



annual report

2016–17

ICAC

INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

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I·C·A·C

INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

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

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

Mr President
Madam Speaker

I am pleased to furnish to you the Commission's annual report for the year ended 30 June 2017. The report has been prepared in accordance with the requirements of the *Independent Commission Against Corruption Act 1988* and the *Annual Report (Departments) Act 1985*.

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

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

Yours faithfully



The Hon Peter Hall QC
Chief Commissioner

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Acting Commissioner's foreword

I write this foreword as Acting Commissioner of the NSW Independent Commission Against Corruption, a position to which I was appointed from 30 November 2016.

The 2016–17 financial year has seen the Commission rise to various challenges. These challenges have included fulfilling our purpose of investigating, exposing and working to prevent corrupt conduct in the NSW public sector, while adjusting workloads to available resources.

The Commission received 2,489 matters in 2016–17, which is a slight increase on the previous year's 2,436 matters. We commenced 27 preliminary investigations and 10 full investigations. Nearly 90% of full investigations were completed within 16 months, which is above the 80% target.

There were two public inquiries held over 31 days during the reporting period, and five investigation reports furnished to Parliament. The Commission also made serious corrupt conduct findings against 11 people, and recommended that the advice of the Director of Public Prosecutions (DPP) be sought with respect to the prosecution of 17 individuals for various offences.

On that note, I would like to remind readers that the Commission does not express a view that a person has committed a criminal offence nor recommend to the DPP that criminal charges be laid; it does not have the power to do either of those things.

As is noted on every past investigations prosecution page on the Commission's website, the DPP determines whether any criminal charges can be laid. If the DPP advises that the admissible evidence would not justify commencing criminal proceedings, and no charges are laid, any findings of serious corrupt conduct made based on the evidence adduced at the inquiry still stand.

On the corruption prevention side, there were 105 requests for corruption prevention advice, up from 94 in 2015–16. We delivered 106 presentations and training workshops across NSW, reaching approximately 2,500 people face to face.

I was pleased to attend the Commission's rural and regional North Coast outreach visit in March, which included various training workshops for NSW state and local government public officials located in the area. Staff from nearly 30 agencies participated



in the visit, which is a very encouraging result. It is important to recognise that corruption is not just a Sydney issue, and I believe that the statewide training that the Commission offers is a very worthy objective.

In 2017–18, the Commission is set to embark on a new era, with the planned Chief Commissioner and two part-time Commissioners model expected to be proclaimed and commence operations. I'm sure that the Commission will continue to rise to future challenges as it moves into the future.

As Acting Commissioner, I have been impressed by the dedication of the Commission's staff, not only to the agency as a workplace but also to its purpose. I appreciate the knowledge, skill and assistance that staff have consistently provided during my time at the Commission.

I commend this report, and hope that readers find it to be an informative and insightful account of the Commission's 2016–17 year.

A handwritten signature in black ink, appearing to read 'R. Blanch', with a long horizontal stroke extending to the right.

The Hon Reginald Blanch AM QC
Acting Commissioner



Chapter 1: Overview

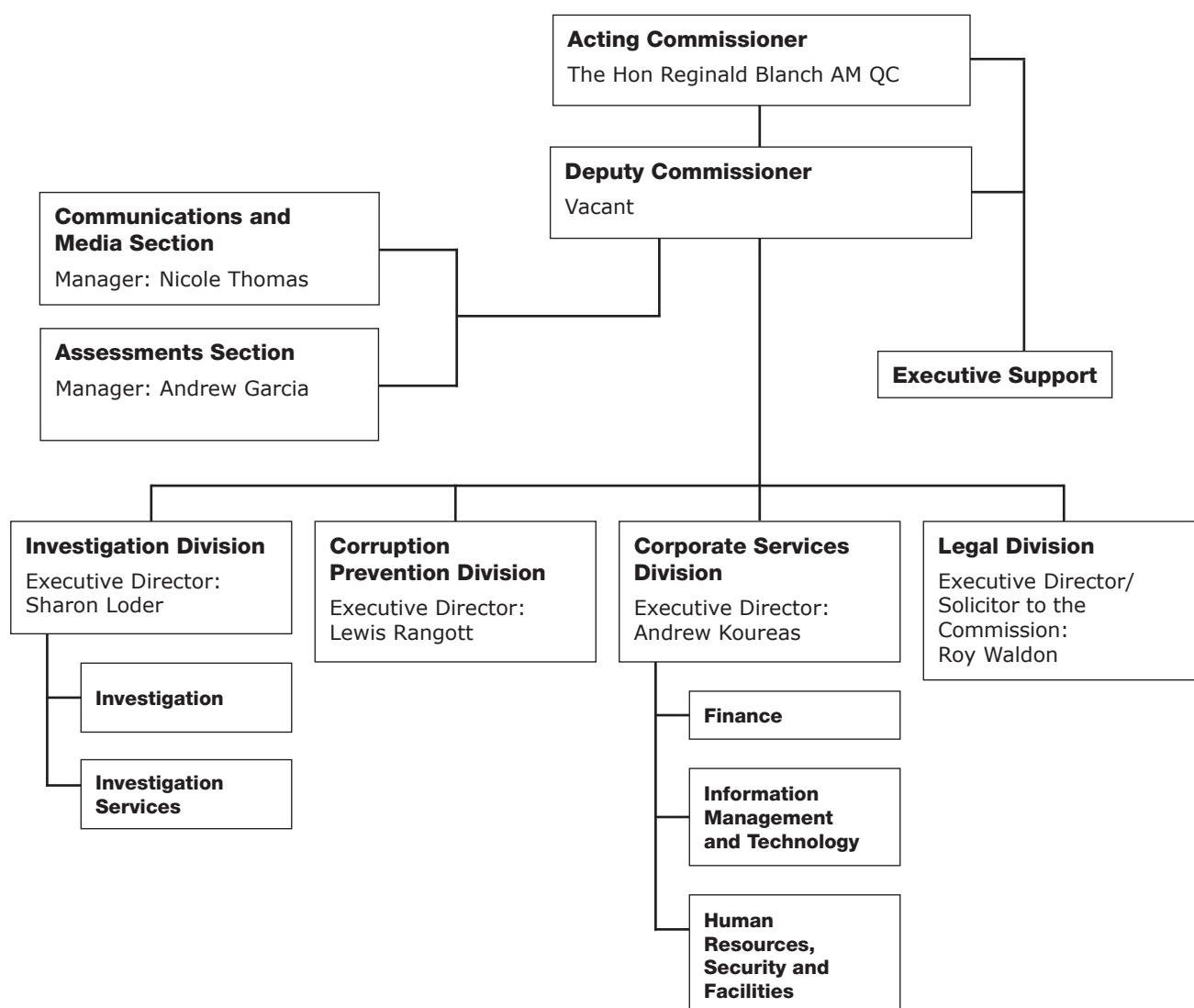
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Our mission is to
combat corruption
and improve the
integrity of the
NSW public sector.

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

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

Organisational chart*



* As at 30 June 2017.



Structure of the ICAC

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

The Hon Megan Latham resigned as Commissioner, effective 30 November 2016. The Hon Reginald Blanch AM QC was Acting Commissioner for the remainder of the reporting period.

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 Commissioner. 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 2.53 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 Assessments Section had an average of 10 FTE staff.

Investigation Division

The Investigation Division comprises the Investigation Section and the Investigation Services Section (formerly the Surveillance and Technical unit). The Investigation Section consists of three operational investigation teams. Personnel within this section include investigators, forensic accountants, intelligence analysts and support staff. The division's Investigation Services Section supports the Commission's investigations with surveillance, forensic and technical personnel. The Commission takes a multidisciplinary approach to its investigation function. Investigative teams include staff from other divisions.

Sharon Loder was the Executive Director of the Investigation Division during the reporting period. In the reporting period, the Investigation Division had an average of 41.84 FTE staff.

Corruption Prevention Division

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

Dr Robert Waldersee was the Executive Director of the Corruption Prevention Division until he left the Commission on 28 October 2016. Dr Iris Kirkpatrick and Giselle Tocher acted in the role until Lewis Rangott was appointed Executive Director Corruption Prevention, commencing 8 May 2017. In the reporting period, the division had an average of 11.61 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 8.78 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, and provided corporate support services to the Health Care Complaints Commission through a shared services agreement that ended in September 2016.

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 18.34 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 3.97 FTE staff.

During 2016–17, the Commission:

- received and managed 2,489 matters
- commenced 27 new preliminary investigations and 10 new operations
- completed 30 preliminary investigations and 9 operations
- completed 83% of preliminary investigations within the target 120 days
- conducted two public inquiries over 31 days, and 69 compulsory examinations over 44 days
- completed and furnished five investigation reports to Parliament
- made 17 serious corrupt conduct findings against 11 people, and recommended that the advice of the Director of Public Prosecutions be sought with respect to the prosecution of 17 people for various offences
- delivered 106 anti-corruption presentations and training workshops across the state, reaching approximately 2,500 people face to face
- managed 105 requests for corruption prevention advice
- produced three significant publications to address and help manage corruption risks in facilities maintenance, organisational change, and Aboriginal Land Council governance
- co-hosted the 11th National Investigations Symposium, which attracted close to 400 delegates and speakers
- published two editions of the *Corruption Matters* e-newsletter, which reached almost 700 subscribers by June 2017, with readers located in Australia and overseas
- recorded over 700,000 external visitor sessions to the ICAC website
- was found to have met statutory obligations in the three records inspections that were completed by the NSW Ombudsman; Commission recordkeeping was found to be compliant in two records inspections conducted by the Commonwealth Ombudsman
- recorded 516 staff attendances at training sessions, equating to an average of five training sessions per staff member
- commenced the roll-out of a new fit-for-purpose case management application.

What we do

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

The Commission receives and analyses complaints from members of the public and public officials, and reports made by the principal officers of public sector agencies and ministers of the Crown. It has extensive powers of investigation and may conduct hearings to obtain evidence of, 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 public authority but is independent of the government of the day. It is accountable to the people of NSW through the NSW Parliament.

The *Commission's Strategic Plan 2016–2020* sets out four key result areas for 2016–17:

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

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

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

Exposing corruption

The objectives in the *Strategic Plan 2016–2020* 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.

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 2016–17.

Table 1: Key quantitative results for corruption exposure activities

Measure	Target*	2016–17	2015–16	2014–15
Matters received	n/a	2,489	2,436	3,146
Average time to deal with matters (days) in Assessments Section	68	30	23	24
Preliminary investigations commenced	n/a	27	41	42
Full investigations commenced	n/a	10	10	14
Percentage of full investigations completed within 16 months	>80%	89%	60%	73%
Number of public inquiries	n/a	2	6	7
Number of public inquiry days	n/a	31	48	64
Number of compulsory examinations	n/a	69	65	127
Number of persons subject to serious corrupt conduct findings	n/a	11	9	17
Number of investigation reports to Parliament	n/a	5	4	5
Percentage of investigation reports furnished within the ICAC's target	80%	0%**	25%	75%
Number of persons against whom prosecutions commenced	n/a	7	12	8
Number of persons against whom disciplinary action commenced arising from investigations	n/a	0	0	1

* 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.

** For further information on this figure, see table 23 in Chapter 5 of this report.

Preventing corruption

The objectives in the *Strategic Plan 2016–2020* for preventing corruption are to:

- encourage government to address corruption risks of statewide significance and public concern
- ensure public authorities revise practices or procedures to reduce the risk of corrupt conduct occurring, and promote the integrity and good repute of public administration
- raise awareness in the community of corrupt conduct and encourage reporting of corrupt conduct.

A detailed description of Commission activities and results for this key result area is outlined in Chapter 4 (Preventing corruption). Table 2 sets out the key quantitative results for workload, work activity and performance for this key performance area in 2016–17.

Accountability

The objectives in the *Strategic Plan 2016–2020* 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.

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 2016–17.

Table 2: Key quantitative results for corruption prevention activities*

Measure	Target	2016–17	2015–16	2014–15
Requests for corruption prevention advice	n/a	105	94	134
Rural and regional outreach visits	2	1	2	2
Training sessions delivered	40	74	107	85
Corruption prevention recommendations in investigation reports published during the period	n/a	21	14	6
Percentage of corruption prevention recommendations in investigation reports accepted in action plans as at 30 June 2017**	80%	100%	n/a	n/a
Percentage of public inquiries that resulted in the making of corruption prevention recommendations	90%	40%	75%	50%
Number of prevention reports published	1	3	1	3

* In previous years, the Commission reported the number of “detailed corruption prevention advice responses” and “corruption prevention advice relating to complaints and reports of corrupt conduct”. The Commission has reviewed the way in which the data was measured and decided that it no longer be included in the annual report.

** In 2015–16, the Commission amended its key performance indicator (KPI) in relation to recommendations made in investigation reports. The new KPI measures the level of acceptance of the recommendations in a given agency’s plan of action.

Table 3: Key quantitative results for accountability activities

Measure	2016–17	2015–16	2014–15
Parliamentary Committee on the ICAC meetings	1	3	1
NSW/Commonwealth Ombudsman inspections of telecommunications intercepts and accesses, surveillance devices and controlled operation records	5	3	4
Number of reports/responses provided to the Inspector of the ICAC	26	54	29
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 2016–2020* 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 (\$0.654) million, which was \$0.679 million favourable to budget. The variation is primarily due to lower than budget employee-related expenditure.

Table 4: Operating Result 2016–17

	\$'000
Expenses	21,280
Revenue	20,629
Loss on Disposal	(3)
Net result	(654)

Table 5: Financial Position 2016–17

	\$'000
Assets	7,577
Liabilities	4,776
Net Assets	2,801

Revenue

The main source of revenue is appropriations (\$21.103 million compared to \$20.222 million in 2015–16 including capital). Capital appropriations received were similar to the previous year (\$0.57 million compared to \$0.584 million in 2015–16). The NSW Department of Premier and Cabinet also provided an initial operating grant of \$0.529 million (\$2.621 million in the previous year), of which

\$400,000 was returned by the Commission in April 2017. Other revenue includes fees from the provision of shared services, interest from investments and acceptance by the Crown Entity of employee benefits and other liabilities.

Expenses

Total expenses were \$21.280 million, which represents a reduction of \$5.626 million or 21% from the previous year. Employee-related expenses were \$13.687 million, a decrease of \$5.037 million from those expenses incurred in 2015–16. This significant variation is attributed to a number of key factors, such as the impact of long service leave expenses following the previous year's redundancy program and delays in filling vacancies, including those arising out of the new organisational structure. Other operating expenses were \$0.8 million above budget.

Assets

Assets decreased by \$2.965 million (29.4%) due largely to a significant reduction in Debtors Other, as the redundancy program was paid out, and reduction in Provisions (long service leave).

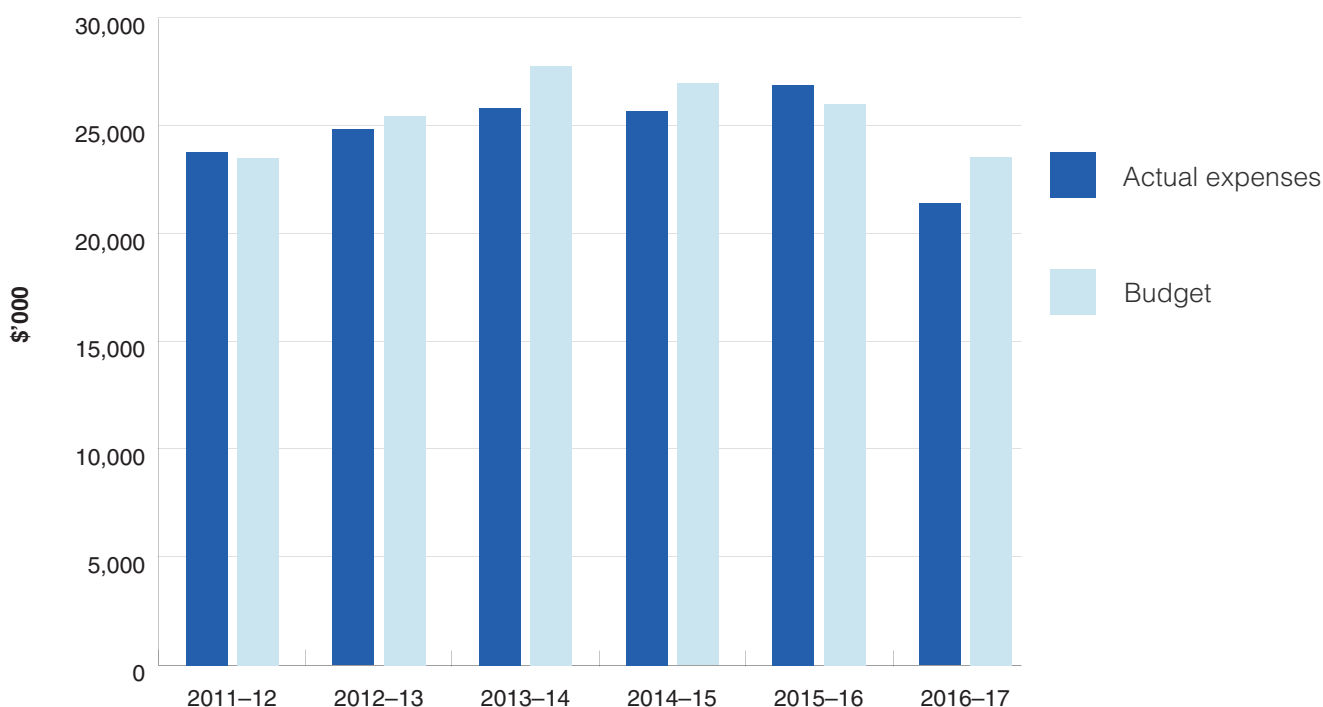
Liabilities

Liabilities decreased by \$2.31 million, due largely to the redundancy program accrued expenses (\$1.32 million) being paid out and a decrease to the provision for employee benefits.

Net Equity

Accumulated funds decreased by \$0.654 million, reflecting the Commission's operating result.

Figure 1: Total expenditure budget and actuals





Chapter 2: Assessing matters

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All complaints and reports within the Commission's jurisdiction are reported to the Assessment Panel, which is made up of members of the Commission's senior executive. The panel's role is to make decisions about how each matter should proceed. A matter is not reported to the Assessment Panel if it is assessed as being an enquiry only, is outside the Commission's jurisdiction or 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 2016–17

In 2016–17, the Commission received and managed a total of 2,489 matters. This figure represents a 2.2% increase from the previous year (2,436 matters). In the reporting period, the average time taken to assess and close a matter was 30 days, as compared with the previous year's average of 23 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. It is regrettable that the average number of days to re-report a matter to the Assessment Panel upon receipt of an s 54 report exceeded the Commission's target; this will be an area of particular focus in 2017–18.

Profile of matters received

In the reporting period, the majority of the 2,489 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 26% of all matters.

Table 7 shows all matters received in 2016–17 by category, compared with the previous two years.

During the reporting period, the Commission changed the manner in which it calculates the number of matters received. Instead of calculating this based on when the Commission registers a matter into its systems (as it did in 2015–16 and earlier), the number is now calculated based on when the Commission receives it.

To ensure no matters were missed because of this change in definition, the number of matters received by the Commission in the current reporting period included five matters that the Commission received in 2015–16 but registered in 2016–17. Furthermore, there were other changes to the categories of matters, which are addressed in the notes to Table 7.

In 2016–17, the Commission received 1,096 s 10 complaints and 650 s 11 reports. In light of the changes in reporting, it is difficult to compare these figures with previous years. Nevertheless, in the categories where the Commission has not made any changes in the reporting, there has not been any significant fluctuations in the number of matters received.

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

Table 6: Some internal targets and achievements of the Assessments Section in 2016–17

Measure	Target	Achievement
Average days to present a "straightforward" matter to the Assessment Panel	28	17
Average days to present a "complex" matter to the Assessment Panel	42	40
Average days to review an s 54 report from a public authority and report a matter back to the Assessment Panel	42	90

Table 7: Matters received by category in 2016–17, compared to the previous two years

Category	2016–17		2015–16		2014–15	
Complaint (s 10)	1,096	44%	656	27%	947	30%
Report (s 11)	650	26%	605	25%	641	20%
Enquiry	427	17%	385	16%	448	14%
Outside jurisdiction	246	10%	282	12%	394	13%
Public interest disclosure*	–	–	220	9%	255	8%
Information**	–	–	217	9%	342	11%
Feedback	60	2%	56	2%	92	3%
Dissemination***	–	–	10	<1%	16	1%
Intelligence report***	–	–	2	<1%	4	<1%
Referrals (s 16(1))	7	<1%	–	–	–	–
Own initiative (s 20)	3	<1%	2	<1%	7	<1%
Parliamentary referral (s 73)****	0	0%	1	<1%	0	0%
Referral (s 13A)	0	0%	–	–	–	–
Total	2,489		2,436		3,146	

* Public interest disclosures are no longer reported separately; they are now included in the Complaint (s 10) and Report (s 11) categories.

** The Information category is now included in the Complaint (s 10) category.

*** The Dissemination and Intelligence report categories are now included in the Referrals (s 16(1)) category.

**** The Referral (s 13A) category has been renamed Parliamentary referral (s 73).

public sector employees to contact the Commission, including in writing, by telephone or email, in person or online via a complaints form on the Commission's website at www.icac.nsw.gov.au. Principal officers of public authorities generally submit s 11 reports in writing, including email. If there is some urgency attached to the matter, a principal officer can report an s 11 matter by telephone.

In 2016–17, the methods used most frequently by complainants to contact the Commission were telephone (32%), email (23%) and letter (17%), as shown in Table 8. This is consistent with the methods most frequently used by complainants in 2015–16.

Table 8: Methods of initial contact for all matters received in 2016–17

Method	Number of matters received	% of matters received
Telephone	793	32%
Email	566	23%
Letter	427	17%
ICAC website	388	16%
Schedule	293	12%
Visit	19	1%
Other	3	<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 Disclosure Act 1994* ("the PID Act").

In 2016–17, 22% of complaints from people (241 matters) were made anonymously. Of those anonymous complaints, 67 (28%) 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 Commissioner. In deciding whether to approve



Case study: Something smells wrong

In 2016, the Commission received a complaint from a member of the public by telephone, who alleged that certain NSW public authorities corruptly failed to take compliance action in response to the unauthorised dumping of thousands of tonnes of fill, including building waste, in a neighbouring property over the past 18 months.

Having regard to the seriousness of the allegations, including the potential public health risks, the damage to property, and the frequency and ongoing nature of the alleged conduct, the Commission decided to conduct preliminary enquiries with one of the public authorities. These enquiries revealed that the public authority had not granted any relevant approvals for waste disposal at the property in question but advised it had not received any complaints alleging unapproved dumping of fill at the site.

In light of the details provided by the public authority and the information held by the Commission, there was no indication that a public official had acted corruptly in these circumstances. The Commission determined to refer the information available to the public authority, so that it could undertake any necessary compliance action.

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 or 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. It is the Commission's experience that perceptions of wrongdoing are often borne of poor communication or consultation, or a lack of consistency or transparency on the part of authorities. Such a referral also allows the 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 at left is an example of a potentially serious matter but where, following enquiries by the Commission, the Commission determined there was no real likelihood that corrupt conduct had occurred.

Table 9 shows the different government sectors about which allegations of corrupt conduct were made in complaints under s 10 in 2016–17.

Table 9: Complaints from people in 2016–17, showing allegations in the top five government sectors

Sector	Section 10 complaints	% s 10 complaints
Local government	433	40%
Government and financial services	101	9%
Health	87	8%
Law and justice	81	7%
Transport, ports and waterways	72	7%

As in previous years, the sector most frequently complained about in 2016–17 was local government, with s 10 complaints relating to this sector accounting for 40% of the total volume received (compared with 45% in 2015–16). The Commission notes, however, the large number of local councils in NSW, and that over-representation of local government in the complaints statistics may be due to the high level of people's interaction with local government and the personal interest many take in the decisions of their local council.

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

Table 10: Complaints from people in 2016–17, showing the five most frequent types of workplace functions mentioned

Workplace function	Section 10 complaints	% of s 10 complaints
Reporting, investigation, sentencing and enforcement	284	26%
Human resources and staff administration	239	22%
Development applications and land rezoning	194	18%
Miscellaneous functions	161	15%
Allocation of funds, materials and services	159	15%

Note: The proportion of s 10 complaints that mentions these workplace functions has remained relatively consistent and is comparable to the proportion reported in 2015–16. The main change is that "procurement, disposal and partnerships" is no longer one of the most frequent workplace functions mentioned.

Table 11: Complaints from people in 2016–17, showing the five most frequent types of corrupt conduct alleged

Types of corrupt conduct	Section 10 complaints	% of s 10 complaints
Partiality	392	36%
Personal interests	234	21%
Failure to perform required actions	215	20%
Improper use of records or information	214	20%
Improper use or acquisition of funds or resources	145	13%

Compared to 2015–16, there has been an increase in the proportion of allegations about partiality (up from 33%). However, there was a reduction in the proportion of allegations about the other types of corrupt conduct; this may be associated with the changes made in the reporting of the s 10 complaint category.

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

Public interest disclosures

NSW public sector employees or contractors who report allegations of corrupt conduct about a NSW public sector 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 2016–17, the Commission classified 339 matters as PIDs (matters that were both complaints (s 10 of the ICAC Act) or reports (s 11 of the ICAC Act) and also met the criteria in the PID Act).

During the reporting period, there were 307 PIDs finalised, an increase of 10% on the number reported during 2015–16. 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



Case study: All reports help the Commission's activities

In 2017, the Commission received an anonymous telephone call alleging that an official or officials of an unidentified NSW public authority employed a relative or relatives and undertook performance appraisals of them that attracted salary bonuses.

The Commission undertook initial enquiries that confirmed a likelihood that the anonymous caller was a public official and that the NSW public authority was likely to be their employer. The Commission, therefore, treated the public official's report as a public interest disclosure.

The Commission reviewed its information holdings to identify any other reports alleging nepotism within the public authority in question.

While the Commission considered it likely that the anonymous caller was employed by the public authority and to have some knowledge of the matters alleged, there was not sufficient information to enable viable lines of enquiry. The Commission could not confirm the public authority to which the allegations related and the anonymous caller could not be contacted for further details.

While the information was not sufficient for the Commission to pursue the particular issue with the relevant public authority, the Commission decided to use this information as part of its corruption prevention training, including that provided to the NSW public authority likely to be the subject of the anonymous caller's allegations specifically.

received during the year. In 2016–17, the top five government sectors that were the subject of allegations in PIDs remains the same as those in the previous year.

Table 12: PID allegations by government sector in 2016–17

Sector	PIDs	% of PIDs
Local government	102	30%
Health	59	17%
Transport, ports and waterways	42	12%
Education (except universities)	35	10%
Custodial services	18	5%

Table 13: Types of conduct reported as PIDs in 2016–17

Types of conduct reported as PIDs	Number reported	% reported
Partiality	115	34%
Improper use of records or information	102	30%
Personal interests	101	30%
Improper use or acquisitions of funds or resources	80	24%
Failure to perform required actions	78	23%

Note: While there have been some changes in the order, the top five types of conduct reported as PIDs has remained the same as 2015–16.

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 information on identity 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 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 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 authority concerned can address. Where this occurs, it can minimise corruption risks and eliminate perceptions of corruption.

The case study on page 18 is an example of a matter whereby an anonymous PID was made to the Commission and how the Commission used the information provided to inform its activities.

In 2016–17, the most frequent workplace function reported by way of PIDs was “human resources and staff administration”, comprising 50% of matters (up from 48% in the previous year), followed by “procurement, disposal and partnerships” with 22% (also up from 21% the previous year). The “allocation of funds, materials and services” made up 17% of allegations in the reporting period.

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



Case study: This looks like an interesting file to read...

In 2017, the Commission received a report from a NSW public authority alleging that one of its public officials had misused information held by the public authority.

The public authority identified the issue after it received a complaint from a client, who alleged that this member of staff had accessed the client’s records and referred to information in those records when making inappropriate remarks about the client on social media.

The public authority conducted a review and identified that the public official had, for no official purpose, accessed sensitive client information relating to them and their family.

Following the review, the public official admitted to their conduct and the public authority sustained the allegations concerning unauthorised access to information. As a result, the public official was terminated from their position.

The public authority notified relevant authorities and the clients to offer apologies and assistance with contacting the NSW Police.

The Commission determined that the public authority had dealt with the matter appropriately and that no further action was required.

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 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.

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

The case study on page 19 is an example of a matter where the head of an authority reported a matter under s 11 that involved allegations of an employee misusing sensitive information.

Table 14 shows the number of times allegations concerned a particular sector. The "transport, ports and waterways" sector ranked the highest, representing 20% of allegations made in s 11 reports during the reporting period. "Custodial services" is now the third highest sector to which s 11 reports relate, replacing "Education (except universities)".

Table 14: Section 11 reports received in 2016–17, showing the five most frequently reported government sectors

Sector	Section 11 reports	% of s 11 reports
Transport, ports and waterways	132	20%
Local government	115	18%
Custodial services	96	15%
Education (except universities)	91	14%
Health	84	13%

In relation to the workplace functions involved in the allegations reported, most s 11 reports concerned "human resources and staff administration", comprising 41% (268) of s 11 reports received, which is consistent with the previous year. This was followed by "procurement, disposal and partnerships", which accounted for 18% (120).

With regard to conduct types, "improper use of records or information" was the most frequently reported, with 39% (251). This represents an

increase from the previous year (35% in 2015–16). It was followed by "improper use or acquisition of funds or resources" at 24% (157), which is a reduction from the previous year (31% in 2015–16). "Personal interests" represented 21% (139) of the allegations reported to the Commission (relatively consistent with the previous year).

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 authority. Consideration is also given to whether there are appropriate systems in place for the 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 enquiries, feedback or involve conduct that is outside the Commission's jurisdiction, are reported to the Assessment Panel. The Assessment Panel comprises the manager of the Assessments Section (who acts as the panel convenor), the Commissioner, 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 considering what action, if any, should be taken on every matter received. If a matter is complex or needs further enquiries before an appropriate course of action can be determined, it may be reported to the Assessment Panel on several occasions.

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

For each matter, the Assessment Panel considers whether it presents opportunities for identifying serious corrupt conduct or systemic corrupt conduct, whether it is being (or could be) adequately handled by another authority and, even if corrupt conduct is not apparent, whether an authority's systems and controls put the organisation at risk of corruption. After considering a matter, one of four decisions is made 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 2016–17, the Commission made 1,701 (84%) decisions to close matters and take no further action. This is an increase from the number of similar decisions in 2015–16, where the Commission made 1,549 (80%) 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 authority concerned.

In 2016–17, 179 matters were referred on this basis; down from 192 in the previous year.

3. Refer the matter internally but not investigate

The Commission may undertake a range of actions other than investigating a matter. For instance, it may undertake assessment enquiries in a matter. It may request that a relevant authority provide a copy of its report on a matter or require an authority to conduct an investigation and report its findings to the Commission. Alternatively, the Commission's Corruption Prevention Division may review the matter. These decisions will inform the Commission's subsequent assessments.

If the Commission decides that there is insufficient information to determine an appropriate course of action, assessment enquiries – usually with the 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, property or business searches, 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 2016–17, there were 47 decisions by the Commission to conduct assessment enquiries, which is a reduction from the figure of 79 reported in 2015–16.

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 38 requests for investigation reports from agencies, which is a decrease from 46 reported the previous



Case study: Missing electronic goods

In 2016, the Commission received a report from a NSW public authority alleging that a senior public official had engaged in fraud to procure electronic goods valued over \$50,000 and subsequently stole them. The public authority reported this allegation to the Commission and NSW Police.

Having regard to the seriousness of the alleged corrupt conduct and that the public authority and NSW Police were well placed to undertake an investigation, the Commission referred the allegations to the public authority for investigation and to report back to the Commission under s 53 and s 54 of the ICAC Act.

The investigation revealed that the public official used the log-in details of two colleagues to raise purchase orders for the goods. Once the purchase orders were raised, the public official approved them, as they were valued within their financial delegation. The goods purchased, however, were of the type that was not included in the public official's financial delegations and they could not be located.

The public authority's investigation concluded that the public official engaged in corrupt conduct by fraudulently purchasing equipment for personal gain. There was no evidence of the colleagues being complicit in the arrangement.

Following the police investigation, the public official was convicted and sentenced to prison. The public authority terminated the official's employment and the official repaid the value of the goods to the public authority.

The public authority advised the Commission that it would undertake an internal audit to identify opportunities to improve its corruption prevention controls, ensure corruption prevention training remains integrated in procurement training for staff, and share key learnings with relevant areas.

year.

Alternatively, under s 53 and s 54 of the ICAC Act, the Commission has the power to require that an 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 authority will, following consultation with the authority, be able to investigate the matter. The Commission will not make a referral if it considers the 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 authorities that it considers unsatisfactory.

In 2016–17, eight matters were the subject of referrals under s 53 and s 54 of the ICAC Act. This figure represents a decrease from the 13 referrals made during 2015–16.

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

The case study at left is an example of a referral under s 53 and s 54 to a NSW public sector authority to conduct an investigation into allegations of corrupt conduct. It highlights that authority's improvements to its processes and systems to reduce the risk of corruption in the future.

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

In 2016–17, there was one matter referred by the Assessment Panel to corruption prevention officers for analysis and/or advice, which is relatively consistent with the two matters referred in 2015–16.

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 or systemic corrupt conduct will meet the criteria for a full investigation. Once a decision to investigate has been made, the matter is overseen by the Investigation Management Group, which also gives direction on each investigation.

In 2016–17, 27 matters were referred to the Investigation Division for preliminary investigation, which is a reduction from the 41 matters referred in the previous year.

Decisions made by the Assessment Panel in 2016–17 are shown in Table 15.

Table 15: Decisions made by the Assessment Panel in 2016–17

	Number of decisions	% of decisions
Closed without referral	1,701	84%
Closed but referred externally	179	9%
Referred internally but not investigated	128	6%
Investigated	27	1%



Chapter 3: Investigating corruption

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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 *Parliamentary Electorates and Elections Act 1912*, the *Election Funding, Expenditure and Disclosures Act 1981* or the *Lobbying of Government Officials Act 2011*.

Investigation challenges in 2016–17

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.

Following a significant reduction in grant funding from the NSW Department of Premier and Cabinet for 2016–17, a plan was implemented to restructure the Investigation Division. This resulted in the division suffering a net reduction from 50 full-time positions as at the commencement of the 2015–16 financial year to 44 for the current reporting period. The number of Commission investigation teams was reduced from four to three.

As a result, the Commission adapted to meet the challenges in delivering its investigation outcomes. One of those challenges involved maintaining the capacity to deliver its current level of performance – both in quality and timeliness – for significant investigations with a 25% decrease in the number of investigative teams. While the number of preliminary investigations the Commission undertakes has reduced from the high levels of a number of years ago, the average number of full investigations being undertaken by the Commission at any point in time has been consistent throughout that period and now represents a greater proportion of the total investigations being conducted by the Commission. This change can be attributed to the increasing complexity of the investigations undertaken by the Commission and, in turn, a requirement to undertake a rigorous selection process in determining which investigations are undertaken by the Commission in the face of decreased resources.

Despite the constraints placed on the Commission, it was still able to maintain virtual parity with 2015–16 in terms of the key performance indicators for preliminary investigations and achieve marked improvement in those for full investigations.

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 2016–17, the Commission undertook the following investigation systems and process improvements:

- launched Resolve, the Commission's new case management system
- introduced new ICAC vests with camera fittings suitable for the mounting of Edesix VideoBadges for use during the execution of search warrants by Commission officers
- introduced a new web-based application for the Commission's surveillance unit so as to allow more timely and efficient generation and submission of surveillance running sheets/logs, observations and imagery for the Commission's investigations
- implemented substantive changes to the Commission's General Investigation Standards and Procedures to reflect its title and content as the Commission's policy framework for its investigation function as described in the Commission's 2016–17 Corporate Business Plan
- consolidated all current policies and procedures into one operations manual accessible on the Commission's intranet.

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 2016–17 reporting period, a total of nine preliminary investigations and eight operations were carried over from the previous period. Twenty-seven new preliminary investigations and 10 new operations were commenced in 2016–17. A total of 30 preliminary investigations and nine operations were completed during the reporting period.

The Commission has key performance targets for the timeliness of its investigations. The Commission aims to complete 80% of its preliminary investigations within 120 days of the Commission decision to commence the investigation.¹ If a matter is escalated to an operation, the time period for completing the confidential phase of the investigation is extended to 16 months, and the Commission aims to complete 80% of matters within that period.² If a public inquiry is held for the purpose of an investigation, the

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

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.

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 slightly from 86% in 2015–16 to 83% in 2016–17. The average time taken to complete preliminary investigations has also increased from 85 days in 2015–16 to 94 days in 2016–17. However, the percentage of operations completed within 16 months was 89%, compared to 60% in 2015–16, with the average time taken to complete a full investigation also decreasing from 505 days in 2015–16 to 396 days in 2016–17.

Table 16: Preliminary investigation statistics for 2016–17

Number current as at 1 July 2016	9
Number referred by Assessment Panel	27
Number discontinued	30
Number current as at 30 June 2017	6
Days on average taken to complete	94
Number completed within 120 days	25
% completed within 120 days	83%

Table 17: Full investigation (operation) statistics for 2016–17

Number current as at 1 July 2016	8
Number escalated from preliminary investigation	10
Number discontinued/concluded	9
Number current as at 30 June 2017	9
Days on average taken to complete	396
Number completed within 16 months	8
% completed within 16 months	89%

Table 18: Source of preliminary investigations by sector in 2016–17

Sector	Number of preliminary investigations	% of preliminary investigations
Local government	14	52%
Transport, ports and waterways	3	11%
Government and financial services	2	7%
Universities	2	7%
Aboriginal affairs and services	1	4%
Community and human services	1	4%
Custodial services	1	4%
Education (except universities)	1	4%
Law and justice	1	4%
Parliament	1	4%

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.

In 2016–17, the Commission introduced two new performance measures in the Investigation Division: the number of statements taken and interviews conducted. As such, there were 345 statements obtained and 110 interviews conducted in the reporting period.

Table 19: Statutory powers used by the Commission in 2016–17, compared to the two previous years

Power	2016–17	2015–16	2014–15
Notice to produce a statement (s 21)	17	8	16
Notice to produce a document or thing (s 22)	499	522	879
Notice authorising entry to public premises (s 23)	0	0	3
Summons (s 35)	150	167	308
Arrest warrant (s 36)	0	0	0
Order for prisoner (s 39)	5	0	0
Search warrant (s 40)*	11	11	17
Controlled operations	0	0	0
Surveillance device warrants	0	2	2
Telephone interception warrants	5	13	5
Stored communications warrants	0	0	0
Telecommunications data authorities issued	209	266	550

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

Case study: Unlawful waste

During 2015–16, the Commission investigated allegations of corrupt conduct by Craig Izzard, an enforcement officer of the Western Sydney Regional Illegal Dumping Squad (RIDS). The investigation made use of the Commission's formal power to obtain records and a number of witnesses were also interviewed and called to compulsory examinations.

It was alleged that Mr Izzard corruptly received payments and other benefits to ignore illegal dumping and illegal landfill, and misrepresented to interested parties that he could assist with development applications being processed through the local council for a benefit.

In many of those dealings, he was aided and abetted by Nosir Kabite, a person with some interest in the relevant properties or contacts in the excavation and landfill industry.

The investigation revealed that Mr Izzard had engaged in serious corrupt conduct in that he was party to an agreement whereby Ibrahim Beydoun (a director and part-owner of a skip-bin business) paid \$10,000 to Mr Kabite, which Mr Kabite agreed to share with Mr Izzard. In return, Mr Izzard improperly exercised his official functions to:

- intimidate someone into departing from a property in order to assist Mr Beydoun to relocate his business to that property
- assist Mr Beydoun to avoid detection for the illegal operation of his skip-bin business at that property
- assist Mr Beydoun with respect to the development application for the operation of his skip-bin business at that property.

Mr Izzard also engaged in serious corrupt conduct by agreeing to receive cash payments (and receiving at least two mobile telephones, firewood and free removal of rubbish) as a reward for assisting Mr Kabite by deliberately failing to investigate the unlawful waste disposal activities and not enforcing waste disposal laws in relation to Mr Kabite's operations at a property.

A public inquiry was held over nine days in August and September 2016. In its investigation report, which was released in the 2016–17 period, the Commission made findings that Mr Izzard, Mr Kabite and Mr Beydoun engaged in serious corrupt conduct. The Commission has sought the advice of the Director of Public Prosecutions with respect to their prosecution for various offences.

Public inquiries and compulsory examinations

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

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

In 2016–17, the Commission conducted 69 compulsory examinations over 44 days, and two public inquiries over 31 days.

One of these is dealt with in the adjoining case study. The other involved allegations concerning the conduct of Eman Sharobeem, the former CEO of the Immigrant Women's Health Service and the Non-English Speaking Housing Women's Scheme Inc, and will be the subject of a report in the next reporting period.

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.

Agency response to corruption prevention recommendations made following investigations

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

The Commission focuses on working with affected agencies to ensure that the recommendations made in a report address both the corruption risk and the business priorities of the subject agency. Accordingly, the Commission now monitors and reports on the level of acceptance of the recommendations in the agency's plan of action.

A final report advising the Commission that an agency has completed the implementation of a plan of action can be submitted at any stage and no further follow up is needed. For example, the Mine Subsidence Board submitted its final report on the plan of action to implement the corruption prevention recommendations made on Operation Tunic (2015–16 reporting period) nine months after the plan of action was received.

If a final report has not been received, the Commission will request progress reports against the action plan at the 12-month and if required 24-month stage.

Plans of action received by the Commission in 2016–17 indicate that 100% of corruption prevention recommendations made to agencies were fully adopted in agency plans of action. Details of all plans of action and reports received in the reporting period are available in Appendix 5.

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

Proceeds of crime referrals and other disseminations

During the reporting period, the Commission disseminated intelligence gathered in the course of its investigations to the Crime and Corruption Commission (Qld), the Independent Broad-based Anti-corruption Commission (Vic), the Tasmanian Integrity Commission, the Police Integrity Commission, the NSW Crime Commission, the Australian Competition and Consumer Commission, the NSW Electoral Commission, the NSW Police Force, the Australian Federal Police, Department of Prime Minister and Cabinet, and Australian Border Force.

Improving investigative practices

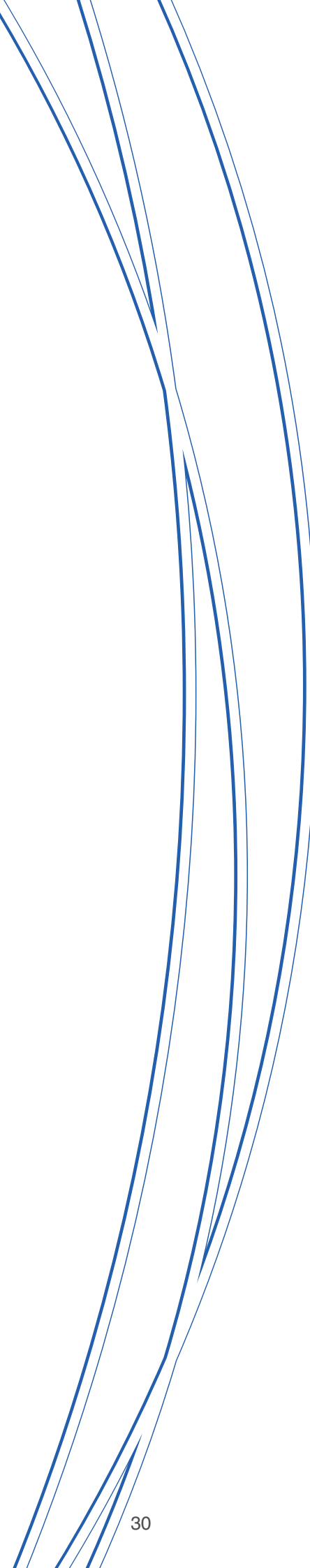
National Investigations Symposium

The Commission collaborated once again with the NSW Ombudsman and the Institute of Public Administration Australia to host the 11th National Investigations Symposium (NIS). The biennial conference is held to advance the knowledge and investigative abilities of NSW public officials. The NIS was held in Sydney, and attended by 399 delegates and speakers.

Attendee feedback remains positive for this popular conference, with 84% of survey respondents attesting that the NIS assists them in performing their official duties.

The Commission is currently working with its partners to deliver the 12th NIS in Sydney, which will take place between 13 and 15 November 2018.

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



Chapter 4: Preventing corruption

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

- investigating the matters that may have allowed, encouraged or caused the corrupt conduct
- 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 2016–17 are explained below.

Corruption prevention projects

In 2016–17, the Commission released three significant corruption prevention publications.

Facilities maintenance

Each year, the Commission receives many complaints alleging corrupt conduct in the provision of maintenance services. This is an area of corruption risk for a number of reasons, including:

- every NSW public authority spends at least some funds on maintaining its physical assets as well as services such as cleaning, waste management and security
- maintenance is not usually a core function of government and, as a result, is often outsourced and may not be a priority for senior management
- in practice, it is difficult and/or expensive to determine how much money needs to be spent on maintenance, what represents good value for money and whether a maintenance contractor has done a good job
- maintenance work involves many small, ongoing jobs – some of which are emergencies, some of which take place at remote or hard-to-reach locations and some of which take place outside of normal business hours – making scoping, pricing and monitoring the work challenging

- for many types of maintenance work, the barriers to market entry are low, making it easier for officials to mismanage a conflict of interest by awarding maintenance work to a friend or associate, or even awarding work to firms that they own or control.

To address some of these issues, in February 2017, the Commission released a major corruption prevention publication on this topic. Titled *Controlling corruption opportunities in the provision of maintenance services*, the publication includes a number of case studies, better practice tips and design principles aimed at minimising corruption in this area. The Commission supported the release of the publication with a number of speaking engagements and presentations.

Corrupt conduct and organisational change

The Commission has identified failed or mismanaged organisational change initiatives as a possible trigger of corrupt conduct. This can happen in a variety of ways, for instance:

- as a result of unintended consequences, key internal controls or procedures can be eroded or removed
- existing roles and responsibilities might be broken up, which can lead to unsupervised staff, key risks without a risk owner or a loss of knowledge
- staff that perform key integrity roles can be reassigned to work on the change program itself, leaving a vacuum that can be exploited
- poorly planned change initiatives can encourage staff to find loopholes and workarounds
- “change fatigue”, especially if associated with redundancies and displacements, can have a damaging impact on morale and act as a motivator of workplace misconduct.

In March 2017, the Commission released *Keeping it together: systems and structures in organisational change*, which encourages agencies to consider the corruption implications of change projects. The report includes a number of case studies and suggestions for agencies to consider; for example, that detailed process mapping of the pre- and post-change control environment is a useful way to identify any gaps or unintended consequences from change initiatives.

Case study: Elections, donations and Operation Spicer

In August 2016, the Commission released *Investigation into NSW Liberal Party electoral funding for the 2011 state election campaign and other matters*, the report on the investigation known as Operation Spicer. The 168-page publication made reference to 48 affected persons and followed a public inquiry that took evidence from 116 witnesses over 41 days.

The Commission's investigation uncovered various means by which individuals sought to circumvent election funding laws concerning the disclosure of donations and the ban on donations from property developers. The Commission's key factual findings included:

- a number of members of Parliament had sought and accepted political donations for use in the 2011 state election campaign with the intention of evading relevant election funding laws relating to the ban on accepting political donations from property developers, the applicable cap on donations and disclosure requirements.
- an organisation called the Free Enterprise Foundation was used to channel \$693,000 in donations to the NSW Liberal Party for its 2011 state election campaign so that the true identity of donors could be disguised. A substantial portion of that money originated from property developers who are prohibited donors under election funding laws
- an organisation called Eightbyfive was established with the intention of evading election funding laws relating to disclosure of political donations, the ban on donations from property developers and the applicable cap on donations
- donations intended to circumvent election funding laws included multiple \$10,000 payments made in cash, donations that were passed through entities that were unrelated to the true donor, payments for government relations and lobbying services that were never provided, and a \$10,120 payment for a painting that was worth approximately \$3,000.

The Commission's investigation played an important role in the government-commissioned report titled *Political Donations Panel of Experts*. The panel made a number of important recommendations that were informed by the evidence in Operation Spicer. The government expressed in-principle support for all but one of the panel's 50 recommendations.

Aboriginal land council governance

Although they are autonomous bodies, Local Aboriginal Land Councils (LALCs) are considered to be public agencies for the purposes of the Commission's jurisdiction. LALCs face some particular governance challenges that typical companies or associations do not have to contend with; for example, conflicts of interest are almost inevitable in LALCs because members of the community often share familial and other relationships.

During 2016–17, the Commission released two investigation reports that made corrupt conduct findings against public officials at Casino Boolangle Local Aboriginal Land Council (Operation Nestor) and Gandangara Local Aboriginal Land Council (Operation Greer). Partly in response to these investigation findings, in May 2017, the Commission released its report on *Governance and regulation in the NSW Aboriginal land council network*.

The report contains 11 suggestions aimed at improving the governance of LALCs and strengthening the regulatory framework. It also highlights a number of good practices that have been adopted by some LALCs; for example, taking steps to ensure board diversity, electronically recording board meetings and providing helpful governance training by bodies such as the NSW Aboriginal Land Council.

Our advice function

The Commission provides advice on ways to prevent or combat corrupt conduct. This can include minor issues that can be dealt with over the telephone or major issues requiring detailed discussions with a public authority and its officials. The advice the Commission provides by email or telephone often relates to matters such as management of conflicts of interest, gifts and hospitality, planning and development applications, probity in procurement and tendering, and the preparation of anti-corruption policies and procedures.

In 2016–17, the Commission responded to 105 requests for advice (compared with 94 in 2015–16, 134 in 2014–15 and 102 in 2013–14).

The Commission also makes submissions to relevant government enquiries and reviews. For example, in the 2016–17 reporting period, the Commission provided detailed advice to the NSW Department of Planning and Environment in response to its Planning Legislation Updates 2017. The advice canvassed

issues such as model processes for community participation in planning decisions, measures to better regulate spot rezonings, managing exceptions to development standards, and risks associated with the negotiation of voluntary planning agreements.

The Commission also made written submissions to the Department of Planning and Environment's draft *Medium Density Housing Guide and Explanation of Intended Effect for a Medium Density Housing Code* and the NSW Department of Premier and Cabinet's review of the *Lobbying of Government Officials Act 2011*.

Education

During the year, 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.

Once operations are tightened, the overall control environment can be further enhanced by having in place clear standards of expected behaviour, as set out in a given code of conduct, policies and other instruments. Risk treatments can then be applied to any residual risks and opportunities for corrupt conduct that could not be designed out of the operations.

In its education 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 2016–17, the Commission continued to refine and improve its workshops and deliver them free-of-charge to the NSW public sector. During the reporting period, the Commission delivered 74 workshops to over 1,300 people. This is a substantial reduction from last year (107). One of the reasons for the reduction is a larger number of cancellations and postponements this year (22) than last year (8). The reasons given for the cancellations or postponements relate primarily to internal restructures and council mergers. The number of Commission-initiated workshops also decreased



Case study: Over \$1 million for next to nothing

In November 2016, the Commission released its report on Operation Yancey, titled *Investigation into the conduct of a senior officer of the NSW Department of Justice and others*. The Commission's key findings were that Anthony Andjic, a former assistant director of the NSW Department of Justice, engaged in corrupt conduct by awarding construction and project management contracts to two companies that:

- were paid almost \$1.3 million despite doing little or no work
- were owned and operated by individuals with whom the corrupt officer had a personal association
- was contrary to the department's procurement rules.

A number of witnesses told the Commission that Mr Andjic had a reputation for being professional, strict and a stickler for following policies and procedures. The Commission found, however, that his corrupt conduct was motivated by his interest in establishing a romantic relationship with a departmental colleague. It was this colleague's sister that had interests in the companies that were favoured.

The Commission also found that, of the two companies that benefited from the corrupt conduct, one was created less than a month before being added to the department's vendor master file and the other had existed for less than a year. The Commission therefore recommended that the department scrutinise vendors that were newly established companies; a practice that the Commission suggests all agencies follow.

The Commission also found that the corrupt conduct was encouraged by organisational factors, including staff shortages, poor recordkeeping and an incomplete restructure of the capital works unit.

from 34 in 2015–16 to 23 this year due to staffing constraints.

There was also a significant decrease in the number of workshop enquiries from 54 in 2015–16 to 44 this year. This may be due to the reduced number of Commission-initiated workshops, which are the Commission’s primary method of promoting the service. It may also be due to organisational restructures and council mergers impacting negatively on demand.

“Corruption prevention for managers” and the variants of “Corruption prevention in procurement and contract management” were the most requested workshops. Workshops were conducted in Sydney and in other regions.

The Commission maintained its commitment to serving the needs of rural and regional NSW by accepting 13 requests for training from individual councils and agencies in regional areas and continuing to offer workshops for enrolment by individual public officials in selected regional centres as part of the Open Workshop and Rural and Regional Outreach Program. A total of 47% of workshops were delivered in rural and regional areas. This is a significant increase from 33% in 2015–16 and 41% in 2014–15.

Of the 74 workshops delivered in 2016–17, 36 were evaluated to ensure quality. A total of 91% of participants rated these workshops as “useful” or “very useful”, and 95% of participants “agreed” or “strongly agreed” that these workshops had met their training needs. These evaluation results are consistent with those reported in previous years and are indicative of very high participant satisfaction with the Commission’s workshops.

Speaking engagements

In 2016–17, Commission officers delivered 32 speaking engagements to approximately 1,200 attendees. This is less than the 68 engagements delivered in 2015–16. The reduction is primarily due to staff vacancies and resourcing constraints experienced during the year.

The audiences for our speaking engagements included 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.

Table 20: Number of workshops and training sessions delivered from 2014–15 to 2016–17

Workshop/session	2016–17	2015–16	2014–15
Corruption prevention for managers	21	40	34
Corruption prevention in procurement* and contract management	22	34	30
Fact finder	3	4	9
Strategic approaches to corruption prevention senior executive workshop	9	4	–
Custom workshops (including senior executive workshops)	–	–	8
Corruption prevention for local government operational staff	13	15	–
Corruption prevention for planning professionals	5	4	–
Corruption prevention for Local Aboriginal Land Councils	1	6	–
New workshop pilots	–	–	4
Total	74	107	85

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

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.

In previous years, 10 scholarship placements were provided in exchange for the provision of the Commission’s teaching services, with the cost of running the course shared equally between the Commission and ANZSOG.

Due to the success of the program and the large number of quality scholarship applications the Commission received in 2015, it was decided to run the course twice in 2016–17 (13–16 September 2016 and 7–10 March 2017). The number of scholarships on offer was also increased to 30, divided across the two courses. A total of 70% of the costs for running the courses was apportioned to the Commission and 30% was apportioned to ANZSOG.

The scholarships were competitively awarded to NSW public sector executives with the aim of developing their capacity to implement operational controls to address identified corruption risks.

These 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 very well received; for example:

- 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 4.35 over the two courses (4.3 in September 2016 and 4.4 in March 2017)
- when asked the extent to which the course’s learning environment and content were stimulating (using the same rating scale), the average rating over the two courses was 4.45 (4.5 in September 2016 and 4.4 in March 2017)
- when asked to rate the course overall on a 5-point scale (where 1 = poor, and 5 = excellent), the average rating was 4.5 (4.6 in September 2016 and 4.4 in March 2017)
- when asked to rate the Commission’s presenters on a 5-point scale (where 1 = very poor, and 5 = very good), the average ratings in September

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

Month/quarter	2016–17 corruption prevention speaking engagements		2015–16 corruption prevention speaking engagements		2014–15 corruption prevention speaking engagements	
	Number of engagements	Number addressed*	Number of engagements	Number addressed*	Number of engagements	Number addressed*
Jul–Sept 2016	6	242	17	601	13	432
Oct–Dec 2016	6	302	21	1,080	29	1,227
Jan–Mar 2017	6	130	15	627	35	667
Apr–Jun 2017	14	522	15	488	31	843
Total	32	1,196	68	2,796	108	3,169

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

2016 for both presenters was 4.7 and in March 2017 the average varied from 4.2 to 4.5.

Rural and regional communities

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

In March 2017, Commission officers visited the North Coast region of NSW, basing itself in Coffs Harbour, to deliver a range of workshops and a community leaders' lunch. Staff from nearly 30 agencies participated in the outreach visit.

The Commission's workshop and speaking offerings are also available to non-metropolitan agencies and our staff enjoy delivering this material to rural and regional agencies.

APSACC

The 6th Australian Public Sector Anti-Corruption Conference (APSACC) will be held in Sydney between 14 and 16 November 2017. The biennial conference is jointly planned and hosted with the Corruption and Crime Commission in Queensland and is supported by a number of other integrity agencies. As the 2017 host, the Commission has spent much of 2016–17 organising the conference.

Business improvement

During 2016–17, the Commission engaged an external expert to conduct a review of the Corruption Prevention Division's structure, functions and key risks. Commission staff were interviewed as part of the review, which made a number of helpful recommendations that have been implemented.



Chapter 5: Compliance and accountability

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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*
- 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.

A note on prosecutions and convictions

Some commentators have suggested that the Commission's performance should be measured by the rate of successful criminal prosecutions arising from its investigations and, consequently, that the Commission should focus its efforts towards achieving criminal convictions. While there have been a number of successful criminal prosecutions, it is not appropriate to regard the rate of criminal prosecutions and convictions arising from Commission investigations as a measure of the Commission's performance.

The suggestion is based on the erroneous belief that corrupt conduct is commensurate with criminal conduct and that a finding of corrupt conduct without a commensurate conviction for a criminal offence lacks legitimacy or meaning.

Advocating the use of prosecutions and conviction rates to measure the effectiveness of the Commission demonstrates a failure to understand the role of the Commission. In this respect, it is relevant to have regard to the principal objects of the ICAC Act, which are set out in s 2A as being:

- (a) *to promote the integrity and accountability of public administration by constituting an Independent Commission Against Corruption as an independent and accountable body:*
 - (i) *to investigate, expose and prevent corruption involving or affecting public authorities and public officials, and*
 - (ii) *to educate public authorities, public officials and members of the public about corruption and its detrimental effects on public administration and on the community, and*
- (b) *to confer on the Commission special powers to inquire into allegations of corruption.*

Comments by then premier, the Hon Nick Greiner MP, in his second reading speech of the Independent Commission Against Corruption Bill in May 1988, are also relevant:

...it would be crass and naïve to measure the success of the ... Commission by how many convictions it gets or how much corruption it uncovers. The simple fact is that the measure of its success will be the enhancement of integrity and most importantly of community confidence in public administration in this State.

This issue was considered by the Independent Panel comprising the Hon Murray Gleeson AC and Bruce McClintock SC in their 30 July 2015 report, *Independent Panel – Review of the Jurisdiction of the Independent Commission Against Corruption*. The Independent Panel did not recommend any legislative change in relation to this issue and noted the following:

The discrepancy between convictions and findings of corrupt conduct, in fact, provides an eloquent demonstration of the fundamental distinction between an ICAC investigation and its function and the criminal justice system and its purpose and that of a criminal trial.

The gathering of admissible evidence for the prosecution of criminal offences is, rightly, a secondary function of the Commission under the ICAC Act. The Commission's primary function is to investigate and expose corrupt conduct. While ample evidence, including evidence by way of admissions, may be obtained to make factual and corrupt conduct findings, there are many factors that affect whether or not the Commission is able to obtain sufficient evidence in admissible form to warrant prosecution.

For example, if a witness appearing at a compulsory examination or public inquiry objects to answering a question, the effect of the objection is that the answer is not admissible in evidence against the person in any subsequent criminal prosecution (except for a prosecution for an offence under the ICAC Act). Other witnesses may give evidence about a person but not agree to provide a statement in admissible form for the purpose of a criminal prosecution of that person.

There are many cases where admissions made by witnesses provide the basis for a finding of corrupt conduct. As the admissions are made under objection, they are not available to be used for the purpose of a prosecution.

The Commission's investigative processes are not necessarily concerned with the admissibility of evidence in judicial proceedings (deliberately so). It is imperative to the work of the Commission that lines of enquiry are pursued regardless of their potential to result in a successful prosecution.

The Commission considers that its investigations, and findings of corrupt conduct, are an important deterrent in themselves to corrupt conduct. In addition, the identification of system weaknesses resulting in the making and implementation of corruption prevention recommendations designed to prevent corrupt conduct can have a more lasting and effective impact on reducing corrupt conduct than criminal prosecutions that necessarily focus on past rather than prospective conduct.

Nevertheless, the Commission works towards obtaining admissible evidence as far as possible during the course of its investigations.

Work is undertaken within the Commission to prepare briefs of evidence for the Director of Public Prosecutions (DPP) in a timely manner and to ensure that they are comprehensive, so as to avoid the need for the DPP to have to request additional material.

The Commission actively monitors progress in preparing briefs of evidence and the progress of prosecutions through monthly reports to the Investigation Management Group (IMG).

As a matter of transparency, the Commission publishes on its website and in its annual report information concerning which briefs have been provided to the DPP, which prosecutions have been commenced and the results of those prosecutions. That information is in Appendix 7 to this report.

The Commission's compliance framework

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

- strict procedural requirements for the exercise of all statutory powers
- the 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
- the Access and Equity Committee to oversee equal employment opportunity issues, plans, policies and procedures.

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

- accounting to the NSW Treasury and the Auditor General for the proper expenditure of funds
- inspection by the NSW Ombudsman of records of telecommunications interceptions, controlled operations and the use of surveillance devices
- inspection by the Commonwealth Ombudsman of records 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.

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

Internal governance

Legal review

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

If approved by the Executive Director, Legal, applications for the exercise of powers under the ICAC Act and some other statutes are submitted to the Commissioner or an Assistant Commissioner for final approval. Applications for surveillance device warrants are considered by judges of the NSW Supreme Court. Applications for telecommunications interception warrants and stored communications warrants are usually made to 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 2016–17, the Commission authorised two new assumed identities and revoked two assumed identity authorities. No assumed identity authorities were varied. Assumed identities were granted and used by Commission officers in surveillance operations on people of interest in Commission investigations and to maintain covert arrangements. The audit was conducted in November 2016. Records of all audited files complied with the relevant legislative requirements.

Executive Management Group

The EMG comprises the Commissioner 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 Commissioner, the Executive Director, Investigation, the Executive Director, Legal, and the Executive Director, Corruption Prevention. 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 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 publications.

Operations Manual and Investigation Policy Framework

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 also developed an Investigation Policy Framework document, which establishes the framework and the minimum standards for the conduct of Commission investigations.

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 2 June 2015.

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

- monitor and review the exercise by the Commission and the Inspector of the ICAC of the Commission's and Inspector's functions
- report to both Houses of Parliament, with such comments as it thinks fit, on any matter appertaining to the Commission or the Inspector of the ICAC or connected with the exercise of its functions to which, in the opinion of the committee, the attention of Parliament should be directed
- examine each annual and other report of the Commission and of the Inspector of the ICAC and report to both Houses of Parliament on any matter appearing in, or arising out of, any such report
- examine trends and changes in corrupt conduct, and practices and methods relating to corrupt conduct, and report to both Houses of Parliament any change that the committee thinks desirable to the functions, structures and procedures of the Commission and the Inspector of the ICAC
- 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. As of 30 June 2017, the members of the Parliamentary Committee were:

- Damien Tudehope MLA (chair)
- Ron Hoenig MLA
- the Hon Kevin Humphries MLA
- the Hon Trevor Khan MLC
- Paul Lynch MLA
- Tania Mihailuk MLA
- Reverend the Hon Fred Nile MLC
- Chris Patterson MLA
- Geoff Provest MLA
- Mark Taylor MLA
- the Hon Lynda Voltz MLC.

The Parliamentary Committee's review of the report by the Inspector of the ICAC regarding Operation Hale and details concerning the Inspector's report were dealt with in last year's annual report. The Parliamentary Committee decided to report on that inquiry in its October 2016 report, *Review of the Independent Commission Against Corruption: Consideration of the Inspector's Reports* ("the October report"). The October report is dealt with below.

On 1 June 2016, the Parliamentary Committee commenced an inquiry to examine the Inspector of the ICAC's *Report to the Premier: The Inspector's Review of the ICAC* ("the Review Report"). The purpose of the inquiry and the Review Report were dealt with in last year's annual report.

The Commission provided the Parliamentary Committee with written submissions on 7 June and 20 July 2016. Commission officers gave evidence on 9 September 2016.

The October report also dealt with this inquiry. It set out the following 35 recommendations:

Recommendation 1: That the Commission be restructured so that there is a panel of three Commissioners (the "three member Commission"), one of whom would be the Chief Commissioner.

Recommendation 2: That the use of the Commission's extraordinary powers be authorised by majority agreement of the three member Commission.

Recommendation 3: That the Commissioners be appointed by the Governor.

Recommendation 4: That the Chief Commissioner be appointed full time, and the other Commissioners part time.

Recommendation 5: That the Chief Commissioner be appointed for a term of up to five years.

Recommendation 6: That the other Commissioners be appointed for a term of up to three years with the option of extension for up to two years.

Recommendation 7: That the remuneration of the Chief Commissioner and other Commissioners reflect their respective workloads.

Recommendation 8: That the ICAC Act continue to make provision for the appointment of Assistant Commissioners to assist the Commissioners in their work, as required.

Recommendation 9: That the Parliamentary Committee have a power of veto over proposed appointments of people to the three member Commission.

Recommendation 10: That, to be appointed as a Commissioner, or to act in that role, a person must be qualified to be appointed as, or to have formerly been:

- a judge or other judicial officer of the Supreme Court of NSW or another state or territory;
- a judge of the Federal Court of Australia; and/or
- a Justice of the High Court of Australia.

Recommendation 11: That there should be a chief executive officer to manage the day-to-day operations of the Commission, appointed by the Chief Commissioner in consultation with the other Commissioners for a term of up to seven years.

Recommendation 12: That Commission staff should not be brought under the Government Sector Employment Framework.

Recommendation 13: That there should be no "exoneration protocol" and no "merits review" of Commission findings.

Recommendation 14: That the Commission must follow the rules of procedural fairness during a public inquiry and before publishing an adverse finding against a person.

Recommendation 15: That the three member Commission be required to issue guidelines to Commission staff and Counsel Assisting for the conduct of public inquiries. These guidelines should be tabled in Parliament and published on the Commission's website.

Recommendation 16: That the guidelines include requirements that Commission staff and Counsel Assisting must follow in relation to procedural fairness.

Recommendation 17: That the guidelines cover the investigation of exculpatory evidence and the disclosure of relevant evidence to an affected person.

Recommendation 18: That the guidelines cover the opportunity to cross-examine regarding credit.

Recommendation 19: That the guidelines cover access to documents and time to prepare for a public inquiry.

Recommendation 20: That the ICAC Act be amended to provide that, before the Commission or the Inspector of the ICAC makes an adverse comment about a person or body in a report:

- the person or body must be given the opportunity to respond; and
- where they elect, a fair account of their response must be included in the report.

Recommendation 21: That, in including a response to an adverse finding, the Commission must not identify any person who is not the subject of adverse comment or opinion unless the Commission:

- is satisfied it is in the public interest;
- is satisfied it will not cause unreasonable damage to the person's reputation, safety or wellbeing; and
- states that the person is not the subject of any adverse comment or opinion.

Recommendation 22: That Commission officers investigating alleged summary offences should have a duty to provide all disclosable evidence to the DPP.

Recommendation 23: That any non-publication orders made by an ICAC Commissioner should not prevent the Commission from providing disclosable evidence to the DPP.

Recommendation 24: That the Commission has the power to gather and assemble admissible evidence after a matter has been referred to the DPP.

Recommendation 25: That, following consultation with the new Law Enforcement Conduct Commission (LECC) Inspector, the office of the Inspector of the ICAC and the office of the LECC Inspector be restructured into a single body (known as the "Office of the Inspectorates"). The inspectors should be jointly supported by a separate operational organisation.

Recommendation 26: That the Inspector of the ICAC should continue to be appointed by the Governor.

Recommendation 27: That the Inspector of the ICAC should continue to be a part-time position for a term of up to five years.

Recommendation 28: That the remuneration of the Inspector of the ICAC should reflect his or her workload.

Recommendation 29: That there should continue to be provision for the appointment of Assistant Inspectors to assist the Inspector of the ICAC in his or her work, as required.

Recommendation 30: That the Parliamentary Committee should continue to have a power of veto over the appointment of the Inspector of the ICAC.

Recommendation 31: That, to be appointed Inspector of the ICAC, or to act in that role, a person must be qualified to be appointed as, or to have formerly been:

- a judge or other judicial officer of the Supreme Court of NSW or another state or territory;
- a judge of the Federal Court of Australia; and/or
- a Justice of the High Court of Australia.

Recommendation 32: That there should be a separation between the inspectors and the operational organisation supporting them, which should be headed by a professional executive manager.

Recommendation 33: That the operational organisation should be a separate public service agency and operate within the *Government Sector Employment Act 2013*.

Recommendation 34: That the three member Commission and the Inspector of the ICAC review the memorandum of understanding between the Commission and the Inspector of the ICAC to ensure that it promotes a workable relationship between their respective offices.

Recommendation 35: That s 112 of the ICAC Act be amended to enable persons to complain to the Inspector of the ICAC regardless of any suppression orders.

The legislative response to these recommendations was to pass the *Independent Commission Against Corruption Amendment Act 2016*. That Act is discussed below.

In February 2016, the Parliamentary Committee commenced an inquiry into the review of the 2014–15 and 2015–16 annual reports of the Inspector of the ICAC and the Inspector's report regarding the Commission's Operation Dewar. As of 30 June 2017, the committee had not sought any submissions from the Commission or invited evidence from the Commission with respect to this inquiry, which remains ongoing.

In March 2017, the Parliamentary Committee commenced an inquiry into protection for people who make voluntary disclosures to the Commission. The Commission made a written submission in May 2017.

Inspector of the ICAC

The Hon David Levine AO RFD QC was Inspector of the ICAC until his retirement on 23 November 2016. Thereafter, John Nicholson SC, who was Assistant Inspector of the ICAC, was appointed to the position of Acting Inspector of the ICAC, and remained in that role for the remainder of the reporting period.

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

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

In December 2016, the Acting Inspector of the ICAC published a report pursuant to s 57B and s 77A of the ICAC Act in relation to the Commission's Operation Dewar; an investigation into the conduct of the Commissioner of the NSW State Emergency Service. The Commission's report on that investigation was published in May 2014. As explained above, the Acting Inspector's report is currently the subject of an inquiry by the Parliamentary Committee. In his report, the Acting Inspector made the following seven recommendations:

1. It is recommended that the Commission issue an apology or statement of regret to Kevin Pallier for unreasonable invasion of his privacy.
2. An endorsement by the Parliamentary Committee of a recommendation that the Commission issue an apology or statement of regret to Mr Pallier for unreasonable invasion of Mr Pallier's privacy.
3. It is recommended that the Commission remove from the Operation Dewar material appearing on its website any material identifying Mr Pallier or that may lead to his identification.

4. It is recommended the Parliamentary Committee endorse a recommendation that the Commission remove from the Operation Dewar material appearing on its website any material identifying Mr Pallier, or that may lead to his identification.
5. It is recommended that the Commission place a notification on the Commission's website forthwith containing an explanatory note referring to the Inspector of the ICAC's report and recommendations herein and indicating whether or not the Commission has accepted and acted on the recommendations.
6. It is recommended that the Parliamentary Committee endorse a recommendation that the Commission place a notification on the Commission's website forthwith containing an explanatory note referring to the Inspector of the ICAC's report and recommendations herein and indicating whether or not the Commission has accepted and acted on the recommendations.
7. That the Parliamentary Committee recommend to the Parliament an amendment to s 31(2) of the ICAC Act by the inclusion of a sub-clause in the following terms: Whether any adverse impact a person may experience arising from an internet site publishing information generated from the proposed public inquiry is outweighed by the public interest in such information being readily accessible to the public through the internet site.

On 20 December 2016, Commissioner Blanch wrote to the Acting Inspector advising that he did not believe the Commission had acted in any way inappropriately in dealing with Mr Pallier.

In his letter, the Commissioner noted that the Acting Inspector had dismissed all of Mr Pallier's complaints except the complaint that his rights were not protected and that he suffered significant collateral damage in respect of "his career opportunities and his personal psyche". The Commissioner advised that he did not understand that to be a complaint about an invasion of Mr Pallier's privacy but about the refusal of the Commission to investigate his complaints against his then employer and to take evidence from him at the public inquiry. The Commissioner noted that Mr Pallier had not complained to the Acting Inspector about an invasion of his privacy in those terms according to the Acting Inspector's report and he had not made such a complaint to the Commission.

In his letter, the Commissioner noted that the public inquiry was conducted by a former Commissioner, the Hon David Ipp AO QC, who, it appeared, was well aware of the possibility of prejudice to Mr Pallier when, as the Inspector of the ICAC pointed out in his report, he stopped counsel cross-examining on the allegations made against Mr Pallier on the basis Mr Pallier was not represented and the questions were not relevant to the inquiry. Commissioner Blanch advised that he assumed Commissioner Ipp did not suppress Mr Pallier's name for a number of reasons, apart from the general presumption that public inquiries should be in public unless special reasons exist to suppress any information. The reasons were that:

1. Mr Pallier showed no reluctance to be identified; on the contrary, he was very keen to give evidence at the public inquiry about a range of matters. He was not asked to do so because the matters he wished to address were not relevant to the inquiry.
2. It was known that Mr Pallier had appealed against his dismissal to the Industrial Relations Commission and was prepared to go before a public hearing to contest the fairness of his dismissal. At that hearing, the allegations against him were in the public domain.
3. It was known that Mr Pallier's appeal had been successful, in the sense that he was reinstated. The obvious conclusion being an acceptance that it was wrong to have dismissed him in the first place based on the allegations made. The success of his appeal was specifically noted in the Commission's report on the investigation.
4. The Commission's ultimate conclusion was that the person who dismissed Mr Pallier had behaved inappropriately and, indeed, had engaged in corrupt conduct in dismissing another employee, and that that might lend support to Mr Pallier's argument that he was not treated fairly when he was dismissed by the same person and he can use the Commission's report for that purpose.

A copy of the Commissioner's letter was sent to the chair of the Parliamentary Committee.

With respect to the recommendations made by the Acting Inspector, the Commission added a note to its website entry for Operation Dewar to the effect that Mr Pallier's conduct was not examined at the

public inquiry, there were no adverse findings in relation to him and that he was not represented at the public inquiry. The purpose of such an addition was simply to make those matters clear if they were not clear already.

The Commission also amended its Operations Manual procedures in relation to public inquiries to ensure that the public interest in protecting the privacy of persons who may be mentioned in a public inquiry is taken into account in the planning for, and conduct of, a public inquiry.

In June 2017, the Acting Inspector of the ICAC published a report pursuant to s 57B and s 77A of the ICAC Act in relation to the Commission's Operation Vesta; an investigation into the undisclosed conflict of interest of Andrew Kelly, a senior executive of the Sydney Harbour Foreshore Authority. The Acting Inspector's report arose from complaints made by three persons concerning the investigation. The Acting Inspector made no findings of maladministration, abuse of power or improper conduct by the Commission.

The Auditor General

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

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

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

The NSW Ombudsman

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

The Ombudsman inspected the Commission's telecommunications interception records in November 2016. It was found that all records were kept in accordance with the relevant legislative requirements. The Ombudsman also inspected these records in June 2017 but had not reported the outcome of that inspection to the Commission before 30 June 2017.

The Ombudsman inspected the Commission's surveillance device records in November 2016. It was found that all records were kept in accordance with the *Surveillance Devices Act 2007*.

As the Commission did not authorise or undertake any controlled operations in 2016–17, it was not necessary for the Ombudsman to inspect the Commission's controlled operations records.

The Commonwealth Ombudsman

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

In 2016–17, there were no stored communications warrants for the Commonwealth Ombudsman to inspect. The Commonwealth Ombudsman inspected the Commission's preservation notices in September 2016. The Commission's records were compliant. The Commonwealth Ombudsman conducted an inspection of the Commission's telecommunications data records in October 2016. The Commission's records were compliant.

Legal changes

The *Independent Commission Against Corruption Amendment Act 2016* ("the Amendment Act") was passed by both Houses of Parliament but none of the provisions had commenced during the reporting period.

The Amendment Act addresses a number of the recommendations made by the Parliamentary Committee in the October report (see pages 42–44). It will primarily amend the ICAC Act with respect to the structure, management and procedure of the Commission. The principal amendments will:

- restructure the Commission so that it will consist of a Chief Commissioner and two other part-time Commissioners

- provide that the powers of the Commission are exercisable by any Commissioner, but the exercise of the Commission's power to conduct a public inquiry must be authorised by the Chief Commissioner and at least one other Commissioner
- provide for the appointment, by the Chief Commissioner, of a chief executive officer who will have responsibility for the day-to-day management of the Commission
- require the Commission to issue guidelines to its staff and Counsel Assisting to ensure procedural fairness during public inquiries
- require the Commission (and the Inspector of the ICAC) to give a person an opportunity to respond before including an adverse finding or adverse opinion about the person in a report and to include in the report a summary of the substance of any response that the person requests be included
- permit the Commission to exercise certain investigative powers after referring a matter to the DPP or Electoral Commission if requested to do so by the DPP or Electoral Commission
- provide that a non-publication order made by the Commission will not prevent the making of a complaint to the Inspector of the ICAC, the disclosure of information to the Inspector or the disclosure of information to the DPP.

Litigation

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

1. On 26 June 2017, Sandra, Michelle and Jessica Lazarus commenced proceedings in the NSW Supreme Court against a Commission officer, the Commission, the DPP, the Local Court of NSW and the District Court of NSW. The plaintiffs sought various orders with respect to the Commission's Operation Charity investigation, the commencement and conduct of criminal proceedings against Sandra and Michelle Lazarus arising from that investigation and the quashing of the criminal proceedings.

An appearance has been filed on behalf of the Commission and a submitting appearance has been filed on behalf of the Commission officer.

2. On 27 January 2017, Craig Walker commenced proceedings in the Supreme Court against the Commission, the Government Service of NSW Transit Authority, NSW Roads and Maritime Services and the NSW Department of Premier and Cabinet. The proceedings, in so far as they related to the Commission, concerned the Commission's decision to not investigate a complaint made by Mr Walker.

A notice of motion has been filed on behalf of the defendants seeking orders that the proceedings be summarily dismissed or, in the alternative, the statement of claim be struck out in its entirety.

3. On 15 September 2016, Sandra and Michelle Lazarus commenced proceedings in the Supreme Court against the Commission and the DPP seeking various orders relating to the Commission's Operation Charity investigation, their prosecutions arising from that investigation, and the effect of the *Independent Commission Against Corruption Amendment (Validation) Act 2015*. The substantive argument run by the applicants was that the validation provisions of that Act did not apply to criminal proceedings that were pending at the time it was enacted.

On 7 March 2017, the summons was dismissed with costs (*Lazarus v ICAC & Ors* [2017] NSWCA 37).

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 Supreme Court dismissed the plaintiffs' claims (*Edward Moses Obeid & Ors v David Andrew Ipp & Ors* [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 have been filed on behalf of the two Commission officers. They essentially dispute the findings that the two documents were not covered by the search warrant, that they appreciated at the time the documents were not covered by the warrant and that they acted in excess of power and knew at the time they were so acting.

The appeal has been set down for hearing in September 2017.

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

On 29 July 2014, the summons filed by Mr Duncan, Mr McGuigan, Mr Atkinson and Mr Poole were dismissed with costs (*Duncan & Ors v ICAC* [2014] NSWSC 1018).

Mr Duncan, Mr McGuigan, Mr Atkinson and Mr Poole appealed.

On 22 June 2016, the NSW Court of Appeal dismissed with costs the appeals of Mr Duncan, Mr McGuigan, Mr Atkinson and Mr Poole (*Duncan & Ors v ICAC* [2016] NSWCA 143).

Mr Duncan, Mr McGuigan, Mr Atkinson and Mr Poole sought special leave to appeal to the High Court. On 16 December 2016, leave was refused and the applicants were ordered to pay the Commission's costs.

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

On 2 April 2015, the proceedings were dismissed with costs (*Waterhouse v ICAC* [2015] NSWSC 261).

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

On 15 June 2016, the NSW Court of Appeal dismissed the appeal with costs (*Waterhouse v ICAC* [2016] NSWCA 133).

Mr Waterhouse's application for special leave to appeal to the High Court was dismissed on 12 October 2016.

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 of the ICAC'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 Commissioner with respect to complaints of misconduct dealt with by the Commission.

In 2016–17, the Commission received and investigated five matters concerning the conduct of Commission officers.

The first matter involved an allegation that, on two occasions, a Commission officer had failed to comply with relevant legislative requirements and Commission policy and procedure when seeking subscriber information from a telecommunications service carrier for the purpose of a Commission investigation. After investigation by the Commission, it was decided not to treat the matter as a disciplinary matter but to provide management counselling to the Commission officer and to destroy the subscriber information obtained from the telecommunications service carrier (it was established that the information obtained had not been used by the Commission). The Commission also made changes to the way in which such information can be accessed to reduce the possibility of any further instances occurring.

The second matter involved an allegation that a Commission officer had intentionally backdated certain forms to provide authorisation to another Commission officer to access certain telecommunications data. The Commission investigation established that the forms had been backdated but the backdating had been inadvertent. The Commission officer underwent management counselling.

The third matter involved an allegation that a Commission officer had engaged in bullying behaviour towards another Commission officer. The Commission investigation found that the allegation was not sustained.

The fourth matter involved an allegation that a Commission officer responsible for assessing the complainant's complaints of corrupt conduct, and the members of the Commission's Assessment Panel responsible for considering those complaints, had failed to properly assess the corruption allegations and had thereby conspired to pervert the course of justice with respect to matters then before a regional Local Court. The Commission dismissed the misconduct allegation.

The fifth matter involved an allegation that a Commission officer had sent an offensive and harassing email to another Commission officer. The Commission's investigation established that the offensive email was "spam" and had not been sent by another Commission officer.

The Inspector of the ICAC was fully informed about each of these 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 an access application cannot be made for access to information held by the Commission relating to its corruption prevention, complaint-handling, investigative or report writing functions. It also provides that it is to be conclusively presumed that there is an overriding public interest against disclosure of other information

the disclosure of which is prohibited by the ICAC Act.

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

Table 22: Public inquiries conducted in 2016–17

Operation name	Summary
Scania	An investigation into the conduct of a Western Sydney Regional Illegal Dumping Squad enforcement officer
Tarlo	An investigation into the conduct of the former CEO of the Immigrant Women's Health Service and the Non-English Speaking Housing Women's Scheme Inc

Investigation reports

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

In 2016–17, the Commission furnished five investigation reports to the Presiding Officers. All were immediately made public.

The time interval between the completion of the relevant public inquiry and the furnishing of the report are set out in the table on page 52.

Other publications

The Commission published its *Annual Report 2015–2016* on 26 October 2016.

The Commission published three significant corruption prevention reports: *Controlling corruption opportunities in the provision of maintenance services* (February 2017), *Keeping it together: systems and structures in organisational change* (March 2017) and *Governance and regulation in the NSW Aboriginal land council network* (May 2017). More information on these publications is available in Chapter 4.

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

During the reporting period, the number of external visitor sessions on the Commission's website at www.icac.nsw.gov.au was 728,870.

Findings of corrupt conduct and recommendations for prosecution/disciplinary action

As stated earlier, the Commission does not undertake prosecutions. It does, however, refer briefs of evidence to the DPP for consideration of prosecution action. The DPP then advises the Commission whether prosecution proceedings are warranted.

In 2016–17, the Commission made 17 findings of serious corrupt conduct against a total of 11 persons. The Commission also recommended the advice of the DPP be obtained in relation to the prosecution of 17 people for various criminal offences. The Commission did not make any recommendations to a relevant public sector agency that disciplinary action be taken against a person.

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

Table 23: 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 NSW Liberal Party electoral funding for the 2011 state election campaign and other matters (Operation Spicer) (41 days)	25/2/16***	30/8/16	187
Investigation into the conduct of a senior officer of the NSW Department of Justice and others (Operation Yancey) (9 days)	5/3/16	22/11/16	262
Investigation into the conduct of a Casino Boolangle Local Aboriginal Land Council CEO and administrative officer (Operation Nestor) (3 days)	23/6/16	23/2/17	245****
Investigation into the conduct of a former CEO and members of the board of the Gandangara Local Aboriginal Land Council (Operation Greer) (18 days)	12/9/16	23/2/17	164*****
Investigation into the conduct of a Regional Illegal Dumping Squad officer and others (Scania) (9 days)	13/2/17	21/6/17	128

* 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.

*** Completion of the Operation Spicer report was delayed as a result of the High Court majority judgment in *ICAC v Cunneen* [2015] HCA 14 concerning the interpretation of s 8(2) of the ICAC Act, the subsequent review of the Commission's jurisdiction, subsequent amendments to the ICAC Act and further litigation affecting Operation Spicer. Further submissions of Counsel Assisting the Commission were provided to parties on 18 December 2015, with submissions in response due by 18 February 2016, and Counsel Assisting submissions in reply by 25 February 2016.

**** Furnishing of this report was deliberately held back to coincide with the furnishing of the Operation Greer report.

***** Report principally delayed as a result of shutdown during the festive period.



Chapter 6: Our organisation

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In 2016–17, the Commission employed an average of 98.07 full-time equivalent (FTE) staff across its eight functional areas. At the end of the reporting period, of the 99 staff working at the Commission (head count figure), 88 were employed on a permanent basis, six on a temporary basis, no casual employees, and five (including the Commissioner) were employed in the equivalent of NSW Senior Executive Band contract positions (see Appendix 9 for further information).

HR and administration

Policies and procedures

The Commission is committed to good governance and complying with the ICAC Award, legislative requirements and NSW public sector conditions of employment.

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.

The Commission's Executive Management Group (EMG), where the Commissioner is a member, approves all reviewed policies.

Fourteen policies were the subject of review during the reporting period for continued compliance:

- Adoption Leave Policy
- Annual Leave and Annual Leave Loading Policy
- Community Language Allowance Scheme Policy
- Flexible Working Hours Policy
- Job Evaluation Policy
- Leave for Matters Arising from Domestic Violence Policy
- Managing Excess Employees Policy
- Outside Employment Policy
- Overtime and Meal Payments Policy
- Performing Higher Duties Policy

Table 24: Average full-time equivalent (FTE) staff numbers by division/section

Division/section	2016–17	2015–16	2014–15	2013–14
Executive	1.0	4.9	8.8	8.5
Communications & Media	3.97	3.2	n/a	n/a
Executive Support	2.53*	–	–	–
Corporate Services	18.34	17.6	19.0	19.3
Corruption Prevention	11.61	17.0	20.2	20.1
Legal	8.78	10.7	10.8	13.8
Investigation	41.84	48.2	49.3	51.8
Assessments	10	12.7	14.2	12.9
Total	98.07	114.3	122.3	126.4

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

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

- Recruitment, Selection and Induction Policy
- References Policy
- Work Health and Safety Policy
- Workplace Injury Management and Workers Compensation Policy.

Learning and development

The Commission is committed to creating a learning environment accessible to all staff. During the reporting period, the Commission continued to focus on building high performance and capability through its learning and development opportunities.

In 2016–17, there were 516 staff attendances, which equated to an average of five training sessions for each staff member.

Staff accessed a number of training courses, seminars and conferences that focused on the six core streams of (1) IT, (2) risk management, (3) project management, (4) organisational management, (5) leadership/management and (6) technical skills. These training areas included:

- occupational health and safety
- first aid and CPR
- anti-harassment and anti-bullying
- operational safety and defensive tactics
- advanced driving
- IT and computer-based
- security risk
- public management and governance
- procurement
- strategic response to corruption
- management
- writing
- motivational interviewing
- managing unreasonable complainant conduct
- public interest disclosures management
- employment law
- administrative law.

Staff attended a variety of seminars and conferences, including the IPAA NSW State Conference, Regulatory Enforcement Conference, National Investigations Symposium, JSI User

Conference, CPA Congress, OSINT Investigations Seminar, CIFI Security Summit and Australia-Wide Taxation Seminar.

Opportunities continue to be supported for staff to undertake higher duties and temporary appointments both internally and externally. The Commission supported a NSW Police secondment opportunity for a staff member.

The Commission continues to provide study assistance to support eligible staff to undertake relevant studies.

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 2016. The increase also applied to some of the award's allowances, such as the Associate Allowance, the Community Language Allowance and the First Aid Allowance. As in the past, ICAC Award increases have followed the Crown Employees (Public Sector 2015) Award.

Senior Executive staff were also granted a 2.5% pay increase from 1 July 2016 following the Statutory and Other Offices Remuneration Tribunal (SOORT) pay determination.

Industrial relations

The Commission is strongly committed to consultation on industrial issues to ensure issues are addressed and resolved quickly and effectively.

During the reporting period, the Corporate Services Division was reviewed and restructured with three positions being deleted. Consultation was held with the Public Sector Association (PSA) regarding the proposed restructure. In February 2017, the PSA lodged a dispute in the Industrial Relations Commission regarding the restructure. The PSA discontinued the dispute following the first hearing and no further action was taken.

A further two staff expressed an interest in voluntary redundancies from other divisions within the Commission and were approved for redundancy, leaving at the end of the reporting period.

Staff performance management

The Commission has a structured performance management system based on position accountabilities and corporate objectives, as reflected in 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, temporary and casual staff are the subject of a performance agreement and review.

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

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

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

Risk management

The Commission's Risk Management Policy and Toolkit – a generic guide for managing risk within the Commission – was reviewed and updated in 2016–17. The policy and toolkit supports the Commission throughout all elements of its approach to develop effective and integrated risk management processes. The management of risk within the Commission, in conjunction with other Commission and NSW Government directions, policies and procedures, is integral to achieving the Commission's key strategic outcomes.

The Commission's Risk Register records information about identified risks and processes to modify risk to accepted levels. The Commission's Risk Management Plan identifies the strategy, activities and resources responsible for implementing and maintaining risk management. The Commission's risk-related policies and procedures provide for monitoring mechanisms and compliance. The Commission's Crisis Management Plan provides guidance for the management of Commission business following a critical incident. During the reporting period, the Commission's risk management associated policies were reviewed and updated.

The Audit and Risk Committee (ARC) and the Executive Management Group 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 2016–17, the Commission conducted two public inquiries and all proceedings were subjected to risk assessments.

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. During the reporting period, security-related policy was updated. 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 reports

During the reporting period, two hazards were lodged and the risks identified mitigated. One report related to a broken glass window on Commission premises. The breakage had evidently occurred prior to the Commission moving in. The window had been well boarded and the breakage was not visible at the time the Commission relocated premises. The window was patched up as soon as the breakage was discovered and rendered safe. Building management is in the process of replacing the glass.

Also reported was a hazard relating to the dislodgement of a ceiling tile, which was consequently reinstated.

Table 25: Hazards reported and risks controlled

Reporting period	Number of hazards reported	Risks controlled to an acceptable level
2012–13	3	Yes
2013–14	1	Yes
2014–15	2	Yes
2015–16	1	Yes
2016–17	2	Yes

Personnel security

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

In the 2016–17 reporting period, 36 security checks were conducted on personnel as part of its employment screening regime.

All Commission staff are briefed on security and risk management issues at the commencement of their employment. The Commission's intranet hosts relevant information on security and risk management to promote security awareness among its staff and enhance the security profile of the Commission. 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 Investigations Management Group, the Executive Management Group, and the Prevention Management Group – is to assist the Commission to meet its compliance and accountability obligations, as outlined in Chapter 5.

The Commission has 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.

Health and Safety Committee

The Commission's Health and Safety Committee meets quarterly and provides a mechanism for effective consultation between senior management and employees on matters relating to health safety and related risk management in the workplace. The committee reviews safety policies and practices, conducts regular workplace inspections and facilitates the resolution of safety issues. The committee is strongly committed to the prevention of workplace accidents and injuries and in providing a safe environment for its staff and those people on its premises.

During the 2016–17 reporting period, the medical emergency procedure was reviewed and updated and evacuation assembly procedures streamlined. Emergency wardens attended evacuation training and staff participated in an emergency evacuation drill.

Members of the Health and Safety Committee during the 2016–17 reporting period are presented in Appendix 11.

Commission Consultative Group

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

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

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

Access and Equity Committee

In August 2016, the Commission dissolved the Access and Equity Committee, with its functions incorporated into the charter of the Commission's Health and Safety Committee. A standing agenda item will address access and equity issues.

Audit and Risk Committee

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

In 2016–17, the internal auditor finalised the fraud and corruption prevention audit and conducted a post-implementation review of the new investigations and complaints management system. The scope of the latter audit project focused on identifying

Internal Audit and Risk Management Attestation Statement for the 2016–2017 Financial Year for the Independent Commission Against Corruption

I, Peter Hall, Chief Commissioner of the Independent Commission Against Corruption (ICAC), am of the opinion that the ICAC has internal audit and risk management processes in place that are 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 or in transition
Risk Management Framework		
1.1	The agency head is 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 model 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 – Paul Raymond Apps (re-appointed from 21 June 2014 to 20 June 2018)
- Independent Member – David Roden (appointed 1 September 2016 to 31 August 2020).



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 Chief Commissioner
 Independent Commission Against Corruption
 08/09/2017

and testing (to a high level) the design of controls in place relating to the implementation of the investigations and complaints management system. Recommendations made by the independent internal auditor were accepted by management and are being implemented.

Five meetings were held by the ARC during the year. On 1 September 2016, the Commission appointed a chair of the committee.

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 \$13,770 (15%), while the remaining deposit premiums increased by \$1,390 (3%).

Information management and technology

Case management project

The Commission has now replaced the previous case management application, MOCCA, with RESOLVE, a new fit-for-purpose case management application. The new application will continue to be developed throughout 2017–18 with enhancements and improvements in case management reporting.

Information technology upgrades

The case management project was preceded by upgrades to the Commission's desktop and laptop computer operating systems (Windows 10 and Microsoft Office 2016). The Commission's records management application, HP Records Management, was also upgraded to the latest release.

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.

There have also been a number of initiatives to

Digital Information Security Annual Attestation Statement for the 2016–2017 Financial Year for the Independent Commission against Corruption (ICAC)

I, Peter Hall, Chief Commissioner, am of the opinion that the Independent Commission Against Corruption had an Information Security Management System in place during the 2016–2017 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Independent Commission Against Corruption are adequate.

There is no agency under the control of the Independent Commission Against Corruption that is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.

The Independent Commission Against Corruption has maintained certified compliance with *ISO 27001 Information technology – Security techniques – Information security management systems – Requirements* by an Accredited Third Party during the 2016–2017 financial year.



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11/09/2017

address previous external audit findings and a restructure of the Commission's information security management system.

Disaster recovery

Disaster recovery functionality was successfully completed in 2016–17 for all information technology applications and services, and a number of initiatives were undertaken to improve the services in readiness for scheduled tests to be undertaken in 2017–18.

Application services

The Application Services Group has continued a number of initiatives, providing in-house applications development while also running the case management project and HP Records Management upgrades.

New projects

Funding has been sought and approved for a number of projects in 2017–18. The targeted projects include a website upgrade, computer and storage replacement, disaster recovery site relocation, print services replacement, and a number of initiatives to improve information security services.

Shared corporate services

In agreement with the Health Care Complaints Commission (HCCC), the Commission issued a termination notice under the memorandum of understanding, ending the agreement on 30 September 2016. The Commission provided extensive project support, at no cost, to HCCC's transition to the SAP (GovConnect) Project.



Financials

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INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

Statement by Chief Commissioner

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

- (a) the accompanying financial statements in respect of the year ended 30 June 2017 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, Regulation 2015, and the Financial Reporting Directions mandated by the Treasurer.
- (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 'Peter Hall'.

The Hon Peter Hall QC
Chief Commissioner

18 September 2017



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 financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended, notes comprising a summary 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 2017, 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.

Chief Commissioner's Responsibility for the Financial Statements

The Chief Commissioner 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 Commissioner 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 Commissioner must assess the Commission's ability to continue as a going concern except where the Commission's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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.



Chris Clayton
Director, Financial Audit Services

18 September 2017
SYDNEY

Statement of comprehensive income for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	13,687	16,694	18,724
Other operating expenses	2(b)	4,867	4,066	5,529
Depreciation and amortisation	2(c)	2,726	2,795	2,653
Total expenses excluding losses		21,280	23,555	26,906
Revenue				
Appropriations	3(a)	21,103	21,213	20,222
Sale of goods and services	3(b)	92	92	367
Grants and contributions	3(c)	129	529	2,621
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	(772)	363	888
Other revenue	3(e)	77	25	6
Total Revenue		20,629	22,222	24,104
Loss on disposal	4	(3)	–	(5)
Net result	16	(654)	(1,333)	(2,807)
Total other comprehensive income		–	–	–
Total comprehensive income		(654)	(1,333)	(2,807)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Assets				
Current Assets				
Cash and cash equivalents	6	302	543	212
Receivables	7	499	780	1,952
Total Current Assets		801	1,323	2,164
Non-Current Assets				
Receivables	7	82	–	38
Property, plant and equipment	8			
– Leasehold improvements		3,626	3,308	4,204
– Plant and equipment		1,056	1,124	1,672
Total property, plant and equipment		4,682	4,432	5,876
Intangible assets	9	2,012	1,921	2,464
Total Non-Current Assets		6,776	6,353	8,378
Total Assets		7,577	7,676	10,542
Liabilities				
Current Liabilities				
Payables	10	342	571	2,077
Provisions	11	1,497	1,487	2,015
Other	12	567	–	567
Total Current Liabilities		2,406	2,058	4,659
Non-Current Liabilities				
Provisions	11	1,072	2,609	562
Other	12	1,298	–	1,866
Total Non-Current Liabilities		2,370	2,609	2,428
Total Liabilities		4,776	4,667	7,087
Net Assets		2,801	3,009	3,455
Equity				
Accumulated funds		2,801	3,009	3,455
Total Equity		2,801	3,009	3,455

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2017

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2016	3,455	3,455
Net result for the year	(654)	(654)
Other comprehensive income	–	–
Total other comprehensive income	–	–
Total comprehensive income for the year	(654)	(654)
Balance at 30 June 2017	2,801	2,801
Balance at 1 July 2015	6,262	6,262
Net result for the year	(2,807)	(2,807)
Other comprehensive income	–	–
Total other comprehensive income	(2,807)	(2,807)
Total comprehensive income for the year	(2,807)	(2,807)
Balance at 30 June 2016	3,455	3,455

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Cash flows from operating activities				
Payments				
Employee related		16,319	16,726	16,860
Other		6,178	4,675	6,668
Total Payments		22,497	21,401	23,528
Receipts				
Appropriations	3(a)	20,987	21,213	20,338
Sale of goods and services		93	92	367
Interest received		–	–	24
Grants and contributions		129	529	1,338
Debtors – redundancy program		1,281	–	–
Other		680	247	617
Total Receipts		23,170	22,081	22,684
Net cash flows from operating activities	16	673	680	(844)
Cash flows from investing activities				
Purchases of plant and equipment and software		583	680	584
Other		–	–	–
Net cash flows from investing activities		583	680	584
Net increase/(decrease) in cash		90	–	(1,428)
Opening cash and cash equivalents		212	543	1,640
Closing cash and cash equivalents	6	302	543	212

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

a. Reporting entity

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

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

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 Financial Reporting Directions mandated by the Treasurer.

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 2017–18 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 2017 is lower than the agreed “cash buffer” of \$530,000 due to unanticipated redundancy expenditure in June.

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

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Chief Commissioner on 18 September 2017.

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

Judgments, key assumptions and estimations management 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.

c. Statement of compliance

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

d. Insurance

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

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

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

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

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

f. Income recognition

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

i. Parliamentary appropriations and contributions

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

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

Notes to and forming part of the financial statements for the year ended 30 June 2017

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

ii. Sale of goods

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

iii. Rendering of services

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

iv. Investment revenue

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

v. Grants and contributions

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

g. Property, plant and equipment

i. Acquisitions of property, plant and equipment

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

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

	Gross value measurement bases	Depreciation method	Depreciation life in years	Depreciation life in years
Asset category			2016–17	2015–16
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 2017

v. Restoration costs

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

vi. Maintenance

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

vii. Leased assets

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

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

viii. Intangible assets

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

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

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

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

ix. Receivables

Receivables are non-derivative financial assets

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

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

x. Impairment of financial assets

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

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

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

xi. De-recognition of financial assets and financial liabilities

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

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

	Gross value measurement bases	Amortisation method	Amortisation life in years	Amortisation life in years
Asset category			2016–17	2015–16
Software	Purchase price	Straight-line	4	4

Notes to and forming part of the financial statements for the year ended 30 June 2017

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

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

h. Liabilities

i. Payables

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

ii. Employee benefits and other provisions

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

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

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

Actuarial advice obtained by Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability (using 8.9% (8.9%: 2016) of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

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

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future

will be greater than the benefits accrued in the future.

(b) Long service leave and superannuation

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

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

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

(c) Consequential on-costs

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

iii. Other provisions

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.

Notes to and forming part of the financial statements for the year ended 30 June 2017

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 2.0%, (2016: 1.6%) 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. 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

A number of the Commission's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Commission categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

j. Equity and reserves

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 19 (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 19(b). As the Commission performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Commission's own objectives, these funds are not recognised in the financial statements.

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 (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budget amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 15.

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.

Notes to and forming part of the financial statements for the year ended 30 June 2017

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

(i) Effective for the first time in 2016–17

The accounting policies applied in 2016–17 are consistent with those of the previous financial year with the exception of AASB 2015–6.

AASB 2015-6 *Amendments to Australian Accounting Standards—Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049], has applications from 1 July 2016. This has increased disclosures to the financial statements relating to related party transactions, outstanding balances and Key Management Personnel remuneration.

(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 represent some of the new standards not yet applied and hence not yet effective.

AASB 16 *Leases* will have application from 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The Commission believes that the application of this standard will likely have a significant transitional impact as a result of all leases, except short term (<12 months) and low value, brought on balance sheet.

AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3, *Revenue from Contracts with Customers*, has application from 1 January 2018. The Commission believes 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 model features a contract-based five-step analysis of transactions to determine whether how much and when revenue is recognised.

AASB 2014-7, *Amendments to various Australian Accounting Standards arising from AASB 9* (December 2014) will have application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial

assets. The new AASB 9 – *Financial Instruments*, includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010). The change is not expected to materially impact the financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2017

2. Expenses excluding losses

	2017 \$'000	2016 \$'000
(a) Employee-related expenses		
Salaries and wages (including annual leave)	12,680	15,523
Superannuation – defined benefit plans	164	169
Superannuation – defined contribution plans	943	1,091
Long service leave	(1,026)	839
Workers compensation insurance	108	95
Payroll tax and fringe benefits tax	818	1,007
Employee-related expenses	13,687	18,724
(b) Other operating expenses include the following:		
Advertising and publicity	14	23
Auditor's remuneration		
– audit of the financial statements	45	38
Bad debts	17	–
Books and subscriptions	192	171
Cleaning	89	131
Consultants	13	56
Contract security services	210	247
Contractors	124	271
Courier and freight	1	2
Electricity	101	111
External legal fees	307	702
Fees for services	307	259
Insurance	52	28
Maintenance	471	479
Minor computer equipment/licences	95	90
Operating lease rental expense		
– minimum lease payments	1,900	1,801
Postal and telephone	124	116
Printing	27	29
Stores and specialised supplies	44	49
Telecommunications	92	94
Training	138	150
Transcript fees	71	87
Travelling, air fares, subsistence, taxi and vehicle rental	48	112
Other	385	483
	4,867	5,529

Notes to and forming part of the financial statements for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
(c) Depreciation and amortisation expense		
Depreciation		
Leasehold improvements	1,078	975
Computer equipment	516	597
Plant and equipment	199	195
	1,793	1,767
Amortisation		
Software	933	886
Total depreciation and amortisation	2,726	2,653

3. Revenue

	2017 \$'000	2016 \$'000
(a) Appropriations and Transfers to the Crown Entity		
Summary of compliance with financial directives		
	Appropriation	Expenditure
	Appropriation	Expenditure
Original Budget Appropriation		
– Appropriation Act	21,213	21,103
Total Appropriations/Expenditure/Net Claim on Consolidated Fund (includes transfer payments)		
Appropriation drawn down*		21,103
Liability to Consolidated Fund (Note 12)		–
*Appropriations (per Statement of Comprehensive Income)	21,103	20,222
Comprising:		
Recurrent	20,533	19,638
Capital	570	584

*Appropriation drawn down was lower than original appropriation by \$110,000. In May 2017, the Treasury approved the carry-over of \$110,000 to 2017–18 due to unanticipated delay in one of the Commission's capital projects.

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

The "Liability to Consolidated Fund" represents the difference between the "Amount drawn down against Appropriation" and the "Expenditure/Net Claim on Consolidated Fund".

Notes to and forming part of the financial statements for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
(b) Sale of goods and services		
Corporate Services Support – Health Care Complaints Commission	92	367
(c) Grants and contributions		
Operating grant from the Department of Premier and Cabinet	129	1,340
Special grant – redundancy	–	1,281
	129	2,621
(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	164	169
Long service leave provision	(945)	709
Payroll tax	9	10
	(772)	888
(e) Other revenue		
Other – Treasury Managed Fund hindsight adjustments (prior years)	77	6

4. Gain/(loss) on disposal

Plant and computer equipment	(3)	(5)
Written-down value of assets disposed	(3)	(5)
Loss on disposal of Plant, Property and Equipment	(3)	(5)

5. Service Group of the Commission

Corruption Investigation, Prevention and Education

The Commission has one service group.

This service group covers assessing and dealing with complaints about corrupt conduct, investigating, exposing and preventing corruption, and educating the public sector and community about corruption and its detrimental effects.

6. Current assets – cash and cash equivalents

Cash at bank and on hand	302	212
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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)	302	212
Closing cash and cash equivalents (per statement of cash flows)	302	212

Notes to and forming part of the financial statements for the year ended 30 June 2017

7. Current/Non-current assets – receivables

	2017 \$'000	2016 \$'000
GST	184	252
Prepayments – Current	314	387
Other receivables		
Debtors – redundancy program	–	1,281
Debtors – others	1	32
	499	1,952
Prepayments – Non-current	82	38
Total Current/Non-current assets – receivables	581	1,990

The Commission expects to receive all amounts due, therefore, no allowance for impairment of receivables has been raised. Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 17.

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

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2016 – fair value					
Gross carrying amount	5,892	1,545	2,539	190	10,166
Accumulated depreciation and impairment	(1,688)	(1,115)	(1,487)	–	(4,290)
Net carrying amount	4,204	430	1,052	190	5,876
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)	–	(6,098)
Net carrying amount	3,626	307	749	–	4,682

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 2017					
Net carrying amount at start of year	4,204	430	1,052	190	5,876
Additions	500	48	35	–	583
Disposals	–	–	(3)	–	(3)
Transfer to/(from) other asset classes	–	28	181	(190)	19
Depreciation expense	(1,078)	(199)	(516)	–	(1,793)
Net carrying amount at end of year	3,626	307	749	–	4,682

Notes to and forming part of the financial statements for the year ended 30 June 2017

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Work in progress \$'000	Total \$'000
At 30 June 2015 – fair value					
Gross carrying amount	5,856	1,462	2,565	101	9,984
Accumulated depreciation and impairment	(712)	(1,021)	(930)	–	(2,663)
Net carrying amount	5,144	441	1,635	101	7,321
At 30 June 2016 – fair value					
Gross carrying amount	5,892	1,545	2,539	190	10,166
Accumulated depreciation and impairment	(1,688)	(1,115)	(1,487)	–	(4,290)
Net carrying amount	4,204	430	1,052	190	5,876

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 2016					
Net carrying amount at start of year	5,144	441	1,635	101	7,321
Additions	35	188	10	94	327
Disposals	–	(4)	(1)	–	(5)
Transfer to/(from) other asset classes	–	–	5	(5)	–
Depreciation expense	(975)	(195)	(597)	–	(1,767)
Net carrying amount at end of year	4,204	430	1,052	190	5,876

9. Intangible assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2016			
Cost (gross carrying amount)	4,535	260	4,795
Accumulated amortisation and impairment	(2,331)	–	(2,331)
Net carrying amount	2,204	260	2,464
At 30 June 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 2017

	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2017			
Net carrying amount at start of year	2,204	260	2,464
Additions	481		481
Disposals	–	–	–
Transfers from/to other asset classes	260	(260)	–
Amortisation	(933)	–	(933)
Net carrying amount at end of year	2,012	–	2,012
At 1 July 2015			
Cost (gross carrying amount)	5,047	201	5,248
Accumulated amortisation and impairment	(2,155)	–	(2,155)
Net carrying amount	2,892	201	3,093
At 30 June 2016			
Cost (gross carrying amount)	4,535	260	4,795
Accumulated amortisation and impairment	(2,331)	–	(2,331)
Net carrying amount	2,204	260	2,464
Year ended 30 June 2016			
Net carrying amount at start of year	2,892	201	3,093
Additions	–	259	259
Transfers to/from other asset classes	200	(200)	–
Disposals	(1)	–	(1)
Amortisation	(887)	–	(887)
Net carrying amount at end of year	2,204	460	2,464

10. Current liabilities – payables

	2017 \$'000	2016 \$'000
Accrued salaries, wages and on-costs	43	1
Accrued expenses – redundancy program	–	1,372
Accrued expenses – other operating expenses	151	268
Creditors	148	320
Liability to Consolidated Fund – capital	–	116
	342	2,077

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

Notes to and forming part of the financial statements for the year ended 30 June 2017

11. Current/Non-current liabilities – provisions

	2017 \$'000	2016 \$'000
Current		
Employee benefits and related on-costs		
Annual leave expected to be settled in the next 12 months is \$684,000		
Annual leave (includes annual leave loading)	921	1,254
Annual leave on-cost	62	95
Payroll tax on annual leave, long service leave (and fringe benefits tax payable)	222	290
Long service leave on-cost	292	376
	1,497	2,015
Non-current		
Employee benefits and related on-costs		
Long service leave on-costs	25	32
Provision for payroll tax on long service leave	15	20
Make good provision	1,032	510
	1,072	562
Aggregate employee benefits and related on-costs		
Provision – current	1,497	2,015
Provision – non-current	53	53
Accrued salaries, wages and on-costs (Note 10)	43	1
	1,593	2,069

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:

2017	“Make good” provision \$'000
Carrying amount at the beginning of the financial year	510
Additional provisions recognised	521
Amounts used	–
Carrying amount at the end of the financial year	1,031

Notes to and forming part of the financial statements for the year ended 30 June 2017

12. Current/Non-current liabilities – other

	2017 \$'000	2016 \$'000
Current liabilities		
Lease incentive	567	567
Total Current liabilities – other	567	567
Non-current liabilities		
Lease incentive	1,298	1,866
Total Non-current liabilities – other	1,298	1,866

13. Commitments for expenditure

	2017 \$'000	2016 \$'000
(a) Capital commitments		
Not later than one year	–	311
Total (including GST)	–	311
(b) Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	2,851	2,654
Later than one year and not later than five years	6,235	8,720
Total (including GST)	9,086	11,374

The total “operating lease commitments” above includes potential input tax credits of \$826,003.22 (2016: \$1,034,068) that are expected to be recoverable from the Australian Taxation Office. The operating lease commitments represent the six-year lease for new office accommodation at 255 Elizabeth Street, Sydney, motor vehicle leases and miscellaneous outstanding purchase orders as at 30 June 2017.

14. Contingent liabilities and contingent assets

The Commission has contingent liabilities estimated at \$143,000 representing potential legal expenses for which the Crown Solicitor is acting on behalf of the Commission as at 30 June 2017.

The Commission has no contingent assets.

Notes to and forming part of the financial statements for the year ended 30 June 2017

15. Budget review

Net result

The actual net deficit of \$654,000 was lower than budget by \$679,000, primarily due to:

– Expenses

The Commission's total expenditure was lower than budget by \$2,275,000, comprising of employee expenses favourable variance of \$3,007,000 and other operating expenses unfavourable variance of \$801,000.

Employee expenses favourable variance can be attributed to lower than budget expenditure due to a decrease in extended leave liability of approximately \$1 million after the 2015–16 restructure and reduction of 12 full-time equivalent (FTE) positions. Continuing delays in recruitment action for vacancies and implementation of new structure contributed to the balance of the favourable variance. The original budget also includes a grant of \$529,000 of which \$400,000 was returned to the Department of Premier and Cabinet (DPC).

Other operating expenses unfavourable variance to budget of \$801,000 comprises mainly offsetting variations to property rentals and other expenses. The Commission will submit a Final Budget Proposal in early 2017–18 to seek Treasury's authorisation to re-align the allocation split between the Commission's employee-related expenditure and operating expenses for forward years.

– Revenue

The Commission's total revenue was lower than budget by \$1,593,000 due to decrease in extended leave liability and unexpended DPC grant by \$400,000. The original budget also includes a grant of \$529,000.

Capital

Appropriations were \$110,000 lower than budget due to unavoidable delays in capital expenditure projects resulting in a carry-over to 2017–18 of \$110,000.

Assets and liabilities

Plant and equipment assets were higher than budget by approximately \$347,000 due to an increase in the value of the make good asset after a review of the provision.

Current liabilities was higher than budget due to higher than anticipated payables at year end.

Non-current liabilities (annual leave) were slightly lower than budgeted following the unanticipated redundancy payouts in June 2017.

Cash flows

The Commission's cash balance of \$302,000 is lower than budget due to unanticipated redundancy payouts (including annual leave) in June 2017.

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

	2017 \$'000	2016 \$'000
Net cash used on operating activities	673	(844)
Depreciation and amortisation	(2,726)	(2,653)
Decrease/(increase) in provisions	1,192	332
Increase/(decrease) in prepayments and other assets	(1,409)	1,368
(Increase)/decrease in payables	1,619	(1,005)
Written down value of asset disposed	(3)	(5)
	(654)	(2,807)

Notes to and forming part of the financial statements for the year ended 30 June 2017

17. Financial instruments

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2017 \$'000	2016 \$'000
Cash and cash equivalents	6	N/A	302	212
Receivables ¹	7	Receivables at amortised cost	1	1,313
Financial Liabilities			Carrying Amount	Carrying Amount
Class:			2017 \$'000	2016 \$'000
Payables ²	10	Financial liabilities measured at amortised cost	211	264

Notes

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

(b) Credit risk

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

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

Cash

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

Receivables – trade debtors

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

Notes to and forming part of the financial statements for the year ended 30 June 2017

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2017: \$nil; 2016: \$nil) and less than 12 months past due (2017: \$nil; 2016: \$nil) are not considered impaired. Together these represent 100% of the total trade debtors. All of the Commission's debtors are other government departments or government authorities.

The Commission incurred a bad debt of \$17,000 in relation to the quarterly fee due from the Health Care Complaints Commission of \$92,000, for the first quarter of 2016–17. This is not expected to recur as the Commission formally ended the agreement to provide corporate support services to the Health Care Complaints Commission in September 2016.

(c) Liquidity risk

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

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

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

(d) Market risk

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

(e) Fair value compared to carrying amount

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

Notes to and forming part of the financial statements for the year ended 30 June 2017

18. Related party disclosures

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

	2017 \$'000
Short-term employee benefits	
Salaries	2,021
Other monetary allowances	27
Non-monetary benefits	—
Other long-term employee benefits	—
Post-employment benefits	—
Termination benefits	130
	2,178

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

Transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government during 2016–17	2017 \$'000
NSW Government Property (accommodation at 255 Elizabeth Street, Sydney)	2,310
NSW Police	210
	2,520

19. Trust funds

	2017 \$'000	2016 \$'000
(a) Section 47 Division 4A of the ICAC Act		
Opening balance as at 1 July 2016	40	110
Less:		
Payments	(25)	(70)
Total as at 30 June 2017	15	40
(b) APSACC 2017		
Opening balance as at 1 July 2016	224	—
Deposits	13	224
Less:		
Payments	(129)	—
Total as at 30 June 2017	108	224

20. Events after balance date

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

(END OF AUDITED FINANCIAL STATEMENTS)



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Appendix 1 – Complaints profile

Table 26: Government sectors that were subject to matters received in 2016–17

Government sector	Section 10 complaints (s 10s)		Section 11 – principal officer 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 all matters
Local government	433	40%	115	18%	4	40%	552	22%
Government and financial services	101	9%	13	2%	1	10%	115	5%
Health	87	8%	84	13%	0	0%	171	7%
Law and justice	81	7%	12	2%	0	0%	93	4%
Transport, ports and waterways	72	7%	132	20%	1	10%	205	8%
Custodial services	70	6%	96	15%	0	0%	166	7%
Community and human services	64	6%	5	1%	0	0%	69	3%
Natural resources and environment	41	4%	9	1%	0	0%	50	2%
Policing	40	4%	1	0%	0	0%	41	2%
Education (except universities)	36	3%	91	14%	0	0%	127	5%
Aboriginal affairs and services	30	3%	11	2%	0	0%	41	2%
Land, property and planning	30	3%	6	1%	0	0%	36	1%
Universities	26	2%	15	2%	0	0%	41	2%
Arts and heritage	23	2%	3	0%	0	0%	26	1%
Tourism, sport, recreation and gaming	17	2%	4	1%	0	0%	21	1%
Consumer and trade	15	1%	0	0%	0	0%	15	1%
Emergency services	12	1%	8	1%	0	0%	20	1%
Other – unspecified	5	0%	4	1%	0	0%	9	0%
Energy	3	0%	8	1%	0	0%	11	0%
Parliament	3	0%	0	0%	1	10%	4	0%
Employment and industrial relations	1	0%	0	0%	0	0%	1	0%

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

Table 27: Workplace functions applicable to matters received in 2016–17

Function	Section 10 complaints (s 10s)		Section 11 – principal officer 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 all matters
Reporting, investigation, sentencing and environment	284	26%	79	12%	0	0%	363	15%
Human resources and staff administration	239	22%	268	41%	1	10%	508	20%
Development applications and land rezoning	194	18%	25	4%	2	20%	221	9%
Miscellaneous functions	161	15%	92	14%	1	10%	254	10%
Allocation of funds, materials and services	159	15%	90	14%	1	10%	250	10%
Procurement, disposal and partnerships	156	14%	120	18%	1	10%	277	11%
Policy development and information processing	38	3%	8	1%	0	0%	46	2%
Issue of licences or qualifications	28	3%	26	4%	0	0%	54	2%
Electoral and political activities	25	2%	2	0%	5	50%	32	1%
Processing of electronic and cash payments	17	2%	21	3%	0	0%	38	2%

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

Table 28: Types of corrupt conduct alleged in matters received in 2016–17

Conduct	Section 10 complaints (s 10s)		Section 11 – principal officer 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 all matters
Partiality	392	36%	105	16%	0	0%	497	20%
Personal interests	234	21%	139	21%	3	30%	376	15%
Failure to perform required actions not already listed	215	20%	131	20%	1	10%	347	14%
Improper use of records or information	214	20%	251	39%	2	20%	467	19%
Improper use or acquisition of funds or resources	145	13%	157	24%	2	20%	304	12%
Corrupt conduct related to investigations or proceedings	143	13%	12	2%	0	0%	155	6%
Other corrupt conduct	123	11%	39	6%	1	10%	163	7%
Intimidating or violent conduct	108	10%	44	7%	0	0%	152	6%
No corrupt conduct alleged in matter	84	8%	7	1%	1	10%	92	4%
Bribery, secret commissions and gifts	73	7%	52	8%	4	40%	129	5%

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 29: Number of public officials who made a PID in 2016–17

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 other legal obligation (other than those made by public officials performing their day-to-day functions)	112	41	80
All other PIDs	227	230	227
Total	339	271	307

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

* Given that multiple public officials may make a PID about the same matter the number of public officials may be greater than the number of PIDs.

** Some of these PIDs were made prior to the start of the 2016–17 financial year.

Table 30: Types of allegations made in PIDs

Type of PID	Type of allegation					Total
	Corrupt conduct	Mal-administration	Serious and substantial waste of public money	Government information contraventions	Local government pecuniary interest contraventions	
PIDs made by public officials in performing their day-to-day functions as public officials	0	0	0	0	0	0
PIDs made under a statutory or other legal obligation (other than those made by public officials performing their day-to-day functions)	112	0	0	0	0	112
All other PIDs	227	0	0	0	0	227
Total	339	0	0	0	0	339

Appendix 3 – Statutory reporting

Table 31: 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 32 for details
76(2)(ba)(ii)	Number of complaints where investigations were commenced but were not finalised in 2016–17	3
76(2)(ba)(iii)	Average time to deal with complaints	44
76(2)(ba)(iii)	Actual time taken to investigate any matter in which a report is made	See Table 33 for details
76(2)(ba)(iv)	Total number of compulsory examinations during 2016–17	69
76(2)(ba)(iv)	Total number of public inquiries during 2016–17	2
76(2)(ba)(v)	Number of days spent during 2016–17 in conducting public inquiries	31
76(2)(ba)(vi)	Time interval between the completion of each public inquiry conducted during 2016–17 and the furnishing of a report on the matter	See Table 23 (Chapter 5) for details

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

In 2016–17, the Commission furnished information to the following agencies:

- NSW Police Force
- Tasmanian Integrity Commission
- NSW Electoral Commission
- Department of Prime Minister and Cabinet
- NSW Crime Commission
- Australian Border Force
- Independent Broad-based Anti-corruption Commission
- Australian Federal Police
- Police Integrity Commission
- Crime and Corruption Commission (Queensland)
- Australian Competition and Consumer Commission.

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

Date matter received	Date decided to investigate	Time interval (days)
26/10/2015	5/04/2017	527
3/05/2016	29/07/2016	87
27/06/2016	29/07/2016	32
8/12/2016	22/12/2016	14
9/12/2016	20/01/2017	42
18/01/2017	31/01/2017	13
22/02/2017	2/03/2017	8
13/03/2017	19/05/2017	67
3/04/2017	5/05/2017	32
27/06/2017	30/06/2017	3

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

Table 33: 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)
23/06/2015	22/08/2016	426
5/02/2016	1/05/2017	451
18/03/2016	12/08/2016	147
31/03/2016	4/08/2016	126
6/04/2016	5/05/2017	394
19/04/2016	3/03/2017	318
13/05/2016	8/09/2016	118
19/08/2016	11/11/2016	84
20/09/2016	3/02/2017	136
24/11/2016	23/03/2017	119
24/11/2016	23/03/2017	119
31/01/2017	25/05/2017	114
28/03/2017	5/05/2017	38

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

Appendix 4 – Outcomes of matters

Table 34: Other outcomes for matters closed during 2016–17

	Section 10 matters	Section 11 matters	Total
Agency outcomes			
Disciplinary action proposed by the public authority	2	84	86
Disciplinary action taken by the public authority – Dismissal	3	13	16
Disciplinary action taken by the public authority – Counselling	3	31	34
Disciplinary action taken by the public authority – Resignation	3	29	32
Disciplinary action taken by the public authority – Other	0	38	38
Systemic issues addressed by the public authority	11	23	34
Systemic issues identified by the public authority	5	24	29
No action or further action warranted by the public authority	26	57	83

Appendix 5 – Adoption of corruption prevention recommendations

The Commission works with a given public authority to ensure that the corruption prevention recommendations made in an investigation report address both the corruption risks and the business priorities of the authority.

In accordance with s 111E(2) of the ICAC Act, the Commission considers a plan of action proposed by a public authority and monitors the level of acceptance of corruption prevention recommendations in this plan. It also ensures that public authorities report on the implementation of their plans of action.

Table 35 shows the adoption of corruption prevention recommendations in plans of action submitted by authorities in 2016–17.

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.

Table 36 shows the receipt of reports on the implementation of action plans by public authorities.

Table 35: Acceptance in 2016–17 of an action plan by a public authority as a result of corruption prevention recommendations made by the Commission¹

Public inquiry	Public authority	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
Yancey	NSW Department of Justice	6	February 2017	6	–	–	–	–	100%

¹ A public authority must inform the Commission in writing within 3 months (or such longer period as the Commission may agree to in writing) after receiving the recommendation, whether it proposes to implement any plan of action in response to the recommendation and, if so, of the plan of action.

Table 36: Reports from public authorities on their progress in implementing their action plans during the reporting period

Public inquiry	Public authority	Date action plan received	Date report due	Date report received	Type of report received
Tunic	Mine Subsidence Board	May 2016	May 2017	February 2017	Final report received
Vika	Rural Fire Service	February 2016	March 2017	March 2017	Interim (12-month report received)
Drake	NSW Department of Justice	May 2013	October 2016	October 2016	Final report received
Jarah	Ausgrid	September 2015	September 2016	September 2016	Interim (12-month report received)
Misto*	University of Newcastle	October 2015	October 2016	October 2016	Final report received
	University of Sydney	October 2015	October 2016	October 2016	Final report received

* Macquarie University submitted its final report at the same time as it submitted its plan of action.

Appendix 6 – Strategic alliances to optimise investigative outcomes

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

Australian Surveillance Group

This group provides a forum for integrity agencies, law enforcement agencies and intelligence agencies to discuss their respective agency's surveillance capabilities, emerging technology and methodologies. A Commission officer attended meetings of this group on 15 and 16 November 2016. On 11 October 2016, a Commission officer also attended the 2016 International Surveillance Group Conference.

Electronic Evidence Practitioner Partnership

This partnership is dedicated to the sharing of knowledge and ideas about the practice of digital forensics. It brings together government agency practitioners to discuss shared challenges and help drive the direction of operational research and development. The Commission did not attend a meeting during the reporting period.

Interagency Technical Group and Special Networks Committee

The Interagency Technical Group provides an opportunity for intercepting agencies to seek common ground in delivery standards and monitoring telecommunications interception. The Special Networks Committee is a forum for intercepting agencies to discuss the capability of telecommunications interception and any related contractual issues. Commission officers attended meetings of both committees on 12 and 13 July 2016, 30 November 2016, 1 December 2016, and 4 and 5 April 2017.

Interception Consultative Committee

This committee is a source of advice to agencies concerning telecommunications interception. It monitors emerging technologies that impact on lawful interception within Australia. It also interacts with telecommunications providers to ensure that they supply the interception capability required by agencies. Commission officers attended meetings of this group on 12 August 2016 and 31 March 2017.

Joint User Group

This group provides a forum for investigation agencies utilising the same brand as the Commission's telecommunications interception system. Commission officers attended meetings of this group on 14 July 2016 and 6 April 2017. Between 9 and 11 November 2016, Commission officers also attended a national conference held by the manufacturer of the Commission's telecommunications interception system.

National Oversight Covert Group

This group is concerned with the sharing of knowledge between the smaller oversight and anti-corruption agencies that have a covert physical and technical capability to improve relevant skills and techniques. Commission officers attended a meeting of this group on 17 November 2016.

SEDNode User Forum

SEDNode is a secure information system used by law enforcement and anti-corruption agencies to receive telecommunications data from providers. The Commission subscribes to the SEDNode system. The SEDNode User Forum was established to keep members updated with system enhancements, functionality and new members. A Commission officer took part in teleconferences of this group on 20 July 2016, 31 August 2016, 14 September 2016, 12 and 26 October 2016, 18 January 2017, 2 March 2017 and 7 June 2017.

Other alliances

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

Appendix 7 – Prosecution and disciplinary action in 2016–17 arising from ICAC investigations

Table 37: Progress of prosecution matters in 2016–17

The date the investigation report was published is in brackets.

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

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

Name	Sandra Lazarus
Offences recommended for Director of Public Prosecutions (DPP) consideration	Section 300(1) Crimes Act (make and use false instrument) and s 178BB Crimes Act (obtain valuable thing by false or misleading statement).
DPP advice	On 22 February 2013, the DPP advised there was sufficient evidence to prosecute Ms Lazarus for 42 s 300(1) offences and 16 s 178BB offences.
Status	<p>On 27 November 2014, Sandra Lazarus was found guilty of 16 offences of dishonestly obtaining a benefit by deception contrary to s 178BB Crimes Act and 27 offences of making or using a false instrument contrary to s 300(1) Crimes Act. She was found not guilty of a further 15 offences under s 300(1) Crimes Act. Her matter was adjourned for sentence to 27 April 2015.</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 Sandra Lazarus 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.</p> <p>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, Judge Zahra 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 Judge Zahra’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>The appeals against conviction and sentence were listed for hearing before the District Court on 19 June 2017. Sandra Lazarus appeared and sought an adjournment of her appeal. Judge King refused the adjournment and stood the matter over to 20 June 2017 for hearing. On that day, Sandra Lazarus failed to attend court and her appeal against conviction was dismissed. Her appeal against sentence was adjourned to 28 June 2017. The matter was further adjourned on 28 June and 14 July 2017, and is currently listed for hearing on 18 August 2017.</p>

Name	Michelle Lazarus
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 22 February 2013, the DPP advised sufficient evidence to prosecute Ms Lazarus for seven s 87 offences.
Status	<p>On 23 May 2014, Michelle Lazarus was convicted in the Local Court of seven offences of giving false or misleading evidence to the Commission contrary to s 87(1) ICAC Act. 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, Judge Zahra of the District Court 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 Judge Zahra'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>The appeals against conviction and sentence of Michelle Lazarus were listed for hearing before the District Court on 19 June 2017. On that day, Michelle Lazarus failed to attend court. Her appeals against conviction and sentence were dismissed for want of prosecution and her sentence from the Local Court was confirmed.</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	The DPP is awaiting the outcome of another criminal proceeding involving Mr Medich before finalising its advice in relation to this matter.

Name	Ron Mason
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving benefit) and common law offence of misconduct in public office.
DPP advice	On 16 January 2013, briefs of evidence were sent to the DPP.
Status	The DPP is awaiting the outcome of another criminal proceeding involving Mr Medich before finalising its advice in relation to this matter.

Name	Ken Foster
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving benefit) and common law offence of misconduct in public office.
DPP advice	On 16 January 2013, briefs of evidence were sent to the DPP.
Status	The DPP is awaiting the outcome of another criminal proceeding involving Mr Medich before finalising its advice in relation to this matter.

Name	Vanessa Mason
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving benefit) and common law offence of misconduct in public office.
DPP advice	On 16 January 2013, briefs of evidence were sent to the DPP.
Status	The DPP is awaiting the outcome of another criminal proceeding involving Mr Medich before finalising its advice in relation to this matter.

Investigation into allegations that a manager at the University of Technology, Sydney (UTS) solicited and accepted money, gifts and other benefits from UTS contractors (Operation Stark) (March 2013)

Name	Nabil Faysal
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving a benefit).
DPP advice	On 24 September 2014, the DPP advised sufficient evidence to charge Mr Faysal with nine s 249B(1)(a) offences and 11 s 178BB Crimes Act offences (obtaining money by false or misleading statements).
Status	<p>On 10 December 2014, upon his return to Australia from Qatar, Mr Faysal was charged with nine s 249B(1)(a) Crimes Act offences and 11 s 178BB offences.</p> <p>On 16 June 2016, Mr Faysal was found guilty of all offences following a summary hearing in the local court.</p> <p>On 14 September 2016, Mr Faysal was sentenced to 12 months imprisonment with a non-parole period of six months. He was also ordered to pay a pecuniary penalty to the state of NSW. He immediately lodged an appeal, and bail was granted. The matter is listed for an all-grounds appeal in the Sydney District Court for three days from 31 July to 2 August 2017.</p>

Investigation into the conduct of Ian Macdonald, Ronald Medich and others (Operation Jarilo) (July 2013)

Name	Ian Macdonald
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 6 August 2013, briefs of evidence were sent to the DPP.
Status	The DPP is awaiting the outcome of another criminal proceeding involving Mr Medich before finalising its advice in relation to this matter.

Name	Ronald Medich
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corruptly giving a benefit).
DPP advice	On 6 August 2013, briefs of evidence were sent to the DPP.
Status	The DPP is awaiting the outcome of another criminal proceeding involving Mr Medich before finalising its advice in relation to this matter.

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

Name	Moses Obeid
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 30 September 2013, briefs of evidence were sent to the DPP.
Status	On 8 September 2016, the DPP advised sufficient evidence to charge Moses Obeid with 16 offences of giving false evidence pursuant to s 87(1) ICAC Act and Rocco Triulcio with 18 offences of giving false evidence pursuant to s 87(1) ICAC Act. The matters are listed on 29 September 2017 for a hearing to determine whether the prosecutions will be heard jointly or separately.

Name	Paul Obeid
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 30 September 2013, briefs of evidence were sent to the DPP.
Status	The DPP advised that there is insufficient evidence to charge. The Commission has accepted that advice.

Name	Rocco Triulcio
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 30 September 2013, briefs of evidence were sent to the DPP.
Status	On 8 September 2016, the DPP advised that there is sufficient evidence to charge Moses Obeid with 16 offences of giving false evidence pursuant to s 87(1) ICAC Act and Rocco Triulcio with 18 offences of giving false evidence pursuant to s 87(1) ICAC Act. The matters are listed on 29 September 2017 for a hearing to determine whether the prosecutions will be heard jointly or separately.

Name	Rosario Triulcio
Offences recommended for DPP consideration	Section 87 ICAC Act (false evidence).
DPP advice	On 30 September 2013, briefs of evidence were sent to the DPP.
Status	The DPP advised that there is insufficient evidence to charge. The Commission has accepted that advice.

Investigation into the conduct of Ian Macdonald, Edward Obeid Senior, Moses Obeid and others (Operation Jasper) (July 2013)

Name	Ian Macdonald
Offences recommended for DPP consideration	Common law offence of conspiracy to defraud or misconduct in public office.
DPP advice	On 17 July 2015, the DPP advised that it filed a Court Attendance Notice for the common law offence of conspiracy to commit misconduct in public office.
Status	The matter is listed for arraignment in the District Court on 28 July 2017.

Name	Edward Obeid
Offences recommended for DPP consideration	Criminal offences of conspiracy to defraud, or aiding and abetting or conspiracy to commit the offence of misconduct in public office.
DPP advice	On 17 July 2015, the DPP advised that it filed a Court Attendance Notice for the common law offence of conspiracy to commit misconduct in public office.
Status	The matter is listed for arraignment in the District Court on 28 July 2017.

Name	Moses Obeid
Offences recommended for DPP consideration	Criminal offences of conspiracy to defraud, or aiding and abetting or conspiracy to commit the offence of misconduct in public office.
DPP advice	On 17 July 2015, the DPP advised that it filed a Court Attendance Notice for the common law offence of conspiracy to commit misconduct in public office.
Status	The matter is listed for arraignment in the District Court on 28 July 2017.

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 conduct of Ian Macdonald, John Maitland and others (Operation Acacia) (August 2013)

Name	Ian Macdonald
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 5 November 2014, the DPP advised sufficient evidence to prosecute Mr Macdonald for two offences of misconduct in public office.
Status	<p>On 30 March 2017, following a trial in the Supreme Court of NSW before Adamson J, a jury returned verdicts of guilty in relation to both offences.</p> <p>On 2 June 2017, Adamson J in the Supreme Court of NSW sentenced Mr Macdonald to full-time imprisonment for a period of 10 years, commencing on 26 May 2017 and expiring on 25 May 2027, with a non-parole period of seven years, commencing 26 May 2017 and expiring 25 May 2024. The sentence imposed for each offence was eight and seven years respectively.</p> <p>On 28 June 2017, Mr Macdonald filed a notice of intention to appeal his conviction and sentence.</p>

Name	John Maitland
Offences recommended for DPP consideration	Section 178BB Crimes Act (publish false or misleading statements), common law offence of accessory before the fact to misconduct in public office, offences under s 112(2) and s 87(1)(a) ICAC Act, and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	<p>On 2 September 2014, the DPP advised sufficient evidence to prosecute Mr Maitland for an s 87 offence.</p> <p>On 5 November 2014, the DPP advised sufficient evidence to prosecute Mr Maitland for two offences of accessory before the fact to misconduct in public office.</p> <p>On 17 July 2015, the DPP advised that there is sufficient evidence to prosecute Mr Maitland for five s 178BB offences.</p>
Status	<p>On 21 December 2015, Mr Maitland was convicted of the s 87 offence and, on 7 March 2016, placed on a good behaviour bond for two years and ordered to pay a fine of \$3,000.</p> <p>On 30 March 2017, following a trial in the Supreme Court of NSW before Adamson J, a jury returned verdicts of guilty in relation to two offences of accessory before the fact to misconduct in public office.</p> <p>On 2 June 2017, Adamson J in the Supreme Court of NSW sentenced Mr Maitland to full-time imprisonment for a period of six years, commencing on 26 May 2017 and expiring on 25 May 2023, with a non-parole period of four years, commencing 26 May 2017 and expiring 25 May 2021. The sentence imposed for each offence was five and four years respectively.</p> <p>On 22 June 2017, Mr Maitland filed a notice of intention to appeal his conviction and sentence.</p> <p>The matters relating to the s 178BB charges have been set down for trial in the District Court on 4 September 2017.</p>

Name	Craig Ransley
Offences recommended for DPP consideration	Section 178BB Crimes Act (publish false or misleading statements), and s 184(1) <i>Corporations Act 2001</i> .
DPP advice	<p>On 17 July 2015, the DPP advised that there is sufficient evidence to prosecute Mr Ransley for two s 178BB offences.</p> <p>On 14 December 2016, the DPP advised that there was sufficient evidence to prosecute Mr Ransley under s 87 ICAC Act for giving false or misleading evidence.</p>
Status	<p>The s 178BB offences have been set down for trial in the District Court on 4 September 2017.</p> <p>The s 87 offence has been adjourned in the Local Court until 7 November 2017.</p>

Investigation into allegations of corrupt conduct in the provision of security products and products by suppliers, installers and consultants (Operation Tilga) (September 2013)

Name	Peter (Charles) Diekman
Offences recommended for DPP consideration	Section 249B(2) Crimes Act (corruptly give a benefit).
DPP advice	On 17 April 2015, the DPP advised sufficient evidence to charge Mr Diekman with five offences under s 249B(2) Crimes Act.
Status	Mr Diekman's trial took place during the week of 11 April 2016. On 9 December 2016, all offences were dismissed.

Name	Robert Huskic
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly give a benefit) and s 254(b)(iii) Crimes Act (use false instrument).
DPP advice	On 17 April 2015, the DPP advised sufficient evidence to charge Mr Huskic with five offences under s 249B(2) Crimes Act and two offences under s 254(b)(iii) Crimes Act.
Status	Mr Huskic's trial took place during the week of 11 April 2016. On 9 December 2016, all offences were dismissed.

Investigation into the conduct of the Hon Edward Obeid MLC and others concerning Circular Quay Retail Lease Policy (Operation Cyrus) (June 2014)

Name	Edward Obeid
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 19 November 2014, the DPP advised sufficient evidence to proceed with one offence of misconduct in public office.
Status	On 19 March 2015, the DPP presented an ex officio indictment before the District Court. The DPP also sought and obtained the permission of the Chief Justice of the Supreme Court to have the matter removed to the NSW Supreme Court. On 28 June 2016, following a Supreme Court trial, the jury returned a verdict of guilty. On 15 December 2016, Mr Obeid was sentenced to imprisonment for a period of five years in total, with a non-parole period of three years. Mr Obeid has lodged an appeal against his conviction and sentence.

Investigation into the conduct of certain City of Ryde councillors and others (Operation Cavill) (June 2014)

Name	Ivan Petch
Offences recommended for DPP consideration	Two common law offences of misconduct in public office, five s 87 ICAC Act (false or misleading evidence), one s 249K Crimes Act offence (making an unwarranted demand with menaces with the intention of influencing the exercise of a public duty), and s 96E <i>Election Funding, Expenditure and Disclosures Act 1981</i> ("the EFED Act") offences (accepting an indirect campaign contribution).
DPP advice	On 15 April 2015, the DPP advised that, subject to further advice on particular matters, there was sufficient evidence to proceed with one offence of misconduct in public office, six s 87(1) offences, two offences pursuant to s 249K Crimes Act, two s 96E(2) EFED Act offences, and two s 96H(2) EFED Act offences.
Status	On 8 June 2017, Mr Petch was committed for trial on an s 249K offence of blackmail. Six offences pursuant to s 87 ICAC Act were also sent to the Sydney District Court. On 16 June 2017, the matters were adjourned to 28 July 2017 for further mention.

Name	John Goubran
Offences recommended for DPP consideration	One s 249K Crimes Act offence (making an unwarranted demand with menaces with the intention of influencing the exercise of a public duty).
DPP advice	On 15 April 2015, the DPP advised that, subject to further advice on particular matters, there was sufficient evidence to proceed with one s 249K offence.
Status	On 8 June 2017, her Honour Magistrate Schurr found a prima facie case proven but dismissed the offence on the basis that there was no reasonable prospect that a reasonable jury, properly instructed, would convict Mr Goubran of an indictable offence.

Name	Anthony Stavrinos
Offences recommended for DPP consideration	One s 87 ICAC Act offence (giving false or misleading evidence).
DPP advice	On 15 April 2015, the DPP advised that, subject to further advice on a particular matter, there was sufficient evidence to proceed with one s 87 offence.
Status	<p>On 6 May 2016, Mr Stavrinos was convicted of the offence.</p> <p>On 13 May 2016, he was sentenced to a term of 12 months imprisonment with a non-parole period of seven months. He lodged an appeal to the District Court and was granted conditional bail.</p> <p>On 10 February 2017, the District Court sentenced him to 12 months imprisonment, expiring on 9 February 2018, to be served by way of an Intensive Corrections Order. Mr Stavrinos was also required to perform 32 hours of community service work per month.</p>

Investigations into the conduct of the Hon Edward Obeid MLC and others in relation to influencing the granting of water licences and the engagement of Direct Health Solutions Pty Ltd (Operations Cabot and Meeka) (June 2014)

Name	Edward Obeid
Offences recommended for DPP consideration	Common law offence of misconduct in public office.
DPP advice	On 7 October 2014, a brief of evidence was sent to the DPP.
Status	On 28 June 2017, the DPP advised that there was either insufficient evidence or no reasonable prospects of conviction for any potential charges. The Commission has accepted that advice.

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

Name	Joseph Camilleri
Offences recommended for DPP consideration	Section 249B(1) Crimes Act (corruptly receiving a benefit).
DPP advice	On 2 February 2016, the DPP advised sufficient evidence to proceed with one offence of misconduct in public office.
Status	On 4 October 2016, Mr Camilleri was committed to the Sydney District Court. The matters are set down for trial on 3 October 2017.

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 offences of using a false document contrary to s 254(b)(ii) Crimes Act and one common law offence of inciting a crime by inciting Joseph Camilleri to destroy documents that relate to the Commission's investigation in contravention of s 88(2)(a) ICAC Act.
Status	On 4 October 2016, Ms Camilleri was committed to the Sydney District Court. The matters are set down for trial on 3 October 2017.

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(1)(a) Crimes Act, s 249B(1)(b) Crimes Act, s 89(a) ICAC Act (attempt to procure the giving of false testimony), and s 87(1) ICAC Act (give false or misleading evidence).
DPP advice	On 17 July 2015, briefs of evidence were provided to the DPP.
Status	Awaiting advice from the DPP.

Name	Dennis Twomey
Offences recommended for DPP consideration	Offences under s 249B(2)(b) Crimes Act and s 114(1) ICAC Act (disclosing information about a Commission summons).
DPP advice	On 17 July 2015, briefs of evidence were provided to the DPP.
Status	Awaiting advice from the DPP.

Name	Eamon Burke
Offences recommended for DPP consideration	Offences under s 249B(2)(b) Crimes Act and s 112 ICAC Act (disclosing information about attendance at a compulsory examination).
DPP advice	On 17 July 2015, briefs of evidence were provided to the DPP.
Status	Awaiting advice from the DPP.

Name	Patrick Miskelly
Offences recommended for DPP consideration	Section 249B(2)(b) Crimes Act.
DPP advice	On 17 July 2015, a brief of evidence was provided to the DPP.
Status	Awaiting advice from the DPP.

Name	John Madden
Offences recommended for DPP consideration	Section 249B(2)(a) Crimes Act.
DPP advice	On 17 July 2015, a brief of evidence was provided to the DPP.
Status	Awaiting advice from the DPP.

Name	Fergal McGann
Offences recommended for DPP consideration	Section 249B(2)(a) Crimes Act.
DPP advice	On 17 July 2015, a brief of evidence was provided to the DPP.
Status	Awaiting advice from the DPP.

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 offences under s 87 ICAC Act (giving false and misleading evidence).
DPP advice	On 2 December 2015, a brief of evidence was provided to the DPP.
Status	<p>On 2 March 2017, the DPP advised that there is sufficient evidence for the following charges to be laid:</p> <ul style="list-style-type: none"> • four s 192E(1)(b) Crimes Act offences • four s 192G Crimes Act offences • one s 254 Crimes Act offence • three s 87(1) ICAC Act offences. <p>At the Local Court mention on 9 May 2017, the court ordered that a brief of evidence was to be served by 20 June 2017, and adjourned the matter to 13 July 2017 for a further mention. The court also imposed bail conditions on Mr Roberts, requiring him to reside at an identified address and prohibiting any contact directly or indirectly with any prosecution witnesses, except through his legal representative.</p>

Name	Christopher Killalea
Offences recommended for DPP consideration	Section 178BA (obtain money by deception), s 192E (fraud) and s 254 (using false document) Crimes Act.
DPP advice	<p>On 2 March 2017, the DPP advised sufficient evidence for the following charges to be laid:</p> <ul style="list-style-type: none"> • three offences of dishonestly obtaining a benefit by deception, contrary to s 192E(1)(b) Crimes Act • one offence of using a false document to influence the exercise of a public duty, contrary to s 254 Crimes Act.
Status	<p>At the Local Court mention on 9 May 2017, the Court ordered that a brief of evidence was to be served by 20 June 2017 and adjourned the matter to 13 July 2017 for a further mention. The Court also imposed bail conditions on Mr Killalea, requiring him to reside at an identified address and prohibiting any contact directly or indirectly with any prosecution witnesses, except through his legal representative.</p>

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

Name	John Hacking
Offences recommended for DPP consideration	Section 249B(1)(b) (corrupt commissions), s 192E(1)(b) (fraud) and s 159 (larceny by a person in the public service) Crimes Act.
DPP advice	On 7 June 2016, the DPP advised that there is sufficient evidence to prosecute the following offences: <ul style="list-style-type: none"> • 14 s 249B(1)(b) Crimes Act • two s 192G(b) Crimes Act (dishonestly making statements) • one s 249C(1) Crimes Act (misleading document) • one s 193B(1) Crimes Act (dealing with proceeds of crime) • three s 159 Crimes Act (larceny by a person in the public service) • two s 80(c) ICAC Act (making false statement).
Status	On 11 July 2016, court attendance notices were served on Mr Hacking. Mr Hacking has entered pleas of guilty in relation to: <ul style="list-style-type: none"> • 12 offences of corruptly receiving a benefit, contrary to s 249B(1)(b) Crimes Act • two offences of larceny by a person in the public service, contrary to s 159 Crimes Act. <p>The DPP has withdrawn two offences of corruptly receiving a benefit, contrary to s 249B(1)(b) Crimes Act, and one offence of dealing with proceeds of crime, contrary to s 193B(1) Crimes Act.</p> <p>The following offences will be placed on a Form 1:</p> <ul style="list-style-type: none"> • two offences of dishonestly making statements, contrary to s 192G(b) Crimes Act • one offence of giving to the office of the NSW Rural Fire Service a document that was misleading in a material respect contrary to s 249C(1) Crimes Act • one offence of larceny by a person in the public service contrary to s 159 Crimes Act. <p>The s 80(c) ICAC Act offences will be placed on a certificate under s 166 <i>Criminal Procedure Act 1986</i> and dealt with after committal for sentence.</p> <p>The matter has been committed to the District Court for sentence on 25 August 2017.</p>

Name	Scott Homsey
Offences recommended for DPP consideration	Section 249B(2)(b) and s 192E(1)(b) Crimes Act, and s 87(1) (false evidence) and s 80(c) (make false statement) ICAC Act.
DPP advice	On 20 January 2016, briefs of evidence were provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Name	Gay Homsey
Offences recommended for DPP consideration	Section 249F(1) Crimes Act (aiding and abetting a corrupt commission) and s 87(1) ICAC Act.
DPP advice	On 20 January 2016, briefs of evidence were provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

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), and s 80 (obstruction of Commission) and s 87 (false evidence) ICAC Act.
DPP advice	On 7 June 2016, the DPP advised sufficient evidence to prosecute the following offences: <ul style="list-style-type: none"> • 51 s 192E Crimes Act offences • one s 80(c) ICAC Act offence • one s 87 ICAC Act offence.
Status	For mention 11 July 2017.

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)(a) (corrupt commissions), s 253 (forgery), s 254 (using false document) and s 351A (recruiting person to engage in criminal activity) Crimes Act, and s 87 (false evidence), s 88(2)(a) (destroy document) and s 89(a) (procure false evidence) ICAC Act.
DPP advice	On 9 August 2016, briefs of evidence were provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Investigation into the conduct of a University of Sydney ICT manager (Operation Elgar) (May 2016)

Name	Balu Moothedath
Offences recommended for DPP consideration	Offences under s 87 (false evidence) and s 89 (attempt to procure false evidence) ICAC Act.
DPP advice	On 22 June 2016, briefs of evidence were provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

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

Name	Samantha Brooks
Offences recommended for DPP consideration	Section 87 (false evidence) ICAC Act.
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Name	Andrew Cornwall
Offences recommended for DPP consideration	Section 87 (false evidence) ICAC Act.
DPP advice	On 20 February 2017, a brief of evidence was provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

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

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

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

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

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

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

Name	Anthony Andjic
Offences recommended for DPP consideration	Section 192E(1), s 192G Crimes Act and 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	The Commission is awaiting the DPP's advice.

Name	Shadi Chacra
Offences recommended for DPP consideration	Section 192E(1), s 192G and s 193B(2) Crimes Act.
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Name	Fayrouz Hammoud
Offences recommended for DPP consideration	Section 192E(1), s 192G and s 193B(2) Crimes Act.
DPP advice	On 21 April 2017, briefs of evidence were provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Name	Fatima Hammoud
Offences recommended for DPP consideration	Section 193C(2) Crimes Act and 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	The Commission is awaiting the DPP's advice.

Name	Hakime Hammoud
Offences recommended for DPP consideration	Section 87 (false evidence) ICAC Act.
DPP advice	On 21 April 2017, a brief of evidence was provided to the DPP.
Status	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 or, in the alternative, s 156 (larceny by a clerk of servant) Crimes Act.
DPP advice	On 21 April 2017, a brief of evidence was provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Name	Veronica Skinner
Offences recommended for DPP consideration	Section 192E Crimes Act or, in the alternative, s 156 (larceny by a clerk of servant) Crimes Act.
DPP advice	On 21 April 2017, a brief of evidence was provided to the DPP.
Status	The Commission is awaiting the DPP's advice.

Table 38: Progress of disciplinary matters in 2016–17

There were no matters in 2016–17 in relation to which the Commission was of the opinion in all the circumstances that consideration should be given to the taking of action against any person for a specified disciplinary offence pursuant to s 74A(2)(b) of the ICAC Act, or the taking of action against any person as a public official on specified grounds, with a view to dismissing, dispensing with the services of, or otherwise terminating the services of the public official pursuant to s 74A(2)(c) of the ICAC Act.

Appendix 8: Report on ICAC’s obligations under the Government Information (Public Access) Act 2009

Section 125 of the *Government Information (Public Access) Act 2009* (“the GIPA Act”) requires an agency to prepare an annual report on the agency’s obligations under the GIPA Act. The Government Information (Public Access) Regulation 2009 sets out what must be included in the report. This appendix contains the information required to be reported by the ICAC.

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 three valid access applications during the reporting period.

Tables 39–46 provide statistical information about access applications – clause 7(d) and Schedule 2.

Table 39: 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	1	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	1	1	0	0	0	0

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table 40.

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)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

* A "personal information application" is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA Act) about the applicant (the applicant being an individual).

Table 41: 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)	0
Application contravenes restraint order (s 110 of the GIPA Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table 42: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to GIPA Act

	Number of times consideration used*
Overriding secrecy laws	2
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table 43.

Table 43: 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 44: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	3
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	3

Table 45: 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.

Table 46: Applications for review under Part 5 of the GIPA Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see s 54 of the GIPA Act)	0

Appendix 9 – Chief executive officer and executive officers

During the reporting period, the Hon Megan Latham was the ICAC Commissioner until 30 November 2016. The Hon Reginald Blanch AM QC was appointed Acting Commissioner from 1 December 2016 to 30 June 2017.

Mr Blanch's conditions of employment were outlined in his instrument of appointment, and his salary was paid in line with the determination provided by the Statutory and Other Offices Remuneration Tribunal (SOORT) for puisne judges.

The Commissioner's salary is calculated at 160% of the remuneration of a NSW Supreme Court puisne judge. The total annual remuneration package for Mr Blanch was \$707,104. In its annual determination, SOORT awarded a 2.5% increase, effective from 1 July 2016.

The position of deputy commissioner of the ICAC is currently vacant.

Executive management

In 2016–17, the Commission's Executive Management Team consisted of:

- the Hon Megan Latham, Commissioner (until 30 November 2016), BA/LLB (University of NSW)
- the Hon Reginald Blanch AM QC, Acting Commissioner (from 1 December 2016 to 30 June 2017), BL/BA (University of Sydney)
- Dr Iris Kirkpatrick, Acting Executive Director, Corruption Prevention (from 26 September 2016 to 22 January 2017), BA (Hons) Public Administration and Management, MSc Information Management Systems (Glasgow Caledonian University), PhD (Public Policy) (University of Sydney)
- Andrew Koureas, Executive Director, Corporate Services, BCom, MCom (University of NSW), LLB (University of Technology, Sydney), FCPA
- Sharon Loder, Executive Director, Investigation (until 30 June 2017), LLB (Queensland University of Technology), BBus (HRM) (Queensland University of Technology), LLM (University of Queensland)
- Lewis Rangott, Executive Director, Corruption Prevention (from 8 May 2017), BEc (University of NSW), MCom (University of Sydney)
- Giselle Tocher, Acting Executive Director, Corruption Prevention (from 23 January 2017 to 5 May 2017), BL/BA (University of Sydney)
- Dr Robert Waldersee, Executive Director, Corruption Prevention (until 28 October 2016), BA (University of Sydney), MA (University of Sydney), MA (University of Nebraska), PhD Management (University of Nebraska)
- Roy Waldon, Executive Director, Legal and Solicitor to the Commission, LLB Hons (University of Tasmania).

The percentage of total employee-related expenditure in the reporting period that relates to senior executives compared with the percentage at the end of the previous year was 10.3% in June 2016 and 11.62% in June 2017.

Table 47: Number of female executive staff at 30 June 2017 compared to previous years

Year	Number
2016–17	1
2015–16	2
2014–15	3
2013–14	3

Table 48: Number and remuneration of senior executives

Year	Band level	Average remuneration package	Gender		Total
			Male	Female	
2016–17	Commissioner	\$707,104	1	0	1
	Band 3*		0	0	0
	Band 2*	\$320,900	0	0	0
	Band 1*	\$209,401 – \$255,050	3	1	4
2015–16	Commissioner	\$689,856	0	1	1
	Band 3*		0	0	0
	Band 2*	\$313,050	0	0	0
	Band 1*	\$219,100 – \$248,850	3	1	4

* Commission executive staff employed at the equivalent of the Senior Executive Band level.

Appendix 10 – Workforce diversity

The Commission is committed to building a diverse workplace that is free from discrimination. It aims to create and maintain a positive and productive work environment and to employ practices that are fair, responsive and inclusive. The Commission promotes diversity and inclusion to create a culture of awareness, respect and the valuing of differences, and takes all measures to prevent, identify and respond to workplace discrimination.

Key values and objectives of the Commission's *Strategic Plan 2016–2020* are to:

- act ethically and with integrity
- respect each other and appropriately support each other with an emphasis on teamwork
- provide a safe, equitable, productive and satisfying workplace
- be a lead agency in its governance and corporate infrastructure
- monitor its performance to ensure work quality and effective resource management.

Workforce diversity achievements in 2016–17 are as follows:

- inclusion of workforce diversity as part of everyday Commission business
- wider use of recruitment sites and social media to attract a larger pool of applicants
- provision of flexible work practices to support staff
- promotion of major events, such as the National Aborigines and Islanders Day Observance Committee (NAIDOC) Week, International Women's Day and International Day of People with a Disability
- equitable practices for training and development opportunities.

Key workforce diversity strategies proposed for 2017–18 are to:

- include workforce diversity as part of everyday Commission business
- review the Commission's workforce diversity data against government benchmarks
- promote workplace inclusion as the responsibility of all staff
- participate in the Cultural Competence Program developed by Multicultural NSW

- provide support to staff with flexible work practices
- promote major events
- identify and provide relevant training to management and staff.

Access and Equity Committee

In August 2016, the Commission dissolved the Access and Equity Committee, with its functions incorporated as part of the charter of the Commission's Health and Safety Committee (HSC). The HSC will act as the Commission's overseeing body for activities related to equal employment opportunity and workplace diversity (see Appendix 11).

From July to August 2016, the Commission's Access and Equity Committee comprised:

- John Biady, Corruption Prevention Division
- Andrew Garcia, Assessments Section
- John Hoitink, Investigation Division
- Andrew Koureas, Corporate Services Division
- Catherine O'Brien, Corporate Services Division
- Cathy Walsh, Corporate Services Division.

Disability Inclusion Action Plan

The Commission is committed to the equitable inclusion of people with disability in all aspects of the Commission's business. The Commission's Disability Inclusion Action Plan aims to improve the delivery of accessible and inclusive services, facilities and employment and to eliminate discrimination. To achieve this, the Commission will develop a new Disability Inclusion Action Plan and allocate financial and people resources.

The following initiatives were undertaken in 2016–17:

- provision of an accessible and inclusive environment to staff and visitors to the Commission's premises
- modifications to work stations to accommodate staff needs
- provision of special equipment and chairs to assist staff with disability in their work environment
- wider use of recruitment sites and social media to attract a larger pool of applicants
- provision of flexible work practices to support staff
- encouragement to access the Commission's services.

Multicultural Policies and Services Program

The Commission endeavours to improve its service delivery and develop capabilities to meet the needs of the community and increase the opportunities for all people to participate in and access our services.

The following initiatives were undertaken in 2016–17:

- inclusion of a staff member in the Commission's bilingual skills directory for the language of Arabic
- review of the Commission's Community Language Allowance Scheme (CLAS) Policy
- promotion of multilingual resources through the Commission's website and dissemination of brochures ("Introducing the ICAC" and "Reporting Corruption to the ICAC"), which are available in 13 community languages
- promotion of the days of religious significance for 2017, as advised by Multicultural NSW

- engagement of interpreter services to assist clients from non-English-speaking backgrounds when needed (during the reporting period, there were 12 occasions in which the Commission utilised external services in the languages of Arabic, Cantonese, Greek and Mandarin).

In the forthcoming reporting period, in line with the new whole-of-government Multicultural Policies and Services Program Framework, which was released in October 2016, the Commission will develop a multicultural plan incorporating the required focus areas and outcomes to address obligations under the *Multicultural NSW Act 2000*. The following initiatives will also be undertaken in 2017–18:

- review of the Commission's bilingual skills directory
- seek nominations from staff for the CLAS
- engage interpreter services to assist clients from non-English-speaking backgrounds when needed
- promote days of religious significance for 2018.

Table 49: Workplace diversity in 2016–17

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 – \$44,683	0	0	0	0	0	0	0	0	0	0
\$44,683 – \$58,867	0	0	0	0	0	0	0	0	0	0
\$58,867 – \$65,608	2	2	1	1	0	0	0	0	0	0
\$65,608 – \$83,022	14	14	4	10	0	0	5	4	1	0
\$83,022 – \$107,362	21	21	7	14	0	0	11	8	1	0
\$107,362 – \$134,202	42	41	26	16	0	0	11	7	5	1
\$134,202 > (non-SES)	18	18	9	9	0	0	2	2	0	0
\$134,202 > (SES)	5	4	4	1	0	0	1	1	0	0
Total	102	100	51	51	0	0	30	22	7	1

* Unspecified gender includes unknown, withdrawn, or indeterminate/intersex recorded values.

Appendix 11 – Work health and safety

The Commission is committed to maintaining the health and safety of its staff and visitors to the Commission's premises by eliminating or minimising risks arising from work or the workplace. This commitment includes providing a safe and timely return-to-work program for all injured or ill staff members.

An objective of the Commission's *Strategic Plan 2016–2020* is to provide a safe, equitable, productive and satisfying workplace. Work health and safety (WHS) principles are incorporated into all facets of business planning and operational activities.

The following initiatives were undertaken in 2016–17:

- appointment of four new first aid officers
- review of the Commission's WHS Policy
- review of the Commission's Workplace Injury Management and Workers Compensation Policy
- engagement of health professionals to administer a flu vaccine program to interested staff
- review of the Commission's fire warden responsibilities and evacuation procedures
- review of the Commission's medical emergency procedures
- engagement of an accredited occupational therapist to undertake ergonomic workplace assessments and the provision of special equipment to assist staff as recommended
- engagement of an accredited provider to assist in the development of return-to-work programs for injured or ill staff members
- provision of training to identified staff in relation to WHS portal, first aid and CPR, advanced driver training, operational safety and defensive tactics, anti-bullying and anti-harassment
- safety testing and tagging of electrical equipment
- testing of radiation levels for microwaves
- steam cleaning of carpeted work and public areas
- modifications to work stations to allow for sit-stand desks in order to lower the health risks associated with sitting for long periods.

In 2016–17, the Commission's Health and Safety Committee comprised:

- John Biady, Corruption Prevention Division (from September 2016)
- Heidrun Blackwood, Assessments Section
- Kay Casserly, Corporate Services Division
- Andrew Koureas, Corporate Services Division
- Catherine O'Brien, Corporate Services Division
- Michael Riashi, Investigation Division
- Georgina Ross, Legal Division
- Margaret Sutherland, Corruption Prevention Division
- Cathy Walsh, Corporate Services Division
- Chris Wightman, Investigation Division (until April 2017)
- Aruni Wijetunga, Corporate Services Division.

Table 50: WHS incidents, injuries and claims in 2016–17

Body stress	3
Fall, slip, trip	1
Heat/electricity	1
Other/unspecified	1
Total	6
Number of workers compensation claims (provisional liability)	2*

* There has been an increase in the number of workers compensation claims from one in 2015–16 to two in 2016–17.

Appendix 12 – Engagement and use of consultants

Table 51: Engagement and use of consultants

Consultancies equal to or more than \$50,000
Nil
Consultancies less than \$50,000
Organisation review – one engagement costing \$12,650

Appendix 13 – Payment performance indicators

Table 52: Aged analysis at end of each quarter 2016–17

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	2,779	27	–	–	–
December	2,297	5	–	1	4
March	1,794	2	4	–	8
June	2,779	21	–	–	–
Small business suppliers					
September	25	–	–	–	–
December	20	–	–	–	–
March	10	–	–	–	–
June	26	–	–	–	–

Table 53: Accounts due or paid within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	563	493	486	561
Number of accounts paid on time	557	488	478	559
Actual percentage of accounts due for payment	98.93%	98.99%	98.35%	99.64%
Dollar amount of accounts due for payment	2,805,476	2,306,964	1,807,606	2,800,062
Dollar amount of accounts paid on time	2,778,936	2,296,844	1,793,635	2,778,821
Actual percentage of accounts paid on time (based on \$)	99.05%	99.56%	99.23%	99.24%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–
Small business suppliers				
Number of accounts due for payment	29	19	15	29
Number of accounts paid on time	29	19	15	29
Actual percentage of accounts due for payment	100%	100%	100%	100%
Dollar amount of accounts due for payment	25,205	19,552	10,066	25,533
Dollar amount of accounts paid on time	25,205	19,552	10,066	25,533
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–

The Commission did not make any interest payments for late payment of accounts. Where there were delays in the payment of accounts, the reasons can be attributed to inaccuracies/incompleteness of the original invoices and/or minor disputes requiring the adjustment of invoice details prior to eventual payment.

All small business number of accounts were paid on time during the current reporting period.

Appendix 14 – Credit card certification

The Chief Commissioner certifies that credit card usage in the Commission has met best practice guidelines in accordance with the Premier's Memoranda and Treasury Directions.

Appendix 15 – Overseas travel

No overseas travel was undertaken by Commission staff in a professional capacity during the reporting period.

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