



annual report 2012–13

I·C·A·C

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 \$1,775 (including GST). The report is available on the ICAC website www.icac.nsw.gov.au.

ICAC

INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

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Legislative Council
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Sydney NSW 2000

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Speaker
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Parliament House
Sydney NSW 2000

Mr President
Madam Speaker

I am pleased to furnish to you the ICAC Annual Report for the year ended 30 June 2013. The report has been prepared in accordance with the requirements of the *Independent Commission Against Corruption Act 1988* and the *Annual Reports (Departments) Act 1985*.

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

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

Yours faithfully



The Hon David Ipp AO QC
Commissioner

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Commissioner's foreword

Twelve months ago, I wrote in the *ICAC Annual Report 2011–2012* that this year would herald what will probably be the largest investigation and public inquiry the Commission has ever undertaken. I believe that this has certainly come to pass, with the Commission's public inquiry concerning mining exploration licences and other matters, which commenced in November and continued for the next several months. When the Commission embarked on these matters, it became apparent that this was going to be an enormous undertaking and that continued on throughout the period of the investigation and up to the public inquiry. It ensued in the next financial year as the reports into these matters were completed and released.

In the Operation Jasper segment of the public inquiry, 86 witnesses gave evidence, and there were more than 5,000 pages of transcript generated over the 45 days of the inquiry. The Operation Acacia segment ran for 37 days, 52 witnesses gave evidence, and there were over 3,500 pages of transcript produced.

The Commission received a grant in 2012–13 of \$3.21 million to finance the mining investigation and the construction of a new and larger hearing room. I am grateful for that crucial support for these operations. As I advised the Parliamentary Committee on the ICAC at a public hearing held in June this year, the stark fact is that operations Jasper and Acacia could not have been undertaken without it.

We were fortunate to be able to avail ourselves of additional staff from other agencies to assist with the workload, and I would like to express my gratitude to the NSW Auditor General, the Director General of the NSW Department of Attorney General and Justice, the Chairperson of the Queensland Crime and Misconduct Commission and the CEO of the Australian Crime Commission for providing personnel to help with these matters.

The expertise and dedication of our own staff were extremely impressive again this year. Despite the added workloads, which took up a lot of resources, our other functions continued with some showing improvement on what were often exemplary results from last year. Complaints received by the Commission were again close

to 3,000, yet our Assessments Section continued its trend of reducing the number of days taken to deal with them, this year to an average of 39 days compared to 44 days in 2011–12.

The Commission commenced 71 new preliminary investigations and 22 new full investigations, conducted six public inquiries over 108 days, and completed and furnished six investigation reports to Parliament. We also conducted 257 compulsory examinations over 118 days this year, compared to 135 compulsory examinations over 59 days in the previous year. The number of people against whom corrupt conduct findings were made also increased markedly on the previous year, quadrupling from 14 in 2011–12 to 56 in 2012–13. Recommendations to seek the advice of the Director of Public Prosecutions doubled from nine in 2011–12 to 18 this year.

The Commission undertook a major corruption prevention project during the year, in which we recommended changes to how government funds non-government organisations (NGOs), along with legislative changes to improve the oversight of NGOs. We also delivered 107 training sessions to over 1,850 people, and undertook 69 speaking engagements, which were attended by more than 3,000 people, to promote corruption prevention initiatives and suggest solutions to help resolve corruption risks.

I commend the Commission's *Annual Report 2012–2013* to readers as an informative journey through the activities of the 2012–13 year. 2014 will mark 25 years since the Commission became operational, and as we stand on that threshold, it's clear that we have come a long way over the last quarter century. The unflagging commitment of the ICAC, I believe, grows stronger each year as we continue to strive towards our goals of exposing, investigating and preventing corrupt conduct in NSW.



The Hon David Ipp AO QC
Commissioner

Chapter 1: Overview

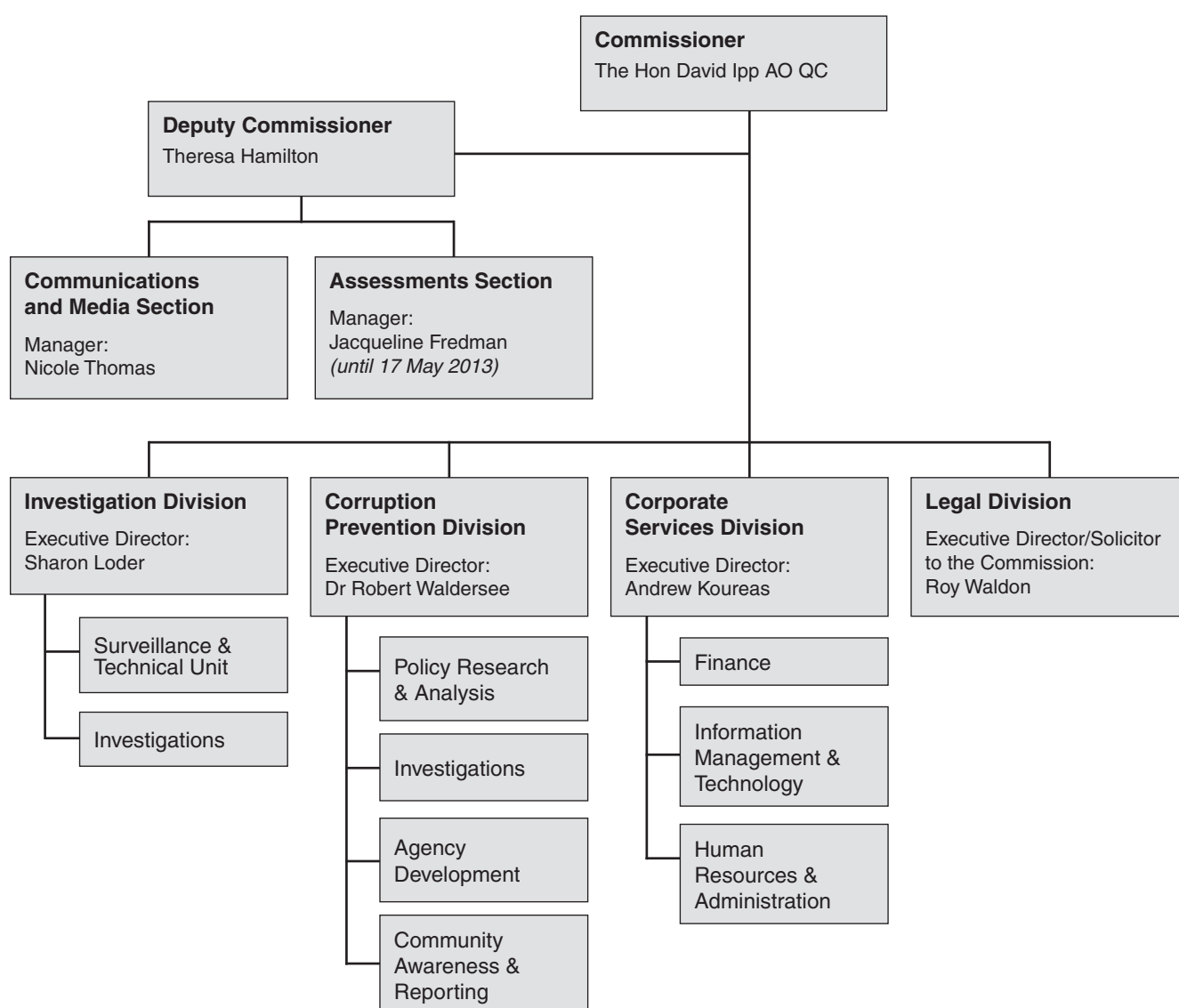
The NSW Independent Commission Against Corruption was established as an independent and accountable body by the *Independent Commission Against Corruption Act 1988* in response to community concern about the integrity of public administration in the state.

The principal objectives of the Commission are:

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

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

Organisational chart



2012–13 at a glance



Exposing corruption

A core function of the Commission's work concerns investigating and exposing corrupt conduct in the NSW public sector. In 2012–13, the Commission's Assessments Section received and managed nearly 3,000 matters, yet continued the trend of recent years by reducing the time taken on average to deal with a matter. The Investigation Division reduced the average time taken to complete preliminary investigations by more than 40 days, compared to 2011–12, and completed 86% of operations within 12 months.

Major achievements

- receiving 2,930 matters and taking on average 39 days to deal with a matter, compared to the average 44 days it took to deal with the 2,978 matters received in 2011–12
- presenting a "straightforward" matter to the Assessment Panel within 12 days on average, compared with the target 21 days and the average of 16 days achieved in the previous year
- commencing 71 new preliminary investigations and 22 new full investigations (operations)
- completing a total of 73 preliminary investigations and 14 operations
- conducting six public inquiries over 108 days
- making corrupt conduct findings against 56 people, compared with 14 people in 2011–12, and recommending that the advice of the Director of Public Prosecutions be sought with respect to the prosecution of 18 people for various offences, compared to nine people the previous year
- completing 92% of preliminary investigations within the target 120 days, compared to 77% in 2011–12.



Preventing corruption

The Commission's Corruption Prevention Division educates public officials and the wider community about corruption, and how to report it. The division also works to raise awareness and minimise corrupt conduct through research and policy recommendations, training and advice.

In 2012–13, the division reached more than 3,000 people through speaking engagements and delivered 107 training sessions to over 1,850 participants. The division also reported that 100% of corruption prevention recommendations in investigation reports were addressed as at 30 June 2013.

Major achievements

- recommending changes to how government funds NGOs along with legislative changes to improve oversight of NGOs
- delivering 107 training sessions to over 1,850 people
- undertaking 69 speaking engagements attended by over 3,000 people
- conducting the 9th National Investigations Symposium, in collaboration with the NSW Ombudsman and the NSW Division of the Institute of Public Administration Australia.



Accountability

In addition to internal accountability mechanisms to ensure that the Commission abides by a comprehensive accountability framework, there are also external bodies to which it is accountable, specifically, the Parliamentary Committee on the ICAC and the Inspector of the ICAC.

As part of this framework, the Commission provides timely, accurate and relevant reporting to both the Committee and the Inspector of the ICAC. The Commission also reports publicly about its work, and works to ensure that its business activity complies with all regulatory and required standards.

Major achievements

- completing and furnishing to Parliament six investigation reports
- conducting 257 compulsory examinations over 118 days, compared to 135 compulsory examinations over 59 days in 2011–12
- responding promptly and accurately to 29 questions on notice from the Parliamentary Committee on the ICAC
- cooperating fully with three audits conducted by the Inspector of the ICAC, and three inspections of records by the NSW Ombudsman.



Our organisation

The Commission embraces a culture of continuous improvement and strives to be a lead agency in its governance and corporate infrastructure. In 2012–13, the Commission employed an average of 123.8 full-time equivalent staff across its six functional areas (see organisational chart on page 5).

Major achievements

- recording 611 staff attendances at training sessions, equating to an average of 4.9 training sessions per staff member
- commissioning a new computer forensics and reporting system
- reviewing and updating the infrastructure architecture design for the ICT (information and communication technology) Infrastructure Upgrade project to help prepare for a tender process in the following year
- continuing with enhancements to the MOCCA (Management of Cases, Complaints and Assessments) system.

What we do

The Independent Commission Against Corruption (“the Commission”) investigates allegations of corrupt conduct in and affecting the NSW public sector, and drives programs and initiatives to minimise the occurrence of such conduct in the state. The Commission’s overarching aims are to protect the public interest, prevent breaches of public trust, and guide the conduct of public officials.

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

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

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

The Commission’s Strategic Plan 2012–2016 sets out four key result areas for 2012–13:

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

Each division develops and works to an individual annual business plan aligned with the Commission’s strategic plan. During the year, each division 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

Investigating and publicly exposing corrupt conduct is one of the Commission’s major functions. The *Independent Commission Against Corruption Act 1988* (“the ICAC Act”) gives the Commission broad jurisdiction to investigate any allegation or circumstance which, in its opinion, implies that corrupt conduct has occurred. The Commission can also investigate conduct likely to allow, encourage or cause corrupt conduct.

The objectives in the Strategic Plan 2012–2016 for exposing corruption are to:

- detect and investigate corrupt conduct
- encourage public authorities to revise any methods of work, practices or procedures that allow, encourage or cause the occurrence of corrupt conduct
- ensure a best practice approach for all investigations
- enhance complaint-handling processes
- maintain strategic alliances to optimise investigative and preventative outcomes.

A detailed description of Commission activities and results relating to this key result area is outlined in Chapter 2 (Assessing matters) and Chapter 3 (Investigating corruption). Table 1 sets out the key quantitative results for workload, work activity and performance for this key result area in 2012–13.

“The Commission receives and analyses complaints from members of the public and public officials...”

Table 1: Key quantitative results for corruption exposure activities

Measure	Target*	2012–13	2011–12	2010–11
Matters received	n/a	2,930	2,978	2,867
Average time to deal with matters (days) in Assessments Section	68	39	44	48
Preliminary investigations commenced	n/a	71**	73	66
Full investigations commenced	n/a	22	19	15
Percentage of full investigations completed within 12 months	>90%	86	90	93
Number of public inquiries	n/a	6	10	9
Number of public inquiry days	n/a	108	70	65
Number of compulsory examinations	n/a	257	135	130
Number of persons subject to corrupt conduct findings	n/a	56	14	26
Number of investigation reports to Parliament	n/a	6	6	12
Percentage of investigation reports completed within the ICAC's target***	80%	50	17	50
Number of persons prosecuted arising from investigations	n/a	19	16	18
Number of persons against whom disciplinary action commenced arising from investigations	n/a	4	2	9

* 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.

** Of this total, 66 were referred to the Investigation Division and five to the Assessments Section.

*** Since 2009–10, the target has been 60 days when the public inquiry ran for five days or less, and 90 days otherwise.

Preventing corruption

The Commission's corruption prevention functions under the ICAC Act are carried out by providing advice, education and guidance to public sector agencies and by educating public officials and the wider community about corruption and how to report it.

The objectives in the Strategic Plan 2012–2016 for preventing corruption are to:

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

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

A detailed description of Commission activities and results for this key result area is outlined in Chapter 4 (Preventing corruption). Table 2 sets out the key quantitative results for workload, work activity and performance for this key performance area in 2012–13.

Table 2: Key quantitative results for corruption prevention activities

Measure	Target	2012–13	2011–12	2010–11
Telephone/email enquiries for corruption prevention advice	n/a	97	133	97
Written requests for corruption prevention advice	n/a	9	20	28
Corruption prevention advice relating to complaints and reports of corrupt conduct	n/a	1*	3	10
Rural and regional outreach visits	2	1	2	2
Training sessions delivered	40	107	116	89
Corruption prevention recommendations in investigation reports published during the period	n/a	38	29	93
Percentage of corruption prevention recommendations in investigation reports addressed as at 30 June 2013	80%	100%	98%	100%
Percentage of public inquiries that resulted in the making of corruption prevention recommendations	90%	100%	67%	83%
Number of prevention reports published	3	2	2	6
Number of advice tip sheets published	n/a	1	3	1

* No e-files were referred from the Assessments Section during 2012–13. This matter relates to an advice letter sent after an investigation was closed.

Accountability

The objectives in the Strategic Plan 2012–2016 for accountability are to:

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

A detailed description of Commission activities and results for this key result area is outlined in Chapter 5 (Compliance and accountability). Table 3 sets out the key quantitative results for accountability activities in 2012–13.

Our organisation

The objectives in the Strategic Plan 2012–2016 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 3: Key quantitative results for accountability activities

Measure	2012–13	2011–12	2010–11
Parliamentary Committee on the ICAC meetings	1	1	2
NSW Ombudsman inspections of telephone intercept, surveillance devices and controlled operation records	3	7	2
Number of reports provided to the Inspector of the ICAC	0	5	5
Number of audits conducted by the Inspector of the ICAC	3	2	2
Number of assumed identity audits	1	1	1

Financial overview

Statement of Comprehensive Income

The Commission has achieved an actuals Net Result of \$244,000. After adjusting for a capital rollover of \$1.75 million for implementation of the ICT infrastructure project and grant income of \$3.21 million, the Commission's Net Result was \$350,000 favourable to budget. This was primarily due to a reduction in extended leave expenses as a result of a present value actuarial adjustment of \$315,000.

Table 4: Operating Result 2012–13

	\$'000
Expenses	24,850
Revenue	25,107
Loss on Disposal	(13)
Net result	244

Table 5: Financial Position 2012–13

	\$'000
Assets	4,548
Liabilities	2,980
Net Assets	1,568

Revenue

The main source of revenue is recurrent appropriations (\$20.621 million compared to \$20.496 million in 2011–12). A secondary source of revenue was grant income of \$3.21 million, nil in the previous year. Other revenue includes fees from the provision of shared services, interest from investments and acceptance by the Crown Entity of employee benefits and other liabilities.

Expenses

Total expenses were \$24.850 million, an increase of \$1.033 million or 4.3%. Employee-related expenses were \$16.354 million (65.8% compared to 71% the previous year) and other operating expenses \$7.371 million (29.7%), being an increase of \$1.431 million largely due to an increase in legal expenses of \$1.276 million and depreciation of \$0.158 million.

Assets

Assets increased by \$0.311 million due largely to the purchase of information technology equipment and the construction of a new hearing room.

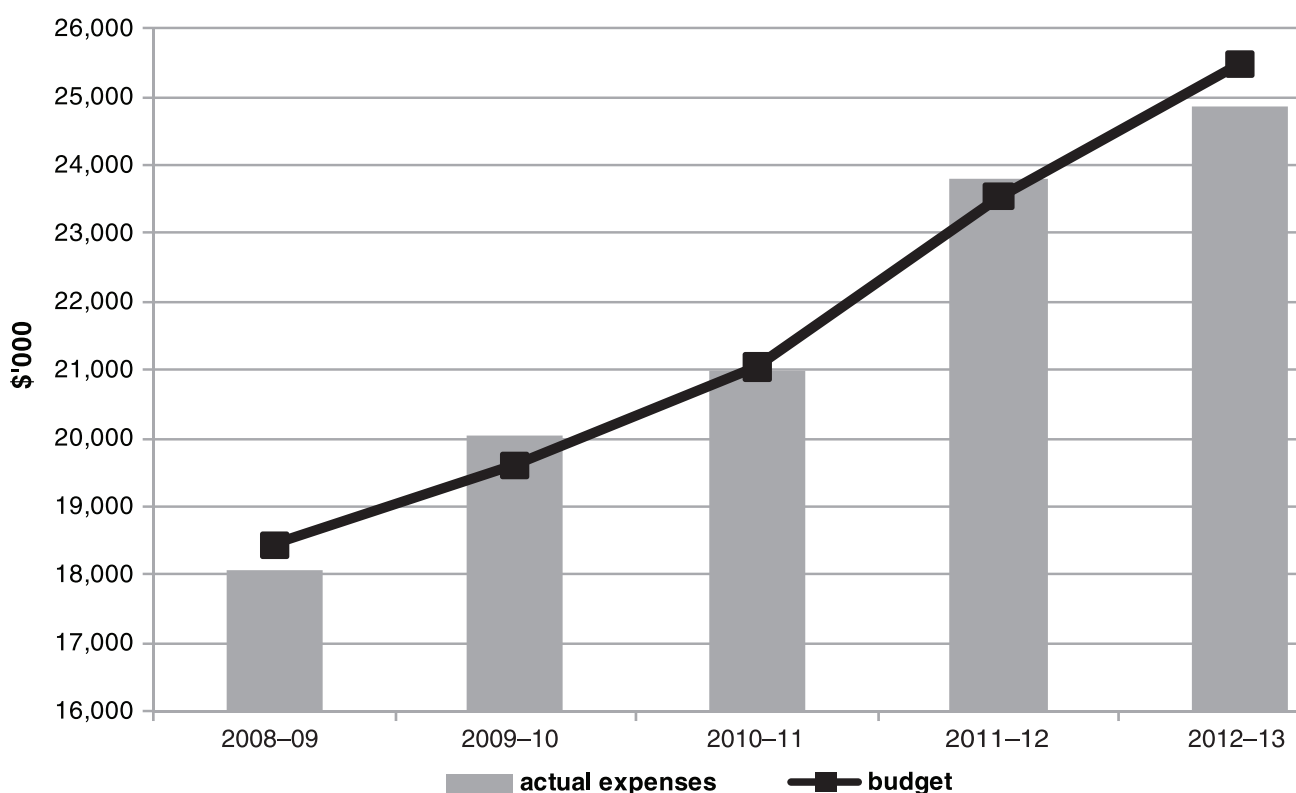
Liabilities

Liabilities increased by \$0.067 million due largely to increased provisions for employee benefits (annual leave).

Net Equity

Equity increased by \$0.244 million (18.4%) due mainly to increases in non-current assets (plant and equipment, and leasehold improvements).

Figure 1: Total expenditure budget and actuals*



* Includes budget supplementation.

Chapter 2: Assessing matters

Assessments Section

The Assessments Section is the first point of contact for complaints and reports to the Commission. The section receives and registers all complaints, reports, general enquiries and feedback.

Assessments Section staff are also able to recommend that the Commission take action on an “own initiative” basis, without the need for a complaint or report. These matters can be based on information from various sources, including information that is in the public domain or that emerges from other Commission investigations.

The section manages and reviews matters referred for investigation by public sector agencies under s 53 and s 54 of the ICAC Act.

All complaints and reports within the Commission's jurisdiction are reported by the Assessments Section to the Assessment Panel, which is made up of senior executives of the Commission. 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 only an enquiry or feedback, or if it is outside jurisdiction; for example, if it involves private entities or non-NSW public authorities. Such matters are managed within the section.

During the majority of the reporting period, Jacqueline Fredman was the manager of the Assessments Section. Since her departure from the organisation in May 2013, the deputy manager has temporarily acted in the role. At the end of the reporting period, the section had 13 permanent staff members, inclusive of a support officer. The budget in 2012–13 was \$1.4 million.

Section's performance in 2012–13

In 2012–13, the Assessments Section received and managed a total of 2,930 matters. The number of matters reported to the section has remained relatively static in recent years. In the reporting period, the average time taken to deal with a matter was 39 days; an 11% improvement on the previous year's average of 44 days.

Achieving turnaround targets

The Assessments Section has targets for turnaround times at key stages during the complaint assessment process. Table 6 provides examples of these targets, and achievements during the reporting period in dealing with matters in less time than the targets.

Table 6: Some internal targets and achievements of the Assessments Section in 2012–13

Measure	Target	Achievement
Average days to present a “straightforward” matter to the Assessment Panel from date of receipt	21	12
Average days to present a “moderate–complex” matter to the Assessment Panel from date of receipt	42	30
Average days to re-report a matter to the Assessment Panel upon receipt of a s 54 report	28	20

Continuing to develop skills

In 2012–13, some Assessments Section staff underwent a performance auditing training course conducted by the Audit Office of NSW, which included training in evidence-gathering techniques, interviewing skills and conducting post-audit evaluations. The Deputy Commissioner conducted training sessions for new staff on the legislation relating to the handling of public interest disclosures (PIDs).

Three section staff members also undertook temporary secondments to the preliminary investigation team of the Commission's Investigation Division in order to enhance their investigative and evidence-gathering skills. During the reporting period, one officer of the Assessments Section was also seconded to the investigations section of the Electoral Funding Authority of NSW.

The deputy manager and a number of staff within the section participated in the Commission's biannual Rural and Regional Outreach Program in order to develop their skills in agency liaison.

Due to one of the section's team leaders being on extended leave during the reporting period, some staff were provided with higher duties opportunities, which enabled them to develop their leadership and supervisory skills.

Profile of matters received

In 2012–13, the majority of the 2,930 matters that were received, and managed, by the Assessments Section came from three sources:

- members of the public making complaints under s 10 of the ICAC Act (s 10 complaints), representing 31% of all matters
- principal officers of NSW public sector agencies and ministers, who each have a duty to report suspected corrupt conduct under s 11 of the ICAC Act (s 11 reports), representing 26% of all matters
- public sector employees making complaints under the *Public Interest Disclosures Act 1994* ("the PID Act"), representing 9% of all matters.

In addition to s 10 complaints, s 11 reports and PIDs, the Commission received information about other matters from other sources. This included dissemination of information from federal and state law enforcement agencies, as well as the Commission's "own initiative" investigations. Table 7 shows all matters received by category in 2012–13, compared with the previous two years.

"...members of the public making complaints under s 10 of the ICAC Act [represented] 31% of all matters..."

Table 7: Matters received by category in 2012–13, compared to the previous two years

Category	2012–13		2011–12		2010–11	
Complaints from the public (s 10 complaints)	916	31%	917	31%	923	32%
Reports from public sector agencies (s 11 reports)	756	26%	812	27%	638	22%
Enquiry	385	13%	405	14%	303	11%
Outside jurisdiction	287	10%	299	10%	329	11%
Public interest disclosure	260	9%	269	9%	289	10%
Information	224	8%	217	7%	300	10%
Feedback	71	2%	32	1%	63	2%
Dissemination	26	1%	20	1%	18	1%
Own initiative	5	<1%	5	<1%	3	<1%
Intelligence report	0	0	1	<1%	1	<1%
Referrals from Parliament	0	0	1	<1%	0	0
Total	2,930		2,978		2,867	

In 2012–13, the Commission received 916 s 10 complaints, which is similar to the 917 matters received during 2011–12.

The Commission also received 756 s 11 reports, compared with 812 received in the previous year. This represents a decrease of 7%. This slight drop in the number of reports may be attributed to an increase in awareness by the various NSW public sector agencies of the types of matters that they are required to report to the Commission under s 11.

In 2012–13, the Commission received 71 reports that were classed as “feedback” from members of the public as compared to 32 the previous year. This represents a 122% increase, and may be attributed to the high-profile public inquiries that were conducted by the Commission, a number of which attracted substantial public and media interest.

The Commission strives to be accessible to those who submit complaints and reports. It receives information in a number of ways. Members of the public and public sector employees in NSW can report their matters to the Commission in writing, by telephone or email, in person or online via a complaints form on the Commission’s website at www.icac.nsw.gov.au. Principal officers generally

submit s 11 reports in writing, either by letter or by using the template introduced by the Commission in the previous reporting period. If there is some urgency attached to the matter, a principal officer can report a s 11 matter by telephone.

In 2012–13, the methods used most frequently by complainants to contact the Commission were telephone (32%), letter (24%) and email (20%) as shown in Table 8.

Table 8: Methods of initial contact for all matters received in 2012–13

Method	Number of matters received	% of matters received
Telephone	936	32%
Letter	716	24%
Email	579	20%
ICAC website	359	12%
Schedule	308	11%
Visit	26	1%
Other*	6	<1%

* Most represent reports initiated by the Commission.

Where matters are not within jurisdiction or constitute “enquiries”, that is, a person seeking only information or advice about an issue, Assessments Section staff refer those people to an appropriate complaint-handling, regulatory, advisory and oversight body, where possible.

Anonymous complaints

The Commission accepts anonymous complaints. It appreciates that, in some instances, people prefer to remain anonymous as they are fearful of reprisal action if they put their names to an allegation. In such instances, the Assessments Section provides advice to telephone callers about the various protections afforded to them under the ICAC Act and, if they are a current NSW public official or an individual contracted to a NSW public authority, under the PID Act.

In 2012–13, 21% of complaints from members of the public (193 matters) were made anonymously, similar to the 20% received in this way in the previous reporting period. Of the matters classified as PIDs, 28% were made anonymously (73 matters), which represents a slight decrease from the 32% reported in this way in 2011–12.

When Assessments Section staff receive complaints or information from anonymous sources, they are often unable to clarify important aspects of the information and unable to advise the complainant of the outcome of the matter. In the case of a matter 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 matter is an anonymous PID, any action (such as

the making of assessment enquiries or conducting a preliminary investigation) will occur only with the approval of the Deputy Commissioner. The risks of exposing the discloser’s identity are weighed against the public interest in the Commission taking a particular course of action.

Complaints from the public

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

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

The Commission may refer allegations to a NSW public sector agency which is the subject of a complaint for its information, often to address a perception on the part of the complainant of unfairness or wrongdoing. It is the Commission’s experience that perceptions of wrongdoing are often borne of poor communication or consultation, or a lack of consistency or transparency on the part of agencies.

In some matters, the Assessments Section will undertake enquiries to obtain more information and to examine the circumstances surrounding a complaint and will then make further recommendations to the Commission’s Assessment Panel.

The case study on page 18 is an example of a matter where a member of the public reported their concerns about a development application that was before a local council.

Table 9 shows the different government sectors about which allegations of corrupt conduct were made under s 10 in 2012–13.

“Many matters reported to the Commission by members of the general public are not made the subject of a formal Commission investigation...”



Case study: Who's behind the astroturfing?

A member of the public made a s 10 complaint to the Commission concerning a developer who allegedly submitted fraudulent reports to a local council to support his development application (DA) for a multi-storey block of residential apartments.

According to the complainant, each of the reports had a similar style of letterhead and other similar features that raised his suspicions. This activity potentially exemplified an innovative extension of the practice known as astroturfing, where a business operator or the like organises bogus opposition to a DA lodged by a competitor. In this case, the astroturfing was done to support the DA, not to oppose it.

While the Commission determined not to investigate the matter as there was insufficient evidence to substantiate the claim, it identified a range of system weaknesses in the computer software used by the respective council to record and track various DA submissions. As a result, the Commission referred the details of the matter to the Division of Local Government so that it could monitor any similar instances in the future.

Table 9: Complaints from the public in 2012–13, showing allegations in the top five government sectors

Sector	Section 10 complaints	% s 10 complaints
Local government	409	45%
Government and financial services	57	6%
Law and justice	56	6%
Natural resources and environment	53	6%
Custodial services	52	6%

As in previous years, the sector most frequently complained about in 2012–13 was local government, with s 10 complaints relating to this sector accounting for 45% of the total number received. The Commission notes, however, that there are over 150 local councils in NSW, and that over-representation of local government in the complaints statistics is due to the high level of people's interaction with local government and the personal interest many take in the decisions of their local council.

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

Table 10: Complaints from the public in 2012–13, showing the five most frequent types of workplace functions mentioned

Workplace function	Section 10 complaints	% of s 10 complaints
Development applications and land rezoning	243	27%
Reporting, investigation, sentencing and enforcement	216	24%
Procurement, disposal and partnerships	139	15%
Human resources and staff administration	129	14%
Allocation of funds, materials and services	99	11%

Note: These figures have remained relatively static and are comparable with those reported in 2011–12.

Table 11: Complaints from the public in 2012–13, showing the five most frequent types of corrupt conduct alleged

Types of corrupt conduct	Section 10 complaints	% of s 10 complaints
Partiality	306	33%
Improper use of records or information	186	20%
Personal interests	160	17%
Failure to perform required actions not already listed	143	16%
Bribery, secret commissions and gifts	113	12%

Note: These figures have remained relatively static and are comparable with those reported in 2011–12.

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

Public interest disclosures

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

In 2012–13, the Commission classified 260 matters as PIDs, a similar number to the 269 received in 2011–12. Table 12 shows the number of allegations in the top five categories by government sector for PIDs received during the year. As with s 10 complaints, the largest number of allegations in this category concerned local government (33% in 2012–13, down from 40% in 2011–12, however, similar to the 33% received in 2010–11).

Table 12: PID allegations by government sector in 2012–13

Sector	PIDs	% of PIDs
Local government	85	33%
Health	26	10%
Transport, ports and waterways	23	9%
Custodial services	22	8%
Education (except universities)	20	8%

Of the 260 PIDs reported to the Commission in 2012–13, 187 were made by non-anonymous NSW public officials. During the reporting period, there were 294 PIDs finalised, and this high number can be attributed to the number of non-finalised PIDs that were carried over from 2011–12.

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

If the Assessments Section needs to make any enquiries about PID allegations, prior to doing so written authority is sought from the person who made the PID for his/her identity to be disclosed during any such enquiries. In the event that consent is not provided, the Commission may, under s 22 of the PID Act, disclose information that may identify the complainant if it is considered necessary to investigate a matter effectively or if it is in the public interest to do so. This process will occur only with the approval of the Deputy Commissioner.

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

Even if the allegations made are not substantiated upon the making of enquiries or upon investigation, systemic deficiencies or process failings can be highlighted, which the

agency concerned can address. If an agency acknowledges and addresses procedural deficiencies, this can minimise corruption risks and alleviate perceptions of corruption.

The case study on this page is an example of a matter where a PID made to the Commission highlighted the lack of accurate and lawful record-keeping by a particular NSW public sector agency.

In 2012–13, the most frequent workplace function reported by way of PIDs was “human resources and staff administration”, comprising 50% of allegations (up from 44% in the previous year), followed by “reporting, investigation, sentencing and enforcement” with 24%, and “procurement, disposal and partnerships” at 12%.

The most frequent conduct type that featured in PID matters was “partiality”, accounting for 40% of allegations made, followed by “personal interests” at 25%, and “improper use of records or information” at 18%. Table 13 shows the top five types of conduct reported as PIDs in 2012–13.

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

Table 13: Types of conduct reported as PIDs in 2012–13

Type of conduct reported as a PID	Number reported	% reported
Partiality	105	40%
Personal interests	66	25%
Improper use of records or information	48	18%
Failure to perform required actions	43	17%
Intimidating or violent conduct	38	15%

“According to the provisions of the PID Act, both the agency and the officer making the complaint are responsible for ensuring that confidentiality is maintained.”

Case study: Lawful record-keeping

In 2012, a NSW public sector employee made a public interest disclosure (PID) to the Commission involving allegations of widespread favouritism, nepotism and unmanaged conflicts of interest in relation to the recruitment practices of a NSW government agency. The allegations revolved around the appointments of sons and daughters of members of senior management, who were allegedly doing favours for one another in appointing their respective offspring to various positions. There was also an allegation that a senior manager directly appointed contractors without the vacancies being advertised or the candidates interviewed.

In relation to the alleged nepotism in the recruitment processes, the Commission was told that, due to the passage of time since the appointments, hardcopy records were no longer retained by the agency. The agency also advised that no direct appointments to the positions had been made, as alleged in the PID.

As there was insufficient evidence to indicate that the appointments were made as a result of corrupt conduct, the Commission determined not to investigate the matter. But, given that hardcopy records relating to recruitment were kept for only 12 months, the Commission wrote to the agency to remind it of its obligations to State Records NSW to keep records relating to recruitment activities, whether for substantive or temporary positions, for a minimum of two years, and to keep records relating to activities involved in arranging, procuring and managing the provision of services by an external contractor or consultant for a minimum of seven years.

Reports from public sector agencies and ministers

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

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

When assessing a s 11 report, it assists the Commission for the head of an agency to advise their proposed course of action in the event that the Commission determines not to take action itself. In many instances, even if the matter is not sufficiently serious for the Commission to conduct an investigation, the Commission will ask the agency to advise it of any disciplinary or remedial outcomes. Such information can inform trend analyses and the Commission's corruption prevention work generally, as well as enable the Commission to track disciplinary outcomes in relation to individual public sector employees.

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

The case study on page 22 is an example of a matter where the head of an agency reported under s 11 a matter involving allegations of deception by a NSW public sector employee.

Table 14 shows the number of times allegations were linked to a particular sector. Local government ranked the highest at 22%. It should be noted that, except for 2011–12 (where custodial services ranked the highest due to the separate registration of each set of allegations that were reported to the Commission by schedule), in previous years the highest ranking sector has also been local

“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.”

government. Also of note is the marked increase in the number of s 11 reports received in 2012–13 from the “transport, ports and waterways” sector, which may be attributed to the ongoing liaison between the Assessments Section and that particular sector regarding s 11 reporting obligations.

Table 14: Section 11 reports received in 2012–13, showing the five most frequently complained about government sectors

Sector	Section 11 reports	% s 11 reports
Local government	166	22%
Transport, ports and waterways	160	21%
Custodial services	98	13%
Health	62	8%
Education (except universities)	60	8%

In relation to the workplace functions involved in the allegations reported, most s 11 reports concerned “human resources and staff administration”, comprising 47% of s 11 reports received. This was followed by “reporting, investigation, sentencing and enforcement”, which featured in 16% of reports.

With regard to conduct types, “improper use of records or information” was the most frequently reported, with 36% of reports, followed by “improper use or acquisition of funds or resources” at 26%. “Personal interests” formed the basis of 16% of allegations reported in 2012–13.

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



Case study: Catch me if you can

The Commission received a report under s 11 involving allegations that a senior officer of a NSW public sector agency had falsified his educational qualifications.

During one of its regular checks of the LinkedIn professional networking website, the educational institution that made the report discovered that the officer had misrepresented on his LinkedIn profile that he was one of its graduates and held a masters qualification. The institution's records showed that he did not hold this qualification; rather, he had been enrolled in a similar course but withdrew prior to completion. The educational institution contacted the officer and he subsequently changed his LinkedIn profile to reflect that he held a similar qualification, but made no reference to the institution from which he had received it.

The Commission could not confirm this new information and referred the matter to the NSW government agency where the officer was employed at the time. The agency confirmed that the officer, who was no longer employed by it, did not hold any of the qualifications listed on his employment application.

The officer then obtained a senior position at a Sydney council, and the Commission contacted the council to relay this information.

The assessment process

The Assessments Section is responsible for conducting the crucial assessment of a complaint or information to determine whether the Commission should take action itself with respect to a matter or whether other action is warranted. 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 the Assessments Section's role. Where the Commission's decision is not to investigate a matter, staff of the Assessments Section endeavour to explain the reason or reasons for this decision to the complainant.

As is often explained by staff to those who bring matters to the Commission's attention, the Commission is required under s 12A of the ICAC Act to focus attention and resources on serious and systemic corrupt conduct, as far as practicable.

Staff of the Assessments Section 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 reasonable line of enquiry to pursue
- what information has been provided or could be obtained
- whether existing information supports the allegations
- any risks to persons in the Commission acting or not acting
- any prior or current related matters.

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

Some of the allegations that the Commission receives may not be suitable for it to investigate, even if true, because they are relatively minor. In addition, the Commission receives some material that lacks substance and detail and does not warrant being investigated or otherwise pursued. These matters are generally declined or, if relevant to another agency, referred to that agency. In 2012–13, 232 matters were referred to other agencies, the same number as reported in the previous year.

All matters received are entered into the Commission's database. All, except those outside the Commission's jurisdiction such as complaints involving the conduct of members of the NSW Police Force, a federal authority or private enterprise, are reported to the Assessment Panel.

The Assessment Panel comprises the manager of the Assessments Section (who acts as the panel convenor), the Commissioner, the Deputy Commissioner, and all executive directors, except the Executive Director, Corporate Services. The panel is governed by a charter, which provides that it meets electronically twice a week and is responsible for determining what action, if any, should be taken on every matter received. If a matter is complex or needs further enquiries before an appropriate course of action can be determined, it may be reported to the Assessment Panel on several occasions.

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

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

1. Refer to another agency or take no action

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

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

In 2012–13, there were 2,265 decisions made by the Assessment Panel to either close a matter or refer it elsewhere after closure. This represented 86% of all decisions, and is similar to the figure of 84% reported in 2011–12.

2. Request an investigation and report by another agency

If an allegation of corrupt conduct is made about an agency, the Commission has the power under s 53 and s 54 of the ICAC Act to require either that agency or an appropriate oversight body to conduct an investigation and report its findings to the Commission. This power is usually used for relatively serious matters and allows the Commission to oversee the investigation by the agency. The Commission can determine the scope of the investigation and, in consultation with the agency, agree upon a timeframe for completion of the investigation. The Commission obtains investigation plans and progress reports from the agency.

The Commission refers matters under s 53 and s 54 only if it considers that the agency will be able to investigate the matter, and consults with the agency before making a referral. The Commission will not make a referral if it considers the agency might be compromised or lacks the capacity to conduct the investigation and adequately report on it. Under the ICAC Act, the Commission has powers to deal with investigations or reports by agencies that it considers unsatisfactory.

In 2012–13, 25 matters were the subject of referrals under s 53 and s 54 of the ICAC Act. This figure is relatively static and comparable with the 23 referrals made in the previous year. In 2012–13, the Commission made 78 requests for investigation reports from agencies. This occurs when the agency has reported a matter under s 11 and has either already commenced an investigation or is preparing to embark on one. This number is substantially down from the 111 requests made in 2011–12, but this may be attributed to the increased number of NSW public sector agencies indicating at the time of making their respective s 11 reports that they intend to investigate the allegation/s and, upon completion, provide the Commission with a copy of the investigation report.

The case study on page 24 is an example of a referral under s 53 and s 54 to a local council to conduct an investigation into allegations of corrupt conduct.



Case study: Extra services rendered

According to a member of the public, an employee of a local council was providing extra waste collection services to a small business in the area in exchange for cigarettes, food and drinks. The Commission was also informed that the council employee had been using the council truck to collect garbage from the business, despite the business not paying the council for the additional service. On one occasion, the council officer allegedly abused a staff member of the small business after having been given a smaller packet of cigarettes rather than the larger packet he usually received.

Under s 53 and s 54 of the ICAC Act, the Commission referred the allegations to the local council and directed it to report its findings to the Commission. The council concluded that there was information to indicate that some improper behaviour had occurred, but there was no information to indicate that the issue was systemic or that it involved high-value items or monetary amounts. The council decided not to terminate the employee's employment, but to implement preventative measures. The employee was also removed from the council's waste collection area and his performance was monitored.

3. Conduct assessment enquiries

If the Assessment Panel decides that a matter should be considered further – but may not yet warrant investigation – assessment enquiries will be conducted by the Assessments Section and the matter re-reported to the panel. In 2012–13, there were 202 matters in which assessment enquiries were undertaken, which is down from 226 matters in 2011–12.

Assessment enquiries may involve contacting parties for more information, carrying out research, property or business searches, and obtaining and considering relevant policy and/or procedural documents to determine whether there are procedural deficiencies.

Depending on the outcome of these assessment enquiries, the Commission may decide to pursue the matter no further or to refer it to another agency. In some cases, assessment enquiries may lead to an investigation.

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

4. Provide corruption prevention analysis and/or advice

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

In 2012–13, there were no matters referred by the Assessment Panel to corruption prevention officers for analysis and/or advice, which is down on the three reported in 2011–12. The number of referrals has been declining for several years due to an increased emphasis by the Commission's Corruption Prevention Division on broader, sector-wide issues, rather than on individual matters. It should be noted, however, that in 2012–13, 12 matters were closed by the Assessment Panel but referred internally to the Corruption Prevention Division on an information-only basis.

5. Undertake an investigation

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

Only a small number of matters with the potential to expose significant or systemic corrupt conduct will meet the criteria for a full investigation. Once a decision to investigate has been made, the matter is overseen by the Strategic Investigation Group (SIG), which also gives direction on each investigation. The SIG also reviews the results of matters referred to agencies under s 53 and s 54 of the ICAC Act.

In 2012–13, a total of 71 matters were referred for preliminary investigation. Sixty-six matters were referred to the Investigation Division, compared with 68 in 2011–12. In addition, five matters remained in the Assessments Section for preliminary investigation, which involved issuing notices to produce documents under s 21 and s 22 of the ICAC Act. These matters were re-reported to the Assessment Panel, with further recommendations upon receipt and analysis of the produced material.

Decisions made by the Assessment Panel in 2012–13 are shown in Table 15.

Table 15: Decisions made by the Assessment Panel in 2012–13

	Number of decisions	% of decisions
Closed without referral	2,033	77%
Referred internally but not investigated	308	12%
Closed but referred externally	232	9%
Investigated	76*	3%

* On five occasions, the Assessment Panel referred a matter for preliminary investigation that it had previously referred.

The table above shows that in 86% of decisions the Commission determined to close the matter. A total of 9% were referred to other appropriate agencies. The Commission decided to conduct preliminary investigations in 3% of decisions.

In 12% of all matters, there was an internal referral for further, non-investigative action. This included conducting assessment enquiries (202 decisions), requesting a report (78 decisions) and directing an agency to investigate and report back (25 decisions). Three decisions were also made to report back to the Assessment Panel.

Chapter 3: Investigating corruption

About the Investigation Division

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

Sharon Loder is the Executive Director of the Investigation Division. In the reporting period, the division had an average of 52.2 full-time equivalent employees and a total budget, including operating expenses, of \$7.2 million.

The Commission has a multidisciplinary approach to its investigation function. The division is made up of two areas: the investigation section and the surveillance and technical unit.

The investigation section comprises a preliminary investigation team and three operational investigation teams. Personnel within this section include investigators, forensic accountants, intelligence analysts and support staff. The division's surveillance and technical unit supports the Commission's investigations with surveillance, forensic and technical personnel. Investigative teams include lawyers and corruption prevention officers from other divisions.

Division's challenges in 2012–13

In the reporting period, the division investigated a number of large and complex matters, some of which resulted in public inquiries and others that are still in progress. Specific aspects of some investigations required the Commission to draw on expertise and resources from other state and federal agencies.

The Commission continues to face significant challenges in undertaking its investigations. A number of multifaceted investigations undertaken during the year drew on a broad range of Commission resources over a protracted period. These matters involved complex facts and interconnected activities by various persons in specialised fields. The increasing use of digital technology requires the Commission to optimise its forensic and technical capacity to identify, capture and interpret evidence, maintain the skills and knowledge of its staff, and continuously improve investigation management, systems and processes.

In 2012–13, the Investigation Division undertook the following systems and process improvements.

- Finalised a project to deliver an integrated telecommunications interception system for the Commission in partnership with the Police Integrity Commission. This system became fully operational on 5 November 2012. It has delivered a telecommunications interception capability that is technically efficient, scalable and user-friendly, and with 24-hour technical assistance. Project deliverables included training for system administrators and users, operations and user manuals, and the development of a database capable of maintaining information accessed under Chapter 4 of the *Telecommunications (Interception and Access) Act 1979*.

- Continued its review of the Operations Manual to ensure that it is consistent, comprehensive and supports the maintenance and application of the Commission's general investigation standards and procedures. These standards were introduced in May 2012 and provide a policy framework for the conduct of Commission investigations, provide guidance on how matters are received and evaluated for investigation, outline the supervisory and risk management framework for the investigation function from commencement to closure, and outline the Commission's requirements for discrete investigation activities. The Operations Manual review project is scheduled for completion by 30 June 2014, and will deliver a comprehensive electronic manual.
- Reviewed aspects of the Management of Cases, Complaints and Assessments (MOCCA) system, and implemented a number of improvements to simplify the user interface and better meet the business requirements of the Commission's investigation function.

How we investigate

Generally, Commission investigations are undertaken by the Commission's Investigation Division but, in special circumstances, may be undertaken by another division of the Commission.

All matters referred to the Investigation Division commence as preliminary investigations. A preliminary investigation may, for example, be conducted for the purpose of assisting the Commission to discover or identify conduct that might be made the subject of a more complete investigation or deciding whether to make particular conduct the subject of a more complete investigation. If appropriate, a matter may then be escalated to a full investigation (known as an "operation"). If it is in the public interest to do so, the Commission may also decide to hold a public inquiry into a matter it is investigating.

Investigations may focus on both historic and current activities, and investigation methods used may vary depending on the nature of the allegations. Detailed investigation plans are prepared and maintained for all matters and each investigation is regularly 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. These actions may include the referral to a public authority of information that is relevant to the exercise of its functions (such as information for disciplinary action), the dissemination of intelligence and information, a brief of evidence for referral to the Director of Public Prosecutions (DPP) and the publication of an investigation report.

Our investigations

In 2012–13, a total of 23 preliminary investigations and eight operations were carried over from 2011–12. The Investigation Division commenced 66 new preliminary investigations and 22 new operations. A total of 73 preliminary investigations and 14 operations were completed by the Investigation Division during the reporting period.

The division has key performance targets for the timeliness of its investigations. The division aims to complete 80% of its preliminary investigations within 120 days. The timeframe for this performance measure commences from the date a decision to conduct a preliminary investigation is made by the Assessment Panel to the date the preliminary investigation is either discontinued or escalated to a full investigation. The division aims to complete 90% of the non-public phase of its operations within 12 months. The timeframe for this performance measure commences from the date a matter is escalated to an operation to the first day of the public inquiry or the date that the matter is otherwise discontinued.

The percentage of preliminary investigations completed by the division within 120 days increased from 77% in 2011–12 to 92% in 2012–13. The average

time taken to complete preliminary investigations decreased from 132 days in 2011–12 to 91 days in 2012–13. The percentage of operations completed within 12 months decreased from 90% to 86% over the same period. This was largely due to the size and complexity of some operations.

Table 16: Preliminary investigation statistics for the Investigation Division in 2012–13

Number current as at 1 July 2012	23
Number referred by Assessment Panel	66
Number discontinued	73
Number current as at 30 June 2013	16
Days on average taken to complete	91
Number completed within 120 days	67
% completed within 120 days	92%

* Five additional preliminary investigations were conducted by the Assessments Section.

Table 18: Full investigation (operation) statistics for the Investigation Division in 2012–13

Number current as at 1 July 2012	8
Number escalated from preliminary investigation	22
Number discontinued/concluded	14
Number current as at 30 June 2013	14*
Days on average taken to complete	261
Number completed within 12 months	12
% completed within 12 months	86%

* Two preliminary investigations were escalated and incorporated within an existing operation; thus reducing the number current as at 30 June 2013 from 16 to 14.

Table 17: Source of preliminary investigations completed by the Investigation Division by sector in 2012–13*

Sector	Number of preliminary investigations	% of preliminary investigations
Local government	23	34%
Transport, ports and waterways	11	16%
Natural resources and environment	7	10%
Emergency services	5	7%
Custodial services	4	6%
Parliament	4	6%
Government and financial services	3	4%
Land, property and planning	3	4%
Education (except universities)	3	4%
Aboriginal affairs and services	2	3%
Health	2	3%
Universities	2	3%
Community and human services	1	3%
Arts and heritage	1	2%
Consumer and trade	1	1%
Energy	1	1%
Law and justice	1	1%
Tourism, sport, recreation and gaming	1	2%

* Some preliminary investigations examined allegations concerning more than one sector.

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 the investigation team lawyer before final approval is given by the Executive Director, Legal, to apply for the power. This process is designed to ensure that all applications comply with regulatory and evidentiary requirements before being submitted to the appropriate authorities.

“When inquiries are held in public, the evidence is generally heard before (and made available to) the public...”

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 inquiries are held in public, the evidence is generally heard before (and made available to) the public, subject to the discretion of the presiding Commissioner to suppress or restrict publication of evidence, if he or she believes it is in the public interest to do so.

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

Table 19: Statutory powers used by the Commission in 2012–13, compared to the two previous years

Power	2012–13	2011–12	2010–11
Notice to produce a statement (s 21)	16*	30	60
Notice to produce a document or thing (s 22)	644*	646	645
Notice authorising entry to public premises (s 23)	0	0	0
Summons (s 35)	512	430	344
Arrest warrant (s 36)	0	2	0
Order for prisoner (s 39)	6	9	0
Search warrant (s 40)	13**	20	20
Assumed identities	2	3	3
Controlled operations	0	1	0
Surveillance device warrants	2	9	1
Telephone interception warrants	5	21	12

* There were 12 combined s 21 and s 22 notices, which were counted as both s 21 and s 22 notices.

** In 2012–13, all warrants were issued by an external authority; none was issued by the Commissioner.



Case study: Undermining public confidence

During the year, the Commission conducted a public inquiry as part of two protracted and complex investigations concerning the issuing of mining leases and licences involving former NSW Government ministers.

The first investigation (known as Operation Jasper) concerned allegations arising from a number of decisions regarding the issue of coal exploration licences (ELs) by Ian Macdonald, then minister for primary industries and minister for mineral resources.

A decision was made by Mr Macdonald in 2008 to conduct a limited expression of interest (EOI) process for a number of ELs, including Yarrowa, Glendon Brook and Mount Penny. In November 2008, Mr Macdonald made a further decision to interrupt the EOI process to allow new applicants to participate.

Earlier, in November 2007, an Obeid family company acquired the property known as Cherrydale Park, which came to be covered by the Mount Penny tenement. The investigation also focused on the benefits arising from the decisions of Mr Macdonald with respect to the EOI process and persons and companies known to Mr Macdonald that were associated with the then member of the Legislative Council, the Hon Edward Obeid Senior.

The second investigation (known as Operation Acacia) arose out of a reference made by the NSW Parliament. The Commission was asked to consider the circumstances in which Mr Macdonald issued a coal EL to Doyles Creek Mining Pty Ltd.

These two investigations also included the review of ministerial, departmental and private business records, the execution of search warrants, the lawful interception of telecommunication services, a detailed forensic examination of financial and business records, extensive forensic computer analysis, interviews with potential witnesses and a large number of compulsory examinations.

The Hon David Ipp AO QC, Commissioner, presided at the public inquiry. The Commission's reports will be furnished to Parliament in 2013–14.

finding of corrupt conduct made by the Commission 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 2012–13, the Commission conducted 257 compulsory examinations over 118 days, and six public inquiries over 108 days.

The time interval between the completion of each public inquiry conducted during the year and the furnishing of the relevant report is shown on page 50.

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 the NSW public sector.

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

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

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

“The Commission is not a court or disciplinary tribunal and does not conduct prosecutions or disciplinary proceedings...”

Table 20: Public inquiries conducted in 2012–13

Operation name	Summary
Tilga	Investigation into allegations of corrupt conduct in the provision of security products and services by suppliers, installers and consultants
Stark	Investigation into allegations that a manager at the University of Technology, Sydney (UTS) solicited and accepted money, gifts and other benefits from UTS contractors
Drake	Investigation into the smuggling of contraband into the Metropolitan Special Programs Centre at the Long Bay Correctional Complex
Indus	Investigation into the conduct of Moses Obeid, Eric Roozendaal and others
Jasper	Investigation into the conduct of Ian Macdonald, Edward Obeid Senior, Moses Obeid and others
Acacia	Investigation into the conduct of Ian Macdonald, John Maitland and others

Findings of corrupt conduct and recommendations for prosecution/disciplinary action

In 2012–13, the Commission made findings of corrupt conduct against 56 persons.

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

In 2012–13, the Commission recommended the advice of the DPP be obtained in relation to the prosecution of 18 people for various criminal offences. A recommendation was also made to relevant public sector agencies that disciplinary action be taken against four people.

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

Proceeds of crime referrals and other disseminations

In 2012–13, there were two referrals made to the NSW Crime Commission for consideration of asset confiscation action. These referrals relate to Operation Jasper and Operation Acacia, reports of which will be furnished to Parliament in 2013–14.

During the reporting period, the Commission disseminated intelligence gathered during the course of its investigations to the NSW Crime Commission, the Australian Taxation Office, the NSW Police Force, the Police Integrity Commission and the Australian Federal Police.

Corruption prevention issues arising from investigations

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

Corruption prevention officers are attached to all investigation teams where corruption prevention issues have been identified. In the course of an investigation, they conduct a comprehensive review of the systems, policies, procedures and work practices relevant to the matter under investigation. The review identifies weaknesses and gaps in order to reduce future opportunities for corrupt conduct. Even when an investigation does not progress to a public inquiry, the Commission may still provide corruption prevention advice to the agency concerned.

The Commission may make corruption prevention recommendations in its public investigation reports to deal with the gaps and deficiencies in agencies' processes, and to help prevent the recurrence of corrupt conduct. An implementation plan for the recommendations is requested by the Commission from the agency and the recommendations are then monitored to ensure that they are either implemented or given appropriate consideration by the agency under investigation.

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

Case study: The stark reality of corruption in procurement

The Commission examined allegations that, between 2006 and 2012, a manager at a Sydney university solicited and accepted money, gifts and other benefits from university contractors that he dealt with in the course of his work. There were also allegations that the manager undertook private work for a company that was a university contractor, or was interested in obtaining work at the university, knowing that this created a significant conflict of interest, and that he improperly disclosed confidential information to two other university contractors.

The investigation (known as Operation Stark) used various notices to produce records, executed search warrants, and conducted interviews and compulsory examinations with a number of witnesses. Assistant Commissioner Theresa Hamilton presided at the public inquiry, which ran for four days from 24 to 27 September 2012.

The Commission found that four university contractors paid a total of \$119,325 to the manager's private company between April 2006 and May 2008, even though the manager did not do any of the work that purportedly led to these payments being made. The contractors made the payments at the manager's request because they thought he would use his position to harm their business with the university if they did not pay him (all of these contractors worked regularly for the university and received substantial income from that work). Three of the contractors were issued with false invoices by the manager to justify payments made to his company.

The investigation also found that the manager accepted payment of more than \$100,000 worth of overseas travel for himself and his family and that he failed to declare a conflict of interest in undertaking private work for a company that did work, or was interested in work, at the university.

The Commission made findings of corrupt conduct against the manager for soliciting and accepting money, travel and gifts, and sought the advice of the DPP with respect to the prosecution of the manager for offences of soliciting and receiving corrupt benefits pursuant to s 249B of the *Crimes Act 1900*. It also recommended that the university consider taking disciplinary action with a view to the manager's dismissal.

As a result of the investigation, a number of recommendations were made to improve the university's systems and processes.

Strategic alliances to optimise investigative outcomes

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

Australian Anti-Corruption Commission Forum

This forum helps facilitate cooperation and collaboration between Australian anti-corruption agencies through the sharing and exchange of information, knowledge and resources to promote priority areas of interest to those agencies. No meetings of this forum occurred during the reporting period.

Australian Surveillance Group

This group provides a forum for integrity agencies, law enforcement agencies and intelligence agencies to discuss their respective agency's surveillance capabilities, emerging technology and methodologies. Commission officers attended meetings of this group on 23 and 24 October 2012.

Interagency Technical Committee

This committee provides an opportunity for intercepting agencies to seek common ground in delivery standards and the monitoring of telecommunications interception. Commission officers attended meetings of this committee on 6 and 7 March 2013.

Interception Consultative Committee

This committee is a source of advice to agencies concerning telecommunications interception. It monitors emerging technologies that impact on lawful interception within Australia. It also interacts with telecommunications providers to ensure that they supply the interception capability required by agencies. Commission officers attended meetings of this committee on 18 and 19 July 2012, 7 December 2012 and 13 June 2013.

Joint User Group

This group provides a forum for investigation agencies utilising the same brand as the Commission's telecommunications interception system. Commission officers attended meetings of this group on 6 and 7 March 2013, and 7 and 8 May 2013.

National Oversight Covert Group

This group is concerned with the sharing of knowledge between the smaller oversight and anti-corruption agencies that have a covert physical and technical capability to improve relevant skills and techniques. No meetings were attended by Commission officers during the reporting period.

NSW Police Force Technical Partnership Panel

This panel provides a forum for covert technical investigation practitioners to share knowledge on new and emerging investigation technology and methodologies. Commission officers attended meetings of this group on 23 and 24 October 2012.

SEDNode User Forum

SEDNode is a secure information system used by law enforcement and anti-corruption agencies to receive telecommunications data from providers. The Commission subscribes to the SEDNode system. The SEDNode User Forum has been established to keep members updated with system enhancements, functionality and new members. No meetings were attended by Commission officers during the reporting period.

Special Networks Committee

This is a forum for intercepting agencies to discuss the capability of telecommunications interception and any related contractual issues. Commission officers attended meetings of this committee on 6 December 2012, and 6 and 7 March 2013.

Other alliances

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

Chapter 4: Preventing corruption

About the Corruption Prevention Division

The Commission's corruption prevention functions under the ICAC Act are carried out by providing advice, education and guidance to public sector agencies, and by educating public officials and the wider community about corruption and how to report it. This work is undertaken by the Corruption Prevention Division.

Dr Robert Waldersee is the Executive Director of the Corruption Prevention Division. In the reporting period, the division had an average of 19.5 full-time equivalent staff and a total budget of \$2.63 million. The division is made up of four project clusters: policy research and analysis, investigations, agency development, and community awareness and reporting.

Policy research and analysis

The division identifies and analyses corruption risks of statewide significance and public concern with a view to making corruption prevention recommendations to government. Projects undertaken in this cluster are selected on the basis of the degree of public concern and the extent of corruption risks.

In 2012–13, the division undertook four major projects examining corruption risks of statewide significance.

Non-government organisations

As noted in the *ICAC Annual Report 2011–2012*, the division conducted a major project into the corruption risks associated with government funding of non-government organisations (NGOs) to deliver human services. In 2012–13, two papers were published in relation to this research.

A consultation paper was published in August 2012, which referenced the challenges associated with ensuring probity in the delivery of NGO funding. A mismatch between the demands of decentralised delivery and centralised control arrangements was identified as a key control weakness. The paper posed 37 questions regarding potential improvements to the NGO funding system. In addition to analysing the submissions received, the Commission consulted with the NSW Department of Premier and Cabinet and a cross-section of experts who expressed concern at allegations of widespread waste and corruption.

A position paper was published in December 2012, which analysed the organisational control requirements for managing the funding of flexible and cost-efficient services through NGOs. In addition to considering principles of control of decentralised decision-making in the NSW NGO funding system, the position paper examined the management of NGO funding in Victoria (Australia) and Scotland, two sub-national Westminster systems with a similar demographic profile, culture and legal system and roughly similar expenditure on human services. Importantly, both Victoria and Scotland adopted the same principles of control of decentralised decision-making and both have had success in managing flexible human services delivery.

The position paper was produced taking into account both the need for agencies to effectively implement the delivery of human services through NGO funding at a local level and for agencies to retain control and ensure probity of the funding. It is a principal function of the Commission to advise public authorities and public officials of changes in practices or procedures that are compatible with the effective exercise of their functions and necessary to reduce the likelihood of the occurrence of corrupt conduct.

The overarching observation made was that, despite significant variation, government human service controls can be characterised as highly centralised in terms of planning and decision-making. Such high levels of centralisation of decision-making,

formalisation of activities in policies and procedures, and standardisation of service are well-suited to the delivery of similar services of similar quality equitably across all of the state. And government agencies still do deliver many such standard services.

But such an organisational design is ill-suited to managing the timely development of services that are tailored to individuals and communities and delivered by third parties. What might work in the local context, the needs of different individuals and communities, the capacity of an NGO to control funding or the quality of its services are judgments made at, or near, the frontline. Such information does not move easily, completely or quickly to decision-makers located in central offices.

The organisational design best suited to the goals of the NGO delivery model is one where decision-making is devolved to the local areas and the frontline. Decision-making is shifted to where the information is located. Any other design will struggle to meet operational demands. It is not surprising, then, that the Commission observed such decentralised decision-making emerging outside of the formal systems of government agencies. Such a situation is of concern to the Commission, as it would be to anyone concerned about corruption, probity, waste or service quality.

Centralised systems are not suited to controlling corruption risks within the emerging or planned decentralisation that is taking place. The recommendations contained in the position paper, therefore, do not go to enforcing compliance with the centralised systems of agencies. Those systems are themselves not compatible with agency goals of flexible, tailored and timely delivery of services at a price that represents value for the taxpayer.

Rather, the recommendations describe principles of controlled decentralisation that support government goals of the NGO-funded delivery of human services and, at the same time, improve control of the funds. The recommendations address the definition of a local area and the requisite skills at levels

within agencies, information and accreditations systems, accountability and simplification of funding arrangements achieved by aggregated outcome-based contracts and the use of consortia and integrators, the role of head office in coordination and oversight, and the role of the Audit Office of NSW and the Commission in oversight.

There has been considerable interest in the position paper. The Commission continues to work with several public authorities and ministers regarding its recommendations.

Planning

In July 2011, the NSW Government commenced a comprehensive review of the state's planning system. The government's stated aim in developing a new planning system is the creation of a framework that is simpler, strategic and more certain, as well as being focused on improving outcomes and community participation. In 2012–13, the Commission responded to the government's green and white papers that set out the proposed reforms and implementation details.

“The organisational design best suited to the goals of the NGO delivery model is one where decision-making is devolved to the local areas and the frontline.”

The Commission noted that a number of key initiatives proposed for the new system will improve the availability of information and remove inconsistencies. A primary example is the adoption of local plans containing all planning provisions for a particular site. The adoption of e-planning and 3-dimensional models will also improve the understanding of proposed changes.

The Commission was of the view that certain aspects of the new system required further consideration to ensure that it met its stated aims. Some aspects of the proposed planning system were not clear or simple. The proposals created complexity and confusion by allowing developments to be approved that did not comply with the stated requirements, and providing that a single development may be subject to different assessment tracks.

The Commission also noted that the move to a performance-based assessment regime may introduce a high level of discretion into the system if performance outcomes are ill-defined. A system that does not provide one clear rationale for development outcomes will create inconsistencies that can cloak corruption.

The adoption of a performance-based system will also entail a level of skill on the part of those assessing proposals. The skill set and characteristics of decision-makers are important factors in achieving consistent outcomes and ensuring the overall success of the system. For this reason, the Commission supported a more pervasive role in the system for experts.

IT contractors

As noted in the *ICAC Annual Report 2011–2012*, the Commission has been examining operational issues around the management of information technology (IT) and particularly IT contractors. The Commission's investigations and interviews indicate the following practices by contractors are quite common:

- over-servicing, over-pricing and under-delivery
- bidding low for standard work, knowing that government will become mired down trying to customise, thus creating long-term work for the bidder
- buying technology for which the contractors receive a commission
- hiring lower-skilled sub-contractors and charging them to the project at full rates
- sending work to their own or related companies or associates.

As would be expected, the problems appear to be related in part to specific characteristics of

the IT industry and the capabilities of government to deal effectively with these issues. These characteristics include a fragmented industry with many small companies and small recruiters in loose association, along with very specialised skills suited to single-project types that make it hard to appoint contractors permanently and hard to supervise them adequately. For most government agencies, some dealings with this complex contractor labour market are inevitable and there is often a heavy reliance on contract IT specialists to design and implement highly innovative projects.

As innovation and skill specialisation increase on a project, the traditional methods of project control are rendered less effective. It is not surprising, therefore, that the IT area is beset with cost blowouts, delays and projects that fail to meet expectations. As project controls weaken, the Commission has seen that opportunities for profiteering and corruption increase.

During the reporting period, the Commission spoke with chief executive officers, operations managers, IT managers, project managers and auditors from a diverse range of both public and private sector organisations about how they manage IT contractors. The Commission's goal with its subsequent discussion paper is to identify key levers and provide examples of best practice that can help managers deal with these types of challenges. The Commission's report on IT contractors will be published early in the 2013–14 period.

Community attitudes

In 2012, the Commission conducted a Community Attitude Survey (CAS) focusing on community attitudes to corruption and the Commission. Periodically since 1993, the Commission has conducted such surveys to measure changes and trends in community awareness, perceptions and attitudes to public sector corruption in NSW, and perceptions and attitudes to the Commission. Results from the 2012 survey will provide an opportunity to reflect on the results harnessed over the past two decades. The analysis was completed during the reporting period and a report outlining the results of the CAS will be released early in the 2013–14 period.

“...the Commission has conducted Community Attitude Surveys to measure changes and trends in community awareness, perceptions and attitudes...”

Investigations

Corruption prevention (CP) officers are assigned to the majority of Commission investigations, and seek to identify processes, structures, human factors, external influences and, in some cases, legislative issues that may allow, or be conducive to, the occurrence of corrupt conduct.

During the course of an investigation, CP officers carry out interviews and obtain statements from witnesses to understand the systemic weaknesses that have allowed corrupt conduct to occur. This diagnostic work is carried out with a view to developing recommendations for change that are compatible with the operations of the agency involved in the investigation. Identifying controls related to agency operations requires understanding of the context in which the organisation functions. Developing such knowledge involves consultation with managers and staff in the workplace and identifying best practice from other organisations that perform similar functions. Corruption prevention recommendations were made in all six investigation reports finalised in 2012–13.

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

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

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

Final reports received by the Commission in 2012–13 indicated that 100% of corruption prevention recommendations made to agencies were fully implemented, either as indicated by the Commission or in an alternative way.

Appendix 5 contains details of all progress and final reports received in 2012–13.



Case study: Protecting Aboriginal land sales

In 2011, the Commission received information from the NSW Police Force that financial inducements had been given to members of Local Aboriginal Land Councils (LALCs) in NSW to secure land deals in 2005. The Commission investigated the conduct of members of one particular LALC and found that significant gifts and money had been corruptly given to its executive members. The land deal sought in return, however, never eventuated.

As a result of amendments to the *Aboriginal Land Rights Act 1983* in 2005 and the consequent operation of the NSW Aboriginal Land Council (NSWALC), the Commission found that there was now a sound safety net in place against corrupt land sales. The investigation conducted by the Commission revealed, however, that there were some residual operational weaknesses across some parts of the network that required more sophisticated management of administration practices and an improvement in long-term planning with regard to land issues. The Commission made recommendations to enhance the capacity of the NSWALC to assist the development of administrative and planning capabilities of LALCs. The Commission also recommended changes to provide better use of the existing provisions to stand aside those LALC members who have been found to have engaged in corrupt conduct.



Case study: Sourcing labour hire

Between 2006 and 2010, a university in Sydney paid over \$1.5 million to an information and communications technology (ICT) recruitment company, which, from August 2008 onwards, was partially owned by an ICT manager at the university. The ICT manager was able to direct significant business to that company, and the majority of contractors within his unit were sourced from that business.

The Commission found that access to employment through recruitment firms was poorly managed by the university and it fell between the responsibilities of the procurement and human resources units. Key elements of the choice of firms to be used and the selection of candidates were uncontrolled. The process was poorly defined and poorly understood by the managers, accountabilities were unclear and the responsible line manager had almost complete discretion.

Such weak control of access to employment is a particular risk in ICT, as the industry is characterised by highly specialised contract workers. Contractors, recruitment firms and managers often know each other and small recruitment firms often struggle in such an environment.

Among the recommendations made by the Commission were that the university establish a dedicated panel of ICT recruitment companies using official NSW Government suppliers, and manage labour hire differently from other procurement activities.

Agency development

The agency development project cluster within the division assists NSW public sector agencies to identify and manage corruption risks through the provision of training and advice.

Training

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

During the reporting period, the division delivered 107 workshops to over 1,850 people. This is consistent with the overall increase in training delivery since 2010–11. The procurement workshops continue to be the most frequently requested, and comprised 53% of training conducted by the division in 2012–13.

Workshops are generally delivered to agencies in-house on request or following an investigation. Workshops are also held that are open to individual public officials in state agencies and local councils. These open workshops are held on a number of occasions during the year in metropolitan Sydney. Of the total number of workshops delivered in 2012–13, 38% were conducted outside of Sydney. This is a marked increase from last year's figure of 29%.

Given the consistently high ratings the Commission's workshops have received in recent years, this year the workshop evaluation strategy was altered to reduce the administrative load such evaluations create. Of the 107 workshops delivered, 54 (50%) were evaluated to ensure quality. A total of 90% of participants in the evaluated workshops rated them as "useful" or "very useful", and 92% of participants "agreed" or "strongly agreed" that the workshop met their training needs. This is consistent with the evaluation results from previous reporting periods.

"Since 2010–11, the Commission has offered workshops free-of-charge to public sector agencies to ensure that smaller agencies with limited budgets and those in remote locations have the same development opportunities..."

Table 21: Number of workshops and training sessions delivered from 2010–11 to 2012–13

Workshop/session	2012–13	2011–12	2010–11
Corruption prevention for managers (full-day or half-day workshop)	44	45	33
Corruption prevention in procurement*	57	66	40
Fact finder (full-day workshop)	4	3	5
Custom workshops (in 2012–13, these were corruption risks in grants administration and waste levy administration)	2	2	4
Minimising corruption risks in land dealings (for Local Aboriginal Land Councils)**	n/a	n/a	2
Better management of protected disclosures workshop (superseded)***	n/a	n/a	5
Total	107	116	89

* Includes "Corruption prevention in procurement for managers" (full-day or half-day workshop), "Corruption prevention for procurement officers" (full-day or half-day workshop) and "Probity in procurement" (from 1.5 to 2 hours). Versions of these workshops have been developed to cover the key issues identified in Operation Jarek (see case study on page 41), including relational sales techniques, gifts and inventory management.

** The Commission provided corruption prevention information sessions and customised workshops for Local Aboriginal Land Councils as part of the Aboriginal governance project. This category is included for consistency with reporting for previous years.

*** The Office of the NSW Ombudsman has responsibility under the PID Act for oversight of public interest disclosures in NSW and now undertakes public sector training without the involvement of Commission officers. This category is included for consistency with reporting for previous years.

Advice

The division provides advice on ways in which corrupt conduct can be prevented, detected or reduced in its frequency and effects. The advice service is free, and available to all officers of the NSW public sector and members of the public. Advice is sought by telephone, letter and, increasingly, email. On occasion, agencies outside NSW also seek advice and information about the Commission's role and its approach to corruption prevention.

In 2012–13, a total of 97 phone and email advice requests were received by the division, compared with 133 received in 2011–12. The most common areas on which the division provided advice in the reporting period were corruption prevention planning, procurement and disposal of goods and property, conflict of interest, the role and jurisdiction of the Commission, and issues surrounding the public–private sector interface.

In addition, agencies, including the Audit Office of NSW and the NSW Division of Local Government, sought advice and information during the reporting period to assist them in undertaking performance audits and local government better practice reviews.

ANU executive program

Each year since 1999, the Commission has provided 10 scholarships for senior public officials to attend the Corruption and Anti-Corruption Executive Course run by the Crawford School of Economics and Government at the Australian National University (ANU). The placements are provided in exchange for the provision of the Commission's teaching services during the course. The scholarships are competitively awarded.

The learning outcomes for the course were redesigned in 2012–13 to diagnose corruption problems within public sector organisations and to derive practical conclusions from different theories about the causes of corruption.

The scholarship application criteria were also amended in the reporting period and the 10 scholarships were awarded to applicants in work areas with corruption risk exposure who were in a position to influence reform and those who had an immediate application for the learning acquired. During the reporting period, the course was held in September 2012.

In 2013–14, new arrangements and a revised course will be offered. The Commission will partner with the ANU Research School of Social Sciences to co-deliver a four-day executive short course entitled *Corruption prevention: Beyond risk management – leveraging operational effectiveness*.

Community awareness and reporting

The community awareness and reporting project cluster undertakes projects that target the NSW community. It liaises with groups, such as networks and professional associations, which interact with public officials. Activities undertaken are aimed at raising community awareness of unacceptable behaviour and increasing reports of corruption. The Commission works with relevant networks, professions and industries to disseminate information about corruption prevention and lessons learnt from investigations.

Speaking engagements

In 2012–13, Commission officers delivered presentations at 69 speaking engagements to more than 3,000 people. Although this represents a slight reduction from the number delivered last year, more than half of these (38 speaking engagements) were delivered in regional centres throughout NSW.

Presentations delivered by Commission staff in 2012–13 included sessions at professional development seminars, conferences targeting NSW public officials and presentations to public sector agencies. The topics discussed with public sector audiences included the outcomes of Commission investigations and corruption risks in key areas, particularly in the area of procurement. Presentations were also given to recently arrived immigrants and refugees through the Federal Department of Immigration and Citizenship's Adult Migrant Education Program.

Management of suppliers and their gifts

Following the release of the Operation Jarek report in October 2012 (see case study on page 41), the Commission addressed 21 local government authorities across NSW via their regional organisations of councils (ROCs). ROCs are voluntary groupings of councils in a particular region that work collaboratively on common issues. During the reporting period, this series of speaking engagements was conducted from November 2012 to June 2013.

Operation Jarek exposed widespread acceptance of gifts by public officials in NSW from companies that supplied goods to the public authorities. The Operation Jarek presentation aimed to raise awareness of relational sales techniques, encourage active vendor engagement and propose the design of efficient solutions to corruption risks in

procurement. Those who attended the presentation were encouraged to consider the lessons learnt from Operation Jarek and how these issues were managed at their councils.

Relational selling is characterised by a high level of personalised service with the aim of encouraging customer loyalty. The Operation Jarek presentation highlighted how problems can emerge when relational selling crosses into the creation of false friendships and the use of gifts to manipulate a buyer. Methods of preventing gift-giving in this context were discussed, including the need to ensure that staff can recognise these techniques and know how to refuse a gift.

In relation to procurement and inventory management, the aim of the Operation Jarek presentation was to encourage agencies to eliminate corruption risks, where possible, by tightening up the operation of inventory and procurement functions, and by applying controls to the residual risk areas. Ultimately, organisations taking this approach can arrive at a procurement model that is geared to their specific procurement environment, that meets probity requirements and is operationally effective, with fewer governance and compliance restrictions applied. The key messages from the Operation Jarek presentation have also been incorporated into the Commission's Corruption Prevention in Procurement workshops.

Rural and regional communities

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

During the reporting period, the Commission hosted a visit to the Riverina Murray (a second outreach visit to Griffith was delayed until 2013–14). The three-day program included training sessions for public sector staff in Albury and surrounding centres, a community leaders' breakfast and presentations to recently arrived immigrant and refugee communities. Commission staff also visited a number of public sector agencies within the region and spoke to senior managers about their role in reporting to the Commission. A total of 250 people participated in the programmed events.

Aboriginal governance project

Members of Local Aboriginal Land Councils (LALCs) have the authority under the *Aboriginal Land Rights Act 1983* to participate in significant decisions for their land council. These decisions can include the use, or disposal, of LALC land, and decisions related to long-term financial and business initiatives. This means that members, as well as the elected boards and staff of LALCs, all play a vital role in building integrity in their organisations. Understanding the corruption risks that can arise in their day-to-day functions helps LALCs be alert to anyone who tries to corruptly influence proper decision-making in areas such as land dealings, heritage and commercial activities.

As part of its long-term engagement with LALCs, the Commission holds information sessions and workshops across the state. In 2012–13, the Commission visited LALCs in the far-west regions of NSW, including Broken Hill, Wilcannia and Cobar. Other areas visited included Hay, Yass and Bathurst.

The Commission was also invited to give a presentation in March 2013 at the North Western Regional Forum held in Dubbo, at which representatives from 14 LALCs were in attendance. This was an opportunity to talk with people from LALCs that are distant from Sydney, and which included Lightning Ridge, Weilmoringle and Goodooga.

Investigations symposium

In 2012–13, the Commission once again collaborated with the Office of the NSW Ombudsman and the NSW Division of the Institute of Public Administration Australia (IPAA) to host the 9th National Investigations Symposium (NIS). The NIS is a biennial conference held to foster and develop investigative ability and knowledge in the NSW public sector.

This popular conference, which was held on 8 and 9 November 2012, was once again over-subscribed. It showcased developments in technology, strategy, techniques and skills relevant to public sector investigations. The keynote speaker was Aldert Vrij, a forensic psychologist from the University of Portsmouth who specialises in detecting deception.

Evaluations conducted with the participants indicated that the program was very well received, with 81% of respondents rating the event “above average” to “excellent”, and with 88% of respondents rating that it represented good value for money.



Case study: The importance of supplier engagement

In Operation Jarek, the Commission found that several public officials, mostly from local councils across NSW, had accepted gifts – such as TVs, camcorders, DVD players, iPads, iPhones and gift vouchers – from suppliers.

Despite these agencies generally having in place policies and training about the acceptance of gifts, they did not focus on corruption risks in the broader relationship between buyer and supplier, and the opportunity for corruption in their procurement and inventory management systems.

It was weaknesses in these systems that allowed two council staff to receive in excess of \$323,000 in cash for their participation with salespeople in a scheme involving fraudulent invoices. Evidence also suggests that this conduct may have cost the two main councils involved in the rorts a combined total of over \$1.5 million.

The investigation revealed that the loosely managed procurement and inventory management systems in place at some councils not only come at a cost to ratepayers, but that these wasteful practices also create the opportunity for corruption. The Commission's corruption prevention recommendations focused on examining what agencies can do to ensure the design of their systems and processes minimise risks and enhance efficiency in a way that limits the opportunity for staff to act secretly and in a self-interested way.

Operation Jarek highlighted the ongoing need for public sector agencies to engage with their suppliers. Well-managed vendor engagement improves the procurement outcomes for an agency while, at the same time, reducing the risks of corrupt collusion. When public sector agencies actively engage with their suppliers, it can deliver significant benefits to an agency. This means the possibility of increased market knowledge, better price discovery, reduced transaction costs, novel solutions, bargaining strength and better supplier understanding of agency needs and goals. Engaging with suppliers in a structured way also provides an opportunity to clearly communicate agency expectations around gifts.

Chapter 5: Compliance and accountability

About our compliance framework

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

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

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

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

- strict procedural requirements for the exercise of all statutory powers
- the Strategic Investigation Group (SIG), to oversee investigations
- the Prevention Management Group (PMG), to oversee Commission corruption prevention activities
- the Executive Management Group (EMG), to oversee corporate governance and budgeting, and provide overall strategic direction
- the Audit and Risk Committee, to provide independent assistance to the Commission by overseeing and monitoring the Commission's governance and risk and control frameworks

- the Health and Safety Committee, to consult on health, safety and risk management within the workplace
- the Access and Equity Committee, to oversee equal employment opportunity issues, plans, policies and procedures.

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

- accounting to the NSW Treasury and the Auditor General for the proper expenditure of funds
- inspection by the NSW Ombudsman of records of telecommunications interceptions, controlled operations and the use of surveillance devices
- 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 of its decision to discontinue or not commence an investigation and to inform each such person of the reasons for its decisions.

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

Roy Waldon is the Executive Director of the Legal Division and Solicitor to the Commission. In 2012–13, the division had an average of 12.4 full-time equivalent staff, and a budget of \$4.54 million.

Internal governance

The lawyers of the Commission's Legal Division play a key day-to-day role in ensuring the Commission's statutory powers are exercised in accordance with relevant legal requirements and relevant Commission policies and procedures.

The Commission has an internal committee system to oversee corporate governance, investigations, prosecution brief preparation, prosecutions and corruption prevention initiatives. These committees are the EMG, SIG, and PMG.

The Audit and Risk Committee, Health and Safety Committee, and Access and Equity Committee are referenced in Chapter 6 and in the appendices.

The Legal Division

The Legal Division assists the Commission to perform its principal functions and to exercise its statutory powers in a lawful, effective, ethical and accountable manner by providing high-quality, accurate and timely legal services.

To achieve this, a lawyer is assigned to the preliminary investigation team and each investigation. All applications for the exercise of statutory powers, whether under the ICAC Act or other legislation, are reviewed by the responsible lawyer to ensure they meet relevant regulatory and Commission requirements. Applications are then reviewed by the Executive Director, Legal.

If approved by the Executive Director, Legal, applications for the exercise of powers under the ICAC Act and some other statutes are submitted to the Commissioner or Assistant Commissioner for final approval. Applications for surveillance device

warrants are considered by judges of the NSW Supreme Court. Applications for telecommunications interception warrants are usually made to members of the Administrative Appeals Tribunal (Commonwealth).

Lawyers assist in the planning and conduct of all investigations and provide advice, as required, to other sections of the Commission. They may act as counsel in compulsory examinations. The Commission's lawyers prepare briefs for and instruct counsel at public inquiries. Commission lawyers also assist with the preparation of investigation reports, oversee the preparation of briefs of evidence for submission to the DPP and liaise with DPP lawyers in relation to answering requisitions for further evidence and the conduct of any prosecutions.

The Executive Director, Legal, audits the Commission's assumed identity records as required under the *Law Enforcement and National Security (Assumed Identities) Act 1998* and the *Law Enforcement and National Security (Assumed Identities) Act 2010*. In 2012–13, the Commission authorised two new assumed identities and revoked two assumed identity authorities. No assumed identity authorities were varied. Assumed identities were granted and used by Commission officers in surveillance operations on people of interest in Commission investigations and to maintain covert arrangements.

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

The audit was conducted in December 2012. Records of all audited files complied with the relevant legislative requirements.

The main challenge faced by the Legal Division in 2012–13 was to maintain high standards of legislative and procedural compliance and meet accountability requirements in the face of a substantial workload, including the conduct of public inquiries.

The Legal Division met this challenge by identifying matters requiring priority, maintaining flexibility in the assignment and reallocation of lawyers to matters, and continuing the allocation of the division's principal lawyer for prosecutions to operational work, as opposed to work on prosecution brief preparation.

Executive Management Group

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

- advancing the Commission's corporate and strategic directions
- reviewing, developing and endorsing Commission policies and procedures
- overseeing corporate planning and budgeting
- supporting the Commission's commitment to business improvement initiatives and key result areas
- providing strategic oversight and promoting organisation-wide ownership of corporate projects
- ensuring the efficient deployment of Commission resources.

Strategic Investigation Group

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

Prevention Management Group

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

Operations Manual and General Investigation Standards and Procedure

The Operations Manual sets out procedures for the conduct of investigations and 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 and is, in any event, reviewed every two years. Any changes to the Operations Manual must be approved by the EMG.

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

External governance

Parliamentary Committee on the ICAC

The Parliamentary Committee on the ICAC is the means by which the Commission is accountable to the NSW Parliament. It was established by resolution on 6 April 1989 and was reappointed on 22 June 2011.

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

- to monitor and review the exercise by the Commission and the Inspector of the ICAC of the Commission's and Inspector's functions
- to report to both Houses of Parliament, with such comments as it thinks fit, on any matter appertaining to the Commission or the Inspector of the ICAC or connected with the exercise of its functions to which, in the opinion of the committee, the attention of Parliament should be directed

- to examine each annual and other report of the Commission and of the Inspector of the ICAC and report to both Houses of Parliament on any matter appearing in, or arising out of, any such report
- to examine trends and changes in corrupt conduct, and practices and methods relating to corrupt conduct, and report to both Houses of Parliament any change that the committee thinks desirable to the functions, structures and procedures of the Commission and the Inspector of the ICAC
- to enquire into any question in connection with its functions referred to it by both Houses of Parliament, and report to both Houses of Parliament on that question.

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

The Parliamentary Committee on the ICAC consists of members of Parliament, selected from both the Legislative Assembly and Legislative Council. As at 30 June 2013, the members of the Parliamentary Committee on the ICAC were:

- Mark Speakman SC MLA (chair)
- Andrew Gee MLA (deputy chair)
- the Hon Richard Amery MLA
- the Hon Niall Blair MLC
- Mark Coure MLA
- the Hon Thomas George MLA
- Tania Mihailuk MLA
- Reverend the Hon Fred Nile MLC
- Tim Owen MLA
- the Hon Nathan Rees MLA
- the Hon Lynda Voltz MLC.

The Commission provided a written response to 29 questions on notice from the Parliamentary Committee for the purpose of its review of the Commission's *Annual Report 2011–2012*. In June 2013, six Commission officers appeared at a public hearing held by the Parliamentary Committee as part of its review.

Inspector of the ICAC

His Honour Harvey Cooper AM is the current Inspector of the ICAC.

The Inspector of the ICAC:

- audits the operations of the Commission for the purpose of monitoring compliance with the law of NSW
- deals 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
- deals 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
- assesses the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

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

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

In 2012–13, the Inspector conducted three audits on the Commission's exercise of certain statutory powers.

In August 2012, the Inspector commenced an audit of the Commission's exercise of its search warrant powers. The audit covered the period from 1 July 2011 to 31 December 2011. The Inspector reported the results of the audit in November 2012.

The Inspector found that the Commission complied with the relevant law and its own procedures concerning the application for, and execution of,

the search warrants. He also concluded that in all cases it was appropriate to apply for and execute the warrant in light of the information available to the Commission and there was no evidence of abuse of power, impropriety, misconduct, maladministration or any action that was contrary to law, unreasonable, unjust, oppressive, or improperly discriminatory or based wholly or partly on improper motives.

In January 2013, the Inspector commenced an audit of the Commission's exercise of its powers under s 21, s 22, s 23 and s 35 of the ICAC Act. The audit covered the period from 1 September 2011 to 29 February 2012. The Inspector reported the results of the audit in April 2013.

The Inspector found that each exercise of power was appropriate and well-founded and there was no evidence of abuse of power, impropriety, or other forms of misconduct by the Commission or Commission officers and no evidence of maladministration, including unreasonable invasions of privacy.

In April 2013, the Inspector commenced an audit of the Commission's exercise of its search warrant powers. The audit covered the period from 1 January 2012 to 30 June 2012. The Inspector reported the results of the audit in June 2013.

The Inspector found that the Commission complied with the relevant law and its own procedures concerning the application for, and execution of, the search warrants. He also concluded that in all cases it was appropriate to apply for and execute the warrant in light of the information available to the Commission and there was no evidence of abuse of power, impropriety, or other forms of misconduct on the part of the Commission or officers of the Commission and there was no evidence of maladministration, including unreasonable invasions of privacy, or any action that was contrary to law, unreasonable, unjust, oppressive, or improperly discriminatory or based wholly or partly on improper motives.

Requests from the Inspector of the ICAC for access to Commission records are dealt with expeditiously.

The Auditor General

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

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

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

The NSW Ombudsman

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

The Ombudsman inspected the Commission's telecommunications interception records in November 2012 and June 2013. It was found that all records were kept in accordance with the relevant legislative requirements.

The Ombudsman inspected the Commission's surveillance device records in March 2013. It was found that all records were kept in accordance with the *Surveillance Devices Act 2007*.

As the Commission did not authorise or undertake any controlled operations in 2012–13, it was not necessary for the Ombudsman to inspect the Commission's controlled operations records.

“The Inspector found that the Commission complied with the relevant law and its own procedures concerning the application for, and execution of, the search warrants.”

Legal changes

A number of legislative changes affecting the Commission came into force in the reporting period.

The *Independent Commission Against Corruption Amendment (Register of Disclosures by Members) Act 2012* came into force in October 2012. It provides that Parliament is taken to have waived any parliamentary privilege that may apply to the Commission's use of a register of pecuniary interests or other matters relating to members of Parliament for the purpose of any investigation into whether or not a member of Parliament publicly disclosed a particular matter or as to the nature of any matter disclosed and for the purpose of any finding, opinion or recommendation concerning the disclosure or non-disclosure.

The *Director of Public Prosecutions Amendment (Disclosures) Act 2012* amended s 15A of the *Director of Public Prosecutions Act 1986*, which deals with the duty of disclosure to the DPP. The section now specifically applies to Commission officers.

The *Statute Law (Miscellaneous Provisions) Act (No 2) 2012* amended the ICAC Act to allow a person to hold the office of Assistant Commissioner for terms totalling up to nine years.

The *Independent Commission Against Corruption Amendment (Disciplinary Proceedings) Act 2013* came into force in April 2013. It amended the ICAC Act to allow for the use of evidence given by a public official to be admitted and used in disciplinary proceedings against that public official where the Commission has made a finding in a report under s 74 of the ICAC Act that the public official has engaged, or has attempted to engage, in corrupt conduct.

The *Independent Commission Against Corruption and Other Legislation Amendment Act 2013* came into force in June 2013. It strengthens the Commission's ability to obtain information about applicants for employment and their associates for the purpose of vetting applicants for employment.

Section 76(2)(c) of the ICAC Act requires the Commission to report 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 legislative changes referred to above with respect to the register of pecuniary interests or other matters for members of Parliament, the extension in the term of office of an Assistant Commissioner, the use of evidence in disciplinary proceedings, and security vetting, addressed recommendations made by the Commission.

Litigation

The Commission was involved in six litigation matters in the reporting period.

The first matter arose from the findings of corrupt conduct made against Angela D'Amore MP in the Commission's December 2010 report on its investigation into the submission of false claims for sitting day relief entitlement by Ms D'Amore and members of her staff.

Ms D'Amore sought a declaration from the NSW Supreme Court that the Commission had exceeded its powers under the ICAC Act in making corrupt conduct findings against her. She claimed that the Commission had exceeded its statutory powers because the findings of corrupt conduct were made without any evidence or any rationally probative evidence that Ms D'Amore knew the conditions of the sitting day relief entitlement had not been met.

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

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

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

The second matter arose from a finding of corrupt conduct made against Charif Kazal in the Commission's December 2011 report on its investigation into the undisclosed conflict of interest of a senior executive of the Sydney Harbour Foreshore Authority.

Mr Kazal sought an order or declaration from the NSW Supreme Court setting aside or declaring invalid or unlawful the Commission's report, a declaration that the report was made without jurisdiction or in excess of jurisdiction, a declaration that on the facts as found in the report the determinations or findings were wrong in law, and an order or injunction preventing the Commission from acting on or taking any further steps in reliance on the report.

On 7 February 2013, the Supreme Court delivered judgment dismissing Mr Kazal's summons and ordering him to pay the Commission's costs.

In the third matter, the Commission sought an injunction under s 27 of the ICAC Act to restrain Cessnock City Council from terminating the employment of its general manager, Lea Rosser, pending the outcome of the relevant Commission investigation. Ms Rosser resigned on 8 April. The proceedings were then discontinued on the basis that each party pay their own costs.

In the fourth matter, the Commission sought an injunction under s 27 of the ICAC Act to restrain City of Ryde Council from terminating the employment of its general manager, John Neish, pending the conclusion of the Commission's investigations relating to the council. By consent, the Commission's summons was dismissed with no order as to costs on the council undertaking not to terminate Mr Neish's employment until the Commission notified the council that it had concluded its investigations. Mr Neish subsequently resigned.

In the fifth matter, Travers Duncan, one of the witnesses called to give evidence in the Commission's Operation Jasper public inquiry, commenced proceedings in the NSW Supreme Court in March 2013, seeking an order restraining the Commissioner from further presiding over the Operation Jasper public inquiry and orders restraining the Commissioner and the Commission from preparing the report on the investigation.

On 10 April 2013, the Supreme Court delivered judgment dismissing Mr Duncan's summons and ordering him to pay costs.

Mr Duncan appealed this decision to the NSW Court of Appeal.

On 25 June 2013, the Court of Appeal delivered judgment dismissing the appeal and ordering Mr Duncan to pay costs.

Mr Duncan sought leave to appeal to the High Court.

In the sixth matter, the plaintiff, Martin Waterhouse, is seeking orders requiring the Commission to investigate allegations previously made to the Commission. The Commission is seeking to have the proceedings dismissed.

Complaints against Commission officers

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

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

In 2012–13, the Commission received three complaints about Commission officers.

The first matter concerned an allegation that a Commission officer had failed to report the 2010 loss of the officer's warrant card and badge and had lied to other Commission officers concerning the loss. The Commission officer was counselled over the failure to report the loss of the items and officially reprimanded for lying to other officers. In considering the latter penalty, the Commission took into account a number of extenuating circumstances.

The second matter concerned allegations that a Commission officer had failed to work required hours, taken sick leave when not sick and allowed an acquaintance to remain on and wander around non-sensitive areas of the Commission's premises without authority, that a second Commission officer was aware of and had condoned this conduct, and that a third Commission officer had lied to a supervisor about the reason for that Commission officer's absence from the Commission.

The Commission found that the allegations with respect to the first Commission officer were not, in the main, substantiated. The officer was counselled for allowing an unauthorised person to remain on and wander around non-sensitive areas of the Commission's premises. The Commission found no evidence to support the allegations against the other Commission officers.

The third matter involved a number of allegations against a Commission officer relating to that officer's off-duty conduct. The allegations were reported to the Commission in June 2012 and were made the subject of a preliminary internal fact-finding investigation. That investigation was completed in early July 2013. There was no evidence that the Commission officer had engaged in misconduct.

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

Privacy and personal information

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

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

As required by the PPIP Act, the Commission has a privacy management plan. The Commission

reviewed and updated its privacy management plan in March 2013. The plan sets out how the Commission complies with the principles and requirements of the PPIP Act and, insofar as the Commission holds any health information, the *Health Records and Information Privacy Act 2002*. The plan can be accessed on 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 on its website.

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

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

"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 on its website..."

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.

Investigation reports

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

the discretion to make Commission reports public immediately on presentation.

In 2012–13, the Commission furnished six investigation reports to the Presiding Officers. All were immediately made public. The reports, and the time interval between the completion of the relevant public inquiry and the furnishing of the report, are set out in Table 22 below.

Table 22: Time interval between completion of each public inquiry and furnishing of the report – s 76(2)(ba)(vi) of the ICAC Act

Public inquiry	Date public inquiry complete*	Date investigation report furnished to presiding officers	Days from end of public inquiry to furnishing of report**
Investigation into the conduct of officers of the Wagonga Local Aboriginal Land Council and others (Operation Petrie) (4-day public inquiry)	20/4/12	27/9/12	160
Investigation into allegations that staff from a number of local councils and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers (Operation Jarek) (14-day public inquiry)	13/6/12	29/10/12	138
Investigation into the conduct of a University of New England (UNE) procurement officer and UNE contractors (Operation Crusader) (5-day public inquiry)	23/7/12	30/8/12	38
Investigation into the recruitment of contractors and other staff by a University of Sydney IT manager (Operation Citrus) (8-day public inquiry)	6/9/12	24/10/12	48
Investigation into allegations that a manager at the University of Technology, Sydney (UTS) solicited and accepted money, gifts and other benefits from UTS contractors (Operation Stark) (4-day public inquiry)	7/11/12	27/3/13	140
Investigation into the smuggling of contraband into the Metropolitan Special Programs Centre at the Long Bay Correctional Complex (Operation Drake) (2-day public inquiry)	30/11/12	25/1/13	56

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

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

Other publications

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

- *Funding NGO delivery of human services in NSW: A period of transition – discussion paper* (28 August 2012)
- *ICAC Code of Conduct* (5 September 2012)
- *Annual Report 2011–2012* (18 October 2012)
- *Identifying and managing conflicts of interest in the public sector* (7 December 2012)
- *Funding NGO delivery of human services in NSW: A period of transition – position paper* (18 December 2012)
- *The ICAC privacy management plan* (21 March 2013).

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

During the reporting period, the number of external visitor sessions on the ICAC website at www.icac.nsw.gov.au was 583,563. This is a significant increase when compared with the figure of 190,914 recorded in 2011–12, which can be attributed to increased traffic as a result of the Commission's high-profile public inquiries held during 2012–13.

Chapter 6: Our organisation

About the Corporate Services Division

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

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

Andrew Koureas is the Executive Director of the Corporate Services Division. In 2012–13, the division had an average of 19.9 full-time equivalent (FTE) staff, and an expenses budget of \$2.8 million. The division comprises the Human Resources (HR) and Administration, the Information Management and Technology (IM&T), and the Finance units.

About the Commission's staffing profile

The Commission's organisational structure comprises the Executive Unit (including the Communications and Media Section), Investigation Division, Corruption Prevention Division, Legal Division, Corporate Services Division and Assessments Section (see the organisational chart on page 5).

In 2012–13, the Commission employed an average of 123.8 FTE staff across its six functional areas. At the end of the reporting period, of the 126 staff working at the Commission, 111 were employed on a permanent basis, eight on a temporary basis, one was a casual employee, and six (including the Commissioner) were employed in the equivalent of Senior Executive Service (SES) contract positions (see Appendix 7 for further information).

Table 23: Average full-time equivalent (FTE) staff numbers by division/section

Division/section	2012–13	2011–12	2010–11	2009–10
Executive	8.2	8.5	8.1	8
Corporate Services	19.9	21.7	20.6	20.8
Corruption Prevention	19.5	20.5	20.8	21.7
Legal	12.4	10.4	10.2	9.7
Investigation	52.2	50.7	44.4	44
Assessments	11.6	13	13	13.5
Total	123.8	124.8	117.1	117.7

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

Human resources

Policies and procedures

Prior to approval by the Commissioner, all policies are reviewed by the Commission's Executive Management Group and endorsed by the Commission's Consultative Group (CCG). The CCG is represented by senior management, staff, Public Service Association (PSA) delegates and industrial officers (see below).

There are several Commission-wide policies in place. The following policies were reviewed and updated during the reporting period:

- Adoption Leave Policy
- Annual Leave and Annual Leave Loading Policy
- Assessment Officers Grade 2 transferring to Grade 3 Policy

- Community Language Allowance Scheme Policy
- Conflicts of Interest Policy
- Employee Assistance Program Policy
- Overtime and Overtime Meal Allowance Policy
- Recruitment and Selection Policy
- Reference Policy
- Risk Management Policy, Framework and Toolkit
- Security Passes and Cards
- Work Health and Safety Policy and Procedures
- Workplace Injury Management and Workers' Compensation Policy and Procedures.

During the reporting period, a new policy was developed in line with government policy to address Leave for Matters Arising from Domestic Violence.

The Commission has an established Compliance Monitoring Register, which identifies the target date for the systematic review and update of Commission-wide policies to ensure continued compliance with legislative requirements and alignment with the conditions of employment contained in the ICAC Award.

“The Commission is committed to the ongoing professional development of staff to increase or maintain their skills, knowledge and experience.”

Learning and development

The Commission is committed to the ongoing professional development of staff to increase or maintain their skills, knowledge and experience.

The Commission focuses on six core streams for staff learning and development activities. These are (1) information technology, (2) risk management, (3) project management, (4) organisational development, (5) leadership/management, and (6) technical skills.

There were 611 staff attendances at training sessions, which equated to an average of 4.9 training sessions for each staff member. This was an increase on the previous year, with the average number of training sessions per staff member in 2011–12 being 4.3 with a total of 540 staff attendances at training sessions.

This increase in the reporting period can be attributed to a major focus on work health and safety (WHS). The WHS portal was updated, in line with new WHS legislation, and all staff were required to complete training via this portal to gain an understanding of current legislation and their responsibilities.

In 2012–13, a separate training session for members of the executive team was held on the newly defined role of “officer” and their responsibilities under the *Work Health and Safety Act 2011*. Relevant HR staff also attended an external training course on measuring WHS performance. Staff participated in training sessions conducted by the NSW Anti-Discrimination Board on equal employment opportunity (EEO), and harassment and bullying prevention, and attended an in-house fire safety training session.

E-learning Microsoft Office applications continue to be available to staff via the intranet. There are 250 mini lessons that staff can access in their own time and undertake at their own pace.

To assist staff in their career development during 2012–13, opportunities arose for some staff members to undertake higher duties and temporary appointments both within divisions and across divisions. The Commission also supported the secondments or approved leave without pay for five staff to work for the Australian Electoral Commission, the Office of the DPP, and the United Nations in New York, and within the area of local government.

The Commission also offered secondments to five staff from the Police Integrity Commission, the Office of the DPP, the Crown Solicitor's Office (NSW) and the Department of Family and Community Services.

The Commission continues to encourage staff to undertake further study to enhance their skills and provides assistance in the form of study leave and examination leave. During 2012–13, five staff obtained qualifications in computer forensics, advanced computer forensics, legal practice, science, health and safety, and company financial reporting.

The Commission implemented a new Performance Management System through the Aurion HR Management Information Payroll System so that all performance agreements and reviews can now be completed online. This enables the Commission to more effectively capture and address the training needs identified by staff in their individual performance agreements.

Conditions of employment and movement in salaries and allowances

The ICAC Award sets out the conditions of employment for Commission staff. In line with Award conditions, a 2.5% increase became effective at the beginning of the first full-pay period from 1 July 2012. The increase also applied to some of the award's allowances, such as the Associate Allowance, the Community Language Allowance and the First Aid Officer's Allowance. In the past, ICAC Award increases have followed the Crown Employees (Conditions of Service) Award.

The award was listed for directions hearings in May and June 2013. At the end of the reporting period, the Commission was waiting on the outcome of the superannuation issue (whether the 2.5% pay increase should incorporate the 0.25% increase to superannuation), which is subject to an appeal by government to the High Court of Australia, following a decision from the full bench of the NSW Industrial Relations Commission. The ICAC has agreed to the retrospectivity of the pay increase to the first pay period in July 2013 in order that its staff are not financially disadvantaged.

“...each employee's learning and development plan identifies the corporate, positional and individual learning and development activities that are required...”

Industrial relations

The Commission, its officers and the PSA have maintained a strong commitment to joint consultation. The CCG ensures that workplace issues, policies and procedures, and organisational changes are discussed and resolved quickly and effectively. There were no industrial disputes involving the Commission or its Commissioner during the reporting period.

Staff performance management

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

In order to achieve the desired performance targets and organisational goals, each employee's learning and development plan identifies the corporate, positional and individual learning and development activities that are required during the period to ensure competence and maximise skill levels.

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

It is also committed to providing staff with the necessary development and training opportunities to achieve corporate and operational goals.

In 2012–13, the Commission successfully implemented a new electronic performance management system, which allows staff to complete both their performance agreement and review online (as outlined above).

The introduction of the system was well received by both staff and management. The Commission is committed to implementing changes to address staff or management suggestions to optimise the use of the system. Overall, the system has proven to be very efficient and has reduced the amount of administrative time associated with monitoring purposes.

Risk management

During the reporting period, the Risk Management Policy and Risk Management Framework and Toolkit were reviewed and consolidated into a single document to ensure alignment with current legislation, standards and the Commission's procedures.

The Commission has also continually reviewed and updated the Corporate Risk Register, which identifies all strategic objectives and the potential impact of identified risks on the Commission's business. The register also details agreed risk treatment strategies to reduce risk ratings.

The Commission's physical security measures were assessed and updated, as required. The security system was periodically tested, monitored and rigorously maintained to ensure optimum efficiency. As with any security system, system maintenance and upkeep is ongoing.

In line with the Commission's continued commitment to risk management, the Commission's emergency wardens were provided with ongoing training in the reporting period. Additional training provided included evacuation procedures, fire awareness, extinguishers and hose reels, coping in an emergency, and bomb threat procedures.

In addition to standard mitigation procedures, in 2012–13, additional mitigation measures were put in place for two matters for which public inquiries were held. Specific mitigation measures were also put in place for one compulsory examination during the reporting period.

Three hazards were lodged during the reporting period and all were mitigated. All hazards identified related to minor office maintenance issues.

Table 24: Hazards reported and risks controlled

Reporting period	Number of hazards reported	Risks controlled to an acceptable level
2008–2009	2	yes
2009–2010	3	yes
2010–2011	3	yes
2011–2012	5	yes
2012–2013	3	yes

Work health and safety

The Health and Safety Committee meets quarterly. It reviews safety policies and practices, conducts regular workplace inspections and facilitates the resolution of safety issues. Two workplace inspections were conducted during the reporting period. No major issues were identified during the inspections.

The Health and Safety Committee comprised:

- Jacqueline Fredman, Assessments Section
- Margaret Sutherland, Corruption Prevention Division
- Chris Wightman, Investigation Division
- Mary Murabito, Corruption Prevention Division
- Nyrelle Colley, Legal Division.

The senior management representative was Andrew Koureas, Executive Director, Corporate Services.

The Commission has put in place a WHS Performance Measurement checklist and a revised Safe Work Method Statement to be completed by all contractors who are engaged to perform work for the Commission.

More information on health and safety and the activities of the committee is provided in Appendix 9.

Personnel security

The vetting process is one of the risk management strategies in place to support the integrity and confidentiality of Commission operations and activities. Vetting is designed to make suitability assessments of persons who are being considered for work engagement at the Commission. It is applied to prospective staff, contractors and

consultants to determine whether those who work at the Commission are suitable to be entrusted with sensitive information or resources as part of their work or suitable to work in an environment that holds sensitive information.

The Commission continues to apply its rigorous security vetting regime to all personnel who work at the Commission. During the reporting period, 25 referrals for the conduct of security vetting of applicants were received, 25 requests were processed to completion, and one applicant was not cleared for employment. In addition to this, the Commission processed 50 requests for background vetting information from external law enforcement agencies.

All new employees and contractors to the Commission were provided with a security induction at the commencement of their employment, through a briefing on security and risk management issues. This is to promote security and risk management awareness as a way of managing risk and enhancing the security profile of the Commission and that of its staff.

Other internal committees

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

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

Audit and Risk Committee

The objective of the Audit and Risk Committee is to provide independent assistance to the Commission by overseeing and monitoring the Commission's governance, risk and control frameworks, and its external accountability requirements.

A key role of the committee is to monitor progress on agreed management action arising out of recommendations made by the Commission's independent internal auditors. During the reporting period, an examination of previous internal audit recommendations was undertaken to ascertain and document the status of the recommendations of the previous findings for identified risks.

The audit identified that there was a high level of compliance with implementation of relevant recommendations. Another audit project was also commenced in June 2013 involving information technology procurement. The audit involves three phases, from testing compliance with relevant procurement policies and guidelines to an evaluation of the project upon completion.

Five meetings were held during the reporting period and attended by the Independent Chair and Member. A new chair was appointed from 1 September 2012.

Commission Consultative Group

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

The Executive Director, Corporate Services, provides the CCG with an overview of the outcomes of the quarterly meetings held by the Commission's other consultative committees, namely the Access and Equity Committee, and the Work Health and Safety Committee.

In accordance with the CCG charter, meetings are held on a bimonthly basis, and the minutes are posted on the staff intranet. Staff are encouraged to contribute to the CCG through a staff representative, and raise any issues relating to the ICAC Award, policies and procedures.

Access and Equity Committee

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

Internal Audit and Risk Management Statement for the 2012–2013 Financial Year for the Independent Commission Against Corruption

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

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

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

- Independent Chair – Jason Masters (appointed from 1 August 2009 to 31 July 2012)
- Independent Chair – David Roden (appointed from 1 September 2012 to 31 August 2015)
- Independent Member – Paul Raymond Apps (appointed from 21 June 2010 to 20 June 2014)
- Non Independent Member – Roy Waldon, Executive Director, Legal and Solicitor to the Commission.

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



The Hon David Ipp AO QC
Commissioner
Independent Commission Against Corruption
30 July 2013

Insurance activities

The NSW Treasury Managed Fund provides insurance cover for all of the Commission's activities. It includes workers compensation, motor vehicle, public liability, property and miscellaneous claims. During the year, the workers compensation deposit premium increased by \$28,670 (24%), while the non workers compensation deposit premium increased by \$4,850 (20%).

Information management and technology

Systems and infrastructure

In August 2012, a larger computer room was built to house all of the Commission's servers. This included the installation of dual air-conditioning, dual uninterruptible power supply, server racks, cabling and the migration of servers from the former computer rooms. The Commission also continued enhancements of its Management of Cases, Complaints and Assessments (MOCCA) system throughout 2012–13 to improve, simplify and clean up its user interface and navigation.

ICT infrastructure architecture design

In 2013, allocation of additional funding to build a new and improved contemporary information and communications technology (ICT) infrastructure was approved by the NSW Treasury. The ICT infrastructure architecture design was also reviewed and updated to reflect updated changes in technology and infrastructure architecture solutions.

This has assisted in preparing the tender for the ICT Infrastructure Upgrade project and will continue to assist the Commission in selecting the appropriate system integrator and in monitoring the implementation of the project during 2013–14.

Investigations

In late 2012–13, a new information analysis and reporting software platform was purchased and customised for use in the Investigation Division. Continuous improvements are being made on this new system in order to optimise its capacity and usage.

“In 2013, allocation of additional funding to build a new and improved contemporary information and communications technology (ICT) infrastructure was approved by the NSW Treasury.”

Information security

The Commission shows a strong commitment to information security, as it has continuously and successfully maintained and complied with its annual external audit accreditation to the Australian Standard AS/NZS ISO 27001:2006, which is an internationally recognised standard for information and asset security management.

IM&T Steering Committee

The IM&T Steering Committee was established to provide a coordinated, whole-of-organisation approach to developing and managing information and IT-related technologies. The committee's membership includes the executive directors of all divisions and other staff. The manager of the IM&T unit within the Corporate Services Division is responsible for providing secretariat support. The committee provided significant input into the development of tender guidelines and procedures relating to the ICT Infrastructure Upgrade project.

Shared corporate services

In 2004–05, the Commission entered into a shared corporate services arrangement with the HCCC. The Commission oversees the management of the HCCC's corporate services unit on a fee-for-service basis and provides:

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

The shared services agreement was renewed for 2013–14 and provides for a modest increase in the service delivery fee.

Financials



INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

Statement by Commissioner

In accordance with s 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 2013 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, and Regulation 2010, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under s 9(2) of the Act
- (b) the financial statements exhibit a true and fair view of the financial position and financial performance of the Independent Commission Against Corruption
- (c) there are no 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 'D Ipp'.

The Hon David Ipp AO QC
Commissioner

23 September 2013



INDEPENDENT AUDITOR'S REPORT

Independent Commission Against Corruption

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Independent Commission Against Corruption (the Commission), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2013, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

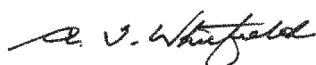
My opinion does *not* provide assurance:

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

Independence

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

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



A T Whitfield
Deputy Auditor-General

23 September 2013
SYDNEY

Statement of comprehensive income for the year ended 30 June 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	16,354	16,469	16,910
Other operating expenses	2(b)	7,371	5,309	5,940
Depreciation and amortisation	2(c)	1,125	1,203	967
Total expenses excluding losses		24,850	22,981	23,817
Revenue				
Recurrent appropriation	3(a)	20,621	20,721	20,496
Capital appropriation	3(a)	652	2,402	1,162
Sale of goods and services	3(b)	342	342	332
Interest revenue	3(c)	39	53	82
Grants and contributions	3(d)	3,210	–	–
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	149	480	1,108
Other revenue	3(f)	94	30	7
Total revenue		25,107	24,028	23,187
Loss on disposal	4	(13)	–	–
Net result	16	244	1,047	(630)
Total other comprehensive income		–	–	–
Total comprehensive income		244	1,047	(630)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
Assets				
Current Assets				
Cash and cash equivalents	6	1,614	1,799	1,276
Receivables	7	578	354	818
Total Current Assets		2,192	2,153	2,094
Non-Current Assets				
Property, plant and equipment	8			
– Leasehold improvements		508	139	328
– Plant and equipment		1,647	2,720	1,246
Total property, plant and equipment		2,155	2,859	1,574
Intangible assets	9	201	321	569
Total Non-Current Assets		2,356	3,180	2,143
Total Assets		4,548	5,333	4,237
Liabilities				
Current Liabilities				
Payables	10	783	596	792
Provisions	11	1,770	1,522	1,684
Other	12	–	–	30
Total Current Liabilities		2,553	2,118	2,506
Non-Current Liabilities				
Provisions	11	427	14	407
Total Non-Current Liabilities		427	14	407
Total Liabilities		2,980	2,132	2,913
Net Assets		1,568	3,201	1,324
Equity				
Reserves		409	409	409
Accumulated funds		1,159	2,792	915
Total Equity		1,568	3,201	1,324

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2012		915	409	1,324
Net result for the year		244	–	244
Total other comprehensive income		–	–	–
Total comprehensive income for the year		244	–	244
Balance at 30 June 2013		1,159	409	1,568
Balance at 1 July 2011		1,545	409	1,954
Net result for the year		(630)	–	(630)
Total other comprehensive income		–	–	–
Total comprehensive income for the year		(630)	–	(630)
Balance at 30 June 2012		915	409	1,324

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
Cash flows from operating activities				
Payments				
Employee related		(16,021)	(15,989)	(15,438)
Other		(8,237)	(5,789)	(6,619)
Total Payments		(24,258)	(21,778)	(22,057)
Receipts				
Recurrent appropriation	3(a)	20,621	20,721	20,496
Capital appropriation	3(a)	652	2,402	1,192
Sale of goods and services		342	342	340
Interest received		64	53	78
GST		961	510	571
Grants and contributions		3,210	–	–
Cash transfers to the Consolidated Fund			–	(30)
Other		98	–	–
Total Receipts		25,948	24,028	22,647
Net cash flows from operating activities	16	1,690	2,250	590
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		–	–	–
Purchases of property, plant and equipment		(1,352)	(2,273)	(1,162)
Other			(129)	–
Net cash flows from investing activities		(1,352)	(2,402)	(1,162)
Net increase/(decrease) in cash and cash equivalents		338	(152)	(572)
Opening cash and cash equivalents		1,276	1,951	1,848
Closing cash and cash equivalents	6	1,614	1,799	1,276

The accompanying notes form part of these financial statements.

Summary of compliance with financial directives

	2013				2012			
	Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000
Original budget appropriation/ expenditure								
– Appropriation Act	20,721	20,621	2,402	652	20,496	20,496	1,192	1,162
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	20,721	20,621	2,402	652	20,496	20,496	1,192	1,192
Amount drawn down against Appropriation		20,621		652		20,496		1,162
Liability to Consolidated Fund*		–		–		–		(30)

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

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

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of Significant Accounting Policies

a. Reporting entity

The Independent Commission Against Corruption ("the Commission") is constituted by the *Independent Commission Against Corruption Act 1988*. The main objective of the Commission is to minimise corrupt activities and enhance the integrity of NSW public sector administration.

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

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

These financial statements for the year ended 30 June 2013 have been authorised for issue by the Commissioner on 23 September 2013.

b. Basis of preparation

The Commission's financial statements are general purpose financial statements that have been prepared in accordance with:

- applicable Australian Accounting Standards (that include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

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

c. Statement of compliance

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

d. Insurance

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

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

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

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

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

f. Income recognition

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

i. Parliamentary appropriations and contributions

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

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

Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund. The liability is disclosed in Note 12 as part of "Current liabilities – other". The amount will be repaid and the liability will be extinguished in the next financial year.

Notes to and forming part of the financial statements for the year ended 30 June 2013

ii. Sale of goods

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

iii. Rendering of services

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

iv. Investment revenue

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

g. Assets

i. Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission.

Cost is 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length 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 at an asset-specific rate.

ii. Capitalisation thresholds

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

iii. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1) (as amended by NSW TC 12/05 and NSW TC 10/07). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured on an existing-use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

As the Commission does not own land, building or infrastructure assets, management does not believe that the revaluation of physical non-current assets every five years is warranted, unless it becomes aware of any material difference in the carrying amount of any class of assets. The last revaluation of leasehold improvement assets was completed on 30 June 2004 and was based on an independent assessment.

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

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

iv. Impairment of property, plant and equipment

As a not-for-profit entity with no cash-generating units, AASB 136 *Impairment of Assets* effectively is not applicable.

AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means

Notes to and forming part of the financial statements for the year ended 30 June 2013

that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs, for the Commission, are regarded as immaterial.

v. Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

All material separately identifiable components of assets are depreciated over their shorter useful lives. The useful life of the various categories of non-current assets is as follows:

Asset category	Depreciation life in years	Depreciation life in years
	2011–12	2012–13
Computer hardware	4	4
Intangibles – computer software	4	4
Plant and equipment	5	5
Leasehold improvements	8	8

Leasehold improvement assets are amortised at the lesser of eight years or the lease term.

vi. Maintenance

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

vii. Leased assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits.

The Commission has no finance lease arrangements.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

viii. Intangible assets

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

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

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.

ix. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value.

Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, de-recognised or through the amortisation process.

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

x. Impairment of financial assets

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

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

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence.

Notes to and forming part of the financial statements for the year ended 30 June 2013

However, reversals of impairment losses on an investment in an equity instrument classified as “available for sale” must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

xi. De-recognition of financial assets and financial liabilities

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

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

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

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

h. Liabilities

i. Payables

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

ii. Employee benefits and other provisions

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service

are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. There is no liability for long-term annual leave, that is more than 12 months.

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

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

- (b) Long service leave and superannuation

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue items described as “Acceptance by the Crown Entity of employee benefits and other liabilities”.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

Notes to and forming part of the financial statements for the year ended 30 June 2013

iii. Other provisions

The Commission has a present legal obligation to make good its current accommodation premises at Piccadilly Centre when the current lease agreement terminates on 15 October 2014. This obligation was recognised for the first time in the 2011–12 financial year as the Piccadilly Centre lease – make good provision (Note 11). This is because it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

As the effect of the time value of money is material, provisions are discounted at 5.5%, (2012: 5.5%) which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

i. Equity and reserves

i. Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets.

This accords with the Commission's policy on the revaluation of property, plant and equipment, as discussed in Note 1(g)(iii).

ii. Accumulated funds

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

iii. Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (for example, asset revaluation surplus).

j. Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for s 24 of the *Public Finance and Audit Act 1983* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

k. Comparative information

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

l. New Australian Accounting Standards/ Interpretations issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. AASB 2011-8 and AASB 2012-6 are updates of AASB 9 for amendments to other accounting standards. The change is not expected to materially impact the financial statements.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumption that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2012/13 financial statements will be dependent on the policy of the NSW Treasury.

AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2013. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the Commission.

AASB 2011-2, Trans Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

Notes to and forming part of the financial statements for the year ended 30 June 2013

2. Expenses excluding losses

	2013 \$'000	2012 \$'000
(a) Employee related expenses		
Salaries and wages (including annual leave)*	14,150	13,716
Superannuation – defined benefit plans	270	271
Superannuation – defined contribution plans	935	886
Long service leave	(155)	954
Workers compensation insurance	146	117
Payroll tax and fringe benefits tax	883	952
Temporary assistance	125	14
	16,354	16,910
* Employee related expenses capitalised in Note 9 – Intangible assets, and therefore excluded from the above		
Salaries and wages (including annual leave)	–	–
(b) Other operating expenses include the following:		
Advertising and publicity	25	90
Auditor's remuneration		
– audit of the financial statements	35	34
Books and subscriptions	153	139
Cleaning	30	30
Consultancy fees	–	212
Contract security services	278	199
Contractor fees	374	366
Courier and freight	2	2
Electricity	127	97
External legal fees	2,128	852
Fees for services	216	77
Insurance	29	23
Maintenance*	365	296
Minor computer equipment/licences	81	111
Operating lease rental expense		
– minimum lease payments	2,346	2,201
Postal and telephone	119	120
Printing	62	66
Stores and specialised supplies	91	101
Training	90	144
Transcript fees	223	137
Travelling, air fares, subsistence, taxi and vehicle rental	96	169
Other	501	474
	7,371	5,940

Notes to and forming part of the financial statements for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
* Reconciliation – Total maintenance		
Maintenance expense – contracted labour and other (non-employee related), as above	365	296
Employee related maintenance expense included in Note 2(a)	–	–
Total maintenance expenses included in Note 2(a) + 2(b)	365	296
(c) Depreciation and amortisation expense		
Depreciation		
Leasehold improvements	347	321
Computer equipment	272	217
Plant and equipment	210	123
	829	661
Amortisation		
Intangibles – computer software	296	306
Total depreciation and amortisation	1,125	967

3. Revenue

	2013 \$'000	2012 \$'000
(a) Appropriations		
Recurrent appropriations		
Total recurrent draw-downs from NSW Treasury (per Summary of compliance)	20,621	20,496
Less: Liability to Consolidated Fund* (per Summary of compliance)	–	–
	20,621	20,496
Comprising:		
Recurrent appropriations (per Statement of comprehensive income)	20,621	20,496
Capital appropriations		
Total capital draw-downs from NSW Treasury (per Summary of compliance)	652	1,192
Less: Liability to Consolidated Fund* (per Summary of compliance)	–	(30)
	652	1,162
Comprising:		
Capital appropriations (per Statement of comprehensive income)	652	1,162

* The Liability to Consolidated Fund is recognised in the Statement of financial position as a Current liability – other

Notes to and forming part of the financial statements for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
(b) Sale of goods and services		
Corporate Services Support – Health Care Complaints Commission	342	332
Presentation and seminar fees	–	–
	342	332
(c) Interest revenue	39	82
(d) Grants and contributions		
Recurrent (Department of Premier and Cabinet)	2,510	–
Capital (Department of Premier and Cabinet)	700	–
	3,210	–
(e) Acceptance by the Crown Entity of employee benefits and other liabilities		
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation – defined benefit	270	271
Long service leave	(136)	822
Payroll tax (on employer superannuation contributions)	15	15
	149	1,108
(f) Other revenue		
Workers Compensation hindsight adjustment – Years 2005/07 to 2008/09	35	–
NIS final profit share	27	–
Other	32	7
	94	7

4. Gain/(loss) on disposal

Written-down value of assets disposed	(13)	–
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Notes to and forming part of the financial statements for the year ended 30 June 2013

5. Service Group of the Commission

Corruption Investigation, Prevention, Research and Education

The Commission has one service group.

The Commission contributes to an improved culture of honesty, integrity and ethical behaviour within the NSW public sector by working towards the following results:

- potential offenders are deterred from committing corrupt conduct through the exposure of corruption activities and corruption risks
- the community and public sector employees have confidence that corruption matters reported are being properly investigated
- the community and public sector employees have an increased awareness and understanding of corrupt conduct and corruption risks across the public sector
- a comprehensive range of corruption prevention strategies operates across the public sector.

The Commission contributes to the achievement of the above results by the provision of processing, assessment and investigation of corruption complaints, corruption prevention training programs and education material to promote corruption awareness across public sector agencies.

6. Current assets – cash and cash equivalents

	2013 \$'000	2012 \$'000
Cash at bank and on hand	1,614	1,276

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

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

	2013 \$'000	2012 \$'000
Cash and cash equivalents (per Statement of financial position)	1,614	1,276
Closing cash and cash equivalents (per Statement of cash flows)	1,614	1,276

7. Current/Non-current assets – receivables

	2013 \$'000	2012 \$'000
Sale of goods and services	–	–
GST	223	327
Prepayments	293	423
Other receivables		
Sundry debtors	30	10
Interest income	18	43
Other	14	15
	578	818

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

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

Notes to and forming part of the financial statements for the year ended 30 June 2013

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

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2012 – fair value					
Gross carrying amount	1,390	1,365	1,823	755	5,333
Accumulated depreciation and impairment	(1,062)	(1,129)	(1,568)	–	(3,759)
Net carrying amount	328	236	255	755	1,574
At 30 June 2013 – fair value					
Gross carrying amount	1,897	1,787	2,042	101	5,827
Accumulated depreciation and impairment	(1,389)	(936)	(1,347)	–	(3,672)
Net carrying amount	508	851	695	101	2,155

Reconciliation

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

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2013					
Net carrying amount at start of year	328	236	255	755	1,574
Additions	497	183	570	173	1,423
Disposals	–	(13)	–	–	(13)
Transfer to/(from) other asset classes	30	655	142	(827)	–
Depreciation expense	(347)	(210)	(272)	–	(829)
Net carrying amount at end of year	508	851	695	101	2,155
At 1 July 2011 – fair value					
Gross carrying amount	937	1,355	1,747	–	4,039
Accumulated depreciation and impairment	(740)	(1,073)	(1,354)	–	(3,167)
Net carrying amount	197	282	393	–	872
At 30 June 2012 – fair value					
Gross carrying amount	1,390	1,365	1,823	755	5,333
Accumulated depreciation and impairment	(1,062)	(1,129)	(1,568)	–	(3,759)
Net carrying amount	328	236	255	755	1,574

Notes to and forming part of the financial statements for the year ended 30 June 2013

Reconciliation

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

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2012					
Net carrying amount at start of year	197	283	392	–	872
Additions	452	76	80	755	1,363
Disposals	–	–	–	–	–
Depreciation expense	(321)	(123)	(217)	–	(661)
Net carrying amount at end of year	328	236	255	755	1,574

9. Intangible assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2012			
Cost (gross carrying amount)	2,035	80	2,115
Accumulated amortisation and impairment	(1,546)	–	(1,546)
Net carrying amount	489	80	569
At 30 June 2013			
Cost (gross carrying amount)	1,886	–	1,886
Accumulated amortisation and impairment	(1,685)	–	(1,685)
Net carrying amount	201	–	201
Year ended 30 June 2013			
Net carrying amount at start of year	489	80	569
Additions	8	–	8
Disposals	–	–	–
Transfer to/(from) other asset classes	–	(80)	(80)
Amortisation expense	(296)	–	(296)
Net carrying amount at end of year	201	–	201
At 1 July 2011			
Cost (gross carrying amount)	1,930	–	1,930
Accumulated amortisation and impairment	(1,239)	–	(1,239)
Net carrying amount	691	–	691
At 30 June 2012			
Cost (gross carrying amount)	2,035	80	2,115
Accumulated amortisation and impairment	(1,546)	–	(1,546)
Net carrying amount	489	80	569

Notes to and forming part of the financial statements for the year ended 30 June 2013

	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2012			
Net carrying amount at start of year	691	–	691
Additions	104	80	184
Disposals	–	–	–
Amortisation expense	(306)	–	(306)
Net carrying amount at end of year	489	80	569

10. Current liabilities – payables

	2013 \$'000	2012 \$'000
Creditors	–	2
Accrued salaries, wages and on-costs	323	411
Accrued expenses	460	379
	783	792

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

11. Current/non-current liabilities – provisions

	2013 \$'000	2012 \$'000
Current		
Employee benefits and related on-costs		
Annual leave (includes annual leave loading)	1,228	1,124
Payroll tax on long service leave (and fringe benefits tax payable)	163	175
Annual leave on-costs	143	132
Long service leave on-costs	236	254
	1,770	1,685

Annual leave expected to be settled in the next 12 months is \$906K.

Non-current		
Employee benefits and related on-costs		
Long service leave on-costs	12	14
Provision for payroll tax on long service leave	9	9
Piccadilly Centre lease – make good provision	406	384
	427	407

Aggregate employee benefits and related on-costs		
Provision – current	1,770	1,684
Provision – non-current	21	23
Accrued salaries, wages and on-costs	323	411
	2,114	2,118

Notes to and forming part of the financial statements for the year ended 30 June 2013

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:

2013	'Make good' provision \$'000
Carrying amount at the beginning of financial year	384
Unwinding of the discount rate	22
Carrying amount at end of financial year	406

12. Current liabilities – other

	2013 \$'000	2012 \$'000
Liability to Consolidated Fund	–	30

13. Commitments for expenditure

	2013 \$'000	2012 \$'000
(a) Capital commitments		
Aggregate other expenditure for the acquisition of ICT Infrastructure Upgrade project professional services contracted for at balance date and not provided for:		
Not later than one year	240	21
Later than one year and not later than five years	–	–
Later than five years	–	–
Total (including GST)	240	21

The total "Capital commitments" above includes potential input tax credits of \$21,800.00 (2012: \$1,883.02)

(b) Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	2,493	2,154
Later than one year and not later than five years	752	2,824
Later than five years	–	–
Total (including GST)	3,245	4,978

The total "Operating lease commitments" above includes potential input tax credits of \$294,987 (2012: \$452,501) that are expected to be recoverable from the ATO. The operating lease commitments represent the balance of the five-year lease option for the current accommodation at Piccadilly Centre and motor vehicle leases.

14. Contingent liabilities and contingent assets

The Commission has contingent liabilities estimated at \$245,000 representing potential legal expenses for which the Crown Solicitor is acting on behalf of the Commission as at 30 June 2013 (30 June 2012: \$141,000).

The Commission will seek reimbursement of the \$215,000 from the Treasury Managed Fund (\$30,000 is Commission funded) if the liabilities are realised.

Notes to and forming part of the financial statements for the year ended 30 June 2013

15. Budget review

Net result

The actual net result of \$244,000 surplus was lower than budget by \$803,000. Taking into account the deferral of the ICT Infrastructure Project with a roll-over of \$1,750,000 to the 2013–14 financial year, the adjusted budget is a negative (\$703,000).

The underlying variance between actual and budget net result is a positive \$947,000 due primarily to substantially lower than budget employee related expenses of \$745,000 (including a decrease of \$315,320 in extended leave present value actuarial assessment) and higher than budget other operating expenses of \$101,000 and lower than budget income of (\$280,000). The adjusted net result is a positive \$350,000.

The Department of Premier and Cabinet provided a grant of \$3,210,000 to fund special investigations into mining approvals and related matters. \$700,000 was expended on a new hearing room and \$2,510,000 on external legal counsel and salaries.

Assets and liabilities

Cash and cash equivalents were lower than budget by \$185,000 but offset by a higher receivable assets of \$223,000 for 2012–13.

Plant and equipment assets were lower than budget due to the deferral of the ICT Infrastructure Project as above-mentioned.

Current and non-current liabilities were higher than budget due to increased external counsel expenses resulting in increased expenditure accruals at financial year end. Increased provisions for employee benefits and relocation 'make good' expenditure have also contributed to the variance.

Cash flows

Cash flows from operating activities were substantially higher than budget due to the mining lease investigations and were fully funded by the Department of Premier and Cabinet.

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

	2013 \$'000	2012 \$'000
Net cash used on operating activities	1,690	590
Depreciation and amortisation	(1,125)	(967)
Decrease/(increase) in provisions	(106)	(191)
Increase/(decrease) in prepayments and other assets	(241)	358
Decrease/(increase) in payables	39	(420)
Net (loss) on sale of plant and equipment	(13)	–
Net result	244	(630)

17. Financial instruments

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

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

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

Notes to and forming part of the financial statements for the year ended 30 June 2013

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2013 \$'000	2012 \$'000
Class:				
Cash and cash equivalents	6	N/A	1,614	1,276
Receivables ¹	7	Loans and receivables (at amortised cost)	61	68
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2013 \$'000	2012 \$'000
Class:				
Payables ²	10	Financial liabilities measured at amortised cost	460	380

Notes

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

(b) Credit risk

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

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

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11 am unofficial cash rate, adjusted for a management fee to NSW Treasury. Interest earned during 2012–13 was based on an average interest rate of 3.27% (2012: 4.23%).

Receivables – trade debtors

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

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

Based on past experience, debtors that are not past due (2013: \$nil ; 2012: \$nil) and less than 12 months past due (2013: \$nil; 2012: \$nil) are not considered impaired. Together these represent 100% of the total trade debtors. All of the Commission's debtors are other government departments or government authorities. There are no debtors that are currently not past due or impaired whose terms have been renegotiated.

Notes to and forming part of the financial statements for the year ended 30 June 2013

(c) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows to ensure adequate holding of liquid assets.

During the current and previous year, there were no defaults on any loans payable. No assets have been pledged as collateral. The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the head of an authority (or a person appointed by the head of an authority) may automatically pay the supplier simple interest. No interest was applied during the year.

(d) Market risk

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

(e) Fair value compared to carrying amount

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

18. Trust funds

Australian Public Sector Anti-Corruption Conference (APSACC) 2013

	2013 \$'000	2012 \$'000
Opening balance as at 1 July 2012	–	–
Add: Registrations~	319	–
Less: Expenditures*	(194)	–
	125	–
Conference bank balance as at 30 June 2013	125	–
Trust Funds – APSACC 2013	125	–

~ "Early bird" registration fees, sponsorships and bank interest received.

* Advertising, event management fees and venue hire progress payments incurred.

In 2006, the Commission entered into a joint venture (non-profit) agreement with the Crime and Misconduct Commission (QLD) and the Corruption and Crime Commission (WA) to organise and conduct a biennial conference on public sector corruption.

Each party to the agreement contributed an initial payment of \$50,000 towards the cost of delivery of the project in 2006.

The resultant surplus/(loss) realised at the end of each conference is transferred to the next joint venture partner as "seed funding" for the next conference. The ICAC held the inaugural conference in 2007.

As at 30 June 2013, the joint venture has expenditure commitments (contract for venue hire with the Hilton Sydney) totalling \$209,600 (includes GST of \$23,501.09). All amounts quoted above include GST.

19. Events after the reporting period

The Commission is in the final stages of negotiating a new office accommodation lease agreement. To this end, the Commission has commenced preliminary work on the relocation process by entering into a design services contract.

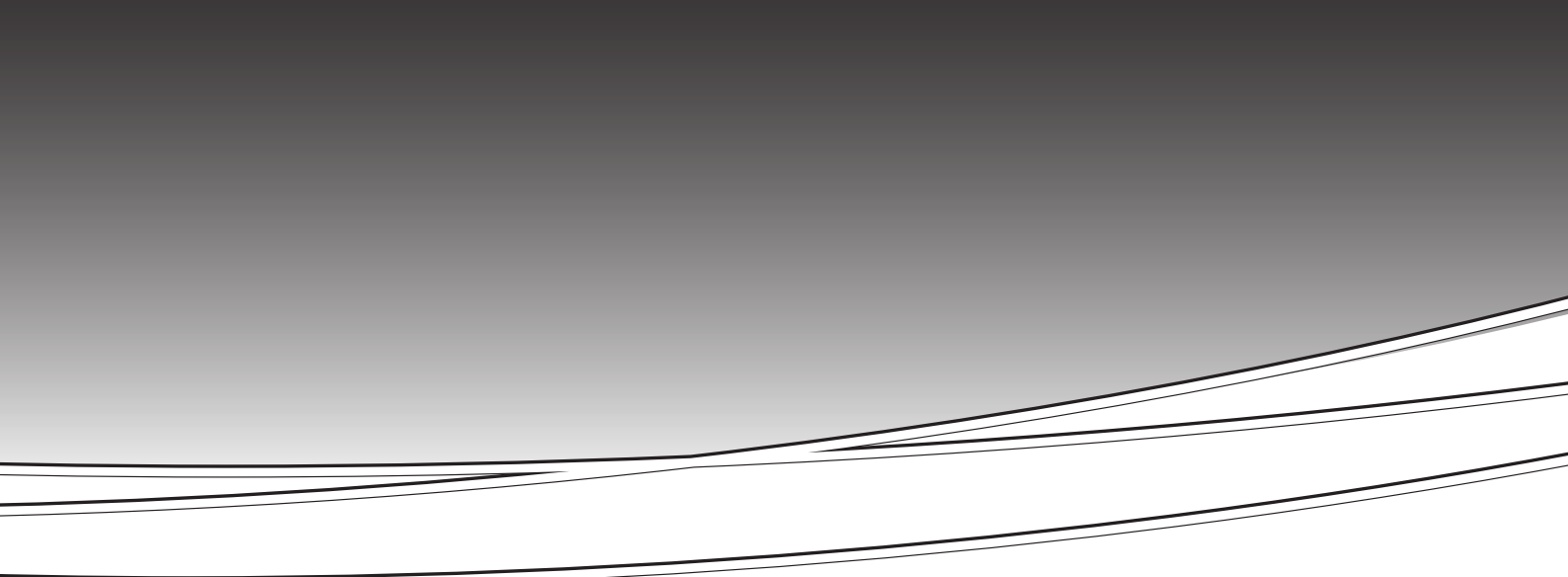
(END OF AUDITED FINANCIAL STATEMENTS)

Appendices

Appendix 1 – Complaints profile

Table 25: Government sectors that were the subject of matters received in 2012–13

Government sector	Section 10 complaints (s 10s)		Public interest disclosures (PIDs)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of PIDs	% of PIDs	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of all matters
Local government	409	45%	85	33%	166	22%	198	20%	858	29%
Transport, ports and waterways	49	5%	23	9%	160	21%	29	3%	261	9%
Custodial services	52	6%	22	8%	98	13%	24	2%	196	7%
Health	28	3%	26	10%	62	8%	25	3%	141	5%
Policing	40	4%	1	0%	7	1%	92	9%	140	5%
Community and human services	48	5%	12	5%	41	5%	35	4%	136	5%
Education (except universities)	29	3%	20	8%	60	8%	15	2%	124	4%
Law and justice	56	6%	3	1%	14	2%	49	5%	122	4%
Natural resources and environment	53	6%	12	5%	30	4%	22	2%	117	4%
Government and financial services	57	6%	11	4%	13	2%	33	3%	114	4%
Universities	29	3%	16	6%	28	4%	15	2%	88	3%



Energy	12	1%	3	1%	38	5%	7	1%	60	2%
Emergency services	14	2%	8	3%	8	1%	7	1%	37	1%
Aboriginal affairs and services	19	2%	6	2%	4	1%	5	1%	34	1%
Consumer and trade	17	2%	1	0%	4	1%	7	1%	29	1%
Land, property and planning	15	2%	4	2%	0	0%	5	1%	24	1%
Other – unspecified	1	0%	2	1%	3	0%	14	1%	20	1%
Arts and heritage	9	1%	2	1%	6	1%	1	0%	18	1%
Tourism, sport, recreation and gaming	8	1%	1	0%	3	0%	1	0%	13	0%
Employment and industrial relations	2	0%	0	0%	0	0%	0	0%	2	0%
Parliament	1	0%	0	0%	0	0%	1	0%	2	0%

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

Table 26: Workplace functions applicable to matters received in 2012–13

Workplace function	Section 10 complaints (s 10s)		Public interest disclosures (PIDs)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of PIDs	% of PIDs	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of all matters
Human resources and staff administration	129	14%	129	50%	354	47%	43	4%	655	22%
Reporting, investigation, sentencing and enforcement	216	24%	63	24%	121	16%	46	5%	446	15%
Development applications and land rezoning	243	27%	27	10%	37	5%	40	4%	347	12%
Procurement, disposal and partnerships	139	15%	32	12%	85	11%	24	2%	280	10%
Allocation of funds, materials and services	99	11%	20	8%	68	9%	38	4%	225	8%
Miscellaneous functions	72	8%	8	3%	26	3%	35	4%	141	5%
Issue of licences or qualifications	30	3%	6	2%	43	6%	12	1%	91	3%
Electoral and political activities	54	6%	9	3%	14	2%	13	1%	90	3%
Processing of electronic and cash payments	15	2%	2	1%	39	5%	5	1%	61	2%
Policy development and information processing	34	4%	4	2%	7	1%	7	1%	52	2%

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

Table 27: Types of corrupt conduct alleged in matters received in 2012–13

Corrupt conduct alleged	Section 10 complaints (s 10s)		Public interest disclosures (PIDs)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of PIDs	% of PIDs	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of all matters
Partiality	306	33%	105	40%	99	13%	49	5%	559	19%
Improper use of records or information	186	20%	48	18%	274	36%	35	4%	543	19%
Personal interests	160	17%	66	25%	121	16%	24	2%	371	13%
Improper use or acquisition of funds or resources	90	10%	35	13%	198	26%	18	2%	341	12%
Failure to perform required actions	143	16%	43	17%	85	11%	26	3%	297	10%
Bribery, secret commissions and gifts	113	12%	20	8%	85	11%	20	2%	238	8%
Intimidating or violent conduct	73	8%	38	15%	49	6%	21	2%	181	6%
Corrupt conduct related to investigations or proceedings	102	11%	34	13%	21	3%	23	2%	180	6%
Other corrupt conduct	104	11%	11	4%	44	6%	14	1%	173	6%

Note: percentages may not add to 100% because allegations may involve more than one type of corrupt conduct or allegations of corrupt conduct may not be made.

Appendix 2 – Statutory reporting

Table 28: Reports under s 76(2)(ba) of the ICAC Act

Section	Reporting requirement	Results
76(2)(ba)(i)	Time interval between the lodging of each complaint and the Commission deciding to investigate the complaint	See Table 29 for details
76(2)(ba)(ii)	Number of complaints where investigations were commenced but were not finalised in 2012–13	15
76(2)(ba)(iii)	Average time taken to deal with complaints	48 days
76(2)(ba)(iii)	Actual time taken to investigate any matter in which a report is made	See Table 30 for details
76(2)(ba)(iv)	Total number of compulsory examinations during 2012–13	257
76(2)(ba)(iv)	Total number of public inquiries conducted during 2012–13	6
76(2)(ba)(v)	Number of days spent during 2012–13 in conducting public inquiries	108
76(2)(ba)(vi)	Time interval between the completion of each public inquiry conducted during 2012–13 and the furnishing of a report on the matter	See Table 22 (Chapter 5) for details

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

In 2012–13, the Commission furnished information to the following law enforcement agencies:

- Australian Federal Police
- Australian Taxation Office
- NSW Crime Commission
- NSW Police Force
- Police Integrity Commission.

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

- affidavits, hearing transcripts, a computer server forensic image and various intelligence disseminations.

Table 29: Time interval between the 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)
12/09/2011	7/08/2012	330
26/10/2011	21/08/2012	300
5/06/2012	11/09/2012	98
5/06/2012	11/09/2012	98
5/07/2012	22/01/2013	201
9/07/2012	12/07/2012	3
11/07/2012	17/07/2012	6
6/08/2012	3/10/2012	58
7/08/2012	14/08/2012	7
9/08/2012	14/08/2012	5
13/08/2012	21/08/2012	8
10/09/2012	27/09/2012	17
12/09/2012	18/10/2012	36
17/09/2012	6/11/2012	50
28/09/2012	3/10/2012	5
28/09/2012	25/10/2012	27
10/10/2012	1/11/2012	22
26/10/2012	30/10/2012	4
30/10/2012	10/01/2013	72
31/10/2012	22/11/2012	22
12/11/2012	13/11/2012	1
13/11/2012	26/11/2012	13
23/11/2012	29/11/2012	6
14/12/2012	20/12/2012	6
30/01/2013	4/04/2013	64
5/02/2013	12/03/2013	35
5/02/2013	7/02/2013	2
18/02/2013	21/02/2013	3
20/02/2013	19/03/2013	27
22/02/2013	5/03/2013	11
18/03/2013	26/03/2013	8

Date matter received	Date decided to investigate	Time interval (days)
20/03/2013	20/03/2013	0
21/03/2013	26/03/2013	5
2/04/2013	18/04/2013	16
2/04/2013	9/04/2013	7
18/04/2013	30/04/2013	12
18/04/2013	30/04/2013	12
15/05/2013	31/05/2013	16
20/05/2013	13/06/2013	24

Note: The Commission may seek further information or conduct preliminary enquiries before deciding to commence an investigation.

Table 30: Actual time to investigate any matter in respect of which a report is made – s 76(2)(ba)(iii) of the ICAC Act

Date referred for investigation	Date investigation completed	Time taken to investigate (days)
25/10/2011	8/10/2012	349
28/02/2012	14/02/2013	352
3/04/2012	14/02/2013	317
17/04/2012	6/07/2012	80
1/05/2012	28/08/2012	119
10/05/2012	13/06/2013	399
14/06/2012	6/09/2012	84
19/06/2012	16/10/2012	119
22/06/2012	6/07/2012	14
31/07/2012	13/06/2013	317
21/08/2012	23/11/2012	94
28/08/2012	23/11/2012	87
25/09/2012	18/01/2013	115
3/10/2012	31/01/2013	120
1/11/2012	11/04/2013	161
11/12/2012	25/03/2013	104
31/01/2013	11/04/2013	70
4/04/2013	9/05/2013	35
9/05/2013	13/06/2013	35
9/05/2013	13/06/2013	35

Note: These figures relate only to matters reported under s 11 of the ICAC Act.

Appendix 3 – Outcomes of matters

Table 31: Key outcomes recorded in 2012–13

Key outcomes	Section 10 matters	Public interest disclosures	Section 11 matters	Other types of matters	Total
Number of persons subject to recommendations that advice of Director of Public Prosecutions be sought for prosecution	1	2	12	3	18
ICAC compulsory examinations	113	22	49	73	257
ICAC public inquiry	4	0	1	1	6
ICAC investigation	28	11	20	12	71
Corruption prevention recommendations made	3	5	27	3	38

Table 32: Other outcomes for matters closed during 2012–13

Other outcomes	Section 10 matters	Public interest disclosures	Section 11 matters	Other types of matters	Total
ICAC outcomes					
Intelligence or technical product passed to another agency	0	0	0	1	1
Matter referred to another law enforcement agency	0	0	5	1	6
Referral to another agency for information	52	13	10	9	84
Referral to the subject agency for information	107	37	6	4	154
Systemic issue identified by the Commission	6	7	6	2	21
No further action identified by the Commission	714	156	651	879	2,400
Agency outcomes					
Systemic issues identified by the agency	7	9	22	0	38
Systemic issues addressed by the agency	8	6	31	0	45
Disciplinary action taken by the agency – Counselling	0	4	53	0	57
Disciplinary action taken by the agency – Dismissal	1	0	22	0	23
Disciplinary action taken by the agency – Resignation	0	0	16	0	16
Disciplinary action taken by the agency – Other	0	0	31	0	31
Disciplinary action proposed by the agency	8	7	61	1	77
No action warranted by the agency	75	21	44	19	159

Appendix 4 – Prosecution and disciplinary action in 2012–13 arising from ICAC investigations

Table 33: Progress of prosecution matters in 2012–13

The date the investigation report was published is in brackets.

“Crimes Act” refers to the *Crimes Act 1900*, while “ICAC Act” refers to the *Independent Commission Against Corruption Act 1988*.

Investigation into schemes to fraudulently obtain building licences (Operation Ambrosia) (December 2005)

Name	Michael Megas
Offences recommended for Director of Public Prosecutions (DPP) consideration	Conspiracy to defraud, s 300(1) Crimes Act (making false instrument), s 307A Crimes Act (false or misleading applications) and s 87 ICAC Act (false evidence).
DPP advice	On 19 January 2012, DPP advised sufficient evidence to proceed with two s 178BA Crimes Act offences (obtain valuable thing by deception), one s 178BB Crimes Act offence (obtain valuable thing by false or misleading statement) and 12 s 300(1) offences.
Status	Unable to serve. Warrant to be issued.

Name	Louis Allem
Offences recommended for DPP consideration	Section 300(1) Crimes Act (making false instrument), s 178BA Crimes Act (obtain valuable thing by deception), s 307A Crimes Act (false or misleading applications) and s 87 ICAC Act (false evidence).
DPP advice	On 13 April 2012, DPP advised sufficient evidence to proceed with two s 178BA offences, one s 178BA offence and one s 87 offence.
Status	In court.

Name	Joseph Constantine
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 13 April 2012, DPP advised sufficient evidence to proceed with one s 87 offence.
Status	In court.

Name	Peter Kayrouz
Offences recommended for DPP consideration	Conspiracy to defraud, s 300(1) Crimes Act (making false instrument), s 300(2) Crimes Act (using false instrument), s 307A Crimes Act (false or misleading applications) and s 178BA Crimes Act (obtain valuable thing by deception).
DPP advice	On 13 August 2012, DPP advised sufficient evidence to proceed with one s 178BA offence and three s 300(1) offences.
Status	Sentenced 27 June 2013 to three-year good behaviour bond.

Name	Ian More
Offences recommended for DPP consideration	Conspiracy to defraud, s 300(1) Crimes Act (making false instrument), s 307A Crimes Act (false or misleading applications) and s 87 ICAC Act (false evidence).
DPP advice	On 17 September 2012, DPP advised sufficient evidence to proceed with five s 178BA Crimes Act offences (obtain valuable thing by deception) and six s 87 offences.
Status	In court

Name	Faouzi Aboulhosn
Offences recommended for DPP consideration	Conspiracy to defraud, s 300(1) Crimes Act (making false instrument), s 307A Crimes Act (false or misleading applications) and s 87 ICAC Act (false evidence).
DPP advice	On 18 December 2012, DPP advised sufficient evidence to proceed with 10 s 178BA Crimes Act offences (obtain valuable thing by deception) and one s 87 offence.
Status	In court.

Investigation into allegations of bribery relating to Wollongong City Council (Operation Berna) (December 2007)

Name	Lou Tasich
Offences recommended for DPP consideration	Common law offence of bribery, s 249B Crimes Act (corrupt reward), s 87 ICAC Act (false evidence) and s 86(1)(a) ICAC Act (failure to attend).
DPP advice	On 30 July 2009, DPP advised sufficient evidence to proceed with one s 249B offence and three s 87 offences.
Status	On 21 November 2011, found not guilty of s 249B offence. The trial for the s 87 offences ended with a hung jury on 26 June 2012. On 11 June 2013, found not guilty of the s 87 offences.

Investigation into bribery and fraud at RailCorp (Operation Monto) (August, September and November 2008)

Name	Renea Hughes
Offences recommended for DPP consideration	Section 249C Crimes Act (provide misleading document), s 178BB Crimes Act (obtain valuable thing by false or misleading statement), s 308C Crimes Act (unauthorised computer access) and the common law offence of misconduct in public office.
DPP advice	On 3 September 2010, DPP advised sufficient evidence to proceed with five s 178BA Crimes Act offences (obtain valuable thing by deception), eight s 178BB offences and one s 308C offence.
Status	Pleaded guilty to one s 178BA offence, eight s 178BB offences and one s 308C offence. On 24 February 2012, sentenced overall to 3.5 years full-time custody, with a non-parole period of 2.5 years. Appeal against the severity of sentence lodged. On 5 June 2013, Court of Criminal Appeal imposed an aggregate sentence of a non-parole period of two years with an additional term of one year and three months imprisonment.

Name	William Kuipers
Offences recommended for DPP consideration	In relation to dealings with Renea Hughes – aiding and abetting offences under s 249C Crimes Act (provide misleading document), s 178BB Crimes Act (obtain benefit by deception), s 308C Crimes Act (unauthorised computer access) and aiding and abetting the common law offence of misconduct in public office. In relation to dealings with Allan Walker – s 249B Crimes Act (corrupt reward), s 178BA Crimes Act (obtain valuable thing by deception) and s 87 ICAC Act (false evidence).
DPP advice	On 9 March 2011, DPP advised insufficient evidence to proceed with offences arising from dealings with Renea Hughes. On 1 February 2011, DPP advised sufficient evidence to prosecute for one s 87 offence arising from evidence concerning his dealings with Allan Walker.
Status	On 11 October 2012, sentenced to 12 months imprisonment, suspended on condition he enter into a good behaviour bond for 12 months.

Name	Michael Blackstock
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward), s 249C Crimes Act (provide misleading document), s 178BB Crimes Act (obtain benefit by deception), the common law offence of misconduct in public office and s 87 ICAC Act (give false evidence).
DPP advice	On 12 January 2011, DPP advised sufficient evidence to proceed with six s 178BB offences, three s 87 offences and the common law offence of misconduct in public office.
Status	Pleaded guilty to misconduct in public office, one s 87 offence and three s 178BB offences. On 24 February 2012, sentenced overall to 4.5 years full-time custody with a non-parole period of 3.5 years. Appeal against severity of sentence lodged.

Name	Guy Hetman
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward), s 178BA Crimes Act (obtain advantage by deception) and s 87 ICAC Act (give false evidence).
DPP advice	On 19 April 2012, DPP advised sufficient evidence to proceed with five s 87 offences.
Status	On 2 October 2012, received a suspended sentence of eight months imprisonment conditional upon entering into a good behaviour bond.

Name	Dominic Murdocca
Offences recommended for DPP consideration	Common law offence of conspiracy to defraud, s 249B Crimes Act (corrupt reward), s 178BB Crimes Act (obtain valuable thing by false or misleading statement), s 300 Crimes Act (use false instrument) and s 87 ICAC Act (give false evidence).
DPP advice	On 19 April 2012, DPP advised sufficient evidence to proceed with four s 87 offences.
Status	On 25 September 2012, placed on a 12-month good behaviour bond.

Name	George Laidlaw
Offences recommended for DPP consideration	Section 249C Crimes Act (use misleading document).
DPP advice	On 21 September 2012, DPP advised sufficient evidence to proceed with s 249C offences and two s 87 ICAC Act offences (false evidence).
Status	On 20 June 2013, pleaded guilty to 25 s 249C offences and two s 87 offences. Placed on suspended sentence and ordered to pay \$28,563.80 compensation.

Name	Carlo Araldi
Offences recommended for DPP consideration	Sections 300(1) and 300(2) Crimes Act (making and using false instrument) and s 87 ICAC Act (false evidence).
DPP advice	On 21 September 2012, DPP advised sufficient evidence to proceed with one s 87 offence.
Status	On 21 March 2013, placed on a 15-month good behaviour bond and fined \$800.

Name	Ivan Stanic
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt rewards), misconduct in public office and s 87 ICAC Act (false evidence).
DPP advice	Awaiting advice.
Status	Awaiting advice.

During the reporting period, the DPP advised that there was insufficient evidence to prosecute Brett Schliebs, Laze Kotevski, Christian Hansen, Joseph Hili, Nat Severino, Ljupce Petrovski, Ian Affleck, Scott Penny or John Skinner for any offences. The Commission accepted this advice in each case.

Investigation into corruption allegations affecting Wollongong City Council (Operation Atlas) (October 2008)

Name	Frank Vellar
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward) and s 80(c) ICAC Act (make false statement).
DPP advice	On 23 June 2010 and 28 September 2010, DPP advised sufficient evidence to prosecute for four s 80(c) offences and one s 88(3) ICAC Act offence (fabrication of a document).
Status	<p>On 17 August 2011, found guilty of three s 80(c) offences (the fourth offence was dismissed) and one s 88(3) offence.</p> <p>On 26 August 2011, placed on two-year good behaviour bond and fined \$3,000 in relation to the s 80(c) offences.</p> <p>On 21 October 2011, given a 10-month custodial sentence to be served as an Intensive Correctional Order in relation to the s 88(3) offence.</p> <p>On 12 September 2012, DPP advised there was insufficient admissible evidence to prosecute Mr Vellar for his conduct in dealing with Beth Morgan in relation to her assessment and the determination of the Quattro DA and provision of information to Mr Vellar.</p>

Name	Beth Morgan
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward), common law offence of misconduct in public office and s 80(c) ICAC Act (make false statement).
DPP advice	On 28 September 2010, DPP advised insufficient evidence to prosecute Ms Morgan for any offences relating to her dealings with Ray Younan, Gerald Carroll, Glen Tabak, Michael Kollaras or Frank Vellar (in relation to the receipt of gifts or benefits or her assessment of development applications for Lot 3 Phillips Avenue, West Wollongong or the Bather's Pavilion). On 20 May 2011, DPP advised no s 80(c) charges available.
Status	On 12 September 2012, DPP advised there was insufficient admissible evidence to prosecute Ms Morgan in relation to her assessment and the determination of the Quattro DA and providing information to Mr Vellar.

Investigation into tendering and payments in relation to NSW Fire Brigades capital works projects (Operation Mirna) (December 2008)

Name	Christian Sanhueza
Offences recommended for DPP consideration	Sections 300(1) and 300(2) Crimes Act (make and use false instruments), s 178BA Crimes Act (obtain valuable thing by deception), s 249B Crimes Act (corrupt reward), s 249C Crimes Act (misleading statement with intent to defraud) and s 87 ICAC Act (give false evidence).
DPP advice	On 10 July 2012, DPP advised sufficient admissible evidence to prosecute for 130 s 249C offences, two s 300(1) offences, one s 249B offence and two s 87 offences.
Status	In court.

Name	Clive Taylor
Offences recommended for DPP consideration	Sections 300(1) and 300(2) Crimes Act (make and use false instruments), s 178BA Crimes Act (obtain valuable thing by deception), s 249B Crimes Act (corrupt reward) and s 249C Crimes Act (misleading statement with intent to defraud).
DPP advice	On 10 July 2012, DPP advised sufficient admissible evidence to prosecute for 130 s 249C offences, one s 249B offence and one s 178BA offence.
Status	Warrant for arrest issued.

Name	Anne-Marie Taylor
Offences recommended for DPP consideration	Section 315 Crimes Act (hinder investigation).
DPP advice	On 10 July 2012, DPP advised sufficient evidence to prosecute for s 315 offence.
Status	Warrant for arrest issued.

Name	Patricia Xuereb
Offences recommended for DPP consideration	Common law offence of misconduct in public office, s 87 ICAC Act (give false evidence) and s 112 ICAC Act (contravene non-publication order).
DPP advice	On 10 July 2012, DPP advised sufficient evidence to prosecute for three s 87 offences, one s 138 Crimes Act offence (stealing records) and two s 300(1) Crimes Act offences (make false instrument).
Status	On 2 May 2013, sentenced to a total of 12 months imprisonment with a 7.5-month non-parole period. Sentence is to be served by home detention, commencing on 2 May 2013.

Name	Rasem Guirgis
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward).
DPP advice	On 10 July 2012, DPP advised sufficient evidence to prosecute for one s 249B offence.
Status	In court.

Investigation into corrupt conduct associated with tendering for TransGrid (Operation Tambo) (September 2009)

Name	Domenic Murdocca
Offences recommended for DPP consideration	Common law offence of misconduct in public office, s 249B Crimes Act (corrupt reward) and s 87 ICAC Act (false evidence).
DPP advice	Insufficient evidence to commence prosecution.
Status	Finalised.

Investigation into the misuse of Sydney Ferries corporate credit cards (Operation Argyle) (November 2009)

Name	Geoffrey Smith
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 5 October 2011, DPP advised sufficient evidence to proceed with a s 176A Crimes Act offence (director defrauding a body corporate), one offence of misconduct in public office and one offence under Clause 11(2)(a) of Schedule 10, Part 1 of the <i>State Owned Corporations Act 1989</i> (knowingly making a false statement to a voting shareholder contrary).
Status	In court.

Report on corruption in the provision and certification of security industry training (Operation Columba) (December 2009)

Name	Ahmed Moosani
Offences recommended for DPP consideration	Section 178BB Crimes Act (obtain valuable thing by false or misleading statement), s 88 ICAC Act (destruction of document) and s 33 <i>Security Industry Act 1997</i> (make false representation).
DPP advice	On 19 January 2012, DPP advised sufficient evidence to proceed with two s 178BB offences and two s 300 Crimes Act offences (make false instrument).
Status	On 6 July 2012, sentenced to 300 hours of community service and a nine-month suspended sentence.

Name	Tiberiu Brandusoiu
Offences recommended for DPP consideration	Section 178BB Crimes Act (obtain valuable thing by false or misleading statement), s 87 ICAC Act (false evidence) and s 33 <i>Security Industry Act 1997</i> (make false representation).
DPP advice	On 19 January 2012, DPP advised sufficient evidence to proceed with one s 178BB offence and two offences under s 300 Crimes Act (make false instrument).
Status	On 2 April 2013, sentenced to a three-year good behaviour bond for s 178BB offence. Acquitted of other offences.

Name	Ali Merchant
Offences recommended for DPP consideration	Section 178BB Crimes Act (obtain valuable thing by false or misleading statement), s 88 ICAC Act (destruction of document) and s 33 <i>Security Industry Act 1997</i> (make false representation).
DPP advice	On 19 January 2012, DPP advised sufficient evidence to proceed with three s 178BB offences and 10 offences under s 300 Crimes Act (make false instrument).
Status	On 6 July 2012, sentenced to 450 hours of community service and a nine-month suspended sentence.

Name	Dru Hyland
Offences recommended for DPP consideration	Section 178BB Crimes Act (obtain valuable thing by false or misleading statement), s 33 <i>Security Industry Act 1997</i> (make false representation) and cl 15(2) Security Industry Regulation (false qualification certificates).
DPP advice	On 19 January 2012, DPP advised sufficient evidence to proceed with eight s 178BB offences.
Status	On 25 September 2012, sentenced to 150 hours of community service. Given a nine-month suspended sentence on condition he enter into a good behaviour bond.

Investigation into corrupt conduct affecting the administration of justice in the Wagga Wagga and other local court areas (Operation Segomo) (March 2010)

Note: briefs of evidence in this matter were provided to the DPP in September 2010.

The DPP forwarded the briefs to the Crown Solicitor's office for consideration.

Name	John Hart
Offences recommended for DPP consideration	Section 179 Crimes Act (false pretences) and s 319 Crimes Act (pervert the course of justice).
DPP advice	On 14 September 2012, received advice that Crown Solicitor recommended Mr Hart be prosecuted for one s 179 offence and one s 319 offence.
Status	On 30 May 2013, Mr Hart pleaded not guilty. Set down for trial.

Name	Anthony Paul
Offences recommended for DPP consideration	Section 319 Crimes Act (pervert the course of justice).
DPP advice	On 14 September 2012, received advice that Crown Solicitor recommended Mr Paul be prosecuted for one s 319 offence.
Status	On 10 May 2013, Mr Paul pleaded guilty. For sentence.

Name	Jason Kelly
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward) and s 319 Crimes Act (pervert the course of justice).
DPP advice	On 14 September 2012, received advice that Crown Solicitor recommended Mr Kelly be prosecuted for one s 249B offence.
Status	On 20 May 2013, prosecution dismissed by Local Court on basis of no prima facie case. Costs were awarded to Mr Kelly.

Name	Christopher Trinder
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward) and s 319 Crimes Act (pervert the course of justice).
DPP advice	Awaiting final advice from Crown Solicitor.
Status	Awaiting final advice.

Name	Jeffrey Nankivell
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward) and s 319 Crimes Act (pervert the course of justice).
DPP advice	On 5 October 2012, the Crown Solicitor advised insufficient admissible evidence to prosecute.
Status	Finalised.

Investigation into the false claims for sitting day relief payments by a NSW MP and members of her electorate staff (Operation Corinth) (July 2010)

Name	Karyn Paluzzano
Offences recommended for DPP consideration	The common law offence of misconduct in public office, s 178BA Crimes Act (obtain valuable thing by deception) and s 87 ICAC Act (give false evidence).
DPP advice	On 21 September 2011, DPP advised sufficient evidence to proceed with an offence of misconduct in public office, two s 178BB offences and two s 87 offences.
Status	On 7 June 2012, pleaded guilty to three s 178BB offences and one s 87 offence. On 6 September 2012, sentenced to 18 months imprisonment. Order made that sentence be served by way of home detention. Ms Paluzzano appealed. On 15 February 2013, appeal upheld. Sentenced to 14 months imprisonment suspended on condition she enter into a good behaviour bond.

Investigation into the misuse of resources by a NSW Maritime legal services officer (Operation Vargas) (September 2010)

Name	Tonette Kelly
Offences recommended for DPP consideration	Common law offence of misconduct in public office, s 300 Crimes Act (make or use false instrument) and s 93 ICAC Act (injury to person assisting ICAC).
DPP advice	On 12 June 2012, DPP advised sufficient evidence to proceed with two offences under s 87 ICAC Act (false evidence).
Status	On 1 May 2013, found guilty of both offences. Sentenced to 12 months imprisonment to be served by home detention. An appeal against the convictions and sentence has been lodged in the District Court.

Investigation into the submission of false claims for sitting day relief entitlement by Angela D'Amore MP and some of her staff (Operation Syracuse) (December 2010)

Name	Angela D'Amore
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	DPP advised insufficient admissible evidence to prosecute.
Status	Finalised.

Investigation into acceptance of corrupt benefits by a City of Canada Bay Council employee (Operation Challenger) (December 2010)

Name	Peter Higgs
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward), s 80(c) ICAC Act (mislead ICAC officer), s 87 ICAC Act (false evidence) and s 88 ICAC Act (fabrication of document).
DPP advice	On 18 July 2011, DPP advised sufficient evidence to proceed with one s 80(c) offence and five s 87 offences. On 6 December 2011, DPP advised sufficient evidence to proceed with a further four s 87 offences.
Status	On 14 November 2012, Mr Higgs pleaded guilty to four s 87 offences. Placed on a two-year good behaviour bond. A 400-hour community service order was also imposed.

Investigation into corrupt conduct of Sydney Water employees and others (Operation Siren) (March 2011)

Name	Robert Funovski
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward) and s 87 ICAC Act (false evidence).
DPP advice	On 23 May 2012, DPP advised sufficient evidence to proceed with two s 249B offences and one s 87 offence.
Status	On 25 June 2012, pleaded guilty to one s 249B offence and one s 87 offence. Sentenced to six months imprisonment for s 249B offence, suspended upon entering a good behaviour bond. Placed on a five-year good behaviour bond for the s 87 offence.

Name	Kenneth Buckley
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward).
DPP advice	On 3 September 2012, DPP advised no charges should be laid due to Mr Buckley's poor health.
Status	Finalised.

Name	Bryan Kane
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward).
DPP advice	DPP advised insufficient admissible evidence to prosecute.
Status	Finalised.

Name	Edward Harvey
Offences recommended for DPP consideration	Section 178BA Crimes Act (obtain valuable thing by deception) and misconduct in public office.
DPP advice	DPP advised insufficient admissible evidence to prosecute.
Status	Finalised.

Name	Paul Makucha
Offences recommended for DPP consideration	Section 178BA Crimes Act (obtain valuable thing by deception).
DPP advice	DPP advised insufficient admissible evidence to prosecute.
Status	Finalised.

Investigation into alleged corrupt conduct involving Burwood Council's general manager and others (Operation Magnus) (April 2011)

Name	Pasquale (Pat) Romano
Offences recommended for DPP consideration	Section 249C Crimes Act (provide false document), s 178BB Crimes Act (obtain valuable thing by false or misleading statement), common law offence of misconduct in public office, s 20 <i>Protected Disclosures Act 1994</i> (taking detrimental action), s 93 ICAC Act (causing disadvantage to persons assisting the ICAC) and s 87 ICAC Act (give false evidence).
DPP advice	In April 2011, DPP advised insufficient evidence to prosecute Mr Romano for any offence under s 20 <i>Protected Disclosures Act 1994</i> . On 15 August 2012, the DPP advised sufficient evidence to prosecute for four misconduct in public office offences, six s 178BA offences, one s 249C offence, and 23 s 87 offences.
Status	In court.

Investigation into the corrupt conduct of a Willoughby City Council officer (Operation Churchill) (June 2011)

Name	Edward Karkowski
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward), s 192E Crimes Act (fraud) and the common law offence of misconduct in public office.
DPP advice	On 11 January 2012, DPP advised sufficient evidence to proceed with five s 249B offences and two s 192E offences.
Status	On 26 June 2012, pleaded guilty to four s 249B offences and two s 192E offences. On 26 July 2012, sentenced to six months imprisonment for s 249B(1) offences. Assessed as suitable to serve sentence by way of home detention. Placed on a two-year good behaviour bond in relation to s 192E offences.

Investigation into corrupt conduct involving alleged fraud on two Sydney hospitals (Operation Charity) (August 2011)

Name	Sandra Lazarus
Offences recommended for DPP consideration	Section 178BB Crimes Act (obtain valuable thing by false or misleading statement) and s 300(1) Crimes Act (make false instrument).
DPP advice	On 22 February 2013, DPP advised sufficient evidence to proceed with 16 s 178BB offences and 42 s 300(1) offences.
Status	In court.

Name	Michelle Lazarus
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 22 February 2013, DPP advised sufficient evidence to proceed with seven s 87 offences.
Status	In court.

Investigation into the unauthorised purchase of property at Currawong by the Chief Executive of the Land and Property Management Authority (Operation Napier) (December 2011)

Name	Anthony Kelly
Offences recommended for DPP consideration	Section 253 Crimes Act (make false document), s 254 Crimes Act (use false document) and misconduct in public office.
DPP advice	In May 2013, DPP advised insufficient evidence to support criminal charges.
Status	Finalised.

Name	Warwick Watkins
Offences recommended for DPP consideration	Section 254 Crimes Act (use false document), s 80(c) ICAC Act (mislead ICAC), and s 112 ICAC Act (breach non-publication order).
DPP advice	On 29 April 2013, DPP advised sufficient evidence to proceed with two s 254 Crimes Act offences and two s 80(c) ICAC Act offences.
Status	In court.

Name	Robert Costello
Offences recommended for DPP consideration	Section 254 Crimes Act (use false document).
DPP advice	On 1 May 2013, DPP advised insufficient admissible evidence to prosecute.
Status	Finalised.

Investigation into the undisclosed conflict of interest of a senior executive of the Sydney Harbour Foreshore Authority (Operation Vesta) (December 2011)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of Andrew Kelly for an offence of misconduct in public office and Charif Kazal for an offence under s 87 of the ICAC Act of giving false evidence. On 20 February 2013, the DPP advised that on the available evidence it could not be said there is a reasonable prospect of conviction. As a result of this advice, no prosecutions have been commenced.

Investigation into alleged fraud on the former NSW Department of Education and Training (Operation Barcoo) (January 2012)

Name	David Johnson
Offences recommended for DPP consideration	Section 178BB Crimes Act (obtain money by false statement).
DPP advice	On 24 October 2012, DPP advised sufficient admissible evidence to prosecute for 10 s 178BA offences and four s 178BB offences.
Status	In court.

Investigation into the payment of \$4,500 to a councillor of Auburn City Council (Operation Barrow) (June 2012)

Name	Jack Au
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt reward).
DPP advice	On 13 May 2013, DPP advised sufficient admissible evidence to prosecute for one s 249B offence.
Status	In court.

Investigation into the conduct of a University of New England (UNE) procurement officer and UNE contractors (Operation Crusader) (August 2012)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of two named individuals. Briefs of evidence were provided to the DPP on 3 October 2012. The Commission is awaiting advice from the DPP.

Investigation into the conduct of officers of the Wagonga Local Aboriginal Land Council and others (Operation Petrie) (September 2012)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of four named individuals, including Ron Medich. Briefs of evidence were sent to the DPP on 16 January 2013. The DPP is awaiting the outcome of committal proceedings for another matter involving Mr Medich before finalising its assessment of the evidence.

Investigation into the recruitment of contractors and other staff by a University of Sydney IT manager (Operation Citrus) (October 2012)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of two named individuals. Briefs of evidence were provided to the DPP on 28 November 2012. The Commission is awaiting advice from the DPP.

Investigation into allegations that staff from a number of local councils and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers (Operation Jarek) (October 2012)

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of nine named individuals. Briefs of evidence were provided to the DPP on 5 July 2013. The Commission is awaiting advice from the DPP.

Investigation into the smuggling of contraband into the Metropolitan Special Programs Centre of the Long Bay Correctional Complex (Operation Drake) (January 2013)

A recommendation was made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of one named individual. A brief of evidence was provided to the DPP on 8 May 2013. The Commission is awaiting advice from the DPP.

Investigation into allegations that a manager at the University of Technology, Sydney (UTS) solicited and accepted money, gifts and other benefits from UTS contractors (Operation Stark) (March 2013)

A recommendation was made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of one named individual. A brief of evidence was provided to the DPP on 27 March 2013. The Commission is awaiting advice from the DPP.

Table 34: Progress of disciplinary matters in 2012–13

Investigation into corrupt conduct affecting the administration of justice in the Wagga Wagga and other local court areas (Operation Segomo) (March 2010)

Name	Anthony Paul
ICAC recommendation	Consideration should be given to taking of disciplinary action under the <i>Legal Profession Act 2004</i> for unsatisfactory professional conduct or professional misconduct.
Status	<p>Disciplinary proceedings commenced by the Law Society of NSW and dealt with by the Administrative Decisions Tribunal.</p> <p>On 4 December 2012, the Tribunal found Mr Paul guilty of professional misconduct in relation to allegations that he:</p> <ul style="list-style-type: none"> ■ appropriated for his own use the proceeds of cheques drawn on the account of his firm, Creagh Lisle, and payable to John Hart, barrister ■ concealed from the partners of Creagh Lisle his conduct in the above ■ misled the Court ■ forged the signature of John Hart on a trust cheque ■ misappropriated client funds ■ failed to deal with client funds in accordance with the trust accounting provisions. <p>It was ordered, by consent, that Mr Paul's name be removed from the Roll and that he pay the Law Society's costs.</p>

Investigation into the misuse of resources by a NSW Maritime legal services officer (Operation Vargas) (September 2010)

Name	Tonette Kelly
ICAC recommendation	Consideration be given to taking action with a view to dismissal on ground of misconduct and referral of her conduct in relation to the preparation of a false reference to the Legal Services Commissioner.
Status	Dismissed on 14 October 2010. Practising certificate suspended 16 September 2010. The Legal Services Commission has commenced proceedings in the Administrative Decisions Tribunal.

Investigation into allegations that staff from a number of local councils and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers (Operation Jarek) (October 2012)

Name	Phillip Burnie
ICAC recommendation	Consideration should be given by the Roads and Traffic Authority (now Roads and Maritime Services) to the taking of disciplinary action in relation to his conduct in accepting gifts from a supplier.
Status	Mr Burnie resigned.

Name	Edwin Martin
ICAC recommendation	Consideration should be given by the Council of the City of Sydney to the taking of disciplinary action in relation to his conduct in accepting gifts from a supplier.
Status	Following disciplinary action, Mr Martin was demoted. He subsequently resigned from the council.

Name	Robert Nies
ICAC recommendation	Consideration should be given by the Council of the City of Sydney to the taking of disciplinary action in relation to his conduct in accepting gifts from a supplier.
Status	Mr Nies resigned after disciplinary action was commenced.

Investigation into the smuggling of contraband into the Metropolitan Special Programs Centre of the Long Bay Correctional Complex (Operation Drake) (January 2013)

Name	Karaha Pene Te-Hira
ICAC recommendation	Consideration be given by Corrective Services NSW to the taking of disciplinary action with a view to dismissal.
Status	Mr Te-Hira resigned.

Appendix 5 – Implementation of corruption prevention recommendations

After an investigation report is made public, the Corruption Prevention Division monitors the implementation of corruption prevention recommendations in accordance with s 111E(2) of the ICAC Act.

As a matter of practice, the division also liaises with agencies during the implementation period, as appropriate. Alternative but equally effective ways of implementing corruption prevention recommendations may be developed.

Tables 35 and 36 show the progress made by agencies during the 2012–13 reporting period in implementing corruption prevention recommendations made by the Commission.

Table 35: Progress reports received in 2012–13

Public inquiry	Agency	Number of recommendations	Date progress report received	Not implemented	Not agreed	Partially implemented	Implemented in alternative way	Implemented as described in report	% partially implemented	% fully implemented
Barcoo	Department of Education and Communities	7	April 2013	0	0	0	0	7	0%	100%
Carina	Department of Finance and Services	11	Dec 2012	0	0	4	2	5	36%	64%
Charity	Ministry of Health	7	Oct 2012	0	0	3	0	4	43%	57%
Churchill	Department of Planning and Infrastructure	1	Nov 2012	0	0	0	0	1	0%	100%
	Willoughby City Council	6	Nov 2012	0	0	0	0	6	0%	100%
Columba*	NSW Police Force	10	Jan 2013	3	0	4	0	3	40%	30%
Magnus	Division of Local Government	13	April 2013	4	0	0	6	3	46%	23%
	Burwood Council	18	Sept 2012	0	0	1	5	12	6%	94%
Vesta	Sydney Harbour Foreshore Authority	4	May 2013	0	0	0	0	4	0%	100%
Total		77		7	0	12	13	45	16%	75%

* A progress report was received in 2011–12 and a further progress report was received in 2012–13. It was indicated in the latter report that final implementation of the recommendations is dependent on legislative change. The Commission has requested that a final report be provided in 2013–14.

Table 36: Final reports received in 2012–13

Public inquiry	Agency	Number of recommendations	Date final report received	Not implemented	Not agreed	Partially implemented	Implemented in alternative way	Implemented as described in report	% partially implemented	% fully implemented
Avoca	Cobar Shire Council	4	Aug 2012	0	0	0	1	3	0%	100%
	Coonamble Shire Council	4	March 2013	0	0	0	0	4	0%	100%
Challenger	City of Canada Bay Council	5	Feb 2012	0	0	0	2	3	0%	100%
Centurion	Strathfield Council	5	Sept 2012	0	0	0	0	5	0%	100%
Corinth	NSW Parliament	2	June 2013	0	0	0	2	0	0%	100%
Siren	Sydney Water Corporation	18	April 2013	0	0	0	0	18	0%	100%
Total		38		0	0	0	5	33	0%	100%

Appendix 6: 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 2009 sets out what must be included in the report. This appendix contains the information required to be reported on 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 be made available in the public interest and that can be made publicly available without imposing unreasonable additional costs on the agency. During the reporting period, the Commission conducted one such review. The Commission also reviewed and updated its information guide.

The Commission received no valid access applications during the reporting period.

Tables 37–44 provide statistical information about access applications – clause 7(d) and Schedule 2.

Table 37: 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 38.

Table 38: 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

* A "personal information application" is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA Act) about the applicant (the applicant being an individual).

Table 39: 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)	2
Application contravenes restraint order (s 110 of the GIPA Act)	0
Total number of invalid applications received	2
Invalid applications that subsequently became valid applications	0

Table 40: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the GIPA Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table 41.

Table 41: 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 42: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

Table 43: Number of applications reviewed under Part 5 of the GIPA Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under s 93 of the GIPA Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table 44: Applications for review under Part 5 of the GIPA Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see s 54 of the GIPA Act)	0

Appendix 7 – Chief executive officer and executive officers

On 14 November 2009, the Governor of NSW appointed the Hon David Ipp AO QC ICAC Commissioner for a five-year term.

Mr Ipp's conditions of employment are outlined in his instrument of appointment, and his salary is paid in line with the determination provided by the Statutory and Other Officers Remuneration Tribunal (SOORT) for puisne judges.

The Commissioner's salary is calculated at 160% of the remuneration of a NSW Supreme Court puisne judge. The total annual remuneration package for Mr Ipp is currently \$644,496. No fringe benefits were paid for the relevant reporting period. In its annual determination, SOORT awarded a 2.5% increase, effective from 1 October 2012.

Theresa Hamilton is the Deputy Commissioner of the ICAC and her term of appointment will expire in January 2016. The remuneration package of the Deputy Commissioner's position is equivalent to a Level 5 Senior Executive Service (SES) officer. Ms Hamilton's current total remuneration package is \$292,450.

Performance of Deputy Commissioner

Under annual reporting legislation, the Commission is required to report on the performance of any SES officers at Level 5 or above. In 2012–13, Ms Hamilton, Deputy Commissioner, was the only ICAC senior officer in this category. Ms Hamilton commenced her appointment as Deputy Commissioner in January 2007.

In 2012–13, the Commissioner assessed Ms Hamilton's overall performance as outstanding. She has successfully met the criteria contained in her performance agreement, including the provision of high-quality and timely operational and strategic advice.

Ms Hamilton acts as the Commission's main point of liaison with its external oversight bodies, namely the Inspector of the ICAC's office and the Parliamentary Committee on the ICAC. She also liaises at a senior level with the Office of the DPP about the progress of prosecutions arising from Commission investigations, and with CEOs and other SES officers in various government departments and agencies.

As the Commissioner's delegate, she approves the use of the Commission's compulsory powers, and presides at the Commission's compulsory examinations and public inquiries, as required by the Commissioner.

Ms Hamilton directly supervises the manager, assessments and the manager, communications and media. Ms Hamilton also supports the Commissioner by undertaking a direct supervisory role in respect of the Commission's executive directors responsible for investigations, corruption prevention, legal services and corporate services.

Executive management

In 2012–13, the Commission's Executive Management Team consisted of:

- David Ipp AO QC, Commissioner, BCom LLB (Stellenbosch University)
- Theresa Hamilton, Deputy Commissioner, LLB (University of Queensland)
- Andrew Koureas, Executive Director, Corporate Services, BCom, MCom (University of NSW), LLB (University of Technology, Sydney), FCPA
- Sharon Loder, Executive Director, Investigations, LLB (Queensland University of Technology), BBus (HRM) (Queensland University of Technology), LLM (University of Queensland)
- Dr Robert Waldersee, Executive Director, Corruption Prevention, BA (University of Sydney), MA (University of Sydney), MA (University of Nebraska), PhD Management (University of Nebraska)
- Roy Waldon, Executive Director, Legal and Solicitor to the Commission, LLB Hons (University of Tasmania).

Table 45: Total number of executive staff in 2012–13 compared to previous years

Level	2012–13	2011–12	2010–11	2009–10
Commissioner	1	1	1	1
Level 5*	1	1	1	1
Level 3*	1	1	1	1
Level 2*	3	3	3	2
Level 1*	–	–	–	1
Total	6	6	6	6

* Commission executive staff employed at the equivalent of this SES level.

Table 46: Number of female executive staff at 30 June 2013 compared to previous years

Year	Number
2012–13	2
2011–12	2
2010–11	1
2009–10	1

Appendix 8 – Access and equity

The Commission strives to implement equity and diversity strategies to achieve a diverse and high-performing workforce and a workplace culture where people are considered equally without prejudice or favour. This includes improved employment access and participation by disadvantaged groups. The Commission's Equal Employment Opportunity (EEO) Management Plan is prepared in accordance with Part 9A of the *Anti-Discrimination Act 1977*, under s 122J.

The Commission has an established Access and Equity Committee with a structured terms of reference. The committee has responsibility for monitoring the Commission's various plans and policies relating to EEO.

To increase staff awareness of the activities of the committee, minutes from Access and Equity Committee meetings are posted on the intranet, and made accessible to all staff.

Members of the Access and Equity Committee in 2012–13 were:

- Chris Bentley, Investigation Division
- Heidrun Blackwood, Assessments Section
- Stephanie Coorey, Assessments Section
- Cindy Fong, Corporate Services Division
- John Hoitink, Investigation Division
- Andrew Koureas, Corporate Services Division
- Jay Lawrence, Legal Division
- Catherine O'Brien, Corporate Services Division
- Michele Smith, Executive Unit
- Sandra Walker, Corruption Prevention Division
- Cathy Walsh, Corporate Services Division.

In 2012–13, the following outcomes were achieved in accordance with the Commission's EEO Management Plan:

- provision of EEO, harassment and bullying prevention training to staff by the Anti-Discrimination Board
- engagement of registered training organisations to provide training to staff to assist in career development (for example, investigative interviewing skills and skilled minute taking)
- review and update of the Recruitment and Selection Policy

- review and update of the Employee Assistance Program (EAP) Policy
- advertising of all external job vacancies on the Indigenous Jobs Australia website to attract applicants of Aboriginal and Torres Strait Islander backgrounds
- continuation of the Community Language Allowance Scheme (CLAS) payment to staff with community language skills
- support for requests from staff to engage in flexible work arrangements in order to balance family and work responsibilities
- availability of Family and Community Service Leave and Carer's Leave for staff to address family responsibilities
- sponsorship of several female employees to attend International Women's Day 2013 activities
- attendance at relevant network presentations (for example, the NSW Carers Act presentation provided by Ageing, Disability and Home Care).

The following strategies have been identified for 2013–14:

- implementation of new EEO Management, Disability Action and Multicultural Policies and Services Program plans
- provision of refresher merit selection training to identified staff
- provision of EEO, harassment and bullying prevention training to identified staff by the Anti-Discrimination Board
- conducting of a new survey of the Commission's EEO and Workforce Profile Data Collection form to address possible work-related adjustments required by staff
- promotion of CLAS
- advertising of external job vacancies on the Indigenous Jobs Australia website
- identification of disability networks to assist in promoting external job vacancies
- review and update of the dedicated EEO site on the intranet
- renewal of the EAP contract
- review and update of the Commission's Applicant Information Package to address equity and disability issues
- provision of disability awareness training to identified staff.

Table 47: Staff numbers by employment basis in 2012–13

	Total staff	Respondents	Men	Women	Aboriginal & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
Permanent full-time	107	105	55	52	1	29	23	9	0
Permanent part-time	12	12	1	11	0	6	4	3	0
Temporary full-time	15	15	9	6	0	2	1	1	0
Temporary part-time	0	0	0	0	0	0	0	0	0
Contract – SES equivalent	6	6	4	2	0	1	1	0	0
Contract – non-SES equivalent	0	0	0	0	0	1	0	0	0
Training positions	0	0	0	0	0	0	0	0	0
Retained staff	0	0	0	0	0	0	0	0	0
Casual	1	1	0	1	0	0	0	0	0
Total	141	139	69	72	1	39	29	13	0

Table 48: Employment basis for 2012–13, compared to previous years

Employment basis		2012–13	2011–12	2010–11	2009–10	2008–09
Permanent	Full-time	107	108	110	101	91
	Part-time	12	14	12	11	14
Temporary	Full-time	15	14	15	11	7
	Part-time	0	0	4	4	1
Contract	SES equivalent	6	6	6	6	6
	Non-SES equivalent	0	0	0	0	0
	Trainee	0	0	0	0	0
Total		140	142	147	133	119

Note: One casual staff position is not included in this table for 2012–13.

Table 49: Average full-time equivalent (FTE) staffing in 2012–13, compared to previous years

	2012–13	2011–12	2010–11	2009–10
Average FTE staffing	123.8	124.8*	117.1	117.6

* This figure was incorrectly recorded as 120.3 in the previous annual report.

Appendix 9 – Work health and safety

The Commission has a strong commitment to health and safety for its staff and those people on Commission premises. Work health and safety (WHS) principles continue to be incorporated into all facets of business planning and operational activities.

In 2012–13, the Commission undertook a number of WHS activities that were identified in the WHS Project Plan, which was developed to address new legislation. Major activities included the review and update of the following:

- WHS Policy
- WHS Portal
- WHS information sites on the intranet
- Injury Management and Workers' Compensation Policy
- Health and Safety Committee's Charter.

In addition to the WHS activities above, the following initiatives were implemented by the Commission in 2012–13:

- distribution of a revised code of conduct booklet to staff
- administration of a flu vaccine by health professionals to interested staff
- engagement of an accredited occupational therapist to undertake ergonomic workplace assessments
- electrical testing and tagging of relevant equipment
- appointment of three new first aid officers
- relevant articles in the staff newsletter
- provision of training to identified staff in relation to:
 - revised WHS Portal
 - fire awareness

- measuring and evaluating WHS performance
- grievance support officer skills
- operational safety and defensive tactics
- WHS law for staff deemed “officers”.

Table 50: WHS incidents, injuries and claims in 2012–13

Body stress	2
Journey to/from work	1
Fall, trip, slip	2
Other non-specified	2
Total	7
Member of the public (other non-specified)	1
Number of workers compensation claims (provisional liability)	Nil*

* There has been a decrease in the number of workers compensation claims from three in 2011–12 to nil in 2012–13.

Appendix 10 – Engagement and use of consultants

Table 51: Engagement and use of consultants

Consultancies equal to or more than \$50,000	
Nil	
Consultancies less than \$50,000	
Information technology	\$47,250

Appendix 11 – Payment performance indicators

Table 52: Aged analysis at end of each quarter in 2012–13

Quarter	Current (i.e.) within due date \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 60 and 90 days overdue \$'000	More than 90 days overdue \$'000
All suppliers					
September	3,290	40	–	–	–
December	3,748	62	–	–	–
March	2,316	10	–	–	–
June	3,106	50	–	–	–
Small business suppliers					
September	83	–	–	–	–
December	67	–	–	–	–
March	32	–	–	–	–
June	84	–	–	–	–

Table 53: Accounts due or paid within each quarter

Measure	September 2012	December 2012	March 2013	June 2013
All suppliers				
Number of accounts due for payment	981	1,031	844	914
Number of accounts paid on time	973	1,021	839	913
Actual percentage of accounts due for payment	99.2%	99%	99.4%	99.9%
Dollar amount of accounts due for payment	3,330,035	3,809,839	2,326,118	3,105,729
Dollar amount of accounts paid on time	3,290,363	3,747,917	2,316,014	3,056,010
Actual percentage of accounts paid on time (based on \$)	98.8%	98.4%	99.6%	98.4%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–
Small business suppliers				
Number of accounts due for payment	76	77	24	52
Number of accounts paid on time	76	77	24	52
Actual percentage of accounts due for payment	100%	100%	100%	100%
Dollar amount of accounts due for payment	82,535	67,183	31,582	84,058
Dollar amount of accounts paid on time	82,535	67,183	31,582	84,058
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–

The Commission did not make any interest payments for late payment of accounts. Where there were delays in the payment of accounts, the reasons can be attributed to inaccuracies/incompleteness of the original invoices and/or minor disputes requiring

the adjustment of invoice details prior to eventual payment.

All small business number of accounts were paid on time during the reporting period.

Appendix 12 – Credit card certification

The Commissioner certifies that credit card usage in the Commission has met best practice guidelines in accordance with Premier's Memoranda and Treasury Directions.

Appendix 13 – Major works in progress

During the year, the Commission continued its ICT Infrastructure Upgrade project. A total of \$360,000 was expended on purchasing photocopiers, laptops, servers and other equipment (including cabling costs), and on the preparation of IT detailed design specifications. The Commission sought and gained funding rollover approval for \$1.75 million as well as additional funding to complete the project during 2013–14.

Appendix 14 – Overseas travel

Table 54: Overseas travel in 2012–13

Name of officer	Date of travel	Destination	Purpose	Amount incurred by the ICAC (\$)	Amount incurred by other sources (\$)
Jacqueline Fredman, manager, Assessments Section	21–22 Nov 2012	Taiwan	Speak at Conference of Integrity and Governance, Taiwan	Nil	\$2,995 incurred by Agency Against Corruption, Taiwan

Note: On 12 December 2012, the Commission received \$256 from the Agency Against Corruption, Taiwan, which represented speaker fees.

Appendix 15 – Waste Reduction and Purchasing Policy

The Commission is required to report progress on its Waste Reduction and Purchasing Policy on a triennial basis. As such, progress will be reported in 2013–14.

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