



30 years

Fighting corruption
since 1989



ICAC

INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

annual report 2018–19

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

ISSN 1033-9973

© October 2019 – Copyright in this work is held by the Independent Commission Against Corruption. Division 3 of the Commonwealth *Copyright Act 1968* recognises that limited further use of this material can occur for the purposes of 'fair dealing', for example for study, research or criticism etc. However, if you wish to make use of this material other than as permitted by the *Copyright Act 1968*, please write to the ICAC at GPO Box 500, Sydney NSW 2001.

This report was produced in print and electronic formats for a total cost of \$1,951 (including GST). The report is available on the ICAC website www.icac.nsw.gov.au.

Contents

TRANSMISSION LETTER	3	Public inquiries and compulsory examinations	34
CHIEF COMMISSIONER'S FOREWORD	4	Investigation outcomes	35
30 YEARS OF NSW ICAC	6	Improving investigative practices	35
SNAPSHOT 2018–19	8	CHAPTER 4: PREVENTING CORRUPTION	36
CHAPTER 1: OVERVIEW	10	Corruption prevention projects	37
Organisational chart	11	Our advice function	38
Structure of the ICAC	12	Education	38
What we do	14	CHAPTER 5: COMPLIANCE AND ACCOUNTABILITY	42
Exposing corruption	15	The Commission's compliance framework	43
Preventing corruption	16	Internal governance	44
Accountability	16	External governance	45
Our organisation	17	Principal legal changes	47
Financial overview	18	Litigation	48
CHAPTER 2: ASSESSING MATTERS	19	Complaints against Commission officers	49
Performance in 2018–19	20	Privacy and personal information	50
Profile of matters received	20	Access to information	50
Complaints from the public	22	Report publicly about the work of the Commission	51
Public interest disclosures	24	CHAPTER 6: OUR ORGANISATION	54
Reports from public authorities and ministers	25	Corporate administration	55
The assessment process	26	Other internal committees	57
CHAPTER 3: INVESTIGATING CORRUPTION	30	Information management and technology	58
Investigation challenges in 2018–19	31		
Strategic Intelligence and Research Unit	31		
How we investigate	32		

FINANCIALS	62	Appendix 11 – Work health and safety	125
Statement of comprehensive income for the year ended 30 June 2019	67	Appendix 12 – Engagement and use of consultants	125
Statement of financial position as at 30 June 2019	68	Appendix 13 – Payment performance indicators	126
Statement of changes in equity for the year ended 30 June 2019	69	Appendix 14 – Credit card certification	127
Statement of cash flows for the year ended 30 June 2019	70	Appendix 15 – Overseas travel	127
Notes to and forming part of the financial statements for the year ended 30 June 2019	71	INDEX	128
APPENDICES	93		
Appendix 1 – Complaints profile	94		
Appendix 2 – Public interest disclosures	97		
Appendix 3 – Statutory reporting	98		
Appendix 4 – Outcomes of matters	100		
Appendix 5 – Adoption of corruption prevention recommendations	100		
Appendix 6 – Strategic alliances to optimise investigative outcomes	102		
Appendix 7 – Prosecution and disciplinary action in 2018–19 arising from ICAC investigations	103		
Appendix 8 – Report on the ICAC's obligations under the <i>Government Information (Public Access) Act 2009</i>	118		
Appendix 9 – Chief Executive Officer and executive officers	121		
Appendix 10 – Workforce diversity	123		

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

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

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

Madam Premier
Mr President
Mr Speaker

In accordance with the requirements of the *Annual Reports (Departments) Act 1985* and the *Independent Commission Against Corruption Act 1988*, the Commission hereby furnishes to you the Commission’s annual report for the year ended 30 June 2019.

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

Pursuant to s 78(2) of the ICAC Act, it is recommended that this report be made public immediately. This recommendation allows either presiding officer of the Houses of Parliament to make the report public whether or not Parliament is in session.

Yours sincerely



The Hon Peter Hall QC
Chief Commissioner



Philip Reed
Chief Executive Officer

Chief Commissioner's foreword



The 2018–19 year has seen the Independent Commission Against Corruption (“the Commission”) further consolidate itself as it has embarked with renewed vigour and determination in our work to expose, investigate and prevent corruption in NSW. The Commission also settled its new organisational structure, with the appointment of our first CEO.

The Commission has continued to pursue an active work program. In 2018–19, the number of matters received, at 2,743, slightly dipped from the 2,751 received in 2017–18. In other areas, we have experienced some marked increases, with the number of public inquiry days increasing to 133 from the 47 recorded in the previous year. Corruption prevention (CP) recommendations in our investigation reports are also on the rise, at 46, more than doubling the 22 reported last year, while requests for CP advice have also increased to 180 (compared to 139 in 2017–18).

This financial year has also seen the Commission reach a very important milestone, as March marked the 30th anniversary of when we began to operate. There is more information about our first 30 years in this report.

In February this year, the Commission live-streamed a public inquiry via its website for the first time. The inquiry was Operation Gerda, an investigation into allegations concerning university contract security suppliers. Over the course of the public inquiry, we recorded nearly 5,000 users viewing the stream, enabling us to broaden our ability to reach the community and globally share our work transparently and in real time.

March saw the launch of our new website, an updated and contemporary communication medium with improved navigation and user-friendly corruption reporting forms.

The Commission's website is its flagship external communications tool and I encourage readers to browse the new site, which can easily be done now via devices including mobile telephones and tablets.

Another highlight of our new initiatives for 2018–19 has been the commencement of the Strategic Intelligence and Research Unit (SIRU), a joint initiative of our investigation and CP divisions.

SIRU's work in 2018–19 has resulted in it identifying suspected serious corruption activities that are now the subject of wide-reaching preliminary investigations. The unit is diligently working to produce strategic intelligence products that will inform and guide our resource allocation along with strategic intelligence reports that will identify emerging corruption risks, trends and serious and systemic issues as part of our CP work.

In March, the Commission also initiated the establishment of a national anti-corruption intelligence network, reflecting our focus on strengthening relationships between intelligence teams across integrity bodies, with an emphasis on proactive and strategic intelligence. Our aim is for this network to provide a platform for sharing tradecraft and collaborating on mutual issues and, so far, its membership includes intelligence representatives from all Australian states and territories.

In December, the Commission took stock of the first 30 years of its operations with the release of *Corruption and integrity in the NSW public sector: an assessment of current trends and events*. This important report examined a range of risks that face NSW public officials, including the blurring of lines between government and non-government sectors, the consequences of badly managed organisational change, and rules that can unintentionally encourage corrupt conduct.

At the time of the report's release, I said that the nature of corruption in the present environment is that it does not stagnate and can develop in various forms; if systemic and operational weaknesses are not addressed, it can take hold and cause damage to an agency's finances, productivity and reputation.

It's clear that, after 30 years of operations, the functions and work of the Commission – and other integrity bodies in NSW and around the country – are as relevant and needed today as they were when we, as Australia's oldest such commission, were established three decades ago.

However, the Commission's capacity to undertake its statutory functions is very much dependent upon its resources. Being an independent Commission established by the NSW Parliament, it is primarily funded by parliamentary appropriations. The well-known unpredictability of the Commission's work and the resource-intensive nature of its investigations makes it very difficult to accurately predict in advance how much the Commission will need to spend each year. In the past, where the need for additional funding during a financial year has been identified, the Commission has made applications to the Premier or the Department of Premier and Cabinet (DPC) for grant funding. Such applications have been assessed on their merits and, in most instances, granted in full.

In the 2018–19 period, the Commission made two requests to the DPC for grant funding. The first request was made in September 2018 to meet unforeseen cost pressures associated with the Commission's operations, and resulted in the DPC providing grant funding of \$1.716 million. A further request was made in February 2019 for \$750,000, primarily to enable the Commission to complete its public inquiry schedule for the year. The request was agreed to in March 2019 by both the Secretary, DPC, and NSW Treasury, with funds being provided in July 2019. Without such grants, the Commission would not have been able to operate effectively during the reporting period and would have been forced to adjourn or postpone public inquiries.

While past governments, and the present government, have willingly supported the Commission when supplementary funding of its operations has been required, it presently faces, at least at the bureaucratic level, what may become challenging times, as the DPC has signalled that it expects the Commission to deliver its work within its appropriation budget, independently and without further supplementation from the DPC or other sources.

If the DPC were to move away from the longstanding convention of supporting the work of the Commission

through grant funding, it would represent a departure from a funding mechanism that has had the full support of the current and past Premiers. It would also diminish the Commission's operational capacity.

The recognised inability to forecast the matters that come before the Commission, as well as the resource demands for new and existing operations, has consistently provided the *raison d'être* for Premiers, past and present, in their endorsement of the existing funding system.

There is now more than ever an urgent need for action to secure an appropriate and accountable level of resourcing so as to enable the Commission to operate effectively in the public interest.

In December 2018, the Commission called upon the NSW Government for there to be discussions on the possibility of establishing a new funding model, which would satisfactorily address ongoing resource requirements arising from the unpredictability of its operations, thereby ensuring the independence and resource capacity of the Commission to continue to detect and expose corruption, as expected by Parliament and the community.

Whether or not the existing funding system is to continue or a new model is developed, there is a critical need for an early resolution of any potential removal of grant funding and exclusion of any other form of secondary or supplementary grants when such is needed. The Commission will, of course, as necessary, keep the Parliamentary Committee on the ICAC advised on the matter.

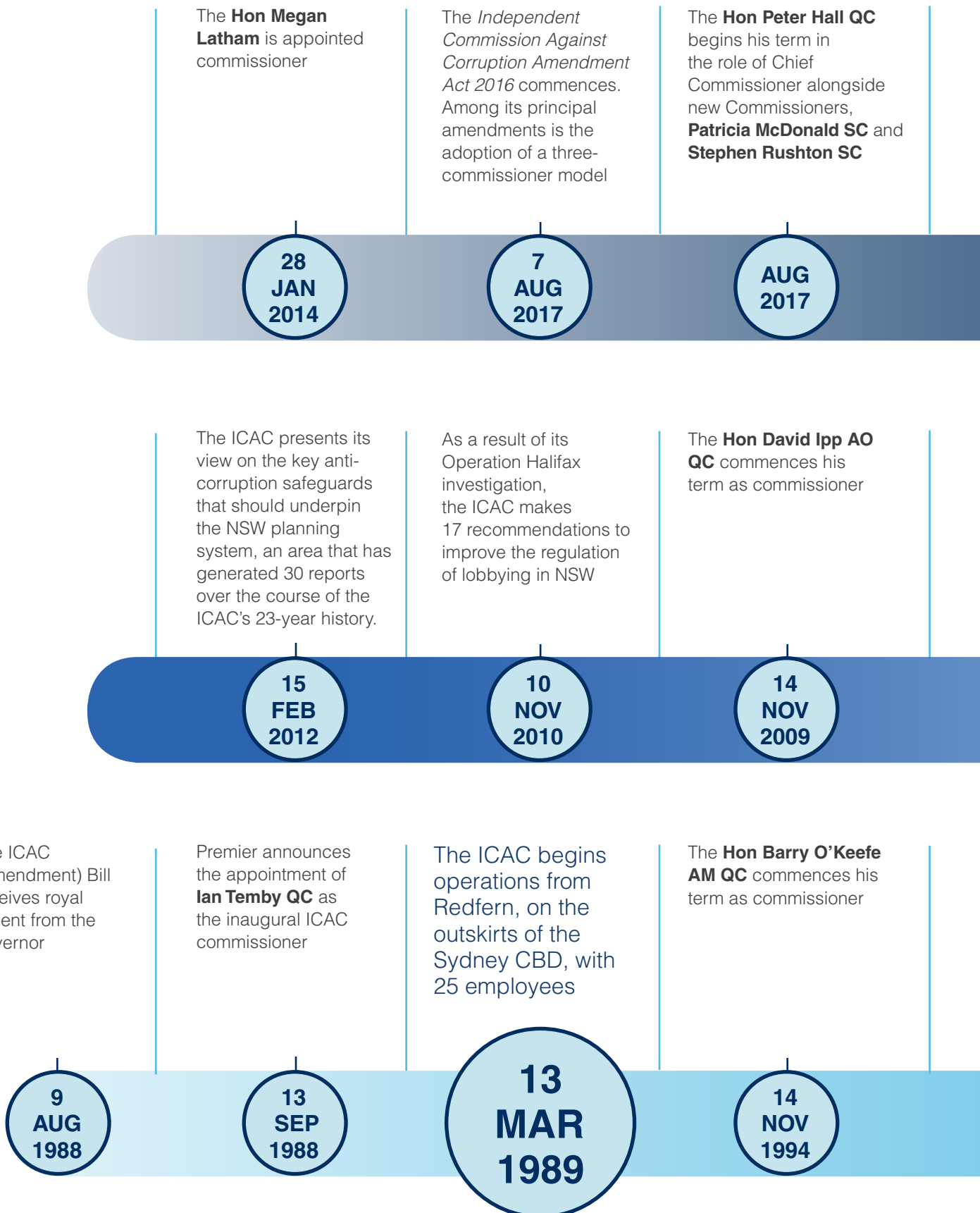
With our hardworking and dedicated staff, continued community confidence and trust, and the preparedness of Parliament and Government to adequately resource our work, the Commission will continue its important work into the future to deliver the best and most innovative corruption-fighting service for NSW that we can.

I commend the *Annual Report 2018–2019* and encourage readers to engage in this review of what has been a productive and, in a number of respects, groundbreaking period for the Commission.



The Hon Peter Hall QC
Chief Commissioner

30 years of NSW ICAC



Philip Reed becomes the ICAC's first chief executive officer

2
JUL
2018

The ICAC releases a report on corruption trends in the NSW public sector, canvassing a number of emerging trends, hotspots, case studies and notable practices

4
DEC
2018

The ICAC live streams one of its public inquiries for the first time from its premises at 255 Elizabeth Street, Sydney

11
FEB
2019

The ICAC achieves its 30-year milestone

13
MAR
2019

The ICAC co-hosts the inaugural Australian Public Sector Anti-Corruption Conference (APSACC)

OCT
2007

The **Hon Jerrold Cripps QC** commences his term as commissioner

14
NOV
2004

Staff of 112 relocate from Redfern to 133 Castlereagh Street, Sydney

DEC
2001

The NSW Police Integrity Commission is established and assumes responsibility for investigating allegations of police corruption

1
JAN
1997

Irene Moss AO commences her term as commissioner

14
NOV
1999

The ICAC conducts its first rural and regional outreach visit

MAY
2001

Snapshot 2018–19

Public inquiries



conducted

4

over

133
days

Compulsory examinations



conducted

83

over

67
days

2,743

Matters received and managed

3

Investigation reports furnished

Corrupt conduct

57

serious corrupt conduct findings made against 8 people



Prosecution advice

8

recommended the advice of the Director of Public Prosecutions be sought regarding the prosecution of 8 people



Live streaming

5,000

nearly 5,000 recorded users viewed our first live-streamed public inquiry



Corruption prevention



presentations and training

204 anti-corruption presentations and training workshops delivered across the state reaching approximately 5,325 people face-to-face

204

5,325



advice provided

180
occasions

Preliminary investigations



commenced
(new)



completed



completed
within 120-day
target

18

16

59%

New dynamic
website
delivered



Operations

commenced (new)



12

completed



6



Co-hosted the 12th National Investigations Symposium (NIS), attended by almost 630 people



Recorded 988,603 external visitor sessions to the ICAC website



Published two editions of the *Corruption Matters* e-newsletter, reaching approximately 760 subscribers, with readers located in Australia and overseas



Recorded 351 staff attendances at learning activities, equating to an average of three training sessions per staff member

Chapter 1: Overview

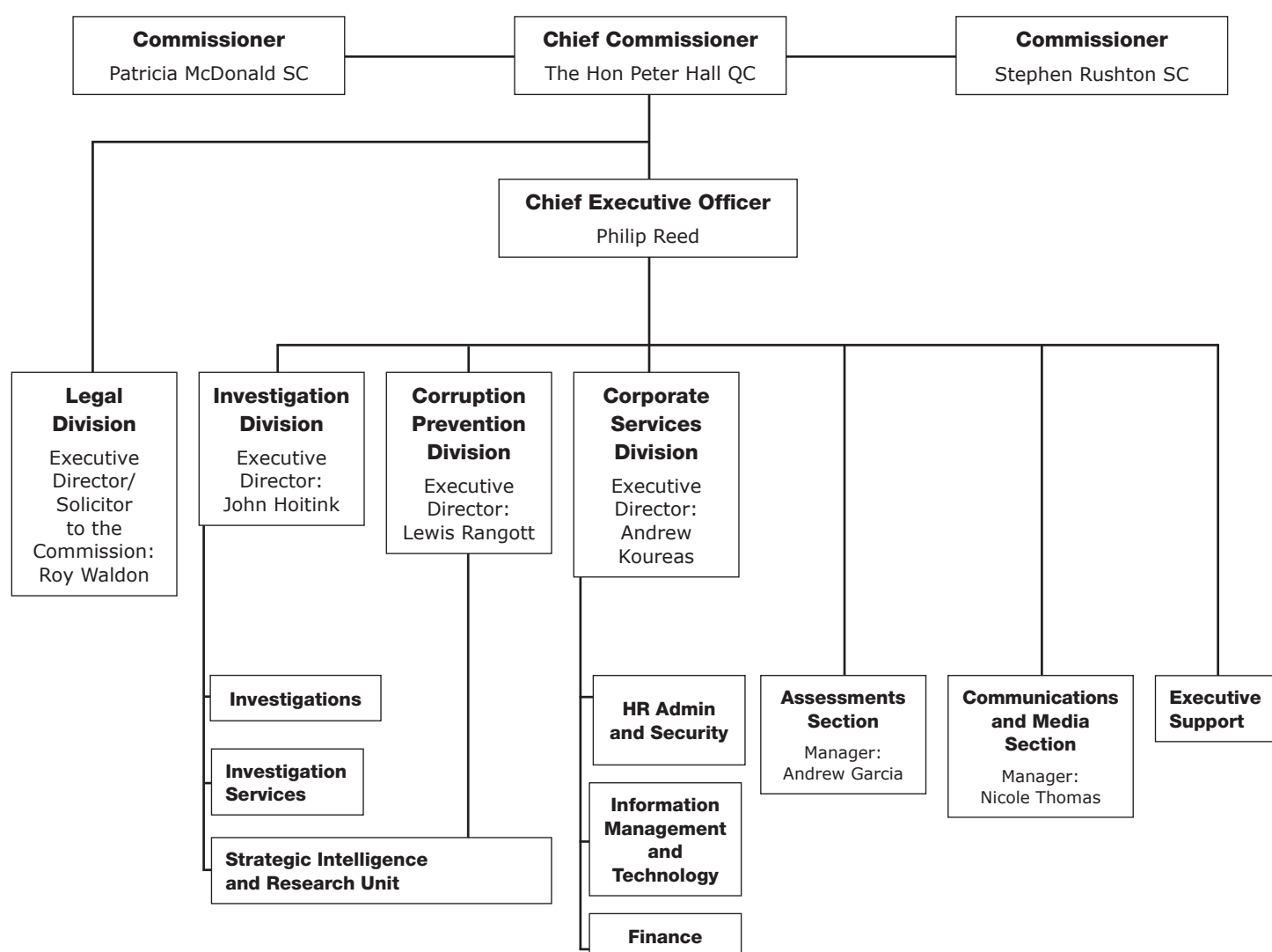
Organisational chart.....	11
Structure of the ICAC	12
What we do.....	14
Exposing corruption	15
Preventing corruption	16
Accountability.....	16
Our organisation.....	17
Financial overview	18

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

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

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

Organisational chart*



* As at 30 June 2019

Structure of the ICAC

Commissioners

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

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

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

Chief Executive Officer

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

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

Philip Reed was appointed the Commission's inaugural CEO from 2 July 2018.

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

Executive Support Section

The Executive Support Section provides administrative and paralegal support (the latter shared with the Legal Division) to the Chief Commissioner and Commissioners, and acts as a point of contact to the CEO. It also provides secretariat services to executive management groups, and provides reception and switchboard services. In the reporting period, the Executive Support Section had an average of 2.93 full-time equivalent (FTE) staff.

Assessments Section

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

The Manager of the Assessments Section during the reporting period was Andrew Garcia. In the reporting period, the section had an average of 10.97 FTE staff.

Investigation Division

The Investigation Division comprises the investigation section and the investigation services section. The investigation section consists of three operational investigation teams and includes investigators, forensic accountants, intelligence analysts and support staff. The division's investigation services section supports the Commission's investigations with surveillance, forensic, property services and technical personnel. The Commission takes a multidisciplinary approach to its investigation function, with investigative teams including staff from other divisions.

As noted in the *2017–2018 ICAC Annual Report*, last year the Commission commenced preparations to establish a proactive strategic intelligence and research unit. The Strategic Intelligence and Research Unit commenced operations on 1 July 2018 and is linked to both the Investigation and Corruption Prevention divisions.

John Hoitink was the Executive Director of the Investigation Division during the reporting period. In the reporting period, the division had an average of 50.91 FTE staff.

Corruption Prevention Division

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

Lewis Rangott was the Executive Director of the Corruption Prevention Division during the reporting period. In the reporting period, the division had an average of 14.64 FTE staff.

Legal Division

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

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

Roy Waldon was the Executive Director of the Legal Division and Solicitor to the Commission during the reporting period. In the reporting period, the division had an average of 10.09 FTE staff.

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 human resources, administrative, security, facilities, financial, and information management and technology services.

The division also manages other functions, including recruitment, payroll, risk management and procurement.

Andrew Koureas was the Executive Director of the Corporate Services Division during the reporting period. In the reporting period, the division had an average of 17.05 FTE staff.

Communications and Media Section

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

Nicole Thomas was the Manager of the Communications and Media Section during the reporting period. In the reporting period, the section had an average of 3.91 FTE staff.

What we do

The Commission investigates allegations of corrupt conduct in and affecting the NSW public sector, and drives programs and initiatives to minimise the occurrence of such conduct in the state. The Commission also investigates conduct that may involve specified criminal offences referred to it by the NSW Electoral Commission. 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, and to expose, serious corruption and systemic corruption. The Commission can make findings of serious corrupt conduct, may make recommendations for disciplinary action and is able to obtain the advice of the DPP with respect to prosecution of individuals.

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

The Commission helps organisations to identify and deal with significant corruption risks, and also provides advice and guidance to the wider community about corruption and how to report it.

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

The Commission's *Strategic Plan 2017–2021* sets out four key result areas for 2018–19:

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

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

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



Commissioner Ms Patricia McDonald SC, Chief Commissioner The Hon Peter Hall QC and Commissioner Mr Stephen Rushton

Exposing corruption

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

- detect and investigate corrupt conduct
- identify any methods of work, practices or procedures that allow, encourage or cause the occurrence of corrupt conduct
- ensure a good practice approach for all investigations
- maintain an efficient and effective complaint-handling service

- maintain strategic alliances with other relevant agencies to optimise investigative and preventative outcomes
- maintain a proactive and reactive strategic intelligence capability.

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 2018–19.

Table 1: Key quantitative results for corruption exposure activities

Measure	Target*	2018–19	2017–18	2016–17
Matters received	n/a	2,743	2,751	2,489
Average time to deal with matters (days) in Assessments Section	68	24	25	30
Preliminary investigations commenced	n/a	18	41	27
Full investigations commenced	n/a	12	12	10
Percentage of full investigations completed within 16 months	>80%	50%	72%	89%
Number of public inquiries	n/a	4**	4	2
Number of public inquiry days	n/a	133	47	31
Number of compulsory examinations	n/a	83	112	69
Number of persons subject to serious corrupt conduct findings	n/a	8	18	11
Number of investigation reports to Parliament	n/a	3	3	5
Percentage of investigation reports furnished within the ICAC's target	80%	67%	67%	0%
Number of persons against whom prosecutions commenced	n/a	4	10	7
Number of persons against whom disciplinary action commenced arising from investigations	n/a	0	0	0

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

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

Preventing corruption

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

- encourage government to address corruption risks of state-wide significance and public concern
- ensure public authorities revise practices or procedures to reduce the risk of corrupt conduct occurring, and promote the integrity and good reputation of public administration
- raise awareness in the community of corrupt conduct and encourage reporting of corrupt conduct
- ensure good practice for all corruption prevention work.

A detailed description of Commission activities and results for this key result area is outlined in Chapter 4 (Preventing corruption). Table 2 sets out the key quantitative results for workload, work activity and performance for this key performance area in 2018–19.

Accountability

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

- provide timely, accurate and relevant reporting to the Inspector of the ICAC and the Parliamentary Committee on the ICAC
- ensure our work complies with all relevant laws and procedures
- report publicly about the work of the Commission
- keep the public informed about the work of the Commission through the publication of its reports and by sharing current information on its website
- assist the Parliamentary Committee on the ICAC.

A detailed description of Commission activities and results for this key result area is outlined in Chapter 5 (Compliance and accountability). Table 3 sets out the key quantitative results for accountability activities in 2018–19.

Table 2: Key quantitative results for corruption prevention activities

Measure	Target	2018–19	2017–18	2016–17
Requests for corruption prevention advice	n/a	180	139	105
Rural and regional outreach visits	2	2	2	1
Training sessions delivered	80	111	126	74
Corruption prevention recommendations in investigation reports published during the period	n/a	46	22	21
Percentage of corruption prevention recommendations in investigation reports accepted in action plans as at 30 June 2019	80%	100%	97%	100%
Percentage of public inquiries that resulted in the making of corruption prevention recommendations	90%	100%	67%	40%
Number of prevention reports published	n/a	4*	1	3

* This includes a discussion paper authored by leading academics for Operation Eclipse.

Table 3: Key quantitative results for accountability activities

Measure	2018–19	2017–18	2016–17
Parliamentary Committee on the ICAC meetings	0	3	1
NSW LECC Inspector/Commonwealth Ombudsman inspections of telecommunications intercepts and accesses, surveillance devices and controlled operation records	2	2	5
Number of reports/responses provided to the Inspector of the ICAC	16	22	26
Number of audits conducted by the Inspector of the ICAC	0	0	0
Number of assumed identity audits	1	1	1

Our organisation

The objectives in the *Strategic Plan 2017–2021* for our organisation are to:

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

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

Financial overview

Statement of Comprehensive Income

The Commission has achieved a Net Result of (\$0.507) million which was \$0.566 million favourable to budget.

Table 4: Operating Result 2018–19

	\$'000
Expenses	29,088
Revenue	28,581
Net result	(507)

Table 5: Financial Position 2018–19

	\$'000
Assets	4,665
Liabilities	4,282
Net Assets	383

Revenue

The main source of revenue is recurrent and capital appropriations of \$25.407 million, compared to \$21.113 million in the previous year. Capital appropriation received was \$0.944 million compared to the previous year of \$1.016 million.

The NSW Department of Premier and Cabinet also provided grants totalling \$1.716 million, which comprised of \$1.566 million recurrent and \$0.150 million capital. The recurrent grant was necessary to meet additional expenditure needs arising from operations Dasha, Skyline, Estry and Gerda. The additional capital grant was applied to fully fund the Commission's network storage upgrade project.

Other revenue includes \$0.046 million, which was generated from the 12th National Investigations Symposium's sharing of profits, \$0.028 million of workers compensation hindsight adjustment and acceptance by the Crown Entity of employee-related provision of \$1.384 million.

Expenses

Total expenses were \$29.088 million, representing an increase of \$3.289 million or 12.7% from the previous year.

Employee-related expenses were \$19.621 million, an increase of \$2.561 million or 15% compared to last year. This significant variation flows from a Treasury-approved business case for additional recurrent funding of \$3.6 million and an Extended Leave Treasury actuarial adjustment (\$0.86 million).

Other operating expenses were \$1.174 million (19.6%) higher than the previous year, primarily due to increased costs associated with the conduct of public inquiries, such as legal, transcript and contract security expenses.

Assets

Total Assets decreased by \$0.976 million (17.3%), due largely to a significant reduction in Leasehold Improvements (increased accumulated depreciation and impairment of \$1.196 million).

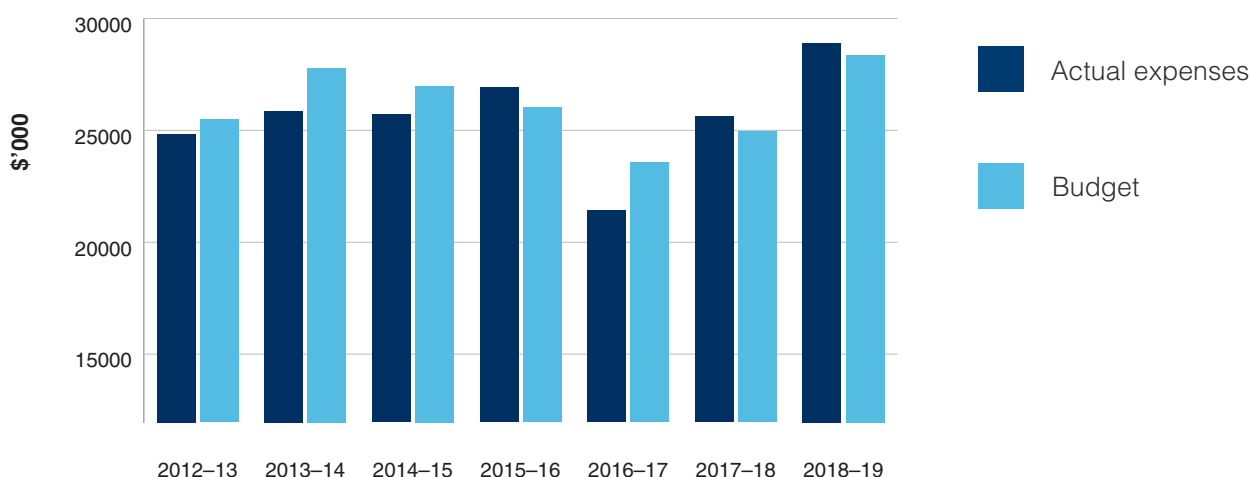
Liabilities

Total Liabilities decreased by \$0.469 million (9.87%), mainly due to the reduction in value of Lease Incentive.

Net Equity

Accumulated funds decreased by \$0.507 million reflecting the Commission's operating result.

Figure 1: Total expenditure budget and actuals



Chapter 2: Assessing matters

Performance in 2018–19	20
Profile of matters received.....	20
Complaints from the public	22
Public interest disclosures	24
Reports from public authorities and ministers.....	25
The assessment process	26

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

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

Performance in 2018–19

In 2018–19, the Commission received and managed a total of 2,743 matters. This figure is consistent with the number of matters received in the previous year (2,751 matters). In the reporting period, the

average time taken to assess and close a matter was 24 days, as compared with the previous year's average of 25 days.

Achieving turnaround targets

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

Profile of matters received

In the reporting period, the majority of the 2,743 matters that were received and assessed by the Commission came from two sources:

- people making complaints under s 10 of the ICAC Act (s 10 complaints), representing 44% of all matters
- principal officers of NSW public sector authorities and ministers, who each have a duty to report suspected corrupt conduct under s 11 of the ICAC Act (s 11 reports), representing 29% of all matters.

Table 6: Some internal targets and achievements of the Assessments Section in 2018–19

Measure	Target	Achievement
Average days to present a "straightforward" matter to the Assessment Panel	28	15
Average days to present a "complex" matter to the Assessment Panel	42	35
Average days to review an s 54 report from a public authority and report a matter back to the Assessment Panel	42	29

Table 7: Matters received by category in 2018–19, compared to the previous two years

Category	2018–19		2017–18		2016–17	
Complaint (s 10)	1,220	44%	1,264	46%	1,096	44%
Report (s 11)	789	29%	646	23%	650	26%
Query	431	16%	468	17%	427	17%
Outside jurisdiction	235	9%	302	11%	246	10%
Feedback	47	2%	64	2%	60	2%
Referrals (s 16(1))	9	< 1%	5	< 1%	7	< 1%
Own initiative (s 20)	12	< 1%	1	< 1%	3	< 1%
Referral (s 73)	0	0%	0	0%	0	0%
Referral (s 13A)	0	0%	1	< 1%	0	0%
Total	2,743		2,751		2,489	

Table 7 shows all matters received in 2018–19 by category, compared with the previous two years.

In 2018–19, the Commission received 1,220 s 10 complaints compared with 1,264 in the previous financial year (3% decrease). The Commission received a 22% increase in the number of s 11 reports (from 646 in 2017–18 to 789 in 2018–19).

From 1989–90 to 2018–19, the Commission has received at least 103,536 matters. Figure 2 provides an overview of matters received since it was established.

The Commission strives to be accessible to those who submit complaints and reports. It provides a number of methods for members of the public and public sector employees to contact the Commission, including in writing, by telephone or email, or online from the Commission's website at www.icac.nsw.gov.au.

In 2018–19, the methods used most frequently by individuals to contact the Commission were telephone (27%), email (27%) and the ICAC website (22%), as shown in Table 8. As a more efficient method of communication, the Commission has been encouraging principal officers to submit s 11 reports to the Commission by email or through the ICAC website, rather than by letter. This approach resulted in a continuing decline in the proportion of matters received via letter, from 12% in 2017–18 to 9% in 2018–19.

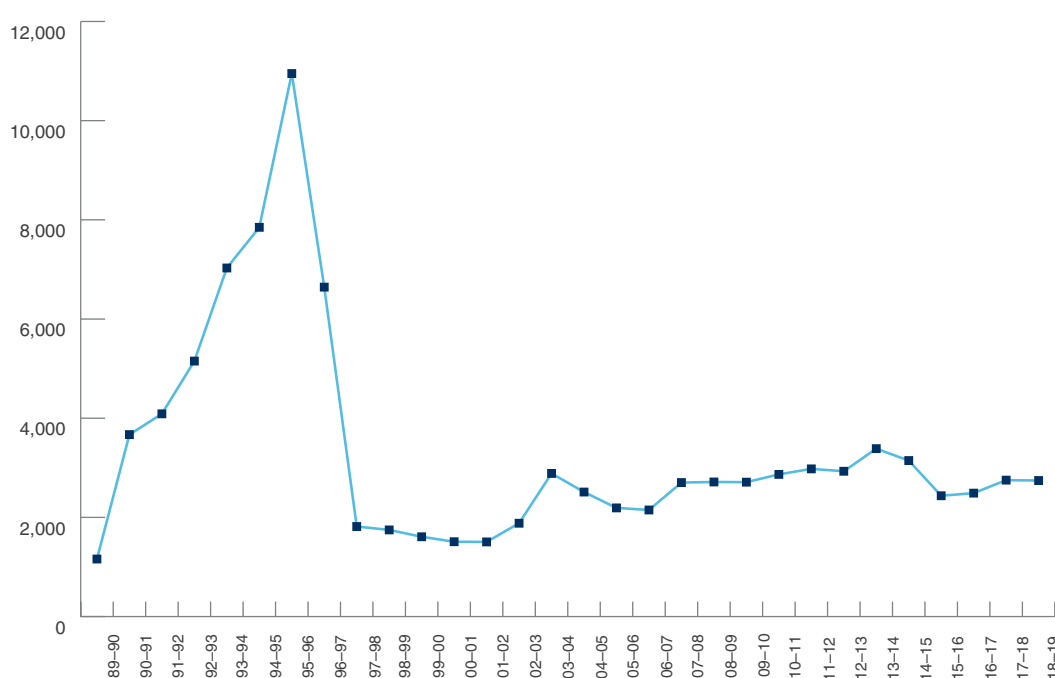
Table 8: Methods of initial contact for all matters received in 2018–19

Method	Number of matters received	% of matters received
Telephone	749	27%
Email	744	27%
ICAC website	599	22%
Schedule	368	13%
Letter	251	9%
Visit	20	< 1%
Other	12	< 1%

Anonymous complaints

The Commission accepts anonymous complaints. It appreciates that, in some instances, people are fearful of reprisal action and prefer to remain anonymous. Where people contacting the Commission by telephone wish to remain anonymous, the Commission provides advice about the various protections afforded under the ICAC Act and/or the *Public Interest Disclosures Act 1994* ("the PID Act").

Figure 2: Number of matters received from 1989–90 to 2018–19



Note: NSW Police were removed from ICAC's jurisdiction on 1 January 1997.

Inside information

In 2018, the Commission received an anonymous complaint via telephone from a member of the public about a public official employed by a local council. The complainant alleged that, during a private event, the complainant overheard the public official provide information to friends about a particular council roadside tender, and offered to email or further meet with the friends about it. The public official's friends owned a company that provided roadside services ("company A").

While the Commission was unable to request further details from the complainant because of their anonymity, the Commission nevertheless searched open sources (publicly available information) and the Commission's information holdings in order to obtain further information about the individuals, company, contracts and council tenders identified in the complaint. Open sources did not disprove any of the information provided by the complainant.

The Commission confirmed that the public official and their friends were associated with each other, that the friends had an interest in company A, and that company A was one of the vendors that won the roadside services tender with the council. However, council did not publish its assessment of the relevant tenders, nor could the Commission confirm from online sources the fact that company A had made a tender submission.

Having regard to the potential seriousness of this matter, the Commission made enquiries with the council, without providing details that could tend to identify the complainant.

The council confirmed that the public official was not involved in the roadside tender process nor did they access relevant tender documentation. Further, a search of the public official's emails did not identify any relating to the roadside tender or contract. The council advised that company A submitted its tender in hardcopy, accounting for the lack of online record of its submission. The council also provided a copy of its tender evaluation report, which demonstrated that the council appeared to have adopted an appropriate tender process.

The Commission decided not to investigate this complaint further.

In 2018–19, 23% of complaints from people (280 matters) were made anonymously. The number of anonymous complaints is consistent with those received in 2017–18 (277 matters). Of those anonymous complaints, 102 (36%) were classified as public interest disclosures (PIDs).

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

Complaints from the public

Under s 10 of the ICAC Act, any person may make a complaint to the Commission about a matter that concerns or may concern corrupt conduct as defined in the ICAC Act. Complaints made by employees and contractors of NSW public authorities that meet the criteria set out in the PID Act are also classified as s 10 complaints.

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

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

The case study on page 22 is an example of the enquiries the Commission makes in order to determine whether the Commission will investigate a complaint.

Table 9 shows the different government sectors about which allegations of corrupt conduct were made in complaints under s 10 in 2018–19.

Table 9: Complaints from people in 2018–19, showing allegations in the top five government sectors

Sector	Section 10 complaints	% s 10 complaints
Local government	446	37%
Government and financial services	103	9%
Health	104	9%
Custodial services	102	8%
Law and justice	94	8%

As in previous years, the sector most frequently complained about in 2018–19 was local government, with s 10 complaints relating to this sector accounting for 37% of the total volume received (compared with 41% in 2017–18). The Commission notes, however, the large number of local councils in NSW, and that over-representation of local government in the complaints statistics may be due to the high level of people's interaction with local government and the personal interest many take in the decisions of their local council.

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

While the failure to perform required actions was one of the top five most frequent types of corrupt conduct alleged in 2017–18, it did not feature in the top five in 2018–19. Also of note is the significant increase in the proportion of complaints alleging improper use of records or information (27% in the current reporting period compared with 19% in the previous).

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

Table 10: Complaints from people in 2018–19, showing the five most frequent types of workplace functions mentioned

Workplace function	Section 10 complaints	% of s 10 complaints
Reporting, investigation, sentencing and enforcement	381	31%
Human resources and staff administration	347	28%
Allocation of funds, materials and services	273	22%
Development applications and land rezoning	254	21%
Procurement, disposal and partnerships	215	18%

Note: The top five workplace functions mentioned in s 10 complaints have remained consistent compared to those in 2017–18. There was an increase in the proportion of s 10 complaints concerning human resources and staff administration in 2018–19 (28%) as compared with the previous year (21%).

Table 11: Complaints from people in 2018–19, showing the five most frequent types of corrupt conduct alleged

Types of corrupt conduct	Section 10 complaints	% of s 10 complaints
Partiality	615	50%
Personal interests	388	32%
Improper use of records or information	331	27%
Improper use or acquisition of funds or resources	292	24%
Corrupt conduct related to investigations or proceedings	228	19%

Whistleblower taken seriously

In 2019, the Commission received an anonymous public interest disclosure from a public official alleging that a senior public official engaged in corrupt conduct by approving the NSW public authority's engagement of their spouse. The complainant alleged that the senior public official pressured staff in relation to their spouse's engagement, and that the terms of engagement included remuneration that was higher than appropriate.

Having regard to the seriousness of the allegations involving a senior public official and large sums of public money, the Commission decided to make enquiries with the NSW public authority about these issues.

In response, senior officers of the public authority met with the Commission. The senior officers provided the Commission with a detailed investigation plan, and the Commission agreed to this proposal.

The public authority's investigation found that the senior public official had not engaged in corrupt conduct in that there was no evidence that this person influenced or was involved in the decision to engage their spouse. While the senior public official had made some declarations of the conflict of interest or association, they incorrectly assumed that relevant senior officers were aware of the conflict and that such declarations followed appropriate processes. While the investigation also found that the spouse's remuneration was not unreasonably high, the public authority ended its engagement of the spouse.

The public authority confirmed that it was reviewing how it handles conflicts of interest, including reviewing its existing conflicts of interest register and the management plans for each declaration, and would deliver training for all staff.

The Commission considered that the public authority had dealt with the matter appropriately and that no further action by the Commission was warranted.

Public interest disclosures

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

In 2018–19, the Commission classified 1,004 matters as meeting the criteria in the PID Act and were complaints under s 10 of the ICAC Act (241 matters) or reports under s 11 of the ICAC Act (763 matters).

During the reporting period, 1,003 PIDs were finalised. The PIDs received related to corrupt conduct. Under s 25 of the PID Act, where appropriate, the Commission refers any misdirected PIDs to the relevant investigating authority.

Table 12 shows the number of allegations in the top five categories by government sector for PIDs received during the year. In 2018–19, the top five government sectors that were the subject of allegations in PIDs was the same as those in the previous year.

Table 12: PID allegations by government sector in 2018–19

Sector	PIDs	% of PIDs
Local government	197	20%
Health	195	19%
Custodial services	173	17%
Transport, ports and waterways	122	12%
Education (except universities)	100	10%

Table 13: Types of conduct reported as PIDs in 2018–19

Types of conduct reported as PIDs	Number reported	% reported
Improper use of records or information	417	42%
Partiality	366	36%
Personal interests	361	36%
Improper use or acquisition of funds or resources	337	34%
Failure to perform required actions not already listed	198	20%

Note: While there have been some changes to the order, the most significant change in 2018–19 was that “failure to perform required actions not already listed” became the fifth highest type of conduct alleged in PIDs (replacing “intimidating or violent conduct”).

Prior to making any enquiries about PID allegations from public officials who are not under a duty to report the matter to the Commission (s 11 of the ICAC Act), the Commission seeks written authority from the complainant for his or her identity to be disclosed during any such enquiries. When consent is not given, the Commission may, under s 22 of the PID Act, disclose confidential information if it is considered necessary to investigate a matter effectively or if it is in the public interest to do so. This will occur only with the approval of the Chief Commissioner or a Commissioner.

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

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

The case study on page 24 is an example of an anonymous PID that was made to the Commission and, while the Commission did not investigate it, the relevant public authority took action.

In 2018–19, the most frequent workplace function reported by way of PIDs was “human resources and staff administration”, comprising 49% of allegations (up from 38% in the previous year), followed by “allocation of funds, materials and services” with 28%

(up from 25% in the previous year). While “reporting, investigation, sentencing and enforcement” was not one of the top three types of workplace functions reported as PIDs in the previous reporting period, it made up 23% of allegations in 2018–19.

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

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

Reports from public authorities and ministers

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

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

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

The case study on page 26 is an example of a matter where the principal officer of a public authority reported a matter under s 11 and the steps they took in response to the issue.

No records for payments claimed

In 2019, the Commission received a report from a public authority alleging a registered training organisation (RTO) engaged in corrupt conduct by defrauding the public revenue, specifically government subsidies paid to it under a Smart and Skilled funding agreement.

The public authority alleged that the RTO reported training activity data for over 50 students in support of payment under a Smart and Skilled contract, when it did not hold any records for those students.

In addition, the RTO allegedly enrolled students without their knowledge and then claimed payment for the students under the Smart and Skilled contract with the public authority.

The public authority terminated the RTO's Smart and Skilled contract and reported the matter to the NSW Police. The public authority also decided to withhold hundreds of thousands of dollars in claims by the RTO under the agreement.

While the matter was serious, involving significant sums of government funding, the Commission had regard to the action taken by the public authority under the agreement and that the public authority referred the matter to NSW Police.

Accordingly, the Commission determined not to conduct its own investigation into these issues at that time.

Table 14 shows the number of reports that include allegations concerning a particular sector. Allegations involving "health" represented 21% of s 11 reports during the reporting period, replacing "transport, ports and waterways" as the most frequently reported sector. The proportion of reports concerning "transport, ports and waterways" decreased in 2018–19; from 19% of s 11 reports in the previous year to 12% in the current reporting period.

Table 14: Section 11 reports received in 2018–19, showing the five most frequently reported government sectors

Sector	Section 11 reports	% of s 11 reports
Health	169	21%
Custodial services	159	20%
Local government	136	17%
Transport, ports and waterways	97	12%
Education (except universities)	92	12%

In relation to the workplace functions involved in the allegations reported, most s 11 reports concerned "human resources and staff administration", comprising 45% (353) of s 11 reports received. This was followed by "allocation of funds, materials and services", which accounted for 29% (225).

With regard to conduct types, "improper use of records or information" was the most frequently reported, with 45% (352). This is higher than in the previous year (40% in 2017–18). It was followed by "improper use or acquisition of funds or resources" at 33% (264) and "personal interests" at 31% (244).

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

The assessment process

The Commission's Assessments Section is responsible for conducting the initial assessment of a complaint or information to determine what action, if any, the Commission will take.

Staff analyse all matters received, taking into account:

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

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

All matters, except those that are queries, feedback or involve conduct that is outside the Commission's jurisdiction, are reported to the Assessment Panel. The Assessment Panel comprises the manager of the Assessments Section (who acts as the panel convenor), the Chief Commissioner, the Commissioners, and the executive directors of the Commission's Investigation Division, Legal Division and Corruption Prevention Division.

The panel is governed by a charter, which provides that it meets electronically twice a week, and is responsible for determining what action, if any, should be taken on every matter received. If a matter is complex or needs further enquiries before an appropriate course of action can be determined, it may be reported to the Assessment Panel on several occasions.

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

For each matter, the Assessment Panel considers whether it presents opportunities for identifying serious corrupt conduct and systemic corrupt conduct,

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

1. Close the matter without referral

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

Many complainants who report matters to the Commission have expectations that their concerns will be investigated by the Commission, and managing those expectations is a key part of its role. When the Commission decides not to investigate a matter, staff explain to the complainant the reason or reasons for this decision.

In 2018–19, the Commission made 1,672 (73%) decisions to close matters and take no further action. This is an increase from the number of similar decisions in the previous year, where the Commission made 1,565 (74%) decisions.

2. Close the matter and refer externally

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

In 2018–19, 276 matters were referred on this basis; up from 227 in the previous year.

3. Refer the matter internally but not investigate

The Commission may decide to carry out further work internally, in order to obtain additional information and assist its assessment of a matter. Specifically, the Commission can undertake assessment enquiries in a matter. Alternatively, it may request that a relevant public authority provide a copy of its report on a matter or require an authority

Pressured to hire a boss' family member

In 2017, the Commission received a public interest disclosure alleging a public official had attempted to pressure members of a recruitment panel to interview their child (the same public official was the supervisor of members of the recruitment panel). While one of the members of the recruitment panel reported the issue to the public official's supervisor, it was alleged that in response, the public official was taking action against the member of the recruitment panel under the public authority's unsatisfactory performance management framework.

The allegations were serious, having regard to the seniority of the public official and the public official's supervisor. However, as the Commission's investigative powers were not required to properly consider this matter, the Commission referred the allegations to the relevant public authority for investigation and to report back to the Commission under s 53 and s 54 of the ICAC Act.

The investigation revealed that the public official engaged in corrupt conduct in failing to declare a conflict of interest when their child applied for a position in the same area of the public authority.

Further, the public official engaged in corrupt conduct by failing to appropriately manage the conflict of interest, discussing the shortlisting of candidates, meeting the interview candidates prior to the interviews, and attempting to influence the recruitment panel members.

The investigation also found that the public official's supervisor engaged in misconduct by failing to report the matter and to act appropriately in relation to a public interest disclosure made by the member of the recruitment panel. The investigation did not find that the public official or their supervisor took reprisal action against the recruitment panel member for raising these issues.

A number of systemic issues were identified, which the public authority made a commitment to addressing in reviews, training and enhanced communication.

The public authority later advised the Commission that the public official tendered their resignation, and the public official's supervisor was given a warning and required to undertake training.

to conduct an investigation and report its findings to the Commission. In addition, the Commission's Corruption Prevention Division may review the matter.

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

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

In 2018–19, there were 125 decisions by the Commission to conduct assessment enquiries, which is an increase from the figure of 114 reported in 2017–18.

Where an authority reported a matter under s 11 and has commenced an investigation or is preparing to embark on one, the Commission may request a copy of the report to inform the Commission's assessment. In the reporting period, the Commission made 70 requests for investigation reports from agencies, which is relatively consistent with the 73 reported in the previous year.

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

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

In 2018–19, nine matters were the subject of referrals under s 53 and s 54 of the ICAC Act. This figure is relatively consistent with the number of referrals made in 2017–18 (seven referrals).

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

The case study on page 28 is an example of a referral under s 53 and s 54 to a NSW public authority to conduct an investigation into allegations of corrupt conduct. In the course of its investigation, the public authority also considered and addressed systemic issues to reduce the risk of the conduct occurring again.

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

In 2018–19, there were two matters referred by the Assessment Panel to corruption prevention officers for analysis and/or advice, which is relatively consistent with the five matters referred in 2017–18.

4. Undertake an investigation

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

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

In 2018–19, 18 matters were referred to the Investigation Division for preliminary investigation, which is a decrease from the 41 matters referred in the previous year.

Decisions made by the Assessment Panel in 2018–19 are shown in Table 15.

Table 15: Decisions made by the Assessment Panel in 2018–19

	Number of decisions	% of decisions
Closed without referral	1,672	73%
Closed but referred externally	276	12%
Referred internally but not investigated	325	14%
Investigated	18	1%

Chapter 3: Investigating corruption

Investigation challenges in 2018–19	31
Strategic Intelligence and Research Unit.....	31
How we investigate	32
Public inquiries and compulsory examinations.....	34
Investigation outcomes	35
Improving investigative practices	35

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

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

Investigation challenges in 2018–19

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

As at 30 June 2019, there were 18 operations and one preliminary investigation. Compared with previous years, there are fewer preliminary matters but a higher percentage of ongoing investigations (operations). During the reporting period, 12 matters, which commenced as preliminary investigations, were escalated to full operations.

As identified in last year's annual report, the complexity of investigations has seen an increased reliance on specialist input into investigations in the form of financial analysis, intelligence, digital forensics and use of the Commission's covert powers.

Information obtained by the use of coercive powers, as well as volunteered information, is generally in digital formats. Therefore, the amounts of data now being ingested into the Commission's IT systems as a result of investigative activity has increased exponentially. As an example, in one matter alone where search warrant activity was undertaken, 22.5 terabytes of electronic evidence was captured, which equates to 25% of total digital storage capacity of the Commission for electronic evidence.

A high percentage of matters investigated by the Commission are reliant on forensic accounting specialists who work closely with digital forensics and intelligence capabilities of the division. The Commission is continually working to improve its technical capacity to identify, capture and interpret evidence, maintain the skills and knowledge of its

staff, and ensure its management and operational systems and processes are of the highest standard.

In 2018–19, the Commission undertook the following investigation systems and process improvements:

- ongoing minor changes to the operating infrastructure of Resolve, the Commission's case management system
- implementation of a new web-based application for the Commission's surveillance unit which allows more timely and efficient generation and submission of surveillance running sheets/logs, observations and imagery for the Commission's investigations
- ongoing revision of the operations manual
- work on increasing the capacity of the digital forensics Ethernet connection to allow faster processing speeds and an upgrade to the computing hardware in the evidence review platform.

Strategic Intelligence and Research Unit

On 1 July 2018, the Commission's Strategic Intelligence and Research Unit (SIRU) commenced operations. Its objectives are to:

- proactively identify individuals, organisations, departments or other entities who are suspected of being involved either as the principal, or associate of the principal, in corrupt activities, for referral to the Investigation Division
- develop strategic intelligence products that will inform and guide (and in some cases recommend courses of action) in the allocation of the Commission's resources
- produce strategic intelligence reports that identify emerging corruption risks, trends, and serious and systemic issues that form part of the work undertaken by the Corruption Prevention Division
- enhance the Commission's intelligence function through the establishment of a national anti-corruption intelligence network and the development of technical systems and methods to analyse data.

The work undertaken by the staff of SIRU has already borne fruit, with the identification of possible serious corruption activities in two agencies. One of these

matters was assessed during the reporting period as being suitable for investigation and was referred to the Investigation Division, where it is now an ongoing investigation (the other matter is the subject of ongoing work by SIRU).

In partnership with a NSW public sector agency, SIRU is completing an analysis of systems and processes that seeks to identify and treat emerging corruption risks. SIRU staff have also provided substantial intelligence support to the Commission's lobbying public inquiry scheduled to commence in August 2019.

In March 2019, the Commission achieved a SIRU objective with the establishment of a national anti-corruption intelligence network with intelligence representatives from all Australian states and territories. The network focuses on proactive and strategic intelligence and seeks to provide a platform for sharing tradecraft and collaborating on mutual issues.

SIRU utilises powerful analytical tools to synthesise data and conduct complex queries across the Commission's case management data – as well as other open and closed data sources – to identify high-risk entities and corruption indicators. The unit undertakes sector-based corruption risk analyses, which are pursued in direct collaboration with NSW Government agencies. Close engagement with key stakeholders allows SIRU to anticipate emerging corruption issues that may not be apparent in internal holdings.

Founded on existing memoranda of understanding, SIRU has established an agreement to undertake an information-sharing pilot with the NSW Ombudsman and NSW Office of Local Government. The unit has developed novel tools to interrogate the various data sources to identify trends, paving the way for collaboration across other sectors.

How we investigate

All investigations undertaken by the Commission commence as preliminary investigations. A preliminary investigation may assist the Commission to discover or identify conduct that might be made the subject of a more complete investigation or in deciding whether to make particular conduct the subject of a more complete investigation. If appropriate, a matter may then be escalated to a full investigation (known as an "operation").

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

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

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

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

Our investigations

At the commencement of the 2018–19 reporting period, a total of 15 preliminary investigations and 12 operations were carried over from the previous period. A total of 16 preliminary investigations and six operations were completed in 2018–19. At the end of the reporting period, there was one ongoing preliminary investigation and 18 operations.

The Commission has KPIs for the timeliness of its investigations. It aims to complete 80% of its preliminary investigations within 120 days of the Commission decision to commence the investigation.¹ If a matter is escalated to an operation, the time period for completing the

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

confidential phase of the investigation is extended to 16 months, and the Commission aims to complete 80% of matters within that period.² If a public inquiry is held for the purpose of an investigation, the confidential phase of the investigation ends. The period of time between the commencement of the public inquiry and the publication of the investigation report is dealt with in Chapter 5.

The percentage of preliminary investigations completed by the Commission within 120 days has decreased from 72% in 2017–18 to 59% in 2018–19. The average time taken to complete preliminary investigations has increased from 100 days in 2017–18 to 125 days in 2018–19. This change in figures from the previous reporting period is a direct result of increasing complexity, in particular digital forensics and forensic accounting.

The percentage of operations completed within 16 months has also decreased proportionately (with preliminary investigations), from 72% in 2017–18 to 50% in 2018–19. The average time taken to complete a full investigation has improved from 524 days in 2017–18 to 456 days in 2018–19. This is due to more complete financial analyses and digital forensics capabilities utilised in the early stages of the investigation.

Table 17: Preliminary investigation statistics for 2018–19

Number current as at 1 July 2018	15
Number referred by Assessment Panel	18
Number discontinued	27
Number current as at 30 June 2019	1
Days on average taken to complete	125
Number completed within 120 days	16
% completed within 120 days	59%

Table 18: Full investigation (operation) statistics for 2018–19

Number current as at 1 July 2018	12*
Number escalated from preliminary investigation	12
Number discontinued/concluded	6
Number current as at 30 June 2019	18
Days on average taken to complete	456
Number completed within 16 months	3
% completed within 16 months	50%

* This figure was miscalculated as 14 in the 2017–18 annual report.

Table 16: Source of preliminary investigations by sector in 2018–19

Sector	Number of preliminary investigations	% of preliminary investigations
Local government	13	41%
Transport, ports and waterways	4	13%
Health	3	10%
Education (except universities)	2	6%
Government and financial services	2	6%
Land, property and planning	2	6%
Natural Resources and Environment	1	3%
Other – unspecified	1	3%
Arts and heritage	1	3%
Custodial services	1	3%
Universities	1	3%

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

Use of statutory powers

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

Public inquiries and compulsory examinations

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

The Commission can compel witnesses to answer questions and produce documents or other things when they are summoned to a compulsory examination or a public inquiry. The witness must comply with this direction regardless of whether the answers or production of the documents or other things may incriminate them. A witness, however, may object to answering the question or to producing the item. If an objection is made, the witness must still comply with the direction but neither the answer nor the item produced is admissible as evidence against the witness in any subsequent criminal or civil proceedings, other than for an offence under the ICAC Act. Also, disciplinary proceedings may be taken against a public official on the basis of a finding of corrupt conduct made by the Commission in a report under s 74 of the ICAC Act and evidence supporting that finding, including evidence of the public official that was given under objection.

In 2018–19, the Commission conducted 83 compulsory examinations over 67 days and four public inquiries (operations Skyline, Dasha, Gerda and Ember) over 133 days. Operations Dasha and Skyline have continued beyond the reporting period.

Table 19: Statutory powers used by the Commission in 2018–19, compared to the two previous years

Power	2018–19	2017–18	2016–17
Notice to produce a statement (s 21)	18	23	17
Notice to produce a document or thing (s 22)	538	680	499
Notice authorising entry to public premises (s 23)	1	1	0
Summons (s 35)	158	233	150
Arrest warrant (s 36)	1	0	0
Order for prisoner (s 39)	4	3	5
Search warrant (s 40)*	32	5	11
Controlled operations	0	0	0
Surveillance device warrants	2	3	0
Telephone interception warrants	18	16	5
Stored communications warrants	7	0	0
Telecommunications data authorities issued	295	289	209
Interviews conducted	226	181	110

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

Investigation outcomes

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

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

- findings of serious 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 serious 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.

Proceeds of crime referrals and other disseminations

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

- Law Enforcement Conduct Commission
- Independent Broad-based Anti-corruption Commission
- Australian Taxation Office
- Commonwealth Attorney-General's Department
- Australian Criminal Intelligence Commission
- NSW Police Force
- Australian Federal Police
- Queensland Police Service

- Australian Border Force
- Australian Transaction Reports and Analysis Centre
- Fair Work Ombudsman.

Improving investigative practices

National Investigations Symposium

The Commission partners with the NSW Ombudsman and the Institute of Public Administration Australia NSW Division to plan and conduct the biennial symposium and workshop program that aims to improve the capacity of NSW public sector investigators and complaint-handlers to deal more effectively with corrupt conduct and misconduct allegations.

The 12th National Investigations Symposium was held in Sydney from 13 to 15 November 2018 and was attended by 628 people.

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

Chapter 4: Preventing corruption

Corruption prevention projects.....	37
Our advice function	38
Education	38

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

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

Some of our achievements in 2018–19 are explained below.

Corruption prevention projects

In 2018–19, the Commission released four publications examining corruption risks within the public sector. It also developed and/or revised a suite of corruption prevention topics on the new website launched during the reporting period.

Direct negotiations

Direct negotiations are exclusive dealings between government agencies and counterparties that are not subject to a competitive process. In August 2018, the Commission released *Direct negotiations: Guidelines for managing risks*, identifying government procurement as the most common area in which direct negotiations can arise, in addition to investment activity, delivery of government services, asset disposals and sponsorships.

While direct negotiations are not necessarily corrupt, the closed nature of these types of dealings can create opportunities for dishonest and partial conduct, and the perception of such conduct. Direct negotiations should be avoided unless they clearly fall within the government's legislative and policy framework and/or the risk of corrupt conduct has been managed.

The guidelines contain advice about:

- avoiding the need for direct negotiations
- when it may be appropriate to engage in direct negotiations
- the probity principles that are relevant to direct negotiations
- how to mitigate the corruption risks involved in direct negotiations
- how to undertake direct negotiations.

Corruption and integrity in the NSW public sector: an assessment of trends and events

In December 2018, a few months shy of its 30th year of operations, the Commission produced a landmark publication titled *Corruption and integrity in the NSW public sector: an assessment of current trends and events*.

Since its inception in 1989, the Commission has continued to receive regular sources of complaints in relation to conflicts of interest, human resources, procurement and contract management, regulation and accreditation, non-governmental organisations and undue influence on decision-making. The publication takes stock of these types of corruption but also looks at the risks brought about by changes in the way government services are delivered.

Among the evolving issues identified is the blurring of lines between public, private and not-for-profit sectors. This has resulted in potentially high-risk situations; for example, where contractors exercise significant delegations, have been issued with public sector credit cards, and where consultants or advisers are acting for both the government and a counterparty involved in a transaction.

The report also warns of the potential relationship between corrupt conduct and organisational change, with a number of investigations showing opportunities for such conduct can arise either during or after a period of organisational change.

It also notes that, while often well-intentioned, key performance indicators (KPIs) can also create preconditions for corruption if they encourage a fixation on achieving a particular number instead of a desirable outcome.

Conflicts of interest

Managing conflicts of interest in the NSW public sector was released in April 2019, and sets out detailed guidance in relation to conflicts of interest, which the Commission defines as existing when a reasonable person might perceive that a public official's personal interest(s) could be favoured over their public duties.

Conflicts of interest are a poorly understood concept across the NSW public sector. Consequently, the publication provides a detailed framework for identifying and managing them.

It is the Commission's experience that many – if not most – forms of corrupt conduct involve an undisclosed conflict of interest. While conflicts of interest are not, in themselves, improper, many forms of corrupt conduct involve a conflict of interest. Examples of conduct that could be corrupt include:

- concealing or failing to disclose a conflict of interest
- making false or understated declarations about a conflict of interest
- favouring a personal interest over public duty
- improperly influencing others to favour a personal interest
- misusing resources in order to favour a personal interest.

There are guidelines for developing essential elements of a conflict of interest policy, identifying and managing conflicts of interest, and encouraging the need to be proactive in looking for conflicts of interest.

Investigation into lobbying, access and influence – Operation Eclipse

During 2018–19, the Commission commenced Operation Eclipse, an investigation into lobbying, access and influence. Unlike most Commission investigations, Operation Eclipse is not examining specific allegations of corrupt conduct; rather, it is an investigation into “conduct liable to allow, encourage or cause the occurrence of corrupt conduct” (pursuant to s 13(1)(a)(ii) of the ICAC Act).

This work builds on Operation Halifax, the 2010 Commission investigation into lobbying practices. Since the completion of Operation Halifax, the Commission has assessed and investigated numerous allegations of corrupt lobbying and influence-peddling practices and considered it timely that relevant policy and regulatory mechanisms be re-examined.

In April 2019, the Commission issued a discussion paper authored by leading academics Dr Yee-Fui Ng and Professor Joo-Cheong Tham that set out the key issues and 37 discussion questions. Over 40 submissions were received in response by the end of the reporting period, and preparations are under way to hold a public inquiry.

Our advice function

The Commission provides advice on ways to prevent or combat corrupt conduct. This can range from minor issues that are dealt with in a single telephone discussion to significant issues requiring detailed discussions with a public authority and its officials. The advice service is available to all officers of the NSW public sector and members of the public. Matters that are routinely dealt with by telephone or email often concern procurement and tendering, management of planning and development applications, the review of anti-corruption policies and procedures, and guidance regarding best practice arrangements for limiting corruption risk and enhancing integrity.

In 2018–19, the Commission provided advice on 180 occasions (compared with 139 in 2017–18, 105 in 2016–17, and 94 in 2015–6). This included making submissions to relevant government enquiries and reviews, such as to:

- the review of Members' Code of Conduct and Constitution (Disclosures by Members) Regulation 1983
- the NSW Legislative Council's Privileges Committee's review of Members' Code of Conduct
- the *Review of Governance in the NSW Planning System*, led by Nick Kaldas APM
- Australia's Second National Integrity assessment.

Over its 30-year history, from 1989–90 to 2018–19, the Commission has provided advice on 6,328 occasions.

Education

During the reporting period, the Commission's corruption prevention work continued to focus on assisting public sector agencies to examine the design of their operations to identify ways to create a corruption-resistant environment at a lower overall cost; the object being to equip agencies to design out corrupt opportunities and incentives from their systems.

In its educational activities, the Commission's consistent message is that, if public sector agencies adopt work processes that are measured, analysed and owned by accountable individuals, both organisational performance and corruption control can be improved.

Training

In 2018–19, the Commission delivered 111 workshops across NSW to over 2,145 attendees, representing a slight decrease on the 126 workshops delivered in 2017–18. "Corruption prevention for managers" and procurement-related workshops were the most requested.

The Commission maintained its commitment to serving the needs of rural and regional NSW. A total of 52 workshops were delivered outside the Sydney metropolitan area; equivalent to 47% of the total. This is a significant increase on 34% in the previous year.

Of the 111 workshops delivered in the reporting period, 90 were evaluated to ensure quality. A total of 94% of participants rated these workshops as "useful" or "very useful", and 96% of participants "agreed" or "strongly agreed" that these workshops met their training needs. These evaluation results are consistent with those reported in previous years and are indicative of high participant satisfaction with the Commission's workshops.

Following the release of its report, *Investigation into the conduct of a principal officer of two non-government organisations and others*, the Commission introduced a new workshop focused on good governance in small boards, which is relevant to Local Aboriginal Land Councils (LALCs) and in part replaces an existing workshop.

All of the Commission's workshops are delivered free of charge.

Table 20: Number of workshops and training sessions delivered compared with previous years

Workshop/session	2018–19	2017–18	2016–17
Corruption prevention for managers	31	28	21
Corruption prevention in procurement*	50	59	22
Fact finder	7	5	3
Strategic approaches to corruption prevention senior executive workshop	2	12	9
Corruption prevention for local government operational staff	7	10	13
Corruption prevention for planning professionals	10	12	5
Corruption prevention for Local Aboriginal Land Councils	–	–	1
Good governance in small boards	3	–	–
Custom workshops	1	–	–
TOTAL	111	126	74

* Includes "Corruption prevention in procurement for managers", "Corruption prevention for procurement officers", "Corruption prevention in procurement and contract management" and "Probity in procurement".

Speaking engagements

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

In 2018–19, Commission officers delivered 93 speaking engagements to approximately 3,180 attendees. This represents a 23% reduction on the 122 delivered in 2017–18.

In February 2019, the Commission again hosted probity briefing sessions aimed at staff of the NSW public sector working in corruption prevention, integrity and governance roles. This included staff working in public sector authorities, as well as private sector providers, on the NSW Government's Performance and Management Services Scheme. The briefing sessions provided participants with a summary of the Commission's key findings published in *Corruption and integrity in the NSW public sector: an assessment of current trends and events*.

ANZSOG/ICAC executive course and scholarship

The Australia and New Zealand School of Government (ANZSOG)/ICAC executive short course, titled "Strategic responses to corruption", is a four-day course that focuses on the enhancement of operational controls to prevent corruption. The course is delivered by Commission officers, with ANZSOG

providing administrative and promotional assistance. Under the program, 15 scholarship places are competitively awarded to NSW public officials.

In the reporting period, the course was held in September 2018. The scholarships were awarded to applicants who were in a position to influence reform and could immediately apply the knowledge that they had obtained from the course. The course also attracted a number of fee-paying participants, including unsuccessful scholarship applicants and public officials from interstate whose agencies saw the value of the training.

Course evaluations indicated that the course was well received. For example:

- when asked to rate the course overall on a 5-point scale (where 1 = poor, and 5 = excellent), the average rating was 4.5
- when asked the extent to which the course's learning environment and content were stimulating (using the same rating scale), the average rating was 4.5
- when asked how transferable the learnings from the program were to their workplace, on a 5-point scale (where 1 = not at all, and 5 = to a large degree) attendees gave an average rating of 4.3
- when asked to rate the Commission's presenters on a 5-point scale (where 1 = very poor, and 5 = very good), the average rating was 4.7.

A total of 70% of the costs for running the courses was apportioned to the Commission and 30% was apportioned to ANZSOG.

Table 21: Number of speaking engagements delivered compared with previous years

Month/quarter	2018–19 corruption prevention speaking engagements		2017–18 corruption prevention speaking engagements		2016–17 corruption prevention speaking engagements	
	Number of engagements	Number addressed*	Number of engagements	Number addressed*	Number of engagements	Number addressed*
Jul–Sept	24	985	19	739	6	242
Oct–Dec	29	926	43	1,854	6	302
Jan–Mar	24	818	35	1,307	6	130
Apr–Jun	16	451	25	981	14	522
Total	93	3,180	122	4,881	32	1,196

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

Rural and regional communities

The purpose of the Rural and Regional Outreach Program is to provide practical corruption prevention information and advice on how to report corrupt activities to communities outside metropolitan areas of NSW. Since 2001, the Commission has conducted 35 visits under the program.

In the reporting period, the Commission visited the Illawarra and New England regions in November 2018 and May 2019 respectively. ICAC staff from across the Commission conducted liaison visits and delivered training. A community event in both regions was hosted by the Chief Commissioner with the NSW Ombudsman and the Law Enforcement Conduct Commission's Commissioner for Integrity to ensure that local leaders understood the roles and functions of the three agencies for seeking advice and reporting matters.

National Investigations Symposium

The Commission partners with the NSW Ombudsman and the Institute of Public Administration Australia NSW Division to plan and conduct the biennial symposium and workshop program that aims to improve the capacity of NSW public sector investigators and complaint-handlers to deal more effectively with corrupt conduct and misconduct allegations.

The 12th National Investigations Symposium was held in Sydney from 13 to 15 November 2018 and was attended by 628 people.

Australian Public Sector Anti-Corruption Conference

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

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

The perils of direct deals

In January 2019, the Commission released a report in which it made serious corrupt conduct findings against Steven Prestage, who had been engaged by the NSW Department of Finance, Services and Innovation to manage a software implementation project. The key findings were that Mr Prestage:

- falsely represented that the company Petite Software Systems (PSS) had the ability, expertise and personnel to work on the software project
- falsely represented that other relevant, prequalified suppliers were not suitable, thereby ensuring the appointment of PSS
- used four assumed names in communications with the department to create the impression that PSS was a legitimate supplier
- created the similarly named company Petite Solutions and caused the department to pay the PSS invoices (amounting to approximately \$570,000) into a bank account he controlled
- charged the department \$2,000 per day for each PSS contractor, which he knew to be an inflated rate.

Although Mr Prestage took numerous steps to plan and conceal his corrupt conduct, the Commission identified some shortcomings in the department's internal controls. Mr Prestage was a contractor, who was new to the department, but afforded significant discretion to run the project as he saw fit. This meant that Mr Prestage's representations – for example, that PSS was the only viable supplier and that its contractors ought to be paid \$2,000 per day – were believed, effectively deceiving the department into agreeing to a direct deal with an unknown supplier.

The Commission made 15 corruption prevention recommendations to the department aimed at improving the screening of contractors and suppliers, implementing controls over the creation of new suppliers in the vendor master file, tracking project expenditure and using data analytics to identify red flags.

Chapter 5: Compliance and accountability

The Commission's compliance framework.....	43
Internal governance	44
External governance	45
Principal legal changes.....	47
Litigation	48
Complaints against Commission officers	49
Privacy and personal information.....	50
Access to information.....	50
Report publicly about the work of the Commission.....	51

The ICAC Act provides the Commission with extensive statutory powers. In addition to powers under the ICAC Act, Commission officers can:

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

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

The Commission's compliance framework

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

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

equal employment opportunity issues, plans, policies and procedures.

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

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

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

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

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

- the investigation of evidence that might exculpate affected persons

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

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

Internal governance

Legal review

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

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

The Executive Director, Legal, audits the Commission's assumed identity records as required under the *Law Enforcement and National Security (Assumed Identities) Act 2010*. In 2018–19, the Commission authorised three new assumed identities and revoked one assumed identity authority. No assumed identity authorities were varied. Assumed identities were granted and used by Commission officers in surveillance operations on people of interest in Commission investigations and to maintain covert arrangements. The audit was conducted in November 2018. Records of all audited files complied with the relevant legislative requirements.

Executive Management Group

The EMG comprises the Chief Commissioner, the part-time Commissioners, the Chief Executive Officer and all executive directors. It usually meets fortnightly and is responsible for:

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

Investigation Management Group

The IMG comprises the Chief Commissioner, the part-time Commissioners, the Chief Executive Officer, the Executive Director, Investigation Division, the Executive Director, Legal Division and the Executive Director, Corruption Prevention Division. It oversees Commission investigations, preparation of investigation reports, preparation of briefs of evidence for submission to the DPP, and the progress of criminal prosecutions arising from

Commission investigations. The IMG meets monthly. The functions of the IMG include:

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

Prevention Management Group

Members of the PMG are the same as for the EMG. It usually meets monthly. Its functions include selecting, approving and overseeing corruption prevention projects and ensuring the quality and content of these publications.

Operations Manual and Policy Frameworks

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

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

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

External governance

Parliamentary Committee on the ICAC

The Parliamentary Committee on the ICAC ("the Parliamentary Committee") is the means by which the Commission is accountable to the NSW Parliament. It was established by resolution on 6 April 1989 and was re-established on 19 June 2019.

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

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

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

The Parliamentary Committee consists of members of Parliament, selected from both the Legislative Assembly and Legislative Council. Following the March 2019 NSW state election, a new committee

was appointed on 19 June 2019. The members of the Parliamentary Committee are:

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

On 18 October 2018, the Parliamentary Committee published its report on its review of the 2016–17 annual reports of the Commission and the Inspector. The report contained two recommendations:

1. That in its future annual reports, the Commission include details of:
 - the specific areas of the public sector found by the Commission to be at high risk of corruption as a result of the proactive exercise of the Commission's jurisdiction
 - any areas of emerging and potential public sector corruption risk, identified by the Commission as a result of proactive exercise of its jurisdiction
 - the high-level details of the methodologies, systems and processes used by the Commission in proactively exercising its jurisdiction.
2. That the NSW Attorney General write to the Commonwealth Attorney General:
 - re-affirming the NSW Government's support for an amendment to the *Telecommunications (Interception and Access) Act 1979* (Commonwealth) to enable inspectors of law enforcement and integrity agencies to access telecommunications material for audit purposes
 - seeking an update on this issue.

On 15 November 2018, the Commission wrote to the Parliamentary Committee advising that it would implement recommendation 1 in future annual reports.

Inspector of the ICAC

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

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

- audit the operations of the Commission for the purpose of monitoring compliance with the law of NSW
- deal with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission
- deal with (by reports and recommendations) conduct amounting to maladministration (including delay in the conduct of investigations and unreasonable invasions of privacy) by the Commission or officers of the Commission
- assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

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

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

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

During the reporting period, the Inspector published the following report pursuant to s 57B and s 77A

of the ICAC Act, which can be accessed from the Inspector's website at www.oiiac.nsw.gov.au:

- *Report concerning the non-disclosure of information relating to Mr Paul Gardner Brook by the Independent Commission Against Corruption during Operations Jasper and Credo* (November 2018).

The Inspector was of the opinion that the conduct which was the subject of the report did not amount to abuse of power, impropriety or other forms of misconduct or maladministration as those terms are used in s 57B of the ICAC Act.

The Auditor General

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

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

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

The *Government Sector Finance Act 2018* also makes provision for financial reporting and other information to be reported in the annual report. However, the relevant provisions of this Act have not yet commenced.

Inspector of the Law Enforcement Conduct Commission

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

The LECC Inspector did not inspect the Commission's telecommunications interception records during the reporting period. The LECC Inspector inspected the Commission's surveillance device records on 31 July 2018 and 6 February 2019.

During the July 2018 inspection, an issue was identified with respect to a report made under s 44 of the *Surveillance Devices Act 2007*. That section requires a person to whom a surveillance device warrant is issued to make a written report to the eligible judge or eligible magistrate who issued the warrant and to the Attorney General setting out certain information, including the period during which the device was used. The report did not specify the time periods during which the device was used. The LECC Inspector noted that the issue was discussed with relevant Commission officers and the matter was satisfactorily resolved.

During the February 2019 inspection, the Commission advised the LECC Inspector that a warrant had inadvertently been issued for a period of more than 90 days (the maximum period for which a warrant may be granted). The LECC Inspector noted that as soon as the Commission became aware of the situation an application was made to have the warrant revoked and a new warrant was then sought and granted.

As the Commission did not authorise or undertake any controlled operations in 2018–19, it was not necessary for the LECC Inspector to inspect the Commission's controlled operations records.

The Commonwealth Ombudsman

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

The Commonwealth Ombudsman did not undertake any inspections during the reporting period.

Principal legal changes

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

There is one important and necessary legal change for which the Commission has contended during the reporting period.

The problem of interference with investigations of serious criminal offences and corrupt conduct through the use of encrypted telecommunications

services is widely acknowledged. Encryption has an increasingly detrimental impact on the ability to conduct effective investigations into such conduct.

During 2018, in order to address this issue, the Commonwealth Government introduced into the Commonwealth Parliament the Telecommunications and Other Legislation Amendment (Assistance and Access) Bill ("the Bill"). One of the purposes of the Bill was to give an "interception agency" the ability to issue a technical assistance request to a designated communications provider requiring that provider to do certain things to enable the interception agency to read encrypted communications.

The Commission, together with a number of other telecommunications interception agencies, was included within the definition of interception agency. This meant that, if the Bill was passed in its original form, those agencies would have the ability to obtain assistance from relevant communications providers to read encrypted communications lawfully intercepted under a warrant.

On 5 December 2018, the Commonwealth Parliamentary Joint Committee on Intelligence and Security published a short report on the Bill. It contained 17 recommendations. The effect of one of the recommendations was that state and territory anti-corruption commissions be excluded from the definition of "interception agency". No reasons were given in the report for that recommendation.

On 7 December 2018, the Bill was passed by both Houses of Parliament. A number of agencies, including the Commission, were excluded from the definition of "interception agency". No explanation was given for the exclusion.

On 6 February 2019, the Commission, and eight other agencies that had been excluded from the definition of "interception agency", made a joint submission to the Parliamentary Joint Committee on Intelligence and Security addressing the exclusion and recommending that those agencies be included in the *Telecommunications and Other Legislation Amendment (Assistance and Access) Act 2018* to enable them to secure assistance from telecommunications providers to access encrypted telecommunications.

The Commission is hopeful that steps will be taken to address the concerns raised in the joint submission by amending the legislation to enable the Commission and the other agencies to obtain assistance from communications providers to read lawfully intercepted encrypted communications.

Litigation

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

1. In September 2018, Knightbridge North Lawyers Pty Ltd commenced proceedings in the NSW Supreme Court against various parties, including the Commission, Chief Commissioner Hall, Commissioner Rushton and Commissioner McDonald, seeking various declarations concerning the claimed invalidity of appointments of the Chief Commissioner and the Commissioners.

The matter was heard on 14 November 2018, at which time counsel for the plaintiff for the first time raised a constitutional issue arising from the Premier's consultation concerning the proposed appointment of Mr Rushton and Ms McDonald as Commissioners. A second, further amended summons, including the constitutional issue, was filed on 19 November 2018 but, on 14 December 2018, that summons was withdrawn and leave to file it was revoked as the plaintiff did not wish to pursue the constitutional issue.

On 6 February 2019, the Supreme Court dismissed the summons ([2019] NSWSC 45).

2. In December 2017, Charif Kazal commenced proceedings in the NSW Supreme Court against the Commission, former Commissioner, the Hon David Ipp AO QC, and the state of NSW. The claim was for unspecified damages and various declarations on the basis that the Commission's December 2011 Operation Vesta report was ultra vires, the finding of corrupt conduct against Mr Kazal was not made according to law and the finding that he gave false evidence was not made according to law.

On 24 May 2019, the Supreme Court summarily dismissed the proceedings and ordered the plaintiff to pay the defendants' costs ([2019] NSWSC 556).

3. On 31 July 2017, Sandra Lazarus, Michelle Lazarus and Jessica Lazarus commenced proceedings in the NSW Supreme Court against the Commission and a Commission officer seeking various orders relating to the Commission's Operation Charity report and damages of \$247 million for each of the three plaintiffs.

On 25 October 2018, the statement of claim was dismissed ([2018] NSWSC 1613).

4. On 13 July 2017, Sandra Lazarus and Michelle Lazarus commenced proceedings in the NSW Supreme Court, Court of Appeal against the Commission, a Commission officer, the Director of Public Prosecutions, the District Court of NSW and the Local Court of NSW. They primarily sought to have their convictions for criminal offences arising from the Commission's Operation Charity investigation quashed.

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

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

On 7 June 2019, Sandra Lazarus commenced proceedings in the NSW Supreme Court against the Commission, a Commission officer, the NSW Director of Public Prosecutions and the District Court of NSW seeking, inter alia, an order that the orders made by Hoy DCJ on 22 May 2019 with respect to the re-issuing of amended sentence warrants in the criminal proceedings be set aside or quashed (the June 2019 proceedings). Submitting appearances were filed on behalf of the Commission and Commission officer.

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

5. On 9 July 2015, Edward Obeid Senior, Moses Obeid, Paul Obeid and Edward Obeid Junior filed a statement of claim in the Supreme Court claiming declarations that certain Commission officers engaged in misfeasance in public office, that certain reports issued by the Commission were ultra vires, were not made according to law and were a nullity (reports for operations Indus, Jasper, Meeka and Cabot, and Cyrus) and an order permanently restraining the Commission from issuing reports on operations Credo and Spicer. The plaintiffs also claimed general damages, aggravated damages, special damages and exemplary damages. The Commission was subsequently joined as a party and proceedings were discontinued against four of the named Commission officers.

On 11 December 2015, an amended statement of claim was filed confining the claims to Operation Jasper.

The principal claims against Commission investigators were that they committed misfeasance in public office when executing a search warrant by causing the videotaping of two documents, which, the plaintiffs alleged, were outside the scope of the search warrant.

On 27 September 2016, the NSW Supreme Court dismissed the plaintiff's claims ([2016] NSWSC 1376).

On 23 December 2016, the plaintiffs filed a notice of appeal in relation to the decision concerning the Commission and two Commission officers.

On 21 June 2017, proceedings against the Commission were discontinued.

Notices of contention were filed on behalf of the two Commission officers. They essentially disputed:

- the findings that the two documents were not covered by the search warrant
- they appreciated at the time the documents were not covered by the warrant
- they acted in excess of power and knew at the time they were so acting.

The appeal was heard between 4 and 6 September 2017. On 12 April 2018, the Court of Appeal (Bathurst CJ, Beazley P and Leeming J) dismissed the appeal ([2018] NSWCA 71).

On 16 November 2018, special leave to appeal to the High Court was refused.

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 or her.

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

In 2018–19, the Commission received and investigated three matters concerning the conduct of Commission officers.

There were two matters involving allegations that separate Commission officers had engaged in bullying and harassment towards other Commission officers. In both cases, the allegations were upheld, either in part or in whole.

In one case, the disciplinary outcome was a reduction in salary to the next rate below that to which the officer was receiving, direction to attend such remedial courses/programs as considered appropriate by the Commission and that the officer not be considered for any higher duties acting position for a period of 12 months. In the other case, a caution was imposed and the officer was required to undertake counselling.

In both cases, the fact of the investigation and the disciplinary action imposed was noted on the relevant personnel files.

In the third matter, a Commission officer was found to have breached Commission policy by giving a person engaged by the Commission as an interpreter access to the Commission's computer network by logging into the network under the officer's user account rather than arranging authorisation for the interpreter to have separate access. Access was required by the interpreter for the purpose of interpreting certain telephone calls lawfully intercepted by the Commission. The Commission officer was reprimanded and the fact of the investigation and the disciplinary action imposed was noted on the officer's personnel file.

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

Privacy and personal information

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

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

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

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

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

Access to information

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

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

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

Section 125 of the GIPA Act requires agencies to report on the agency's obligations under the GIPA Act. The Commission's report is set out in Appendix 8.

Report publicly about the work of the Commission

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

The section provides that the report shall include the following:

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

This information is included in this publication.

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

Public inquiries

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

Operation Ember is an investigation into whether, between July 2015 and February 2019, NSW Roads and Maritime Services employees, Samer Soliman and Jainesh Singh, partially and dishonestly exercised their official functions in relation to the awarding of contracts to Novation Engineering Pty Ltd and AZH Consulting Pty Ltd. The public inquiry was conducted over 18 days between 20 May and 26 June 2019.

Operation Gerda is an investigation into whether, since January 2009, staff from Sydney Night Patrol & Inquiry Co ("SNP Security") and/or its subcontractor, S International Group Pty Ltd (SIG), dishonestly obtained a financial benefit from the University of Sydney while providing contracted security services to the university by creating false entries on daily time sheets and submitting these for payment to the university and whether any University of Sydney employee dishonestly obtained a financial benefit from, or acted partially in, exercising their public official functions for the benefit of SNP Security and/or SIG and/or any of their employees. The public inquiry was conducted over 14 days between 11 and 28 February 2019.

Operation Skyline is an investigation concerning the Awabakal Local Aboriginal Land Council, including whether any public official acted dishonestly and/or in breach of their duty as a board member in relation to a scheme involving proposals from 2014 to 2016 for the sale and development of properties owned by the land council. The public inquiry took place during the following periods and days: 27 March – 13 April 2018, 14–17 May 2018, 16–20 July 2018, 6–17 August 2018, 17–21 September 2018, 19 November 2018, 18–20 March 2019, 17 April 2019, 29 April 2019, and 6–14 May 2019. The public inquiry is to be re-listed, at a date to be fixed, for further directions.

Operation Dasha is an investigation into whether certain former Canterbury City Council public officials, including councillors and others, acted

corruptly in relation to, among other matters, planning proposals and/or applications under the *Environmental Planning and Assessment Act 1979* concerning properties in the Canterbury City Council local area. The public inquiry took place during the following periods and days: 16–27 April 2018, 19 June – 17 August 2018, 8–18 October 2018, 10–21 December 2018, 29 January – 1 February 2019, and 1 April 2019 to 3 May 2019 (79 days).

Investigation reports

Under the ICAC Act, the Commission is required to prepare reports on matters referred by both Houses of the NSW Parliament and on matters involving public inquiries. The Commission can also produce public reports without conducting a public inquiry. These reports are furnished to the Presiding Officer

of each House of Parliament who arrange for the reports to be tabled in Parliament. Each Presiding Officer has the discretion to make Commission reports public immediately on presentation.

In 2018–19, the Commission furnished three investigation reports to the Presiding Officers. All were immediately made public.

During its 30-year history, between 1989 and 30 June 2019, the Commission has provided 194 s 74 reports to the Presiding Officers of the Houses of Parliament.

The time interval between the completion of the relevant public inquiry and the furnishing of the report during the reporting period, is set out in the table 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 a principal officer of two non-government organisations and others (Operation Tarlo) (17 days)	23/1/18	19/9/18	239
Investigation into the conduct of a Department of Finance, Services and Innovation ICT project manager (Operation Yarrow)***	19/12/18	16/1/19	28
Investigation into the conduct of NSW Corrective Services officers at Lithgow Correctional Centre (Operation Estray) (10 days)	30/4/19	3/6/19	34

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

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

*** There was no public inquiry for this matter but submissions were made.

Other publications

In August 2018, the Commission published *Direct negotiations – guidelines for managing risks in direct negotiations*.

The Commission published its *Annual Report 2017–2018* on 5 October 2018.

In December 2018, the Commission published *Corruption and integrity in the NSW public sector – an assessment of current trends*.

In April 2019, the Commission published *The regulation of lobbying, access and influence in NSW: a chance to have your say* and *Managing conflicts of interest in the NSW public sector*.

The Commission also met its target of producing two editions of the *Corruption Matters* e-newsletter. One was published in November 2018 and the other in May 2019. 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 to the Commission's website at www.icac.gov.au was 988,603, peaking at 105,155 sessions in February 2019 with the launch of the Commission's live-streaming platform.

Corrupt conduct findings and recommendations for prosecution/disciplinary action

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

In 2018–19, the Commission made findings of serious corrupt conduct against eight people. The Commission also recommended the advice of the DPP be obtained in relation to the prosecution of eight people for various criminal offences. The Commission recommended that consideration be given to the taking of disciplinary action against five persons.

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

Chapter 6: Our organisation

Corporate administration.....	55
Other internal committees	57
Information management and technology	58

In 2018–19, the Commission employed an average of 113.5 full-time equivalent (FTE) staff across its eight functional areas.

At the end of the reporting period, of the 121 staff (head count) working at the Commission, 107 were employed on a permanent basis, six on a temporary basis and eight (including the Chief Commissioner and Commissioners) were employed in contract positions equivalent to the NSW Senior Executive Bands (see Appendix 9 for further information).

Corporate administration

Policies and procedures

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

All updated policies are endorsed by the Commission's Executive Management Group (EMG), of which the Chief Commissioner is a member, following consultation by the Commission Consultative Group, where relevant.

The following policies were the subject of review during the reporting period:

- Reporting of Public Interest Disclosures by Commission Officers

- Loss or Damage to Private Property Policy
- Use of Commission Vehicles Policy
- Resource Efficiency Policy
- CabCharge Docket Procedure Policy
- Outside Employment Policy
- Legal Assistance Policy
- Equitable Briefing Policy
- Witness Cooperation Policy
- Gifts and Benefits Policy
- Special Leave Policy
- Work Health and Safety Plan.

Learning and development

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

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

Staff participated in learning activities that addressed:

- work health and safety
- code of conduct
- team managers and leaders

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

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

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

- skills for workplace contact officers
- prevention of harassment and bullying
- information technology
- corruption prevention
- investigation and surveillance
- contract management
- procurement
- employment and administrative law
- risk management.

Staff also attended a range of conferences and seminars, including the National Investigations Symposium, Corruption Prevention Network Annual Conference, Government Solicitors Conference, National Integrity Forum, Anti-Corruption Forum for Lawyers, Public Interest Disclosures Practitioner Forum and Workplace Law Conference.

In total, during 2018–19, there were 351 staff attendances at learning activities, which equates to an average of three training sessions for each staff member.

During the reporting period, development opportunities arose for staff to undertake higher duties and temporary appointments within the Commission. A senior officer from the Corruption Prevention Division is on secondment to a senior executive position within Transport NSW.

Conditions of employment and movement in salaries and allowances

The ICAC Award sets out the conditions of employment for Commission staff. In line with award conditions, a 2.5% increase for non-executive staff became effective at the beginning of the first full-pay period from 1 July 2018. The increase also applied to some award allowances, including the Associate Allowance, the Community Language Allowance and the First Aid Allowance.

The Commission also increased the remuneration of its senior management staff and Commissioners following relevant pay determination advice from the Statutory and Other Offices Remuneration Tribunal (SOORT).

Industrial relations

Consistent with s 104 of the ICAC Act, the Commission has entered into an agreement with the Public Service Association of NSW, and the resulting ICAC Award 2018 documents the conditions of employment and the rights and obligations of management and staff. The ICAC Award was negotiated by the ICAC Award Negotiation Committee and staff were consulted throughout its development and agreed to it.

In 2018, the ICAC Award was updated to include a 2.5% pay rise for staff.

Staff performance management

The Commission has a structured performance management system based on position accountabilities and corporate objectives that are drawn from the Commission's strategic and business plans.

Core performance accountabilities addressed in performance agreements include quality, operational effectiveness, people and communication, and growth.

Performance agreements set the framework for ongoing and regular feedback and communication between managers and staff. All permanent and temporary staff are the subject of a performance agreement and review based on an annual cycle.

The performance management system aligns with the financial year, with new performance agreements developed in July and reviews undertaken in June. It also addresses incremental salary progression.

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

Performance agreements contain a learning and development component, which addresses corporate, positional and individual learning needs.

In June 2019, the Commission's internal auditors undertook a review of its performance management system and made recommendations as to how the system could be enhanced. A draft report has been prepared recommending significant changes to the performance management system. Management's responses to the recommendations will be considered early in the first quarter of the new financial year.

Risk management

The Commission's Risk Management Policy and Toolkit guides the Commission to develop an effective and integrated risk management process. The management of risk within the Commission, in conjunction with other Commission and NSW Government policies and procedures, is integral to achieving the Commission's key strategic outcomes. The Risk Register records information about identified risks and processes to modify risk to acceptable levels, and the Risk Management Plan identifies the strategy, activities and resources responsible for implementing and maintaining risk management. The Commission's Crisis Management Plan provides guidance for the management of Commission business following a critical incident.

The ARC and the EMG oversee the risk management processes. The ARC also monitors the implementation of any recommendations made by the Commission's independent internal auditors in their annual review, the NSW Auditor General and other management reviews.

In 2018–19, the Commission conducted risk assessments for all public inquiries to determine risks associated with witnesses and the level of security services required.

The Commission continues to focus on the importance of its site security as part of its risk management strategy. The Commission's physical security measures are continually reviewed and updated to meet its specific security requirements. The Commission's integrated electronic access control and electronic surveillance security system has been rigorously maintained to ensure optimum efficiency. Special constables from the NSW Police continue to oversee onsite security.

Hazard and injury reports

During the reporting period, one hazard report was lodged and the identified risks were mitigated. Four workplace injuries were also reported, and steps were taken to address any identified cause, including provision of specialised desk equipment.

Table 24: Hazards reported and risks controlled

Reporting period	Number of hazards reported	Risks controlled to an acceptable level
2015–16	1	Yes
2016–17	2	Yes
2017–18	4	Yes
2018–19	1	Yes

Personnel security

Prior to being employed or engaged by the Commission, all personnel and contractors undergo a rigorous security clearance process. The Commission adopts a vetting process involving a regime of background checks and analyses to make suitability assessments of personnel and contractors. The vetting process is one of the risk management strategies to support the integrity and confidentiality of Commission operations and activities.

In the 2018–19 reporting period, 36 security checks were conducted on personnel and contractors as part of its employment screening regime.

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

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 Investigation Management Group, the Executive Management Group, and the Prevention Management Group – is to assist the Commission to meet its compliance and accountability obligations, as outlined in Chapter 5.

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

Commission Consultative Group

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

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

Work Health and Safety Committee

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

Members of the committee during the reporting period are recorded in Appendix 11.

Audit and Risk Committee (ARC)

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

In 2018–19, the internal auditor conducted a review of the Commission's risk management framework and identified key areas for improvement. In June 2019, the auditor also conducted a review of the Commission's performance management system.

A further independent assessment of the Commission's internal audit function was undertaken in June 2019 by the Institute of Internal Auditors of Australia. The ARC noted the findings of the report and relevant recommendations for further improvements.

Five meetings were held by the ARC during the year.

Insurance activities

The NSW Treasury Managed Fund provides insurance cover for all of the Commission's activities. These include workers compensation, motor vehicle, public liability, property and miscellaneous claims. During the reporting period, the workers compensation deposit premium increased by \$15,951 (16%), while the remaining deposit premiums also increased by \$5,281 (12%).

Information management and technology

Information technology upgrades

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

- allow for better and easier public and restricted access to the Commission's information
- improve the internal network infrastructure, including security, resilience and data management
- improve the digital transformation of internal forms and processes
- replace specific IT equipment to better updates and versions.

The major projects completed were the Commission's website upgrade, live streaming of public inquiries, disaster recovery relocation, network security upgrade, replacement of multifunction printers/photocopiers and email security upgrade. Other projects completed were minor and related to peripheral and mobile device upgrades and off-the-shelf software upgrades.

The network security upgrade represented the highest investment outlay initiated during the reporting period. It is close to completion and will be fully implemented early in the first quarter of the 2019–20 reporting period.

Information security

The Commission is strongly committed to information security and, to this end, has continuously and successfully maintained and complied with its annual external audit accreditation to the Australian Standard AS/NZS ISO 27001:2013, which is an internationally recognised standard for information and asset security management.

Internal Audit and Risk Management Attestation Statement for the 2018–2019 Financial Year for the Independent Commission Against Corruption

I, Philip Reed, Chief Executive Officer of the Independent Commission Against Corruption (ICAC), am of the opinion that the ICAC has internal audit and risk management processes in place that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public*, specifically:

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

Membership

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

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



Philip Reed
Chief Executive Officer
Independent Commission Against Corruption
12 August 2019

In 2018–19, a number of initiatives were undertaken to address audit findings raised by external auditors, and reporting obligations to the NSW Cyber Security Centre.

The initiatives require the Commission to actively pursue the protection of its systems (hardware, software, communications, networks and connections) and information (physical and digital). This is done by progressively covering all applicable (to the Commission) measures and controls in both the AS/NZS ISO 27001:2013 and the Cyber Security Policy 2019 (CSP2019), and putting into practice risk management procedures to mitigate risks and threats identified by the Commission.

Applications services

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

New projects

The following key projects are planned for 2019–20:

- production storage upgrade (necessitated largely from significantly increased storage requirements due to the digitisation of evidence and investigations material)
- forensics storage upgrade
- production compute upgrades
- desktop refresh (partial).

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

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

As this NSW Government Cyber Security Policy was only introduced in February 2019, the Commission is working towards full compliance within the existing Financial Year 2019–2020. The Commission has retained ISO27001:2013 certification during FY2018–2019 and will retain this certification in addition to compliance with the NSW Cyber Security Policy in subsequent years.

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

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

The NSW Independent Commission Against Corruption is developing a cyber incident response plan and will have completed and scheduled testing of this plan during the Financial Year 2019–2020 in compliance with NSW Government Cyber Security Policy.

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



Philip Reed
Chief Executive Officer
Independent Commission Against Corruption
28/08/2019

Financials

Statement of comprehensive income for the year ended 30 June 2019.....	67
Statement of financial position as at 30 June 2019.....	68
Statement of changes in equity for the year ended 30 June 2019.....	69
Statement of cash flows for the year ended 30 June 2019.....	70
Notes to and forming part of the financial statements for the year ended 30 June 2019	71



INDEPENDENT COMMISSION
AGAINST CORRUPTION

NEW SOUTH WALES

Statement by Chief Executive Officer

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

- (a) the accompanying financial statements in respect of the year ended 30 June 2019 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act and *Public Finance and Audit Regulation 2015*.
- (b) the financial statements exhibit a true and fair view of the financial position, financial performance and cash flows of the Independent Commission Against Corruption.
- (c) I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Philip Reed', written over a light blue horizontal line.

Philip Reed
Chief Executive Officer
13 September 2019



INDEPENDENT AUDITOR'S REPORT

Independent Commission Against Corruption

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Independent Commission Against Corruption (the Commission), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Commission's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Commission is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by Chief Executive Officer in accordance with section 45F of the PF&A Act.

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

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

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

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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



Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

20 September 2019
SYDNEY

Statement of comprehensive income for the year ended 30 June 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Expenses excluding losses				
Employee related	2(a)	19,621	19,042	17,060
Other operating expenses	2(b)	7,150	5,658	5,976
Depreciation and amortisation	2(c)	2,317	2,310	2,763
Total expenses excluding losses		29,088	27,010	25,799
Revenue				
Appropriations	3(a)	25,407	25,617	21,113
Sale of goods and services	3(b)	46	–	–
Grants and contributions	3(c)	1,716	–	1,683
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	1,384	294	819
Other revenue	3(e)	28	26	284
Total Revenue		28,581	25,937	23,899
Loss on disposal	4	–	–	(11)
Net result		(507)	(1,073)	(1,911)
Total other comprehensive income		–	–	–
Total comprehensive income		(507)	(1,073)	(1,911)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Assets				
Current Assets				
Cash and cash equivalents	5	28	510	84
Receivables	6	876	273	517
Total Current Assets		904	783	601
Non-Current Assets				
Receivables	6	19	–	80
Property, plant and equipment	7			
– Leasehold improvements		1,456	1,904	2,608
– Plant and equipment		1,265	554	815
Total property, plant and equipment		2,721	2,458	3,423
Intangible assets	8	1,021	657	1,537
Total Non-Current Assets		3,761	3,115	5,040
Total Assets		4,665	3,898	5,641
Liabilities				
Current Liabilities				
Payables	9	300	638	533
Provisions	10	2,137	3,496	1,818
Other	11	567	–	567
Total Current Liabilities		3,004	4,134	2,918
Non-Current Liabilities				
Provisions	10	1,112	819	1,100
Other	11	166	–	733
Total Non-Current Liabilities		1,278	819	1,833
Total Liabilities		4,282	4,953	4,751
Net Assets		383	(1,055)	890
Equity				
Accumulated funds		383	(1,055)	890
Total Equity		383	(1,055)	890

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2019

	Accumulated Funds \$'000
Balance at 1 July 2018	890
Changes in accounting policy	–
Restated balance at 1 July 2018	890
Net result for the year	(507)
Other comprehensive income	–
Total other comprehensive income	–
Total comprehensive income for the year	(507)
Balance at 30 June 2019	383
Balance at 1 July 2017	2,801
Net result for the year	(1,911)
Other comprehensive income	–
Total other comprehensive income	–
Total comprehensive income for the year	(1,911)
Balance at 30 June 2018	890

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Cash flows from operating activities				
Payments				
Employee related		17,910	17,994	15,900
Other		9,080	6,864	7,167
Total Payments		26,990	24,858	23,067
Receipts				
Appropriations	3(a)	25,407	25,617	21,113
Sale of goods and services		54	–	–
Grants and contributions	3(c)	1,716	–	1,683
Other		964	682	985
Total Receipts		28,141	26,299	23,781
Net cash flows from operating activities		1,151	1,441	714
Cash flows from investing activities				
Purchases of property, plant, equipment and intangibles		1,207	719	932
Other		–	225	–
Net cash flows from investing activities		1,207	944	932
Net cash flows from financing activities		–	–	–
Net increase/(decrease) in cash		(56)	497	(218)
Opening cash and cash equivalents		84	13	302
Closing cash and cash equivalents	5	28	510	84

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

a. Reporting entity

The Independent Commission Against Corruption ("the Commission") is constituted by the *Independent Commission Against Corruption Act 1988*. The 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 2019 have been authorised for issue by the Chief Executive Officer on 13 September 2019.

b. Basis of preparation

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

- applicable Australian Accounting Standards (that include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2015.

The Commission's property, plant and equipment are made up of non-specialised assets with short useful lives and are recognised at depreciated historical cost. 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 are expressed in Australian currency.

Going concern

The Commission is a "going concern" public sector entity. The Commission will receive a Parliamentary appropriation and government grants as outlined in the NSW Budget Papers for 2019–20 on an "as needs" basis from the Crown Entity.

The closing cash balance is as a result of NSW Treasury's cash management reforms outlined in Circular 15-01 Cash Management – Expanding the Scope of the Treasury Management system, which requires all non-restricted cash and cash equivalents in excess of a readily assessable short-term level to be held within the Treasury Banking System. The closing cash balance at 30 June 2019, at \$28,000 is lower than the agreed "cash buffer".

c. Statement of compliance

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

d. Insurance

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

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

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

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

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

f. Income recognition

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

i. Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants donations) are

Notes to and forming part of the financial statements for the year ended 30 June 2019

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 11 as part of "Current liabilities – Other". The amount will be repaid and the liability will be extinguished in the next financial year.

ii. Grants and contributions

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

g. Assets

Property, plant and equipment

i. Acquisitions of assets

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is deferred payment amount, effectively discounted over the period of credit.

ii. Capitalisation thresholds

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

iii. Impairment of property, plant and equipment

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

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

iv. Depreciation of property, plant and equipment

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

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

	Gross value measurement bases	Depreciation method	Depreciation life in years	Depreciation life in years
Asset category			2018–19	2017–18
Computer hardware	Purchase price	Straight-line	4	4
Plant and equipment	Purchase price	Straight-line	5	5

Leasehold improvement assets are depreciated on a straight-line basis at the lesser of six years or the lease term.

Notes to and forming part of the financial statements for the year ended 30 June 2019

v. 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.

vi. Leased assets

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

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

vii. 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.

viii. 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.

ix. Impairment of financial assets

The adoption of AASB 9 has changed the Commission's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Commission to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There is no material impact to the Commission on adopting the new impairment model.

x. De-recognition of financial assets and financial liabilities

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

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

When the Commission has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Commission has neither transferred nor retained substantially all

	Gross value measurement bases	Amortisation method	Amortisation life in years	Amortisation life in years
Asset category			2018–19	2017–18
Software	Purchase price	Straight-line	4	4

Notes to and forming part of the financial statements for the year ended 30 June 2019

the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Commission's continuing involvement in the asset. In that case, the Commission also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Commission has retained.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

h. 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

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

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service.

As such, it is required to be measured at

present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability using 7.9% (7.9%: 2018) of the nominal value of annual leave can be used to approximate the present value of the annual leave liability.

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

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

(b) Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 18/13) 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 each employee's salary. For other superannuation schemes (that is, State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of all the employees' superannuation contributions.

Notes to and forming part of the financial statements for the year ended 30 June 2019

(c) Consequential on-costs

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

iii. Other provisions

Other provisions exist when: the entity has a present legal or constructive obligation as a result of a past event; 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.

(a) Make-good provision

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

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

During 2016–17, the Commission reviewed its make-good provision as the previous one was based on an estimate provided by NSW Government Property at the commencement of the lease in 2014.

A revised estimate was provided by Schiavello Construction (NSW) Pty Ltd and the make-good provision has been adjusted accordingly.

As the effect of the time value of money is material, provisions are discounted at 1.85% (2018: 2.16%), which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(b) Lease incentive provision

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

A provision has been made in the financial statements to recognise a lease incentive liability for the duration of the lease term of

six years. At the same time, an equivalent lease incentive abatement amount is recognised as an offset against rental expenses.

i. Fair value hierarchy

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

j. Equity and reserves

Accumulated funds

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

k. Trust funds

Section 47 Seizure pursuant to warrant – special provisions, of the *Independent Commission Against Corruption Act 1988*, ensures that property seized as a result, is retained by the Commission for the duration of the investigation. Note 18(a) shows the financial position of the special account created for this purpose.

The Commission receives monies in a trustee capacity for the Australian Public Sector Anti-Corruption Conference 2017 (APSACC 2017), as set out in Note 18(b).

Further to the completion of APSACC 2017 financial transactions, KPMG was commissioned to audit the financial statements in May 2018.

Upon the receipt of a satisfactory audit report from KPMG, the Commission returned the seed funding and a half share of the surplus to the Crime and Corruption Commission (QLD) – see note 18(b)(i).

l. Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (for example, adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budget amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 14.

Notes to and forming part of the financial statements for the year ended 30 June 2019

m. Comparative information

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

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

(i) Effective for the first time in 2018–19

The Commission has adopted AASB 9 *Financial Instruments: Recognition and Measurement*, which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments, impairment of financial assets accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 *Financial Instruments: Disclosures*.

The Commission has also applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 *Financial Instruments: Recognition and Measurement*. There were no differences (material or otherwise) arising from the adoption of AASB 9 that required recognition directly in accumulated funds and other components of equity for the Commission.

The adoption of AASB 9 has not had any impact on the financial performance or position of the Commission.

(a) Classification and measurement of financial instruments

On 1 July 2018, (the date of the initial application of AASB 9), the Commission's management assessed which business models applied to the financial assets held by the Commission. The Commission has not designated any financial assets or liabilities at fair value through profit or loss. Consequently, there has been no changes in the classification and measurement for the Commission's financial assets and liabilities.

(b) Impairment

The adoption of AASB 9 has changed the Commission's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Commission to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There is no material impact to the Commission on adopting the new impairment model.

All other accounting policies applied in 2018–19 are consistent with those of the previous financial year.

(ii) Issued but not yet 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, in accordance with the NSW Treasury mandate (TC 19-04):

AASB 15, AASB 2014-5, AASB 2015-8, and 2016-3 regarding Revenue from Contracts with Customers

AASB 16 *Leases*

AASB 1058 *Income of Not-for-Profit Entities*

AASB 1059 *Service Concession Arrangements: Grantors*

AASB 2016–8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

AASB 2017–6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

AASB 2018–3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*

AASB 2018–5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059*

AASB 2018–7 *Amendments to Australian Accounting Standards – Definition of Material*

AASB 2018–8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*.

Notes to and forming part of the financial statements for the year ended 30 June 2019

AASB 16 *Leases* is effective from reporting periods commencing on or after 1 January 2019. The adoption of AASB 16 will see operating leases relating to real estate and motor vehicles disclosed as a right of use asset offset by a lease liability. Treasury circular TC 18-05 AASB 16 *Leases* Transition Elections outlines that the partial retrospective option is to be adopted.

For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases. AASB 16 will therefore increase assets and liabilities reported on the Statement of Financial Position. It will also increase depreciation and interest expenses and reduce operating lease rental expenses on the Statement of Comprehensive Income. Expenses recognised in the earlier years of the lease term will be higher as the interest charges will be calculated on a larger lease liability balance.

The Commission will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated. The Commission will also adopt the practical expedient whereby the fair value of the right-of-use asset will be the same as the lease liability at 1 July 2019.

Based on the impact assessments the Commission has undertaken on currently available information, the Commission estimates additional lease liabilities of \$15.103 million and right-of-use assets of \$15.103 million will be recognised as at 1 July 2019 for leases in which the Commission is a lessee. Most operating lease expenses will be replaced by depreciation of the right of use asset and interest on the lease liability. The impact on the Statement of Comprehensive Income for 2019–20 is expected to be an increase in amortisation of \$2.059 million and an increase of \$0.342 million in interest expense. These increases in expense will be offset by the non-recognition of \$2.250 million in operating lease rental for the same period.

AASB 15 *Revenue from Contracts with Customers (Not-for-profits only)*. This standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price as opposed to stage of completion of the transaction. The application of this standard will not substantially impact Commission revenues as the Commission derives little or nil revenue from its customers.

AASB 15 defines income as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions by equity participants (that is, owners).

AASB 1058 *Income Not-for-Profit Entities* addresses income arising from the acquisition of assets for consideration that is significantly less than the fair value of the asset when that difference is principally to enable the not-for-profit entity to further its objectives. This Standard applies to those differences that result in increases in equity, other than those relating to contributions by owners or those accounted for under another Standard (for example, AASB 15).

The adoption of AASB 15 and AASB 1058 and the rest of the issued but not yet effective standards is not expected to materially affect the financial transactions of the Commission.

Notes to and forming part of the financial statements for the year ended 30 June 2019

2. Expenses excluding losses

	2019 \$'000	2018 \$'000
(a) Employee-related expenses		
Salaries and wages (including annual leave)	15,865	14,112
Superannuation – defined benefit plans	119	149
Superannuation – defined contribution plans	1,143	1,035
Long service leave	1,332	750
Workers compensation insurance	103	103
Payroll tax and fringe benefits tax	1,059	911
Employee-related expenses	19,621	17,060
(b) Other operating expenses include the following:		
Advertising and publicity	1	123
Auditors remuneration		
– audit of the financial statements	42	37
Books and subscriptions	152	128
Cleaning	64	75
Consultants	100	18
Contract security services	329	209
Contractors	35	–
Courier and freight	–	1
Disaster recovery site rental	77	34
Electricity	68	107
External legal fees	1,755	1,013
Fees for services	227	344
Insurance	44	43
Maintenance	706	606
Minor computer equipment/licences	42	98
Operating lease rental expense		
– minimum lease payments	2,086	1,973
Postal and telephone	105	145
Printing	32	21
Stores and specialised supplies	49	54
Telecommunications	68	62
Temporary assistance – agency	193	51
Training	139	176
Transcript fees	326	119
Travelling, airfares, subsistence, taxi and vehicle rental	110	132
Other	400	407
	7,150	5,976

Notes to and forming part of the financial statements for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
(c) Depreciation and amortisation expenses		
Depreciation		
Leasehold improvements	1,195	1,083
Computer equipment	319	494
Plant and equipment	105	107
	1,619	1,684
Amortisation		
Software	698	1,079
Total depreciation and amortisation	2,317	2,763

3. Revenue

	2019 \$'000	2018 \$'000
(a) Appropriations and Transfers to the Crown Entity		
Summary of compliance with financial directives		
	Appropriation	Expenditure
Original Budget Appropriation		Appropriation
– Appropriation Act	25,617	21,357
– (Less) Efficiency dividend applied 2018–19	(210)	
Revised Budget Appropriation	25,407	25,407
Total Appropriations/Expenditure/Net Claim on Consolidated Fund (includes transfer payments)		
Appropriation drawn down		25,407
– Includes a capital appropriation to carry-forward \$244,000 from 2017–18		244
Liability to Consolidated Fund		–
Appropriations (per Statement of Comprehensive Income)	25,407	21,113
Comprising:		
Recurrent	24,463	20,097
Capital	944	1,016

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

Notes to and forming part of the financial statements for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
(b) Sale of goods and services		
Profit share (1/3) – 12th NIS – November 2018	46	–

The 12th National Investigations Symposium (NIS) is a biennial event hosted by (i) the NSW ICAC, (ii) the NSW Ombudsman and (iii) the Institute of Public Administration Australia NSW, in November 2018. The agreement between the three organisations provides for the sharing of profits (or losses) equally among the three parties to the agreement.

(c) Grants and contributions		
Department of Premier and Cabinet		
– Recurrent grant	1,566	1,683
– Capital grant	150	–
	1,716	1,683

(d) 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	119	149
Long service leave provision	1,258	662
Payroll tax	7	8
	1,384	819

(e) Other revenue		
APSACC 2017 – receipts and seed funding	–	239
Treasury Managed Fund Hindsight Adjustment	–	41
Other – miscellaneous	28	4
	28	284

4. Loss on disposal

Plant and computer equipment	–	(11)
Written-down value of assets disposed	–	(11)
Loss on disposal of Plant, Property and Equipment	–	(11)

5. Current assets – cash and cash equivalents

Cash at bank and on hand	28	84
--------------------------	-----------	-----------

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

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

Cash and cash equivalents (per statement of financial position)	28	84
Closing cash and cash equivalents (per statement of cash flows)	28	84

Notes to and forming part of the financial statements for the year ended 30 June 2019

6. Current/Non-current assets – receivables

	2019 \$'000	2018 \$'000
GST receivable	304	256
Other receivables – debtors	–	5
Less Allowance for expected credit losses	–	–
Less Allowance for impairment	–	–
	304	261
Prepayments – Current	572	256
	876	517
Prepayments – Non-current	19	80
Total Current/Non-current assets – receivables	895	597

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 16.

Recognition and Measurement

A “regular way” purchases of financial assets are recognised and derecognised on a trade date basis. Regular way purchases are purchases of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

From 1 July 2018, receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

For the comparative period ended 30 June 2018, the Commission’s receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

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

From 1 July 2018, the Commission recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

However, as the Commission did not carry any trade receivables for the period from 1 July 2018 to 30 June 2019, the Commission did not consider it necessary to establish a provision matrix based on its historical credit loss experience for trade receivables.

Notes to and forming part of the financial statements for the year ended 30 June 2019

7. 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 2018 – fair value					
Gross carrying amount	6,456	1,484	2,843	131	10,914
Accumulated depreciation and impairment	(3,848)	(1,262)	(2,381)	–	(7,491)
Net carrying amount	2,608	222	462	131	3,423
At 30 June 2019 – fair value					
Gross carrying amount	6,500	1,509	3,821	–	11,830
Accumulated depreciation and impairment	(5,044)	(1,365)	(2,700)	–	(9,109)
Net carrying amount	1,456	144	1,121	–	2,721

The Commission's property, plant and equipment assets, were 75% fully depreciated and 157 of these assets were not in use, as at 30 June 2019. Consequently, the gross carrying amount and accumulated depreciation for plant and equipment assets is overstated by \$528,000 and for computer equipment \$134,000.

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 2019					
Net carrying amount at start of year	2,608	222	462	131	3,423
Additions	–	26	890	–	916
Transfer to FAR	43	–	88	(131)	–
Depreciation expense	(1,195)	(104)	(319)	–	(1,618)
Net carrying amount at end of year	1,456	144	1,121	–	2,721

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Work in progress \$'000	Total \$'000
At 30 June 2017 – fair value					
Gross carrying amount	6,391	1,521	2,734	–	10,646
Accumulated depreciation and impairment	(2,765)	(1,214)	(1,985)	–	(5,964)
Net carrying amount	3,626	307	749	–	4,682
At 30 June 2018 – fair value					
Gross carrying amount	6,456	1,484	2,843	131	10,914
Accumulated depreciation and impairment	(3,848)	(1,262)	(2,381)	–	(7,491)
Net carrying amount	2,608	222	462	131	3,423

Notes to and forming part of the financial statements for the year ended 30 June 2019

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 2018					
Net carrying amount at start of year	3,626	307	749	–	4,682
Additions	65	33	207	131	436
Disposals	–	(11)	–	–	(11)
Depreciation expense	(1,083)	(107)	(494)	–	(1,684)
Net carrying amount at end of year	2,608	222	462	131	3,423

8. Intangible assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2018			
Cost (gross carrying amount)	5,400	480	5,880
Accumulated amortisation and impairment	(4,343)	–	(4,343)
Net carrying amount	1,057	480	1,537
At 30 June 2019			
Cost (gross carrying amount)	6,063	–	6,063
Accumulated amortisation and impairment	(5,042)	–	(5,042)
Net carrying amount	1,021	–	1,021
	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2019			
Net carrying amount at start of year	1,057	480	1,537
Additions	182	–	182
Transfer to FAR	480	(480)	–
Amortisation	(698)	–	(698)
Net carrying amount at end of year	1,021	–	1,021
At 1 July 2017			
Cost (gross carrying amount)	5,276	–	5,276
Accumulated amortisation and impairment	(3,264)	–	(3,264)
Net carrying amount	2,012	–	2,012

Notes to and forming part of the financial statements for the year ended 30 June 2019

	Software \$'000	Work in progress \$'000	Total \$'000
At 30 June 2018			
Cost (gross carrying amount)	5,400	480	5,880
Accumulated amortisation and impairment	(4,343)	–	(4,343)
Net carrying amount	1,057	480	1,537
Year ended 30 June 2018			
Net carrying amount at start of year	2,012	–	2,012
Additions	124	480	604
Amortisation	(1,079)	–	(1,079)
Net carrying amount at end of year	1,057	480	1,537

9. Current liabilities – payables

	2019 \$'000	2018 \$'000
Accrued salaries, wages and on-costs	50	54
Accrued expenses – other operating expenses	179	479
Creditors	71	—
	300	533

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

10. Current/Non-current liabilities – provisions

	2019 \$'000	2018 \$'000
Current		
Employee benefits and related on-costs		
Annual leave expected to be settled in the next 12 months is \$950,000		
Annual leave (includes annual leave loading)	1,290	1,120
Annual leave on-cost	98	87
Payroll tax on annual leave, long service leave (and fringe benefits tax payable)	306	253
Long service leave on-cost	443	358
	2,137	1,818

Notes to and forming part of the financial statements for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
Non-current		
Employee benefits and related on-costs		
Long service leave on-costs	39	31
Provision for payroll tax on long service leave	21	17
Make good provision	1,052	1,052
	1,112	1,100
Aggregate employee benefits and related on-costs		
Provision – current	2,137	1,818
Provision – non-current	60	48
Accrued salaries, wages and on-costs (Note 9)	50	54
	2,247	1,920

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:

2018	“Make good” provision \$'000
Carrying amount at the beginning of the financial year	1,031
Additional provisions recognised	21
Amounts used	–
Carrying amount at the end of the financial year	1,052
2019	“Make good” provision \$'000
Carrying amount at the beginning of the financial year	1,052
Additional provisions recognised	–
Amounts used	–
Carrying amount at the end of the financial year	1,052

Notes to and forming part of the financial statements for the year ended 30 June 2019

11. Current/Non-current liabilities – other

	2019 \$'000	2018 \$'000
Current liabilities		
Lease incentive	567	567
Total Current liabilities – other	567	567
Non-current liabilities		
Lease incentive	166	733
Total Non-current liabilities – other	166	733

12. Commitments

	2019 \$'000	2018 \$'000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	2,755	2,752
Later than one year and not later than five years	816	3,648
Total (including GST)	3,571	6,400

The operating lease commitments for the 2018–19 financial year included potential input tax credits of \$324,604 (2018: \$606,370), that are expected to be recoverable from the ATO.

The operating lease commitments represent the six-year lease for new office accommodation at 255 Elizabeth Street, Sydney, and motor vehicle leases as at 30 June 2019.

13. Contingent liabilities and contingent assets

The Commission has contingent liabilities estimated at \$93,000 representing potential legal expenses for which the Crown Solicitor is acting on behalf of the Commission as at 30 June 2019.

Notes to and forming part of the financial statements for the year ended 30 June 2019

14. Budget review

Net result

The actual net deficit of (\$507,000) was lower than budget by \$566,000 primarily due to:

– Expenses

The Commission's total expenditure was higher than budget by (\$2,078,000) comprising an unfavourable employee expenses variance of (\$579,000) and other operating expenses unfavourable variance of (\$1,492,000).

The unfavourable employee-related expenses are attributable to extended leave actuarial adjustment of \$855,180. The increase in operating expenses included all expenditure lines but offset by recurrent grants from the Department of Premier and Cabinet (DPC), totalling \$1,565,620.

– Revenue

The Commission's total revenue was higher than budget by \$2,644,000 due to grants (recurrent and capital) received from the DPC of \$1,715,620 and Acceptance by Crown Entity of employee benefits of \$1,090,000. The original budget does not include the DPC grants and the unanticipated increase in the extended leave adjustment above-mentioned.

The Commission also received \$46,000 (a third profit share) from the 12th National Investigations Symposium (NIS) held on 14 and 15 November 2018. The NIS is held biannually, and hosted by (i) NSW ICAC, (ii) NSW Ombudsman and (iii) Institute of Public Administration Australia NSW.

Recurrent appropriations were \$210,000 lower than budget due to the efficiency dividend applied by the NSW Treasury in September 2018.

Assets and liabilities

Total non-current assets were higher than budget by approximately \$646,000 due to new capital expenditure recognised.

Total liabilities were lower than budget by \$671,000 due to decreased accruals expenditure and reduction in the balance of the accommodation lease incentive, with a decreasing lease term.

Cash flows

The Commission's cash balance of \$28,000 is lower than budget as at 30 June 2019 due to increased operation levels during 2018–19 and a reduction in creditors.

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

	2019 \$'000	2018 \$'000
Net cash used on operating activities	1,151	714
Depreciation and amortisation	(2,317)	(2,763)
Decrease/(increase) in provisions and other liabilities	127	216
Increase/(decrease) in prepayments and other assets	299	16
(Increase)/decrease in payables	233	(83)
Written down value of asset disposed	–	(11)
	(507)	(1,911)

Notes to and forming part of the financial statements for the year ended 30 June 2019

16. 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 chief executive officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Commission on a continuous basis.

(a) Financial instrument categories

i. as at 30 June 2019 under AASB 9

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

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).

ii. as at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	Carrying Amount
Class:			2018 \$'000
Cash and cash equivalents	5	N/A	84
Receivables ³	6	Receivables at amortised cost	5
Financial Liabilities	Note	Category	Carrying Amount
Class:			2018 \$'000
Payables ⁴	9	Financial liabilities measured at amortised cost	480

Notes

3. Excludes statutory receivables and prepayments (not within scope of AASB 7).

4. Excludes statutory payables and unearned revenue (not within scope of AASB 7).

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

Notes to and forming part of the financial statements for the year ended 30 June 2019

(b) Financial risks

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default 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 credit losses or 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.

The Commission considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Commission may also consider a financial asset to be in default when internal or external information indicates that the Commission is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Commission.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9.

Receivables – trade and sundry debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Commission applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. The expected loss rates are based on historical observed loss rates adjusted to reflect current and forward-looking information on macroeconomic factors (GDP or unemployment rate) affecting the ability of the customers to settle the receivables. However, it was not necessary to measure the expected credit losses as the Commission did not carry any trade debtors as at balance date.

The Commission's receivables (predominantly prepayments for software licences and statutory receivables) are not considered here as these are not within the scope of AASB 7. The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

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. Debtors, which are known to be uncollectable, are written off. An allowance for impairment is raised when there is objective evidence that the Commission 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 invoices are issued on 30-day terms.

Notes to and forming part of the financial statements for the year ended 30 June 2019

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

Neither past due nor impaired	\$000
Past due but not impaired	
< 3 months overdue	2
3 months – 6 months overdue	3
> 6 months overdue	–
	5
Impaired	
< 3 months overdue	–
3 months – 6 months overdue	–
> 6 months overdue	–
Total receivables – gross of allowance for impairment	–

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

The Commission’s trade debtors are predominantly other government agencies holding leave balances of officers transferring to the Commission. For the 2017–18 financial year, the trade debtors above comprised the NSW Health Care Complaints Commission and the NSW Police Force.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

ii. Liquidity risk

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

During the current and prior year, 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.

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 in which simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the chief executive officer (or a person appointed by the chief executive officer) may automatically pay the supplier simple interest. No interest was applied during the year.

The following table summarises the maturity profile of the entity’s financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	<1yr. \$'000	1–5 yrs. \$'000	>5yrs. \$'000
2019 Payables	–	247	–	–	247	247	–	–
2018 Payables	–	480	–	–	480	480	–	–

iii. Market risk

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

iv. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Commission's payables. The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- X% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

	Carrying Amount \$'000	Profit \$'000	-1% Equity \$'000	Profit \$'000	-1% Equity \$'000
2019					
Financial Assets					
Cash and cash equivalents	28	–	–	–	–
Receivables	–	–	–	–	–
Financial Liabilities					
Payables	247	–	–	–	–
2018					
Financial Assets					
Cash and cash equivalents	84	–	–	–	–
Receivables	5	–	–	–	–
Financial Liabilities					
Payables	480	–	–	–	–

(c) Fair value measurement

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.

Notes to and forming part of the financial statements for the year ended 30 June 2019

17. Related party disclosures

Compensation for the entity's key management personnel, comprising members of the Executive Management Group, is as follows:

	2019 \$'000	2018 \$'000
Short-term employee benefits		
Salaries	3,204	2,617
Other monetary allowances	8	7
Other long-term employee benefits	–	44
Post-employment benefits	216	170
Termination benefits	–	33
	3,428	2,871

During the year, the Commission did not enter into transactions with key management personnel, their close family members or the members of its controlled entities.

Transactions with other entities that are controlled/jointly controlled/ significantly influenced by NSW Government during 2018–19 were:	2019 \$'000	2018 \$'000
NSW Government Property (accommodation at 255 Elizabeth Street, Sydney)	2,137	2,287
NSW Police	323	201
	2,460	2,488

18. Trust funds

	2019 \$'000	2018 \$'000
(a) Section 47 Division 4A of the ICAC Act		
Opening balance as at 1 July 2018	110	15
Deposits	177	95
Less:		
Payments	–	–
Total as at 30 June 2019	287	110
(b) APSACC 2017		
Opening balance as at 1 July 2018	–	108
Deposits	–	765
Less:		
Payments	–	(471)
Total as at 30 June 2019	–	402
Surplus distribution and seed funding reimbursement		
(i) to Crime and Corruption Commission (QLD)	–	(164)
(ii) to ICAC (NSW)	–	(238)

19. Events after balance date

The Department of Premier and Cabinet provided the Commission with a grant of \$1 million in early July 2019 pertaining to the 2018–19 financial year.

(END OF AUDITED FINANCIAL STATEMENTS)

Appendices

Appendix 1 – Complaints profile	94
Appendix 2 – Public interest disclosures	97
Appendix 3 – Statutory reporting	98
Appendix 4 – Outcomes of matters.....	100
Appendix 5 – Adoption of corruption prevention recommendations.....	100
Appendix 6 – Strategic alliances to optimise investigative outcomes.....	102
Appendix 7 – Prosecution and disciplinary action in 2018–19 arising from ICAC investigations	103
Appendix 8 – Report on the ICAC’s obligations under the <i>Government Information (Public Access) Act 2009</i>	118
Appendix 9 – Chief executive officer and executive officers	121
Appendix 10 – Workforce diversity	123
Appendix 11 – Work health and safety	125
Appendix 12 – Engagement and use of consultants	125
Appendix 13 – Payment performance indicators.....	126
Appendix 14 – Credit card certification	127
Appendix 15 – Overseas travel	127

Appendix 1 – Complaints profile

Table 25: Government sectors that were subject to matters received in 2018–19

Government sector	Section 10 complaints (s 10s)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of matters
Aboriginal affairs and services	31	3%	12	2%	1	5%	44	2%
Arts and heritage	11	<1%	1	<1%	0	0%	12	<1%
Community and human services	61	5%	16	2%	0	0%	77	4%
Consumer and trade	12	<1%	2	<1%	0	0%	14	<1%
Custodial services	102	8%	159	20%	1	5%	262	13%
Education (except universities)	54	4%	92	12%	1	5%	147	7%
Emergency services	16	1%	12	2%	0	0%	28	1%
Employment and industrial relations	2	<1%	0	0%	0	0%	2	<1%
Energy	16	1%	2	<1%	0	0%	18	<1%
Government and financial services	103	8%	19	2%	2	10%	124	6%
Health	104	9%	169	21%	2	10%	275	14%
Land, property and planning	50	4%	11	1%	1	5%	62	3%
Law and justice	94	8%	6	<1%	0	0%	100	5%
Local government	446	37%	136	17%	3	14%	585	29%
Natural resources and environment	60	5%	21	3%	0	0%	81	4%
Other – unspecified	6	<1%	1	<1%	0	0%	7	<1%
Policing	29	2%	1	<1%	0	0%	30	1%
Tourism, sport, recreation and gaming	12	<1%	4	<1%	0	0%	16	<1%
Transport, ports and waterways	86	7%	97	12%	4	19%	187	9%
Universities	45	4%	15	2%	1	5%	61	3%

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 2018–19

Function	Section 10 complaints (s 10s)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of matters
Allocation of funds, materials and services	273	22%	225	29%	3	14%	501	25%
Development applications and land rezoning	254	21%	32	4%	3	14%	289	14%
Electoral and political activities	58	5%	5	<1%	3	14%	66	3%
Human resources and staff administration	347	28%	353	45%	4	19%	704	35%
Issue of licences or qualifications	32	3%	26	3%	0	0%	58	3%
Miscellaneous functions	130	11%	105	13%	7	33%	242	12%
Policy development and information processing	13	1%	12	2%	0	0%	25	1%
Processing of electronic and cash payments	26	2%	44	6%	2	10%	72	4%
Procurement, disposal and partnerships	215	18%	105	13%	6	29%	326	16%
Reporting, investigation, sentencing and enforcement	381	31%	179	23%	2	10%	562	28%

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 2018–19

Conduct	Section 10 complaints (s 10s)		Section 11 reports (s 11s)		Other types of matters (OMs)		Total for all matters	
	Number of s 10s	% of s 10s	Number of s 11s	% of s 11s	Number of OMs	% of OMs	Number of matters	% of matters
Bribery, secret commissions and gifts	104	9%	52	7%	3	14%	159	8%
Corrupt conduct related to investigations or proceedings	228	19%	44	6%	1	5%	273	13%
Failure to perform required actions not already listed	205	17%	162	21%	1	5%	368	18%
Improper use of records or information	331	27%	352	45%	5	24%	688	34%
Improper use or acquisition of funds or resources	292	24%	264	33%	8	38%	564	28%
Intimidating or violent conduct	198	16%	101	13%	0	0%	299	15%
No corrupt conduct alleged in matter	26	2%	11	1%	4	19%	41	2%
Other corrupt conduct	57	5%	20	3%	1	5%	78	4%
Partiality	615	50%	213	27%	11	52%	839	41%
Personal interests	388	32%	244	31%	6	29%	638	31%

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 – Public interest disclosures

Table 28: Number of public officials who made a PID in 2018–19

Type of PID	Number of PIDs	Number of public officials*	PIDs finalised**
PIDs made by public officials in performing their day-to-day functions as public officials	0	0	0
PIDs made under a statutory or legal obligation (other than those made by public officials performing their day-to-day functions)	763	142	757
All other PIDs	241	139	246
Total	1,004	281	1,003

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

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

** Some of these PIDs were made prior to the start of the 2018–19 financial year.

Table 29: Types of allegations made in PIDs

Type of PID	Type of allegation					Total
	Corrupt conduct	Maladministration	Serious and substantial waste of public money	Government information contravention	Local government pecuniary interest contraventions	
PIDs made by public officials in performing their day-to-day functions as public officials	0	0	0	0	0	0
PIDs made under a statutory or legal obligation (other than those made by public officials performing their day-to-day functions)	763	0	0	0	0	763
All other PIDs	241	0	0	0	0	241
Total	1,004	0	0	0	0	1,004

Appendix 3 – Statutory reporting

Table 30: Reports under s 76(2) of the ICAC Act

76(2)(ba)(i)	The time interval between the lodging of each complaint and the Commission deciding to investigate the complaint	See Table 31 for details
76(2)(ba)(ii)	Number of complaints where investigations were commenced but were not finalised in 2018–19	1
76(2)(ba)(iii)	Average time to deal with complaints	36 days
76(2)(ba)(iii)	Actual time to investigate any matters in which a report is made	See Table 32 for details
76(2)(ba)(iv)	Total number of compulsory examinations during 2018–19	83
76(2)(ba)(iv)	Total number of public inquiries during 2018–19	4
76(2)(ba)(v)	Number of days spent during 2018–19 in conducting public inquiries	133
76(2)(ba)(vi)	Time interval between the completion of each public inquiry conducted during 2017–18 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 2018–19, the Commission furnished information to the following agencies:

- Australian Federal Police
- Australian Security Intelligence Organisation
- Australian Taxation Office
- Australian Border Force
- Commissioner of Police
- Law Enforcement Conduct Commission
- Independent Broad-based Anti-corruption Commission
- NSW Police Force
- Queensland Police Service.

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

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

Table 31: Time interval between lodging of each complaint and the Commission deciding to investigate the complaint – s 76(2)(ba)(i) of the ICAC Act

Date matter received	Date decided to investigate	Time interval (days)
24/05/2018	21/09/2018	120
16/07/2018	6/08/2018	21
31/08/2018	10/09/2018	10
4/09/2018	10/09/2018	6
29/06/2018	10/09/2018	73
5/09/2018	21/09/2018	16
11/09/2018	21/09/2018	10
4/10/2018	26/10/2018	22
5/11/2018	9/11/2018	4
27/11/2018	30/11/2018	3
26/11/2018	22/01/2019	57
12/12/2018	13/12/2018	1
21/12/2018	22/01/2019	32
12/02/2019	26/02/2019	14
8/03/2019	18/03/2019	10
8/03/2019	1/04/2019	24
11/03/2019	22/03/2019	11
22/05/2019	4/06/2019	13

Table 32: Actual time taken to investigate any matter in respect of which a report is made – s 76(2)(ba)(iii) of the ICAC Act

Date referred for investigation	Date investigation completed	Time taken to investigate (days)
6/11/2017	3/08/2018	270
24/01/2018	31/07/2018	188
14/03/2018	3/08/2018	142
20/06/2018	15/08/2018	56
14/03/2018	7/12/2018	268
21/09/2018	1/02/2019	133
26/10/2018	1/02/2019	98
12/03/2018	20/05/2019	434
12/04/2017	11/02/2019	670
16/10/2017	2/11/2018	382
22/08/2017	28/03/2019	583

Appendix 4 – Outcomes of matters

Table 33: Other outcomes for matters closed during 2018–19

Agency outcomes	Section 10 matters	Section 11 matters	Total
Disciplinary action proposed by the public authority	1	12	13
Disciplinary action taken by the public authority – Dismissal	0	40	40
Disciplinary action taken by the public authority – Counselling	1	34	35
Disciplinary action taken by the public authority – Resignation	3	38	41
Disciplinary action taken by the public authority – Other	1	70	71
Systemic issues addressed by the public authority	2	7	9
Systemic issues identified by the public authority	2	19	21
No action or further action warranted by the public authority	22	117	139

Appendix 5 – Adoption of corruption prevention recommendations

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

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

Table 34 shows the adoption of corruption prevention recommendations in agency plans of action submitted during 2018–19. Table 35 shows the receipt of reports on implementation of agency action plans.

Table 34: Adoption of corruption prevention recommendations in agency plans of action

Public inquiry	Agency	Number of recommendations	Date action plan received	Adopted as described in the report	Adopted in an alternative way	Partially adopted	Not adopted	% partially adopted	% fully adopted
Yarrow	Department of Finance, Services and Innovation	15	April 2019	13	–	2	–	13%	87%
Tarlo	Family and Community Services	4	February 2019	3	–	1	–	25%	75%
	NSW Health	8	December 2018	7	–	1	–	12.5%	87.5%

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

A total of 19 corruption prevention recommendations were made to Corrective Services NSW in the Operation Estray report (issued in June 2019). However, a response to these recommendations was not due in 2018–19.

Table 35: Agency reports on the implementation of action plans received in 2018–19

Public inquiry	Agency	Number of recommendations	Date report due	Date report received	Type of report received (interim or final)
Artek	NSW Department of Justice	13	December 2018*	December 2018	Interim 12-month report
Yancey	NSW Department of Justice	6	March 2018	March 2018	Final report
Ricco	Bayside Council	8	January 2019*	December 2018	Interim 12-month report
Scania	Environment Protection Authority	10	September 2018	October 2018	Interim 12-month report
	NSW Government	3	September 2018	October 2018	Interim 12-month report

* Extensions granted

Appendix 6 – Strategic alliances to optimise investigative outcomes

Australia and New Zealand Counter Terrorism Committee, Surveillance Capability Forum

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

During the reporting period, Commission officers attended the Surveillance Team Leader Skills Enhancement Course, the Joint Surveillance Operations Centre Skills Enhancement Workshop and the Covert Intelligence Collection Skills Enhancement Course.

Interception Consultative Committee

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

JSI User Group

This group provides a forum for interception agencies utilising similar telecommunications interception systems. Commission officers attended meetings of this group in August 2018. In October 2018, Commission officers also attended a national conference held by the vendor in Sydney.

SEDNode Groups

SEDNode is a secure information system used by interception agencies to receive data from communication service providers (CSPs). Commission officers attended SEDnode Management Group, SEDnode User Forum and SEDnode Assessment Working Group meetings during the reporting period. The SEDNode Assessment Working Group was established in 2019 to develop a strategic direction for the system and to investigate improvements or alternative methods of connection between agencies and CSPs.

Special Networks Committee and Inter-Agency Technical Group

The Special Networks Committee and the Inter-Agency Technical Group provide an opportunity for Australia's interception agencies to discuss telecommunications interception issues, MOUs with service providers, communication protocols and emerging interception technical tools. Commission officers attended quarterly meetings for the two alliances in 2019.

Other alliances

In May 2019, Commission officers met with the Australian Taxation Office, Trusts Taskforce to discuss an information sharing arrangement. This meeting culminated in an MOU being agreed to by both agencies.

Throughout the reporting period, Commission officers have participated in Commonwealth and NSW working groups for the National Biometrics Face Recognition Capability and the National Driver Licence Facial Recognition Solution. These meetings will continue into the next reporting period, as more stakeholders come on board.

During the reporting period, Commission officers were involved in working groups responsible for joint submissions to the Parliamentary Joint Committee on Intelligence and Security in two of the committee's reviews (the *Telecommunications and Other Legislation Amendment (Assistance and Access) Act 2018* and the data retention regime within the *Telecommunications (Interception and Access) Act 1979*).

Appendix 7 – Prosecution and disciplinary action in 2018–19 arising from ICAC investigations

Table 36: Progress of prosecution matters in 2018–19

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

The date the investigation report was published is in parentheses.

Note the following abbreviated terms:

“ICAC Act” is the *Independent Commission Against Corruption Act 1988*

“Crimes Act” is the *Crimes Act 1900*

“EFED Act” is the *Election Funding, Expenditure and Disclosures Act 1981*

“DPP” is the *Director of Public Prosecutions*.

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

Name	Sandra Lazarus
Offences recommended for DPP consideration	Section 300(1) Crimes Act (make and use false instrument) and s 178BB Crimes Act (obtain valuable thing by false or misleading statement).
DPP advice	On 22 February 2013, the DPP advised there was sufficient evidence to prosecute Sandra Lazarus for 42 s 300(1) offences and 16 s 178BB offences.
Status	<p>On 27 November 2014, Sandra Lazarus was found guilty of 16 s 178BB Crimes Act offences and 27 s 300(1) Crimes Act offences. She was found not guilty of a further 15 s 300(1) Crimes Act offences. Her matter was adjourned to 27 April 2015 for sentence.</p> <p>On 5 February 2015, Sandra Lazarus commenced proceedings by summons in the Supreme Court seeking judicial review of the magistrate’s decision. Garling J dismissed the summons on 16 April 2015 and ordered her to pay the Crown’s costs.</p> <p>On 27 April 2015, Sandra Lazarus was sentenced in the Local Court to an aggregate term of 21 months imprisonment with a non-parole period of 16 months. The same day, she filed a notice of appeal to the District Court against her conviction and sentence. On 12 May 2015, Sandra Lazarus filed a notice of intention in the Court of Appeal to appeal against the 16 April 2015 decision of Garling J.</p> <p>On 15 May 2015, Sandra Lazarus filed a further summons seeking a review of the magistrate’s decision to convict her. A further summons was filed on 20 July 2015, seeking to have her convictions set aside and the proceedings against her struck out. Hulme J dismissed both of these summonses on 2 December 2015 as abuses of process.</p> <p>On 15 December 2015, Sandra Lazarus’ application for leave to appeal against Garling J’s decision was heard in the Court of Appeal. Sandra Lazarus did not appear that day and sought an adjournment by email. Having concluded that the appeal had no realistic prospects of success, the Court of Appeal refused leave and ordered Sandra Lazarus to pay the Crown’s costs.</p> <p>Thereafter, Sandra Lazarus filed a number of notices of motion in the District Court seeking an order that the criminal proceedings against her be stayed (her sister, Michelle Lazarus, joined in these motions in relation to her own separate convictions). The motions were heard on 16 November 2015 and 24 June 2016. On 19 August 2016, Zahra DCJ of the District Court declined to stay the proceedings.</p> <p>On 24 November 2016, Sandra Lazarus and Michelle Lazarus filed a further joint summons in the Court of Appeal seeking judicial review of Zahra DCJ’s decision of 19 August 2016. That appeal challenged the validity of the <i>Independent Commission Against Corruption (Validation) Act 2015</i>. The Court of Appeal dismissed the summons on 7 March 2017.</p> <p>On 20 June 2017, the appeal against conviction was dismissed.</p> <p>On 13 December 2017, sentence was confirmed but the non-parole period was varied to 13 months. The sentence was stayed by virtue of s 69C(2)(a) of the <i>Supreme Court Act 1970</i> due to separate civil proceedings brought by Sandra Lazarus and Michelle Lazarus in July 2017 in the Court of Appeal seeking, among other things, the quashing of their convictions. That matter was heard in the NSW Court of Appeal on 23 November 2018. On 8 May 2019, judgment was given dismissing the summons.</p> <p>Further information concerning relevant civil proceedings is set out in Chapter 5 of this report.</p>

Name	Michelle Lazarus
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 22 February 2013, the DPP advised sufficient evidence to prosecute Michelle Lazarus for seven s 87 offences.
Status	<p>On 23 May 2014, Michelle Lazarus was convicted in the Local Court of seven s 87 ICAC Act offences. On 14 July 2014, she was sentenced to nine months imprisonment, wholly suspended. The same day, she filed a notice of appeal to the District Court against her conviction and sentence.</p> <p>On 23 February 2015, Michelle Lazarus commenced proceedings by summons in the Supreme Court seeking judicial review of the magistrate's decision. Garling J dismissed the summons on 21 August 2015, and Michelle Lazarus was ordered to pay the Crown's costs.</p> <p>Michelle Lazarus filed an application for leave to appeal against the decision of Garling J. The application was heard by the Court of Appeal on 14 March 2016. The application was refused, and Michelle Lazarus was ordered to pay the Crown's costs.</p> <p>Thereafter, Michelle Lazarus filed a number of notices of motion in the District Court seeking an order that the criminal proceedings against her be stayed (her sister, Sandra Lazarus, joined in these motions in relation to her own separate convictions). The motions were heard on 16 November 2015 and 24 June 2016. On 19 August 2016, Zahra DCJ declined to stay the proceedings.</p> <p>On 24 November 2016, Michelle Lazarus and Sandra Lazarus filed a further summons in the Court of Appeal seeking judicial review of Zahra DCJ's decision of 19 August 2016. That appeal challenged the validity of the <i>Independent Commission Against Corruption (Validation) Act 2015</i>. The Court of Appeal dismissed the summons on 7 March 2017.</p> <p>On 19 July 2017, her appeals against conviction and sentence were dismissed for want of prosecution and her Local Court sentence was confirmed. The sentence was stayed by virtue of s 69C(2)(a) of the <i>Supreme Court Act 1970</i> due to separate civil proceedings brought by Michelle Lazarus and Sandra Lazarus in July 2017 in the Court of Appeal seeking, among other things, the quashing of their convictions. That matter was heard in the NSW Court of Appeal on 23 November 2018. On 8 May 2019, judgment was given dismissing the summons.</p>

Investigation into the conduct of officers of the Wagonga Local Aboriginal Land Council and others (Operation Petrie) (September 2012)

Name	Ronald Medich
Offences recommended for DPP consideration	Section 249F Crimes Act (aiding and abetting corrupt practices).
DPP advice	On 16 January 2013, briefs of evidence were sent to the DPP.
Status	<p>Consideration of this matter was in abeyance pending completion of Mr Medich's murder trial in another matter and the assessment of the credibility of a witness in that trial whose evidence was relevant to this matter.</p> <p>On 31 October 2018, following completion of the murder trial, the DPP advised that there was insufficient evidence to prosecute. The Commission has accepted that advice.</p>

Name	Ron Mason
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving a benefit) and the common law offence of misconduct in public office.
DPP advice	On 16 January 2013, briefs of evidence were sent to the DPP.
Status	<p>Consideration of this matter was in abeyance pending completion of Mr Medich's murder trial in another matter and the assessment of the credibility of a witness in that trial whose evidence was relevant to this matter.</p> <p>On 31 October 2018, following completion of the murder trial, the DPP advised that there was insufficient evidence to prosecute. The Commission has accepted that advice.</p>

Name	Ken Foster
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving a benefit) and the common law offence of misconduct in public office.
DPP advice	On 16 January 2013, briefs of evidence were sent to the DPP.
Status	Consideration of this matter was in abeyance pending completion of Mr Medich's murder trial in another matter and the assessment of the credibility of a witness in that trial whose evidence was relevant to this matter. On 31 October 2018, following completion of the murder trial, the DPP advised that there was insufficient evidence to prosecute. The Commission has accepted that advice.

Name	Vanessa Mason
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving a benefit) and the common law offence of misconduct in public office.
DPP advice	On 16 January 2013, briefs of evidence were sent to the DPP.
Status	Consideration of this matter was in abeyance pending completion of Mr Medich's murder trial in another matter and the assessment of the credibility of a witness in that trial whose evidence was relevant to this matter. On 31 October 2018, following completion of the murder trial, the DPP advised that there was insufficient evidence to prosecute. The Commission has accepted that advice.

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

Name	Rocco Triulcio
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 8 September 2016, the DPP advised that there is sufficient evidence to charge Rocco Triulcio with 18 s 87(1) ICAC Act offences.
Status	Mr Triulcio's application for permanent stay of prosecution is to be heard on 12 August 2019.

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

Name	Travers Duncan
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception) and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	Briefs of evidence were sent to the DPP between 31 March and 10 July 2014.
Status	The Commission is awaiting the DPP's decision on whether to commence proceedings.

Name	John McGuigan
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception) and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	Briefs of evidence were sent to the DPP between 31 March and 10 July 2014.
Status	The Commission is awaiting the DPP's decision on whether to commence proceedings.

Name	John Atkinson
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception) and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	Briefs of evidence were sent to the DPP between 31 March and 10 July 2014.
Status	The Commission is awaiting the DPP's decision on whether to commence proceedings.

Name	Richard Poole
Offences recommended for DPP consideration	Section 192E Crimes Act (obtain financial advantage by deception).
DPP advice	Briefs of evidence were sent to the DPP between 31 March and 10 July 2014.
Status	The Commission is awaiting the DPP's decision on whether to commence proceedings.

Name	John Kinghorn
Offences recommended for DPP consideration	Section 184(1) <i>Corporations Act 2001</i> .
DPP advice	Briefs of evidence were sent to the DPP between 31 March and 10 July 2014.
Status	The Commission is awaiting the DPP's decision on whether to commence proceedings.

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

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

Investigation into the conduct of certain City of Ryde councillors and others (Operation Cavill) (June 2014)

Name	Ivan Petch
Offences recommended for DPP consideration	Two common law offences of misconduct in public office, five s 87 ICAC Act offences (false or misleading evidence), one s 249K Crimes Act offence (making an unwarranted demand with menaces with the intention of influencing the exercise of a public duty), and s 96E EFED Act offences (accepting an indirect campaign contribution).
DPP advice	On 15 April 2015, the DPP advised sufficient evidence to proceed with one offence of misconduct in public office, six s 87 ICAC Act offences, two s 249K Crimes Act offences, two s 96E(2) EFED Act offences and two s 96H(2) EFED Act offences.
Status	On 8 June 2017, Mr Petch was committed for trial on one s 249K Crimes Act offence. Six s 87 ICAC Act offences were also sent to the Sydney District Court. On 12 October 2018, Mr Petch was found guilty of the s 249K offence. On 14 December 2018, Mr Petch filed a notice of intention to appeal against conviction. The period for lodging an appeal has been extended to 14 September 2019. The hearing for the s 87 offences commenced on 7 June 2019. The prosecution case was heard and the matter stood over to 15–16 August 2019 for any defence case and closing submissions.

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

Name	Jessica Camilleri
Offences recommended for DPP consideration	Section 351A Crimes Act (recruiting a person to carry out a criminal activity).
DPP advice	On 2 February 2016, the DPP advised sufficient evidence to proceed with three s 254(b)(ii) Crimes Act offences (using false document) and one common law offence of inciting a crime by inciting Joseph Camilleri to destroy documents that related to the Commission's investigation in contravention of s 88(2)(a) ICAC Act.
Status	On 6 October 2017, Ms Camilleri pleaded guilty. Sentence was part-heard on 18 April 2019. Sentence hearing is to be completed in July 2019.

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

Name	Phillip Cresnar
Offences recommended for DPP consideration	Section 249B Crimes Act (corrupt commissions or rewards), s 89(a) ICAC Act (attempt to procure the giving of false testimony), and s 87 ICAC Act (false or misleading evidence).
DPP advice	On 18 July 2017, the DPP advised sufficient evidence to proceed with six s 249B Crimes Act offences, one s 87 ICAC Act offence and one s 89 ICAC Act offence.
Status	Set for trial on 14 October 2019.

Name	Dennis Twomey
Offences recommended for DPP consideration	Offences under s 249B Crimes Act (corrupt commissions or rewards) and s 114(1) ICAC Act (disclosing information about a Commission summons).
DPP advice	On 18 July 2017, the DPP advised sufficient evidence to proceed with one s 249B Crimes Act offence.
Status	On 23 May 2018, Mr Twomey pleaded guilty. On 27 September 2018, he was sentenced to an intensive correction order for a period of eight months.

Name	Patrick Miskelly
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corrupt commissions or rewards).
DPP advice	On 18 July 2017, the DPP advised sufficient evidence to proceed with one s 249B Crimes Act offence.
Status	Set for trial on 14 October 2019.

Name	John Madden
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corrupt commissions or rewards).
DPP advice	On 18 July 2017, the DPP advised sufficient evidence to proceed with one s 249B Crimes Act offence.
Status	On 7 June 2018, Mr Madden pleaded guilty. On 7 August 2018, he was sentenced to an intensive correction order for a period of seven months.

Name	Fergal McGann
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corrupt commissions or rewards).
DPP advice	On 18 July 2017, the DPP advised sufficient evidence to proceed with one s 249B Crimes Act offence.
Status	On 7 June 2018, Mr McGann pleaded guilty. On 7 August 2018, he was sentenced to an intensive correction order for a period of seven months.

Investigation into the conduct of a university manager and others in relation to false invoicing (Operation Misto) (June 2015)

Name	Brett Roberts
Offences recommended for DPP consideration	Section 178BA Crimes Act (obtaining money by deception), s 300 Crimes Act (using a false instrument), s 192E Crimes Act (fraud), s 344A Crimes Act (attempt), s 254 Crimes Act (using a false document), and s 87 ICAC Act (false or misleading evidence).
DPP advice	On 2 March 2017, the DPP advised sufficient evidence to proceed with four s 192E Crimes Act offences, four s 192G Crimes Act offences (making a false or misleading statement), one s 254 Crimes Act offence (use false document to influence the exercise of public duty) and three s 87 ICAC Act offences.
Status	On 17 August 2017, Mr Roberts pleaded guilty to two s 192E Crimes Act offences and two s 87 ICAC Act offences. On 31 July 2018, Mr Roberts was sentenced to 14 months imprisonment with a non-parole period of 12 months for the section 192E Crimes Act offences and 17 months imprisonment with a non-parole period of 12 months for the s 87 ICAC Act offences. Mr Roberts filed an appeal against severity. The appeal was dismissed on 20 November 2018.

Name	Christopher Killalea
Offences recommended for DPP consideration	Section 178BA Crimes Act (obtain money by deception), s 192E Crimes Act (fraud) and s 254 Crimes Act (using false document).
DPP advice	On 2 March 2017, the DPP advised sufficient evidence to proceed with three s 192E Crimes Act offences and one s 254 Crimes Act offence.
Status	On 17 August 2017, Mr Killalea pleaded guilty to two s 192E Crimes Act offences. On 31 July 2018, Mr Killalea was sentenced to a good behaviour bond for five years and fined a total of \$4,500. Mr Killalea appealed against severity of sentence. The appeal was dismissed on 29 October 2018.

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

Name	Scott Homsey
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corrupt commissions or rewards), s 192E Crimes Act (fraud), s 87 ICAC Act (false evidence) and s 80(c) ICAC Act (make false statement).
DPP advice	On 21 December 2017, the DPP advised sufficient evidence to proceed with 12 s 249B(2) Crimes Act offences, three s 192G Crimes Act offences (making a misleading statement), one s 87 ICAC Act offence and three s 80(c) ICAC Act offences.
Status	Set for trial 26 August 2019.

Name	Gay Homsey
Offences recommended for DPP consideration	Section 249F(1) Crimes Act (aiding and abetting a corrupt commission) and s 87 ICAC Act (false or misleading evidence).
DPP advice	On 21 December 2017, the DPP advised sufficient evidence to proceed with four offences of being an accessory before the fact to an offence under s 249B(2) of the Crimes Act and one s 87 ICAC Act offence.
Status	Pleaded guilty 22 February 2019. Set for sentence 23 August 2019.

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

Name	Ronald Cordoba
Offences recommended for DPP consideration	Offences under s 192E Crimes Act (fraud), s 80 ICAC Act (obstruction of Commission) and s 87 ICAC Act (false evidence).
DPP advice	On 7 June 2016, the DPP advised sufficient evidence to proceed with 51 s 192E Crimes Act offences, one s 80(c) ICAC Act offence and one s 87 ICAC Act offence.
Status	On 11 July 2017, Mr Cordoba pleaded guilty to two s 192E Crimes Act offences and one s 87 ICAC Act offence. Listed for sentence on 20 April 2018 but adjourned to 6 June 2018 to determine Mr Cordoba's application for plea reversal on one s 192E offence. Mr Cordoba failed to appear on 6 June 2018 and a warrant was therefore issued for his arrest. In 2019, he was extradited from South Australia and held in custody. To be sentenced in July 2019.

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

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

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

Name	Andrew Cornwall
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	On 23 October 2018, the DPP advised there was insufficient evidence to prosecute. The Commission has accepted that advice.

Name	Timothy Gunasinghe
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	On 23 October 2018, the DPP advised there was insufficient evidence to prosecute. The Commission has accepted that advice.

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

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

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

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

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

Name	Anthony Andjic
Offences recommended for DPP consideration	Section 192E(1) Crimes Act (fraud), s 192G Crimes Act (false or misleading statement), conspiracy to commit an offence under s 192G Crimes Act, and s 87 ICAC Act.
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP.
Status	Following the provision of responses to requisitions, the Commission is awaiting the DPP's advice.

Name	Shadi Chacra
Offences recommended for DPP consideration	Section 192E Crimes Act (fraud), s 192G Crimes Act (false or misleading statement), and s 193B(2) Crimes Act (money laundering).
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP.
Status	Following the provision of responses to requisitions, the Commission is awaiting the DPP's advice.

Name	Fayrouz Hammoud
Offences recommended for DPP consideration	Section 192E Crimes Act (fraud), s 192G Crimes Act (false or misleading statement), and s 193B(2) Crimes Act (money laundering).
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP.
Status	Following the provision of responses to requisitions, the Commission is awaiting the DPP's advice.

Name	Fatima Hammoud
Offences recommended for DPP consideration	Section 193C(2) Crimes Act (dealing with property suspected of being proceeds of crime), conspiracy to commit an offence under s 192G Crimes Act (false or misleading statement), and s 87 ICAC Act (false or misleading evidence).
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP.
Status	Following the provision of responses to requisitions, the Commission is awaiting the DPP's advice.

Name	Hakime Hammoud
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 21 April 2017, a brief of evidence was provided to the DPP.
Status	Following the provision of responses to requisitions, the Commission is awaiting the DPP's advice.

Investigation into the conduct of a Casino Boolangle Local Aboriginal Land Council CEO and administrative officer (Operation Nestor) (February 2017)

Name	Linda Stewart
Offences recommended for DPP consideration	Section 192E Crimes Act (fraud) or, in the alternative, s 156 Crimes Act (larceny by a clerk or servant).
DPP advice	On 7 December 2017, the DPP advised sufficient evidence to proceed with 21 s 192E Crimes Act offences, 12 s 253 Crimes Act offences (forgery) and 11 s 192G Crimes Act offences (making a false statement).
Status	On 20 February 2018, Ms Stewart was served with Court Attendance Notices for the offences recommended by the DPP. On 2 May 2018, Ms Stewart died. On 6 September 2018, prosecution proceedings against Ms Stewart were formally discontinued.

Name	Veronica Skinner
Offences recommended for DPP consideration	Section 192E Crimes Act (fraud) or, in the alternative, s 156 Crimes Act (larceny by a clerk or servant).
DPP advice	On 7 December 2017, the DPP advised sufficient evidence to prosecute Ms Skinner for two s 192E Crimes Act offences and two s 253 Crimes Act offences.
Status	On 31 January 2019, Ms Skinner entered a plea of guilty to all offences. On 28 February 2019, Ms Skinner was sentenced for each of the four offences to a Community Corrections Order for a period of 12 months.

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

Name	Craig Izzard
Offences recommended for DPP consideration	Offences under s 249B(1) Crimes Act (corrupt commissions or rewards) and the common law offence of misconduct in public office.
DPP advice	On 18 October 2018, the DPP advised sufficient evidence to prosecute Mr Izzard for two common law offences of misconduct in public office.
Status	Set for mention on 18 July 2019.

Name	Nosir Kabite
Offences recommended for DPP consideration	Offences under s 249B(1) Crimes Act (corrupt commissions or rewards) and aiding and abetting the common law offence of misconduct in public office.
DPP advice	On 18 October 2018, the DPP advised sufficient evidence to prosecute Mr Kabite for one offence of accessory to misconduct in public office and one offence of aiding and abetting misconduct in public office.
Status	Set for mention on 18 July 2019.

Name	Ibrahim Beydoun
Offences recommended for DPP consideration	An offence under s 249B(2) Crimes Act (corrupt commissions or rewards).
DPP advice	On 18 October 2018, the DPP advised sufficient evidence to prosecute Mr Beydoun for one offence of aiding and abetting misconduct in public office.
Status	Set for mention on 18 July 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

Name	Samantha Boyle
Offences recommended for DPP consideration	Offences of being an accessory after the fact to an offence under s 249B(1) Crimes Act (corrupt commissions or rewards) and an offence under s 87 ICAC Act (false evidence).
DPP advice	On 23 August 2017, brief was provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

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

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

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

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

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

Name	Eman Sharobeem
Offences recommended for DPP consideration	Common law offence of misconduct in public office, s 192E Crimes Act (fraud), s 178BA Crimes Act (obtaining a benefit by deception), s 192H Crimes Act (publishing a false statement), s 254 Crimes Act (using a false document), and s 87 ICAC Act (giving false or misleading evidence).
Status	Brief of evidence is under preparation.

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

Name	Steven Prestage
Offences recommended for DPP consideration	Section 192G Crimes Act (publishing false statements with an intention to obtain a financial advantage), s 92 ICAC Act (wilfully preventing or wilfully endeavouring to prevent a witness from attending the Commission), s 89 ICAC Act (procuring the giving of false testimony at a compulsory examination), and s 87 ICAC Act (giving false or misleading evidence).
DPP advice	On 9 January 2019, briefs of evidence were provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Investigation into the conduct of NSW Corrective Services officers at Lithgow Correctional Centre (Operation Estrý) (June 2019)

Name	John O'Shea
Offences recommended for DPP consideration	Section 315 Crimes Act (principal in the second degree to the offence of inciting an assault, hindering an investigation), s 319 Crimes Act (perverting the course of justice or attempting or conspiring to do so), the common law offence of misconduct in public office, and s 80 ICAC Act (wilfully obstructing the Commission).
Status	Brief of evidence is under preparation.

Name	Terrence Walker
Offences recommended for DPP consideration	Section 59(1) Crimes Act (assault occasioning actual bodily harm), s 315 Crimes Act (hindering an investigation), s 319 Crimes Act (perverting the course of justice or attempting or conspiring to do so), the common law offence of misconduct in public office, and s 80 ICAC Act (wilfully obstructing the Commission).
Status	Brief of evidence is under preparation.

Name	Brian McMurtrie
Offences recommended for DPP consideration	Section 315 Crimes Act (hindering an investigation), s 319 Crimes Act (perverting the course of justice or attempting or conspiring to do so), the common law offence of misconduct in public office, and s 87 ICAC Act (giving false or misleading evidence).
Status	Brief of evidence is under preparation.

Name	Stephen Taylor
Offences recommended for DPP consideration	Section 315 Crimes Act (hindering an investigation), s 319 Crimes Act (perverting the course of justice or attempting or conspiring to do so), s 316(1) Crimes Act (concealing a serious indictable offence), and the common law offence of misconduct in public office.
Status	Brief of evidence is under preparation.

Name	Simon Graf
Offences recommended for DPP consideration	Section 315 Crimes Act (hindering an investigation), s 319 Crimes Act (perverting the course of justice or attempting or conspiring to do so), the common law offence of misconduct in public office, s 87 ICAC Act (giving false or misleading evidence), and s 80 ICAC Act (wilfully obstructing the Commission).
Status	Brief of evidence is under preparation.

Name	Elliott Duncan
Offences recommended for DPP consideration	Section 315 Crimes Act (hindering an investigation), s 319 Crimes Act (perverting the course of justice or attempting or conspiring to do so), the common law offence of misconduct in public office, and s 87 ICAC Act (giving false or misleading evidence).
Status	Brief of evidence is under preparation.

Table 37: Progress of disciplinary matters in 2018–19

The date the investigation report was published is in parentheses.

Investigation into the conduct of NSW Corrective Services officers at Lithgow Correctional Centre (Operation Estrý) (June 2019)

Name	Brad Peebles
Recommendation	Consideration be given to the taking of disciplinary action.
Status	Corrective Services NSW has commenced disciplinary proceedings.

Name	Stephen Taylor
Recommendation	Consideration be given to the taking of disciplinary action and the taking of action with a view to dismissal, dispensing with his services of, or otherwise terminating his services.
Status	Corrective Services NSW has commenced disciplinary proceedings.

Name	Simon Graf
Recommendation	Consideration be given to the taking of disciplinary action and the taking of action with a view to dismissal, dispensing with his services of, or otherwise terminating his services.
Status	Corrective Services NSW has commenced disciplinary proceedings.

Name	Troy Dippel
Recommendation	Consideration be given to the taking of disciplinary action.
Status	Corrective Services NSW has commenced disciplinary proceedings.

Name	Michael (Mick) Watson
Recommendation	Consideration be given to the taking of disciplinary action.
Status	Corrective Services NSW has commenced disciplinary proceedings.

Appendix 8 – Report on the ICAC’s obligations under the *Government Information (Public Access) Act 2009*

Section 125 of the *Government Information (Public Access) Act 2009* (“the GIPA Act”) requires an agency to prepare an annual report on the agency’s obligations under the GIPA Act. The Government Information (Public Access) Regulation 2018 sets out what must be included in the report. This appendix contains the information required to be reported by the Commission.

Section 7(3) of the GIPA Act provides that an agency must, at intervals of not more than 12 months, review its program for the release of government information to identify the kinds of government information held by the agency that should, in the public interest,

be made publicly available and that can be made publicly available without imposing unreasonable additional costs on the agency. During the reporting period, the Commission conducted one such review.

The Commission also reviewed its information guide.

The Commission received one valid access application during the reporting period.

Tables 38–46 provide statistical information about access applications – clause 8(d) and Schedule 2.

Table 38: 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)	1	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 40.

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)	3
Application contravenes restraint order (s 110 of the GIPA Act)	0
Total number of invalid applications received	3
Invalid applications that subsequently became valid applications	0

Table 40: 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)	1	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 41: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to GIPA Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under <i>Electricity Network Assets (Authorised Transactions) Act 2015</i>	0
Information about authorised transaction under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table 40.

Table 42: 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 43: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	1

Table 44: Number of applications reviewed under Part 5 of the GIPA Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under s 93 of GIPA Act	0	0	0
Review by ADT/NCAT	0	0	0
Total	0	0	0

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table 45: Applications for review under Part 5 of the GIPA Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see s 54 of the GIPA Act)	0

Table 46: Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Appendix 9 – Chief Executive Officer and executive officers

The Hon Peter Hall QC holds the position of Chief Commissioner.

The Chief Commissioner's salary is calculated at 160% of the remuneration of a NSW Supreme Court puisne judge. The total annual remuneration package for Mr Hall is \$742,896.

The remuneration paid to the Commissioners is the Attorney General's rates for Senior Counsel, which is subject to an annual cap of \$371,448. A request to increase this cap for Commissioner McDonald was approved by the Premier to address unforeseen operational requirements during 2018–19.

Executive management

In 2018–19, the Commission's Executive Management Team consisted of:

- the Hon Peter Hall QC, Chief Commissioner, BA/LLM (University of Sydney)

- Patricia McDonald SC, Commissioner, BEc (Hons) LLB (Hons) (University of Sydney) BCL (Hons) (Oxford University)
- Stephen Rushton SC, Commissioner, BA/LLB (University of Sydney)
- Philip Reed, Chief Executive Officer, BSc (Hons) (James Cook University) MAICD
- John Hoitink, Executive Director, Investigation, Executive Masters of Public Administration MPA (University of Sydney)
- Andrew Koureas, Executive Director, Corporate Services, BCom, MCom (University of NSW), LLB (University of Technology, Sydney), FCPA
- Lewis Rangott, Executive Director, Corruption Prevention, BEc (University of NSW), MCom (University of Sydney)
- Roy Waldon, Executive Director, Legal and Solicitor to the Commission, LLB Hons (University of Tasmania).

The percentage of total employee-related expenditure in the reporting period that relates to senior executives compared with the percentage at the end of the previous year was 13.6% in June 2018 and 16.01% in June 2019.

Table 47: Band and gender of senior executives

Band	2018–19		2017–18	
	Male	Female	Male	Female
Chief Commissioner	1	0	1	0
Commissioner	1	1	1	1
Band 4	0	0	0	0
Band 3	0	0	0	0
Band 2	1	0	0	0
Band 1	4	0	4	0
Totals	7	1	6	1
	8		7	

Table 48: Remuneration of senior executives

Band level	Range (\$)	Average remuneration	
		2018–19 (\$)	2017–18 (\$)
Chief Commissioner	\$742,896	\$742,896	\$724,784
Commissioner	\$371,448	\$553,391	\$353,552
Band 4	\$475,151–\$548,950	\$0	\$0
Band 3	\$337,101–\$475,150	\$0	\$0
Band 2	\$268,001–\$337,100	\$309,500	\$0
Band 1	\$187,900–\$268,000	\$243,975	\$235,813

Note: Commission executive staff employed at the equivalent of the Senior Executive Band level.

Table 49: Number of female executive staff at 30 June 2019 compared to previous years

Year	Number
2018–19	1
2017–18	1
2016–17	1
2015–16	2
2014–15	3

Appendix 10 – Workforce diversity

The Commission recognises that a diverse workforce will add value to its effective service delivery and is committed to ensuring workforce diversity is integrated into the Commission's strategic workforce planning. A workplace built on diverse people drives creativity and innovation, and is reflective of the diverse community.

The Commission endeavours to diversify its workforce and initiate inclusive work practices. It provides flexible work arrangements for its employees and promotes this availability through its recruitment campaigns.

Key objectives of the Commission's *Strategic Plan 2017–2021* are to:

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

Workforce and community diversity achievements in 2018–19 were as follows:

- inclusion of workforce diversity as part of everyday Commission business
- promotion of a flexible work environment to potential applicants
- provision of flexible work practices to all staff
- equitable practices for training and development opportunities
- adoption of the Equitable Briefing Policy
- provision of an accessible and inclusive environment for staff and visitors to Commission premises
- regular ergonomic assessments and adjustments for employees
- provision of a 24/7 Employee Assistance Service to support mental health issues for employees

- use of interpreter services to assist clients from non-English-speaking backgrounds.

Key workforce and community diversity strategies proposed for 2019–20 are to:

- review the Commission's diversity policies and action plans
- promote workplace inclusion as the responsibility of all staff
- provide support to staff through flexible work practices
- promote major cultural and diversity events and days of significance
- review and update the Commission's bilingual staff directory, external interpreter procedures and Community Language Allowance Scheme.

Table 50: Workplace diversity in 2018–19

Remuneration level of substantive position	Total staff (men, women & unspecified)	Respondents	Men	Women	Unspecified gender	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
\$0 – \$48,119	0	0	0	0	0	0	0	0	0	0
\$48,119 – \$63,199	0	0	0	0	0	0	0	0	0	0
\$63,199 – \$70,652	2	1	1	1	0	0	0	0	0	0
\$70,652 – \$89,406	18	18	3	15	0	0	5	4	1	0
\$89,406 – \$115,617	28	26	9	19	0	0	9	6	0	0
\$115,617 – \$144,521	45	42	28	17	0	0	11	8	3	0
\$144,521 > (non-SES)	19	19	8	11	0	0	1	1	0	0
\$144,521 > (SES)	8	7	7	1	0	0	1	1	0	0
Total	120	113	56	64	0	0	27	20	4	0

Appendix 11 – Work health and safety

A key objective of the Commission's *Strategic Plan 2017–2021* is to provide a safe, equitable, productive and satisfying workplace. The Commission is committed to protecting the health and safety of its staff and other people on its premises by eliminating or minimising risks arising from work or workplaces.

Work health and safety (WHS) principles are incorporated into all facets of business planning and operational activities.

During 2018–19, the Commission implemented the following initiatives:

- development of the 2018–23 WHS Plan
- the provision of a flu vaccine program for all interested staff
- ergonomic workstation assessments by an accredited specialist and the provision of equipment, including electronic desks, as recommended
- provision of accredited first aid and CPR training for staff and first aid officers
- provision of training for fire wardens
- safety testing and tagging of electrical equipment, and checking of fire extinguishers
- conduct of an emergency evacuation exercise.

In 2018–19, the Commission's WHS Committee included:

- John Biady, Corruption Prevention Division
- Kay Casserly, Corporate Services Division
- Carolyn Cecere, Investigation Division
- Joanne Gamble, Assessments Section
- Andrew Koureas, Corporate Services Division
- Catherine O'Brien, Corporate Services Division
- Lorie Parkinson, Corporate Services Division
- Georgia Pelle, Assessments Section
- Michael Riashi, Investigation Division
- Georgina Ross, Legal Division
- Margaret Sutherland, Corruption Prevention Division
- Stephen Wood, Corruption Prevention Division.

Table 51: WHS incidents, injuries and claims in 2018–19

Body stress	nil
Fall, slip, trip	4
Heat/electricity	nil
Journey	nil
Other/unspecified	nil
Total	4
Number of new workers compensation claims	nil

Appendix 12 – Engagement and use of consultants

Table 52: Engagement and use of consultants

Consultancies equal to or more than \$50,000

KPMG – Process and Workforce Review – \$70,818

Consultancies less than \$50,000

Legal – \$19,500

Management Services (two engagements) total \$8,230

Appendix 13 – Payment performance indicators

Table 53: Aged analysis at end of each quarter 2018–19

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	2,667	21	0	0	0
December	2,632	13	3	0	5
March	2,515	30	39	7	1
June	4,256	38	32	1	3
Small business suppliers*					
September	83	0	0	0	0
December	43	0	0	0	0
March	32	0	25	1	0
June	85	0	7	0	0

The Commission did not make any interest payments for late payment of accounts. Where there were delays in the payment of accounts, the reasons can be attributed to inaccuracies/incompleteness of the original invoices and/or minor disputes requiring the adjustment of invoice details prior to eventual payment.

* All small business accounts were paid on time during the current reporting period.

Table 54: Accounts due or paid within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	839	774	700	885
Number of accounts paid on time	839	771	639	860
Actual percentage of accounts due for payment	100%	99.61%	91.29%	97.18%
Dollar amount of accounts due for payment	2,687,784	2,653,320	2,591,654	4,331,841
Dollar amount of accounts paid on time	2,687,784	2,644,944	2,545,301	4,295,883
Actual percentage of accounts paid on time (based on \$)	100%	99.68%	98.21%	99.17%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–
Small business suppliers				
Number of accounts due for payment	57	24	49	73
Number of accounts paid on time	57	24	29	67
Actual percentage of accounts due for payment	100%	100%	59.18%	91.78%
Dollar amount of accounts due for payment	82,886	42,594	57,919	93,062
Dollar amount of accounts paid on time	82,886	42,594	43,549	86,443
Actual percentage of accounts paid on time (based on \$)	100%	100%	75.19%	92.89%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–

The Commission did not make any interest payments for late payment of accounts. Where there were delays in the payment of accounts, the reasons can be attributed to inaccuracies/incompleteness of the original invoices and/or minor disputes requiring the adjustment of invoice details prior to eventual payment.

Appendix 14 – Credit card certification

The Chief Executive Officer certifies that credit card usage in the Commission has met best practice guidelines in accordance with Premier's Memoranda and Treasury Directions.

Appendix 15 – Overseas travel

No overseas travel was conducted during the reporting period.

Index

A

Acacia (Operation), 106
 access to information. *see* information
 accountability. *see* compliance and accountability
 accounting policy
 changes in, 73, 76–77
 Statement of Significant Accounting Policies, 71–77
 administration. *see* Corporate Services Division
 Administrative Appeals Tribunal (Cth), 44
 agencies. *see* government agencies
 alliances, strategic, 102
Annual Report 2017-2018, 12, 31, 46, 53
 anonymous complaints, 21–22
 anti-corruption. *see* Corruption Prevention Division
 ANZSOG/ICAC executive course and scholarship, 40
 Applications Services Group, 60
 APSACC Conference. *see* Australian Public Sector
 Anti-Corruption Conference (APSACC) Conference
 ARC. *see* Audit and Risk Committee (ARC)
 Artek (Operation), 101, 114
 Assessment Panel, 20, 27, 29, 32, 33
 Assessments Section, 11, 15, 19–29, 55
 achieving turnaround targets, 20
 anonymous complaints, 21–22
 assessment process, 20, 26–29
 boss' family member, pressure to hire, 28–29
 ICAC structure, 12
 inside information, 22
 no records for payment claimed, 26
 performance 2018-19, 20
 profile of matters received, 20–22
 public, complaints from, 22–23
 public authorities and ministers, reports from, 25–26
 public interest disclosures, 22, 24–25, 28, 97
 Strategic Plan 2017-2021, 15
 whistleblower, 24
 assets (finance), 18, 72–74
 cash/cash equivalents, 80
 contingent, 86
 intangible assets, 83–84
 property, plant, equipment, 82–83
 receivables, 81
 ATO. *see* Australian Taxation Office (ATO)
 Attorney General (Cth), 46
 Attorney General (NSW), 43, 46, 47, 121
 Attorney-General's Department (Cth), 35
 audit
 Attestation Statement (2018-19), 59
 Audit and Risk Committee, 43, 55, 58, 59
 Audit and Risk Committee (ARC), 43, 55, 58, 59
 Auditor General (NSW), 43, 47, 57, 64, 66
 Auditor's Report (Independent), 64–66
 Australia and New Zealand Counter Terrorism Committee,
 Surveillance Capability Forum, 102
 Australia and New Zealand School of Government. *see*
 ANZSOG/ICAC executive course and scholarship
 Australian Border Force, 35, 98
 Australian Criminal Intelligence Commission, 35
 Australian Federal Police, 35, 98
 Australian Public Sector Anti-Corruption Conference (APSACC)
 Conference, 7, 41, 75, 80, 92

Australian Taxation Office (ATO), 35, 71, 98
 memorandum of understanding, 102
 Trusts Taskforce, 102
 Australian Transaction Reports and Analysis Centre, 35

B

budget, 5, 18, 43
 budget review, 87
 budgeted amounts, 75–76

C

Cabot (Operation), 49
 case studies, 7
 inside information, 22, 23
 no records for payments claimed, 25, 26
 pressured to hire a boss' family member, 28, 29
 whistleblower taken seriously, 24, 25
 Cavill (Operation), 107
 CCG. *see* Commission Consultative Group (CCG)
 CEO. *see* Reed, Philip (CEO)
 Charity (Operation), 48–49, 103
 Chief Commissioner. *see* Hall, Peter (Chief Commissioner)
 Chief Executive Officer. *see* Reed, Philip (CEO)
 code of conduct, 55
 Code of Conduct (Legislative Council), 38
 Commission Consultative Group (CCG), 55, 58
 Commissioners, 22, 27, 55, 56, 121
 Assistant Commissioners, 12
 Chief Commissioner (*see* Hall, Peter (Chief Commissioner))
 McDonald, Patricia (*see* McDonald, Patricia (Commissioner))
 part-time Commissioners, 12, 44
 Rushton, Stephen (*see* Rushton, Stephen (Commissioner))
 salaries, 121
 three-commissioner model, 6
 Commonwealth Administrative Appeals Tribunal, 44
 Commonwealth Attorney General, 46
 Commonwealth Attorney-General's Department, 35
 Commonwealth Ombudsman, 17, 43, 47
 Commonwealth Parliamentary Joint Committee on Intelligence
 and Security, 48, 102
 Communications and Media Section, 11, 55
 ICAC structure, 13
 complaints. *see also* Assessments Section; Corruption
 Prevention Division; Investigation Division
 anonymous, 21–22
 case studies (*see* case studies)
 against ICAC officers, 49–50
 outcomes of matters, 100
 profile of, 94–96
 public, from, 22–23
 public interest disclosures, 22, 24–25, 28, 97
 types of conduct, 23, 26
 workplace functions, 23, 25, 26
 compliance and accountability, 42–60
 access to information, 43, 46, 50
 accountability, 14, 16–17
 complaints against ICAC officers, 49–50
 compliance framework, 43–44

external governance (*see* external governance)
 internal governance (*see* internal governance)
 litigation, 48–49
 principal legal changes, 47–48
 privacy/personal information, 43, 46, 50
 public reporting (*see* reporting by ICAC)
 Strategic Plan 2017–2021, 16

compulsory examinations, 8, 12, 13, 15, 34, 51, 98
 conditions of employment, 56
 conflicts of interest, 24, 28, 37, 38
 Managing conflicts of interest in the NSW public sector, 38, 53

Constitution (Disclosures by Members) Regulation 1983, 38
 consultants, engagement and use of, 125

Corporate Services Division, 11, 54–61, 121
 code of conduct, 55
 conditions of employment, 56
 consultants, engagement and use of, 125
 corporate administration, 55–57
 diversity (*see* workforce diversity)
 finance, 11
 HR Admin and security, 11
 ICAC Award, 55, 56, 58
 ICAC structure, 13
 industrial relations, 56
 information technology (*see* information technology)
 insurance activities, 58, 71
 internal committees (*see* internal governance)
 learning and development, 55–56
 performance management, 56
 personnel security, 57
 policies and procedures, 55
 risk management (*see* risk management)
 salaries and allowances, 56
 Strategic Plan 2017–2021, 17
 work health and safety (*see* work health and safety (WHS))

Corrective Services (NSW), 52, 101, 115, 116–17

corruption. *see also* Assessments Section; Corruption Prevention Division; Investigation Division; Operations
 prosecution/disciplinary action, 53, 103–16

Corruption and integrity in the NSW public sector: an assessment of current trends and events, 4–5, 37, 40, 53

Corruption Matters (e-newsletter), 9, 53

Corruption Prevention Division, 4, 11, 12, 25, 27, 28, 31, 36–41, 44, 55, 56, 121
 advice function, 38
 ANZSOG/ICAC executive course and scholarship, 40
 APSACC Conference, 7, 41, 75, 80, 92
 conflicts of interest (*see* conflicts of interest)
 corrupt conduct findings, 8, 15, 41, 53
 Corruption Prevention Policy Framework, 45
 direct deals, perils of, 41
 direct negotiations (*see* direct negotiations)
 education, 37, 38–41
 ICAC structure, 13
 lobbying (*see* lobbying, access and influence)
 National Investigations Symposium, 9, 18, 35, 40, 41, 56, 80, 87
 outcomes of matters, 100
 projects, 37–38
 recommendations, adoption of, 100–101
 rural/regional communities (*see* rural/regional communities)

SIRU (*see* Strategic Intelligence and Research Unit (SIRU))
 speaking engagements, 37, 40
Strategic Plan 2017–2021, 16
 training and presentations, 8, 14, 37, 39
 trends and events (*see* trends and events, assessment of)

Corruption Prevention Network (CPN), 40, 56
 Corruption Prevention Policy Framework, 45
 CPN. *see* Corruption Prevention Network (CPN)
 Credo (Operation), 47, 49, 114
Crimes Act 1900, 103–17

cyber security
 Attestation Statement, 61
 Cyber Security Policy (NSW govt), 61
 NSW Cyber Security Centre, 60
 Cyber Security Centre (NSW), 60
 Cyber Security Policy (NSW govt), 61
 Cyrus (Operation), 49

D

Dasha (Operation), 15, 18, 34, 51–52

Department of Finance, Services and Innovation. *see* Yarrow (Operation)

Department of Premier and Cabinet (DPC), 5, 18, 72, 80, 87, 92

direct negotiations, 37
 Direct negotiations: Guidelines for managing risks, 37, 53
 Direct negotiations: Guidelines for managing risks, 37, 53

Director of Public Prosecutions (DPP), 8, 13, 14, 32, 35, 44, 49, 53, 103–16

prosecution/disciplinary action, 8, 53

disability. *see* workforce diversity

disciplinary/prosecution action. *see* Director of Public Prosecutions (DPP)

disclosure. *see* public interest disclosures (PIDs)

diversity. *see* workforce diversity

DPC. *see* Department of Premier and Cabinet (DPC)

DPP. *see* Director of Public Prosecutions (DPP)

E

Eclipse (Operation), 16, 38

education. *see* training

EEO. *see* equal employment opportunity (EEO)

EFED Act. *see* *Election Funding, Expenditure and Disclosures Act 1981*

Election Funding, Expenditure and Disclosures Act 1981, 103, 197

Electoral Commission (NSW), 14, 31, 32

Electoral Funding Act 2018, 31

Ember (Operation), 34, 51

EMG. *see* Executive Management Group (EMG)

Environmental Planning and Assessment Act 1979, 52

equal employment opportunity (EEO), 43, 58

equity (finance)
 changes in equity, 69
 equity and reserves, 75
 net equity, 18

Estry (Operation), 18, 52, 101, 115, 116

examinations, compulsory, 8, 12, 13, 15, 34, 51, 98

Executive Management Group (EMG), 14, 43, 44, 45, 55, 57, 92

executive officers, 121–22
 salaries, 122
 Executive Support Section, 11, 12, 55
 ICAC structure, 11, 55
 expenses, 18, 78–79
 exposing corruption. *see* Assessments Section; Investigation Division
 external governance, 45–47, 58, 59
 Auditor General, 43, 47, 57, 64, 66
 Inspector of the ICAC, 14, 16, 17, 43, 45, 46–47, 49, 50
 LECC Inspector, 17, 43, 47
 Ombudsman (Cth), 17, 43, 47
 Parliamentary Committee on the ICAC, 5, 16, 17, 43, 45–46

F

Fair Work Ombudsman (Cth), 35
 financial overview, 18
 financial statements, 62–92
 accounting policy (*see* accounting policy)
 assets (*see* assets)
 balance date, events after, 92
 budget review, 87
 budgeted amounts, 75–76
 cash flows, 70, 87
 changes in equity, 69
 commitments, 86
 comparative information, 76
 equity and reserves, 75
 expenses, 18, 78–79
 fair value hierarchy, 75
 financial instruments, 88–91
 financial position, 68
 income, 18, 67, 71–72
 Independent Auditor's Report, 64–66
 liabilities (*see* liabilities)
 loss on disposal, 80
 net equity, 18
 notes to, 71–92
 related party disclosures, 92
 revenue, 18, 79–80
 Statement by CEO, 63, 65
 trust funds, 75
 FOI. *see* Freedom of Information (FOI)
 foreword (Chief Commissioner), 4–5
 Freedom of Information (FOI), 120
 full investigations. *see* Operations

G

Gerda (Operation), 4, 7, 8, 18, 34, 51
 GLPA Act. *see* *Government Information (Public Access) Act 2009*
 governance. *see* external governance; internal governance
 government agencies, 25, 32, 37, 50, 71, 90
Government Information (Public Access) Act 2009, 50
 report on ICAC's obligations, 118–20
Government Sector Finance Act 2018, 47

H

Halifax (Operation), 6, 38
 Hall, Peter (Chief Commissioner), 6, 11, 12, 14, 22, 25, 27, 41, 44, 48, 50, 55, 121, 122
 foreword, 4–5
 transmission letter, 3
Health Records and Information Privacy Act 2002, 50
 human resources. *see* Corporate Services Division

I

ICAC. *see* Independent Commission Against Corruption (ICAC)
 ICAC Act. *see* *Independent Commission Against Corruption Act 1988*
 ICAC Award, 55, 56, 58
 ICAC officers, complaints against, 49–50
 IMG. *see* Investigation Management Group (IMG)
 income, 18, 67, 71–72
 Independent Auditor's Report, 64–66
 Independent Broad-based Anti-corruption Commission, 35, 98
Independent Commission Against Corruption Act 1988, 11, 12, 21, 31, 34, 43, 44, 50, 52, 103
 s 10, 20, 21, 22, 23, 24, 94, 95, 96
 s 11, 20, 21, 24, 25, 26, 28, 43, 94, 95, 96, 100
 s 12A, 27
 s 13A, 20, 31
 s 13(1)(a)(ii), 38
 s 20(5), 43
 s 31B, 43
 s 47, 75, 92
 s 53, 12, 28, 29
 s 54, 12, 20, 28, 29, 120
 s 57B, 46–47
 s 64, 45
 s 74, 34, 52
 s 75, 5
 s 76, s 76(2), ss 76(2)(ba)(i)–(vi), 51, 52, 98, 99
 s 80, s 80(c), 109, 115, 116
 s 87, 104–16
 s 88, s 88(2)(a), 107, 110
 s 89, s 89(a), 107, 110, 115
 s 92, 115
 s 104, 56
 s 111E(2), 100
 s 112(2), 106
 s 114 (1), 107
 Independent Commission Against Corruption (ICAC)
 2018–19 snapshot, 8
 30 years of NSW ICAC, 4, 5, 6–7
 accountability (*see* compliance and accountability)
 exposing corruption (*see* Assessments Section; Investigation Division)
 KPIs, 16, 32, 37
 memoranda of understanding, 46, 49, 102
 new funding model, 5
 objectives, 12, 14, 15, 16, 17, 31, 56, 88, 123
 organisational chart, 11
 our organisation (*see* Corporate Services Division)
 overview, 10–18
 preventing corruption (*see* Corruption Prevention Division)

- structure, 12–13
- what we do, 14
- Indus (Operation), 49, 105
- industrial relations, 56
- information
 - access to, 43, 46, 50
 - GIPA Act (*see Government Information (Public Access) Act 2009*)
 - inside information, 22
 - privacy and personal information, 43, 46, 50
- information technology (IT), 31, 55, 58–60
 - applications services, 60
 - cyber security (*see cyber security*)
 - information security, 58–60
 - new projects, 60
 - upgrades, 58
- inquiries. *see public inquiries*
- inside information, 22
- Inspector of the ICAC, 14, 16, 17, 43, 45, 46–47, 50
 - memorandum of understanding, 46, 49
- Inspector of the Law Enforcement Conduct Commission, 17, 43, 47
- Institute of Public Administration Australia (NSW Div.), 35, 41, 80, 87
- Inter-Agency Technical Group, 102
- Interception Consultative Committee, 102
- internal governance, 44–45
 - Commission Consultative Group, 55, 58
 - Corruption Prevention Policy Framework, 45
 - Executive Management Group, 14, 43, 44, 45, 55, 57, 92
 - Investigation Management Group, 29, 43, 44–45, 57
 - Investigation Policy Framework, 45
 - legal review, 44
 - Operations Manual, 31, 45
 - Prevention Management Group, 43, 45, 57
- Investigation Division, 11, 27, 29, 30–35, 44, 55
 - compulsory examinations, 8, 12, 13, 15, 34, 51, 98
 - digital forensics, 31, 33
 - how we investigate, 32–34
 - ICAC structure, 12
 - improving investigative practices, 35
 - investigation challenges 2018–19, 31
 - investigation outcomes, 35
 - Investigation Policy Framework, 45
 - investigation reports, 8, 52
 - investigations, 32–33
 - National Investigations Symposium, 9, 18, 35, 40, 41, 56, 80, 87
 - national investigative practices, 35
 - operations (*see Operations*)
 - preliminary investigations, 4, 9, 22, 29, 31, 32–33
 - proceeds of crime referrals, 35
 - prosecution and disciplinary action, 53, 103–16
 - public inquiries (*see public inquiries*)
 - SIRU (*see Strategic Intelligence and Research Unit (SIRU)*)
 - statutory powers, use of, 13, 34, 43, 44, 45
 - strategic alliances, 102
 - Strategic Plan 2017–2021*, 15
- Investigation into the conduct of a principal officer of two non-government organisations and others. see Tarlo (Operation)*
- Investigation Management Group (IMG), 29, 43, 44–45, 57
- Investigation Policy Framework, 45

- investigations
 - case studies (*see case studies*)
 - inquiries (*see public inquiries*)
 - outcomes of matters, 100
 - reporting (*see reporting by ICAC*)
 - snapshot 2018–19, 8–9
 - strategic alliances, 102
- IT. *see information technology (IT)*

J

- Jarah (Operation), 107
- Jasper (Operation), 47, 49, 105
- JSI User Group, 102

K

- key performance indicators (KPIs), 16, 32, 37
- KPIs. *see key performance indicators (KPIs)*

L

- LALCs. *see Local Aboriginal Land Councils (LALCs)*
- Law Enforcement and National Security (Assumed Identities) Act 2010*, 43, 44
- Law Enforcement Conduct Commission (LECC), 35, 41, 43, 47, 98
 - LECC Inspector, 17, 43, 47
- Law Enforcement (Controlled Operations) Act 1997*, 43
- LECC. *see Law Enforcement Conduct Commission (LECC)*
- Legal Division, 11, 12, 27, 34, 44, 55
 - ICAC structure, 13
- liabilities (finance), 18, 74–75
 - contingent, 86
 - other, 86
 - payables, 84
 - provisions, 84–85
- live-streaming platform (ICAC), 8, 44, 58
 - launch of, 53
 - public inquiry (Operation Gerda), 4, 7, 8, 18, 34, 51
- lobbying, access and influence, 32
 - Eclipse (Operation), 16, 38
 - Halifax (Operation), 6, 38
 - The regulation of lobbying, access and influence in NSW: a chance to have your say*, 53
- Lobbying of Government Officials Act 2011*, 31
- Local Aboriginal Land Councils (LALCs), 39
- local councils, 22, 23, 25, 40
- Local Government Professionals Australia, 40

M

- Managing conflicts of interest in the NSW public sector*, 38, 53
- McDonald, Patricia (Commissioner), 6, 11, 12, 14, 48, 121
- Meeka (Operation), 49
- memoranda of understanding (MOUs), 46, 49, 102
- ministers, reports from, 25–26
- Misto (Operation), 108
- MOUs. *see memoranda of understanding (MOUs)*

N

national anti-corruption intelligence network, 4, 31, 32
 National Biometrics Face Recognition Capability, 102
 National Driver Licence Facial Recognition Solution, 102
 National Integrity System Assessment (Australia), 38
 National Investigations Symposium (NIS), 9, 18, 35, 40, 41, 56, 80, 87
 Nestor (Operation), 112
 new funding model, 5
 NIS. *see* National Investigations Symposium (NIS)
 NSW Attorney General, 43, 46, 47, 121
 NSW Auditor General, 43, 47, 57, 64, 66
 NSW Corrective Services, 52, 101, 115, 116–17
 NSW Cyber Security Centre, 60
 NSW Electoral Commission., 14, 31, 32
 NSW Office of Local Government, 27, 32
 NSW Ombudsman, 27, 32, 35, 41, 80, 87
 NSW Police Force, 21, 26, 35, 57, 90, 92, 98
 NSW Police Integrity Commission, 7
 NSW Premier, 5, 6, 47, 48, 127
 NSW Supreme Court, 43, 44, 48, 49
 NSW Treasury, 5, 18, 43, 71, 74, 76, 87
 Treasury Banking System, 71, 89
 Treasury Managed Fund, 58, 71, 80

O

objectives, 12, 14, 15, 16, 17, 31, 56, 88, 123
 Office of Local Government (NSW), 27, 32
 Ombudsman (Cth), 17, 43, 47
 Ombudsman (NSW), 27, 32, 35, 41, 80, 87
 Operations, 9, 31, 32, 33, 34, 43, 47. *see also* public inquiries
 Acacia, 106
 Artek, 101, 114
 Cabot, 49
 Cavill, 107
 Charity, 48–49, 103
 Credo, 47, 49, 114
 Cyrus, 49
 Dasha, 15, 18, 34, 51–52
 Eclipse, 16, 38
 Ember, 34, 51
 Estry, 18, 52, 101, 115, 116
 Gerda, 4, 7, 8, 18, 34, 51
 Halifax, 6, 38
 Indus, 49, 105
 Jarah, 107
 Jasper, 47, 49, 105
 Meeka, 49
 Misto, 108
 Nestor, 112
 Petrie, 104
 Ricco, 101, 113
 Scania, 101, 112
 Skyline, 15, 18, 34, 51
 Sonet, 109
 Spector, 107
 Spicer, 49, 110
 Tarlo, 52, 100, 115
 Tunic, 110

Vesta, 48
 Vika, 109
 Yancey, 101, 111
 Yarrow, 52, 100, 115

Operations Manual, 31, 45
 organisational chart (ICAC), 11
 our organisation. *see* Corporate Services Division
 outcomes of matters (s 10, s 11), 100
 overview, 10–18

P

Parliamentary Committee on the ICAC, 5, 16, 17, 43, 45–46
 Parliamentary Joint Committee on Intelligence and Security (Cth), 48, 102
 payment performance indicators, 126
 Petrie (Operation), 104
 PF&A Act. *see* *Public Finance and Audit Act 1983*
 PID Act. *see* *Public Interest Disclosures Act 1994*
 PIDs. *see* public interest disclosures (PIDs)
 PMG. *see* Prevention Management Group (PMG)
 Police Force (NSW), 21, 26, 35, 57, 90, 92, 98
 Police Integrity Commission (NSW), 7
 PPIP Act. *see* *Privacy and Personal Information Protection Act 1998*
 preliminary investigations, 4, 9, 22, 29, 31, 32–33
 Premier (NSW), 5, 6, 47, 48, 127
 preventing corruption. *see* Corruption Prevention Division
 Prevention Management Group (PMG), 43, 45, 57
Privacy and Personal Information Protection Act 1998, 50
 proceeds of crime referrals, 35
 prosecution/disciplinary action. *see* Director of Public Prosecutions (DPP)
 public, complaints from, 22–23
 public authorities, reports from, 25–26
Public Finance and Audit Act 1983, 47, 64, 65, 71
 public inquiries, 4, 5, 8, 12, 13, 15, 16, 31, 32, 33, 34, 43–44, 45, 51–52, 98. *see also* Operations
 live-stream (Operation Gerda), 4, 7, 8, 18, 34, 51
 risk assessment, 57
Public Interest Disclosures Act 1994, 21, 22, 24, 25
 s 22, 25
 s 25, 24
 public interest disclosures (PIDs), 22, 24–25, 28, 97
 publications, 53
 Annual Report 2017-2018, 12, 46, 53
 Corruption and integrity in the NSW public sector: an assessment of current trends and events, 4–5, 37, 40, 53
 Corruption Matters (e-newsletter), 9, 53
 Direct negotiations: Guidelines for managing risks, 37, 53
 Managing conflicts of interest in the NSW public sector, 38, 53
 The regulation of lobbying, access and influence in NSW: a chance to have your say, 53

Q

Queensland Police Service, 35, 98

R

recruitment. *see* Corporate Services Division

Reed, Philip (CEO), 4, 7, 11, 12, 59, 121

- Cyber Security Annual Attestation Statement, 61
- financial statements, 63, 65
- transmission letter, 3

reporting by ICAC, 51–63

- annual reports, 43, 46, 51, 118
- corrupt conduct findings, 8, 15, 41, 53
- investigation reports, 52
- prosecution/disciplinary action, 53, 103–16
- public inquiries (*see* public inquiries)
- publications (*see* publications)
- statutory reporting, 98–99

reports from public authorities and ministers, 25–26

revenue, 18, 79–80

Review of Governance in the NSW Planning System, 38

Ricco (Operation), 101, 113

risk management, 13, 44, 56, 57, 58, 60, 88

- Attestation Statement (2018–19), 59
- Audit and Risk Committee, 43, 55, 58, 59
- cyber security, 61
- Risk Management Policy and Toolkit, 57

Risk Management Policy and Toolkit, 57

Rural and Regional Outreach Program, 7, 16, 41

rural/regional communities, 7, 41

- training, 39, 41

Rushton, Stephen (Commissioner), 6, 11, 12, 14, 48, 121

S

salaries and allowances, 56

Scania (Operation), 101, 112

SEdNode Groups, 102

SIRU. *see* Strategic Intelligence and Research Unit (SIRU)

Skyline (Operation), 15, 18, 34, 51

Sonet (Operation), 109

speaking engagements, 37, 40

Special Networks Committee, 102

Spector (Operation), 107

Spicer (Operation), 49, 110

staff. *see also* Corporate Services Division

- Commissioners (*see* Commissioners)
- credit card usage, 127
- executive management, 121–22
- organisational chart, 11
- overseas travel, 127

statutory powers, use of, 13, 34, 43, 44

- Operations Manual, 31, 45

statutory reporting, 98–99

strategic alliances, 102

Strategic Intelligence and Research Unit (SIRU), 4, 11, 12, 31–32

Strategic Plan 2017–2021, 14, 15, 16, 17

- work health and safety, 125
- workforce diversity, 123–24

structure (ICAC), 12–13

Supreme Court (NSW), 43, 44, 48, 49

Surveillance Devices Act 2007, 43, 47

T

Tarlo (Operation), 39, 52, 100, 115

Telecommunications and Other Legislation Amendment (Assistance and Access) Act 2018 (Cth), 48, 102

Telecommunications and Other Legislation Amendment (Assistance and Access) Bill (Cth), 48

Telecommunications (Interception and Access) Act 1979, 43, 46, 102

The regulation of lobbying, access and influence in NSW: a chance to have your say, 53

training

- corruption prevention, 8, 14, 37, 39
- Local Aboriginal Land Councils, 39
- rural/regional communities, 41
- staff, 9, 56, 102, 123, 125

transmission letter, 3

Treasury (NSW), 5, 18, 43, 71, 74, 76, 87

Treasury Banking System, 71, 89

Treasury Managed Fund, 58, 71, 80

trends and events, assessment of, 37

- Corruption and integrity in the NSW public sector: an assessment of current trends*, 4, 37, 40, 53

Trusts Taskforce (ATO), 102

Tunic (Operation), 110

V

Vesta (Operation), 48

Vika (Operation), 109

W

website (ICAC), 9, 16, 21, 25, 43, 44, 50, 51, 53, 58

- launch of new site, 4, 37
- live-streaming (*see* live-streaming platform (ICAC))

whistleblower, 24

WHS. *see* work health and safety (WHS)

work health and safety (WHS), 55, 125

- hazard and injury reports, 57
- WHS Committee, 43, 58, 125

workforce diversity, 123–24

- equal employment opportunity, 43, 58

Y

Yancey (Operation), 101, 111

Yarrow (Operation), 41, 52, 100, 115



INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

9 am – 5 pm Monday to Friday

Level 7, 255 Elizabeth Street
Sydney NSW 2000 Australia

GPO Box 500
Sydney NSW 2001 Australia

Phone: 02 8281 5999

Toll free: 1800 463 909 (outside metropolitan Sydney)

National Relay Service users: ask for 02 8281 5999

Fax: 02 9264 5364

icac@icac.nsw.gov.au

www.icac.nsw.gov.au