



# Investigations Process and Resource Model Review

**Independent Commission Against Corruption**

—

February 2018

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# Investigations Process and Resource Model

## 1. Executive summary

### 1.1 Scope and objective

As requested by the Chief Commissioner, a review was performed on the investigations processes within the Independent Commission Against Corruption (ICAC). This report details the results of the review.

**The objective of this engagement was to review the end-to-end investigations process and associated caseload to understand the resourcing requirements to effectively and efficiently meet the Commission's investigative responsibilities.** A Lean workshop was also held to understand the end-to-end process and identify any 'pain points' within the process. The workshop was held with team members from Assessment, Legal, Investigations and Corruption Prevention.

Additional meetings with a sample of 'Assessments' and 'Corruption Prevention' team members were conducted to ascertain whether there were any resource challenges that may be impacting their respective divisions or process objectives.

The outputs from the lean workshop guided the work that followed and, together with additional analysis and interviews, contributed to the final recommendations made throughout this report.

### 1.2 Background

The ICAC's principal functions are set out in the [Independent Commission Against Corruption Act 1988](#). In summary, they are:

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

The ICAC also conducts research to identify specific areas of corruption risk and, in assessing complaints, the ICAC keeps in mind its legal obligation to focus on serious and systemic corruption.<sup>1</sup>

The Chief Commissioner has noted that ICAC's investigative function is based on a reactive model, driven largely by complaints and notifications of alleged corrupt conduct and that it is important for this to continue. He also commented that ICAC needed to implement an intelligence-based proactive investigation approach to address new and emerging corruption threats and risks that are more complex in nature and more difficult to combat, resulting from changes in service delivery and contracting in the NSW public sector<sup>2</sup>.

1. <https://www.icac.nsw.gov.au/about-the-icac/overview>

2. Chief Commissioner Peter Hall, 20 November 2017 – ICAC Committee

In the 2015/2016 financial year the Commission implemented a redundancy program, which saw a reduction of 12 full time-equivalent (FTE) staff. The impact of these redundancies was to reduce the FTE staff in the Investigations Division by 13%, the Corruption Prevention Division by 31%, the Assessments Section by 21% and Legal by 12.5%. These reductions resulted in a significant decrease in ICAC's ability to maintain prior activity levels, as evidenced by changes to key performance indicators in the following year, 2016/2017. As shown in the table below, during this period, matters received remained constant, the days taken to close matters increased from 23 to 30 and the percentage of preliminary investigations completed within the 120 day target fell by 15% in 2017.

Key metrics	2015	2016	2017	Commentary
<b>Matter received</b>	3,146	2,436	2,489	Remains constant from 2016
<b>Days to assess and close a matter</b>	24	23	30	30% worsening in response timeframes
<b>% of preliminary investigations completed within target (120 days)</b>	98%	86%	83%	15% worsening in response timeframe
<b>Investigation team FTE</b>	49.3	48.2	41.8	13% reduction from 2016
<b>Corruption prevention team FTE</b>	20.2	17.0	11.6	31% reduction from 2016 and 42% reduction from 2015
<b>Assessments team FTE</b>	14.2	12.7	10.0	21% reduction from 2016 and 30% reduction from 2015

To identify better practice relating to the investigation of corruption, KPMG considered ICAC's current investigation process, systems and resourcing structure against three investigative organisations namely:

- Independent Broad-based Anti-corruption Commission, Victoria (**IBAC**);
- Corruption and Crime Commission, Queensland (**CCC QLD**); and
- Corruption and Crime Commission, Western Australia (**CCC WA**).

Although the various Commissions have different mandates, they all have a common responsibility for investigating and preventing corruption in the public sector. Throughout the report we have included key points of reference gathered from each of our conversations with these organisations.

## 1. Executive summary

### 1.3 Key observations and recommendations

KPMG's review has considered whether the current ICAC structures, resourcing and operational practices enable it to operate in line with better practice and be effective in preventing, detecting and responding in a timely manner to the risk of corruption within and affecting the New South Wales (NSW) public sector. The following table highlights the key observations and recommendations for management to progress.

Observation	Recommendation																																													
<h3>1.3.1 Resourcing needs</h3> <h4>Strategic Intelligence Unit</h4> <p>The creation of a Strategic Intelligence Unit will enable the ICAC to have a more impactful presence in the NSW public sector. Other anti-corruption bodies across Australia are committing considerable resources into the development of Strategic Intelligence Units, which are focussed on the prevention of corruption through strategically targeting known corruption ‘hot spots’ and emerging corruption risks. This work is enhanced through expert surveillance and tracking of industry trends and consideration of key data indicators, all of which has a known deterrent impact on potential perpetrators of corruption.</p> <p>Without a corresponding unit in NSW, ICAC may not possess the same capacity as the other entities to address systemic and emerging corruption issues.</p> <h4>Special Projects – Corruption Prevention</h4> <p>A reduction in FTE from 2014/15 to 2016/17 has caused the number of major projects being published decrease by half. (Six Major projects published in 2014/15 reduced to three major projects published in 2016/17). In line with the focus on prevention of corruption, ICAC needs to analyse systemic corruption themes to better define the focus of their Special Projects. By focusing on targeted projects and utilising appropriate experts, ICAC can better target and prevent corrupt and fraudulent practices which will have a financial benefit to NSW and improve public perception.</p> <h4>Investigation</h4> <p>Too few investigators, forensic accountants and administrative assistants in the Investigations Division, partly arising from the above mentioned redundancy program, has resulted in a lack of capacity, which is impacting on the timeliness of investigations and with staff having to undertake administrative tasks that do not align to their skills and experience. There are currently a number of cases that cannot be actively pursued due to the current level of investigation resources. Additionally, increased sick leave and lost flex time are indicators of strain on the current investigation staff due to reduced staffing levels.</p>	<p>ICAC requires additional resources to enable the desired uplift in responsiveness, activity, strategic focus and focus on corruption prevention. This cost can be categorised into four areas:</p> <h4>1. Estimated cost related to the increase in FTE</h4> <p>The below table outlines the minimum level of extra staffing required to achieve the strategic outcomes for ICAC and the NSW public sector, without which ICAC will continue to struggle to deliver on its existing investigations and corruption prevention functions, let alone focus on the desired new strategic, intelligence-led initiative. In order to meet these requirements 15 FTE, in the following roles, should be added to the fulltime permanent ICAC workforce.</p> <table><tr><th>Division/Section</th><th>FTEs</th><th>Estimated costs per FTE*</th><th>Type of funding required</th><th>Page reference in report</th></tr><tr><td><b>Strategic intelligence Officer (one Junior and one Senior)</b></td><td>2 FTE</td><td>145,000 – 150,000 120,000 – 130,000</td><td>Recurrent</td><td>P. 18</td></tr><tr><td><b>Investigators</b></td><td>4 FTE</td><td>115,000 – 125,000</td><td>Recurrent</td><td>P. 10</td></tr><tr><td><b>Admin assistants</b></td><td>2 FTE</td><td>75,000 – 85,000</td><td></td><td></td></tr><tr><td><b>Surveillance specialists</b></td><td>2 FTE</td><td>110,000 – 120,000</td><td>Recurrent</td><td>P. 10</td></tr><tr><td><b>Senior Digital forensic specialist</b></td><td>1 FTE</td><td>135,000 – 145,000</td><td>Recurrent</td><td>P. 15</td></tr><tr><td><b>Corruption Prevention Officer</b></td><td>2 FTE</td><td>145,000 – 155,000 120,000 – 135,000</td><td>Recurrent</td><td>P. 18</td></tr><tr><td><b>Legal Officers</b></td><td>1 FTE</td><td>135,000 – 155,000</td><td>Recurrent</td><td>P. 12</td></tr><tr><td><b>Assessments Officers</b></td><td>1 FTE</td><td>75,000 – 85,000</td><td>Recurrent</td><td>P. 16</td></tr></table> <p>*Note: these estimated costs do not include oncost.</p>	Division/Section	FTEs	Estimated costs per FTE*	Type of funding required	Page reference in report	<b>Strategic intelligence Officer (one Junior and one Senior)</b>	2 FTE	145,000 – 150,000 120,000 – 130,000	Recurrent	P. 18	<b>Investigators</b>	4 FTE	115,000 – 125,000	Recurrent	P. 10	<b>Admin assistants</b>	2 FTE	75,000 – 85,000			<b>Surveillance specialists</b>	2 FTE	110,000 – 120,000	Recurrent	P. 10	<b>Senior Digital forensic specialist</b>	1 FTE	135,000 – 145,000	Recurrent	P. 15	<b>Corruption Prevention Officer</b>	2 FTE	145,000 – 155,000 120,000 – 135,000	Recurrent	P. 18	<b>Legal Officers</b>	1 FTE	135,000 – 155,000	Recurrent	P. 12	<b>Assessments Officers</b>	1 FTE	75,000 – 85,000	Recurrent	P. 16
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# Investigations Process and Resource Model

## 1. Executive summary

### 1.3 Key observations and recommendations (continued)

Observation	Recommendation
<b>1.3.1 Resourcing needs (continued)</b>  <b>Surveillance</b> Due to the Investigation Services Section's current resource capacity, the team is unable to meet the basic standard (Australian Surveillance Group) required to effectively monitor targets and their associates, which can negatively impact investigation outcomes.  <b>Digital forensic specialist</b> With rapidly increasing volumes and complexity of digital evidence and the need to review this evidence efficiently and effectively, there is a need for an additional Senior Digital forensic specialist to support investigators and guide the junior digital forensic specialist resource.  <b>Corruption prevention</b> Per the Commission's Annual Reports, corruption prevention activity has been decreasing steadily over the past three years. This has translated into a decreased Anti-Corruption presentation reach (5,300 in FY2014-2015 to 2,500 in FY2016-2017) and no detailed anti-corruption advice provided in FY2016-2017. The Commission may not be effectively meeting the requirements of the Act to 'actively prevent' corruption. Without a considered and strategic review of corruption trends in NSW, ICAC may also not be effectively focusing on 'systemic' corruption activities.  <b>Legal</b> With increased focus on strategic intelligence and investigative activities, there will be a flow on impact on the Legal Division and activities they will need to undertake to ensure there are no 'blocks' in the end-to-end process.  <b>Assessments</b> There is a projected increase in the number of complaints received by the Commission and, together with the reduction of FTE staff from 14.2 (2014/15) to 10 (2016/17), this has increased the average days required to deal with a matter from 24 to 30. Management advice, on average, Case Assessment Officers have a case-load of 50 matters per person, which is viewed to be excessive and can impact quality.	<b>2. Consequential flow on cost associated with the increase in FTE</b>  Additional resources will result in additional flow on cost for the Commission. Flow on costs such as the development and delivery of training is outlined in section 1.3.3.  <b>3. Cost associated with change in operational practice such as Special Projects</b>  There is a need to for better upfront planning and research to define the focus and set up of Special Projects. ICAC should develop and submit the project brief and business case to support any specific request for grant funding. The project brief should identify the impact on ICAC staff as well as the need for external contractors and consultants as appropriate.  <b>4. Cost associated with 'peak' work periods</b>  In order to better manage 'peak' working periods, a pool of pre-vetted contractors are required to supplement the full-time resources. The cost of creating a flexible workforce to adapt to 'peaks' and 'troughs' of the Commission are outlined in section 1.3.2.

# Investigations Process and Resource Model

## 1. Executive summary

### 1.3 Key observations and recommendations (continued)

Observation	Recommendation
<p><b>1.3.2 Create a more flexible workforce</b></p> <p>ICAC is currently staffed by permanent part-time or full-time employees. This does not allow the Commission to upscale at pace when urgent matters are received, or effectively manage resources through the 'peaks' and 'troughs' that are characteristic of an investigations function. There are unavoidable activities (e.g. public enquiries and preparation of prosecution briefs for the Director of Public Prosecutions), which can be resource-intensive and impact other investigations. Additionally, current recruiting and on-boarding processes take time and impact the ability for the Commission to effectively respond to urgent and high-risk matters.</p> <p>The ICAC is constrained by the throughput of administrative activities, particularly in 'peak' times. The increased administrative burden and reduced administrative staff often leads to senior investigative resources completing administrative tasks, such as interview transcripts and document management, which is not an effective use of their time.</p>	<ul style="list-style-type: none"><li>• In order to better manage "peaks and troughs" and respond quickly to increased demand for investigative resources, consider establishing a panel of experienced investigators, who can be brought in to supplement full-time investigation resources as and when required, at short notice.</li><li>• Improve the investigation support capability by outsourcing scalable tasks, such as interview transcriptions, digital forensics and forensic accounting. Interview transcription costs can vary, but the best estimate for outsourced resources is \$8-10 per page.</li><li>• The above should be considered in quantifying the outsourced budget (<i>other expenditure</i>).</li></ul>
<p><b>1.3.3 Development and delivery of training</b></p> <p>Currently new hires in the Investigations Division are trained in the use of Nuix (digital forensics) and Resolve (case management) informally on an ad-hoc basis, resulting in an inconsistent and potentially inefficient use of these core systems. The inconsistent understanding and use of Resolve functionality among some team members is causing significant strain, as the team creates inconsistent workarounds to use the system.</p> <p>We note that the Commissions' internal training budget is \$1,398 per employee person for 2017 and \$1,312 per person for 2015/2016. This is significantly lower than IBAC, where the average spend per employee for 2016/2017 was \$3,568 and \$2,517 in 2015/2016.</p>	<ul style="list-style-type: none"><li>• A comprehensive NUIX training course, that would be implemented to baseline the entire organisation, is estimated to cost \$20,000. This type of training would normally have been offered when the system was implemented, however this was not undertaken due to funding restrictions.</li><li>• Implement a baseline Nuix training package for new starters to complete during induction, including practical as well as theoretical components.</li><li>• Develop a Nuix "Quick Reference Guide" with common search functionality and examples to supplement the training.</li><li>• Similarly a Resolve Base line training package and "Quick Reference Guide" should be developed for new starters.</li><li>• Consider increasing access to external courses on general management and relevant investigative topics to enable the investigative teams to upskill in both of these areas.</li><li>• The above should be considered in quantifying the training budget (<i>other expenditure</i>) for ICAC staff.</li></ul>

## 1. Executive summary

### 1.3 Key observations and recommendations (continued)

Observation	Recommendation
<p><b>1.3.4 Review the current reporting templates and reporting and management of milestones</b></p> <p><i>Reporting</i></p> <p>Three reports are currently produced on a monthly basis. The creation of reports is a largely manual process and can take a relatively significant amount of the Chief Investigators' time. Additionally, interviews highlighted that the reports are transactional in nature and are not meeting the requirements of all key stakeholders.</p> <p><i>Milestones</i></p> <p>The progression of an investigation is reliant on the Investigators to focus on the next steps, however these next steps are not always clearly articulated, on a regular basis to the Lead Investigators or the Commissioners. While it is understood that investigations can often change direction or be held up due to unforeseen circumstances, it is recommended that a timeline for be developed for each investigation and the progress against or changes to the timeline this be reported on a regular basis.</p>	<p>Redesign the monthly reporting regime to streamline and standardise the development of reports and align content and structure with stakeholder needs and requirements. Additionally liaise with IT to automate reporting as much as possible to drive efficiencies.</p> <p>Include reporting requirements against milestones (where practical) to enable Investigators to manage the timelines of investigations and provide signal for where</p>
<p><b>1.3.5 Better integrate and embed information technology solutions and data storage</b></p> <p>The information technology landscape at ICAC has been built up using multiple systems to complete discreet administrative and investigative tasks. There is very little integration between the core systems used for investigations (TRIM, Nuix and Resolve), resulting in inefficient manual processes and unnecessary time spent by investigators.</p> <p>Investigations are increasingly dependent on the use of technology to efficiently manage large volumes of data and electronic documents. Document management, case management and digital forensics all typically involve separate systems that perform different functions in relation to the same documents that are relevant to an investigation. Better practice organisations tend to invest in ensuring connectedness among these systems in order to prevent multiple capturing of documents, different naming conventions etc.</p>	<p>Address inefficiencies in the current information technology environment by:</p> <ul style="list-style-type: none"><li>a) Better integration between the core IT systems used in investigations, namely NUIX, Trim and Resolve, to reduce instances of double handling</li><li>b) More effective use of the case management program (Resolve), particularly for reporting.</li><li>c) The above should be considered in quantifying the software and IT budget (<i>other expenditure</i>) for ICAC staff.</li></ul>



# Investigations Process and Resource Model

## 1. Executive summary

### 1.3 Key observations and recommendations (continued)

Observation	Recommendation
<p><b>1.3.6 Expected increases in other expenses</b></p> <p><i>Expenses related to increased activity</i> There will be an expected flow-on cost following the addition of extra roles to meet ICAC needs. Such costs include, additional professional development training and legal costs relating to additional public inquiries.</p> <p><i>Additional system costs</i> The instance of JSI being utilised by ICAC is owned and maintained by the Law Enforcement and Conduct Commission (LECC). This is system that is used by other similar organisations. Management advice that previously, ICAC has not been asked to pay for usage of this system, however due to a change in the terms of the Memorandum of Understanding between ICAC and LECC, ICAC is now liable to recompense LECC for the costs of running the JSI database (estimated costs \$100,000/year).</p>	<p>The Commission should secure funding to cover these items and ensure consideration is given to other smaller costs that may be incurred if the Commission is to upscale in this manner.</p>
<p><b>1.3.7 Recurrent vs. grant funding</b></p> <p>The Commission is at a stage where some investigations are being delayed to focus on higher priority matters. This is a direct result of reduced funding, resulting in reduced resources. In previous years, grant funding has allowed the Commission to operate at an efficient level. However, without recurrent funding, the Commission was forced to reduce staffing in 2016/2017 to the current critical level.</p> <p><i>Lack of sustainability with grant funding</i> The application of grant funding requires an approved business case prior to recruitment, creating a time lag between the identification of the need for additional resources and the resources being available on the job.</p> <p><i>Constraints of grant funding</i> Grant funding restricts ICAC to only engage with short term contractors. The use of short term contractors creates a risk that corporate knowledge is lost, creating further inefficiencies for ICAC. This places ICAC in a position to extend resources only when subsequent grant funding is approved. These decisions are required to ensure continuity in investigations and to meet performance objectives.</p>	<p>The Commission should request that the additional resources identified are funded through recurrent funding to ensure staffing levels are aligned and support the achievement of organizational objectives.</p> <p>Corruption Prevention (CP) should plan in advance to establish key areas of focus and allow sufficient time to obtain grant funding for Special Projects and recurrent funding for more routine CP activities.</p>



## 2. Detailed Findings

### 2.1 Investigations Division

The Investigations Division carries out the majority of the investigative work undertaken by the Commission. Due to the size of the division and the broad nature of the matters it investigates and the changing face of corruption in the NSW public sector, the Investigations Division is facing operational challenges that are impacting their ability to effectively and efficiently investigate matters.

Such challenges include:

- With increasing public interest in corruption, there is added scrutiny for matters to progress beyond the Assessment Panel. Without sufficient resource, ICAC's ability to meet its strategic and corporate objectives is reduced;
- Too few investigators, forensic accountants and administrative assistants in the Investigations Division has resulted in a lack of capacity, which is impacting on the timeliness of investigations. Additionally, the full-time and permanent part-time nature of the resources does not provide sufficient flexibility to deal with 'peaks and troughs' in investigative activity in a timely manner (**Resource & Capacity**);
- Process inefficiencies relating to the management of information, development of reports and ongoing communications between teams is impacting the quality and timeliness of investigations (**Process**); and
- The lack of effective Resolve and Nuix training delivered to the teams, together with a lack of integration between the core systems used in investigations (TRIM, Nuix and Resolve) (**Technology**) is creating inefficiencies and an underutilisation of system functionality.

These challenges are evident in key performance indicators. These indicators include:

1. A backlog of cases that cannot be actively pursued by investigative teams due to the current level of outstanding investigations.
2. The target to close preliminary investigations is 120 days. In FY14-15 98% of preliminary investigations were closed within the 120 day target, in FY16-17 only 83% of preliminary investigations were closed within the 120 day target.

### Appropriate use of skills

Administrative activities undertaken by investigators are not aligned to their responsibilities and skill sets. Other jurisdictions utilise outsourced support for activities that do not need to be undertaken by investigators

### Capacity

The Investigations Division is set up in three functional teams and a Investigation Services Section. The functional teams are charged with carrying out investigations on matters that are referred to them through the Assessment team. The Investigation Services Section provides specialist technical and surveillance support to the other three teams (there were four teams prior to redundancy programs). In recent years, the average FTE of the Investigations Division has fallen by 15% from 49.3 in FY2014-2015 to 41.8 in FY2016-2017.

With increased focus on strategic intelligence and investigative activities, there will be a flow-on impact on the legal division and activities they will need to undertake to ensure there are no 'blocks' in the end-to-end process.

### Personal leave and Flex time indicators

#### *Personal leave*

Throughout the 2017 calendar year, the Investigations Division has seen an increase in unplanned sick leave taken by team members. In total, the Investigations Division has taken 303 days of sick leave, which accounts for 70% of all personal leave taken by all staff in the Commission. Personal Leave is where ID accounts for 42.6% of all staff working at the Commission. This is the equivalent of losing 1.3 FTE throughout the year.

#### *Flex time*

Per the ICAC Award 2017, investigators are able to earn additional leave time by accruing 'flex time'. Flex time is earned by working over time throughout the year. This time is awarded to the employee as additional annual leave that needs to be taken in the same 12 month period, or the employee 'loses' that time.

Throughout 2017, 16 team members earned flex time, and then subsequently 'forfeited' that time as they did not have capacity to take the benefit within the 12 months required. Of specific note, there are three investigators that forfeited more than 35 hours (or one full work week).

These two measures are indicators of increasing workload and stress on the team and should be considered when reviewing the team structures and resourcing requirements.

## 2. Detailed Findings

### 2.1 Investigations - Resource & Capacity

#### Benchmarking

CCC QLD and CCC WA both make use of outsourcing for transcription services, forensic accounting (particularly when it comes to preparing briefs of evidence in short time frames) and digital forensics.

Observation	Risk and Impact	Recommendation
<b>2.1.1 Administrative activities</b>  Investigators spend considerable time completing activities that are considered administrative. Such activities include: scanning documents, naming documents for storage in TRIM and typing transcripts of interviews. Of particular note is the time spent transcribing witness testimony.	<ul style="list-style-type: none"> <li>Investigator time is an already constrained resource and the administrative tasks that they perform, while important, hinder the progress of investigations and negatively impact the time to complete an investigation.</li> <li>The effective cost of performing the administrative tasks is increased by using more highly paid investigators rather than most cost effective administrative staff.</li> </ul>	<ul style="list-style-type: none"> <li>Outsource interview transcription, enabling investigators to focus on investigations and the administrative staff to focus on other tasks, such as scanning documents and Telephone Intercept (TI) transcripts, which are currently being undertaken by the investigators.</li> <li>Increase the number of Administrative staff by two FTE to manage increased administrative tasks that cannot be outsourced, such as TI transcription.</li> </ul> <p><i>2 Admin resources: \$75,000 - \$85,000 each (excluding on-costs) Outsourcing interview transcripts: Costs can vary, but the current market estimate is \$8-10 per page</i></p>
<b>2.1.2 Resourcing of Investigations Services Section</b>  Due to the Investigation Services Section's current resource capacity, the team is unable to effectively monitor targets and their associates especially in situations involving multiple parties.	<ul style="list-style-type: none"> <li>The Investigation Services Section's current resource capacity is negatively impacting its ability to follow multiple parties attending a meeting under surveillance. As a result, ICAC may not be able to gather sufficient evidence as it becomes available (e.g. to identify target's associates), thereby extending the length of an investigation and / or missing potentially relevant evidence.</li> <li>Investigations can also take longer as the surveillance team are unable to mobilise on multiple investigations simultaneously. The team, together with investigators, have to decide which meetings take priority and, as a result, potentially relevant evidence may be lost.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of staff in the Investigations Services Section by two FTE to enable the Commission to undertake more effective monitoring and surveillance and to ensure ongoing safety and capability of the team.</li> <li>Put in place a pre-vetted pool of external contractors to assist with monitoring assignments, where appropriate. This would allow the teams to further the investigation without impacting current workloads.</li> </ul> <p><i>2 Surveillance resources: \$110,000 - \$120,000 each (excluding on-costs)</i></p>

## 2. Detailed Findings

### 2.1 Investigations - Resource & Capacity (Cont.)

#### Benchmarking

- At the CCC WA, contractors go through the same security clearance process as for FTE's, allowing them to rapidly scale up in the case of an urgent investigation.
- IBAC accounting specialists sit outside the investigations teams and are utilised on corruption investigations teams as and when needed.

Observation	Risk and Impact	Recommendation
<p><b>2.1.3 Capacity of Investigative Teams</b></p> <p>The increasing length of time taken to close investigations is a strong indicator that the Investigation Division teams are under resourced. The percentage of preliminary investigations closed within the target 120 days has decreased by 15% over the last two years.</p> <p>Additionally, although the number of new full investigations in FY16/17 has remained consistent with FY15/16 at 10, the number of full investigations completed has declined from 15 in FY15/16 to 9 in FY16/17.</p> <p>ICAC is currently staffed by permanent part-time or full-time employees. This does not allow the Commission to upscale at pace when urgent matters are received, or effectively manage resources through the 'peaks' and 'troughs' that are characteristic of an investigations function. There are unavoidable activities (e.g. public enquiries and preparation of prosecution briefs for the Director of Public Prosecutions), which can be resource-intensive and impact other investigations. Additionally, current recruiting and on-boarding processes take time and impact the ability for the Commission to effectively respond to urgent and high-risk matters.</p>	<p>The impact of under-resourced investigation teams poses a serious corruption risk to government as:</p> <ul style="list-style-type: none"> <li>○ Chief Investigators are sometimes undertaking some of the detailed investigation work instead of remaining in a strategic oversight role. This increases the risk of investigations not being appropriately directed and taking longer to complete.</li> <li>○ Existing cases are de-prioritised to cope with more high risk/time sensitive/significant impact cases;</li> <li>○ There is a backlog of cases that cannot be allocated or actively pursued by the Investigations team;</li> <li>○ There is a risk of investigator fatigue or stress impacting the quality of investigations; and</li> <li>○ Inefficient work practices result from investigators having to continually pick up/put down multiple cases.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of four FTE Investigators.</li> <li>• Put in place a pre-vetted, security-cleared pool of external investigators (e.g. retired investigators) to draw upon when increased caseloads or special circumstances require more investigators at short notice.</li> </ul> <p><i>4 Investigators: \$115,000 - \$128,000 each (excluding on-costs)</i></p>
<p><b>2.1.4 Lack of forensic accountants</b></p> <p>Each Investigation team has one forensic accountant, however if one of these accountants is on leave or unavailable, their absence negatively impacts the progression of investigations as the other two forensic accountants have to cover their caseload in addition their own.</p> <p>During investigation peaks there can be a delay to investigations as it is difficult and time consuming to recruit and quickly onboard new forensic accountants.</p>	<p>As financial crime becomes more complex with advances in technology, ICAC risks not being able to understand or uncover the full gamut of financial crime being committed in a matter, if there are insufficient forensic accountants to undertake all relevant lines of enquiry.</p>	<p>Put in place a pre-vetted, security-cleared pool of forensic accountants to enable ICAC to call on as and when required, at short notice.</p>

## 2. Detailed Findings

### 2.1 Investigations - Resource & Capacity (Cont.)

Observation	Risk and Impact	Recommendation
<p><b>2.1.5 Expected impact of increased investigative activity</b></p> <p>There will be an expected flow on costs following the addition of extra roles to meet ICAC needs, the greatest of these costs include:</p> <p><i>Additional in-house legal resources</i> At present, the legal team is able to sufficiently manage the case load, however the expected increase in investigative activities will require additional legal support to ensure there are no blocks in the end to end to process.</p> <p><i>Additional Public Inquiries</i> Increase in investigative activities will result in additional public inquiries for the Commission. The legal team is currently working at capacity, and therefore will require additional resource in order to attend to the added public inquiries at the Commission.</p> <p><i>Expenses related to increased activity</i> There will be an expected flow-on cost following the addition of extra roles to meet ICAC needs. Such costs include, additional professional development training and (external) legal costs relating to additional public inquiries.</p>	<p>There is a potential that building the capacity in the Investigations Division, the Assessments Section, Legal and the Corruption Prevention Division will increase required activity and other scalable costs.</p>	<ul style="list-style-type: none"><li>• Increase the in-house legal team by 1FTE to ensure the Legal team has the capacity to manage the increased load expected to evolve as a result of increased investigative activity</li></ul> <p><i>1 Legal: \$135,000 - \$155,000 (excluding on-costs)</i></p> <ul style="list-style-type: none"><li>• The Commission should secure funding to cover additional costs such as professional development, training and external legal costs and ensure consideration is given to other smaller costs that may be incurred if the Commission is to upscale in this manner.</li></ul>

# Investigations Process and Resource Model

## 2. Detailed Findings

### 2.2 Investigation - Process

Observation	Risk and Impact	Recommendation
<b>2.2.1 Timely storage of evidence</b>  Documents are not scanned into NUIX and TRIM upon receipt. As a result, investigators are often required to retrieve documents from Property and scan in relevant documents.	Investigators waste time checking evidence in and out of Property, when the documents should be made immediately available in electronic format.	All documents should be scanned into NUIX and TRIM upon receipt for ease of review, allowing the physical copies to be stored securely, without the need to be accessed again, after scanning.  Resource implications should be quantified by ICAC management.
<b>2.2.2 Reporting on Investigative Activity</b> <ul style="list-style-type: none"><li>Three reports are currently produced on a monthly basis, these are:<ul style="list-style-type: none"><li>IMG Report;</li><li>Investigation Plan; and</li><li>Investigation Progress Report.</li></ul></li><li>Reports are manually produced and take up approximately three to four days per Chief Investigator per month, in addition to other staff time.</li><li>Reporting is currently transactional in nature and based on historical investigation activity.</li><li>Reports are not meeting the requirements of all stakeholders.</li></ul>	Chief Investigators attention is being further diverted from their strategic oversight role. This escalates the risk of investigations not being appropriately directed and taking longer to complete. The reports do not enable stakeholders to easily obtain investigation status information, understand the progress of investigations and determine if key objectives are being met.	Create a small working group to understand stakeholder needs, redesign the monthly reporting regime to streamline and standardise the development of reports and align content and structure with stakeholder needs. Specific issues to consider: <ol style="list-style-type: none"><li>Needs of report users</li><li>Usability of source data</li><li>Potential for automation of reporting documentation</li><li>How to document future actions, as compared with providing a purely historical account of the investigative activities.</li></ol>
<b>2.2.3 DPP Briefs</b>  Investigation and Legal do not collaborate at a sufficiently early stage of an investigation to write consistently effectively briefs to the DPP. Currently the investigation team prepares the brief and Legal reviews it.	Sometimes rework is required to update briefs due to lack of early and on-going collaboration.	Management should formalise the practice where the Legal team is involved earlier to aid scoping of the brief and should regularly check-in with the investigation team in preparing the brief.
<b>2.2.4 Timelines and milestones</b>  Investigations do not currently set documented timelines and milestones to manage investigations.	Investigations may not be effectively managed and progress in a timely manner in the absence of agreed timelines and milestones.	Include milestones and time estimates (where practical) as part of the planning process for investigations. As a part of monthly reporting include a milestone/Gantt chart to map out investigative activities.

## 2. Detailed Findings

### 2.3 Investigation - Technology

#### Benchmarking

IBAC – currently in negotiations after a tender process for a new case management system which will 'speak' to TRIM, the document management system. They use NUIX for forensic technology.

Observation	Risk and Impact	Recommendation
<p><b>2.3.1 System integration</b></p> <p>There is a lack of integration between core systems used in investigations, namely TRIM, Nuix and Resolve. Currently Investigations staff manually import and rename evidentiary documents from Nuix to TRIM. This process becomes particularly onerous when large numbers of electronic documents are relevant to an investigation.</p>	<p>Manual importing and renaming of documents is not an effective use of the investigators' time and skills. The effective cost of performing this repetitive task is increased by using more highly paid investigators rather than automating the process. Additionally the process is subject to human error, which an automated process would remove.</p>	<p>Explore automation via one of 2 options:</p> <ul style="list-style-type: none"> <li>○ Nuix customised scripting to generate a TRIM compatible import file.</li> <li>○ A standalone application to take a standard Nuix eDiscovery export and input the documents via the TRIM Bulk import programming interface.</li> </ul> <p>The above should be considered in quantifying the software and IT budget (<i>other expenditure</i>) for ICAC staff.</p>
<p><b>2.3.2 Development and delivery of training</b></p> <p>New hires in the Investigations Division are trained in the use of Nuix and Resolve informally on an ad-hoc basis.</p> <p>In addition, we note that the Commissions' internal training budget is \$1,398 per employee for 2017 and \$1,312 per employee for 2015/2016. This is significantly lower than IBAC, where the average spend per employee for 2016/2017 was \$3,568 and \$2,517 in 2015/2016.</p>	<p>New staff may not identify relevant evidence if they do not have a sufficient understanding of Nuix, including search syntax. In addition, inefficiency may occur due to inconsistent understanding and use of Resolve functionality among team members.</p>	<ul style="list-style-type: none"> <li>• Implement a baseline Nuix training package for new starters to complete during induction, including practical as well as theoretical components.</li> <li>• Develop a Nuix "Quick Reference Guide" with common search functionality examples etc. could be created and provided with the training. Similarly a Resolve Base line training package and "Quick Reference" developed for new starters.</li> <li>• Consider increasing access to external courses on general management and relevant investigative topics to enable the investigative teams to upskill in both of these areas.</li> </ul> <p><i>A comprehensive NUIX training course is estimated to cost \$20,000. The above should be considered in quantifying the training budget (other expenditure) for ICAC staff.</i></p>

## 2. Detailed Findings

### 2.3 Investigation – Technology (cont.)

Observation	Risk and Impact	Recommendation
<p><b>2.3.3 Quantum of Digital Evidence</b></p> <p>The number of devices containing potential digital evidence and corresponding volume of data to be preserved and analysed is increasing exponentially and investigations functions are increasingly challenged in managing these larger volumes of data.</p> <p>The volume of data collected by ICAC as evidence has increased from 22.6GB in 2010 to 76.32GB (data) plus 2.51TB (media) as at November 2017, this data requires evidentiary review and storage.</p>	<p>Available storage and processing capacity may be exceeded, resulting in the inability of the investigation team to store and analyse data in a timely manner.</p>	<p>Put processes in place to expand both storage and processing capacity in line with the increased demand on a continuous cycle.</p> <p>All server and storage specification should inform budget requirements (<i>other expenses</i>) should take into account the need for expandability.</p>
<p><b>2.3.4 Digital Evidence Specialist Capacity Gap</b></p> <p>There is currently only one digital evidence specialist to support investigators in dealing with digital information and ICAC relies upon assistance from other agencies, such as the ATO, for assistance in the event they need to execute search and seizure of digital evidence at multiple sites concurrently.</p> <p>Although a second junior digital evidence specialist is currently being recruited, given the rapidly increasing volumes and complexity of digital evidence and the need to review this evidence efficiently and effectively, there is a need for an additional Senior Digital forensic specialist to support investigators and guide the junior digital forensic specialist resource.</p>	<ul style="list-style-type: none"> <li>Inadequate digital evidence support could result in inefficiencies in reviewing electronic information and potentially relevant evidence not being identified, compromising investigation outcomes.</li> <li>There is a potential loss of evidence / inability to execute search and seizure in a timely manner should assisting agencies be unavailable.</li> <li>Continuity of service issues would be negatively impacted should the Digital Evidence Specialist position become unexpectedly vacant.</li> </ul>	<p>Recruit a second Senior Digital forensic specialist in addition to the new Junior resource being recruited to address these risks.</p> <p><i>1 Senior Digital forensic specialist: \$135,00 - \$145,000 (excluding on-costs)</i></p>
<p><b>2.3.5 Unbudgeted increase in IT expense (NUIX)</b></p> <p>The instance of JSI being utilised by ICAC is owned and maintained by the Law Enforcement and Conduct Commission (LECC). Management advice that previously, ICAC as not been asked to pay for usage of this system, however due to a change in the terms of the Memorandum of Understanding between ICAC and LECC, ICAC is now liable to recompense LECC for the costs of running the JSI database (estimated costs \$100,000/year).</p>	<p>The JSI hosting fee is a known cost that needs to be factored into ICAC's budget to ensure it is appropriately reported and accounted for.</p>	<p>Increase ICAC's budget to cover the costs of the hosting of JSI, the Commissions' key case management software.</p>



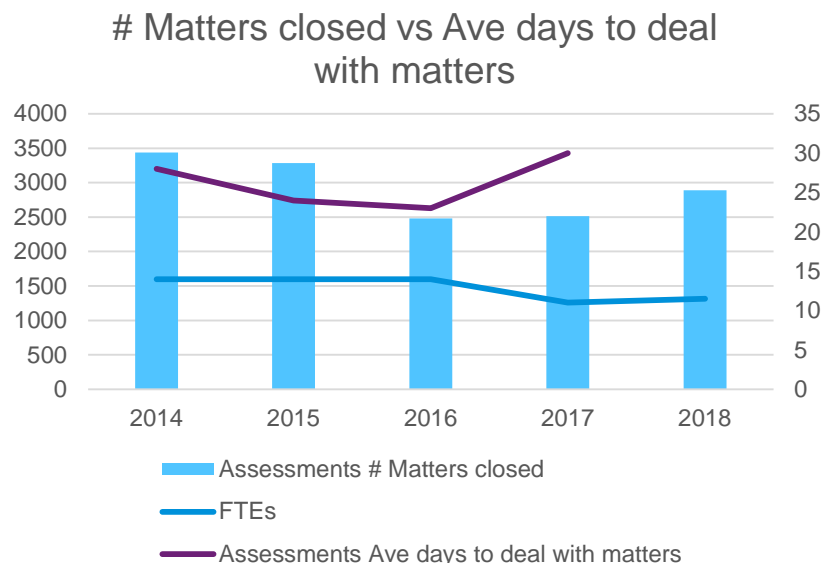
## 2. Detailed Findings

### 2.5 Assessments Section

The Assessment Section is the first place the Commission becomes aware of a potential matter. There are a number of different ways complaints or issues can be reported to the Commission, but all matters are initially assessed by the Assessments Section to determine whether they will be accepted for preliminary investigation.

#### Resourcing

The assessments team is comprised of 11.5 FTE staff, including one Manager and one team leader. There is also 0.5 FTE administrative assistance staff, who works part time in Assessments and part time in Investigations.



As shown in the diagram opposite, despite the reduced headcount, the number of matters expected to be received by the Assessment Section in 2018 is approximately 3,100\*, an increase on 2017 and 2016. However, the average time to assess matters has increased to 30 days in 2017, compared with 23 days and 24 days in 2016 and 2015, respectively. Management advice, on average, Case Assessment Officers have a case-load of 50 matters per person, which is viewed to be excessive and can impact quality.

This suggests that, with existing resource capacity, the Assessment Section will take longer to assess matters and the quality of the assessments may be adversely impacted, ultimately reducing the Commission's ability to respond in an appropriate and timely manner to matters reported.

In addition, the Commission aims to introduce a Strategic Intelligence Unit in the Corruption Prevention Division (refer page 17). One of the functions of this unit will be to assess thematic matters reported to the Commission and the outcomes of matters investigated. This will require additional time on the part of the Assessments Section to provide appropriate senior level input, which in turn should improve the quality of decisions made by the Assessments Section on the matters that are accepted for investigation by the Commission and the ability of the Corruption Prevention Division to focus on systemic corrupt conduct.

#### Recommendation

Increase the team by one FTE to enable the Assessments Section to return to previous levels of timeliness and enable more senior team members to provide input into the Strategic Intelligence Unit and Corruption Prevention Division.

*1 Case assessor: \$75,000 - \$85,000 (excluding on-costs)*

\* Estimate based on Q1 numbers, annualized.

## 2. Detailed Findings

### 2.6 Corruption Prevention (CP) Division

The CP Division works closely with the NSW public sector to develop solutions and provide recommendations to address weak processes and practices within government that enable corrupt behaviour. The CP Division aims to implement solutions to improve the efficiency and effectiveness of all government bodies and to assist administrators in recognising and addressing existing opportunities for corrupt behaviour.

The scope of the CP Division was extended as a result of the Independent Commission Against Corruption Amendment Act 2015 (the amendment Act). The amendments to the ICAC Act now means that the Commission is required to consider the root causes of those practices that affect the integrity and reputation of NSW government entities. The analysis and reporting of root cause is undertaken by the CP Division.

#### Functions of the CP Division

In order to carry out the required function of the CP Division, the team provides the following services:

1. Conducts root cause analysis for Investigation reports and develops related improvement recommendations
2. Provides advice relating to legislative submissions
3. Provides advice to individuals working in NSW public sector entities
4. Provides training and talks / presentations
5. Acts as a liaison on policy projects

#### Resourcing

As at 30 June 2017, the CP Division consisted of 11.61 FTE staff. This is a decrease from 17 in FY2015-2016 and 20.2 in FY2014-2015. In contrast, QLD CCC has 76.1 FTE in CP.

Recent departures of particular team members with expertise in the operations of local government functions has weakened the team's ability to provide expertise into key areas, such as town planning and procurement. We note that in 2017, 14 out of 27 preliminary investigations originated from Local Government.

#### Benchmarking

IBAC has a Strategic Intelligence Function or Target Development Unit for the proactive development of investigations. Per the IBAC FY2016-2017 Annual Report, the Strategic Intelligence Function aims to identify people and entities that are operating in a high risk area for corruption to occur. The TDU is not seen as critical and when they have a peak in investigations they can park the TDU investigations.

#### Special Projects

Recent reduction in CP team members has resulted in fewer projects being published. CP currently does not have the resources to take on additional projects, including Special Projects. Without CP undertaking Special Projects, ICAC is unable to target the corrupt behavior and culture within NSW public sector entities, which will have a direct impact on the public's perception of the Commission and potentially result in financial loss to NSW going undetected.

A reduction in FTE from 2014/15 to 2016/17 has caused the number of major projects being published decrease by half. (Six Major projects published in 2014/15 reduced to three major projects published in 16/17). Additionally, CP have not been able to deliver projects in a timely manner. For example, 'Facilities Maintenance' project began in 2013/14 and was released in 2016/17, whereas the 'Employment screening' project which began in 2013/14 has yet to be published.

The current grant funding does not give sufficient consideration for CP to drive change within the sector, knowledge and culture will cease when grant funding ends. Recurrent funding to support 'special projects' is required to allow ICAC to target the corrupt behavior and culture within NSW public sector entities.

In line with the focus on prevention of corruption, ICAC needs to analyse systemic corruption themes to better define the focus of their Special Projects. By focusing on targeted projects and utilising appropriate experts, ICAC can better target and prevent corrupt and fraudulent practices which will have a financial benefit to NSW and improve public perception.

#### Thematic Review

ICAC currently performs no retrospective thematic review of all matters reported to the Commission to identify trends, emerging issues or consideration of aggregated outcomes to inform where future investigative and corruption prevention efforts should be directed to enable the Commission to make more effective use of its resources.

In contrast, for example, CCC WA looks at emerging corruption themes and the highest risks to the WA public sector.

## 2. Detailed Findings

### 2.6 Corruption Prevention (CP) Division (cont.)

#### Strategic Intelligence

Per the ICAC Act, *In exercising its functions, the Commission is, as far as practicable, to direct its attention to serious corrupt conduct and systemic corrupt conduct and is to take into account the responsibility and role other public authorities and public officials have in the prevention of corrupt conduct.*

The Commission recognises that, in order to effectively fulfil this mandate, it requires a more strategic, intelligence-led approach, both with respect to corruption prevention and investigations.

The proposed creation of a Strategic Intelligence Unit, focussed on the prevention of corruption through strategically targeting known corruption 'hot spots' and emerging corruption themes and risks, will enable the ICAC to fulfil its mandate and have a more impactful presence in the NSW public sector.

The risks of not implementing a strategic intelligence function include:

- inability to analyse trends and activity data to determine possible areas of investigation.
- inability to identify trends indicating the potential for significant corruption to occur within specific sectors.

#### Scalable workload

To a degree, the CP Division's work tends to be scalable. As the work is not necessarily driven by complaints or investigative timetables, the team can accommodate fewer staff by simply delivering fewer activities such as training projects and training courses. This is however, not optimal for the Commission, the state of NSW or local communities as it diminishes the focus on corruption prevention.

Per the Commission's Annual Reports, corruption prevention activity has been decreasing steadily over the past three years. This has translated into a decreased Anti-Corruption presentation reach, as set out in the table below, and no detailed anti-corruption advice provided in FY2016-2017.

By de-scaling its training and public learning activities, ICAC risks losing visibility and relevance in the broader NSW public sector, potentially diluting the positive impact the Commission can have on the prevention of corruption in NSW.

Preventing Corruption	FY2014-2015	FY2015 -2016	FY2016 -2017
<b>Requests for Corruption Advice</b>	134	94	105
<b>Training Sessions Delivered</b>	85	107	74
<b>Staff Attendance at Training Sessions</b>	630	511	516
<b>Anti-Corruption Presentations</b>	194	175	106
<b>Anti-Corruption Presentation Reach</b>	5,300	4,700	2,500
<b>Detailed Corruption Prevention Advice Responses</b>	23	12	-
<b>Number of Major Projects undertook</b>	6	4	3
<b>Number of Prevention Reports Published</b>	3	1	3
<b>FTE</b>	<b>20.2</b>	<b>17</b>	<b>11.61</b>

#### Recommendations

- Increase the CP team by two FTE, one senior resource and one junior resource, to re-focus on training and public learning activities.

*Senior resource: \$145,000 - \$155,000 (excluding on-costs)*

*Junior resource: \$120,000 - \$135,000 (excluding on-costs)*

- Create a periodic review and assessment process over investigations outcomes to establish, with the benefit of hindsight, whether the Commission is appropriately are focussing on serious and systemic corrupt conduct.
- Create a Strategic Intelligence Unit to build new capability and capacity to conduct proactive research and focus investigations into high-risk areas. A key function of this unit should be the thematic assessment of matters reported to ICAC and the outcomes of investigations, which will assist in establishing themes and trends in relation to corruption in the NSW public sector. The team should be staffed by two people, ideally with investigations and corruption prevention experience. When the Commission experiences peaks in investigations activity, they can shift their focus from the Strategic Intelligence Unit to assisting on investigations.

*Senior resource: \$145,000 - \$155,000 (excluding on-costs)*

*Junior resource: \$120,000 - \$135,000 (excluding on-costs)*

## Appendix 1. Scope

### 1.1 Objectives

As requested by the Chief Commissioner, a review was performed on the investigations processes within the Independent Commission Against Corruption (ICAC). The aspects of this internal audit project is detailed below.

#### Objective

The key objective of this project was to review the end-to-end investigations process and associated caseload to understand the resourcing requirements to effectively and efficiently meet the Commission's investigative responsibilities.

Additional meetings with a sample of 'Assessments' and 'Prevention Program' team members were conducted to ascertain whether any resource challenges that may be impacting their respective team or process objective.

### 1.2 Scope

The scope of this project involved:

#### Process review

- Conducted an all-day LEAN workshop to understand the end-to-end investigations process, with a focus around identifying process / gap inefficiencies. This included the following key investigative stages:
  - Stage 1: Assessments
  - Stage 2: Preliminary investigation
  - Stage 3: Full investigation
  - Stage 4: Operational activities
  - Stage 5: Prosecution brief preparation
- Reviewed current processes in place to assess and track the relevance of documentation relating to specific investigations. Consideration will be given to the manual nature of document monitoring, creation and records management processes e.g. the preparation of prosecution briefs.
- Considered the current investigation process, systems and resourcing structure against comparable organisations (e.g. Independent Broad-based Anti-Corruption, Corruption and Crime Commission Queensland and Corruption and Crime Commission Western Australia). This focused on identifying better practice relating to the investigation of corruption.

#### Structure and resourcing model

- Understanding the current resource structure within the Investigation team.
- Ascertain the appropriateness of current roles and responsibilities and staff capability to support ICAC's requirements.
- Understanding the peaks and troughs relating to the investigation process and how staff skillsets (within and outside of the investigations team) are utilised. This will consider:
  - Appropriate use and structure of the investigations team
  - Opportunity to use other team members
  - Consideration for a co-sourced or outsourced investigations model
- Propose resourcing options to address key challenges identified in consultation with management and based on the results of the LEAN workshop.

#### Systems

- High-level consideration of the usage of current system functionality within key investigative systems (i.e. Nuix, Resolve and iBase) to support the end-to-end investigations process.
- Identify areas where other technology-enabled solutions could be considered within the Commission to enhance the efficiency and effectiveness of current investigative processes or activities.
- Consider the effectiveness of the process to interface with ICAC IT in relation to resolving IT issues or in prioritizing and put in place IT enhancements as requested by operational divisions within ICAC.



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