staff administration	255	25%
Development applications and land rezoning	208	20%
Procurement, disposal and partnerships	162	16%

Note: While the order has changed, the top five workplace functions mentioned in s 10 complaints are consistent compared to those in 2018–19. There was a decrease in the proportion of s 10 complaints concerning human resources and staff administration in 2019–20 (25%) as compared with the previous year (28%).

Table 11: Complaints from people in 2019–20, showing the five most frequent types of corrupt conduct alleged

Types of corrupt conduct	Section 10 complaints	% of s 10 complaints
Partiality	498	48%
Improper use of records or information	350	34%
Personal interests	328	32%
Improper use or acquisition of funds or resources	253	24%
Corrupt conduct related to investigations or proceedings	236	23%

The 2019–20 reporting period continues the trend in the proportion of complaints alleging improper use of records or information increasing (34% in the current reporting period compared with 27% in 2018–19 and 19% in 2017–18).

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

Procurement without corrupt intent

In 2020, the Commission received a public interest disclosure from a public official alleging that a NSW public authority had engaged a contractor contrary to the Public Service Commission's contingent workforce management guidelines. Further, the public official alleged that the contractor was involved in awarding a government contract to Company A, of which the contractor was a director, without a competitive tender, without adhering to relevant procurement policies, and without the contractor's conflict of interest being managed.

On careful analysis of the available information, the Commission observed that the Public Service Commission's guidelines permitted some flexibility regarding longer term engagements of contractors; for example, where there is a market shortage of the required expertise, as may have been the case in this matter. On the information available, the public authority's engagement of the contractor appeared unlikely to involve corrupt conduct.

It appeared that the public authority intended to engage Company A to provide the same and additional services currently being delivered by the contractor, plus additional services, but at an overall reduced cost. However, the briefing note to engage Company A via direct negotiation was approved by the delegate for approximately 30% more than what was being paid for the contractor. Further, the contractor was clearly involved in the drafting of the briefing note, the contractor's engagement through Company A may not have met the terms of the relevant pre-qualification scheme, and the procurement did not follow the public authority's procurement policy.

The Commission considered that the relevant public officials were unlikely to have intended to engage in corrupt conduct. Rather, the officials were attempting to spend the monies available more effectively and, in doing so, may have failed to appropriately adhere to relevant policies and procedures.

For this reason, the Commission did not investigate the matter, but will work closely with the public authority to enhance its systems and reduce the risk of corrupt conduct in procurements. The Commission considered referring details of the complaint to the public authority or other agencies, but did not do so in light of the complainant's concerns about their wellbeing.

Public interest disclosures

NSW public sector employees or contractors who report allegations of corrupt conduct about a NSW public sector authority 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 2019–20, the Commission classified 841 matters as meeting the criteria in the PID Act and were complaints under s 10 of the ICAC Act (144 matters) or reports under s 11 of the ICAC Act (697 matters).

During the reporting period, 851 PIDs were finalised. The PIDs received related to corrupt conduct. Under s 25 of the PID Act, where appropriate, the Commission refers any misdirected PIDs to the relevant investigating authority.

Table 12 shows the number of allegations in the top five categories by government sector for PIDs received during the year. In 2019–20, "health" became the most common sector to feature in allegations made in PIDs, replacing "local government", which is now the second most common sector.

Table 12: PID allegations by government sector in 2019–20

Sector	PIDs	% of PIDs
Health	182	22%
Local government	180	21%
Custodial services	135	16%
Transport, ports and waterways	100	12%
Education (except universities)	100	12%

Table 13: Types of conduct reported as PIDs in 2019–20

Types of conduct reported as PIDs	Number reported	% reported
Improper use of records or information	382	45%
Improper use or acquisition of funds or resources	341	41%
Personal interests	322	38%
Partiality	250	30%
Intimidating or violent conduct	100	12%

Note: The most significant change in 2019–20 was that “intimidating or violent conduct” became the fifth highest type of conduct alleged in PIDs (replacing “failure to perform required actions not already listed”).

Prior to making any enquiries about PID allegations from public officials who are not under a duty to report the matter to the Commission (s 11 of the ICAC Act), 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 Chief Commissioner or a 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 public authority and the officer making the complaint, are responsible for ensuring that confidentiality is maintained.

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

The case study on page 22 is an example of a PID that was made to the Commission and, while the Commission did not investigate it, the Commission decided to work with the public authority to reduce the risk of corrupt conduct occurring.

In 2019–20, the most frequent workplace function reported by way of PIDs was “human resources and staff administration”, comprising 50% of allegations (similar to 49% in the previous year), followed by “allocation of funds, materials and services” with

32% (up from 28% in the previous year). “Reporting, investigation, sentencing and enforcement” was the third most frequent workplace function reported, making up 21% of PIDs in 2019–20 (down from 23% in the previous year).

Appendix 2 provides further information on PIDs made by public officials and the types of allegations made in PIDs.

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 staff during their induction phase.

Reports from public authorities and ministers

Section 11 of the ICAC Act requires principal officers of NSW public authorities 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 authority 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 authority 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 public authority 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.

The case study on page 24 is an example of a matter where the principal officer of a public authority reported a matter under s 11 and the steps they took in response to the issue.

Accessing information for personal gain

In 2019, the Commission received a report from a public authority alleging that a public official, who performed health care services, improperly accessed and disclosed patient records. Specifically, the public authority alleged that the public official inappropriately accessed the records of a patient, who was a minor, and disclosed that information in legal proceedings. It was also alleged that the public official accessed other adult and child patient records without authorisation or clinical need to do so.

The public authority advised that it conducted a risk assessment and decided to suspend the public official pending the outcome of its enquiries. The public authority conducted an investigation and determined that the public official had inappropriately accessed and disclosed information contained in patient records. The investigation found that the public official used their access to information for personal gain in the context of legal proceedings.

The public authority terminated the public official's employment. The public authority made a record of the matter on a service check register, which will be available should any prospective employer for the public official contact the public authority. The public authority also advised that it complied with its reporting obligations to notify relevant agencies of the matter.

Having regard to the action taken, the Commission determined not to conduct its own investigation into these issues.

Table 14 shows the number of reports that include allegations concerning a particular sector. "Health" remains the most frequently reported sector, representing 23% of s 11 reports during the reporting period. While "local government" and "custodial services" are the second and third most reported sectors; this order has changed from the previous reporting period ("custodial services" represented 20% and "local government" represented 17% in 2018–19).

Table 14: Section 11 reports received in 2019–20, showing the five most frequently reported government sectors

Sector	Section 11 reports	% of s 11 reports
Health	168	23%
Local government	142	20%
Custodial services	128	18%
Education (except universities)	90	12%
Transport, ports and waterways	89	12%

In relation to the workplace functions involved in the allegations reported, most s 11 reports concerned "human resources and staff administration", comprising 48% (347) of s 11 reports received. This was followed by "allocation of funds, materials and services", which accounted for 32% (231).

With regard to conduct types, "improper use of records or information" was the most frequently reported, with 47% (344). It was followed by "improper use or acquisition of funds or resources" at 41% (295) and "personal interests" at 36% (260).

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

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 public authority. Consideration is also given to whether there are appropriate systems in place for the public authority 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).

All matters, except those that are queries, 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 Chief Commissioner, the Commissioners, the Chief Executive Officer, 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 assessment of the matter, and recommendations for further action.

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

1. Close the matter without referral

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 that 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.

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.

In 2019–20, the Commission made 1,494 (79%) decisions to close matters and take no further action. This is a greater proportion of decisions than in the previous year, where the Commission decided to close 73% of matters and take no further action (1,672 decisions).

2. Close the matter and refer externally

A number of the matters the Commission receives can be appropriately referred to other oversight bodies, such as the NSW Ombudsman. In addition, the Commission may appropriately refer some disciplinary or administrative matters to the public authority concerned.

In 2019–20, 182 matters were referred on this basis; down from 276 in the previous year.

Stolen time

In 2019, the Commission received a report from a NSW public authority with regulatory/oversight functions, alleging a senior public official misrepresented claims for paid overtime, overstated periods of work in their timesheet, and may have misused office resources for personal or unrelated personal business activities.

The allegations were serious, having regard to the seniority of the public official and the position of significant trust they held in the public authority. Further, the pecuniary loss to the public as a result of the public official's alleged conduct appeared to be significant. However, as the Commission's investigative powers were not required to properly consider this matter, the Commission referred the allegations back to the public authority for investigation and to report back to the Commission under s 53 and s 54 of the ICAC Act.

The investigation revealed that the public official was paid over \$70,000 in overtime between 2016 and 2019, when there was insufficient evidence that they undertook work during those hours. The investigation concluded that the public official had also not accurately completed their timesheet, but did not substantiate their alleged misuse of office resources for personal or unrelated personal business activities.

The investigation also considered the paid overtime claims of other public officials during the same period. It found two other public officials failed to keep accurate timesheet records and/or misrepresented claims for paid overtime.

As a result, the public authority has begun implementing business improvements, including revising relevant policies and introducing new systems for approval, recording and monitoring flex time and overtime. The public authority advised that following its investigation, the public official resigned. In relation to the other public officials, it reprimanded one and, having regard to the circumstances, took no action against the other.

3. Refer the matter internally but not investigate

The Commission may decide to carry out further work internally, in order to obtain additional information and assist its assessment of a matter. Specifically, the Commission can undertake assessment enquiries in a matter. Alternatively, it may request that a relevant public authority provide a copy of its report on a matter or require an authority to conduct an investigation and report its findings to the Commission. In addition, the Commission's Corruption Prevention Division may review the matter.

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

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

In 2019–20, there were 87 decisions by the Commission to conduct assessment enquiries, which is a decrease from the figure of 125 reported in 2018–19.

Where an authority reported a matter under s 11 and has commenced an investigation or is preparing to embark on one, the Commission may request a copy of the report to inform the Commission's assessment. In the reporting period, the Commission made 49 requests for investigation reports from agencies, which is a decrease from the 70 reported in the previous year.

Alternatively, under s 53 and s 54 of the ICAC Act, the Commission has the power to require that a public authority 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 authority, will agree on a timeframe for its completion.

The Commission refers matters under s 53 and s 54 only if it considers that the public authority will, following consultation with the public authority, be able to investigate the matter. The Commission will not make a referral if it considers the public authority 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 a public authority that it considers unsatisfactory.

In 2019–20, 13 matters were the subject of referrals under s 53 and s 54 of the ICAC Act. This is an increase on the number of referrals made in 2018–19 (nine referrals).

The Assessment Panel reviews the outcomes of matters referred to public authorities under s 53 and s 54 of the ICAC Act.

The case study on page 26 is an example of a referral under s 53 and s 54 to a NSW public authority to conduct an investigation into allegations of corrupt conduct. In the course of its investigation, the public authority also considered and addressed systemic issues to reduce the risk of the conduct occurring again.

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 public authority concerned. This may involve advice on enhancing a public authority's capacity to minimise the risk of corruption, and on how to prevent the problem from happening again.

In 2019–20, there were five matters referred by the Assessment Panel to corruption prevention officers for analysis and/or advice, which is a slight increase on the two matters referred in 2018–19.

4. 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 serious corrupt conduct and 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 Investigation Management Group, which also gives direction on each investigation.

In 2019–20, 19 matters were referred to the Investigation Division for preliminary investigation, which is a slight increase from the 18 matters referred in the previous year.

Decisions made by the Assessment Panel in 2019–20 are shown in Table 15.

Table 15: Decisions made by the Assessment Panel in 2019–20

	Number of decisions*	% of decisions
Closed without referral	1,494	79%
Closed but referred externally	182	10%
Referred internally but not investigated	193	10%
Investigated	19	1%

Chapter 3: Investigating corruption

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A principal function 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.

The Commission also has the function of investigation matters referred to it by the NSW Electoral Commission under s 13A of the ICAC Act that may involve possible criminal offences under the *Electoral Funding Act 2018* or the *Lobbying of Government Officials Act 2011*.

Investigation challenges in 2019–20

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

As at 30 June 2020, there were 10 operations and 10 preliminary investigations. Compared with previous years, there are fewer investigations (operations) but a greater number of preliminary investigations. During the reporting period, five matters, which commenced as preliminary investigations, were escalated to full operations.

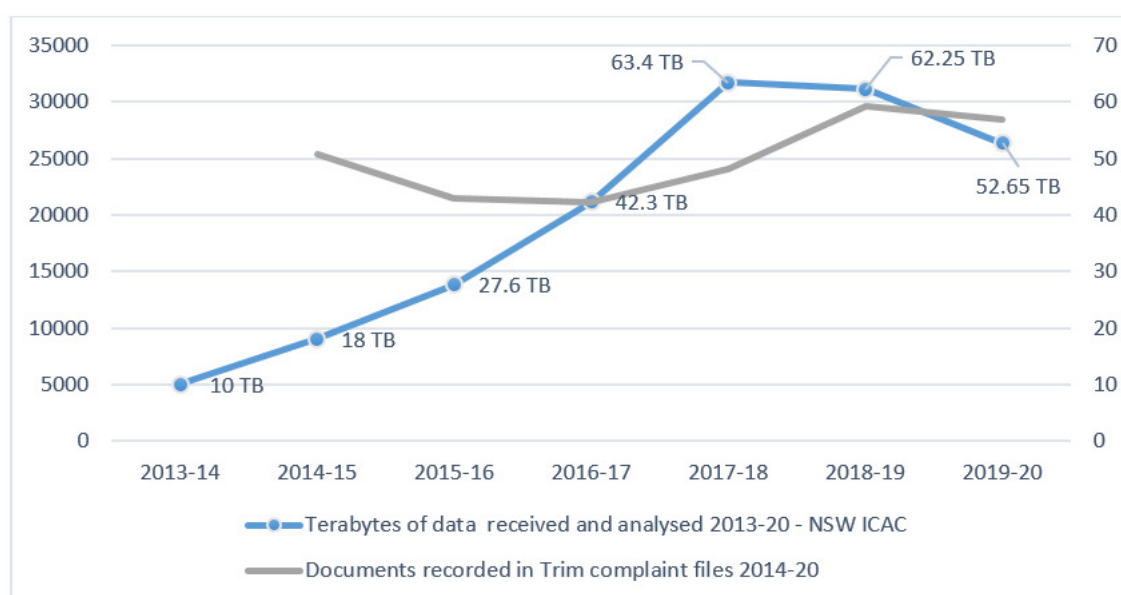
As reported in the annual reports of previous years, the Commission's investigations are increasing in complexity with a significant reliance on financial investigation and computer forensics. The ever-increasing volume of computer data seized by law enforcement and anti-corruption agencies around the world is a challenge. The ICAC has seen an upsurge in the receipt of computer data over the last seven years, which directly impacts investigation timelines.

The receipt of electronic data by the Commission has increased exponentially over the years; from 10 terabytes (TB) in 2013–14 to 52.65TB in 2019–20 (the latter is equivalent to 3.95 billion pages). This data is processed and preserved on a database by the Investigation Services Section (ISS) for analysis by investigators. The increase in the number of documents saved into the Commission's TRIM recordkeeping system has also increased over the same period.

With the rising volume of electronic data received requiring analysis and reporting in investigations and the emergence of new digital technologies, the Commission is exploring ways to examine a growing number of digital devices, each containing an immense volume of data, in a timely manner and with limited resources.

The extraction of digital evidence by investigators is a critical function of investigation work due to the amount of evidence identified through computer

Figure 3: Increase in data received and analysed



data. It is vital to the success of Commission investigations that investigation personnel have the most up-to-date and thorough training in relation to the use and capability of computer data extraction software to maximise the identification of evidence.

The Commission has examined its training, practices and efficiency relating to data extraction and examined its capability to anticipate and evolve with the rapid changes in technology and increase the Commission's ability to respond in the future. The Commission also reviewed its surveillance technology, which is also highly specialised and changing rapidly.

In order to maintain pace with current technology, the Commission has made a significant investment in its covert surveillance and technical capability and digital forensics software platform to enhance and maximise the Commission's evidence-gathering in uncovering corruption.

In 2019–20, the Commission undertook the following investigation systems and process improvements:

- initiated the Business Process Improvement Project, which entailed reviewing the Commission's procedure of analysing, extracting and recording computer data for evidentiary purposes to reduce the amount of seized data saved from the software platform to its TRIM recordkeeping system
- doubled the capacity of the Storage Area Network from 32TB to 64TB to cope with the volume of computer data received by the Commission
- built on the investigative skills and capability of investigation staff by providing training in:
 - the extraction and examination of computer data using a digital investigation platform that is used to examine and analyse unstructured digital information
 - a digital intelligence platform facilitating the extraction and analysis of data from mobile devices
 - the capability of the communication network analysis tool of the Commission's telecommunication interception system.
- made a long-term investment in the upgrade of the Commission's digital investigation platform to enable the examination of computer data with added functionality to identify linkages in data and the graphical display of these linkages to enable users to see the

connections in the data, including advanced training in the use of the analytic software

- prepared an induction and training package for new employees to the Investigation Division to better equip them in understanding their role within the division, the functions, and the operations and capability of the division and the Commission
- continued to revise the Investigation Management Framework and the Operations Manual.

Strategic Intelligence and Research Unit

Established in 2018, the Strategic Intelligence Research Unit (SIRU) continued to proactively identify individuals, organisations, departments and other entities suspected of being involved in corrupt activities.

SIRU has established itself as a reliable source of strategic intelligence that readily feeds into the Commission's investigation and corruption prevention functions. Moreover, it operates as a standalone unit, creating self-initiated intelligence products that enhance the Commission's ability to expose and prevent corrupt conduct. SIRU's processes, systems and methods will continue to evolve with greater exposure to the NSW public sector.

In August 2019, the Commission received an award from the Australian Institute of Professional Intelligence Officers for its innovation in intelligence tradecraft development and application over the previous 12 months, which was, in large part, a recognition of the achievements of SIRU.

Strategic intelligence project

In late 2018, SIRU commenced a strategic intelligence project examining corruption risks in the NSW public sector. The project aims to identify current and emerging corruption trends in the sector, covering the full range of procurement, infrastructure, shared services, systems and governance issues.

The project was predicated on rigorous data analysis of internal holdings, coupled with comprehensive engagement with stakeholders from the sector. From January to September 2019, SIRU embarked on a thorough examination of the sector's governance, systems and processes that may be conducive to corrupt conduct. The authority to conduct this research is prescribed by s 13(1)(d) of the ICAC Act.

SIRU is currently working on preliminary investigations that directly arise from its strategic intelligence project in the sector. The project demonstrates the nexus of strategic intelligence with the identification of proactive investigative opportunities but, more importantly, it advances the Commission's dual investigative and corruption prevention functions.

Once SIRU has completed its preliminary investigations, it is hoped the relevant NSW minister and other key stakeholders can be alerted to the serious and systemic corruption risks identified.

Operation Eclipse

In September 2018, SIRU assisted the Commission's Corruption Prevention Division with data analysis for a project on influence, vested interests and lobbying. The project progressed to a public inquiry into lobbying, access and influence in NSW.

Between September 2018 and January 2020, over the course of the project, SIRU provided several phases of extensive and complex data analysis that involved interrogation of the Commission's complaints data, the NSW Register of Third-Party Lobbyists, NSW Ministers' Diary Disclosures, and the Australian Business Register.

NSW Local Council Pilot Project

In February 2019, the Commission commenced an information-sharing pilot focused on local government. The purpose of the project was to identify potential parameters and indicators for assessing the risk of corrupt conduct by local councils and council officials.

SIRU conducted extensive analysis of complaints records, as well as a range of open- and closed-source datasets, and material provided from another agency via a memorandum of understanding. SIRU established a baseline of complaints, which allowed for the comparison of reporting types and rates across councils, and the identification of councils with the greatest number of complaints and those that may be under-reporting.

The analysis also identified averages and outliers across a range of risk categories, such as types of alleged misconduct, costs and expenditure, council transparency and councillor business interests, and uncovered new information of value.

The pilot concluded in December 2019 and both the Commission and the contributing agency have agreed to continue the project and expand the datasets.

SIRU is also engaged with the NSW Department of Planning, Industry and Environment and is facilitating information-sharing regarding development applications and assessments, which will enhance the local government project.

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").

The progress of all preliminary investigations and investigations are reported monthly to the Investigation Management Group (IMG), which is a panel comprising the Chief Commissioner, the Commissioners and the operational executive directors. The IMG is responsible for managing the Commission's investigation portfolio to ensure its resources are invested to provide optimal value in delivering the Commission's statutory objectives.

After conducting a preliminary investigation into conduct that may involve possible electoral or lobbying offences referred to it by the NSW Electoral Commission, the Commission must discontinue the investigation if the conduct does not involve any possible electoral or lobbying offences and it is not related to possible corrupt conduct that the Commission is already investigating and the Commission is not otherwise authorised to investigate the conduct. If the Commission decides to escalate the preliminary investigation to a full investigation it must provide the NSW Electoral Commission with reasons for the decision to investigate the conduct.

If it is in the public interest to do so, the Commission may decide to hold a public inquiry as part of the investigation process. The Commission also has the option of publishing a report to Parliament rather than holding a public inquiry.

Investigations may focus on both historic and current activities, and the investigation methods used may vary depending on the nature of the allegations. 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 2019–20 reporting period, a total of three SIRU preliminary investigations and 18 operations were carried over from the previous period. A total of seven preliminary investigations (four of which were undertaken by SIRU) and 13 operations were completed in 2019–20. At the end of the reporting period, there were six ongoing preliminary investigations and 10 operations.

The Commission has key performance indicators (KPIs) for the timeliness of its investigations. It aims to complete 80% of its preliminary investigations within 120 days and SIRU preliminary investigations within 240 days of the Commission's decision to commence the investigation.¹

If a matter is escalated to an operation, the time period for completing the investigation is extended to 16 months, and the Commission aims to complete 80% of matters within that period.² 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 59% in 2018–19 to 87.5% in 2019–20. The average time taken to complete preliminary investigations has also decreased from 125 days in 2018–19 to 95 days in 2019–20. This improvement in preliminary investigation figures from previous reporting years is attributed to more focused investigation planning and timely decision-making in closing, referring or escalating matters.

In 2019–20, 75% of SIRU preliminary investigations were completed within 240 days, and the average time taken to complete SIRU preliminary investigations was 174 days.³

The percentage of operations completed within 16 months has decreased from 50% in 2018–19 to 30% in 2019–20. The average time taken to complete a full investigation has increased from 527 days in 2018–19 to 558 days in 2019–20.⁴

These figures can be attributed to a number of factors, as follows.

- In 2018–19, 32 search warrants were executed, seizing over 22.5TB of data, resulting in an extraordinary increase in data requiring acquisition and analysis.
- At the commencement of the 2019–20 reporting period, 18 operations were carried over from the previous period. Many of these investigations were complex investigations with a very high volume of digital data requiring detailed analysis and multi-faceted financial investigations. In addition to these, 18 operations and a further five matters were escalated from preliminary investigations to operations. Notwithstanding the fact that there were 23 investigations, 13 of them were investigated and finalised in 2019–20.
- In the final reporting quarter of 2019–20, the COVID-19 pandemic limited the Commission's ability to conduct interviews, execute search warrants, and to hold compulsory examinations.

By using advanced computer forensic software, the Commission has now embarked on a program to increase the digital forensic analysis capability, including enhanced data searches, to reduce the overall data to a subset of data. The program includes a review of the Commission's procedure to reduce the amount of data extracted and recorded for evidentiary purposes. This program, coupled with the resumption of Commission business to progress compulsory examinations and public inquiries, should see an improvement in operations completed within 16 months over the next two reporting years.

¹ Decisions to conduct preliminary investigations are made by the Commission's Assessment Panel (see Chapter 2).

² The 16-month period includes the 120-day period for a preliminary investigation, or 18 months, if the operation arose from a SIRU preliminary investigation. This means, in effect, that the Commission aims to complete the investigation phase of an operation (non-public) within 12 months of the date of escalation.

³ In the previous reporting period, SIRU preliminary investigations figures were included in the overall preliminary investigations figures.

⁴ The formula used for reporting on operations for the previous reporting period was found to be incorrect, in that the average number of days taken to complete an investigation was 527 days, not 456 days. The Parliamentary Joint Committee and the Inspector of the ICAC were both informed of the error.

Table 16: Preliminary investigation statistics for 2019–20

Number current as at 1 July 2019	0
Number referred by Assessment Panel	14
Number current as at 30 June 2020	6
Days on average taken to complete	95
Number completed within 120 days	7
% completed within 120 days	87.5%

Table 17: SIRU preliminary investigation statistics for 2019–20

Number current as at 1 July 2019	3
Number referred by Assessment Panel	5
Number current as at 30 June 2020	4
Days on average taken to complete	174
Number completed within 240 days	3
% completed within 240 days	75%

Table 18: Full investigation (operation) statistics for 2019–20

Number current as at 1 July 2019	18
Number escalated from preliminary investigation	5
Number discontinued/concluded	13
Number current as at 30 June 2020	10
Days on average taken to complete	558
Number completed within 16 months	4
% completed within 16 months	30%

Table 19: Source of preliminary investigations by sector in 2019–20

Sector	Number of preliminary investigations	% of preliminary investigations
Local government	6	32%
Health	4	21%
Universities	3	16%
Parliament	2	11%
Government and financial services	1	5%
Corrective Services	1	5%
Aboriginal Affairs and Services	1	5%
Tourism, Sport, Recreation and Gaming	1	5%

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 the use of 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 the evidence, if he or she believes it is in the public interest to do so. The public inquiry may also be live streamed subject to the discretion of the presiding Commissioner.

The Commission can compel witnesses to answer questions and produce documents or other things when they are summonsed to a compulsory examination or 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 Commissioner in a report under s 74 of the ICAC Act and evidence supporting that finding, including evidence of the public official that was given under objection.

In 2019–20, the Commission conducted 63 compulsory examinations over 49 days and four public inquiries (operations Aero and Eclipse and two part heard matters, operations Skyline and Ember) over 56 days. The last compulsory examination was conducted on 20 March 2020, just prior to the closure of the Commission office due to the COVID-19 pandemic.

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.

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

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

Proceeds of crime referrals and other disseminations

During the reporting period, the Commission disseminated intelligence gathered in the course of investigations to the:

Table 20: Statutory powers used by the Commission in 2019–20, compared to the two previous years

Power	2019–20	2018–19	2017–18
Notice to produce a statement (s 21)	34	18	23
Notice to produce a document (s 22)	470	538	680
Notice authorising entry to a public premises (s 23)	0	1	1
Summons (s 35 notices)	89	158	233
Arrest warrant (s 36)	0	1	0
Order for prisoner (s 39)	0	4	3
Search warrant (s 40)*	2	32	5
Controlled operations	0	0	0
Surveillance device warrants	3	2	3
TIA Act** – telephone interception warrants	7	18	16
TIA Act – stored communications warrants	2	7	0
TIA Act – telecommunications data authorities (s 178 and s 180)	204	295	289
Controlled operations undertaken	0	0	0
Statements taken	131	–	–
Interviews conducted	67	226	181

*All warrants were issued by an external authority; none was issued by the Commissioner.

***Telecommunications (Interception and Access) Act 1979*

- Independent Broad-based Anti-Corruption Commission
- NSW Crime Commission
- NSW Electoral Commission
- NSW Police Force
- Australian Federal Police
- Australian Electoral Commission
- Tasmania Police
- Australian Commission for Law Enforcement Integrity
- Australian Taxation Office
- Indigenous Business Australia
- Liquor and Gaming NSW
- Office of the Independent Commissioner Against Corruption Northern Territory
- Australian Security Intelligence Organisation
- Victorian Department of Education and Training.

Improving investigative practices

The Commission partners with the NSW Ombudsman and the Institute of Public Administration Australia NSW Division to plan and conduct the National Investigations Symposium (NIS). NIS is a biennial symposium, combined with a workshop program, that aims to improve the capacity of NSW public sector investigators and complaint-handlers to deal more effectively with corrupt conduct and misconduct allegations.

NIS was to be held in Sydney in November 2020. Due to the difficulties presented by COVID-19, the NIS has been postponed to late 2021.

Appendix 6 details the strategic alliances in place to optimise the Commission's investigative outcomes.

2016–17 Parliamentary Committee on the ICAC review of the annual report of the Commission

On 18 October 2018, the Parliamentary Committee on the ICAC published its report on its review of the 2016–17 annual reports of the Commission and the Inspector. The report recommended that in its future annual reports, the Commission include details of:

- the specific areas of the public sector found by the Commission to be at high risk of corruption as a result of the proactive exercise of the Commission's jurisdiction
- any areas of emerging and potential public sector corruption risk, identified by the Commission as a result of proactive exercise of its jurisdiction
- the high-level details of the methodologies, systems and processes used by the Commission in proactively exercising its jurisdiction.

These are addressed below.

The specific areas of the public sector found by the Commission to be at high risk of corruption as a result of the proactive exercise of the Commission's jurisdiction

The Commission has identified serious failures in governance and compliance frameworks within a major NSW public sector agency.⁵ These governance failures may have contributed to a culture in which corrupt or fraudulent conduct is tolerated. The Commission has already commenced two s 20 preliminary investigations into the issue, with a strong possibility of further investigations to follow.

Any areas of emerging and potential public sector corruption risk, identified by the Commission as a result of proactive exercise of its jurisdiction

The issue of unauthorised secondary employment will continue to present a corruption risk in the medium- to long-term future. Unauthorised secondary employment carries the full spectrum of corruption risks; from a NSW public sector employee using a government database for private reasons, to a private enterprise being operated with the resources of a public organisation.

As the nature of employment changes and more people are required to undertake multiple jobs and contracts, strong governance over secondary employment will be required to mitigate its risk to the NSW public sector.

⁵ The Commission is unable to disclose the relevant public sector agency for operational reasons.

The high-level details of the methodologies, systems and processes used by the Commission in proactively exercising its jurisdiction

As detailed earlier, SIRU seeks to proactively identify individuals, organisations, departments and other entities involved in corrupt conduct for referral to the Investigation Division.

The methodologies used by SIRU in proactive identification include the application of integrated intelligence databases, web harvesting and advanced solutions for unstructured text. These tools enable SIRU analysts to readily identify trends in reporting to the Commission.

In addition to data analytics, SIRU actively liaises with NSW public sector agencies, which allows SIRU to pre-empt some of the emerging corruption risks that may not always be apparent in referrals to the Commission.

Chapter 4: Preventing corruption

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The Commission's Corruption Prevention Division primarily deals with functions relating to the examination of laws, practices and processes that may be conducive to corrupt conduct. Its role also includes promoting the integrity and good repute of public administration. The division performs this function in a number of ways, including:

- investigating matters that may have allowed, encouraged or caused corrupt conduct. This is usually accomplished by including a corruption prevention officer in the relevant investigation team
- undertaking corruption prevention projects
- providing written and face-to-face advice
- designing and delivering training, speaking engagements, educational materials and conferences.

Some of our achievements in 2019–20 are explained below.

Corruption prevention projects

In 2019–20, the Commission released a number of new publications examining corruption risks within the public sector. It also progressed work on Operation Eclipse, its investigation into lobbying, access and influence in NSW.

Operation Eclipse – lobbying practices in NSW

During the reporting period, the Commission continued its investigation into *Lobbying and the NSW public sector – the regulation of lobbying, access and influence in NSW* (Operation Eclipse). Among other things, the investigation is examining the regulatory regime established under the *Lobbying of Government Officials Act 2011*. As part of the evidence-gathering process, the Commission:

- in October 2019, released *Operation Eclipse: Lobbying, access and influence in NSW – an Interim Paper*
- conducted a public inquiry held over three phases: August and October 2019 and February 2020, during which 16 witnesses from various sectors voluntarily gave evidence
- undertook research to draw lessons from models considered to have elements of best

practice, including those in Canada, Scotland and Ireland

- conducted an analysis of relevant government-wide procedures and protocols in relation to interactions with lobbyists. This included guidelines on how officials grant access to lobbyists, and how those interactions are recorded and made transparent
- examined the practices used by ministers in their dealings with lobbyists and the publication of diary information.

The investigation report, which is due to be released in 2020–21, will set out the Commission's recommendations to strengthen lobbying regulation in NSW.

Supplier due diligence

A significant proportion of matters investigated by the Commission relate to procurement.

In analysing the corrupt conduct exposed in these investigations, it became apparent that much of the conduct could have been prevented had better supplier due diligence been undertaken at the beginning of the procurement process.

Given that NSW public sector agencies spend billions of dollars of taxpayer money each year to procure goods and services, it is important that this money is put to best use, and that agencies have reliable information about the suppliers of those goods and services.

Following consultation on these issues with the public and private sectors, the Commission released *Supplier due diligence: a guide for NSW public sector agencies* in June 2020. The report contains comprehensive guidance on conducting supplier due diligence. This includes detailed information explaining how agencies can understand whether a supplier:

- is genuine
- is capable and reliable
- is financially viable
- has the required authorities, licences and status
- is of good repute and integrity.

The guide recommends taking a risk-based approach. It suggests that agencies adopt a tiered approach to due diligence checks, ranging from

baseline checks for low-cost, low-risk procurements to additional intermediate and advanced checks for more complex procurements.

The publication also provides guidance on managing red flags and the circumstances under which an agency should refuse to engage a supplier. It is designed for anyone involved in procurement in the NSW public sector; however, it may also be of use to suppliers wishing to build a reputation for being competent, ethical and reliable.

Managing corrupt conduct during the COVID-19 pandemic

Periods of disruption and economic downturn are often associated with an increase in actual or reported corruption. While most public officials maintain high ethical standards at all times, some individuals adversely affected by economic downturn may be under financial pressure and, therefore, more prone to engaging in corruption. Simultaneously, periods of disruption can force agencies to operate outside their business-as-usual control environment, which may weaken controls designed to prevent corrupt conduct.

NSW public sector agencies were required to rapidly and dramatically change work practices in response to the COVID-19 pandemic, which emerged in early 2020. Among other things, this involved a fundamental pivot towards working from home and the use of online communication. To assist agencies to address relevant risks, in April 2020, the Commission issued *Managing corrupt conduct during the COVID-19 outbreak*. It provided advice on maintaining public sector values and ethics during the pandemic, and guidance on fraud and corruption risks associated with:

- working from home
- procurement and purchasing
- cyber fraud and online hoaxes
- stimulus funding and new programs.

Use of social media to promote corruption prevention messages

As noted earlier in this report, the Commission embarked on a project to establish a proactive social media presence in 2019–20, which resulted in the launch of its Twitter account and YouTube channel during the year. This initiative has enhanced the Commission's ability to raise awareness of important

corruption prevention messages via social media and online channels to a broader audience.

The Commission's YouTube channel began broadcasting in June 2020, with the publication of two short videos: "What is corruption?" and "What is a conflict of interest?". These videos provide a plain-English summary of some important concepts associated with the Commission's work. They can be used by public sector agencies in induction and refresher training, and viewed by members of the public wishing to know more about the Commission's work.

The unforeseen events concerning the COVID-19 pandemic have added to the appeal of online awareness-raising materials, which can be delivered to a large number of users without having to arrange face-to-face sessions. In 2020–21 and beyond, the Commission plans to continue making greater use of social media to promote its work to wider audiences.

Review of Australian Standard on Fraud and Corruption Control

The *Australian Standard on Fraud and Corruption Control* (AS 8001-2008) was last published in 2008. By practice, most Australian standards lapse after 10 years. In 2018–19, based on a business case prepared by the Commission, Standards Australia agreed to renew and reissue AS 8001. The Commission was invited to join the working group tasked with updating the standard and this group redrafted much of the existing standard over the 2019–20 reporting period.

A draft of the standard was placed on public exhibition in May 2020 and subject to analysing and incorporating public feedback, the new standard will be finalised in 2020–21.

Conflicts of interest

During the year, the Commission drafted a number of frequently asked questions and a sample policy on conflicts of interest, which were published on the Commission's website.

Advice

The Commission provides advice on ways to prevent or combat corrupt conduct. This can range from minor issues that are dealt with in a single telephone discussion to significant issues requiring detailed discussions with a public authority and its officials.

The advice service is available to all officers of the NSW public sector and members of the public. Matters that are routinely dealt with by telephone or email often concern procurement and tendering, management of planning and development applications, the review of anti-corruption policies and procedures and guidance regarding best practice arrangements for limiting corruption risk and enhancing integrity.

In 2019–20, the Commission provided advice on 142 occasions (compared with 180 in 2018–19, 139 in 2017–18 and 105 in 2016–17). This included making submissions to relevant government enquiries and reviews.

Education

Training

In 2019–20, the Commission delivered 116 workshops across NSW to over 2,200 attendees, which is on par with the 111 workshops delivered in 2018–19. “Corruption prevention for managers” and procurement-related workshops continue to be the most requested.

The Commission maintained its commitment to serving the needs of rural and regional NSW. A total of 52 workshops were delivered outside the Sydney metropolitan area; equivalent to 45% of the total, which is very similar to the previous year.

During the reporting period, a new workshop was developed for delivery at the Australian Public Sector Anti-Corruption Conference (APSACC). Titled, *Getting the most out of your corruption prevention training program*, it specifically targets learning and development, human resources, governance and risk management practitioners involved in the development and delivery of corruption prevention education.

The workshop draws on the ICAC’s experience in providing corruption prevention training over many years, as well as published better practice and the experience of session participants, to assist participants in working out how best to approach in-house corruption prevention training and to achieve maximum benefit from that effort for their agency.

After its successful piloting at APSACC, the workshop has been added to the division’s series of workshops and is now being offered as part of the open workshops program.

Table 21: Workshops delivered in 2019–20

Workshop/session	Workshops	Hours	Participants	Regional	Online
Corruption prevention for managers	27	130	503	13	4
Corruption prevention in procurement	45	185	932	18	9
Fact-finder	4	28	73	1	0
Strategic approaches to corruption prevention senior executive workshop (incl. ANZSOG)	4	42	78	1	0
Corruption prevention for local government operational staff	3	6	70	3	0
Corruption prevention for planning professionals	10	58.5	182	6	1
Corruption prevention for Local Aboriginal Land Councils	0	0	0	0	0
Good governance in small boards	0	0	0	0	0
Custom workshops	0	0	0	0	0
Getting the most out of your corruption prevention training program (incl. APSACC)	2	6.5	26	0	1
Corruption prevention in a regulatory role	21	54	417	10	5
TOTAL	116	510	2,281	52 (45%)	20 (17%)

In response to the COVID-19 pandemic, several of the Commission's workshops were redesigned for delivery in an online environment. This enabled the Corruption Prevention Division to continue providing interactive and engaging workshops for agencies in-house and through its open workshops program for individual public officials.

While online delivery has additional challenges to face-to-face delivery, the online workshops were well received and are very worthwhile. As shown in the table on page 40, 17% of workshops delivered in 2019–20 were online.

Of the 116 workshops delivered in the reporting period, 58 were evaluated to ensure quality. A total of 97% of participants rated these workshops as "useful" or "very useful", and 95% of participants "agreed" or "strongly agreed" that these workshops met their learning needs. These figures are a slight improvement on the previous year.

Other than a single workshop delivered at APSACC, all of the Commission's workshops are delivered free-of-charge.

Speaking engagements

Audiences for the Commission's speaking engagements include government departments, local councils and peak bodies such as Local Government Professionals and the Corruption Prevention Network (CPN). The Commission is an active supporter of the CPN, a not-for-profit association committed to providing learning opportunities to individuals involved in corruption prevention and fraud control.

In 2019–20, Commission officers delivered 62 speaking engagements to approximately 3,400 attendees. This represents a one-third reduction on the 93 delivered in 2018–19. The reduction is primarily due to the COVID-19 pandemic, which caused a number of planned speaking engagements to be cancelled or postponed. However, towards the end of the financial year, agencies became more accustomed to online technologies and eight of the 62 engagements were delivered online.

ANZSOG/ICAC executive course and scholarship

The Australia and New Zealand School of Government (ANZSOG)/ICAC executive short course, titled "Strategic responses to corruption", is a four-day course that focuses on the enhancement of operational controls to prevent corruption. The course is delivered by Commission officers, with ANZSOG providing administrative and promotional assistance. Under the program, 15 scholarship places are competitively awarded to NSW public officials.

In the reporting period, the course was held in September 2019. The scholarships were awarded to applicants who were in a position to influence reform and could immediately apply the knowledge that they had obtained from the course.

As shown in the table on page 42, evaluations indicated that the course was well received. All respondents agreed or strongly agreed that the two Commission presenters created a stimulating learning environment.

Table 22: Number of speaking engagements delivered compared with previous years

Month/quarter	2019–20		2018–19		2017–18	
	Number of engagements	Number addressed*	Number of engagements	Number addressed*	Number of engagements	Number addressed*
Jul–Sept	18	1,006	24	985	19	739
Oct–Dec	21	930	29	926	43	1,854
Jan–Mar	11	408	24	818	35	1,307
Apr–Jun	12	929	16	451	25	981
Total	62	3,273	93	3,180	122	4,881

* These figures are based on estimates of attendance.

Table 23: Attendee evaluations of “Strategic responses to corruption” in 2019–20

Criteria	Average (5-point scale)
The program overall met my expectations	4.54
The material will help me develop my abilities at work	4.62
I will share this knowledge with my work colleagues	4.75

Rural and regional communities

The purpose of the Rural and Regional Outreach Program is to provide practical corruption prevention information and advice on how to report corrupt activities to communities outside metropolitan areas of NSW. Since 2001, the Commission has conducted 36 visits under the program.

In November 2019, the Commission visited the Queanbeyan region, during which Commission staff conducted liaison visits and delivered training.

A planned outreach visit to the Newcastle/Hunter region was postponed due to the COVID-19 pandemic and related public-health orders. The Commission plans to reschedule this event in 2020–21.

Australian Public Sector Anti-Corruption Conference

The Australian Public Sector Anti-Corruption Conference (APSACC) was held at the Melbourne Convention and Exhibition Centre from 29 to 31 October 2019. The Commission was a member of the Conference Program Coordinating Committee and an official APSACC partner.

APSACC presentations focus on preventing, exposing and responding to corrupt conduct and corruption risks in public institutions, including all levels of government, elected officials, the judiciary, police and statutory bodies.

Three staff of the Commission presented at APSACC 2019 and the Chief Commissioner participated in a panel discussion for the closing presentation.

Chapter 5: Compliance and accountability

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The ICAC Act provides the Commission with extensive statutory powers. In addition to 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* (Commonwealth)
- 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 surveillance devices (listening devices, tracking devices, optical surveillance devices and data surveillance devices) under the *Surveillance Devices Act 2007*.

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

The Commission's compliance framework

The Commission's compliance framework consists of internal and external accountability systems. Internal accountability systems include:

- strict procedural requirements for the exercise of all statutory powers
- the Investigation Management Group (IMG) to oversee investigations
- the Prevention Management Group (PMG) to oversee the Commission's 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, risk and control frameworks
- the Work Health and Safety Committee to monitor and review the Commission's policies

and regulatory requirements relating to health and safety in the workplace and 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 Inspector of the Law Enforcement Conduct Commission (LECC) of records of telecommunications interceptions, controlled operations and the use of surveillance devices
- inspection by the Commonwealth Ombudsman of records relating to stored communications warrants, 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.

Pursuant to s 31B of the ICAC Act, the Commission has also issued procedural guidelines relating to the conduct of public inquiries to members of staff of the Commission and counsel appointed to assist the Commission. These guidelines are published on the Commission's website and made available to witnesses and their legal representatives appearing in public inquiries. The guidelines provide guidance on the following aspects of the conduct of public inquiries:

- the investigation of evidence that might exculpate affected persons
- the disclosure of exculpatory and other relevant evidence to affected persons
- the opportunity to cross-examine witnesses as to their credibility
- providing affected persons and other witnesses with access to relevant documents and a reasonable time to prepare before giving evidence
- any other matter the Commission considers necessary to ensure procedural fairness.

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, live streaming public inquiries from the Commission website where appropriate, and publishing investigation reports and other material prepared by the Commission.

Internal governance

Legal review

All applications for the exercise of statutory powers for investigation purposes 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 a 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 judicial 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 2019–20, the Commission authorised one new assumed identity and revoked one assumed identity authority. 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 2019. Records of all audited files complied with the relevant legislative requirements.

Executive Management Group

The EMG comprises the three Commissioners, the Chief Executive Officer and all executive directors. It is responsible for:

- reviewing and recommending:
 - strategic and business plans
 - risk management
 - 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.

Investigation Management Group

The IMG comprises the three Commissioners, the Chief Executive Officer, the Executive Director, Investigation Division, the Executive Director, Legal Division and the Executive Director, Corruption Prevention Division. 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 IMG meets monthly but has conducted such meetings electronically during the COVID-19 pandemic. The functions of the IMG include:

- considering and reviewing the business case for an investigation, the scope and focus of exposure and corruption prevention activities
- making or endorsing key decisions made in the course of an investigation, including decisions about investigation priorities and key strategies and results
- monitoring the delivery of investigation products and results, including public inquiries, investigation reports, briefs of evidence, the implementation of agency corruption prevention implementation and action plans, and the progress of criminal prosecutions arising from investigations
- assessing the benefits of a Commission investigation and considering post-operational assessments.

Prevention Management Group

Members of the PMG are the same as for the EMG. It usually meets monthly and has met electronically during the COVID-19 pandemic. Its functions include selecting, approving and overseeing corruption prevention projects and ensuring the quality and content of these publications.

Operations Manual and Policy Frameworks

The Commission's 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 an Investigation Policy Framework document that establishes the framework and the minimum standards for how the Commission performs its investigation function. The Commission also has a Corruption Prevention Policy Framework document that establishes the standards for how the Commission performs its corruption prevention function.

External governance

Parliamentary Committee on the ICAC

The Parliamentary Committee on the ICAC ("the Parliamentary Committee") 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 19 June 2019.

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 ("the Inspector") of the Commission's and Inspector's functions
- report to both Houses of Parliament, with such comments as it thinks fit, on any matter appertaining to the Commission or the Inspector connected with the exercise of its functions to which, in the opinion of the committee, the attention of Parliament should be directed
- examine each annual and other report of the Commission and of the Inspector and report to both Houses of Parliament on any matter appearing in, or arising out of, any such report
- 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
- 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 to 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 consists of members of Parliament, selected from both the Legislative Assembly and Legislative Council. Following the March 2019 NSW state election, a new committee was appointed on 19 June 2019. The members of the Parliamentary Committee are:

- Tanya Davies MLA (chair)
- Taylor Martin MLC (deputy chair)
- Justin Clancy MLA
- Mark Coure MLA
- Ron Hoenig MLA
- Tania Mihailuk MLA
- Jamie Parker MLA
- Rod Roberts MLC
- Dugald Saunders MLA
- Adam Searle MLC
- Wendy Tuckerman MLA.

On 21 October 2019, officers of the Commission appeared before the Parliamentary Committee to give evidence for the purposes of the Parliamentary Committee's review of the 2017–18 annual reports of the Commission and the Inspector. The Chief Commissioner provided additional information to the Parliamentary Committee by way of letter dated 25 October 2019.

On 20 November 2019, the Parliamentary Committee published its report on its review of the 2017–18 annual reports of the Commission and the Inspector. The report contained three recommendations:

Recommendation 1 – The Committee recommends that this Committee reviews the *Independent Commission Against Corruption Act 1988* in 2021 to determine whether it continues to be effective and appropriate.

Recommendation 2 – The Committee recommends that the Inspector of the ICAC publishes procedures and guidelines on how the Inspector assesses and manages complaints.

Recommendation 3 – The Committee recommends that the NSW Government examines a new independent funding model for the ICAC in the current budget cycle.

Further information concerning the need for an independent funding model for the Commission can be found in the Commission's special report, *The need for a new independent funding model for the ICAC*, referred to elsewhere in this chapter.

On 15 February 2020, officers of the Commission appeared before the Parliamentary Committee to give evidence for the purposes of the Parliamentary Committee's review of the 2018–19 annual reports of the Commission and the Inspector. Answers to questions taken on notice were provided to the Parliamentary Committee by way of letter dated 17 June 2020.

On 8 May 2020, the Parliamentary Committee published a discussion paper to assist stakeholders in making a submission to its inquiry on reputational impact on an individual being adversely named in the Commission's investigations. The Commission plans to make a submission to the inquiry in July 2020.

The Parliamentary Committee's report, evidence given to the Parliamentary Committee and further details concerning the inquiry into reputational impact can be accessed from the parliamentary website at www.parliament.nsw.gov.au.

Inspector of the ICAC

Bruce McClintock SC was appointed the Inspector of the ICAC effective from 1 July 2017.

The principal functions of the Inspector are set out in s 57B of the ICAC Act. Those functions are to:

- 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 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.

A memorandum of understanding, entered into on 2 November 2017, sets out arrangements for liaison between the Commission and the Inspector concerning referral of matters, access to information and points of contact between the Commission and the Inspector's office.

During the reporting period, the Inspector published the following two reports:

- *Report concerning a complaint by the Australian Labor Party (NSW Branch) and Country Labor about the conduct of the ICAC in investigating political donations received by these parties* (July 2019)
- *Report pursuant to sections 57B(5) and 77A of the Independent Commission Against Corruption Act 1988 concerning an audit under section 57B(1)(d) thereof into the Independent Commission Against Corruption's procedures for dealing with counsel assisting in investigations and inquiries under Part 4 of the Act* (December 2019).

The first report concerned a complaint made on behalf of the Australian Labor Party NSW Branch ("NSW ALP") and Country Labor by their solicitors. It concerned the circumstances in which Commission officers obtained and executed a search warrant at the offices of NSW ALP in December 2018 and the issuing to the General Secretary of NSW

ALP and Country Labor of two notices to attend and produce documents. The Inspector determined the complaint should be dismissed.

In the second report, the Inspector concluded that the conduct of one counsel assisting in the Commission's 2014 Operation Spicer public inquiry was, in some instances, inappropriate and unfair to persons whose conduct was being examined by the Commission. Having audited the Commission's current procedures in relation to counsel assisting, the Inspector was satisfied those procedures are presently operating satisfactorily, appropriately and in accordance with the relevant legislation and that the inappropriate conduct identified with respect to Operation Spicer is unlikely to be repeated.

Both reports can be accessed from the Inspector's website at www.oicac.nsw.gov.au.

The Auditor General

Under the *Public Finance and Audit Act 1983* the Auditor-General has power to inspect, examine and audit the Commission's books and records in relation to all its operations. 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 financial 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 *Government Sector Finance Act 2018* also applies, however, not all relevant provisions of this Act have yet commenced.

Inspector of the Law Enforcement Conduct Commission

The Inspector of the Law Enforcement Conduct Commission ("the LECC Inspector") inspects the Commission's records of telecommunications interceptions, surveillance device warrants, and controlled operations to measure compliance with statutory requirements.

Officers from the office of the LECC Inspector inspected the Commission's telecommunications interception records on 1 November 2019 and 24 June 2020. The LECC Inspector advised the Commission that, on both occasions, no exceptions were identified during the inspection process.

On 24 June 2020, officers from the office of the LECC Inspector also inspected the Commission's surveillance device records. The LECC Inspector advised the Commission that no exceptions were identified during the inspection process.

As the Commission did not authorise or undertake any controlled operations in 2019–20, there were no controlled operations records for the LECC Inspector to inspect.

The Commonwealth Ombudsman

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

Between 10 and 13 March 2020, the Commonwealth Ombudsman inspected the Commission's stored communications warrant records for the period 1 July 2017 to 30 June 2019. No recommendations were made as a result of the inspection. The Commonwealth Ombudsman did, however, make eight suggestions and one better practice suggestion.

The suggestions primarily related to providing training and practical guidance for Commission officers dealing with stored communications warrants and preservation notices and improvements to Commission policies, procedures and processes for dealing with stored communications warrants. The Commission considered these suggestions with a view to providing a response to the Commonwealth Ombudsman during the next reporting period.

Under s 159 of the *Telecommunications (Interception and Access) Act 1979* (Commonwealth), the Commission is required to provide the minister with an annual report that sets out certain information relating to its use of stored communications warrants, including how many were issued. The Commonwealth Ombudsman identified two discrepancies in the Commission's annual report to the minister. Although the Commission obtained seven warrants, only six were reported to the minister. The report to the minister also incorrectly stated that no warrants were issued subject to restrictions when, in fact, one warrant was

issued subject to restrictions. These discrepancies were administrative oversights on the part of the Commission. The Commonwealth Ombudsman suggested that the Commission review its reporting to the minister and provide an addendum to the minister correcting the information in its annual report. The Commission will do so.

Principal legal changes

There were no significant changes to legislation affecting the Commission during the reporting period.

Litigation

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

1. On 6 February 2020, Amir Harb commenced proceedings in the NSW Supreme Court against the Commission and other parties seeking unspecified damages. In so far as the pleadings concerned the Commission, it appeared that Mr Harb's claim against the Commission concerned the Commission's decision to not investigate complaints of possible corrupt conduct made by Mr Harb. Following the filing of defences, agreement was reached whereby the plaintiff discontinued proceedings.
2. On 13 July 2017, Sandra Lazarus and Michelle Lazarus commenced proceedings in the NSW Supreme Court, Court of Appeal against the Commission, a Commission officer, the Director of Public Prosecutions, the District Court of NSW and the Local Court of NSW. They primarily sought to have their convictions for criminal offences arising from the Commission's Operation Charity investigation quashed.

On 8 May 2019, the proceedings were dismissed ([2019] NSWCA 100).

On 4 June 2019, Sandra Lazarus filed an application for special leave to appeal to the High Court.

On 7 June 2019, Sandra Lazarus commenced proceedings in the NSW Supreme Court against the Commission, a Commission officer, the NSW Director of Public Prosecutions and the District Court of NSW seeking, inter alia, an order that the orders made by Hoy DCJ on 22 May 2019 with respect to the re-issuing of

amended sentence warrants in the criminal proceedings be set aside or quashed (“the June 2019 proceedings”). Submitting appearances were filed on behalf of the Commission and Commission officer.

On 27 June 2019, Sandra Lazarus filed an application for removal of the June 2019 proceedings to the High Court.

The High Court has advised that the matter has been deemed abandoned and dismissed.

Complaints against Commission officers

Complaints concerning alleged 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 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 or her.

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

In 2019–20, the Commission received three matters concerning the conduct of Commission officers.

The first matter involved two allegations by a Commission officer of bullying by another Commission officer. The allegations were investigated by an external investigator. The first allegation was particularised by six alleged instances of bullying. The external investigator found three of the instances were substantiated and the remaining three were not substantiated. The second allegation was particularised by five alleged instances of bullying. The external investigator found these instances were not substantiated.

The relevant officer was cautioned and required to seek advice to assist the officer in managing the officer’s relationship with the complainant.

The second matter concerned an allegation by a person who participated in a recorded interview conducted by a Commission officer. The complainant alleged that he was told by the Commission officer that any record of interview would not be used in

any public inquiry. The record of interview was subsequently tendered as evidence in a public inquiry. The allegation was put to the Commission officer who denied it. It is not Commission practice to advise those being interviewed that the recorded interview would not be used in a public inquiry or otherwise. There was no reason in this case for the Commission officer to depart from that practice and nothing in the recording of the interview to suggest such a departure. In these circumstances, the Commission decided to not take any further investigative action.

The third matter involved an allegation by a person who had made complaints of suspected corrupt conduct to the Commission. He alleged that a Commission officer, who he named and claimed had been responsible for assessing his complaints, had “accepted a gratuity” to not pursue his complaints. The allegation was not supported by any evidence.

Commission records indicated that the complaints had been assessed by various Commission officers. A review of each of the matters in which the named Commission officer had been involved showed that the report by that officer accurately reflected the complaint and that the analysis of the complaint and the recommendations to the Commission’s Assessment Panel were appropriate. In these circumstances, the Commission considered the allegation to be entirely unfounded.

The Inspector of the ICAC was informed about all matters at the time they arose, the conclusions reached by the Commission and the bases for those conclusions.

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 a valid 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 8.

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.

Public inquiries

During the reporting period, four public inquiries were continued or commenced.

Operation Ember is an investigation into whether, between July 2015 and February 2019, NSW Roads and Maritime Services employees, Samer Soliman and Jainesh Singh, partially and dishonestly exercised their official functions in relation to the

awarding of contracts to Novation Engineering Pty Ltd and AZH Consulting Pty Ltd. The public inquiry was conducted between 20 May and 26 June 2019, 15 October and 18 October 2019 and on 29 and 30 October 2019.

Operation Eclipse is an investigation into the regulation of lobbying, access and influence in NSW. The investigation is examining whether enhancements to the *Lobbying of Government Officials Act 2011* may be required, as well as the broader approach to addressing risks associated with lobbying and influencing practices. The public inquiry took place between 5 and 7 August 2019. It then adjourned until 21 October 2019 and continued until 22 October 2019. Further hearings were conducted on 17 and 18 January 2020.

Operation Aero is an investigation into whether, from January 2015, Australian Labor Party NSW Branch officials, members of Chinese Friends of Labor, political donors and others had entered into, or carried out, a scheme to circumvent prohibitions or requirements under Part 6 of the *Election Funding, Expenditure and Disclosures Act 1981* relating to political donations. The public inquiry commenced on 26 August 2019 and continued over 33 days to 14 October 2019. It then adjourned to 9 December 2019 and continued to 12 December 2019.

Operation Skyline is an investigation concerning the Awabakal Local Aboriginal Land Council, including whether any public official acted dishonestly and/or in breach of their duty as a board member in relation to a scheme involving proposals from 2014 to 2016 for the sale and development of properties owned by the land council. The public inquiry commenced in March 2018. During the 2019–20 period, the public inquiry continued on 3 September 2019, 2 October 2019, 20 November 2019 and 25 and 26 November 2019.

Investigation and special 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 of Parliament 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 2019–20, the Commission furnished one investigation report to the Presiding Officers. The report was immediately made public.

The time interval between the completion of the relevant public inquiry and the furnishing of the report are set out in the table below.

Table 24: 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 over-payment of public funds by the University of Sydney for security services (Operation Gerda) (14 days)	26/3/20	26/5/20	61

* 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.

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

Section 75 of the ICAC Act provides that the Commission may, at any time, make a special report to the Presiding Officer of each House of Parliament on any administrative or general policy matter relating to the functions of the Commission.

In May 2020, the Commission furnished its first special report to the Presiding Officers. The report was immediately made public.

The special report concerned (1) the statutory independence of the Commission, and (2) the control and influence of the Executive Government over the allocation of funding to the Commission. The special report addressed the inconsistency of the current funding model with the Commission's independence and proposed a new independent funding model in accordance with recommendations made previously by the Commission, the Parliamentary Committee on the ICAC and the Inspector of the ICAC.

Other publications

The Commission published its *Annual Report 2018–2019* on 18 October 2019.

In October 2019, the Commission published *Operation Eclipse: Lobbying, access and influence in NSW – an interim paper*. This publication updated interested parties on the Commission's Operation Eclipse public inquiry, provided information on specific issues to be explored during phase 2 of the public inquiry, which commenced on 21 October 2019, and sought further feedback from interested parties. It also included comments by the Chief Commissioner concerning the nature of corrupt conduct as it might apply to lobbying in NSW.

On 2 April 2020, the Commission published *Managing corrupt conduct during the COVID-19 outbreak*. This provides advice for public officials about managing corruption risks that could arise during the COVID-19 pandemic.

On 17 June 2020, the Commission published *Supplier due diligence: a guide for NSW public sector agencies*. This publication is designed to assist the NSW public sector conduct due diligence on potential suppliers.

The Commission also met its target of producing two editions of the *Corruption Matters* e-newsletter. One was published in November 2019 and the other in June 2020. 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 visitor sessions to the Commission's website at www.icac.gov.au was 463,779.

Corrupt conduct findings and recommendations for prosecution/disciplinary action

The Commission refers briefs of evidence to the DPP for consideration of prosecution action. The DPP then advises the Commission whether prosecution proceedings are warranted.

In 2019–20, the Commission made findings of serious corrupt conduct against six people. The Commission also recommended the advice of the DPP be obtained in relation to the prosecution of those six people for various criminal offences.

Appendix 7 provides further details on the progress of prosecutions resulting from Commission investigations.

Chapter 6: Our organisation

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In 2019–20, the Commission employed an average of 114.9 full-time equivalent (FTE) staff across its eight functional areas. At the end of the reporting period, of the 121 officers (head count) engaged at the Commission, 107 were employed on a permanent basis, six on a temporary basis, and five were employed in fixed term positions comparable to the NSW Senior Executive Bands. The Chief Commissioner and two part-time Commissioners are appointed by the Governor-in-Council on fixed five-year terms and their remuneration is set by their instrument of appointment.

Human resources, risk and corporate administration

Policies and procedures

The Commission is committed to good governance and complying with the ICAC Award and legislative requirements. To enhance the Commission's governance and performance, there is ongoing review and update of Commission-wide policies aligned to the Commission's Compliance and Policy Monitoring Register. The Audit and Risk Committee (ARC) periodically monitors this register.

All updated policies are endorsed by the Commission's Executive Management Group (EMG), of which the Chief Commissioner is a member, following consultation with the Commission Consultative Group (CCG) and/or Work Health and Safety (WHS) Committee, where relevant.

A review of the following policies and procedures was completed during this reporting period:

- military leave
- policy and practice in relation to the media
- leave for matters arising from domestic violence
- statement of business ethics
- information and technology acceptable use.

Learning and development

During the reporting period, learning and development opportunities were made available to staff to maintain or increase their skills and knowledge, and build high performance.

The Commission's learning environment addresses six core streams of skill and knowledge development: (1) information technology (IT), (2) risk management, (3) project management, (4) organisational management, (5) leadership and management, and (6) technical skills.

In 2019–20, staff participated in learning activities across a broad range of skill and knowledge areas including:

- induction and code of conduct
- information technology (both general and specialised applications)
- leadership and interpersonal communication
- investigations, surveillance and intelligence skills

Table 25: Average full-time equivalent (FTE) staff numbers by division/section

Division/Section	2019–20	2018–19	2017–18	2016–17	2015–16
Executive	3	3	1.18	1	4.9
Communications & Media	3.94	3.91	3.91	3.97	3.2
Executive support	4.18	2.93	3.27*	2.53*	–
Corporate Services	17.47	17.05	17.55	18.34	17.6
Corruption Prevention	14.41	14.64	13.61	11.61	17.0
Legal	11.11	10.09	10.43	8.78	10.7
Investigation	49.19	50.91	44.47	41.84	48.2
Assessments	11.61	10.97	10.54	10	12.7
Total	114.91	113.5	104.96	98.07	114.3

*This section, which was previously counted as part of the Executive, is now counted separately from that unit.

- safety and first aid
- forensic accounting
- risk management
- mental health and wellbeing
- procurement.

Staff also attended a range of conferences and seminars, including the Corruption Prevention Network Annual Conference, Government Solicitors' Conference, National Intelligence Conference and Public Interest Disclosures Practitioner Forum.

In 2019–20, there were 149 staff attendances at formal learning activities. On average, each staff member participated in 12 hours of formal development (including conferences, seminars and training) during the year.

Towards the end of 2019–20, the Commission commenced investigation and purchase of a learning management system to be rolled out in early 2020–21. This system will provide increased access to structured, tailored and timely learning processes for all Commission officers.

During the reporting period, development opportunities arose for staff to undertake higher duties and temporary appointments within the Commission, as well as secondments to NSW, Australian Capital Territory and Commonwealth government organisations.

Conditions of employment, movement in salaries and allowances, and industrial relations

Consistent with s 104 of the ICAC Act, the Commission entered into an agreement with the Public Service Association of NSW, and the resulting ICAC Award 2019 documents the conditions of employment and the rights and obligations of management and staff.

In line with Award conditions, a 2.5% increase for non-executive staff became effective from 1 July 2019. The increase also applied to Award allowances, including the Associate Allowance, the Community Language Allowance and the First Aid Allowance.

The Commission also increased the remuneration of its senior executive and Commissioners following relevant pay determinations from the Statutory and Other Offices Remuneration Tribunal.

Staff performance management

The Commission has a structured performance management system based on position accountabilities and corporate objectives that are drawn from the Commission's strategic and business plans. Core performance accountabilities addressed in performance agreements include quality, operational effectiveness, people and communication, and growth.

Performance agreements set the framework for ongoing and regular feedback and communication between managers and staff. All permanent and temporary staff develop a performance agreement that is reviewed on an annual cycle.

The performance management system aligns with the financial year, with new performance agreements developed in July and reviews undertaken in June. It also addresses incremental salary progression. Performance agreements contain a learning and development component, which addresses corporate, positional and individual learning needs.

Both staff and their managers complete and review performance agreements online through the Commission's Employee Self Service (ESS) system.

In June 2019, the Commission's internal auditors undertook a review of its performance management system and made recommendations as to how the system could be enhanced.

The Commission is currently examining the performance management processes, with a cross-organisational working group investigating and considering options for improvement.

Risk management

As per its internal audit plan, the Commission conducted a review of its risk management framework and processes in 2018–19 to identify areas for improvement. The Commission's internal auditors made some key recommendations impacting the approach and management of risk across the Commission. Such recommendations included the development of the Commission's risk appetite statement, review of strategic and operational risks and refinement of relevant risk registers. During the reporting period, the Commission commenced implementation of the relevant recommendations through its Senior Leadership Forum.

The Commission's Crisis Management Plan provides guidance for the management of Commission business following a critical incident. The plan will be updated to reflect risks arising from the COVID-19 pandemic.

The Audit and Risk Committee (ARC) and the Senior Leadership Forum oversee the risk management processes. The ARC also monitors the implementation of any recommendations made by the Commission's independent internal auditors as part of their ongoing assurance role.

In 2019–20, the Commission conducted risk assessments for all public inquiries to determine risks associated with witnesses and the level of security services required. The outbreak of the pandemic in March 2020 necessitated a review of existing procedures for the conduct of compulsory examinations and public inquiries. The Commission undertook relevant office accommodation modifications to facilitate such inquiries.

In collaboration with the NSW Department of Health, it is currently developing protocols for the conduct of compulsory examinations and public inquiries.

The Commission is highly focused on its site security as part of its risk management strategy. The Commission has implemented ongoing minor security modifications to further enhance its physical security and meet arising specific security requirements. The Commission's integrated electronic access control and electronic surveillance security system has been rigorously maintained to ensure optimum efficiency. Special constables from the NSW Police continue to oversee onsite security.

Hazard and injury reports

During the reporting period, one hazard report was lodged and the identified risks were mitigated. Six workplace injuries were also reported, and steps were taken to address any identified cause.

Table 26: Hazards and injuries reported and risks controlled

Reporting period	Number of hazards reported	Number of injuries reported	Risks controlled to an acceptable level
2016–17	2	6	Yes
2017–18	4	6	Yes
2018–19	1	4	Yes
2019–20	1	6	Yes

Security vetting

Prior to being employed or engaged by the Commission, all staff and contractors undergo a rigorous security clearance process. The Commission adopts a vetting process involving a regime of background checks and analysis to make suitability assessments. The vetting process is an important element of the risk management strategy to support the integrity and confidentiality of Commission operations and activities.

In the 2019–20 reporting period, 40 security checks were conducted on staff and contractors as part of the Commission's employment screening regime.

The Commission has also applied for, and obtained, Commonwealth-level national security clearances from the Australian Government Security Vetting Agency (AGSVA) for eight Commission officers, and accepted sponsorship of an additional seven officers upon their commencement. The Commission is working closely with AGSVA to conduct further staff clearances.

All Commission staff are briefed on security and risk management issues at the commencement of their employment. Periodic reminders and refreshers are also issued.

Internal committees

The Commission facilitates a variety of 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 Investigations Management 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 also established an additional group. The Senior Leadership Forum comprises the Chief Executive Officer and executive directors. It aims to oversee the day-to-day administrative functions of the Commission through a review of policies, undertake key financial and risk management functions, and manage miscellaneous administrative activities.

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

Under the ICAC Award, the Commission Consultative Group (CCG) is the formal mechanism for consultation and communication between staff and management on matters of policy and procedure. The CCG was established consistent with the terms of the ICAC Award and meets every two months.

In the reporting period, the CCG was referred a range of policies for review and comment.

Work Health and Safety Committee

The Commission's Work Health and Safety Committee is a mechanism for consultation on health, safety and relevant risk matters between senior management and employees. The committee is also responsible for advising on access and equity issues within the Commission. The committee reviews policies, practices and plans associated with health and safety, well-being, access and equal employment opportunity. It also conducts regular workplace inspections and facilitates the resolution of safety issues. See Appendix X.

Audit and Risk Committee (ARC)

The primary aim of the ARC is to provide independent assurance to the Chief Executive Officer by overseeing and monitoring the Commission's governance, risk and control frameworks, and its external accountability requirements. The committee also monitors progress on agreed management actions arising out of recommendations made by the Commission's independent internal auditor.

In 2019–20, the internal auditor conducted a review of the Commission's investigation processes and provided relevant recommendations for further improvement. In May 2020, the internal auditor also commenced a review into the Commission's

Business Critical Records. The report recommended improvements to various processes to enhance record-keeping processes and procedures, including training of staff. A final report is expected in early August.

Five meetings were held by the ARC during the year.

Insurance activities

The NSW Treasury Managed Fund (TMF) provides insurance cover for all of the Commission's activities. This includes workers compensation, motor vehicle, public liability, property and miscellaneous claims. During the reporting period, the workers compensation deposit premium increased by \$20,142 (21%), while the remaining deposit premiums also increased by \$4,448 (8%). Following a change to the methodology applied in calculating premiums, TMF has increased all premiums for the following financial year with general liability insurance rising significantly. The increase in such premiums has been funded by NSW Treasury.

Information management and technology

Information technology upgrades

During the reporting period, several high-impact IT projects were undertaken to:

- provide work-from-home solutions for Commission staff to meet COVID-19 social-distancing protocols
- allow for better and easier public and restricted access to the Commission's information
- improve the internal network infrastructure, including security, resiliency and data management
- improve the digital transformation of internal forms and processes
- replace specific IT equipment to better updates and versions.

The major projects completed were the Commission's network security upgrade, and digital storage and server infrastructure replacement. The Commission also commenced implementation of its intranet project. Other projects completed were minor and related to peripherals, such as upgrades for mobile devices and off-the-shelf software.

Internal Audit and Risk Management Attestation Statement for the 2019–2020 Financial Year for the Independent Commission Against Corruption

I, Philip Reed, Chief Executive Officer 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 compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public*, specifically:

Core requirements		Compliant, non-Compliant
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	compliant
Internal Audit Function		
2.1	An Internal Audit function has been established and maintained	compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the “model charter”	compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the “model charter”	compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair – Robert Smith, appointed 1 September 2016 to 31 August 2020
- Independent Member – Diana D'Ambra, appointed 1 July 2018 to 30 June 2022
- Independent Member – David Roden, appointed 1 September 2016 to 31 August 2020



Philip Reed
Chief Executive Officer
Independent Commission Against Corruption
27 August 2020

Information security

The Commission is strongly committed to information security and, to this end, has commenced a program of work to meet compliance with the NSW Government Cyber Security Policy.

The Commission's program in response to the Cyber Security Policy, including implementation of the Essential 8 controls, is based on continual improvement of the Commission's security position and is expected to continue for the next 12 to 18 months.

Application services

The Applications Services Group has continued its implementation of a number of initiatives. It has provided technical solutions with in-house applications development, technical assistance on data management, business analysis and process improvement on application systems, and undertaken continued improvement to the case management application.

New projects

The following key projects are planned for 2020–21:

- desktop and laptop refresh (partial)
- intranet upgrade and forms development
- case management enhancements and upgrades
- cyber security and Essential 8 compliance
- email journalling
- records management system upgrades
- hearing room audio visual replacement.

Cyber Security Annual Attestation Statement for the 2019–2020 Financial Year for NSW Independent Commission Against Corruption

I, Philip Reed, am of the opinion that the NSW Independent Commission Against Corruption has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

As this NSW Government Cyber Security Policy was introduced in February 2019 and updated in April 2020, the Commission is working towards continual improvement in compliance within Financial Year 2020–2021. The Commission has IT capital budget allocation to implement the Essential Eight controls during this period; however, there are financial and resource limitations for the continued effective operation of the policy and control requirements. The Commission will be submitting a business case for funding under the Cyber Security Uplift Program for financial years 2020–2021 to 2022–2023 and the continued program of improvement and compliance with the Cyber Security Policy will be dependent on the success of this submission. The Commission no longer retains ISO27001:2013 certification in favour of focusing the available resources on the NSW Cyber Security Policy compliance requirements.

Risks to the information and systems of the NSW Independent Commission Against Corruption have been assessed and are being managed.

Governance is in place to manage the cyber-security maturity and initiatives of NSW Independent Commission Against Corruption.

The NSW Independent Commission Against Corruption has developed a cyber incident response plan and has actioned the plan on several occasions during the previous twelve months and will formally test the plan during Financial Year 2020–2021 in compliance with NSW Government Cyber Security Policy.

An independent review/audit/certification of the Agency's ISMS or effectiveness of controls or reporting against the mandatory requirements of the NSW Cyber Security Policy was undertaken by Pure Security and found to be adequate or being properly addressed in a timely manner.



Philip Reed
Chief Executive Officer
Independent Commission Against Corruption
28/08/20

Financials

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INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

Statement by Chief Executive Officer

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 2020 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, the Public Finance and Audit Regulation 2015, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities TPP 20-01 or issued by the Treasurer under section 9(2)(n) of the Act.
- (b) the accompanying financial statements and its notes thereto exhibit a true and fair view of the financial position and cash flows of the Independent Commission Against Corruption (the Commission) as at 30 June 2020 and its financial performance for the year then ended
- (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 'Philip Reed'.

Philip Reed
Chief Executive Officer

12 October 2020



INDEPENDENT AUDITOR'S REPORT

Independent Commission Against Corruption

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Independent Commission Against Corruption (the Commission), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2020, 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.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Commission's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Commission is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Chief Executive Officer in accordance with section 45F of the PF&A Act and the Commission's draft annual report approved by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Commission carried out its activities effectively, efficiently and economically
- 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 any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D Ryan'.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

14 October 2020
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Continuing operations				
Expenses excluding losses				
Employee-related expenses	2(a)	19,558	19,190	19,621
Operating expenses	2(b)	2,343	4,395	7,150
Depreciation and amortisation	2(c)	3,522	4,081	2,317
Finance costs	2(d)	342	310	–
Total expenses excluding losses		25,765	27,976	29,088
Revenue				
Appropriations	3(a)	24,899	24,899	25,407
Sale of goods and services	3(b)	–	–	46
Grants and contributions	3(c)	–	2,500	1,716
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	302	815	1,384
Other Income	3(e)	27	36	28
Total Revenue		25,228	28,250	28,581
Gain/(loss) on disposal	4	–	(211)	–
Net result	16	(537)	63	(507)
Other comprehensive income		–	–	–
Total other comprehensive income		–	–	–
Total comprehensive income		(537)	63	(507)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2020

	Notes	Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Assets				
Current Assets				
Cash and cash equivalents	5	8	1,917	28
Receivables	6	990	821	876
Total Current Assets		998	2,738	904
Non-Current Assets				
Receivables	6	–	66	19
Property, plant and equipment	7			
– Land and buildings		989	106	1,456
– Plant and equipment		804	1,447	1,265
Total property, plant and equipment		1,793	1,553	2,721
Right-of-use assets	8	13,044	12,754	–
Intangible assets	9	1,268	799	1,021
Total Non-Current Assets		16,105	15,172	3,761
Total Assets		17,103	17,910	4,665
Liabilities				
Current Liabilities				
Payables	10	522	447	300
Lease liabilities	8, 11	2,004	2,364	–
Provisions	12	1,686	2,430	2,137
Other current liabilities	13	–	–	567
Total Current Liabilities		4,212	5,241	3,004
Non-Current Liabilities				
Lease liabilities	8, 11	11,191	10,944	–
Provisions	12	1,594	1,281	1,112
Other non-current liabilities	13	–	–	166
Total Non-Current Liabilities		12,785	12,224	1,278
Total Liabilities		16,997	17,465	4,282
Net Assets		106	445	383
Equity				
Accumulated funds		106	445	383
Total Equity		106	445	383

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2020

	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2019	383	–	383
Changes in accounting policy	–	–	–
Balance at 1 July 2019	383	–	383
Net result for the year	63	–	63
Other comprehensive income	–	–	–
Total other comprehensive income	–	–	–
Total comprehensive income for the year	63	–	63
Balance at 30 June 2020	445	–	445
Balance at 1 July 2018	890	–	890
Changes in accounting policy	–	–	–
Balance at 1 July 2018	890	–	890
Net result for the year	(507)	–	(507)
Other comprehensive income	–	–	–
Total other comprehensive income	–	–	–
Total comprehensive income for the year	(507)	–	(507)
Balance at 30 June 2019	383	–	383

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2020

	Notes	Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Cash flows from operating activities				
Payments				
Employee related		19,256	17,962	17,910
Suppliers for goods and services		2,817	5,233	9,080
Finance costs		342	–	–
Total Payments		22,415	23,196	26,990
Receipts				
Appropriation	3(a)	24,899	24,899	25,407
Sale of goods and services		–	(47)	54
Grants and other contributions	3(c)	–	2,500	1,716
Other		223	27	964
Total Receipts		25,122	27,379	28,141
Net cash flows from operating activities	17	2,707	4,183	1,151
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		–	(211)	–
Purchases of property, plant and equipment		(575)	(575)	(1,207)
Other		(225)	–	–
Net cash flows from investing activities		(800)	(786)	(1,207)
Cash flow from financing activities				
Payment of principal portion of lease liabilities		(1,907)	(1,508)	–
Net cash flows from financing activities		(1,907)	(1,508)	–
Net increase/(decrease) in cash and cash equivalents		–	1,889	(56)
Opening cash and cash equivalents		8	28	84
Closing cash and cash equivalents	5	8	1,917	28

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2020

1. Statement 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 ICAC Act"). The main objective of the Commission is to minimise corrupt activities and enhance the integrity of NSW public sector administration.

The Commission is considered a Department under Schedule 3 of the *Public Finance and Audit Act 1983* ("the Act"). 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 year ended 30 June 2020 have been authorised for issue by the Chief Executive Officer on 12 October 2020.

b. Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the Act and Public Finance Audit Regulation 2015 and
- Treasurer's Directions issued under the Act.

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

Judgments, key assumptions and estimations management has 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, which is the Commission's presentation and functional currency.

c. Statement of compliance

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

d. Going concern

The Commission is a going concern public sector entity. The Commission will receive a parliamentary appropriation and government grants as outlined in the NSW Budget Papers for 2020–21 on an "as needs" basis to supplement the operations of the Commission.

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 (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense
- 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 ATO are classified as operating cash flows.

f. Impairment losses under AASB 9 *Financial Instruments*

The adoption of AASB 9 *Financial Instruments* has changed the Commission's accounting for impairment losses for financial assets by replacing AASB 139 *Financial Instruments: Recognition and Measurement* incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Commission to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Notes to and forming part of the financial statements for the year ended 30 June 2020

g. Derecognition of financial assets and financial liabilities

The Commission does not have financial assets and has not derecognised any financial liabilities for the current year.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire or if the Commission transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement, and either:

- the Commission has transferred substantially all the risks and rewards of the asset; or
- the Commission has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

Where the Commission has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Commission’s continuing involvement in the asset. In that case, the Commission also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Commission has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Commission could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the terms of an existing liability and are substantially the same lender on substantially different terms, or modified, such an exchange or modification is treated as

the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

h. Equity and reserves

Accumulated funds

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

i. Trust funds

Section 47 “Seizure pursuant to warrant – special provisions”, of the ICAC Act, ensures that property seized as a result, is retained by the Commission for the duration of the investigation. Note 18 shows the financial position of the special account created for this purpose.

j. 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 are explained in Note 16.

k. 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.

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

(i) Effective for the first time in 2019–20

The Commission applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Notes to and forming part of the financial statements for the year ended 30 June 2020

Several other amendments and interpretations apply for the first time in FY2019–20, but do not have an impact on the financial statements of the entity.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This standard impacts the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price as opposed to stage of completion of the transaction. The application of this standard will not substantially impact Commission revenues as the Commission derives little or nil revenue from its customers.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

The Commission is mainly funded through appropriations received from the Crown entity. Due to the nature of the Commission, it cannot forecast at the onset and during the budget setting process all of the inquiries that it is required to conduct. As such, to fund any additional inquiries not planned for, the Commission is supplemented by a grant income from the Department of Premier and Cabinet (DPC). AASB 1058 does not materially impact the Commission.

AASB 16 Leases

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

AASB 16 requires the Commission to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Commission recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the incremental borrowing rate provided by the NSW Treasury. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Commission has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated. In relation to leases that had previously been classified as “operating leases” under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate which is provided by the NSW Treasury at the date of initial application. The lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.87%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

The Commission elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date,

Notes to and forming part of the financial statements for the year ended 30 June 2020

have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

In applying AASB 16 for the first time, the Commission has used the following practical expedients permitted by the standard:

- not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4
- not recognise a lease liability and right-of-use asset for short-term leases that end within 12 months of the date of initial application
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adoption AASB 16 as at 1 July 2019 (increase/ (decrease) is, as follows:

Assets	\$'000
Right of use asset – Building	14,815
Right of use asset – Motor Vehicles	81
Total Assets	14,896
Liabilities	
Borrowings	14,896
Total Liabilities	14,896
Equity	
Accumulated funds	–

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$'000
Operating lease commitments as at 30 June 2019 (GST included)	3,571
(Less): GST included in operating lease commitments	325
Operating lease commitments as at 30 June 2019 (GST excluded)	3,246
Incremental borrowing rate as at 1 July 2019	1.87%
Discounted operating lease commitments as at 1 July 2019	\$3,130
(Less) Commitments relating to short-term leases	42
Added Lease Liability upon transition of AASB 16 Leases	11,808
Lease Liability as at 1 July 2019	14,896

The Commission's Lease Liability is for the office accommodation at 255 Elizabeth Street, Sydney, and its motor vehicles. The difference between the Operating Leases Commitments as at 30 June 2019 and the Lease Liability upon transition is explained by management being

“reasonably certain” that both Options 1 and 2 of the current lease agreement be exercised i.e. recognising a lease term until 15 October 2026 where the previous years Operating Lease Commitments recognised a commitment as at 15 October 2020.

Notes to and forming part of the financial statements for the year ended 30 June 2020

(ii) Issued but not yet effective

Please note the following standards issued not yet effective as per Treasury Circular TC20-01 Mandates of Options and Major Policy decisions under Australian Accounting Standards.

Even though some of the below are not applicable, all of the list per TC20-01 has been disclosed below for completeness including commentary of applicability and impact on the Commission.

Standard	Assessment of impact on Commission
AASB 17 <i>Insurance Contracts</i>	Not applicable to the Commission as the Commission does not issue insurance contracts.
AASB 1059 <i>Service Concession Arrangements: Grantors</i> , AASB 2018-5 <i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i> , AASB 2019-2 <i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i> , AASB 2018-5 <i>Amendments to Australian Accounting Standards – Deferral of AASB 1060</i>	Not applicable to the Commission as the Commission does not have any service concession type of arrangements.
AASB 2018-6 <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	This amendment clarifies the definition of business for the purposes of AASB 3 <i>Business Combinations</i> . As the Commission does not acquire any business, this is not applicable to the Commission.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This amendment clarifies the definition of material for the purposes of AASB 3 <i>Business Combinations</i> . As the Commission does not acquire any business, this is not applicable to the Commission.
AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual framework</i>	<p>The new Conceptual Framework applies to periods beginning on or after 1 January 2020. Key changes include the following:</p> <ul style="list-style-type: none"> ● updated definition of reporting entity ● updated definitions of an “asset” and “liability” ● updated recognition criteria for including assets and liabilities in financial statements ● new concepts on measurement, including factors to consider when selecting a measurement basis (e.g. cost vs fair value) ● new concepts on presentation and disclosure, including classifying items as income vs other comprehensive income, and ● new guidance on derecognition of assets and liabilities. <p>The Commission will consider this for the financial year 2020–21.</p>
AASB 2019-3 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform</i>	Not applicable to the Commission as the Commission does not hedge any accounting type of arrangements.
AASB 2019-7 <i>Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations</i>	This amendment relates to AASB 1049 and provides relief to the financial statements of the General Government sector from disclosure of key fiscal aggregates under Australian Bureau of Statistics GFS Manual requirements. Not applicable to the Commission as the Commission is only one agency in the general government sector.

Notes to and forming part of the financial statements for the year ended 30 June 2020

2. Expenses excluding losses

(a) Employee-related expenses	2020 \$'000	2019 \$'000
Salaries and wages (including annual leave)	15,924	15,865
Superannuation – defined benefit plans	108	119
Superannuation – defined contribution plans	1,202	1,143
Long service leave	752	1,332
Workers compensation insurance	123	103
Payroll tax and fringe benefits tax	986	1,059
Redundancy	95	–
Employee-related expenses	19,190	19,621

(b) Other operating expenses include the following:	2020 \$'000	2019 \$'000
Advertising and publicity	21	1
Auditors remuneration		
– audit of the financial statements	58	42
Books and subscriptions	203	152
Cleaning	28	64
Consultants	105	100
Contract security services	231	329
Other Contractors	201	35
Courier and freight	–	–
Disaster Recovery	67	77
Electricity	79	68
External legal fees	812	1,755
Fees for services	168	227
Insurance	55	44
Maintenance	883	706
Minor computer equipment/licences	174	42
Operating lease rental expense		
– minimum lease payments	258	2,086
Postal	9	12
Printing	6	32
Stores and specialised supplies	108	49
Telephone & telecommunications	166	161
Training	55	139
Transcript fees	111	326
Travelling, air fares, subsistence, taxi and vehicle rental	64	110
Other	533	593
Other operating expenses	4,395	7,150

Notes to and forming part of the financial statements for the year ended 30 June 2020

Recognition and Measurement

Maintenance

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

Insurance

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

Lease expense (up to 30 June 2019)

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

Lease expense (from 1 July 2019)

From 1 July 2019, the Commission recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

(c) Depreciation and amortisation expenses	2020 \$'000	2019 \$'000
Depreciation		
Building	3,242	1,195
Plant and equipment	418	424
	3,660	1,619
Amortisation		
Software	421	698
Depreciation and amortisation	4,081	2,317

Refer Note 7 for recognition and measurement policies on depreciation and amortisation.

(d) Finance costs		
Interest expense from lease liabilities	310	–
Finance costs	310	–

Notes to and forming part of the financial statements for the year ended 30 June 2020

3. Revenue

(a) Appropriations and Transfers to the Crown Entity	2020 \$'000		2019 \$'000	
Summary of compliance				
	Appropriation	Expenditure	Appropriation	Expenditure
Original Budget per Appropriation				
– Appropriation Act	24,899	24,899	25,617	25,407
– (Less) Efficiency dividend applied	–	–	(210)	–
Total Appropriations/Expenditure/Net Claim on Annual Appropriations	24,899	24,899	25,407	25,407
Amount drawn down against Annual Appropriations	–	24,899	–	25,407
Liability for Lapsed Appropriations drawn down				
Appropriations (per Statement of Comprehensive Income)	24,899		25,407	
Comprising:				
– Recurrent	24,099		24,463	
– Capital	800		944	

The Summary of Compliance is based on the assumption that annual appropriations monies are spent first (except where otherwise identified or prescribed). “Expenditure” refers to cash payments. The term “expenditure” has been used for payments for consistency with AASB 1058 *Income of Not-for-Profit Entities*.

Recognition and Measurement

Parliamentary Appropriations

Until 30 June 2019, except as specified below, appropriations are recognised as income when the Commission obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

After AASB 15 and AASB 1058 became effective on 1 July 2019, the treatment of appropriations remains the same, because appropriations do not contain an enforceable sufficiently specific performance obligation as defined by AASB 15.

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

Funding Implications from delay of the 2020–21 budget process

The Commission is funded through the Appropriation Act as a separate agency. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year. Due to COVID-19, the State Budget and related 2020–21 Appropriation Bill have been delayed until 17 November 2020.

However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised ministers to spend specified amounts from the Consolidated Fund. This authorisation is current from 1 July 2020 until the release of the 2020–21 budget or Appropriation Bill.

(b) Sale of goods and services	2020 \$'000	2019 \$'000
Profit Sharing	–	46

Notes to and forming part of the financial statements for the year ended 30 June 2020

Recognition and Measurement

Until 30 June 2019

Revenue from sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods. Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

From 1 July 2019

Revenue from sale of goods is recognised as when the Commission satisfies a performance obligation by transferring the promised goods/services.

(c) Grants and contributions	2020 \$'000	2019 \$'000
Grant from the Department of Premier and Cabinet		
– Recurrent grant	2,500	1,566
– Capital grant	–	150
	2,500	1,716

Recognition and Measurement

Until 30 June 2019

Income from grants (other than contribution by owners) is recognised when the Commission obtains control over the contribution. The Commission is deemed to have assumed control when the grant is received or receivable.

From 1 July 2019

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Commission is recognised when the entity satisfies its obligations under the transfer. Revenue from grants with sufficiently specific performance obligations is recognised as when the Commission satisfies a performance obligation by transferring the promised goods/services. Income from grants without sufficiently specific performance obligations is recognised when the entity obtains control over the granted assets (e.g. cash).

Due to the nature of the Commission, it cannot forecast at the onset and during the budget setting process all of the inquiries that it is required to conduct. As such, to fund any additional inquiries not planned for, the Commission is supplemented by a grant income from the Department of Premier and Cabinet (DPC). There is no enforceable sufficiently specific performance obligation as defined by AASB 15 *Contracts with Customers* for this particular grant income. As such there is no change in treatment of the grant income.

(d) Acceptance by the Crown Entity of employee benefits and other liabilities	2020 \$'000	2019 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation – defined benefit	107	119
Long service leave	702	1,258
Payroll tax	6	7
	815	1,384

(e) Other income		
Other – miscellaneous	36	28

Notes to and forming part of the financial statements for the year ended 30 June 2020

4. Gain/(loss) on disposal

	2020 \$'000	2019 \$'000
Land and building	–	–
Plant and computer equipment	–	–
Written-down value of assets disposed	(233)	–
Less: Proceeds on Disposal	22	–
Gain/(loss) on disposal	(211)	–

5. Current assets – cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash at bank and on hand	1,917	28

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, cash at bank and short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

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:

	2020 \$'000	2019 \$'000
Cash and cash equivalents (per Statement of Financial Position)	1,917	28
Closing cash and cash equivalents (per Statement of Cash Flows)	1,917	28

Refer Note 19 for details regarding credit risk and market risk arising from financial instruments.

6. Current/Non-current assets – receivables

	2020 \$'000	2019 \$'000
Trade receivables	47	–
GST	240	304
Prepayments	534	572
	821	876
Prepayments – non current	66	19
	887	895

Recognition and Measurement

All “regular way” purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Commission holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Notes to and forming part of the financial statements for the year ended 30 June 2020

Impairment

The Commission's receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Commission's receivable assets (predominantly prepayments) are mainly short-term (i.e. 12 months or less) and are substantially software licences and TMF insurance payments. Consequently, the Commission has not recognised any impairment of its financial assets.

The Commission recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Commission expects to receive, discounted at the original effective interest rate.

However, as the Commission did not carry material trade receivables for the period from 1 July 2019 to 30 June 2020, the Commission did not consider it necessary to establish a provision matrix based on its historical credit loss experience for trade receivables.

7. Property, plant and equipment

	Buildings \$'000	Property, plant & equipment \$'000	Total \$'000
At 30 June 2019 – fair value			
Gross carrying amount	6,500	5,330	11,830
Accumulated depreciation and impairment	(5,044)	(4,065)	(9,109)
Net carrying amount	1,456	1,265	2,721
At 30 June 2020 – fair value			
Gross carrying amount	5,013	5,273	10,286
Accumulated depreciation and impairment	(4,907)	(3,827)	(8,733)
Net carrying amount	106	1,447	1,553

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.

	Buildings \$'000	Property, plant & equipment \$'000	Total \$'000
Year ended 30 June 2020			
Net carrying amount at start of year	1,456	1,265	2,721
Recognition of right-of-use asset on initial application of AASB 16	–	–	–
Adjusted net carrying amount at beginning of year	1,456	1,265	2,721
Additions	–	609	609
Disposals	(227)	(5)	(232)
Transfers/adjustments in/out	–	(27)	(27)
Depreciation expense	(1,123)	(396)	(1,518)
Net carrying amount at end of year	106	1,447	1,553

Notes to and forming part of the financial statements for the year ended 30 June 2020

Recognition and Measurement

Acquisitions of property, plant and equipment

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. 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.

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. 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.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Consequently, the Commission has recognised a make good provision for the premises it leases at 255 Elizabeth Street, Sydney. Further details at Note 12.

Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)

From 1 July 2019, AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The right-of-use asset and corresponding liability are initially measured at the present value of the future lease payments.

Therefore, at that date property, plant and equipment includes amounts for right-of-use assets in respect of leases previously treated as operating leases under AASB 117, as well as any arrangements that are assessed as leases under AASB 16 that were not leases under AASB 117.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the entity obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Further information on leases is contained in Note 8.

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 (TPP14-01). This policy adopts fair value in accordance with AASB 13, AASB 116 and AASB 140 *Investment Property*. The asset population of the Commission comprises the right-of-use asset building, plant and equipment such as computers, and motor vehicles. Assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Commission has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Notes to and forming part of the financial statements for the year ended 30 June 2020

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.

	Gross value measurement bases	Depreciation method	Useful life in years	Depreciation life in years
Asset category			2019–20	2018–19
Computer hardware	Purchase price	Straight line	4	4
Plant and equipment	Purchase price	Straight line	5	5
Leasehold improvement assets are depreciated on a straight-line basis at the lesser of six years or the lease term.				

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

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. Since plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

8. Leases

The Commission leases its premises at 255 Elizabeth Street, Sydney, with Property NSW and 13 motor vehicles. The lease for 255 Elizabeth Street, Sydney, commenced in 2014 and expires on 15 October 2020. There are two extension options of three years each at the end of the current lease term. The Commission has exercised the first option and is reasonably certain that it will exercise the second three-year option as well. Property NSW signed the lease in relation to Option 1, on behalf of the Commission, in late September 2020 and final financial commitments are now reflected in the financial statements. The motor vehicles of the Commission are all leased from SG Fleet and are usually for a term of three years with no renewal options.

The Commission has elected to recognise payments for short-term leases and low-value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a fair value of \$10,000 or less when new. The Commission does not currently lease any low-value assets, these are usually purchased outright.

Right-of-use assets under leases

The following table presents right-of-use assets that are excluded in the carrying amounts of property, plant and equipment at Note 7.

	Land and Buildings \$'000	Motor Vehicles \$'000	Total \$'000
Balance as at 1 July 2019	14,815	81	14,896
Depreciation expense	2,120	22	2,142
Balance at 30 June 2020	12,695	59	12,754

Notes to and forming part of the financial statements for the year ended 30 June 2020

Lease Liabilities

The following table presents liabilities under leases, including leases in respect of investment properties.

	Land and Buildings \$'000	Motor Vehicles \$'000	Total \$'000
Balance as at 1 July 2019	14,815	81	14,896
Interest expense	310	0	310
Payments	(1,876)	(22)	1,898
Balance at 30 June 2020	13,249	59	13,308

The following amounts were recognised in the Statement of Comprehensive Income for the year ending 30 June 2020 in respect of leases where the entity is the lessee:

	\$'000
Depreciation expense of right-of-use assets	2,142
Interest expense on lease liabilities	310
Expense relating to short-term leases	42
Expense relating to leases of low-value assets	0
Total amount recognised in the Statement of Comprehensive Income	2,494

The entity had total cash outflows for leases of approx \$2.3 million in FY2019–20.

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are, as follows:

	Operating Lease
Within one year	2,755
Later than one year and not later than five years	816
Total (including GST)	3,571
Less: GST recoverable from the Australian Tax Office	325
Total (excluding GST)	3,246

Recognition and Measurement (under AASB 16 from 1 July 2019)

The Commission assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Commission recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii page 85), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to revaluation and impairment. Refer to accounting policies of Property, Plant and Equipment.

Notes to and forming part of the financial statements for the year ended 30 June 2020

ii. Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the incremental borrowing rate as provided by NSW Treasury of 1.87%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The entity's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The Commission applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Commission usually purchases low-value assets outright. As at 30 June 2020, there are no leases of low-value assets.

Recognition and Measurement (under AASB 117 until 30 June 2019)

Until 30 June 2019, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the entity was classified as a finance lease. An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

9. Intangible Assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2019			
Cost (gross carrying amount)	6,063	–	6,063
Accumulated amortisation and impairment	(5,042)	–	(5,042)
Net carrying amount	1,021	–	1,021
At 30 June 2020			
Cost (gross carrying amount)	2,724	74	2,798
Accumulated amortisation and impairment	(1,999)	–	(1,999)
Net carrying amount	725	74	799
Year ended 30 June 2020			
Net carrying amount at start of year	1,021	–	1,021
Additions	98	74	172
Disposals	–	–	–
Transfers from/to other asset classes	27	–	27
Amortisation	(421)	–	(421)
Net carrying amount at end of year	725	74	799

Notes to and forming part of the financial statements for the year ended 30 June 2020

Recognition and Measurement

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. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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. Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is recognised as an impairment loss.

	Gross value measurement bases	Amortisation method	Useful life in years	Amortisation life in years
Asset category			2019–20	2018–19
Software	Purchase price	Straight line	4	4

Notes to and forming part of the financial statements for the year ended 30 June 2020

10. Current liabilities – payables

	2020 \$'000	2019 \$'000
Accrued salaries, wages and on-costs	169	50
Accrued expenses – other operating expenses	157	179
Creditors	121	71
Total Current liabilities – payables	447	300

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 19.

Recognition and Measurement

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.

11. Current/non-current liabilities – lease liabilities

	2020 \$'000	2019 \$'000
Current liabilities		
Lease liabilities	2,364	–
Total Current liabilities – lease liabilities	2,364	–
Non-Current liabilities		
Lease liabilities	10,944	–
Total Non-current liabilities – lease liabilities	10,944	–

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 19.

Also refer to the “Leases” note for further details on the Lease liabilities for the right-of-use building asset.

Notes to and forming part of the financial statements for the year ended 30 June 2020

12. Current/non-current liabilities – provisions

Current	2020 \$'000	2019 \$'000
Employee benefits and related on-costs		
Annual leave expected to be settled in the next 12 months		
Annual leave (includes annual leave loading)	1,328	1,290
Annual leave on-cost	110	98
Payroll tax on annual leave, long service leave (and fringe benefits tax payable)	348	306
Long service leave on-cost	644	443
	2,430	2,137

Non-current	2020 \$'000	2019 \$'000
Employee benefits and related on-costs		
Long service leave on-costs	43	39
Provision for payroll tax on long service leave	23	21
Asset remediation and restoration	1,215	1,052
	1,281	1,112

Aggregate employee benefits and related on-costs	2020 \$'000	2019 \$'000
Provision – current	2,430	2,137
Provision – non-current	66	60
Accrued salaries, wages and on-costs (Note 10)	169	50
	2,665	2,247

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:

	“Make good” provision \$'000	Total \$'000
Carrying amount at the beginning of the financial year	1,052	1,052
Additional provisions recognised	–	–
Amounts used	163	163
Carrying amount at the end of the financial year	1,215	1,215

Notes to and forming part of the financial statements for the year ended 30 June 2020

Recognition and Measurement

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 12 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 using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% 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 its circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Commission does not expect to settle the liability within 12 months as the Commission does not have an unconditional right to defer settlement.

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.

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 item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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

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.

Other provisions – "make good" provision

Other provisions exist when the Commission has a present legal or constructive obligation as a result of a past event and 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.

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. Management has made the decision to exercise Option 1, which commences on 16 October 2020 until 15 October 2023. At this point in time, management also expect to exercise Option 2, which is for a further three years from the end of Option 1.

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. Management expects that this provision will be realised in six years time. During 2019–20, the Commission reviewed its "make good" provision as the previous one was based on an estimate provided by

Notes to and forming part of the financial statements for the year ended 30 June 2020

Property NSW at the commencement of the lease in 2014. A revised estimate was provided by Schiavello Construction (NSW) Pty Ltd and the “make good” provision has been adjusted accordingly.

As the effect of the time value of money is material, provisions are discounted at 1.87%. (2019:1.85%), 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.

13. Current liabilities – other liabilities

	2020 \$'000	2019 \$'000
Current liabilities		
Lease incentive – current	–	567
Liability to Consolidated Fund	–	–
Total Current liabilities – other liabilities	–	567
Non-Current liabilities		
Lease incentive – non current	–	166
Total Non-current liabilities – other liabilities	–	166

14. Commitments

Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

	2020 \$'000	2019 \$'000
Within one year	–	–
Later than one year and not later than five years	–	–
Later than five years	–	–
Total (including GST)	–	–

As at 30 June 2020, the Commission did not have any capital commitments.

15. Contingent liabilities and contingent assets

The Commission does not have contingent liabilities representing potential legal expenses for which the Crown Solicitor is acting on behalf of the Commission as at 30 June 2020.

The Commission has no contingent assets.

16. Budget Review

Net result

The actual net surplus as of 30 June 2020 was \$63,000 (\$600,000 above budget). This includes the non-cash items of depreciation expense of \$4,081,000 and loss on assets disposed of \$211,000. The underlying net result excluding these non-cash items is a surplus of \$4,355,000. Legal expenses under expenditure was significantly impacted by the pandemic, which contributed to the effective budget surplus result.

Notes to and forming part of the financial statements for the year ended 30 June 2020

Specific commentary on Expenses, Revenue, Capital, Assets and Liabilities, and Cash flows have been provided below.

– Expenses

The Commission's YTD total expenditure is \$2,211,000 more than the original budget amount of \$25,765,000. The expense variation is primarily due to the non-cash depreciation impact of the AASB 16 *Leases*, lease finance cost and a \$554,000 LSL expenses actuarial adjustment, contractor, consultant and audit and constable security expenses. The non-cash depreciation for the year of the right-of-use asset for the 255 Elizabeth Street building is \$2,120,000.

– Revenue

The Commission's total revenue is more than the original budget of \$25,228,000 primarily due to a grant of \$2,500,000 received from the DPC. Due to the nature of the Commission, it cannot forecast at the onset and during the budget setting process all of the inquiries that it is required to conduct. As such, to fund any additional inquiries not planned for, the Commission is supplemented by a grant income from the DPC.

Capital

The Capital amount appropriated to the Commission for the financial year 2019–20 is \$800,000. As also mentioned below this amount was predominantly for delivery of specific IT assets including intangibles, the delivery of which was expected by/before June 2020. A minor amount was unacquitted due to shipping delays caused by the pandemic. A Treasury request will be submitted to carry such amount into the 2020–21 year.

Assets and liabilities

Current assets

Cash of the Commission as at 30 June 2020 is \$1,909,000 more than the budgeted \$8,000 primarily due to legal expenses under expenditure. Actual current receivables are less than budget by \$169,000 for the same period. Current receivables mainly comprise prepayments for licences and subscriptions for the IT and surveillance areas of the Commission.

Non-current assets

Non-current assets were higher than budget due to the impact of the implementation of AASB 16 *Leases*. At transition, the right-of-use asset including 255 Elizabeth Street was \$14,896,000. As at 30 June 2020, the year end balance of the right-of-use asset was \$12,754,000.

Current and non-current liabilities

Non-current liabilities of the Commission are much higher (lease liability borrowings) than budget due to the application of the AASB 16 *Leases* standard. Schiavello Pty Ltd undertook a comprehensive assessment of the make good provision for the 255 Elizabeth Street premises of the Commission. The financial statements as at 30 June 2020 reflect the expert's assessment.

Cash flows

The cash balance as at 30 June 2020 of the Commission is \$1,909,000 more than that of the budgeted amount of \$8,000. As already indicated above, this is largely due to under expenditure on legal expenses.

Notes to and forming part of the financial statements for the year ended 30 June 2020

17. Reconciliation of Cash Flows from operating activities to net result

	2020 \$'000	2019 \$'000
Net cash used on operating activities	4,183	1,151
Depreciation and amortisation	(4,081)	(2,317)
Written down value of asset disposed	(211)	–
Increase/(decrease) in prepayments and other assets	126	299
Decrease/(increase) in provisions and other liabilities	(101)	127
Decrease/(increase) in payables	147	233
Net result	63	(507)

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

	2020 \$'000	2019 \$'000
(a) s 47 Division 4A of the ICAC Act		
Opening balance as at 1 July 2019	287	110
Deposits	–	177
Less:		
Payments	103	–
Total trust funds as at 30 June 2020	184	287

The above fund does not form part of the Commission's financial statement position.

19. Financial instruments

The Commission's principal financial instruments are outlined on the following pages. 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, 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 Chief Executive Officer 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. Compliance with policies is reviewed by the Audit and Risk Committee/internal audit on a continuous basis.

Notes to and forming part of the financial statements for the year ended 30 June 2020

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2020 \$'000	2019 \$'000
Cash and cash equivalents	5	N/A	1,917	28
Receivables ¹	6	Receivables at amortised cost	9	–
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2020 \$'000	2019 \$'000
Payables ²	10	Financial liabilities measured at amortised cost	447	247

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).

The Commission determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Financial risk

i. 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.

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.

The Commission applies the AASB 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, a failure to make contractual payments for a period of greater than 30 days past due.

The loss allowance for trade receivables as at 30 June 2020 and 2019 was determined as follows:

Notes to and forming part of the financial statements for the year ended 30 June 2020

			30 June 2020 \$'000	
	Current	<30 days	30–90 days	>90 days
Expected credit loss rate				
Estimated total gross carrying amount	0.2	–	–	–
Expected credit loss	–	–	–	–

			30 June 2019 \$'000	
	Current	<30 days	30–90 days	>90 days
Expected credit loss rate				
Estimated total gross carrying amount	–	2	3	–
Expected credit loss				

The analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7. Therefore, the “total” will not reconcile to the sum of the receivables total in Note 6.

The Commission’s trade debtors are predominantly other government agencies holding leave balances of officers transferring to the Commission. The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2020.

ii. Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continually 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.

iii. 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.

Notes to and forming part of the financial statements for the year ended 30 June 2020

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Commission's payables. The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2020 \$'000		2019 \$'000	
	-1%	+1%	-1%	+1%
Net Result	–	–	–	–
Equity	–	–	–	–

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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.

20. Related Party Disclosures

Compensation for the Commission's key management personnel, is as follows:

	2020 \$'000	2019 \$'000
Short-term employee benefits		
Salaries	1,647	3,204
Other monetary allowances	–	8
Other long-term employee benefits	–	–
Post employment benefits	88	216
Termination benefits	–	–
	1,735	3,428

Notes to and forming part of the financial statements for the year ended 30 June 2020

During the year, the Commission did not enter into transactions with key management personnel, their close family members and the members of its controlled entities. The current compensation is much lower due to a revised related parties disclosure/key management personnel (KMP) policy, which reduced the number of KMPs. Transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government during 2019–20 were:

	2020 \$'000	2019 \$'000
Property NSW (accommodation at 255 Elizabeth Street, Sydney)	2,300	2,137
NSW Police (office security)	218	323
	2,531	2,460

21. Events after the Reporting Period

(i) The Commission is a lessee in the sub-lease of the 255 Elizabeth Street, Sydney, building with Property NSW. The initial term of lease expires on 15 October 2020. The Commission received notice of settlement from Property NSW of the market review on Monday, 21 September 2020, of the rent for the 255 Elizabeth Street premises and has been updated for the Financial Commitment Schedule provided, reflecting the market review and occupancy costs over the three years, commencing 16 October 2020.

(ii) The impact of the COVID-19 pandemic may continue to result in changes to forecast line item expenditure amounts due to the need to change in work practices, for example inquiries costs may decrease due to the deferral of planned compulsory examinations and public inquiries. The Commission will continue to review the impacts of COVID-19 on the operations of the Commission.

(END OF AUDITED FINANCIAL STATEMENTS)

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Appendix 1 – Complaints profile

Table 27: Government sectors that were subject to matters received in 2019–20

Government sector	Section 10 complaints (s 10s)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of matters
Aboriginal affairs and services	16	2%	16	2%	0	0%	32	2%
Arts and heritage	2	< 1%	1	< 1%	0	0%	3	< 1%
Community and human services	47	5%	6	< 1%	2	7%	55	3%
Consumer and trade	12	1%	0	0%	0	0%	12	< 1%
Custodial services	72	7%	128	18%	4	13%	204	11%
Education (except universities)	54	5%	90	12%	1	3%	145	8%
Emergency services	12	1%	20	3%	0	0%	32	2%
Employment and industrial relations	1	< 1%	0	0%	0	0%	1	< 1%
Energy	3	< 1%	0	0%	0	0%	3	< 1%
Government and financial services	88	8%	8	1%	5	17%	101	6%
Health	84	8%	168	23%	3	10%	255	14%
Land, property and planning	38	4%	8	1%	3	10%	49	3%
Law and justice	80	8%	4	< 1%	0	0%	84	5%
Local government	415	40%	142	20%	7	23%	564	31%
Natural resources and environment	82	8%	32	4%	1	3%	115	6%
Other – unspecified	0	0%	1	< 1%	0	0%	1	< 1%
Parliament	8	< 1%	0	0%	2	7%	10	< 1%
Policing	9	< 1%	0	0%	0	0%	9	< 1%
Tourism, sport, recreation and gaming	8	< 1%	3	< 1%	3	10%	14	< 1%
Transport, ports and waterways	49	5%	89	12%	3	10%	141	8%
Universities	21	2%	16	2%	1	3%	38	2%

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

Table 28: Workplace functions applicable to matters received in 2019–20

Function	Section 10 complaints (s 10s)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of matters
Allocation of funds, materials and services	258	25%	231	32%	9	30%	498	28%
Development applications and land rezoning	208	20%	34	5%	3	10%	245	14%
Electoral and political activities	67	6%	10	1%	7	23%	84	5%
Human resources and staff administration	255	25%	347	48%	5	17%	607	34%
Issue of licences or qualifications	63	6%	9	1%	2	7%	74	4%
Miscellaneous functions	100	10%	60	8%	7	23%	167	9%
Policy development and information processing	24	2%	4	< 1%	1	3%	29	2%
Processing of electronic and cash payments	21	2%	42	6%	0	0%	63	4%
Procurement, disposal and partnerships	162	16%	102	14%	6	20%	270	15%
Reporting, investigation, sentencing and enforcement	315	30%	147	20%	4	13%	466	26%

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

Table 29: Types of corrupt conduct alleged in matters received in 2019–20

Conduct	Section 10 complaints (s 10s)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of matters
Bribery, secret commissions and gifts	79	8%	49	7%	5	17%	133	7%
Corrupt conduct related to investigations or proceedings	236	23%	40	6%	3	10%	279	16%
Failure to perform required actions not already listed	195	19%	69	9%	1	3%	265	15%
Improper use of records or information	350	34%	344	47%	8	27%	702	39%
Improper use or acquisition of funds or resources	253	24%	295	41%	11	37%	559	31%
Intimidating or violent conduct	129	12%	76	10%	2	7%	207	12%
No corrupt conduct alleged in matter	26	3%	4	< 1%	5	17%	35	2%
Other corrupt conduct	48	5%	23	3%	2	7%	73	4%
Partiality	498	48%	163	22%	14	47%	675	38%
Personal Interests	328	32%	260	36%	11	37%	599	33%

Note: Percentages may not add to 100% because allegations may involve more than one type of corrupt conduct.

Appendix 2 – Public interest disclosures

Table 30: Number of public officials who made a PID in 2019–20

Type of PID	Number of PIDs	Number of public officials*	PIDs finalised**
PIDs made by public officials in performing their day-to-day functions as public officials	0	0	0
PIDs made under a statutory or legal obligation (other than those made by public officials performing their day-to-day functions)	697	119	703
All other PIDs	144	95	148
Total	841	214	851

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

* As one public official may make multiple PIDs, and PIDs may be made anonymously, the number of public officials may be smaller than the number of PIDs.

** Some of these PIDs were made prior to the start of the 2019–20 financial year.

Table 31: 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 contravention	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 legal obligation (other than those made by public officials performing their day-to-day functions)	697	0	0	0	0	697
All other PIDs	143	1	0	0	0	144
Total	840	1	0	0	0	841

Appendix 3 – Statutory reporting

Table 32: Reports under s 76(2) of the ICAC Act

76(2)(ba)(i)	The time interval between the lodging of each complaint and the Commission deciding to investigate the complaint	See Table 33 for details
76(2)(ba)(ii)	Number of complaints where investigations were commenced but were not finalised in 2019–20	5
76(2)(ba)(iii)	Average time to deal with complaints	28 days
76(2)(ba)(iii)	Actual time to investigate any matters in which a report is made	See Table 34 for details
76(2)(ba)(iv)	Total number of compulsory examinations during 2019–20	63
76(2)(ba)(iv)	Total number of public inquiries during 2019–20	4
76(2)(ba)(v)	Number of days spent during 2019–20 in conducting public inquiries	56
76(2)(ba)(vi)	Time interval between the completion of each public inquiry conducted during 2019–20 and the furnishing of a report on the matter	See Table 24 (Chapter 5) for details

Report under s 76(2)(d) of the ICAC Act

In 2019–20, the Commission furnished information to the following agencies:

- Australian Commission for Law Enforcement Integrity
- Australian Federal Police
- Australian Security Intelligence Organisation
- Australian Taxation Office
- Independent Broad-based Anti-Corruption Commission
- NSW Crime Commission
- NSW Police Force
- Office of the Independent Commissioner Against Corruption Northern Territory
- Tasmania Police.

The general nature and extent of information furnished was as follows:

- Intelligence and information disseminations relevant to the functions of the above agencies as those functions concern the enforcement of the laws of the Commonwealth, a state or territory.

Table 33: 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)
13/02/2019	5/08/2019	173
13/06/2019	1/07/2019	18
9/07/2019	22/01/2020	197
12/07/2019	3/03/2020	235
13/09/2019	30/09/2019	17
16/09/2019	30/09/2019	14
14/11/2019	17/12/2019	33
31/01/2020	9/06/2020	130
3/02/2020	9/06/2020	127
25/02/2020	9/06/2020	105
9/03/2020	7/05/2020	59

Table 34: Actual time taken 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)
3/11/2017	6/03/2020	854
20/12/2017	2/08/2019	590
20/12/2017	5/06/2020	898
22/12/2017	4/10/2019	651
24/01/2018	26/08/2019	579
13/04/2018	9/09/2019	514
15/06/2018	6/03/2020	630
10/09/2018	26/11/2019	442
10/09/2018	17/02/2020	525
21/09/2018	18/02/2020	515
13/12/2018	6/03/2020	449
12/02/2019	6/03/2020	388
12/08/2019	4/04/2020	236

Appendix 4 – Outcomes of matters

Table 35: Other outcomes for matters closed during 2019–20

Agency outcomes	Section 10 matters	Section 11 matters	Total
Disciplinary action proposed by the public authority	0	9	9
Disciplinary action taken by the public authority – Dismissal	3	68	71
Disciplinary action taken by the public authority – Counselling	2	31	33
Disciplinary action taken by the public authority – Resignation	0	42	42
Disciplinary action taken by the public authority – Other	22	90	112
Systemic issues addressed by the public authority	1	10	11
Systemic issues identified by the public authority	2	16	18
No action or further action warranted by the public authority	31	111	142

Appendix 5 – Adoption of corruption prevention recommendations

In framing corruption prevention recommendations, the Commission's focus is to work with the agency to ensure that the recommendations made in the Commission's report address both the corruption risk and the business priorities of the subject agency. In accordance with s 111E(2) of the ICAC Act, the Commission considers plans of action proposed by agencies and monitors the level of acceptance of corruption prevention recommendations in the

agency's plan of action. It also ensures that agencies report on the implementation of their plans of action.

Table 36 shows the adoption of corruption prevention recommendations in agency plans of action submitted during 2019–20. Table 37 shows the receipt of reports on implementation of agency action plans.

Table 36: Adoption of corruption prevention recommendations in agency plans of action

Public inquiry	Agency	Number of Recommendations	Date action plan received	Adopted as described in the report	Adopted in an alternative way	Partially adopted	Not adopted	% partially adopted	% fully adopted
Estry	Corrective Services NSW	19	August 2019	11	7	1	0	6%	94%

The Commission seeks reports on the implementation of agency plans of action. If plans are not fully implemented at 12 months, a further 24-month report is sought. Proactive agencies can submit a final report at any stage including when the plan of action is submitted.

A total of 24 corruption prevention recommendations were made to the University of Sydney in the Operation Gerda report (issued in May 2020). However, a response to these recommendations was not due in 2019–20.

Table 37: Agency reports on the implementation of action plans received in 2019–20

Public inquiry	Agency	Number of recommendations	Date report due	Date report received	Type of report received (interim or final)
Yarrow	Department of Finance Services and Innovation	15	April 2020	September 2019	Final
Scania	Environment Protection Authority/ NSW Government*	13	October 2019	October 2019	Final
Ricco	NSW Government	1	October 2019	December 2019	Final
	Bayside Council	8	December 2019	December 2019	Final
Tarlo	South Western Sydney Local Health District	8	January 2020	February 2020	Final
	Family and Community Services	4	January 2020	March 2020	Interim

* The progress report was received from the Environment Protection Authority, but reported on the implementation of three recommendations made to the NSW Government and 10 recommendations made to the Environment Protection Authority.

Appendix 6 – Strategic alliances to optimise investigative outcomes

Australian and New Zealand Counter Terrorism Committee, Surveillance Capability Forum

This group provides a platform for law enforcement intelligence and integrity agencies to discuss their respective agency's surveillance capabilities, emerging technology and methodologies. In addition to hosting a forum for managers, the committee arranges for specialist training throughout the year. In 2019, officers attended a digital barriers technology course.

Interception Consultative Committee

This committee is a source of advice to agencies concerning telecommunications interception legislation and information requests to telecommunications service providers. A Commission officer attended this meeting in October 2019.

JSI User Group

This group provides a forum for interception agencies utilising similar telecommunications interception systems. Commission officers attended meetings in July and September 2019.

SEDnode Groups

SEDnode is a secure information system used by interception agencies to receive data from communication service providers (CSPs). Commission officers attended SEDnode Assessment Working Groups on five occasions in the reporting year. The SEDnode Assessment Working Group was established in 2019 to develop a strategic direction for the system and to investigate improvements or alternative methods of connection between agencies and CSPs.

Special Networks Committee and Inter-Agency Technical Group

The Special Networks Committee and the Inter-Agency Technical Group provide an opportunity to discuss telecommunication interception issues, MOUs with service providers, communications protocols and emerging interception technical tools. Commission officers attended a meeting in December 2019.

Strategic Surveillance Alliances

During the reporting year, the Commission's surveillance team provided assistance to external agencies, including the Australian Taxation Office and the Australian Federal Police. The Law Enforcement Conduct Commission assisted the Commission by providing its surveillance team to assist with Commission investigations.

Memorandum of Understanding

The Commission entered into an MOU with the Australian Taxation Office on physical surveillance. The Commission also signed an MOU with the Australian Competition and Consumer Commission to facilitate liaison, cooperation, assistance, joint enquiries, joint investigations, and the exchange of information.

Other alliances

During the reporting period, officers of the Commission attended the Commonwealth Ombudsman and Oversight of Covert and Intrusive Powers Forum, the Commonwealth and Multi-Jurisdictional Meeting and the Australian and New Zealand Intelligence Forum.

In February 2020, a Commission officer gave evidence before the Independent National Security Legislation Monitor Public Inquiry regarding the inclusion of the Commission in the *Telecommunications and Other Legislation Amendment Act 2018*. In March 2020, a Commission officer participated in a Telecommunications Legislation Amendment Bill (International Production Orders) conference.

Commission officers were involved in Commonwealth and NSW working groups for the National Biometrics Face Recognition Capability (with the NSW Police, Law Enforcement Conduct Commission, NSW Crime Commission, Department of Home Affairs, and Australian Federal Police), and a Facial Matching Services liaison meeting with the NSW Police.

In October 2019, the Strategic Intelligence Review Unit (SIRU) delivered presentations to the Corruption Prevention Network on its objectives, systems and methods, and to the Internal Auditors of Australia on fraud and corruption insights.

Appendix 7 – Prosecution and disciplinary action in 2019–20 arising from ICAC investigations

Table 38: Progress of prosecution matters in 2019–20

Certain matters have been excluded from this table so as to not prejudice certain forthcoming criminal trials.

The date the investigation report was published is in parentheses.

Note the following abbreviated terms:

- “Crimes Act” refers to the *Crimes Act 1900* (NSW)
- “ICAC Act” refers to the *Independent Commission Against Corruption Act 1988* (NSW).

Investigation into the conduct of Eric Roozendaal and others (Operation Indus) (July 2013)

Name	Rocco Triulcio
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 8 September 2016, the DPP advised that there is sufficient evidence to charge Rocco Triulcio with 18 s 87(1) ICAC Act offences.
Status	Was set down for trial commencing 6 October 2020. On 3 June 2020, the DPP advised it will apply to vacate the trial date due to the Operation Jasper trial now proceeding in August 2020. A new trial date will be set for early 2021.

Investigation into the conduct of certain persons with respect to the granting of a coal exploration licence in the Bylong Valley (Operation Jasper) (July 2013)

Name	Travers Duncan
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception) and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	On 16 March 2020, DPP advised no reasonable prospect of a successful prosecution.

Name	John McGuigan
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception) and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	On 16 March 2020, DPP advised no reasonable prospect of a successful prosecution.

Name	John Atkinson
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception) and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	On 16 March 2020, DPP advised no reasonable prospect of a successful prosecution.

Name	Richard Poole
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception).
DPP advice	On 16 March 2020, DPP advised no reasonable prospect of a successful prosecution.

Name	John Kinghorn
Offences recommended for DPP consideration	Section 184(1) <i>Corporations Act 2001</i> .
DPP advice	On 16 March 2020, DPP advised consideration of prosecution brought to an end by finding of corrupt conduct against Mr Kinghorn having been overturned in <i>Kinghorn v ICAC</i> [2014] NSWSC 1018.

Investigation into the circumstances surrounding the application for and allocation to Doyles Creek Mining Pty Ltd of an exploration licence (Operation Acacia) (August 2013)

Name	John Maitland
Offences recommended for DPP consideration	Section 178BB Crimes Act (obtain valuable thing by false or misleading statement), common law offence of accessory before the fact to misconduct in public office, offences under s 112(2) ICAC Act (contravening a non-publication direction), s 87(1) ICAC Act (false or misleading evidence) and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	<p>On 2 September 2014, the DPP advised sufficient evidence to prosecute Mr Maitland for a s 87 ICAC Act offence.</p> <p>On 5 November 2014, the DPP advised sufficient evidence to prosecute Mr Maitland for two offences of accessory before the fact to misconduct in public office.</p> <p>On 17 July 2015, the DPP advised sufficient evidence to prosecute Mr Maitland for five s 178BB Crimes Act offences.</p>
Status	<p>On 21 December 2015, Mr Maitland was convicted of the s 87 offence. On 7 March 2016, he was placed on a good behaviour bond for two years and ordered to pay a fine of \$3,000. He appealed. On 13 October 2016, the District Court dismissed the appeal.</p> <p>On 30 March 2017, following a trial in the Supreme Court of NSW before Adamson J, a jury returned verdicts of guilty in relation to two offences of accessory before the fact to misconduct in public office.</p> <p>On 2 June 2017, Adamson J in the Supreme Court of NSW sentenced Mr Maitland to full-time imprisonment for a period of six years, commencing on 26 May 2017 and expiring on 25 May 2023, with a non-parole period of four years, commencing 26 May 2017 and expiring 25 May 2021. The sentence imposed for each offence was five and four years respectively.</p> <p>On 22 June 2017, Mr Maitland filed a notice of intention to appeal his conviction and sentence.</p> <p>On 25 February 2019, the Court of Criminal Appeal allowed the appeal.</p> <p>New trial date was set for 6 April 2020 but postponed to 7 September 2020.</p> <p>The matters relating to the s 178BB charges were set down for trial in the District Court on 6 September 2017. On 25 September 2017, the District Court ordered a permanent stay of proceedings.</p>

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 offences (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 <i>Election Funding, Expenditure and Disclosures Act 1981</i> ("the EFED Act") offences (accepting an indirect campaign contribution).
DPP advice	On 15 April 2015, the DPP advised sufficient evidence to proceed with one offence of misconduct in public office, six s 87 ICAC Act offences, two s 249K Crimes Act offences, two s 96E(2) EFED Act offences, and two s 96H(2) EFED Act offences.
Status	<p>On 8 June 2017, Mr Petch was committed for trial on one s 249K Crimes Act offence. Six s 87 ICAC Act offences were also sent to the Sydney District Court.</p> <p>On 12 October 2018, Mr Petch was found guilty of the s 249K offence. On 10 December 2018, he was sentenced to two years imprisonment to be served by way of intensive correction in the community.</p> <p>On 14 December 2018, Mr Petch filed a notice of intention to appeal against conviction. The appeal was heard on 22 May 2020. Judgment was delivered on 19 June 2020. The conviction was quashed and a verdict of acquittal was entered (see <i>Petch v R</i> [2020] NSWCCA 133).</p> <p>The Court upheld two of the three grounds on which Mr Petch appealed his conviction. It found that the trial judge had failed to correctly direct the jury with respect to the mental element of the offence of blackmail under s 249K. It also found that the trial judge had erred by admitting evidence of the complainant as to her opinion of Mr Petch's state of mind when he uttered the words relied on by the Crown to establish the offence.</p> <p>The Court did not uphold the third of Mr Petch's grounds of appeal. The Court found that it was open to the jury to find that Mr Petch intended by his words and conduct on 2 May 2013 to issue an implied threat to act to Ms Dickson's detriment in her application for the permanent general manager's position. It found that it was open to the jury to convict him on the admissible evidence if given proper directions.</p> <p>The Court declined to order a re-trial; however, noting that despite the public interest in the prosecution of people who had used their high public office to commit criminal offences, this was a case with unusual and compelling features. Mr Petch is now 80 years of age and has already served more than three-quarters of the custodial sentence (intensive corrections order). By the time of any re-trial, it will have been eight or nine years since the offence was allegedly committed. The Court also noted that Mr Petch was subject to public scrutiny and opprobrium in the course of proceedings before the Commission.</p> <p>On 28 October 2019, Mr Petch was found guilty of two s 87 offences and not guilty of the remaining four offences. On 18 December 2019, an aggregate total of 18 months imprisonment was imposed. The matter was stood over to 21 February 2020 for Mr Petch to be assessed for home detention.</p> <p>On 21 February 2020, sentence proceedings concluded with an aggregate sentence of 18 months imprisonment by way of an intensive corrections order (ICO) was imposed, commencing on 21 February 2020. In addition to the standard conditions for an ICO, an additional condition of home detention for 12 months was imposed.</p>

Investigation into the conduct of a RailCorp manager and a Housing NSW employee (Operation Spector) (October 2014)

Name	Jessica Camilleri
Offences recommended for DPP consideration	Section 351A Crimes Act (recruiting a person to carry out a criminal activity).
DPP advice	On 2 February 2016, the DPP advised sufficient evidence to proceed with three s 254(b)(ii) Crimes Act offences (using false document) and one common law offence of inciting a crime by inciting Joseph Camilleri to destroy documents that relate to the Commission's investigation in contravention of s 88(2)(a) ICAC Act.
Status	<p>On 6 October 2017, Ms Camilleri pleaded guilty.</p> <p>On 23 August 2019, Ms Camilleri was sentenced to an aggregate period of four years imprisonment to date from 21 April 2018, with a non-parole period of two years and three months.</p>

Investigation into allegations that an Ausgrid engineer corruptly solicited and accepted benefits from Ausgrid contractors and subcontractors (Operation Jarah) (June 2015)

Name	Phillip Cresnar
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt commissions or rewards), s 89(a) ICAC Act (attempt to procure the giving of false testimony) and s 87 ICAC Act (false or misleading evidence).
DPP advice	On 18 July 2017, the DPP advised sufficient evidence to proceed with six s 249B Crimes Act offences, one s 87 ICAC Act offence and one s 89 ICAC Act offence.
Status	On 14 October 2019, Mr Cresnar pleaded guilty to three s 249B offences. The other three s 249B charges were withdrawn. The ICAC Act offences were heard on 28 October 2019. On 1 November 2019, Mr Cresnar was found guilty of the s 89(a) offence and not guilty of the s 87(1) offence. The matters have been adjourned for sentence on 27 July 2020.

Name	Patrick Miskelly
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corrupt commissions or rewards).
DPP advice	On 18 July 2017, the DPP advised sufficient evidence to proceed with one s 249B Crimes Act offence.
Status	On 3 October 2019, the charges were withdrawn on the basis that there were no reasonable prospects of success.

Investigation into the conduct of officers of the NSW Rural Fire Service and others (Operation Vika) (December 2015)

Name	Scott Homsey
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corrupt commissions or rewards), s 192E Crimes Act (fraud), s 87 ICAC Act (false evidence) and s 80(c) ICAC Act (make false statement).
DPP advice	On 21 December 2017, the DPP advised sufficient evidence to proceed with 12 s 249B(2) Crimes Act offences, three s 192G Crimes Act offences (making a misleading statement), one s 87 ICAC Act offence, and three s 80(c) ICAC Act offences.
Status	On 22 February 2019, Mr Homsey pleaded guilty to 11 s 249B(2)(b) offences and three s 192G(b) offences. The s 80(c) offences will be dealt with under s 166 of the <i>Criminal Procedure Act 1986</i> . On 27 August 2019, Mr Homsey pleaded guilty to one s 87(1) ICAC Act offence. An additional s 249B(2)(b) offence was placed on a Form 1 to be taken into account on sentence. On 8 November 2019, Mr Homsey was sentenced to an aggregate sentence of an ICO for three years, with conditions to be of good behaviour and to perform 500 hours of community service.

Name	Gay Homsey
Offences recommended for DPP consideration	Section 249F(1) Crimes Act (aiding and abetting a corrupt commission) and s 87 ICAC Act (false or misleading evidence).
DPP advice	On 21 December 2017, the DPP advised sufficient evidence to proceed with four offences of being an accessory before the fact to an offence under s 249B(2) Crimes Act and one s 87 ICAC Act offence.
Status	<p>On 23 August 2019, Ms Homsey pleaded guilty to a rolled-up charge of being an accessory before the fact to the offence of corruptly giving a benefit, contrary to s 249B(2)(b) and s 346 Crimes Act. Ms Homsey also entered a plea of guilty to the s 87(1) offence.</p> <p>On that date, Ms Homsey was sentenced to concurrent sentences for both offences, comprising an ICO of one year and eight months with conditions to be of good behaviour and to perform 400 hours of community service, and a further \$5,000 fine for misleading the Commission.</p> <p>Ms Homsey lodged a severity appeal in respect of her sentence. On 8 November 2019, Ms Homsey's sentence was reduced to an ICO for 15 months, with conditions to be of good behaviour and to perform 300 hours community service. The \$5,000 fine was confirmed.</p>

Investigation into the conduct of a TAFE NSW ICT manager (Operation Sonet) (March 2016)

Name	Ronald Cordoba
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud), s 80 ICAC Act (obstruction of Commission) and s 87 ICAC Act (false evidence).
DPP advice	On 7 June 2016, the DPP advised sufficient evidence to proceed with 51 s 192E Crimes Act offences, one s 80(c) ICAC Act offence and one s 87 ICAC Act offence.
Status	<p>On 11 July 2017, Mr Cordoba pleaded guilty to two s 192E Crimes Act offences and one s 87 ICAC Act offence.</p> <p>Listed for sentence on 20 April 2018 but adjourned to 6 June 2018 to determine Mr Cordoba's application for plea reversal on one s 192E offence. Mr Cordoba failed to appear on 6 June 2018 and a warrant was therefore issued for his arrest. In 2019, he was extradited from South Australia and held in custody.</p> <p>On 13 November 2019, Mr Cordoba was convicted of the three offences and sentenced to an aggregate term of imprisonment of eight years with a non-parole period of six years, to date from 16 March 2019 when he first went into custody.</p> <p>On 13 November 2019, Mr Cordoba filed a notice of intention to appeal his sentence.</p>

Investigation into the conduct of a Mine Subsidence Board district manager (Operation Tunic) (March 2016)

Name	Darren Bullock
Offences recommended for DPP consideration	Offences under s 249B(1) Crimes Act (corrupt commissions), s 253 Crimes Act (forgery), s 254 Crimes Act (using false document), s 351A Crimes Act (recruiting person to engage in criminal activity) Crimes Act, s 87 ICAC Act (false evidence), s 88(2)(a) ICAC Act (destroy document) and s 89(a) ICAC Act (procure false evidence).
DPP advice	On 9 August 2016, briefs of evidence were provided to the DPP.
Status	The Commission has responded to DPP requisitions and is awaiting DPP advice.

Investigation into NSW Liberal Party electoral funding for the 2011 state election campaign and other matters (Operation Spicer) (August 2016)

Name	William Saddington
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	The Commission has responded to DPP requisitions and is awaiting DPP advice.

Name	Timothy Koelma
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	The Commission has responded to DPP requisitions and is awaiting DPP advice.

Name	Christopher Hartcher
Offences recommended for DPP consideration	Section 117 Crimes Act (larceny).
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	The Commission has responded to DPP requisitions and is awaiting DPP advice.

Name	Joseph Tripodi
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	The Commission has responded to DPP requisitions and is awaiting DPP advice.

Investigation into the conduct of a senior officer of the NSW Department of Justice and others (Operation Yancey) (November 2016)

Name	Anthony Andjic
Offences recommended for DPP consideration	Section 192E(1) Crimes Act (fraud), s 192G Crimes Act (false or misleading statement), conspiracy to commit an offence under s 192G Crimes Act and s 87 ICAC Act.
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP. On 10 March 2020, the DPP advised there was sufficient evidence to prosecute Mr Andjic for eight offences of misconduct in public office, one s 192E offence, one s 192G offence and one s 87 ICAC Act offence.
Status	For mention on 13 August 2020.

Name	Shadi Chacra
Offences recommended for DPP consideration	Section 192E Crimes Act (fraud), s 192G Crimes Act (false or misleading statement) and s 193B(2) Crimes Act (money laundering).
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP. On 10 March 2020, the DPP advised there was sufficient evidence to prosecute Mr Chacra for four offences of accessory to misconduct in public office and one s 192E offence.
Status	For mention on 13 August 2020.

Name	Fayrouz Hammoud
Offences recommended for DPP consideration	Section 192E Crimes Act (fraud), s 192G Crimes Act (false or misleading statement) and s 193B(2) Crimes Act (money laundering).
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP. On 10 March 2020, the DPP advised there was sufficient evidence to prosecute Ms Hammoud for four offences of accessory to misconduct in public office.
Status	For mention on 13 August 2020.

Name	Fatima Hammoud
Offences recommended for DPP consideration	Section 193C(2) Crimes Act (dealing with property suspected of being proceeds of crime), conspiracy to commit an offence under s 192G Crimes Act (false or misleading statement) and s 87 ICAC Act (false or misleading evidence).
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP. On 10 March 2020, the DPP advised there was sufficient evidence to prosecute Ms Hammoud for one s 192G offence and two s 87 ICAC Act offences.
Status	For mention on 13 August 2020.

Name	Hakime Hammoud
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 21 April 2017, a brief of evidence was provided to the DPP. On 10 March 2020, the DPP advised insufficient admissible evidence to prosecute Ms Hammoud.

Investigation into the conduct of a Regional Illegal Dumping Squad officer and others (Operation Scania) (June 2017)

Name	Craig Izzard
Offences recommended for DPP consideration	Offences under s 249B(1) Crimes Act (corrupt commissions or rewards) and the common law offence of misconduct in public office.
DPP advice	On 18 October 2018, the DPP advised sufficient evidence to prosecute Mr Izzard for two common law offences of misconduct in public office.
Status	On 16 August 2019, Mr Izzard was charged with an offence of corruptly receiving commission pursuant to s 249B Crimes Act, in lieu of one of the misconduct in public office charges. On 18 October 2019, Mr Izzard pleaded guilty. On 24 April 2020, Mr Izzard was sentenced to imprisonment for two years and six months to be served by way of an ICO with an additional condition of 750 hours of community service.

Name	Nosir Kabite
Offences recommended for DPP consideration	Offences under s 249B(1) Crimes Act (corrupt commissions or rewards) and aiding and abetting the common law offence of misconduct in public office.
DPP advice	On 18 October 2018, the DPP advised sufficient evidence to prosecute Mr Kabite for one offence of accessory to misconduct in public office and one offence of aiding and abetting misconduct in public office.
Status	On 28 October 2019, Mr Kabite was also charged with an offence of giving corrupt commission pursuant to s 249B Crimes Act. On 7 November 2019, Mr Kabite pleaded guilty to this charge and the charge for aiding and abetting misconduct in public office. On 24 April 2020, Mr Kabite was sentenced to imprisonment for two years and six months to be served by way of ICO. The matter was adjourned to 19 June 2020 to allow for a Sentence Assessment Report to be completed in relation to whether Mr Kabite was suitable for home detention and/or community service to be made a component of the order. On 19 June 2020, Mr Kabite was found suitable for home detention but raised fresh issues for the Court to consider that may affect the non-parole period. The matter has been adjourned to 24 July 2020 for final determination of sentence.

Name	Ibrahim Beydoun
Offences recommended for DPP consideration	An offence under s 249B(2) Crimes Act (corrupt commissions or rewards).
DPP advice	On 18 October 2018, the DPP advised sufficient evidence to prosecute Mr Beydoun for one offence of aiding and abetting misconduct in public office.
Status	On 5 June 2019, Mr Beydoun was also charged with an offence of giving corrupt commission pursuant to s 249B Crimes Act. On 18 July 2019, Mr Beydoun pleaded guilty. On 5 September 2019, Mr Beydoun was sentenced to an ICO for a period of 13 months with 300 hours community service.

Investigation into the conduct of the former City of Botany Bay Council chief financial officer and others (Operation Ricco) (July 2017)

Name	Keith Mark
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Aleksa Subeski
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Zoran Gajic
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud) and s 249B(2) Crimes Act (corrupt commissions or rewards).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Sam Alexander
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud) and s 87 ICAC Act (false evidence).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Marny Baccam
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud) and s 87 ICAC Act (false evidence).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Malcolm Foo
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud), s 249B(2) Crimes Act (corrupt commissions or rewards) and s 87 ICAC Act (false evidence).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Siddik Hussein
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Suman Mishra
Offences recommended for DPP consideration	Offence under s 87 ICAC Act (false evidence).
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Lorraine Cullinane
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 16 March 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Investigation into the conduct of a former NSW Department of Justice officer and others (Operation Artek) (August 2017)

Name	Leslie Reynolds
Offences recommended for DPP consideration	Offences under s 249B(1) Crimes Act (corrupt commissions or rewards) or common law offence of misconduct in public office and s 87 ICAC Act (false evidence).
DPP advice	On 23 August 2017, brief provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Name	Khader Ghamrawi
Offences recommended for DPP consideration	Offences under s 249B(1) Crimes Act (corrupt commissions or rewards) or aiding and abetting the common law offence of misconduct in public office.
DPP advice	On 24 November 2017, brief provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Name	Samantha Boyle
Offences recommended for DPP consideration	Offences of being an accessory after the fact to an offence under s 249B(1) Crimes Act (corrupt commissions or rewards) and an offence under s 87 ICAC Act (false evidence).
DPP advice	On 24 November 2017, brief provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Investigation into dealings between Australian Water Holdings Pty Ltd and Sydney Water Corporation and related matters (Operation Credo) (August 2017)

Name	Gilbert Brown
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 12 January 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Anthony Kelly
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 12 January 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Name	Joseph Tripodi
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 12 January 2018, brief provided to the DPP.
Status	The Commission has attended to DPP requisitions and is awaiting DPP advice.

Investigation into the conduct of a principal officer of two non-government organisations and others (Operation Tarlo) (September 2018)

Name	Eman Sharobeem
Offences recommended for DPP consideration	Common law offence of misconduct in public office, fraud under s 192E Crimes Act, obtaining a benefit by deception under s 178BA Crimes Act, publishing a false statement under s 192H Crimes Act, using a false document under s 254 Crimes Act and giving false or misleading evidence under s 87 ICAC Act.
DPP advice	On 12 November 2019, brief provided to the DPP.
Status	Awaiting DPP advice.

Investigation into the conduct of a Department of Finance, Services and Innovation ICT project manager (Operation Yarrow) (January 2019)

Name	Steven Prestage
Offences recommended for DPP consideration	Publishing false statements with an intention to obtain a financial advantage under s 192G Crimes Act, wilfully preventing or wilfully endeavouring to prevent a witness from attending the Commission under s 92 ICAC Act, procuring the giving of false testimony at a compulsory examination under s 89 ICAC Act, and giving false or misleading evidence under s 87 ICAC Act.
DPP advice	On 9 January 2019, briefs of evidence provided to the DPP. On 25 June 2020, the DPP advised there is sufficient evidence to prosecute Mr Prestage for 18 offences under s 192E Crimes Act, 12 offences under s 87 ICAC Act and one offence under s 89 ICAC Act.
Status	All matters listed for mention on 20 August 2020.

Investigation into the conduct of NSW Corrective Services officers at Lithgow Correctional Centre (Operation Estrý) (June 2019)

Name	John O'Shea
Offences recommended for DPP consideration	Principal in the second degree to the offence of inciting an assault, hindering an investigation under s 315 Crimes Act, perverting the course of justice or attempting or conspiring to do so under s 319 Crimes Act, the common law offence of misconduct in public office and wilfully obstructing the ICAC under s 80 ICAC Act.
Status	On 17 December 2019, brief of evidence provided to the DPP. Awaiting DPP advice.

Name	Terrence Walker
Offences recommended for DPP consideration	Assault occasioning actual bodily harm under s 59(1) Crimes Act, hindering an investigation under s 315 Crimes Act, perverting the course of justice or attempting or conspiring to do so under s 319 Crimes Act, the common law offence of misconduct in public office and wilfully obstructing the ICAC under s 80 ICAC Act.
Status	On 17 December 2019, brief of evidence provided to the DPP. Awaiting DPP advice.

Name	Brian McMurtrie
Offences recommended for DPP consideration	Hindering an investigation under s 315 Crimes Act, perverting the course of justice or attempting or conspiring to do so under s 319 Crimes Act, the common law offence of misconduct in public office and giving false or misleading evidence under s 87 ICAC Act.
Status	On 17 December 2019, brief of evidence provided to the DPP. Awaiting DPP advice.

Name	Stephen Taylor
Offences recommended for DPP consideration	Hindering an investigation under s 315 Crimes Act, perverting the course of justice or attempting or conspiring to do so under s 319 Crimes Act, concealing a serious indictable offence under s 316(1) Crimes Act and the common law offence of misconduct in public office.
Status	On 17 December 2019, brief of evidence provided to the DPP. Awaiting DPP advice.

Name	Simon Graf
Offences recommended for DPP consideration	Hindering an investigation under s 315 Crimes Act, perverting the course of justice or attempting or conspiring to do so under s 319 Crimes Act, the common law offence of misconduct in public office, giving false or misleading evidence under s 87 ICAC Act and wilfully obstructing the ICAC under s 80 ICAC Act.
Status	On 17 December 2019, brief of evidence provided to the DPP. Awaiting DPP advice.

Name	Elliott Duncan
Offences recommended for DPP consideration	Hindering an investigation under s 315 Crimes Act, perverting the course of justice or attempting or conspiring to do so under s 319 Crimes Act, the common law offence of misconduct in public office and giving false or misleading evidence under s 87 ICAC Act.
Status	On 17 December 2019, brief of evidence provided to the DPP. Awaiting DPP advice.

Investigation into the over-payment of public funds by the University of Sydney for security services (Operation Gerda) (May 2020)

Name	Emir Balicevac
Offences recommended for DPP consideration	Section 249B (corrupt commissions or rewards), s 192E (fraud) and s 192G (making a misleading statement) Crimes Act, regulation 42 of the Security Industry Regulation 2016, regulation 44 of the Security Industry Regulation 2007 and s 87 ICAC Act (giving false evidence).
Status	Brief of evidence under preparation.

Name	Daryl McCreadie
Offences recommended for DPP consideration	Section 249B, s 192E and s 192G Crimes Act, regulation 42 of the Security Industry Regulation 2016 and regulation 44 of the Security Industry Regulation 2007.
Status	Brief of evidence under preparation.

Name	Frank Lu
Offences recommended for DPP consideration	Section 192E and s 192G Crimes Act, regulation 42 of the Security Industry Regulation 2016 and regulation 44 of the Security Industry Regulation 2007.
Status	Brief of evidence under preparation.

Name	George Boutros
Offences recommended for DPP consideration	Section 192E and s 192G Crimes Act, regulation 42 of the Security Industry Regulation 2016 and regulation 44 of the Security Industry Regulation 2007.
Status	Brief of evidence under preparation.

Name	Taher Sirour
Offences recommended for DPP consideration	Section 249B, s 192E and s 192G Crimes Act, and aiding and abetting offences contrary to s 135.1 <i>Criminal Code Act 1995</i> (Cth) (dishonestly obtaining a gain from the Commonwealth).
Status	Brief of evidence under preparation.

Name	Dennis Smith
Offences recommended for DPP consideration	Section 249B(1)(a) or s 249B(1)(b) Crimes Act and s 87(1) ICAC Act.
Status	Brief of evidence under preparation.

Table 39: Progress of disciplinary matters in 2019–20

The date the investigation report was published is in parentheses.

Investigation into the conduct of NSW Corrective Services officers at Lithgow Correctional Centre (Operation Estrý) (June 2019)

Name	Brad Peebles
Recommendation	Consideration be given to the taking of disciplinary action.
Status	Disciplinary proceedings concluded. Reduction in classification to Senior Assistant Superintendent for a period of 12 months.

Name	Stephen Taylor
Recommendation	Consideration be given to the taking of disciplinary action and the taking of action with a view to dismissal, dispensing with his services of or otherwise terminating his services.
Status	Disciplinary proceedings concluded. Reduction in classification to First Class Correctional Officer Year 2 for a period of three years.

Name	Simon Graf
Recommendation	Consideration be given to the taking of disciplinary action and the taking of action with a view to dismissal, dispensing with his services of or otherwise terminating his services.
Status	Disciplinary proceedings concluded. Reduction in classification to Correctional Officer Year 2 for a period of three years.

Name	Troy Dippel
Recommendation	Consideration be given to the taking of disciplinary action.
Status	Disciplinary proceedings commenced but not finalised.

Name	Michael (Mick) Watson
Recommendation	Consideration be given to the taking of disciplinary action.
Status	Disciplinary proceedings commenced but not finalised.

Appendix 8 – Report on the 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 2018 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, one such review was undertaken.

The Commission received no valid access application during the reporting period.

Tables 40–48 provide statistical information about access applications – clause 8(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	0	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	0	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

* This 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)	5
Application contravenes restraint order (s 110 of the GIPA Act)	0
Total number of invalid applications received	5
Invalid applications that subsequently became valid applications	0

Table 43: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to 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
Information about complaints to Judicial Commission	0
Information about authorised transactions under <i>Electricity Network Assets (Authorised Transactions) Act 2015</i>	0
Information about authorised transactions under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	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 41.

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)	5
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	5

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 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 by the Information Commissioner.

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

Table 48: Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Appendix 9 – Commissioners, Chief Executive Officer and executive officers

The Hon Peter Hall QC holds the position of Chief Commissioner.

The Chief Commissioner's salary is calculated at 160% of the remuneration of a NSW Supreme Court puisne judge. The total annual remuneration package for Mr Hall is \$761,472.

The remuneration paid to the Commissioners, based on hours worked, is the Attorney General's rates for Senior Counsel to a maximum 50% of the Chief Commissioner's remuneration.

Executive management

In 2019–20, the Commission's Executive Management Team consisted of:

- the Hon Peter Hall QC, Chief Commissioner, BA/LLM (University of Sydney)
- Patricia McDonald SC, Commissioner, BEc (Hons) LLB (Hons) (University of Sydney), BCL (Hons) (Oxford University)

- Stephen Rushton SC, Commissioner, BA/LLB (University of Sydney)
- Philip Reed, Chief Executive Officer, BSc (Hons) (James Cook University), MAICD
- Bernadette Dubois, Executive Director, Investigation Division (from 26 October 2019 to current), Graduate Diploma Public Policy and Administration (Charles Sturt University)
- John Hoitink, Executive Director, Investigation Division (from 1 July to 25 October 2019), Executive Masters of Public Administration MPA (University of Sydney)
- Andrew Koureas, Executive Director, Corporate Services, BCom, MCom (University of NSW), LLB (University of Technology, Sydney), FCPA
- Lewis Rangott, Executive Director, Corruption Prevention, BEc (University of NSW), MCom (University of Sydney)
- Roy Waldon, Executive Director, Legal and Solicitor to the Commission, LLB (Hons) (University of Tasmania).

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 16% in June 2019 and 15% in June 2020.

Table 49: Band and gender of senior executives as at 30 June 2020

Band	2018–19		2019–20	
	Male	Female	Male	Female
Chief Commissioner	1	0	1	0
Commissioner	1	1	1	1
Band 4	0	0	0	0
Band 3	0	0	0	0
Band 2	1	0	1	0
Band 1	4	0	3	1
Totals	7	1	6	2
	8		8	

Table 50: Remuneration of senior executives

Band level	Range (\$)	Average remuneration	
		2018–19 (\$)	2019–20 (\$)
Chief Commissioner	\$761,472	\$742,896	\$761,472
Commissioner	\$380,736 (maximum)	\$553,391*	\$380,736
Band 4	\$487,051–\$562,650	\$0	\$0
Band 3	\$345,551–\$487,050	\$0	\$0
Band 2	\$274,701–\$345,550	\$309,500	\$317,238
Band 1	\$192,600–\$274,700	\$243,975	\$254,935

Note: Commission executive staff employed at the equivalent of the Senior Executive Bands.

* In 2018–19, Ms McDonald's remuneration cap was increased by the Premier to address unforeseen circumstances.

Table 51: Number of female executive staff as at 30 June 2020

Year	Number
2019–20	2
2018–19	1
2017–18	1
2016–17	1
2015–16	2

Appendix 10 – Workforce diversity

The Commission recognises that a diverse workforce will add value to its effective service delivery and is committed to ensuring workforce diversity is integrated into the Commission's strategic workforce planning. A workplace built on diverse people drives creativity and innovation and is reflective of the diverse community.

The Commission endeavours to diversify its workforce and initiate inclusive work practices. It provides flexible work arrangements for its employees and promotes this availability through its recruitment processes.

Key objectives of the Commission's *Strategic Plan 2017–2021* 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 and community diversity achievements in 2019–20 were as follows:

- inclusion of workforce diversity as part of everyday Commission business
- provision of flexible work practices to all staff
- equitable practices for training and development opportunities
- adoption of the Equitable Briefing policy
- provision of an accessible and inclusive environment for staff and visitors to Commission premises
- regular ergonomic assessments and adjustments for employees
- provision of a 24/7 Employee Assistance Service to support mental health issues for employees
- use of interpreter services to assist clients from non-English-speaking backgrounds.

Key workforce and community diversity strategies proposed for 2020–21 are to:

- review the Commission's diversity policies and action plans
- promote workplace inclusion as the responsibility of all staff
- provide support to staff through flexible work practices
- promote major cultural and diversity events and days of significance
- review and update the Commission's bilingual staff directory, external interpreter procedures and Community Language Allowance Scheme.

Table 52: Workplace diversity in 2019–20

Remuneration level of substantive position	Total staff (men, women & unspecified)	Respondents	Men	Women	Unspecified gender	Aboriginal & Torres Strait Islander people	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 - \$49,322	0	0	0	0	0	0	0	0	0	0
\$49,322 - \$64,779	0	0	0	0	0	0	0	0	0	0
\$64,779 - \$72,418	1	0	1	0	0	0	0	0	0	0
\$72,418 - \$91,641	21	19	2	19	0	0	6	5	1	0
\$91,641 - \$118,507	31	28	11	20	0	0	11	7	0	0
\$118,507 - \$148,134	44	40	25	19	0	0	10	7	3	0
\$148,134 > (Non SES)	18	18	10	8	0	0	1	0	0	0
\$148,134 > (SES)	8	7	6	2	0	0	1	1	0	0
Total	123	112	55	68	0	0	29	20	4	0

Appendix 11 – Work health and safety

A key objective of the Commission's *Strategic Plan 2017–2021* is to provide a safe, equitable, productive and satisfying workplace. The Commission is committed to protecting the health and safety of its staff and other people on its premises by eliminating or minimising risks arising from work or workplaces.

Work health and safety (WHS) principles are incorporated into all facets of business planning and operational activities.

During 2019–20, the Commission implemented the following initiatives:

- the provision of a flu vaccine program for all interested staff
- ergonomic workstation assessments by an accredited specialist and the provision of equipment, including electronic desks, as recommended
- provision of accredited first aid and CPR training for staff and first aid officers
- provision of training for fire wardens
- safety testing and tagging of electrical equipment, and checking of fire extinguishers
- conduct of an emergency evacuation exercise
- replacement of all desk chairs.

In 2019–20, the Commission's WHS Committee included:

- Catherine Agoratsios, Executive Support Unit
- John Biady, Corruption Prevention Division
- Kay Casserly, Corporate Services Division
- Carolyn Cecere, Investigation Division
- Andrew Koureas, Corporate Services Division
- Catherine O'Brien, Corporate Services Division
- Lorie Parkinson, Corporate Services Division
- Georgia Pelle, Assessments Section
- Ellie Prodromou, Communications and Media Section
- Georgina Ross, Legal Division
- Kate Southam, Investigation Division
- Stephen Wood, Corruption Prevention Division.

Table 53: WHS incidents, injuries and claims in 2019–20

Body stress	nil
Fall, slip, trip	2
Heat/electricity	nil
Journey	nil
Other/unspecified	4
Total	6
Number of new workers compensation claims	3

Appendix 12 – Engagement and use of consultants

Table 54: Engagement and use of consultants

Consultancies equal to or more than \$50,000
Information technology – Secure Logic P/L – Managed Security Operations \$95,000
Consultancies less than \$50,000
Information technology – two engagements totalling \$10,092

Appendix 13 – Payment performance indicators

Table 55: Aged analysis at end of each quarter 2019–20

Quarter	Current (ie. 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	1,462.42	26.38	0.00	0.03	0.00
December	985.08	83.23	0.00	0.00	0.00
March	1,122.23	56.01	0.00	0.00	0.00
June	2,057.00	79.69	0.00	0.00	0.00
Small business suppliers*					
September	74.22	–	–	–	–
December	50.97	–	–	–	–
March	15.90	–	–	–	–
June	1.48	–	–	–	–

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 accounts were paid on time during the current reporting period.

Table 56: Accounts due or paid within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	289.00	254.00	231.00	239
Number of accounts paid on time	288.00	254.00	231.00	239
Actual percentage of accounts due for payment	100%	100%	100%	100%
Dollar amount of accounts due for payment	1,488,830.30	1,068,312.80	1,178,236.50	2,136,683.70
Dollar amount of accounts paid on time	1,488,804.60	1,068,312.80	1,178,236.50	2,136,683.70
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	–	–	–	–
Small business suppliers				
Number of accounts due for payment	11	11	6	2
Number of accounts paid on time	11	11	6	2
Actual percentage of accounts due for payment	100%	100%	100%	100%
Dollar amount of accounts due for payment	74,216.10	50,973.60	15,898.30	1,480.00
Dollar amount of accounts paid on time	74,216.10	50,973.60	15,898.30	1,480.00
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.

Appendix 14 – Credit card certification

The Chief Executive Officer certifies that credit card usage in the Commission has met best practice guidelines in accordance with Premier's Memoranda and Treasury Directions.

Appendix 15 – Overseas travel

No overseas travel was conducted during the reporting period.

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