

LECC

Law Enforcement
Conduct Commission

Police Integrity Commission Annual Report 2016-2017

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

The Hon Shelley Hancock MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr President and Madam Speaker

On 20 October 2017, the Law Enforcement Conduct Commission Annual Report for the year ended 30 June 2017 was presented to Parliament. As detailed in that report, the Law Enforcement Conduct Commission replaced the Police Integrity Commission, the Police Division of the Ombudsman's Office and the Office of the Inspector of the NSW Crime Commission, and those entities were abolished on 1 July 2017.

The obligation of the Police Integrity Commission to present an Annual Report for 2016-2017 passed to this Commission by virtue of the transitional provisions in Schedule 3 of the *Law Enforcement Conduct Commission Act 2016*. Accordingly, this report, comprising the PIC's financial statements and report on activities for the year ended 30 June 2017, is furnished.

In accordance with s 142(2) of the *Law Enforcement Conduct Commission Act 2016*, it is recommended this report be made public forthwith.

Yours faithfully



The Hon M F Adams QC
Chief Commissioner

18 December 2017

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CHIEF COMMISSIONER'S FOREWORD

The Law Enforcement Conduct Commission was established following an extensive review of law enforcement oversight in NSW by the former NSW Shadow Attorney General, Mr Andrew Tink AM. Mr Tink's review recommended strengthening and streamlining law enforcement oversight in NSW by creating a single independent civilian oversight body for the NSW Police Force and the NSW Crime Commission. In particular, the review recommended that the new oversight body take on the functions carried out by the Police Integrity Commission and the Police Division of the Office of the Ombudsman. The Commission commenced to exercise its functions on 1 July 2017, at which point those entities were abolished.

The obligation of the Police Integrity Commission to present an Annual Report for 2016-2017 passed to this Commission by virtue of the transitional provisions in Schedule 3 of the *Law Enforcement Conduct Commission Act 2016*. It is also important to acknowledge the work completed in the Commission's final year of operations and the ground breaking work undertaken by the PIC over two decades, which made a vital and significant contribution to law enforcement oversight in NSW. I look forward to building on this successful foundation at the LECC.

A handwritten signature in black ink, appearing to read 'M Adams', with a stylized flourish at the end.

The Hon M F Adams QC
Chief Commissioner

1. 2016-17 OVERVIEW

The Commission at a glance

The Police Integrity Commission came into existence in 1996 following the Royal Commission into the New South Wales Police Service. The Commission was a statutory corporation constituted by the *Police Integrity Commission Act 1996* ('the Act'). The Commission worked to prevent, detect and investigate serious officer misconduct which included misconduct by police officers, corruption by administrative officers of the NSW Police Force and misconduct by Crime Commission officers.

The Commission received and assessed complaints from members of the public, members of the NSW Police Force and the NSW Crime Commission, as well as public officials, journalists and Members of Parliament. In appropriate cases, the Commission exercised extensive powers of investigation, including the holding of hearings in private, or in public, as part of an investigation into corruption or serious misconduct. Reports to Parliament were presented following every public hearing. A list of those reports is at Appendix 9.

The Commission worked closely with the NSWPF to prevent corruption by providing informed advice and recommendations on improvements to systems and practices. The Commission's research reports were shared in a number of ways, including directly with the NSWPF, published on the Commission website or furnished to Parliament and made public.

The Commission, independent of the government, the NSWPF and the NSWCC, was held accountable for its actions by the Inspector of the Police Integrity Commission and by the Parliamentary Joint Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission.

On 1 July 2017, the Act was repealed and the Commission was abolished. It was replaced by the Law Enforcement Conduct Commission which commenced operation in full on 1 July 2017.

Detecting, investigating and exposing serious officer misconduct and corruption

One of the Commission's primary functions was to detect, investigate and expose serious officer misconduct and corruption in the NSWPF and the NSWCC. During 2016-17, the Commission worked on 91 investigations including 66 preliminary investigations and 25 full investigations. Of these, 78 were completed and 13 were ongoing as at June 30 2017. It is worth noting that the Commission initiated fewer investigations in 2016-17 due to departing staff and the imminent commencement of the Law Enforcement Conduct Commission. Most of the Commission's active investigations were taken over by the LECC when it commenced operations on 1 July 2017.

Two investigations resulted in briefs of evidence being referred to the NSW Director of Public Prosecutions and the Commonwealth Director of Public Prosecutions for the consideration of prosecution against three individuals. See Chapter three for further details.

During the year the Commission:

- Assessed 1178 complaints of misconduct against sworn and unsworn NSWPF officers

- assessed 8 complaints containing 24 allegations of misconduct¹ against current and former NSWCC officers.

Preventing serious officer misconduct by supporting improvements to systems and practices

The Commission's other primary function was to prevent serious officer misconduct by supporting improvements to the NSWPF and NSWCC systems and practices. The Commission worked to raise awareness of the risks of misconduct, and to minimise misconduct and corruption in the NSWPF and the NSWCC through research, policy recommendations and advice. In 2016-17, the Commission continued to assess how effectively the NSWPF was managing specific misconduct risks as well as assisting to strengthen the NSWPF's command level misconduct prevention efforts.

During 2016-17 the Commission published Project Harlequin, which examined the misconduct risks in critical incident investigations and the rate of compliance by the NSWPF with its guidelines for critical incident investigations.

Further information about Project Harlequin can be found in Chapter four.

The Commission's accountability

The Commission was accountable to two external bodies: the Inspector of the Police Integrity Commission and the Parliamentary Joint Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission. The Commission was also subject to inspections by the NSW Ombudsman and Commonwealth Ombudsman in relation to its exercise of powers under the legislative schemes authorising telephone interception, access to stored communications, access to telecommunications data, covert surveillance and controlled operations.

The Commission regularly attended meetings with the Inspector, hearings of the Parliamentary Joint Committee and provided accurate and timely responses to requests for information from the Inspector, the Committee and the Ombudsmen. The Commission also reported publicly on its work in the form of investigation reports and Annual Reports.

The Commission as a productive workplace

In 2016-17, the Commission strived to be a productive workplace by providing an equitable, safe and satisfying workplace and promoting a culture of learning and development. This was supported by a strong internal governance framework. In 2016-17, the Commission offered a range of training and development opportunities for staff. There was continued uniform compliance with Workplace Health and Safety and recruitment policies.

Key Goal 1: To detect, investigate and expose serious officer misconduct in the New South Wales Police Force and the New South Wales Crime Commission

The Commission's objectives underpinning the achievement of this key goal were to detect, deter and expose serious officer misconduct.

Detecting serious officer misconduct

To detect serious officer misconduct, the Commission ensured that the public and other agencies were aware of ways to contact the Commission with information in relation to serious officer misconduct. The Commission also maintained effective complaints management and intelligence development capabilities to aid in detecting serious officer misconduct.

During the year the Commission:

- held 32 private hearings in relation to 4 different investigations involving 21 witnesses;
- assessed 1178 complaints against sworn and administrative officers of the NSWPF.

Information regarding these investigations can be found in Chapter three.

¹ There may be more than one allegation contained in a single complaint.

Table 1 Detecting officer misconduct

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|--|---------|---------|---------|
| % of total NSWPF complaints that were non – referred | 33.9 | 26.6 | 28.8 |

Further information on the Commission’s activities to implement effective strategies to detect serious officer misconduct can be found in Chapters three and four respectively.

Deterring serious officer misconduct

Undertaking investigations achieved the Commission’s goal of deterring serious officer misconduct. The Commission efficiently managed resources and processes to investigate serious officer misconduct and make recommendations for consideration of disciplinary action and prosecution.

During the year the Commission:

- conducted 91 investigations, comprising 66 preliminary investigations and 25 full investigations
- finalised² 78 investigations.

Table 2 Deterring serious officer misconduct

| Indicator | 2016-17 | 2015-16 | 2014 -15 |
|---|---------|---------|----------|
| % of full investigations that resulted in material being communicated to NSW Police Force for consideration of further action | 57 | 26 | 18 |
| % of full investigations that resulted in briefs being referred to the ODPP for consideration of prosecution | 29 | 10 | 62 |
| Indicator | 2016-17 | 2015-16 | 2014 -15 |
| % of full investigations ³ that led to a public hearing | 0 | 0 | 2.5 |

Further information on the Commission’s activities to deter serious officer misconduct can be found in Chapter four of this report.

Exposing serious officer misconduct

The Commission reported to Parliament following public hearings into serious officer misconduct and provided evidence for prosecutions arising from investigations as its main strategies to expose serious officer misconduct.

Table 3 Exposure of serious police misconduct

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|---|---------|---------|---------|
| % growth in internet traffic to access the Commission website | -5 | -26 | 55 |

² An investigation is considered finalised when the Operations Advisory Group has agreed to close it.

³ Full investigations mean those investigations that were active during the reporting period.

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|-------------------------------------|---------|---------|----------------|
| Number of public hearing days | 0 | 0 | 5 |
| Number of s96 Reports to Parliament | 0 | 0 | 2 ⁴ |

Further information on the Commission's activities to expose serious misconduct can be found in Chapter three.

Key Goal 2: Prevent serious officer misconduct by supporting improvements to the NSW Police Force and the NSW Crime Commission systems and practices

The Commission had two objectives which were the basis for achieving this key goal. These were to provide informed advice and recommendations on improvements to systems and practices of the NSWPF and the NSWCC, and to provide informed advice and recommendations on improvements to the quality of complaint investigations.

Informed advice and recommendations on improvements to systems and practices

The Commission used investigations and hearings to examine policies and practices that may have contributed to serious officer misconduct. The Commission also undertook research projects emphasising the prevention of serious officer misconduct. Finally, the Commission worked with law enforcement agency senior officers to secure a commitment to implement Commission recommendations.

During 2016-17 the Commission:

- published Project Harlequin, which examined misconduct risks associated with critical incident investigations undertaken by the NSWPF and how well the NSWPF guidelines for conducting those investigations managed the risks.

Table 4 Informed advice to the NSWPF

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|---|----------------|---------|---------|
| % of investigations where corruption prevention themes were identified and explored | 0 | 4.4 | 5 |
| % of recommendations accepted | 0 ⁵ | 60 | 0 |

Further information on the Commission's activities in providing informed advice to the NSWPF can be found in Chapters four and five.

Informed advice and recommendations on improvements to the quality of complaint investigations

The Commission achieved this objective by oversighting selected NSWPF complaint investigations, drawing on the results of investigations and using research to recommend improvements where deficiencies were identified.

During 2016-17, the Commission:

- oversighted 23 NSWPF investigations into complaints against sworn and/or unsworn officers
- reviewed 20 NSWPF investigations containing an allegation of misconduct against a sworn or unsworn officer for purposes other than oversight.

⁴ Operation Montecristo and Operation Protea.

⁵ 16 recommendations from one report were made during the reporting period however the NSWPF did not provide advice to the PIC as to which of these recommendations were accepted.

Table 5 Oversight of NSWPF complaints⁶

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|---|---------|---------|---------|
| % of complaints assessed which were oversighted | 1.9 | 1.7 | 2.1 |
| % of complaints oversighted with a satisfactory outcome | 100 | 100 | 96 |

Further information on the Commission's oversight of NSWPF complaint investigations can be found in Chapter two.

Key Goal 3: Continued accountability for the Commission

The Act conferred substantial powers and discretion on the Commission and the staff of the Commission. Given these significant powers, it was important that a thorough accountability framework was adhered to, to ensure the Commission's powers were used appropriately and to ensure that it met its legislative requirements.

To achieve the goal, the Commission provided accurate and timely responses to requests for information from the Inspector, the Parliamentary Joint Committee and the Ombudsmen. The Commission also reported publicly on its activities in Operation Reports, Research Reports and Annual Reports. The Commission also checked each of its uses of statutory powers to ensure they were used in compliance with legislative obligations.

During 2016-17, the Commission:

- ensured all uses of its statutory powers complied with relevant legislation
- was assessed as compliant with statutory requirements in relation to telecommunications interception, access to stored communications, access to telecommunications data, controlled operations and surveillance device deployments following audit by the State and Commonwealth Ombudsmen.

Table 6 Continued accountability for the Commission

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|---|---------|---------|---------|
| Number of Commission publications | 1 | 1 | 2 |
| Uses of statutory powers checked by Commission lawyers | 100 | 100 | 100 |
| Assessed as compliant in NSW Ombudsman audits of Telecommunications Interception, Controlled Operations and Surveillance Device deployments | All | All | All |

Key Goal 4: The Commission as a productive workplace

One of the Commission's main objectives for achieving this key goal was to provide an equitable and satisfying workplace. The Commission strived to promote a culture of learning and development across its different units and had in place a strong internal governance framework.

Provide an equitable, safe and satisfying workplace

The Commission was dedicated to developing and maintaining an organisational culture which promoted equity, diversity and safety.

The performance indicators for this objective included continued compliance with Work, Health and Safety legislation and the Disability Action Plan.

⁶ This table was previously called 'Consultation and Feedback'.

Promote a culture of learning and development

The Commission promoted staff learning and development by ensuring constructive communication between units, primarily through management and staff meetings. The Tasking and Coordination Group (T&CG) met weekly to:

- allocate operational resources;
- assess new complaints; and
- consider other sources of information relating to officer misconduct for potential further action.

The T&CG was the main forum for Commission managers from a range of units to discuss the work of their unit in the context of the work of the Commission. See Chapter four for details of this process.

Strong internal governance framework

The Commission promoted a strong internal governance framework by adopting the following strategies:

- embedding risk management in the planning framework of projects and investigations
- maintaining and enhancing planning processes by aligning individual and business performance with the Corporate Plan
- maintaining effective records and financial management systems

Further information on the Commission's activities around organisational learning and development can be found throughout this report.

2. ASSESSING NEW INFORMATION AND COMPLAINTS

Section 13 of the *Police Integrity Commission Act 1996* ('the Act') stated that a principal function of the Commission was to detect officer misconduct. The Commission discharged this function through a number of processes including the assessment of information and complaints regarding alleged officer misconduct. The Commission's assessment process was linked to this key goal.

Complaints came to the Commission in a variety of ways. Complaints were:

- extracted from the NSWPF complaints management system (known as 'c@ts.i'), in the case of complaints against sworn NSWPF officers;
- made directly to the Commission by a complainant or someone acting on their behalf, such as a legal representative, or a Member of Parliament;
- initiated by the Commission as a result of its investigations or research intelligence and analysis;
- referred to the Commission by other agencies, including the NSWCC.

IDENTIFYING COMPLAINTS OF SERIOUS MISCONDUCT FROM THE NSWPF COMPLAINTS MANAGEMENT SYSTEM (C@TS.I)

The Commission had a specialised role in dealing with officer misconduct. It was required by legislation to focus its attention on the most serious forms of misconduct. The Commission's processes were geared towards identifying serious complaints most amenable to investigation and an outcome. Each year, the Commission's complaint assessment officers analysed large volumes of c@ts.i data in an attempt to identify matters of potential serious misconduct.

The Commission's complaint assessment process is best considered as a series of 'filters'. Complaints were inducted into the process with successive filtration or assessment stages reducing the number of matters until only a very small number of complaints were considered for investigation. The Commission applied those assessment stages in a timely manner to avoid delays that may have resulted in the loss of investigative opportunities. There was also sufficient flexibility built into the process to allow complaints requiring urgent attention to be fast-tracked through the assessment stages. The Commission's process to assess complaints from the NSWPF complaints system (c@ts.i) was:

Stage 1: Scanning and preliminary assessment. The Commission scanned the NSWPF complaints system, c@ts.i, for new complaints of serious police misconduct a number of times each week. As a guide to identifying those matters that may require the attention and resources of the Commission, a set of criteria was applied to all new c@ts.i complaints. Amongst other things, these criteria included serious offences commonly linked with acts of serious police misconduct.

Stage 2: Assessment. The criteria used to assess complaints in this stage of the process included: the relative seriousness of the misconduct; the credibility of the complainant or the source of the information; whether or not the misconduct was likely to be indicative of a wider or systemic problem; and the extent to which the independence or the special powers and resources of the Commission were needed to resolve the allegations.

Stage 3: Referral. Complaints that rated highly against the assessment criteria in Stage 2 were referred to the Tasking

and Coordination Group (T&CG). The T&CG, made up of members of the complaints assessment team and representatives of the Investigations Unit, jointly reviewed these complaints and determined those that were to be the subject of preliminary investigations. The T&CG could also make recommendations to the Commissioner on whether to initiate a full investigation. In making these decisions and recommendations, the T&CG considered the assessment criteria, such as the relative seriousness of the allegations, the availability of resources and the likelihood of obtaining evidence of police misconduct or other misconduct.

Complaint oversight

The Commission held the discretion to oversight the handling by the NSWPF of complaints against sworn and unsworn NSWPF officers. The Commission generally oversighted complaints by reviewing a final NSWPF investigation report. The Commission could also request status reports and review material available on the NSWPF complaints management system as the investigation progressed. Indications of questionable decision making or a poor standard of resourcing by the NSWPF could also provoke more regular review. The Commission's oversight function included reviewing decisions made by the NSWPF not to investigate a complaint or to resolve a complaint by other means such as conciliation.

When the Commission reviewed a final NSWPF investigation report it either accepted the recommendations or made further inquiries. These inquiries could be satisfied with additional information, or lead to further investigation, management or administrative action. Oversight of the complaint was concluded when the Commission advised the NSWPF that it was satisfied with the investigation and/or the subsequent response to matters raised.

The Commission also reviewed a number of complaint investigation reports independent of the oversight process for reasons including collecting data about specific types of misconduct, local area commands or police officer duty types.

Complaint profile

During 2016-17, the Commission assessed 1183 complaints against current or former sworn and unsworn NSWPF officers. Of these, 15 were classified as public interest disclosures under the *Public Interest Disclosures Act 1994*. The Commission also received 536 telephone calls raising various complaint-related and administrative issues. Of the telephone calls received, 285 were assessed as containing allegations of misconduct. In 2016-17, one full investigation and 16 preliminary investigations were initiated on the basis of complaints, 15 of which were in relation to current or former sworn NSWPF officers. One was against NSWCC officers.

In 2016-17 the Commission oversighted 23 NSWPF investigations. A further 20 final investigation reports were reviewed for other purposes. Remaining complaints were either referred to the NSWPF with oversight arrangements to be determined by the NSW Ombudsman (in the case of complaints against sworn officers), a decision was deferred by the Commission, or no further action was required. Table 7 provides further information on complaints against current sworn and unsworn NSWPF officers.

Of the 1083 complaints assessed by the Commission in regard to current sworn NSWPF officers, 396 were made directly to the Commission, and 687 were extracted from c@ts.i or otherwise referred by the NSWPF or the Ombudsman. Of the 100 complaints assessed in regard to current unsworn NSWPF officers, five were made directly to the Commission, and 95 were otherwise referred by the NSWPF.

Table 7 Comparison of key statistics in complaint management: 2014-15-16 to 2016-17

| Action | 2016-2017 | | 2015-2016 | | 2014-2015 | |
|--|------------|---------|------------|---------|------------|---------|
| | Sworn | Unsworn | Sworn | Unsworn | Sworn | Unsworn |
| Complaints assessed | 1083 | 100 | 1292 | 101 | 1302 | 74 |
| Telephone calls: Calls received Calls assessed | 530 279 | 6 6 | 631 429 | 4 2 | 704 451 | 9 1 |
| Full investigations arising from complaints | 1 | 0 | 7 | 0 | 7 | 0 |
| Complaint oversights concluded | 23 | | 25 | | 29 | |
| Final reports reviewed (not oversighted) | 20 | | 48 | | 80 | |

3. INVESTIGATING SERIOUS POLICE MISCONDUCT

This chapter provides an overview of the Commission’s Operations Division and contains a profile of some of the more significant Commission investigations for the reporting period.

Structure of the Operations Division

The Operations Division of the Commission consisted of four multi-disciplinary units. These included the Investigations Unit, Source Handling Unit, Intelligence Unit and Covert Services Unit. Managers of each Unit reported to the Director Operations.

The Operations Division was supported by the Legal Services Unit, Assessments and Prevention Unit, Electronic Collection Unit, Registry, Human Resources, Finance Management and the Information Communication Technology Unit.

Assessing allegations of misconduct

Figure 1 shows a simplified flow chart of how allegations of serious police misconduct were managed by the Commission. New allegations were received by the Commission, usually but not always, in the form of a complaint. A complaint may make very specific allegations against a specific officer/staff, or it may contain a broader allegation against a number of officers. On other occasions, the Commission was alerted of misconduct via another source. In any referral, the Commission treated the information with the strictest of confidence and made a formal assessment of the information. The Commission’s formal assessment (triage) stages were:

Stage One: the Initial Complaints Assessment was conducted independently of the Operations Division, to ensure allegations reached the threshold of misconduct within the Commission’s jurisdiction.

Stage Two: during the weekly T&CG meetings, complaints which passed the Initial Complaints Assessment stage were subjected to the Commission’s Categorisation and Prioritisation Model in order to benchmark their relative seriousness and suitability for investigation by the Commission. This two-stage model provided a consistent approach to assessing new complaints.

Finally, the Commission could choose to make further enquiries prior to any decision being made. This could include contacting the complainant (if one is identified), or another agency, in order to seek further information or clarification.

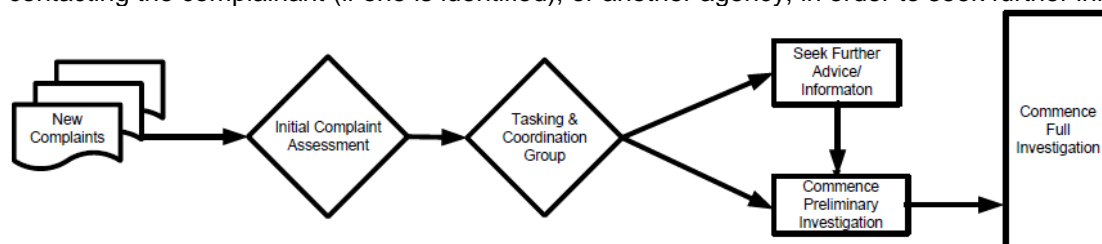


Figure 1 - Complaints Assessment Process

Commission Hearings

The Commission held hearings as part of its investigation process. The decision to hold a hearing in private or public was made by the Commissioner, with regard to the relevant considerations under the *Police Integrity Commission Act 1996* ('the Act'), particularly those factors set out in s 33(3A) regarding the public interest. The Commission could summons persons to appear at hearings and could compel witnesses to answer questions.

During 2016-2017 the Commission conducted 32 private hearings with 21 witnesses giving evidence. Details of these hearings and the associated investigations can be found in the Significant Commission Investigations section of this Chapter.

Profile of Active Investigations during 2016-17

During 2016-17 the Commission worked on 91 investigations, comprising 66 preliminary investigations and 25 full investigations. Of these, 78 investigations were completed and 13 were ongoing as at June 30 2017.

A description of the types of allegations investigated during the reporting year is presented in table 8.

Table 8 Profile of investigations

| Allegation | Investigations | Preliminary Investigations |
|--|----------------|----------------------------|
| Adverse mention by the court | 1 | 1 |
| Attempting to pervert the course of justice | 0 | 1 |
| Breach of Code of Conduct (not specified elsewhere) | 1 | 1 |
| Bribery | 5 | 1 |
| Convenience accesses - by officer about self or another party at that person's request | 1 | 1 |
| Cultivation or manufacture | 0 | 1 |
| Curiosity accesses (involving breach of privacy) | 0 | 1 |
| Dealing or supply | 5 | 7 |
| Drink driving offences | 0 | 2 |
| Fail to comply with operational procedures, standing orders or Commissioner's directives (not specified elsewhere) | 1 | 2 |
| Fail to create/maintain records | 0 | 1 |
| Fail to declare a conflict of interest | 4 | 2 |
| Failing to keep secure | 0 | 1 |
| Falsely claiming for duties not performed | 0 | 1 |
| Falsely reporting an offence | 1 | 0 |
| Giving favours / bias with no or little perceived personal benefit | 1 | 0 |
| Illicit drug use | 3 | 4 |
| Improper association | 12 | 17 |
| Improper disposal procedures | 0 | 1 |
| Improper interference in an investigation by another police officer | 0 | 2 |
| Improper use of discretion | 1 | 0 |
| Inadequate investigation / lack of impartiality | 1 | 0 |
| Inappropriate pursuits / failure to follow pursuit procedures | 0 | 1 |

| Allegation | Investigations | Preliminary Investigations |
|---|----------------|----------------------------|
| Lied during proceedings / in statement / on affidavit | 1 | 0 |
| Minor unprofessional conduct that can be appropriately dealt with and immediately finalised by workplace | 0 | 1 |
| Mislead the court | 0 | 1 |
| Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours) | 5 | 9 |
| Misuse official vehicle | 0 | 1 |
| Neglect of duty / duty of care | 1 | 0 |
| Of official property | 0 | 1 |
| Of seized property | 0 | 1 |
| Offence punishable upon conviction by a max sentence of 5 years or more | 9 | 4 |
| Offence punishable upon conviction by a max sentence of not less than 3 years and not more than 5 years | 2 | 1 |
| Other summary offences | 4 | 1 |
| Perjury | 1 | 0 |
| Police pursuit resulting in injury | 0 | 1 |
| Possession (not misappropriation of seized drugs) | 1 | 0 |
| Protection of person(s) involved in drugs | 5 | 8 |
| Pushed to ground / slammed against a wall / punched / kicked / kneed / head butted / struck (hard empty hand) | 2 | 1 |
| Tampering with or destroying | 2 | 0 |
| Trade accesses - accessing information for sale / personal gain | 1 | 1 |
| Unauthorised / improper disclosure of information | 4 | 9 |
| Unauthorised removal / use of | 0 | 1 |
| Unauthorised secondary employment | 2 | 1 |
| Unauthorised use of official vehicle | 0 | 1 |
| Using authority in situation where conflict of interest exists | 1 | 1 |

Investigation outcomes

The following tables report on the Commission's investigation outcomes for all investigations which were finalised during 2016-17⁷.

⁷ Investigations may have more than one outcome.

Table 9 Finalised Full Investigation outcomes

| Investigation Outcome | Investigation | % |
|---|---------------|-----|
| Full investigations referred to the ODPP for consideration of prosecution action | 6 | 29% |
| Full investigations that resulted in a dissemination of information to the NSWPF | 12 | 57% |
| Full investigations that resulted in information being disseminated to other law enforcement agencies (LEA) | 0 | 0% |
| No further action | 3 | 14% |

Table 10 Preliminary Investigation outcomes

| Preliminary Investigation Outcome | Preliminary Investigations | % |
|--|----------------------------|-----|
| Preliminary investigations that progressed to become full investigations | 1 | 2% |
| Research and development projects that progressed to become preliminary investigations | 4 | 6% |
| Preliminary investigations that resulted in a dissemination of information to the NSWPF | 14 | 22% |
| Preliminary investigations that resulted in information being disseminated to other law enforcement agencies (LEA) | 2 | 3% |
| No further action | 42 | 67% |

Table 11: Referrals from on-going investigations

| Investigation | Number of proposed charges | Number of individuals | Agency |
|---------------|----------------------------|-----------------------|--|
| Asinara | 2 | 1 | Office of The Director of Public Prosecutions |
| Colchester | 2 | 2 | Commonwealth Department of Public Prosecutions |

Table 12 Court Attendance Notices served 2016-17

| Operation | Number of CANs Served | Number of Individuals | Charges |
|-----------|-----------------------|-----------------------|---------|
| 1 | 1 | 1 | 2 |

Significant Commission investigations

Operation Aracari

Operation Aracari commenced as a result of allegations that a NSWPF officer in regional NSW had used excessive force in two separate arrests of members of the local Indigenous community. The first arrest involved an allegation that the officer inappropriately discharged police issue OC spray to effect the arrest. The second arrest involved an allegation that the same officer inappropriately deployed his police issue taser to effect the arrest of another male.

It is further alleged that the subject officer gave false and misleading evidence to the court when giving his evidence in both matters.

As a result of the Commission investigation, a criminal brief of evidence was forwarded to the ODPP for advice. Charges of Common Assault and Perjury under the *Crimes Act 1900* (NSW) were recommended against the subject officer by the ODPP and charges have been laid.

The officer has resigned from the NSWPF. The charges were heard in Queanbeyan Local Court on 1 September 2017

and the officer was found guilty of Common Assault and Perjury on 12 December 2017.

Operation Asinara

Operation Asinara commenced following allegations that two serving regional NSWPF officers were involved in the supply and sale of prohibited drugs. The allegations were received from an identified source and a number of anonymous complainants. It was also alleged that there were improper associations and misuse of authority in a situation of conflict of interest.

An extensive covert and overt investigation was conducted by the Commission and a number of criminal offences were identified involving one of the officers. At the conclusion of the investigation an advisory was forwarded to the ODPP for consideration of charges and a decision is awaited.

The NSWPF was also provided with information collected during the Commission investigation.

Operation Colchester

Operation Colchester was an investigation into the use of Facebook by a number of officers of the NSWPF to make personal attacks against a member of the NSW Parliament. One officer was suspended pending the Commission's investigation. Witnesses were interviewed and a brief of evidence was furnished to the Commonwealth Director of Public Prosecutions for advice as to possible criminal charges under the *Criminal Code Act 1995* (Cth).

Upon consideration, the Commonwealth DPP advised that there were no reasonable prospects of conviction for the offences considered.

The complainant in the matter was briefed as to the outcome of the Commission investigation.

The matter was handed back to the NSWPF for investigation of any departmental misconduct by police. The Law Enforcement Conduct Commission will oversight the manner in which the matter is investigated.

Operation Corymbia

Operation Corymbia was an investigation into allegations of improper associations by two NSWPF officers with known criminal entities. Private hearings involving police and a number of civilian witnesses were conducted during 2016. A number of criminal offences involving the officer were identified and a brief of evidence was prepared and submitted to the ODPP for advice.

The NSWPF was also provided with information collected during the Commission investigation.

Operation Gazania

Operation Gazania was an investigation into the alleged misconduct of NSWPF officers at Griffith in not responding promptly to a domestic violence incident in West Wyalong which ended in the murder of a male person by his de-facto wife. The female was charged with murder and stood trial in March 2016. The jury reached a verdict of not guilty to murder but guilty of manslaughter.

The evidence adduced in this investigation did not support the consideration of criminal charges against any police officers or any findings of police misconduct. A dissemination of material to the NSWPF occurred.

Operation Grifton

Operation Grifton was an investigation into allegations that a serving NSWPF officer was involved in the sale and supply of prohibited drugs. The Commission deployed covert resources and obtained evidence of the subject officer meeting a member of an outlaw motorcycle gang (OMCG). The investigation was concluded with no criminal conduct involving the officer being detected however the NSWPF was provided with information collected during the Commission investigation.

Operation Karijini

Operation Karijini investigated allegations that an officer stationed in the inner west of Sydney had been providing

information to organised crime figures. The original allegations involving the officer were unable to be substantiated although a potential offence under the *Telecommunications (Interception and Access) Act 1979* (Commonwealth) was identified.

The matter was referred to the Commonwealth Director of Public Prosecutions (CDPP) for advice. The CDPP subsequently advised the Commission that there was evidence of a prima-facie case however it was not in the public interest to prosecute. The subject officer was issued a warning letter and the matter was referred to the NSWPF.

Operation Malabon

Operation Malabon was a Commission investigation into allegations that a serving NSWPF officer was involved in the sale and supply of prohibited drugs. Evidence suggested that the involved officer was purchasing and using prohibited drugs on a regular basis.

The Commission deployed covert resources and obtained evidence of the subject officer meeting a male to purchase prohibited drugs. The Commission executed search warrants in July 2015 and seized a quantity of methylamphetamine and drug paraphernalia from the officer. The NSWPF then conducted a targeted drug test upon the officer and the officer was suspended by the NSWPF following a positive presumptive drug test result. The officer was dismissed from the NSWPF in April 2016.

The officer was prosecuted in relation to supply prohibited drug, two counts of possess prohibited drug, common assault and possess equipment for administration of a prohibited drug. A civilian was also prosecuted in relation to supply prohibited drug and possess prohibited drug. The charges against the subject former officer were heard in Newcastle Local Court and on 12 December 2016 he was convicted of supply prohibited drug, possess prohibited drug, possess equipment for the administration of a prohibited drug and assault.

Operation Oderin

Operation Oderin was an investigation into the activities of a NSWPF officer who was the subject of allegations relating to improper association, fraud and other matters. A number of private hearings were conducted by the Commission.

The officer was suspended by the NSWPF and at the conclusion of the investigation, the Commission disseminated information to the NSWPF to assist with the management of the police officer.

Operation Snowshoe

Operation Snowshoe commenced as an investigation into allegations of suspicious financial activities by a serving officer of the NSWPF.

During the course of the investigation a number of other issues were identified including the alleged involvement of the subject officer in illegal brothels. The investigation also established that substantial amounts of cash were physically carried into Australia by an associate and also electronically transferred from overseas to an account in the name of the subject officer.

Private hearings were conducted by the Commission and a search warrant was executed at a property occupied by the subject officer.

Briefs of Evidence were prepared by the Commission for provision to the ODPP and Commonwealth DPP relating to offences identified during the investigation. Advice is awaited.

Operation Talisay

Operation Talisay was an investigation into allegations that a serving NSWPF officer was engaged in criminal activity including improper association, unauthorised access to and release of confidential police information to members of an OMCG.

The Commission conducted extensive covert and overt investigations and obtained evidence in support of some of the allegations which was provided to the NSWPF.

Preliminary Investigation 29882

This preliminary investigation arose from an intelligence report alleging that a serving NSWPF officer was acting as a debt collector. The report further alleged improper associations involving the officer. The investigation is ongoing.

Preliminary Investigation 30968

This was a preliminary investigation into a serving NSWPF officer alleged to have improperly altered records submitted to a Court. It is alleged that this resulted in the defendant receiving a reduced sentence.

The NSWPF was provided with information collected during the Commission investigation.

Preliminary Investigation 31141

This preliminary investigation concerned allegations by a member of the judiciary of an assault and perjury by three serving NSWPF officers.

At the conclusion of the investigation, the NSWPF was provided with information collected during the Commission investigation.

Responses to Recommendations for Prosecution or Disciplinary Action

Operation Montecristo

In the PIC Annual Report for 2014-2015, the Commission reported that it was awaiting advice on a number of proposed criminal charges against two police officers and two professional gamblers. The Office of the Director of Public Prosecutions had initially been briefed to advise in April 2015 but returned the brief later that month because of a perceived conflict of interest. In May 2015, the Attorney General directed the brief to the NSW Crown Solicitor's Office for advice. In March 2016 the NSW Crown Solicitor's Office reported that it could no longer act in the matter and the Attorney General directed that the brief go to the Office of General Counsel at the Department of Justice. Senior Counsel briefed by the Office of General Counsel recommended criminal charges against all four persons of interest.

On 26 October 2017 the following Court Attendance Notices were filed by the Office of General Counsel in the Downing Centre Local Court:

Stephen FLETCHER – 78 charges under s 192E of the *Crimes Act 1900*

Darren AZZOPARDI – 52 charges under s 192 E of the *Crimes Act 1900*

Anthony WILLIAMS – 12 charges under s 192E of the *Crimes Act 1900*

Marc SMITH – 58 charges under s 192E and 58 charges under s 192J of the *Crimes Act 1900*

Each matter is listed for mention on 7 December 2017.

Operation Binda

In the PIC annual report for 2015-2016, the Commission reported that a former NSWPF officer, Hoan Thien Pham had been convicted and sentenced in relation to a number of offences arising from Operation Binda.

During 2016-17, Pham was released on parole after serving 12 months in custody and placed on bail pending the outcome of charges of conspiracy under the *Migration Act 1958 (Cth) x 2*, Abuse of public office and Transact suspected proceeds of crime, under the Commonwealth *Criminal Code Act 1995*. Pham was sentenced in the District Court on 4 August 2017. In respect of one conspiracy charge he received a fixed term of imprisonment of 12 months to commence from that date. In respect of a second conspiracy charge, Pham received a sentence of imprisonment of 18 months to run concurrently with the first sentence, but suspended after 6 months.

Pham has lodged a Notice of Intention to Appeal in the NSW Court of Criminal Appeal against the sentences of imprisonment. A Notice of Appeal is due to be filed by November 2017 with a listing for hearing in 2018. Pham remains in custody.

Operation Symi

As reported in the PIC Annual Report for 2015-2016, a NSWPF sergeant appealed to the District Court against his conviction on charges of fabricate false evidence with Intent to mislead a judicial tribunal and make false statement on oath amounting to perjury. That appeal was upheld by his Honour Judge Charteris on 4 November 2016 and both convictions quashed.

A former NSWPF officer was charged with assault occasioning actual bodily harm, common assault, two counts of fabricate false evidence with intent to mislead judicial tribunal and four counts of make false statement on oath amounting to perjury. The charges were heard in the Local Court at Armidale on 7 June 2017. Judgement was delivered the same day and Kentish was convicted of assault occasioning actual bodily harm and fined \$1,000.

The remaining charges were dismissed. Thereafter, the ODPP made a determination to not proceed with a separate charge of giving false or misleading evidence before the Commission.

Operation Barmouth

Charges against six NSWPF officers for assault and perjury were heard by her Honour Judge Flannery SC in a jury trial which commenced on 31 October 2016. Her Honour directed the jury on 7 December 2016 to return a verdict of not guilty to one of the assault charges.

For all remaining charges, the jury returned verdicts of not guilty on 20 and 21 December 2016. Thereafter the ODPP made a determination to not proceed with a separate trial for offences under the *Police Integrity Commission Act 1996* against two of the officers. All accused subsequently made an application for costs, which was refused by her Honour on 18 August 2017.

Operation Calyx

As reported in the PIC Annual Report for 2015-2016, four NSWPF officers were found not guilty of giving false evidence before the PIC in a judge-alone trial conducted by his Honour Judge Woods QC which commenced on 24 May 2016 and concluded on 23 June 2016.

Four officers applied for costs and on 9 December 2016 his Honour Judge Woods QC granted each a certificate under section 3 of the *Costs in Criminal Cases Act 1967*.

4. PREVENTING SERIOUS POLICE MISCONDUCT

Preventing serious officer misconduct was one of the Commission's principal statutory functions. Unlike detecting and investigating officer misconduct which can only occur after an allegation of officer misconduct has been received, preventing misconduct requires determining how best to intervene before the misconduct occurs.

The Commission endeavoured to perform its misconduct prevention function by providing informed advice and recommendations, where appropriate, as to how NSWPF systems and practices might be strengthened. For the most part, the advice and recommendations were derived from the Commission's research and prevention projects which sought to determine how and why serious officer misconduct could occur. The Commission's prevention work focused on obtaining a better understanding of possible system weaknesses, attitudes to what is acceptable within the organisation, motivations and opportunities. Unlike investigation reports, the Commission's research and prevention reports did not seek to examine the conduct of individual officers and hence they do not contain any adverse comments about any individual officer or about any other person.

As with previous reporting periods, research and prevention projects undertaken during 2016-2017 considered misconduct prevention opportunities from different perspectives. Updates for each misconduct prevention project are provided below.

Effectiveness of NSWPF background vetting procedures to identify police applicants vulnerable to engaging in misconduct (Project Alecta)

In October 2014, the Commission commenced a prevention project, codenamed Project Alecta, the principal aim of which was to assess the effectiveness of vetting and recruitment processes used by the NSWPF. This project sought to identify potential misconduct risks associated with prospective recruits and to identify strengths and opportunities for improvement in regard to these processes and systems.

This project was commenced by the Commission as a result of media articles published in early 2014 alleging that the NSWPF had been recruiting individuals found guilty of serious offences prior to joining the NSWPF. Some of these offences included: break, enter and steal, malicious damage, assault occasioning actual bodily harm, self-administer prohibited drugs and dangerous driving causing death.

In its 2014-2015 Annual Report, the Commission reported that it had completed background checks on approximately 1700 officers to identify any pre-employment information that might indicate officers may be vulnerable to engaging in misconduct. Information collected from the NSWPF by the Commission identified a number of officers whose alleged pre-employment behaviour or activities may have increased their vulnerability to engaging in misconduct (e.g. alleged improper associations). The Commission requested complete recruitment documentation for these officers and conducted further research which was completed in mid-2015. The Commission commenced drafting a Research & Issues Paper during the 2016-2017 reporting year and passed the material to the Law Enforcement Conduct Commission.

Misconduct risks associated with critical incidents in NSW (Project Harlequin)

'Critical incident' is the term used to describe incidents such as deaths or serious injuries resulting from some interaction

with the NSWPF where the incident, by its nature or circumstances, requires an independent investigation and review. In NSW, the management and investigation of critical incidents is undertaken by the NSWPF.

In the 2016-2017 reporting period, the Commission completed Project Harlequin. A public report was released in May 2017 containing 16 recommendations for consideration of the NSWPF. The Commission's report examined the misconduct risks associated with critical incident investigations and conducted an audit of how well 83 critical incident investigations complied with the NSWPF critical incident guidelines. Significant non-compliance by the NSWPF with its own guidelines was revealed in some areas.

From 1 July 2017, all NSWPF critical incident investigations have been subject to monitoring and review by the Law Enforcement Conduct Commission, which will be concerned with tracking the implementation and progress of the recommendations contained within Project Harlequin.

Corruption prevention and education programs

To further support its misconduct prevention work, during 2016-17 the Commission:

- raised awareness of its functions by delivering presentations to the NSWPF
- promoted its prevention research by making its research widely available
- shared knowledge by participating in conferences and significant meetings.

Commission staff continued to attend and participate in meetings of the Corruption Prevention Network (CPN) Council on an ex-officio basis. The CPN is a collective of practitioners and interested parties operating as a self-help group to share information and experiences in dealing with the challenges of corruption prevention. While initially the CPN was comprised of NSW state and local government fraud and corruption prevention practitioners, it now welcomes the participation of anybody who is interested in preventing fraud and corruption. The CPN operates through a council of elected volunteer public officials and non-voting nominees from central and watchdog agencies.

5. TRACKING THE COMMISSION'S RECOMMENDATIONS

Under s99(2)(c) of the *Police Integrity Commission Act 1996* ('the Act'), the Commission was required to include in each Annual Report an evaluation of the responses by the Commissioner of Police, or senior police executives, to the Commission's conclusions and recommendations. As has been noted in previous Annual Reports, misconduct prevention recommendations are the principal means by which the Commission seeks to improve systems and practices in the NSWPF to reduce opportunities for misconduct, improve transparency and accountability, and otherwise deter officers from engaging in acts of misconduct.

This Chapter provides the Commission's misconduct prevention recommendations associated with Project Harlequin, and where appropriate, NSWPF responses. An update on previous misconduct prevention recommendations made by the Commission can be located in past versions of the Commission's Annual Reports.

Audit of the NSW Police force investigations into 83 critical incidents occurring between 1 January 2009 and 30 June 2012 (Project Harlequin)

The Commission commenced Project Harlequin in 2012 to determine how well the NSWPF was managing the risks associated with the investigation of critical incidents. A public report in relation to this research was released in May 2017.

An audit of NSWPF investigative documentation for 83 critical incident investigations was undertaken, to assess whether or not selected procedural requirements set out in the NSWPF critical incident guidelines had been complied with. The Commission observed a lack of documentation while undertaking the audit, which had a direct impact on the Commission's ability to assess if the NSWPF had complied with the procedural requirements that assisted in managing misconduct and other risks associated with critical incident investigations. The records that were available revealed a high rate of compliance with some requirements within the guidelines, such as mandatory drug testing, but a worryingly low rate of compliance with other requirements, such as preservation of the incident scene.

The Commission proposed 16 recommendations to the NSWPF addressing the findings of the audit. The recommendations broadly proposed that:

- all NSWPF records pertaining to critical incident investigations are attached to e@gle.i;
- the responsibility for attaching relevant documents to e@gle.i be clearly assigned to nominated officers in the investigation team;
- decision-making processes relating to critical incidents are properly documented and attached to e@gle.i;
- the NSWPF develop and create templates for use by officers involved in the initial stages of a critical incident and the subsequent investigation and review of those incidents;
- regular compliance audits of critical incident investigations take place;
- the identification, management and recording of conflicts of interest in critical incident investigations must be documented and located on e@gle.i.

These recommendations are set out as follows, and will be tracked by the Law Enforcement Conduct Commission.

Recommendation 1: It is recommended that NSWPF critical incident guidelines reinforce the responsibility of the region commander to:

- document the decision-making processes in declaring an incident as 'critical' in the region commander report;
- document the date and the time when an incident is declared 'critical' in the region commander report;
- document the time the critical incident investigation team was formed in the region commander report;
- document the time the critical incident investigation team arrived at the local area command where the critical incident occurred in the region commander report;
- ensure that documents outlining the decision making-processes in relation to critical incidents are located on e@gle.i;
- ensure that information outlining the decision-making processes in relation to why an incident was not declared to be 'critical' are recorded on the relevant COPS event report.

Recommendation 2: It is recommended that nominated members of the critical incident investigation team attach a record of all exhibits seized to e@gle.i.

Recommendation 3: It is recommended that NSWPF critical incident guidelines:

- replicate information which appears within the mandatory testing incident section of the NSWPF Drug and Alcohol Policy;
- include the following information:
 - specific timeframes within which mandatory drug and alcohol testing should occur;
 - reference to the *Road Transport (Safety and Traffic Management) Act 1999* (NSW);
 - directions about where results of mandatory drug and alcohol testing are to be recorded;
 - advice as to who is responsible for attaching the results of the mandatory drug and alcohol testing of involved officers to e@gle.i;
 - advice as to who an 'authorised officer' is;
 - advice as to who a 'local independent authorised officer' is.

Recommendation 4: It is recommended that NSWPF critical incident guidelines clearly outline the possible 'treatment strategies' to be used by the senior critical incident investigator and/or review officer once a conflict of interest has been identified.

Recommendation 5: It is recommended that NSWPF critical incident guidelines stipulate that review officers use the review officer template as a basis for completing their review of a critical incident investigation.

Recommendation 6: It is recommended that NSWPF critical incident guidelines include:

- a duty officer running sheet template;
- a mandatory requirement for the duty officer to maintain a running sheet by using the running sheet template;
- a requirement that the duty officer record the following information on the duty officer running sheet:
 - name and registration number of the duty officer
 - date and time the critical incident occurred
 - date and time the incident was declared critical by the region commander
 - brief description of events leading up to the critical incident

- actions taken at the incident scene by the duty officer
- persons spoken to by the duty officer
- names of all incident scene guards
- names and details of all witnesses to the critical incident
- names of all officers involved in the critical incident
- if and when involved officers were separated and, if not all involved officers were separated, the reason for deciding not to separate these officers
- if and when involved officers provided immediate and independent notebook records and, if not all involved officers provided immediate and independent notebook records, the reason for this
- how the duty officer ensured that the evidence of witnesses was not cross-contaminated, or any reason for why the duty officer did not take steps to ensure that the evidence of witnesses was not cross-contaminated
- if and when the duty officer recorded a version of events from independent witnesses prior to speaking to involved officers, or any reason the duty officer decided not to record a version of events from independent witnesses prior to speaking to involved officers
- what actions did the duty officer take to preserve evidence
- date and time the duty officer briefed the senior critical incident investigator
- the name of the senior critical incident investigator.
- a requirement for the duty officer to note the completion of the following actions taken to secure and preserve the incident scene(s) on the duty officer running sheet:
 - the presence of both inner and outer perimeters
 - the placing of incident guards at the incident scene perimeters
 - the maintenance of an incident scene log or logs
 - the presence or absence of an original command post and if applicable its preservation for forensic examination
 - the establishment of a critical incident investigation team command post independent of any original command post, if applicable;
- a requirement for the completed duty officer running sheet to be physically handed to the senior critical incident investigator at the incident scene or during the briefing;
- a requirement for the senior critical incident investigator to:
 - acknowledge receipt of the duty officer running sheet at the critical incident scene by signing the last duty officer entry of the running sheet
 - ensure that the duty officer running sheet is located on e@gle.i.

Recommendation 7: It is recommended that:

- NSWPF critical incident guidelines require the senior critical incident investigator to obtain statements from all incident scene guards present at the incident scene and to ensure these statements are located on e@gle.i. These statements should note the duties performed by each incident scene guard to secure the incident scene and outline any interactions with the duty officer, senior critical incident investigator, involved officers, other attending officers and members of the public
- the NSWPF adopts the incident scene log template used by the State Crime Command, attaches it as an appendix to the NSWPF critical incident guidelines and recommends its use at the incident scene by the incident scene guards
- NSWPF critical incident guidelines require all incident scene logs maintained at the incident scene to be located on e@gle.i.

- NSWPF critical incident guidelines require all incident scene logs maintained at the incident scene to record the following information:
 - the time and identity of persons entering the incident scene
 - the incident scene guard responsible for the log and the location of the incident scene
 - the time when responsibility for the log is handed over to a relieving incident scene guard and their details.

Recommendation 8: It is recommended that NSWPF critical incident guidelines require:

- the senior critical incident investigator to complete a separate running sheet using the running sheet template and attach it to e@gle.i
- the senior critical incident investigator running sheet to record the following information:
 - date and time the critical incident is declared by the region commander
 - identification of the senior critical incident investigator, critical incident investigation team members, the review officer, all involved officers the exhibit officer and independent witnesses
 - date and time of arrival of the senior critical incident investigator and critical incident investigation team members at the critical incident scene
 - date and time of briefing by the duty officer with the senior critical incident investigator and critical incident investigation team
 - outline of briefing from the duty officer regarding actions already taken at the incident scene, especially the security of the incident scene, appropriate notifications and the separation of involved officers
 - steps taken to ensure the evidence of witnesses has not been cross-contaminated
 - date and time of attendance by specialist police officers such as crash investigation officers and the Forensic Services Group
 - date and time when a version of events has been taken from independent witnesses prior to speaking with involved officers
 - date and time when notebook records of involved officers have been obtained
 - date and time and location of mandatory drug and alcohol testing of involved officers
 - a chronological outline of actions taken by the senior critical incident investigator and the critical incident investigation team to obtain evidence (for example: charge records, custody records, police rosters, ICV, CCTV, ballistics evidence, inspection of vehicles in situ etc.)
 - advice as to what welfare has been offered/provided to involved officers
 - observations of the incident scene
 - any contact with media outlets
 - date and time of interviews conducted with involved officers and independent witnesses
 - any discussions with the review officer and region commander concerning the critical incident investigation.

Recommendation 9: It is recommended that NSWPF critical incident guidelines:

- stipulate that the review officer must maintain a review officer running sheet documenting all actions taken, advice given, including all files notes of all relevant conversations
- provide additional guidance to review officers on the type of actions and information to be recorded on the review officer running sheet
- specify that the review officer must ensure the review officer running sheet is located on e@gle.i.

Recommendation 10: It is recommended that NSWPF critical incident guidelines stipulate that the duty officer brief the

review officer on arrival to allow the review officer to obtain a first-hand account of the management of the critical incident scene.

Recommendation 11: It is recommended that NSWPF critical incident guidelines include a region commander report template that clearly outlines what information needs to be included in the region commander report, such as:

- background information as to the actions of police that led to the critical incident
- date and time the critical incident occurred
- date and time when the region commander declared the incident as 'critical'
- reason why the region commander declared the incident as 'critical'
- in cases where the incident is subsequently de-escalated, reasons for ceasing or de-escalating a critical incident investigation are clearly documented
- date and time the region commander appointed the senior critical incident investigator, the review officer and the critical incident investigation team
- processes the region commander implemented to monitor the progress of a critical incident investigation
- comments in relation to the outcome of the critical incident investigation and whether the region commander accepted the findings outlined in the critical incident investigation report and the review officer report
- comments on any conduct issues identified
- consideration of any broader lessons to be learnt from the incident and any proposed or implemented improvements to systems, policies, practices, processes and training
- confirmation that key documents for each investigation, such as the critical incident investigation report, review officer report, duty officer statement, running sheets/logs etc. are located on e@gle.i
- date that a copy of the critical incident investigation report, review officer report and region commander report was disseminated to the Deputy Commissioner of Police, Field Operations.

Recommendation 12: It is recommended that the NSWPF enforces the requirement with officers involved in critical incident investigations that all records pertaining to critical incidents and any subsequent investigations must be located on e@gle.i.

Recommendation 13: It is recommended that NSWPF critical incident guidelines specify who is responsible for attaching documents relating to a critical incident and the subsequent investigation to e@gle.i.

It is recommended that NSWPF critical incident guidelines specify who is responsible for attaching documents that were created by those officers that first arrived at the scene (such as duty officer, incident scene guard etc., but who are not part of the CIIT) to e@gle.i.

It is recommended that the NSWPF conducts regular compliance audits of critical incident investigations to find out if all records pertaining to these investigations are located on e@gle.i.

Recommendation 14: It is recommended that NSWPF critical incident guidelines stipulate that the identification, management and recording of conflicts of interest in critical incident investigations is a mandatory requirement and must be documented and located on e@gle.i.

Recommendation 15: It is recommended that review officers be required to:

- examine the quality of the investigation in terms of whether the investigation has thoroughly examined:
 - the lawfulness of police action and the extent of police compliance with relevant guidelines, legislation and internal policy and procedures to identify and deal with any wrongful conduct on the part of any officer

- the circumstances of the incident and considered improvements to NSWPF policy or procedures to avoid recurrences in the future
- examine the quality and content of the critical incident investigation report in terms of how well it provides an account of the aspects of its investigation listed under point a) above
- ensure that review officer reports are located on e@gle.i.

Recommendation 16: It is recommended that if the region professional standards manager is intended to have a role in the preparation of the region commander report, the nature and extent of this role should be clearly specified in NSWPF critical incident guidelines.

In June 2017, the Commission received a response from the NSWPF to Project Harlequin and its recommendations. This letter indicated no resistance from the NSWPF in relation to those recommendations, and advice that the NSWPF will consider the recommendations contained in this report as part of the process of developing new guidelines and agency agreements to reflect the new oversight role which will be exercised by the Law Enforcement Conduct Commission.

6. THE NSW CRIME COMMISSION

Under s 99(2A) of the *Police Integrity Commission Act 1996* ('the Act') the Commission was required to separately report on NSW Crime Commission matters in its Annual Report. This chapter reports on work undertaken by the Commission during 2016-17 to detect, prevent and investigate misconduct by NSWCC officers.

Assessing information and complaints

Complaint process

Information regarding the possible misconduct of NSWCC officers came to the Commission in a variety of ways. Under s 75C of the Act, a complaint could be made by an individual member of the community. In addition, s 75D provided that it was the duty of the NSWCC Commissioner, the Commissioner of Police and principal officers of other NSW public authorities to report to the Commission any matter that on reasonable grounds is suspected to concern, or which may concern, misconduct of a NSWCC officer. The Commission could also receive information involving possible misconduct by NSWCC officers from other sources, including agencies from other jurisdictions.

Complaint Profile

During 2016-17 the Commission assessed 8 complaints containing 24 allegations of misconduct⁸ against current NSWCC officers.

Of the 8 complaints it is not possible to distinguish any patterns in the allegations made. Allegation types which pertained to more than one of the complaints assessed were:

- Bribery
- Improper association
- Misuse of authority for personal benefit
- Protection of persons involved in drugs
- Unauthorised/improper disclosure of information

Investigations

There was one preliminary investigation and two full investigations for 2016-17.

Operation Aztec

Operation Aztec commenced as an investigation into a complaint against a NSWCC officer for the unauthorised release of confidential information but expanded into an investigation of NSWCC source handling practices, in particular a perceived conflict of interest in relation to the handling of a NSWCC human source who was also under investigation by a joint NSWCC/NSWPF Strikeforce. The Hon Anthony Whealy QC was appointed an Assistant Commissioner in May 2016 and he conducted a number of private hearings for the purposes of the investigation.

Following a lengthy submission process, a confidential report was prepared and provided to the Minister, the Commissioners of the NSWPF and the NSWCC, the Management Committee of the NSWCC and the affected witnesses on 1 November 2017. Due to pending criminal trials involving a number of persons named in the report, it was not appropriate to make the report public.

⁸ There may be more than one allegation contained in a single complaint.

Table 13 NSWCC Preliminary Investigations

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|--|----------|----------|----------|
| No Further Action | 2 | 0 | 0 |
| Investigations that progressed to become full investigations | 1 | 1 | 0 |
| Investigations that resulted in a dissemination of information to the NSWCC | 1 | 0 | 0 |
| Investigations that resulted in information being disseminated to other law enforcement agencies (LEA) | 0 | 0 | 0 |
| Total | 4 | 1 | 0 |

Table 14 NSWCC Full Investigations

| Indicator | 2016-17 | 2015-16 | 2014-15 |
|--|----------|----------|----------|
| No Further Action | 0 | 0 | 1 |
| Investigations that resulted in a dissemination of information to the NSWCC | 1 | 0 | 1 |
| Investigations that resulted in information being disseminated to other law enforcement agencies (LEA) | 0 | 0 | 0 |
| Investigations referred to the office of the Director of Public Prosecutions for considerations of prosecution action. | 0 | 0 | 0 |
| Total | 1 | 0 | 2 |

7. LEGAL MATTERS

This chapter contains information about important statutory provisions and legal developments of significance in 2016-17.

Response to subpoenas

From time to time, the Commission was served with subpoenas requiring the production (in Court) of documents, or information acquired during the exercise of its functions.

Officers of the Commission could not be required to produce documents or divulge information which had been obtained in the exercise of functions under the Act. This was subject to certain limited exceptions. These exceptions were for the purposes of a prosecution, disciplinary proceedings, or proceedings under Division 1A or 1C of Part 9 of the *Police Act 1990* arising out of an investigation conducted by the Commission in the exercise of its functions.

Where the Commission was served with a subpoena falling outside these limited exceptions, the issuing party was invited instead to make an application to the Commissioner to exercise his discretion to release information pursuant to s 56(4)(c) of the Act. Under that section, the Commissioner had broad discretion to authorise the release of documents or information held by the Commission, if satisfied that it was necessary to do so in the public interest.

Section 56(4) disseminations

The Act imposed strict obligations of secrecy upon officers of the Commission in relation to information acquired in the exercise of their functions under the Act.

Generally, the disclosure of information other than for the purposes of the Act, purposes connected with prosecution or disciplinary proceedings arising from a Commission investigation, or law enforcement and investigative purposes was dealt with under s 56(4)(c) of the Act.

The Commissioner was able to direct that confidential information held by the Commission be released, but only if it was considered necessary in the public interest to do so.

During 2016-17, the Commission disseminated information on four (4) occasions under s 56(4)(c) of the Act.

8. GOVERNANCE AND ACCOUNTABILITY

The Commission was accountable to the NSW Parliamentary Joint Committee on the Ombudsman, the Police Integrity Commission and the Crime Commission and the Inspector of the Police Integrity Commission. A number of internal governance committees were maintained in order for the Commission to operate effectively.

The Inspector of the Police Integrity Commission

The Hon David Levine QC was appointed as the Inspector of the Police Integrity Commission (the Inspector) on 1 February 2012.

The principal functions of the Inspector⁹ were to:

- audit the operations of the Commission for the purpose of monitoring compliance with the law of the State
- 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
- assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

The Inspector continued to have independent access to all records of the Commission, other than a quantity of material obtained by telecommunications interception.

The Parliamentary Joint Committee

The functions of the Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission (the Committee), as they relate to the Commission, are set out in section 95 of the *Police Integrity Commission Act 1996*.

The Committee had a number of membership changes during the 2016-2017 reporting year. Below is a list of all members that served on the Committee in 2016-2017:

- Mr Lee Evans MP (Chair)
- Mr Stephen Bromhead MP (Deputy Chair) (from 29 March 2017)
- Ms Eleni Petinos MP (until 29 March 2017)
- The Hon Paul Lynch MP
- Dr Hugh McDermott MP
- The Hon Trevor Khan MLC
- The Hon Lou Amato MLC (from 6 April 2017)
- The Hon Scott Farlow MLC (until 1 February 2017)

Internal Governance

The Commission had a number of internal governance committees to monitor its day-to-day functions. The internal governance committees included:

⁹ Section 89 (1) of the *Police Integrity Commission Act 1996*.

Executive Group

The Executive Group (EG) met monthly to discuss matters concerning the management and functioning of the Commission.

Members of the Commission EG in 2016-17 included:

- The Hon Bruce James QC Commissioner (Chair)
- Gary Kirkpatrick, Director Operations
- Michelle O'Brien, Commission Solicitor
- Peter Barnett, Acting Director Prevention
- Digby Morrison, Acting Director Information Management
- Christina Anderson, Manager Finance
- Nick Athas, Manager Human Resources
- Pru Sheaves, Executive Officer.

Operations Advisory Group

The Operations Advisory Group (OAG) provided strategic direction to investigations, and prevention and research projects undertaken by the Commission. The group consisted of the Commissioner, Director Operations, Acting Director Prevention, Acting Director Information and the Solicitor to the Commission. The OAG met at least monthly.

Tasking and Coordination Group

The Tasking and Coordination Group (T&CG) was a group of key operational level managers who met on a weekly basis to make operational decisions, set priorities, allocate resources, review processes and provide advice to the Operations Advisory Group (OAG).

The T&CG also assessed investigation and intelligence project proposals, and matters referred to it in the complaints assessment process.

Audit and Risk Committee

As required by NSW Treasury policy tpp 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*, and with the independence and governance requirements of Treasury Circular TC 09/08, the Commission's Audit and Risk Committee members included:

- Carolyn Walsh - Independent Member to September 2014, Committee Chair December 2014
- Lyn Baker – Independent Member appointed December 2014
- Vacancy for an Independent Member

The Commission's Internal Audit and Risk Committee met on four occasions during 2016-17, and during the reporting period the Committee reviewed the financials and the processes being applied to the transfer of the Police Integrity Commission to the Law Enforcement Conduct Commission.

9. APPENDICES

APPENDIX 1: PRESCRIBED ANNUAL REPORTING REQUIREMENTS

INDUSTRIAL RELATIONS

In 2016-17, the Police Integrity Commission continued to operate as a Separate Agency under Part 3 of Schedule 1 of the *Government Sector Employment Act 2013* (GSEA). Commission employees were employees of the Crown under the provisions of the GSEA. Non-executive staff of the Commission were employed as either ongoing or temporary employees under the provisions of the GSEA and section 52(1) determination no 1/2015.

Terms and conditions of employment remained in accordance with determination 1/2015 and individual staff employment agreements throughout 2016-17. The Commission's Senior Executive roles transitioned to Public Sector Senior Executive roles in accordance with clause 7A of Schedule 4 of the GSEA from 1 August 2015. The transitioned Senior Executive roles were Solicitor to the Commission, Director Operations and Director Prevention & Information.

On 26 November 2015, the NSW Government announced plans to create a new law enforcement oversight body, the Law Enforcement Conduct Commission (LECC) to streamline and strengthen oversight of the NSW Police Force and the NSW Crime Commission. The LECC commenced operations on 1 July 2017 and replaced the Police Integrity Commission (PIC), the Police Division of the Office of the Ombudsman (PDOO) and the Inspector of the Crime Commission, which all ceased operations at the end of June 2017. The LECC transition team was created within the NSW Department of Justice to oversee the transition process from the PIC and the PDOO to the LECC.

Throughout the period from June 2016 to June 2017 numerous meetings were held between members of the LECC transition team, PIC management and NSW Ombudsman management to facilitate a flow of information to support the transition process. A number of all-staff briefings were also conducted to ensure that an appropriate consultation process was undertaken and that a flow of information relevant to the impact that the transition process was to have on PIC and Ombudsman staff as it progressed was maintained.

Within the context of the matters outlined above and despite the air of uncertainty that these matters have created for PIC and affected Ombudsman staff, the Commission's industrial relations (IR) environment remained relatively stable throughout 2016-17. There were no other IR issues of significance that impacted upon the Commission's operations.

Table 15: Number of officers and employees by category & comparison to prior three years

| | 2014 | 2015 | 2016 | 2017 |
|-------------------------------|-------|-------|-------|-------|
| Statutory appointments | 1 | 1 | 1 | 1 |
| Executive appointments | 3 | 3 | 2 | 2 |
| Female executive appointments | 1 | 1 | 1 | 1 |
| Operational staff | 71.77 | 68.46 | 68.27 | 27.8 |
| Support staff | 21 | 18 | 18.10 | 13.9 |
| Total | 96.77 | 90.46 | 89.37 | 44.70 |

Table 16: Senior Executives–Remuneration band determination, number of officers and gender breakdown comparison

| Band | 2014-15 | | 2015-16 | | 2016-17 | |
|--------------------------------|---------|------|---------|-------|---------|------|
| | Female | Male | Females | Males | Female | Male |
| Band 4 (Secretary) | 0 | 0 | 0 | 0 | 0 | 0 |
| Band 3 (Deputy Secretary) | 0 | 0 | 0 | 0 | 0 | 0 |
| Band 2 (Executive Director) | 0 | 0 | 0 | 0 | 0 | 0 |
| Band 1 (Director) | 1 | 2 | 1 | 1 | 1 | 1 |

Table 17: Senior Executives–Remuneration range comparison

| Band | Remuneration Range | Average Remuneration | | |
|-----------------------------|----------------------------|----------------------|-------------|--------------|
| | | 2014-15 | 2015-16 | 2016-17 |
| Band 4 (Secretary) | \$441,201pa to \$509,750pa | n/a | n/a | n/a |
| Band 3 (Deputy Secretary) | \$313,051pa to \$441,200pa | n/a | n/a | n/a |
| Band 2 (Executive Director) | \$248,851pa to \$313,050pa | n/a | n/a | n/a |
| Band 1 (Director) | \$174,500pa to \$248,850pa | \$238,858pa | \$244,829pa | \$271,582.50 |

Staff Movement

Table 18: Staff movement 2016-17

| Number of staff who commenced employment | Number of staff who ceased employment |
|--|---------------------------------------|
| 1 | 65 |

Exceptional movements in wages and salaries

Prior to the Commission being abolished on 30 June 2016, 49 voluntary redundancies were paid out to Commission employees in 2016-17.

Executive remuneration

The Commissioner for the Police Integrity Commission was appointed by the Governor pursuant to section 7 of the *Police Integrity Commission Act 1996*, and, pursuant to clause 9 of Schedule 1 of the Act, was not subject to the *Public Sector Employment and Management Act 2002* or the *Government Sector Employment Act 2013*.

The Hon Bruce James QC was appointed as Commissioner effective from 1 January 2012. His remuneration was set annually by the Statutory and Other Officers Remuneration Tribunal. For this reporting period the Commissioner's remuneration was \$467,725pa. Commissioner James passed away on 16 November 2016.

As the holder of an independent public office, the Commissioner was not subject to an annual performance review, and was responsible to Parliament in the performance of the functions of the office.

During the reporting year two persons were employed by the Commission in Public Sector Senior Executive Service roles within Executive Band 1 of the *Government Sector Employment Act 2013*. One Public Sector Senior Executive role remained vacant for the whole of the reporting year. The decision to leave this role vacant was taken within the context of the uncertainty surrounding the future of the Police Integrity Commission following the commencement of the review into the police oversight function in NSW instigated by the Government.

The Solicitor to the Commission role was occupied by Ms Michelle O'Brien for five months of the year. Following the death of Commissioner James on 16 November 2016, Ms O'Brien acted as the Commissioner until 30 June 2017. For this reporting year Ms O'Brien's salary was \$323,628pa.

The Director Operations role was occupied by Mr Gary Kirkpatrick throughout the reporting year. For this reporting year, the Director Operations remuneration was \$219,537pa.

The Director Prevention & Information role remained vacant for the whole of the reporting year.

All members of the Commission's Executive team were employed under individual Public Sector Senior Executive employment contracts.

Assistant Commissioners

Pursuant to section 8 of the Act, on 27 May 2016, the Hon Anthony Whealy QC was appointed by the Commissioner as an Assistant Commissioner and he presided over a number of private hearings in the 2016-17 reporting year.

Pursuant to section 8 of the Act the Commissioner continued the appointment of Ms Michelle O'Brien, Solicitor to the Commission, as an Assistant Commissioner in 2016. After the Commissioner passed away in November 2016, Ms O'Brien was appointed by the Governor as Acting Commissioner until 30 June 2017.

Pursuant to section 11 of the Act, Ms O'Brien had delegated to her all functions and powers of the Commission and the Commissioner in her capacity as an Assistant Commissioner, and Acting Commissioner, as appropriate and desirable for the performance of her duty, including those functions referred to in sections 11(4) and 11(5) of the Act. That appointment and associated delegation continued in order to assist with the discharge of the Commission's functions and exercise of powers.

Personnel policies

Due to the commencement of the Law Enforcement Conduct Commission on 1 July 2017, no Commission policies were updated during 2016-17.

Training and development

The Commission provided a broad range of Training and Development opportunities to staff throughout the 2016-17 reporting period. Training covered specialist areas including:

- Investigation Symposium
- Training and Assessment
- Change Management
- National Integrity Conference
- Project Management
- ANZSOG Conference
- Risk Management

Generic training opportunities provided to staff throughout 2016-17 included:

- Jobs Seeking Skills Training
- Career transition services

Support for tertiary related study was provided to a total of seven staff members continuing the Commission's commitment to enhancing performance through career development and the pursuit of higher academic qualifications. The Commission's commitment to providing quality career development opportunities to its staff was further highlighted by the fact that 16 staff members were provided with an opportunity to act in higher duties positions in 2016-17.

Workplace Health and Safety

During the reporting period, there was only one workplace incident reported. This incident did not result in time-loss from work.

The Commission had effective procedures in place to ensure adherence to the requirements of workplace health and safety (WHS) legislation. The Commission Executive were informed of all relevant workplace health and safety matters through the receipt of a detailed report every six months. Management continued to work closely with the WHS Committee to ensure the health and safety of all staff and visitors in the workplace. There were no workplace health and safety related prosecutions under the *Work Health and Safety Act 2011* during this reporting period.

Disability Action Plan

Through its Disability Action Plan the Commission reinforced its commitment to the government's Disability Policy Framework. The Commission's physical environment ensured that clear and uninterrupted access to the premises was available to individuals with disability. Formal communication policies and strategies ensured that people with disability were not disadvantaged in having access to and accessing relevant information available through the Commission. Staff who deal directly with the public were familiar with alternative methods of information dissemination depending on the specific needs of individual persons with disability. Ongoing review of complaints procedures ensured that they were relevant to the needs of people with disability.

Women at the Commission

The Commission was committed to the principles of equity, access, rights and participation opportunities for women, particularly those with the least access to social and economic resources. The Commission committed itself to promoting and implementing policies, procedures and practices within the workplace that provided women with equal access to opportunities which were able to enhance their economic and social status. During the review year, the Commission gave seven female employees the opportunity to act in higher duties roles.

Table 19: Action Plan for Women

| Objective | Results / Plans |
|--|--|
| <p>An equitable and balanced workplace responsive to all aspects of women's lives</p> | <p>A total of 23.53% of the Commission's female employees were employed on approved part-time and other special working arrangements as a means of balancing work and home life responsibilities. 29.41% of the Commission's female employees were granted extended periods of leave including leave without pay throughout the reporting period for various reasons relating to their personal circumstances.</p> <p>Well established policies and procedures were in place at the Commission to ensure that women who were seeking a better work/life balance were given the opportunity to do so by accessing a variety of flexible work practices. This applied to women returning from maternity related leave as well as those with other personal responsibilities and obligations.</p> |
| <p>Equitable access for women to educational and training development opportunities</p> | <p>Seven (7) of a total of 16 higher duties, staff development opportunities across the organisation were filled by women during this reporting period.</p> <p>Of the Commission's expenditure on external training and development programs for staff during the reporting period, a total of 53.49% was spent on female staff.</p> |
| <p>Promote the position of women</p> | <p>During 2016-17, women made up a total of 30.90% of the Commission's workforce. A total of 29.42% of the Commission's management level positions were held by women and 23.64% of the Commission's female staff were remunerated above the equivalent of NSW Public Sector Administrative & Clerical Officers Grade 5.</p> |

Information and Communications Technology management

The management of the IT team was open until the March appointment of the LECC IT Director. The confirmation of team composition for the future agency was completed in the immediate weeks following this appointment.

Major projects for the reporting period were suspended in preparation for the transition to the LECC.

The Case Management System received only very minor enhancements related to preparing for future requirements to manage critical incident investigations. Early investigations were carried out into the potential replacement of this system which may not adequately meet all the future needs of the LECC.

Digital Information Security policy

The Commission is required to annually attest to the adequacy of its digital information and information systems security. The attestation statement can be found below.

Digital Information Security Annual Attestation Statement for the 2016-17 Financial Year of the Police Integrity Commission

I, Amber Williams, am of the opinion that the Police Integrity Commission had an Information Security Management System in place during the 2016-17 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 Police Integrity Commission are adequate.

There is not agency under the control of the Police Integrity Commission which is required to develop an independent ISMS in accordance with the *NSW Government Digital information Security Policy*.

The Police Integrity Commission has maintained compliance with *ISO 27001 Information technology – Security techniques – Information security managements – Requirements* following an independent gap analysis conducted by the Internal Audit Bureau NSW during the 2013-2014 financial year.



Amber Williams

CEO, Law Enforcement Conduct Commission

Delivery of electronic services

During 2016-17, the Commission's website attracted 31,488 visitors, an average 86 visitors per day.

Major works

A fit-out of the Commission's office accommodation was carried out during the reporting period in preparation for the commencement of the Law Enforcement Conduct Commission. The total cost of the project was \$1.387 million, \$514,000 of which was funded by the Department of Justice as a capital grant.

Audits

The Audit Office of NSW was engaged to carry out an audit of the 2016–17 Financial Statements of both the Police Integrity Commission and the Police Integrity Commission Staff Agency. Copies of the Independent Audit Reports appear with the Financial Statements in Appendix 7.

The Commission and Staff Agency Financial Statements for 2016–17 were prepared and submitted to the Audit Office of NSW within the required timeframe.

Insurance

The Commission's insurance coverage is provided by the NSW Treasury Managed Fund, a self-insurance scheme

administered by GIO (covering property, public liability and motor vehicle) and by Allianz (covering workers compensation).

The fund manager sets the premiums paid by the Commission in direct relation to the number of claims made by the agency during the previous year. Premiums for the 2016-17 year were slightly lower than the previous year. During the reporting period, the Commission received refunds totaling \$35,154 as a result of hindsight adjustments covering the 2010-2014 financial years.

Risk management and internal control

The internal Audit and Risk Committee is responsible for the management of risk and for auditing internal controls. For further information please refer to the 'Audit and Risk Committee' section in Chapter eight, Governance and Accountability.

Internal Audit and Risk Management Statement

The Commission is required to attest compliance with NSW Treasury policy tpp 15-03 *Internal Audit and Risk Management Policy for the NSW Public Sector*. On 22 September, 2017, Ms Amber Williams, CEO Law Enforcement Conduct Commission, formally attested that the Commission is compliant with the core requirements of both documents. A copy of the attestation follows.

Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year for the Police Integrity Commission

I, Amber Williams, Chief Executive Officer, Law Enforcement Conduct Commission am of the opinion that the Police Integrity Commission had internal audit and risk management processes in operation that were, excluding the transitional arrangement described below, compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Risk Management Framework

- 1.1 The agency head is ultimately responsible and accountable for risk management in the agency
- 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

Internal Audit Function

- 2.1 An internal audit function has been established and maintained
- 2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing
- 2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'

Audit and Risk Committee

- 3.1 An independent Audit and Risk Committee with appropriate expertise has been established
- 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
- 3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'

Membership

The Chair and members of the Audit and Risk Committee were:

- Carolyn Walsh, appointed Chair December 2014
- Lyn Baker, appointed Independent Member December 2014
- Independent Member- vacant 2016-17 (this vacancy was a transitional arrangement pending the abolition of the Police Integrity Commission Act 1996 which occurred on 30 June 2017).



Amber Williams

Chief Executive Officer

Law Enforcement Conduct Commission

Accounts payable policy

The Commission has set a benchmark for paying 95% of all accounts received within creditors' trading terms. This benchmark was achieved in all quarters. The majority of delays in paying invoices outside our creditors' payment terms are as a result of invoicing for goods not yet delivered, or for incorrect goods in which case the Commission withholds payment until it is satisfied that the goods and/or services have been received as contracted.

The Commission was not required to pay interest to creditors due to late payment of accounts during the 2016–17 financial year.

Table 20 Aged analysis at the end of each quarter 2016–2017

| Qtr. | Current (ie within due date) | Less than 30 days overdue | Between 30 and 60 days overdue | Between 61 and 90 days overdue | More than 90 days overdue |
|---------------------------------|---------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| All Suppliers | | | | | |
| Sept | 1,289 | 2 | 0 | 0 | 0 |
| Dec | 1,815 | 3 | 0 | 0 | 0 |
| March | 1,397 | 47 | 0 | 0 | 0 |
| June | 2,889 | 1 | 0 | 0 | 0 |
| Small business suppliers | | | | | |
| Sept | 24 | 0 | 0 | 0 | 0 |
| Dec | 26 | 0 | 0 | 0 | 0 |
| March | 31 | 0 | 0 | 0 | 0 |
| June | 34 | 0 | 0 | 0 | 0 |

Table 21 Accounts due or paid within each quarter 2016–2017

| Measure | Sept | Dec | Mar | Jun |
|---|-------------|-------------|-------------|-------------|
| All suppliers | | | | |
| Number of accounts due for payment | 280 | 312 | 329 | 372 |
| Number of accounts paid on time | 279 | 306 | 319 | 370 |
| Actual percentage of accounts paid on time (based on number of accounts) | 99.6% | 98% | 97% | 99.5% |
| Dollar amount of accounts due for payment | \$1,290,534 | \$1,818,363 | \$1,443,599 | \$2,889,974 |
| Dollar amount of accounts paid on time | \$1,288,967 | \$1,815,256 | \$1,396,602 | \$2,889,175 |
| Actual percentage of accounts paid on time (based on \$) | 99.9% | 99.8% | 96.7% | 99.5% |
| Number of payments for interest on overdue accounts | Nil | Nil | Nil | Nil |
| Interest paid on overdue accounts | Nil | Nil | Nil | Nil |
| Measure | Sept | Dec | Mar | Jun |
| Small business suppliers | | | | |
| Number of accounts due for payment to small businesses | 23 | 26 | 31 | 27 |
| Number of accounts due to small businesses paid on time | 23 | 26 | 31 | 27 |
| Actual percentage of small business accounts paid on time (based on number of accounts) | 100% | 100% | 100% | 100% |
| Dollar amount of accounts due for payment to small businesses | \$24,296 | \$25,784 | \$31,305 | \$34,153 |
| Dollar amount of accounts due to small businesses paid on time | \$24,296 | \$25,784 | \$31,305 | \$34,153 |
| Actual percentage of small business accounts paid on time (based on \$) | 100% | 100% | 100% | 100% |
| Number of payments to small business for interest on overdue accounts | Nil | Nil | Nil | Nil |
| Interest paid to small business on overdue accounts | Nil | Nil | Nil | Nil |

Table 21 does not include direct salary payments to staff, but includes some employee related payments such as payments to superannuation funds and tax obligations.

Land disposal

The Commission does not hold any real property.

Consultants

The Commission did not engage the services of any consultants during the reporting period.

Disclosure of controlled entities

Enactment of the *Government Sector Employment Legislation Act 2013* Part 3 of schedule 1 resulted in the establishment of the Police Integrity Commission Staff Agency.

The Police Integrity Commission Staff Agency was a special purpose entity; its only function was to provide staff to the Commission.

Credit card certification

To ensure operational requirements are met in an efficient manner, eligible staff are issued with corporate credit cards allowing minor purchases and emergency travel when needed.

The Commission monitors the use of all cards issued. Staff are required to adhere to the Commission's policy which meets NSW Treasury guidelines, Premier's Memoranda and Treasurer's Directions. Cardholders must supply documented evidence of all expenditure approved by a delegated officer.

It is certified that credit card usage by Commission officers has been in accordance with the appropriate government policies, Premier's Memoranda and Treasurer's Directions, and meets best practice guidelines. There were no known instances of misuse of credit cards during the year.

Energy Management Plan

The Commission is committed to sustainable energy management principles. The Commission regularly reviews energy and water consumption and purchasing practices to minimise the impact of its operations on the environment. This year the Commission identified potential savings with the installation of a Power Factor Corrector unit to the main air-conditioning switchboard. It is estimated that this system will achieve energy savings of 8% per annum.

Consistent with NSW Government requirements and procurement policies, the Commission has an ongoing contract with its energy supplier to provide a minimum of 6% green power. The following initiatives are continuously implemented to reduce the Commission's overall energy consumption:

- placing a high emphasis on energy ratings for all office and ICT equipment purchases and ensuring all office equipment where practicable has energy saving modes enabled;
- installing energy efficient lighting and sensor lighting in offices and meeting rooms less frequently used; and
- linking the main lighting with the Building Management System to allow timer management.

Waste management

In accordance with the government's Resource Efficiency Policy, the Commission continues to implement measures which enable increased use of recycled material and better management of waste reduction.

Measures currently in place include:

- copy paper contains at least 80% recycled content;
- all corporate printed paper products are sourced using recycled content;
- recycle bins have been placed on all floors and staff are encouraged to recycle all recyclable products accordingly including paper, plastic, glass as well as toner cartridges and mobile phones and batteries; and
- redundant office furniture and equipment together with computer equipment is donated or recycled by an endorsed recycling centre.

Major assets

The Commission spent a total of \$968,346 on IT infrastructure during the reporting period including \$819,750 to upgrade the JSI telephone intercept system and \$97,700 for a new Human Capital Management System which forms

part of the Law Enforcement Conduct Commission implementation. \$50,894 was spent on replacing monitors, printers and laptops.

Extensive building works were undertaken during the year to accommodate the LECC, costing \$1,387,000. This work was jointly funded by the Commission and the Department of Justice with the Commission contributing \$874,000 to the total cost.

The Commission has a policy of purchasing operational vehicles allowing greater flexibility in the management of the fleet. Three operational vehicles were replaced at a cost of \$87,243. Purchases of other specialist equipment for the period totaled \$65,937.

Overseas visits

No Commission staff undertook overseas travel during 2016–17.

APPENDIX 2: POLICE INTEGRITY COMMISSION ACT 1996 STATUTORY REPORTING COMPLIANCE CHECKLIST

| Relevant Section of the <i>Police Integrity Commission Act 1996</i> | Section of 2016–17 Annual Report | Page Number |
|--|--|--------------------|
| Section 99 (2) (a) description of the types of matters that were referred to the Commission | Chapter two – Assessing new information and complaints Appendix 3 – Types of allegations assessed | Page 12 Page 48 |
| Section 99 (2) (b) a description of the types of matters investigated by the Commission | Chapter 3 – Investigating serious police misconduct | Page 15 |
| Section 99 (2) (c) an evaluation of the response of the Commissioner of Police, relevant members of the Police Service Senior Executive Service and other relevant authorities to the findings and recommendations of the Commission | Chapter 5 – Tracking the Commission's recommendations | Page 25 |
| Section 99 (2) (d) 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 | Chapter 5 – Tracking the Commission's recommendations | Page 25 |
| Section 99 (2) (e) the general nature and extent of any information furnished under this Act by the Commission during the year to a law enforcement agency | Chapter 3 – Investigating serious police misconduct | Page 15 |
| Section 99 (2) (f) the extent to which its investigations have resulted in prosecutions or disciplinary action in that year | Chapter 3 – Responses to recommendations for prosecution or disciplinary action Appendix 5 – prosecutions in 2016-17 arising from Commission investigations | Page 21 Page 53 |
| Section 99 (2) (g) the number of search warrants issued by authorised justices and the Commissioner respectively under this Act in that year | Appendix 4 – Statistical Data on exercise of Commission powers | Page 50 |
| Section 99 (2) (h) a description of its activities during that year in relation to its education and advising functions | Chapter 4 – Preventing serious police misconduct | Page 23 |
| Section 99 (2A) Any such information that relates to investigations or other matters involving Crime Commission officers must be kept separate from other matters in the report | Chapter 6 – The NSW Crime Commission | Page 31 |

APPENDIX 3: TYPES OF ALLEGATIONS ASSESSED

Table 22 Allegations assessed in 1/07/16 to 30/06/17 against NSWPF Sworn Officers¹⁰

| Allegation Type / (Complaint Against)¹¹ | Number Assessed |
|---|------------------------|
| Improper association | 100 |
| Misuse authority for personal benefit or the benefit of an associate (may include obtaining sexual favours) | 143 |
| Unauthorised/improper disclosure of information | 108 |
| Failure to investigate | 136 |
| Protection of person(s) involved in drugs | 95 |
| Attempting to pervert the course of justice | 35 |
| Improper interference in an investigation by another police officer | 17 |
| Offence punishable upon conviction by a max sentence of 5 years or more | 47 |
| Drug dealing or supply | 34 |
| Lied during proceedings/in statement/on affidavit | 29 |
| Bribery | 18 |
| False accusation | 33 |
| Inappropriate prosecution/misuse of prosecution power | 25 |
| Fabrication of evidence (other than perjury or verballing) | 28 |
| Tampering with or destroying property and exhibits | 10 |
| Sexual assault | 16 |
| Make false statement (verballing) | 18 |
| Child sexual abuse or paedophilia | 8 |
| Theft/misappropriation (more than \$5000) | 0 |
| Mislead the court | 5 |
| Withholding or suppression of evidence | 10 |
| Homicide | 8 |
| Perjury | 9 |
| Cultivation or manufacture of drugs | 3 |
| Corrupted a witness | 4 |
| Collusion between police witnesses | 6 |
| Prevented a witness from providing a statement or giving evidence | 1 |
| Forced confessions | 2 |
| Other allegation ¹² | 1545 |
| TOTAL | 2493 |

¹⁰ Allegations assessed against unidentified NSWPF officer(s) are included in this list with sworn NSWPF officer(s).

¹¹ There may be a number of allegations contained in a single complaint.

¹² Allegations referred to as "Other", relate to all remaining allegations assessed by the PIC during the reporting year against sworn, and former sworn NSWPF officers but which do not fall into the specific allegation types listed within this table. These allegations are varied and may include, but are not limited to: customer service and performance/conduct issues; unreasonable use of force (including assault); fail to declare a conflict of interest; illicit drug use; falsely claiming travel or other allowance.

Table 23 Allegations assessed in 1/07/16 to 30/06/17 against NSWPF Unsworn Officers

| Allegation Type / (Complaint Against)¹³ | Number Assessed |
|---|------------------------|
| Misuse authority for personal benefit or the benefit of an associate (may include obtaining sexual favours) | 9 |
| Unauthorised/improper disclosure of information | 18 |
| Improper association | 10 |
| Offence punishable upon conviction by a max sentence of 5 years or more | 4 |
| Misuse email/internet | 5 |
| Attempting to pervert the course of justice | 2 |
| Failure to investigate | 0 |
| Dealing or supply drugs | 2 |
| Cultivation or manufacture of drugs | 0 |
| Theft/misappropriation (more than \$5000) | 0 |
| Other allegation ¹⁴ | 168 |
| TOTAL | 218 |

¹³ There may be a number of allegations contained in a single complaint.

¹⁴ Allegations referred to as "Other", relate to all remaining allegations assessed by the PIC during the reporting year against unsworn NSWPF officers but which do not fall into the specific allegation types listed within this table.

No allegations were identified against former unsworn NSWPF officers during the reporting year.

APPENDIX 4: STATISTICAL DATA ON EXERCISE OF COMMISSION POWERS

The following table indicates the frequency with which the Commission exercised its various powers in 2016-17, compared with the two previous reporting years.

Table 24 Exercise of Commission's Powers

| Functions | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|--|---------|---------|---------|---------|
| Under <i>Police Integrity Commission Act 1996</i> | | | | |
| s 17 – Establishment of task forces within the state | NIL | NIL | NIL | NIL |
| s 25 – Requiring public authority or public official to produce a statement of information | 1 | 5 | 4 | 4 |
| s 26 – Requiring a person to attend before an officer of the Commission and produce a specified document or other thing | 88 | 218 | 182 | 166 |
| s 29 – Commission may authorise an officer of the Commission to enter and inspect premises etc | 1 | 1 | NIL | NIL |
| s 32 and s 33 – Hearing days: | | | | |
| • public | NIL | NIL | 5 | 8 |
| • private | 24 | 4 | 59 | 37 |
| s 38 – Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things | 21 | 3 | 57 | 39 |
| s 45(1) – Authorised justice may issue search warrant | NIL | 6 | 2 | 3 |
| s 45(2) – Commissioner may issue a search warrant | NIL | NIL | NIL | NIL |
| s 50 – Number of warrants obtained under <i>Surveillance Devices Act 2007</i> | NIL | 7 | 6 | 3 |
| Under <i>Law Enforcement (Controlled Operations) Act 1997</i> | | | | |
| Applications granted by Commission for authority to conduct controlled operations | NIL | 2 | 5 | 2 |
| Applications granted by Commissioner for variation of authority to conduct controlled operations | NIL | NIL | NIL | NIL |
| Under <i>Law Enforcement and National Security (Assumed Identities) Act 2010</i> | | | | |
| Approval granted by Commissioner for acquisition and use of an assumed identity | 1 | 1 | 5 | 2 |
| Applications granted for variation of assumed identity | 2 | 1 | 1 | 8 |
| Applications granted for cancellations of assumed identity | 31 | 1 | 3 | 42 |
| Under <i>Telecommunications (Interception & Access) Act 1979</i> | | | | |
| Warrants issued for the Interception of communications | 2 | 60 | 48 | 35 |
| Warrants issued for access to stored communications | 1 | 15 | 7 | 4 |

APPENDIX 5: PROSECUTIONS IN 2016-17 ARISING FROM COMMISSION INVESTIGATIONS

Table 25 Prosecutions arising in part from Police Integrity Commission investigations

| Name | Operation | Charge(s) | Status/Result |
|----------------------------|-------------------|---|--|
| Aaron ABELA | Operation Calyx | 1 x s 327(1) <i>Crimes Act 1900</i> - Perjury 2 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at a hearing before the Commission | 22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16. 13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16. 13/05/16: Judgment delivered dismissing application for permanent stay on any basis, including adverse media. 20/05/16: Judgment delivered upholding application for a Judge alone trial. 24/05/16: Trial commenced at Downing Centre District Court. 23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application. 24/06/16: Costs application made by accused. 11/08/16: Costs application resumed. Adjourned for judgment (date TBA). 9/12/16: Application for costs granted, to be paid by Department of Justice. |
| Sheree Anne BISSETT | Operation Calyx | 1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at hearing before the Commission | 22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16. 13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16. 13/05/16: Judgment delivered dismissing application for permanent stay on any basis, including adverse media. 20/05/16: Judgment delivered upholding application for a Judge alone trial. 24/05/16: Trial commenced at Downing Centre District Court. 23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application. 24/06/16: Costs application made by accused. 11/08/16: Costs application resumed. Adjourned for judgment (date TBA). 9/12/16: Application for costs granted, to be paid by Department of Justice. |
| Robert Leslie CAREY | Operation Malabon | 1 x s 10 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - possession of prohibited drugs 1 x s 11 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - possession of equipment for administration of prohibited drugs 2 x s 25 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - supply of prohibited drugs (traffickable quantity) | CANs served on 20/01/16. 20/04/16: Mention at Newcastle Local Court. Brief served on CAREY. Orders for service of additional material made for 11/05/16. Adjourned to 25/05/16. 25/05/16: Mention at Newcastle Local Court. Hearing date set for 9/08/16. 9/08/16: Summary trial at Newcastle Local Court. Pleas of guilty entered to possession of a prohibited drug and possession of equipment for administering prohibited drugs. Sequence 3 supply charge withdrawn by the ODP. CAREY pleaded not guilty to the sequence 4 supply charge and common assault. Adjourned to 17/08/16. 17/08/16: Mention at Newcastle Local Court. Adjourned to 12/10/16. 12/12/16: CAREY was found guilty on charges of supply |

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| | | s 61 <i>Crimes Act 1900</i> (NSW) - common assault | prohibited drugs and common assault. CAREY previously pleaded guilty to Possession of prohibited drugs and Possession of equipment for administration of prohibited drugs. CAREY was not legally represented and made an application for this matter to be dealt with under s 32 of the <i>Mental Health (Forensic Provisions) Act 1990</i> . 13/06/17: Section 32 <i>Mental Health (Forensic Provisions) Act 1990</i> application denied and CAREY sentenced as follows: Supply and possess prohibited drugs – imprisonment for 8 months suspended on the condition that CAREY enter a s 12 bond to accept community corrections supervision and obey all reasonable directions for counselling, educational development or drug and alcohol rehabilitation; Common assault – s 9 good behaviour bond for 12 months; Possess equipment for administration of prohibited drugs – convicted and fined \$250. |
| Hue Tran DANG | Operation Binda | 1 x s 11.5 <i>Criminal Code</i> and s 234(1)(b) <i>Migration Act 1958</i> (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official related to visa | 28/08/14: Application for arrest warrant made. 4/09/14: Arrest warrant issued. |
| Nigel DAVEY | Operation Aracari | 1 x s 61 <i>Crimes Act 1900</i> - Common Assault 1 x s 327(1) <i>Crimes Act 1900</i> - Perjury | 4/10/16: CAN served. First mention listed for 14/11/16 at Nowra Local Court. 24/01/17: DAVEY appeared at Nowra Local Court. The matter was listed for mention on 7/03/17 and the venue changed to Queanbeyan Local Court. 29/03/17: The matter has been set for summary hearing on 1/09/17 at Queanbeyan Local Court. 1/09/17: Defended hearing at Queanbeyan Local Court. Decision reserved. 12/12/17: DAVEY found guilty of Common Assault and Perjury. Adjourned to 2/02/18 for sentence. |
| Ryan ECKERSLEY | Operation Barmouth | 1 x s 61 <i>Crimes Act 1900</i> - Common assault 1 x s 319 <i>Crimes Act 1900</i> - Pervert the course of justice 1 x s 317(b) <i>Crimes Act 1900</i> - Fabricating false evidence 1 x s 328 <i>Crimes Act 1900</i> - Perjury with intent to procure a conviction 1 x s 327 <i>Crimes Act 1900</i> - Perjury | 14/09/15: All accused arraigned at Downing Centre District Court - ECKERSLEY pleaded not guilty to all charges. Listed for trial on 21/09/15. 17/09/15: Trial adjourned to 23/09/15. 23/09/15: Application for stay of proceedings. 27/11/15: Stay application set down for 25-28th July 2016 (HILL and MEWING); trial set down for 31/10/16. 25/07/16-1/08/16: Application for permanent stay for HILL and MEWING heard at Downing Centre District Court. Adjourned to 22/08/16. 22/08/16: Applications for permanent and temporary stays refused, trial date confirmed for 31/10/16. Adjourned to 9/09/16. 9/09/16: Readiness hearing at Downing Centre District Court. All parties are ready to proceed subject to some consideration HILL's counsel is giving to an application for a separate trial/judge alone trial. A pre-trial conference was set for 4/10/16; trial date confirmed for 31/10/16. 20/12/16: Jury returned verdict of not guilty in relation to all six officers. Costs application adjourned to 24/03/17. 18/08/17: Costs application refused. |

| | | | |
|------------------------------|-----------------------|---|---|
| David HILL | Operation Barmouth | <p>1 x s 61 <i>Crimes Act 1900</i> - Common assault</p> <p>1 x s 319 <i>Crimes Act 1900</i> - Pervert the course of justice</p> <p>1 x s 317(b) <i>Crimes Act 1900</i> - Fabricating false evidence</p> <p>2 x s 328 <i>Crimes Act 1900</i> - Perjury with intent to procure a conviction</p> <p>2 x s 327 <i>Crimes Act 1900</i> - Perjury</p> <p>1 x s 107(1) <i>Police Integrity Commission Act 1996</i> – Give false/misleading evidence at a hearing before the Commission</p> | <p>14/09/15: All accused arraigned at Downing Centre District Court - HILL pleaded not guilty to all charges. Listed for trial on 21/09/15.</p> <p>17/09/15: Trial adjourned to 23/09/15.</p> <p>23/09/15: Application for stay of proceedings.</p> <p>27/11/15: Stay application set down for 25-28th July 2016 (HILL and MEWING); trial set down for 31/10/16.</p> <p>25/07/16-1/08/16: Application for permanent stay for HILL and MEWING heard at Downing Centre District Court. Adjourned to 22/08/16.</p> <p>22/08/16: Applications for permanent and temporary stays refused, trial date confirmed for 31/10/16. Adjourned to 9/09/16.</p> <p>9/09/16: Readiness hearing at Downing Centre District Court. All parties are ready to proceed subject to some consideration HILL's counsel is giving to an application for a separate trial/judge alone trial. A pre-trial conference was set for 4/10/16; trial date confirmed for 31/10/16.</p> <p>20/12/16: Jury returned verdict of not guilty in relation to all six officers. Costs application adjourned to 24/03/17.</p> <p>18/08/17: Costs application refused.</p> |
| Nigel Douglas KENTISH | Operation Symi | <p>1 x s 59(1) <i>Crimes Act 1900</i> (NSW) - Assault occasioning actual bodily harm</p> <p>1 x s 61 <i>Crimes Act 1900</i> (NSW) - Common assault</p> <p>2 x s 317(b) <i>Crimes Act 1900</i> (NSW) - Fabricate false evidence</p> <p>4 x s 327(1) <i>Crimes Act 1900</i> (NSW) - Perjury</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> – Give false/misleading evidence at a hearing before the Commission</p> | <p>CAN served on 15/12/15 for assault charge.</p> <p>CAN served on 24/02/16 for PIC Act charge.</p> <p>29/08/16: Hearing adjourned to date to be allocated due to KENTISH's medical circumstances.</p> <p>5/06/17: The matter of R v Kentish commenced at the Armidale Local Court. Ex tempore judgment delivered on 7 June 2017. The accused was convicted of assault occasioning actual bodily harm, with the accused to pay a \$1000 fine, and all other charges were dismissed. The s 107 charge was withdrawn by the DPP after consideration of the Magistrate's decision on all other charges.</p> |
| Anthony John KIRK | Operation Symi | <p>1 x– s 317(b) <i>Crimes Act 1900</i> (NSW) - Fabricating false evidence</p> <p>1 x s 327 <i>Crimes Act 1900</i> (NSW) - Perjury</p> | <p>CAN served on 9/12/15.</p> <p>29/08/16-1/09/16: Hearing at Armidale Local Court. KIRK found guilty on both counts and sentenced as follows:</p> <p>Count 1 - Suspended sentence for 12 months conditional upon entering into a bond to be of good behaviour for the same period</p> <p>Count 2 - Suspended sentence for 12 months conditional upon entering into a bond to be of good behaviour for the same period to be served concurrently.</p> <p>6/09/16: Conviction appeal lodged; listed for mention at Armidale District Court on 4/10/16.</p> <p>4/10/16: Mention at Armidale District Court. Adjourned to 7/10/16.</p> <p>7/10/16: Hearing at Armidale District Court. Adjourned part heard to 13/10/16.</p> <p>13/10/16: Appeal adjourned part heard back to Sydney for</p> |

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| | | | completion on 4/11/16. 4/11/16: Appeal against conviction upheld. |
| Robert McCUBBEN | Operation Barmouth | 1 x s 319 <i>Crimes Act 1900</i> - Pervert the course of justice 1 x s 317(b) <i>Crimes Act 1900</i> - Fabricating false evidence | 14/09/15: All accused arraigned at Downing Centre District Court - MCCUBBEN pleaded not guilty to all charges. Listed for trial on 21/09/15. 17/09/15: Trial adjourned to 23/09/15 23/09/15: Application for stay of proceedings. 27/11/15: Stay application set down for 25-28th July 2016 (HILL and MEWING); trial set down for 31/10/16. 25/07/16-1/08/16: Application for permanent stay for HILL and MEWING heard at Downing Centre District Court. Adjourned to 22/08/16. 22/08/16: Applications for permanent and temporary stays refused, trial date confirmed for 31/10/16. Adjourned to 9/09/16. 9/09/16: Readiness hearing at Downing Centre District Court. All parties are ready to proceed subject to some consideration HILL's counsel is giving to an application for a separate trial/judge alone trial. A pre-trial conference was set for 4/10/16; trial date confirmed for 31/10/16. 20/12/16: Jury returned verdict of not guilty in relation to all six officers. Costs application adjourned to 24/03/17. 18/08/17: Costs application refused. |
| Emily METCALFE | Operation Calyx | 1 x s 327(1) <i>Crimes Act 1900</i> - Perjury 1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at a hearing before the Commission | 22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16. 13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16. 13/05/16: Judgment delivered dismissing application for permanent stay on any basis, including adverse media. 20/05/16: Judgment delivered upholding application for a Judge alone trial. 24/05/16: Trial commenced at Downing Centre District Court. 23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application. 24/06/16: Costs application made by accused. 11/08/16: Costs application resumed. Adjourned for judgment (date TBA). 9/12/16: Application for costs granted, to be paid by Department of Justice. |
| Luke MEWING | Operation Barmouth | 1 x s 61 <i>Crimes Act 1900</i> - Common assault 1 x s 319 <i>Crimes Act 1900</i> - Pervert the course of justice 1 x s 317(b) <i>Crimes Act 1900</i> - Fabricating false evidence 1 x s 328 <i>Crimes Act 1900</i> - Perjury with intent to procure a conviction 1 x s 327 <i>Crimes Act 1900</i> - Perjury | 14/09/15: All accused arraigned at Downing Centre District Court - MEWING pleaded not guilty to all charges. Listed for trial on 21/09/15. 17/09/15: Trial adjourned to 23/09/15. 23/09/15: Application for stay of proceedings. 27/11/15: Stay application set down for 25-28th July 2016 (HILL and MEWING); trial set down for 31/10/16. 25/07/16-1/08/16: Application for permanent stay for HILL and MEWING heard at Downing Centre District Court. Adjourned to 22/08/16. 22/08/16: Applications for permanent and temporary stays refused, trial date confirmed for 31/10/16. Adjourned to 9/09/16. 9/09/16: Readiness hearing at Downing Centre District Court. All parties are ready to proceed subject to some consideration HILL's counsel is giving to an application for a separate |

| | | | |
|------------------------|--------------------|--|---|
| | | | <p>trial/judge alone trial. A pre-trial conference was set for 4/10/16; trial date confirmed for 31/10/16.</p> <p>20/12/16: Jury returned verdict of not guilty in relation to all six officers. Costs application adjourned to 24/03/17.</p> <p>18/08/17: Costs application refused.</p> |
| Hoan Thien PHAM | Operation Binda | <p>Commonwealth DPP: 2 x s 11.5 <i>Criminal Code</i> and 234(1)(b) <i>Migration Act 1958</i> (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official</p> <p>1 x s 142.2(1) <i>Criminal Code</i> – Abuse of public office</p> <p>1 x s 400.9(1A) <i>Criminal Code</i> (Cth) – Transact suspected proceeds, money/property <\$100,000</p> | <p>26/05/15: PHAM pleaded guilty to 2 x s 234(1)(b) <i>Migration Act 1958</i> (s 11.5 <i>Criminal Code</i>) offences. No pleas were entered for remaining offences. Adjourned to 9/06/15.</p> <p>9/06/15: Adjourned for plea negotiations.</p> <p>7/07/15: PHAM entered pleas of not guilty for ss 142.2(1) and 400.9(1A) offences. Committed for trial and listed for 17/07/15 in District Court.</p> <p>17/07/15: Mention at Downing Centre District Court. Trial set down for 29/02/16. Sequences 1 & 2, to which PHAM has pleaded guilty, were adjourned for mention on 29/02/16 and will follow the trial.</p> <p>6/11/15: DPP made successful application to vacate existing trial date. A new date of 25/07/16 was set for sequences 3 & 4.</p> <p>25/07/16: Defence indicated to the court that the matter would proceed as a plea. The matter was listed for sentence on 2/08/16.</p> <p>02/08/16: PHAM entered a plea of guilty to the two conspiracy charges with sequences 3 and 4 to be taken into account on the schedule. A presentence report was ordered and the matter was listed for sentence on 17/02/17.</p> <p>4/08/17: Sentenced in the District Court as follows: For the first conspiracy charge - imprisonment for 12 months, commencing on 4/08/17 and expiring on 3/08/18; For the second conspiracy charge - imprisonment for 18 months commencing on 4/02/18 and expiring on 3/08/19. Second sentence suspended pursuant to paragraph 20(1)(b) of the <i>Crimes Act 1914</i> (Cth) after serving 6 months.</p> <p>7/08/17: A Notice of Intention to Appeal was lodged in the NSW Court of Criminal Appeal against the sentences of imprisonment. A Notice of Appeal is due to be filed by February 2018 with a listing for hearing in 2018.</p> |
| Lee WALMSLEY | Operation Barmouth | <p>1 x s 61 <i>Crimes Act 1900</i> - Common assault</p> <p>1 x s 319 <i>Crimes Act 1900</i> - Pervert the course of justice</p> <p>1 x s 317(b) <i>Crimes Act 1900</i> - Fabricating false evidence</p> <p>1 x s 328 <i>Crimes Act 1900</i> - Perjury with intent to procure a conviction</p> <p>1 x s 327 <i>Crimes Act 1900</i> - Perjury</p> | <p>14/09/15: All accused arraigned at Downing Centre District Court - WALMSLEY pleaded not guilty to all charges. Listed for trial on 21/09/15.</p> <p>17/09/15: Trial adjourned to 23/09/15.</p> <p>23/09/15: Application for stay of proceedings.</p> <p>27/11/15: Stay application set down for 25-28th July 2016 (HILL and MEWING); trial set down for 31/10/16.</p> <p>25/07/16-1/08/16: Application for permanent stay for HILL and MEWING heard at Downing Centre District Court. Adjourned to 22/08/16.</p> <p>22/08/16: Applications for permanent and temporary stays refused, trial date confirmed for 31/10/16. Adjourned to 9/09/16.</p> <p>9/09/16: Readiness hearing at Downing Centre District Court. All parties are ready to proceed subject to some consideration HILL's counsel is giving to an application for a separate trial/judge alone trial. A pre-trial conference was set for 4/10/16; trial date confirmed for 31/10/16.</p> <p>20/12/16: Jury returned verdict of not guilty in relation to all six officers. Costs application adjourned to 24/03/17.</p> |

| | | | |
|-----------------------------|--------------------|--|--|
| | | | 18/08/17: Costs application refused. |
| Krystal Maree WARMAN | Operation Astelia | <p>1 x Misconduct in Public Office (common law)</p> <p>1 x s 308C <i>Crimes Act 1900</i> (NSW) - causing an unauthorised computer function with the intent to commit a serious indictable offence</p> <p>1 x s 336(2) <i>Crimes Act 1900</i> (NSW) - make a false entry into a public register for improper purpose</p> <p>4 x s 107 <i>Police Integrity Commission Act 1996</i> (NSW) - giving false/misleading evidence at a hearing before the Commission</p> | <p>CANs served on 18/03/16.</p> <p>19/05/16: Pleas of guilty entered for the following offences: 1x s 308C <i>Crimes Act 1900</i> (NSW), 1x s 336(2) <i>Crimes Act 1900</i> (NSW) and 3x s 107 <i>Police Integrity Commission Act 1996</i> (NSW). Offences of misconduct in public office and 1x s 107 <i>Police Integrity Commission Act 1996</i> (NSW) were withdrawn. Pre-sentence report was requested and adjourned for sentence to 28/07/16.</p> <p>28/07/16: Sentencing adjourned to 8/09/16 for further discussion and submissions regarding dropping the sequence 6 107 charge.</p> <p>8/09/16: Sentencing hearing at Downing Centre Local Court. New facts were agreed encompassing only sequences 2, 3, 4 and 7. Adjourned part-heard until 30/09/16.</p> <p>30/09/16: Adjourned to 4/11/16 for Intensive Correction Order (ICO) assessment.</p> <p>4/11/16: Aggregate sentence of 18 months to be served by way of ICO dated from 4/11/16.</p> |
| Leah WILSON | Operation Calyx | <p>2 x s 327(1) <i>Crimes Act 1900</i> - Perjury</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at a hearing before the Commission</p> | <p>22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16.</p> <p>13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16.</p> <p>13/05/16: Judgment delivered dismissing application for permanent stay on any basis, including adverse media. Application for separate trial for WILSON refused.</p> <p>20/05/16: Judgment delivered upholding application for a Judge alone trial.</p> <p>24/05/16: Trial commenced at Downing Centre District Court.</p> <p>23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application.</p> <p>24/06/16: Costs application made by accused.</p> <p>11/08/16: Costs application resumed. Adjourned for judgment (date TBA).</p> <p>9/12/16: Application for costs granted, to be paid by Department of Justice.</p> |
| Mark WOOLVEN | Operation Barmouth | <p>1 x s 319 <i>Crimes Act 1900</i> - Pervert the course of justice</p> <p>1 x s 317(b) <i>Crimes Act 1900</i> - Fabricating false evidence</p> | <p>14/09/15: All accused arraigned at Downing Centre District Court - WOOLVEN pleaded not guilty to all charges. Listed for trial on 21/09/15.</p> <p>17/09/15: Trial adjourned to 23/09/15.</p> <p>23/09/15: Application for stay of proceedings.</p> <p>27/11/15: Stay application set down for 25-28th July 2016 (HILL and MEWING); trial set down for 31/10/16.</p> <p>25/07/16-1/08/16: Application for permanent stay for HILL and MEWING heard at Downing Centre District Court. Adjourned to 22/08/16.</p> <p>22/08/16: Applications for permanent and temporary stays refused, trial date confirmed for 31/10/16. Adjourned to 9/09/16.</p> <p>9/09/16: Readiness hearing at Downing Centre District Court. All parties are ready to proceed subject to some consideration HILL's counsel is giving to an application for a separate trial/judge alone trial. A pre-trial conference was set for 4/10/16; trial date confirmed for 31/10/16.</p> |

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| | | | 20/12/16: Jury returned verdict of not guilty in relation to all six officers. Costs application adjourned to 24/03/17. 18/08/17: Costs application refused. |
|--|--|--|---|

Table 26: Prosecutions by other agencies (evidence supplied in whole or in part by the Commission)

| Name | Operation | Charge(s) | Status/Result |
|-------------------------|--------------------|---|--|
| Phillip ST JAMES | Operation Starwood | 36 x s134.2 <i>Criminal Code</i> - Obtaining a financial advantage by deception | <p>Prosecution by Australian Taxation Office. Set down for hearing on 10/11/14. Matter set for trial at District Court on 29/02/16. 2/03/16: CDPP advised that ST JAMES has pleaded guilty to charges brought by the ATO and the matter will proceed to sentence on 30/06/16. 30/06/16: Adjourned to 27/10/16 for sentence. 24/02/17: Sentenced to term of imprisonment of 2 years 7 months to commence 24/02/17 and expiring on 23/09/19, suspended pursuant to paragraph 20(1)(b) of the <i>Crimes Act 1914</i> (Cth) after serving one year, on the condition that he enter into a recognizance of \$200 and comply with conditions to be of good behaviour and to accept supervision and guidance and comply with all reasonable directions of Community Corrections Service. 24/03/17: Pursuant to section 21B of the <i>Crimes Act 1914</i> (Cth), ST JAMES ordered to pay reparation to each of the 14 persons identified in the schedule to the order, in the amount of \$99,332.38.</p> |

The Government Information (Public Access) Act 2009

Under the *Government Information (Public Access) Act 2009* ('the GIPA Act') there are four ways that the Commission made information available to the public:

- the mandatory release of 'Open Access Information'
- the proactive release of information for which there is no overriding public interest against disclosure
- the informal release of information in response to an informal request where there is no overriding public interest against the disclosure of that information; and
- the formal release of information in response to an access application where there is no overriding public interest against disclosure.

Schedule 2 of the GIPA Act provides that information which relates to the Commission's "*corruption prevention, complaint handling, investigative and reporting functions*" is "*excluded information*" of the Commission and cannot be made the subject of an access application.

It is also conclusively presumed by Schedule 1 of the GIPA Act that there is an overriding public interest against disclosing information, the disclosure of which would be prohibited by the PIC Act. Section 56(2) of the PIC Act provides that a person who is or was an officer of the Commission must not, except in connection with the person's functions under the Act, make a record of or divulge any information acquired in the exercise of the person's functions under the Act. Section 56(4)(c) provides that such information may be divulged if the Commissioner or Inspector certifies that it is necessary to do so in the public interest.

Information which falls within the above two categories was not publicly disclosed by the Commission except under limited circumstances.

The impact on the Commission of fulfilling its requirements under the GIPA Act during 2016–17 was negligible. No major issues arose during 2016–17 in connection with the Commission's compliance with GIPA requirements.

Proactive release program

Under section 7 of the GIPA Act, the Commission was authorised to proactively release any government information that it holds, so long as there is no overriding public interest against disclosure of that information. Under section 7(3) of the GIPA Act the Commission must review its program for the release of government information to identify the kinds of information that can be made publicly available under section 7. This review must be undertaken at least once every 12 months.

The Commission's proactive release program involved the identification for release of information for which:

- there exists a public interest in being made publicly available (noting the general public interest in favour of the disclosure of government information established by s 12 of the GIPA Act); and
- there was no overriding public interest against disclosure (by virtue of the operation of Schedules 1 and/or 2 of the GIPA Act or otherwise.)

The following are some of the ways in which, under its proactive release program, the Commission identified information which could be proactively released:

- the Right to Information officer consulted with managers of business units of the Commission to ascertain whether those units held information which could be proactively released;
- the Right to Information officer monitored the creation of new documents within the Commission of a kind which may be proactively released;
- the Right to Information officer liaised with staff employed in areas of the Commission which dealt with information of a kind which may be proactively released are aware of the Commission's proactive release program; and
- the Right to Information officer monitored both informal and formal requests for information received by the Commission under the GIPA Act to identify any trends in the types of information sought and considered

whether the Commission held information relevant to those trends which could be proactively released.

Access Applications received by the Commission in the reporting period

During the reporting period, the Commission received five formal access applications (including withdrawn applications but not including invalid applications).

Four formal access applications were refused wholly or in part because the information requested was information referred to in Schedule 1 of the GIPA Act.

There were no internal reviews and no reviews by the Information Commissioner. There was one review by the New South Wales Civil and Administrative Tribunal in respect of formal access applications under the GIPA Act in this reporting period.

Obtaining access to and seeking amendment of the Commission's records

In the first instance, the contact person for obtaining access to documents is as follows:

Right to Information Officer
Law Enforcement Conduct Commission
GPO Box 3880
SYDNEY NSW 2001
Facsimile: (02) 9321 6799

Telephone inquiries may be made between 8.30am and 4:30pm on (02) 9321 6700.

Further information is also able to be obtained from the LECC website www.lecc.nsw.gov.au under the 'Access to Information' link.

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

Table B: 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 | - | - | - | - | - | - | - | - |
| Access applications (other than personal information applications) | - | - | 1 | | - | - | - | - |
| Access applications that are partly personal information applications and partly other | 1 | 2 | 1 | - | - | - | - | - |

Table C: Invalid applications

| Reason for invalidity | No of applications |
|---|--------------------|
| Application does not comply with formal requirements (section 41 of the Act) | - |
| Application is for excluded information of the agency (section 43 of the Act) | 3 |
| Application contravenes restraint order (section 110 of the Act) | - |
| Total number of invalid applications received | |
| Invalid applications that subsequently became valid applications | - |

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

| | Number of times consideration used |
|---|------------------------------------|
| Overriding secrecy laws | 1 |
| Cabinet information | - |
| Executive Council information | - |
| Contempt | - |
| Legal professional privilege | - |
| Excluded information | 2 |
| Documents affecting law enforcement and public safety | - |
| Transport safety | - |
| Adoption | - |
| Care and protection of children | - |
| Ministerial code of conduct | - |
| Aboriginal and environmental heritage | - |

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

| | Number of occasions when application not successful |
|--|---|
| Responsible and effective government | - |
| Law enforcement and security | - |
| Individual rights, judicial processes and natural justice | - |
| Business interests of agencies and other persons | - |
| Environment, culture, economy and general matters | - |
| Secrecy provisions | 3 |
| Exempt documents under interstate Freedom of Information legislation | - |

| Table F: Timeliness | |
|--|------------------------|
| | Number of applications |
| Decided within the statutory timeframe (20 days plus any extensions) | 4 |
| Decided after 35 days (by agreement with applicant) | 1 |
| Not decided within time (deemed refusal) | - |
| Total | |

| Table H: Applications for review under Part 5 of the Act (by type of applicant) | |
|---|-----------------------------------|
| | Number of applications for review |
| Applications by access applicants | 1 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | - |

| Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer) | |
|---|------------------------------------|
| | Number of applications transferred |
| Agency-initiated transfers | - |
| Applicant-initiated transfers | - |



INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Police Integrity Commission (the Commission), which comprise the statements of financial position as at 30 June 2017, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2017, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of *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 and the consolidated entity 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 also fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament further 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.

The Commissioner's Responsibility for the Financial Statements

The 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 Commissioner determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner must assess the ability of the Commission and the consolidated entity to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. 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, and
- 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:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Commission or the consolidated entity carried out their 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.



David Daniels
Director, Financial Audit Services

3 October 2017
SYDNEY

Police Integrity Commission



Financial Statements 2016–17

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Police Integrity Commission

Statement by CEO

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I have formed the opinion 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 *Public Finance and Audit Act 1983* and *Public Finance and Audit 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 and financial performance of the Agency, and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



Amber Williams
Chief Executive Officer
Law Enforcement Conduct Commission

Dated 28.9.17

This page is not audited

Police Integrity Commission

Statements of comprehensive income for the year ended 30 June 2017

| | Notes | Parent Entity (Police Integrity Commission) | | Economic Entity (Consolidated) | | |
|--|-------|---|--------------------------|-----------------------------------|--------------------------|--------------------------|
| | | Actual 2017 \$'000 | Actual 2016 \$'000 | Actual 2017 \$'000 | Budget 2017 \$'000 | Actual 2016 \$'000 |
| Expenses excluding losses | | | | | | |
| Employee related | 2(a) | 942 | 589 | 15,271 | 16,224 | 12,779 |
| Other operating expenses | 2(b) | 4,918 | 3,166 | 4,918 | 4,491 | 3,166 |
| Personnel services | 2(c) | 10,038 | 11,523 | -- | -- | -- |
| Depreciation and amortisation | 2(d) | 907 | 1,016 | 907 | 1,150 | 1,016 |
| Total expenses excluding losses | | 16,805 | 16,294 | 21,096 | 21,865 | 16,961 |
| Revenue | | | | | | |
| Appropriation | 3(a) | 18,500 | 14,135 | 18,500 | 21,163 | 14,135 |
| Grants & other contributions | 3(b) | 514 | -- | 4,718 | -- | -- |
| Acceptance by the Crown Entity of employee benefits and other liabilities | 3(c) | -- | -- | 59 | 770 | 642 |
| Other revenue | 3(d) | 7 | 1 | 35 | -- | 26 |
| Total revenue | | 19,021 | 14,136 | 23,312 | 21,933 | 14,803 |
| Operating result | | 2,216 | (2,158) | 2,216 | 68 | (2,158) |
| Gain/(loss) on disposal | 4 | 27 | 13 | 27 | -- | 13 |
| Net result | 15 | 2,243 | (2,145) | 2,243 | 68 | (2,145) |
| Other comprehensive income | | | | | | |
| <i>Items that will not be reclassified to net result</i> | | | | | | |
| Changes in restoration liability | | 482 | 13 | 482 | -- | 13 |
| Total other comprehensive income | | 482 | 13 | 482 | -- | 13 |
| TOTAL COMPREHENSIVE INCOME | | 2,725 | (2,132) | 2,725 | 68 | (2,132) |

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of financial position as at 30 June 2017

| | Notes | Parent Entity (Police Integrity Commission) | | Economic Entity (Consolidated) | | |
|--------------------------------------|-------|---|--------------------------|-----------------------------------|--------------------------|--------------------------|
| | | Actual 2017 \$'000 | Actual 2016 \$'000 | Actual 2017 \$'000 | Budget 2017 \$'000 | Actual 2016 \$'000 |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 6 | 1,182 | 771 | 1,229 | 613 | 898 |
| Receivables | 7 | 467 | 358 | 475 | 530 | 358 |
| Total Current Assets | | 1,649 | 1,129 | 1,704 | 1,143 | 1,256 |
| Non-Current Assets | | | | | | |
| Receivables | | -- | 45 | -- | -- | 45 |
| Plant and equipment | 8 | 3,248 | 1,239 | 3,248 | 2,126 | 1,239 |
| Intangible assets | 9 | 114 | 45 | 114 | 157 | 45 |
| Total Non-Current Assets | | 3,362 | 1,329 | 3,362 | 2,283 | 1,329 |
| Total Assets | | 5,011 | 2,458 | 5,066 | 3,426 | 2,585 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Payables | 10 | 187 | 87 | 187 | 408 | 87 |
| Provisions | 11 | 913 | 1,208 | 941 | 1,212 | 1,292 |
| Total Current Liabilities | | 1,100 | 1,295 | 1,128 | 1,620 | 1,379 |
| Non-Current Liabilities | | | | | | |
| Provisions | 11 | 505 | 482 | 532 | 534 | 525 |
| Total Non-Current Liabilities | | 505 | 482 | 532 | 534 | 525 |
| Total Liabilities | | 1,605 | 1,777 | 1,660 | 2,154 | 1,904 |
| Net Assets | | 3,406 | 681 | 3,406 | 1,272 | 681 |
| EQUITY | | | | | | |
| Reserves | | -- | 429 | -- | 416 | 429 |
| Accumulated funds | | 3,406 | 252 | 3,406 | 856 | 252 |
| Total Equity | | 3,406 | 681 | 3,406 | 1,272 | 681 |

The accompanying notes form part of these financial statements

Police Integrity Commission

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

| Notes | Parent Entity (Police Integrity Commission) | | | Economic Entity (Consolidated) | | |
|---|--|---|-----------------|-----------------------------------|---|-----------------|
| | Accumulated Funds \$'000 | Asset Revaluation Surplus \$'000 | Total \$'000 | Accumulated Funds \$'000 | Asset Revaluation Surplus \$'000 | Total \$'000 |
| Balance at 1 July 2016 | 252 | 429 | 681 | 252 | 429 | 681 |
| Net result for the year | 2,243 | -- | 2,243 | 2,243 | -- | 2,243 |
| Other comprehensive income: | | | | | | |
| Change in restoration liability | 482 | -- | 482 | 482 | -- | 482 |
| Total other comprehensive income | 482 | -- | 482 | 482 | -- | 482 |
| Total comprehensive income for the year | 2,725 | -- | 2,725 | 2,725 | -- | 2,725 |
| Transfer of asset revaluation reserve to accumulated funds. | 429 | (429) | -- | 429 | (429) | -- |
| Balance at 30 June 2017 | 3,406 | -- | 3,406 | 3,406 | -- | 3,406 |
| | | | | | | |
| Balance at 1 July 2015 | 2,397 | 416 | 2,813 | 2,397 | 416 | 2,813 |
| Net result for the year | (2,145) | -- | (2,145) | (2,145) | -- | (2,145) |
| Other comprehensive income: | | | | | | |
| Change in restoration liability | -- | 13 | 13 | -- | 13 | 13 |
| Total other comprehensive income | -- | 13 | 13 | -- | 13 | 13 |
| Total comprehensive income for the year | (2,145) | 13 | (2,132) | (2,145) | 13 | (2,132) |
| Balance at 30 June 2016 | 252 | 429 | 681 | 252 | 429 | 681 |

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of cash flows for the year ended 30 June 2017

| | Notes | Parent Entity (Police Integrity Commission) | | Economic Entity (Consolidated) | | |
|---|-------|---|-----------------|-----------------------------------|-----------------|-----------------|
| | | Actual | Actual | Actual | Budget | Actual |
| | | 2017 | 2016 | 2017 | 2017 | 2016 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Payments | | | | | | |
| Employee related | | (942) | (589) | (15,513) | (15,124) | (12,394) |
| Other | | (5,449) | (3,483) | (5,449) | (5,104) | (3,486) |
| Personnel services | | (10,267) | (11,807) | -- | -- | -- |
| Total Payments | | (16,658) | (15,879) | (20,962) | (20,228) | (15,880) |
| Receipts | | | | | | |
| Appropriation | | 18,500 | 13,960 | 18,500 | 21,163 | 13,960 |
| Interest received | | -- | 32 | -- | -- | 32 |
| Other | | 509 | 372 | 4,733 | 593 | 397 |
| Total Receipts | | 19,009 | 14,364 | 23,233 | 21,756 | 14,389 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 15 | 2,351 | (1,515) | 2,271 | 1,528 | (1,491) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Proceeds from sale plant & equipment | | 55 | -- | 55 | -- | -- |
| Purchases of plant & equipment | | (1,898) | (247) | (1,898) | (1,800) | (247) |
| Purchases of Intangible Assets | | (97) | -- | (97) | (200) | -- |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (1,940) | (247) | (1,940) | (2,000) | (247) |
| NET INCREASE / (DECREASE) IN CASH | | 411 | (1,762) | 331 | (472) | (1,738) |
| Opening cash and cash equivalents | | 771 | 2,533 | 898 | 1,085 | 2,636 |
| CLOSING CASH AND CASH EQUIVALENTS | 6 | 1,182 | 771 | 1,229 | 613 | 898 |

The accompanying notes form part of these financial statements

Police Integrity Commission

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 Police Integrity Commission (the Commission) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. 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.

The Commission, as a reporting entity, comprises all of the entities under its control, namely: Police Integrity Commission Staff Agency (the Agency).

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entity, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Chief Executive Officer for the Law Enforcement Conduct Commission on 28 September, 2017.

(b) *Basis of preparation*

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions mandated by the Treasurer.

Other than property, plant and equipment which is measured at fair value, the financial statements have been prepared in accordance with the historical cost convention.

Judgements, 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.

The Commission has only one program being Investigations, Research and Complaint Management and as such a service group statement is not included as figures would be the same as those disclosed in the statement of comprehensive income and financial position.

(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 entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

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

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

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

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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(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*

Parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as income when the Commission obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

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

The liability if any is disclosed in Note 10 as part of 'Current Liabilities–Other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) *Grants*

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

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

(g) *Plant and Equipment*

(i) *Acquisition of plant and equipment*

Plant and equipment 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.

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, i.e. deferred payment is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(ii) *Capitalisation thresholds*

Plant and equipment and intangible assets costing \$5,000 and above individually, or forming part of a network costing more than \$5,000 are capitalised.

(iii) *Restoration Costs*

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(iv) *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.

(v) *Assets not able to be reliably measured*

The Commission does not hold any assets that have not been recognised in the statement of financial position.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(vi) Depreciation of 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 useful lives.

The Commission has adopted the following depreciation rates for the reporting period:

| | |
|------------------------------|---------------------------------|
| Computer equipment | 3 & 4 years |
| Intangible computer software | 3 & 4 years |
| Plant and equipment | 3, 4 & 7 years |
| Leasehold improvements | the initial period of the lease |

(vii) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

The majority of Commission assets are non-specialised assets with short useful lives and are therefore measured at depreciated historical cost, as an approximation of fair value. The Commission has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

(viii) Impairment of 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 plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as 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, where depreciated replacement cost is also fair value.

The Commission assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(h) Leases

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 effectively retains all such risks and benefits.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease.

(i) 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.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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 are amortised using the straight-line method over a period of 4 years.

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

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

(j) *Financial Instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

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

(i) *Financial assets*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

• **Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment of receivables. Changes are recognised in the net result for the year when impaired, derecognised 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.

• **Impairment of financial assets**

All financial assets, except those at fair value through profit and loss, are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade receivables, the Commission first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The Commission does not recognise any impairment for receivable balances as all trade receivables held by the Commission are considered to be recoverable in full.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(ii) Financial liabilities

- Financial liabilities at amortised cost (including borrowings and trade payables)

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the Commission and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(iii) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Commission transfers the financial asset:

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

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(k) Employee Benefits

(i) Salaries and wages, annual leave and sick leave

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*.

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Commission does not expect to settle the liability within 12 months as the Commission does not have an unconditional right to defer settlement.

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

(ii) Long Service Leave and Superannuation

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

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

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

(iii) 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.

(l) Provisions

Provisions are recognised when: the Commission 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.

Any provisions for restructuring are recognised only when the Commission has a detailed formal plan and the Commission has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

The Commission recognises a make good provision for the anticipated costs of future restoration of leased premises as required under the terms of agreement. The provision includes future cost estimates associated with dismantling and reinstatement of the leased premises to original condition. The calculation is based on a square metre rate of \$150.00 (as per lease agreement).

(m) Equity and reserves

(i) Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Commission's policy on the revaluation of plant and equipment as discussed in note 1(g)(vii).

(ii) Accumulated Funds

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

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation surplus and foreign currency translation reserve).

(iv) Equity Transfer

The transfer of net assets between entities as a result of an administrative restructure and transfers of programs / functions and parts thereof between NSW public sector entities are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(n) 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 budgeted amounts. Major variances between the

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 14.

(o) *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.

(p) *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 except as a result of AASB 3015-16 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities which has been applied for the first time in 2016-17. The required disclosures are made at Note 17.

(ii) *Issued but not yet effective*

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Commission is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2017.

- AASB 9 -- Regarding financial Instruments
- AASB 15, AASB 2014-5, 2015-8, & 2016-3 -- Regarding revenue from contracts with customers
- AASB 1058 -- Regarding income for Not-for-profit entities
- AASB 2016-2 -- Regarding amendments to AASB 107 disclosure initiatives
- AASB 2016-4 -- Regarding amendments to Australian Accounting Standards – Recoverable amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2016-7 -- Regarding amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 -- Regarding amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

The following standard which has been issued but is not yet effective has the potential to impact on the financial statements and disclosure requirements of the Commission.

- AASB 16 -- Leases applies to financial reporting periods beginning on or after January 2019. When adopted, AASB 16 will require the Commission to recognise all leases with a term of more than 12 months on the balance sheet, unless the underlying asset is of low value. The Commission's balance sheet will include a right of use asset representing its right to use the underlying leased asset and a leased liability representing its obligation to make lease payments. The Commission currently classifies all leases as operating leases and recognises lease payments as an expense on a straight-line basis over the lease term.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

2. EXPENSES EXCLUDING LOSSES

| | Police Integrity Commission | | Consolidated | |
|--|------------------------------------|----------------|---------------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| (a) Employee related expenses | | | | |
| Salaries and wages (including annual leave)* | 763 | 502 | 8,879 | 10,389 |
| Redundancies | -- | -- | 4,804 | -- |
| Superannuation–defined benefit plans | -- | -- | 59 | 73 |
| Superannuation–defined contribution plans | 41 | 4 | 736 | 961 |
| Long service leave | -- | -- | (3) | 565 |
| Workers' compensation insurance | -- | -- | 70 | 90 |
| Payroll tax and fringe benefits tax | 105 | 83 | 693 | 701 |
| Other employee expenses _ relocation expense | 33 | | 33 | |
| | 942 | 589 | 15,271 | 12,779 |

* Salaries and wages shown for the Police Integrity Commission relate to the employment of Commissioners as Statutory appointments.

(b) Other operating expenses include the following:

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Administration charges | 40 | 40 | 40 | 40 |
| Books and periodicals | 66 | 47 | 66 | 47 |
| Auditor's remuneration–audit of the financial statements | 48 | 42 | 48 | 42 |
| Consultancies | 29 | -- | 29 | -- |
| Contractors | 282 | 57 | 282 | 57 |
| External legal counsel | 120 | 7 | 120 | 7 |
| Minor computer expenses | 186 | 119 | 186 | 119 |
| Maintenance * | 520 | 458 | 520 | 458 |
| Make good expense | -- | 1 | -- | 1 |
| Insurance | 22 | 20 | 22 | 20 |
| Rent and outgoings | 1,739 | 1,631 | 1,739 | 1,631 |
| Minor equipment | 94 | 63 | 94 | 63 |
| Motor vehicle costs (including leasing charges) | 89 | 103 | 89 | 103 |
| Printing and stationery | 40 | 18 | 40 | 18 |
| Staff development | 157 | 46 | 157 | 46 |
| Travelling expenses | 82 | 178 | 82 | 178 |
| Telephones | 47 | 65 | 47 | 65 |
| Fees and searches | 47 | 82 | 47 | 82 |
| LECC Implementation** | 1,145 | -- | 1,145 | -- |
| Other | 165 | 189 | 165 | 189 |
| | 4,918 | 3,166 | 4,918 | 3,166 |

* Reconciliation - Total maintenance

| | | | | |
|--|------------|------------|------------|------------|
| Maintenance expense - contracted labour and other (non-employee related), as above | 520 | 458 | 520 | 458 |
| Total maintenance expenses included in Note 2 (b) | 520 | 458 | 520 | 458 |

** LECC implementation costs include, branding, staff recruitment and costs for services provided by the Department of Justice relating to the establishment of the Law Enforcement Conduct Commission.

(c) Personnel Services expenses

| | | | | |
|--|---------------|---------------|-----------|-----------|
| Police Integrity Commission Staff Agency | 10,038 | 11,523 | -- | -- |
| Total personnel services expenses | 10,038 | 11,523 | -- | -- |

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

| | Police Integrity Commission | | Consolidated | |
|---|--------------------------------|--------------|--------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| (d) Depreciation and amortisation expense | | | | |
| Depreciation | \$'000 | \$'000 | \$'000 | \$'000 |
| Computer Equipment | 381 | 418 | 381 | 418 |
| Plant and Equipment | 227 | 249 | 227 | 249 |
| Amortisation | | | | |
| Leasehold Improvements | 275 | 316 | 275 | 316 |
| Intangibles | 24 | 33 | 24 | 33 |
| | 907 | 1,016 | 907 | 1,016 |

3. REVENUE

| (a) Appropriations | 2017 | | 2016 | |
|---|---------------|---------------|---------------|---------------|
| | \$'000 | | \$'000 | |
| Summary of Compliance | Appro- | Expendi | Appro- | Expendi |
| | priation | -ture | priation | -ture |
| Original Budget per Appropriation Act | 21,163 | 18,500 | 18,376 | 14,135 |
| Other Appropriations/Expenditure | | | | |
| Total Appropriations /Expenditure / Net Claim on Consolidated Fund | 21,163 | 18,500 | 18,376 | 14,135 |
| Appropriation drawn down | | 18,500 | | 14,135 |
| Comprising: | | | | |
| Appropriations (per Statement of Comprehensive Income) | | 18,500 | | 14,135 |
| | | 18,500 | | 14,135 |
| Appropriations | | | | |
| Recurrent | 16,560 | | 13,907 | |
| Capital | 1,940 | | 228 | |
| | 18,500 | | 14,135 | |

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

Recurrent Appropriation

The Commission's recurrent appropriation of \$21.163 million was not fully drawn down primarily due to the wind up of the PIC and delay in the commencement of the LECC.

Capital Appropriation

The Commission expended \$1.94 million of the approved \$2 million, major capital expenses included building fit-out to accommodate the LECC and upgrades to the Commission's IT systems which will be transferred to the LECC.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

| | Police Integrity Commission | | Consolidated | |
|--|------------------------------------|----------------|---------------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| (b) Grants & Other Contributions | | | | |
| Dept. of Justice –cash grant for redundancies | -- | -- | 3,724 | -- |
| NSW Treasury – cash grant for redundancies | -- | -- | 480 | -- |
| Department of Justice – contribution to leasehold fitout | 514 | -- | 514 | -- |
| | 514 | -- | 4,718 | -- |
| (c) 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 | -- | -- | 59 | 73 |
| Long service leave | -- | -- | (3) | 565 |
| Payroll tax | -- | -- | 3 | 4 |
| | -- | -- | 59 | 642 |
| (d) Other Revenue | | | | |
| Sale of minor equipment | -- | 1 | -- | 1 |
| TMF hindsight adjustment refund | 7 | -- | 35 | 25 |
| | 7 | 1 | 35 | 26 |
| 4. GAIN/(LOSS) ON DISPOSAL | | | | |
| Proceeds from disposal | 55 | 19 | 55 | 19 |
| Written down value of assets disposed | (28) | (6) | (28) | (6) |
| Gain / (loss) on disposal | 27 | 13 | 27 | 13 |

5. SERVICE GROUP OF THE COMMISSION

Service Group 1: *Investigations, research and complaint management*

Objective: To prevent, detect and investigate serious and other misconduct by NSW Police Force and NSW Crime Commission officers.

6. CURRENT ASSETS—CASH AND CASH EQUIVALENTS

| | | | | |
|--------------|--------------|------------|--------------|------------|
| Cash at bank | 1,170 | 759 | 1,217 | 886 |
| Cash on hand | 12 | 12 | 12 | 12 |
| | 1,182 | 771 | 1,229 | 898 |

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and cash at bank. 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) | 1,182 | 771 | 1,229 | 898 |
| Closing Cash and Cash Equivalents (per Statement of Cash Flows) | 1,182 | 771 | 1,229 | 898 |

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CURRENT ASSETS—RECEIVABLES

| | | | | |
|---------------|------------|------------|------------|------------|
| Prepayments | 404 | 323 | 404 | 323 |
| Other debtors | 63 | 35 | 71 | 35 |
| | 467 | 358 | 475 | 358 |

No allowance for impairment has been raised as all amounts are considered to be collectable.

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

8. NON-CURRENT ASSETS—PLANT AND EQUIPMENT

Police Integrity Commission and consolidated figures are shown together as the Police Integrity Commission Staff Agency does not hold assets.

| | Leasehold improvements \$'000 | Plant & Equipment \$'000s | Computer Equipment \$'000 | Total \$'000 |
|---|-------------------------------------|---------------------------------|---------------------------------|-----------------|
| At 1 July 2016 - fair value | | | | |
| Gross carrying amount | 2,241 | 3,269 | 3,140 | 8,650 |
| Accumulated depreciation and impairment | (2,218) | (2,667) | (2,526) | (7,411) |
| Net Carrying Amount | 23 | 602 | 614 | 1,239 |
| At 30 June 2017 – fair value | | | | |
| Gross carrying amount | 1,893 | 2,986 | 3,333 | 8,212 |
| Accumulated depreciation and impairment | (263) | (2,464) | (2,237) | (4,964) |
| Net Carrying Amount | 1,630 | 522 | 1,096 | 3,248 |

Reconciliation

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

| | Leasehold Improvements \$'000 | Plant & Equipment \$'000s | Computer Equipment \$'000 | Total \$'000 |
|--------------------------------------|-------------------------------------|---------------------------------|---------------------------------|-----------------|
| Year ended 30 June 2017 | | | | |
| Net carrying amount at start of year | 23 | 602 | 614 | 1,239 |
| - Additions | 874 | 161 | 863 | 1,898 |
| - Additions – Grant Dept. of Justice | 514 | -- | -- | 514 |
| - Additions – make good | 505 | -- | -- | 505 |
| - Disposals | (11) | (14) | -- | (25) |
| - Depreciation Expense | (275) | (227) | (381) | (883) |
| Net carrying amount at end of year | 1,630 | 522 | 1,096 | 3,248 |

| | Leasehold Improvements \$'000 | Plant & Equipment \$'000s | Computer Equipment \$'000 | Total \$'000 |
|---|-------------------------------------|---------------------------------|---------------------------------|-----------------|
| At 1 July 2015 - fair value | | | | |
| Gross carrying amount | 2,241 | 3,238 | 3,474 | 8,953 |
| Accumulated depreciation and impairment | (1,902) | (2,510) | (2,549) | (6,961) |
| Net Carrying Amount | 339 | 728 | 925 | 1,992 |
| At 30 June 2016 – fair value | | | | |
| Gross carrying amount | 2,241 | 3,269 | 3,140 | 8,650 |
| Accumulated depreciation and impairment | (2,218) | (2,667) | (2,526) | (7,411) |
| Net Carrying Amount | 23 | 602 | 614 | 1,239 |

Reconciliation

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

| | Leasehold Improvements \$'000 | Plant & Equipment \$'000s | Computer Equipment \$'000 | Total \$'000 |
|--------------------------------------|-------------------------------------|---------------------------------|---------------------------------|-----------------|
| Year ended 30 June 2016 | | | | |
| Net carrying amount at start of year | 339 | 728 | 925 | 1,992 |
| - Additions | -- | 129 | 107 | 236 |
| - Disposals | -- | (6) | -- | (6) |
| - Depreciation Expense | (316) | (249) | (418) | (983) |
| Net carrying amount at end of year | 23 | 602 | 614 | 1,239 |

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

There has been no revaluation of physical non-current assets during the reporting period. The Commission considers that the written down value of assets approximates the fair value of these assets.

All of the Commissions non-current assets are considered to be non-specialised assets with short useful lives measured using the depreciated historical cost as an approximation of fair value and as such do not require fair value hierarchy disclosures under AASB 13. The exception to this is the asset held for make good which was reassessed inline with PIC assets being transferred to the LECC, the current written down value of this asset is deemed appropriate as the asset has a short useful life which is in line with the expected close of PIC.

9. NON-CURRENT INTANGIBLE ASSETS – SOFTWARE

Police Integrity Commission and consolidated figures are shown together as the Police Integrity Commission Staff Agency does not hold assets.

| | Consolidated \$'000 |
|--|------------------------|
| At 1 July 2016 | |
| Cost (gross carrying amount) | 3,361 |
| Accumulated amortisation and impairment | (3,316) |
| Net Carrying Amount | 45 |
| At 30 June 2017 | |
| Cost (gross carrying amount) | 3,373 |
| Accumulated amortisation and impairment | (3,259) |
| Net Carrying Amount | 114 |
| Year ended 30 June 2017 | |
| Net carrying amount at start of year | 45 |
| Additions | 97 |
| Disposal | (4) |
| Amortisation (recognised in “depreciation and amortisation”) | (24) |
| Net carrying amount at end of year | 114 |
| At 1 July 2015 | |
| Cost (gross carrying amount) | 3,367 |
| Accumulated amortisation and impairment | (3,300) |
| Net Carrying Amount | 67 |
| At 30 June 2016 | |
| Cost (gross carrying amount) | 3,361 |
| Accumulated amortisation and impairment | (3,316) |
| Net Carrying Amount | 45 |
| Year ended 30 June 2016 | |
| Net carrying amount at start of year | 67 |
| Additions | 11 |
| Disposal | -- |
| Amortisation (recognised in “depreciation and amortisation”) | (33) |
| Net carrying amount at end of year | 45 |

Computer software that is not an integral part of the related hardware is classified as an intangible asset to conform to AASB 138 *Intangible Assets*.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

10. CURRENT LIABILITIES—PAYABLES

| | Police Integrity Commission | | Consolidated | |
|--------------------------------------|--------------------------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Accrued salaries, wages and on-costs | -- | -- | 43 | -- |
| Personnel services payable | 43 | -- | -- | -- |
| Creditors | 144 | 87 | 144 | 87 |
| | 187 | 87 | 187 | 87 |

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

11. CURRENT / NON-CURRENT LIABILITIES—PROVISIONS

Current

| | | | | |
|--|------------|--------------|------------|--------------|
| Employee benefits and related on-costs | | | | |
| Annual leave including on-costs | 44 | 56 | 599 | 754 |
| Long service leave on-costs | -- | -- | 312 | 500 |
| Payroll tax and FBT provision | 2 | -- | 30 | 38 |
| Provision for personnel services | 867 | 1,152 | -- | -- |
| | 913 | 1,208 | 941 | 1,292 |

| | | |
|---|------------|--------------|
| Expected to be settled within 12 months | 866 | 1,189 |
| Expected to be settled after 12 months | 75 | 103 |
| | 941 | 1,292 |

Non-current

| | | | | |
|--|------------|------------|------------|------------|
| Employee benefits and related on-costs | | | | |
| Long service leave on-costs | -- | -- | 17 | 27 |
| Payroll tax and FBT provision | -- | -- | 10 | 16 |
| Restoration costs | 505 | 482 | 505 | 482 |
| Total Provisions | 505 | 482 | 532 | 525 |

Aggregate employee benefits and related on-costs

| | | |
|--|--------------|--------------|
| Provisions – current | 941 | 1,292 |
| Provisions – non-current | 27 | 43 |
| Accrued salaries, wages and on-costs (Note 10) | 43 | -- |
| | 1,011 | 1,335 |

Movements in provisions (other than employee benefits)

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Restoration costs | | |
| Carrying amount at beginning of financial year | 482 | 495 |
| Decrease in provisions recognised | (482) | (14) |
| Provision recognised | 505 | |
| Unwinding / change in the discount rate | -- | 1 |
| Carrying amount at end of financial year | 505 | 482 |

Restoration provisions represent estimated restoration costs that the Commission is obliged to incur to restore premises to an acceptable condition as agreed with the owners of the premises, upon expiry of operating lease arrangements.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

12. COMMITMENTS FOR EXPENDITURE

| | Police Integrity Commission | | Consolidated | |
|--|--------------------------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| (a) Capital Commitments | | | | |
| Aggregate capital expenditure for the acquisition of computer software and hardware, office equipment and leasehold improvements, contracted for at balance date and not provided for: | | | | |
| Not later than one year | -- | 17 | -- | 17 |
| Total (including GST) | -- | 17 | -- | 17 |
| (b) Operating Lease Commitments | | | | |
| Future non-cancellable operating lease rentals not provided for and payable: | | | | |
| Not later than one year | 1,715 | 1,550 | 1,715 | 1,550 |
| Later than one year and not later than five years | 1,842 | 3,124 | 1,842 | 3,124 |
| Later than five years | -- | -- | -- | -- |
| Total (including GST) | 3,557 | 4,674 | 3,557 | 4,674 |

These operating lease commitments relate to the Commission's rental of property and motor vehicle fleet, and are not recognised in the financial statements as liabilities. The total commitments for 2017 include input tax credits of \$323,404 (2016 \$426,487) that are expected to be recoverable from the Australian Taxation Office.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Commission is not aware of any contingent liabilities or assets that will materially affect its financial position (2016: contingent liabilities Nil, contingent asset Nil).

14. BUDGET REVIEW

Net result

The actual net result was better than budget by \$2.175 million, primarily due to:

Employee related expenditure was below budget due to a delay in the implementation of the LECC. The delay caused a lag between recruitment for LECC and the termination of PIC staff taking up the offer of voluntary redundancy leaving a number of positions unfilled in both agencies. The decrease in employee related expenses was partly off-set by an increase in other operating expenses incurred as a direct result of the LECC implementation.

Revenue was higher than budget due to grant funding received from the Department of Justice and NSW Treasury for approved redundancies. Crown acceptance was lower than budget due to long service leave paid out on termination resulting in a decrease in the carrying liability at year end.

Other income relates to the write back of a make-good provision originally held by the PIC. As the LECC has taken over the lease and accommodation currently occupied by the Commission the requirement to make-good did not eventuate. A new provision for make-good has been recognised following building fit-out work conducted to accommodate the LECC the liability for which will be included in the closing/opening balances transferred to the LECC as at 1 July 2017.

Assets and liabilities

Cash and cash equivalents held at year end are higher than budget by \$616,000 this is due to grant funding received for the payment of redundancies, \$480,000 of which was received on the 30th of June, 2017.

Non-current assets are higher than budget due to the increased cost of fit-out work to accommodate the LECC.

Liabilities are below budget as employee related provisions have decreased due to the reduction in leave balances following staff taking up the offer of a redundancy.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Cash flows

Cash flows from operating activities show an increase in payments which is consistent with the payment of redundancies and leave liabilities as well as the additional expenses incurred with the LECC implementation. Cash receipts have increased following grant funding received which was not originally budgeted for.

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

| | Police Integrity Commission | | Consolidated | |
|---|--|----------------|---------------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Net cash used on operating activities | 2,351 | (1,515) | 2,271 | (1,491) |
| Depreciation and amortisation | (907) | (1,016) | (907) | (1,016) |
| Decrease/(increase) in provisions | 272 | (56) | 344 | (83) |
| Increase/(decrease) in prepayments and other assets | 64 | (78) | 72 | (78) |
| Decrease/(increase) in creditors | (100) | 539 | (100) | 542 |
| Make-good provision | 23 | (13) | 23 | (13) |
| Assets acquired free of cost (Dept. of Justice) | 514 | -- | 514 | -- |
| Written down value of assets disposed | 26 | (6) | 26 | (6) |
| Net result | <u>2,243</u> | <u>(2,145)</u> | <u>2,243</u> | <u>(2,145)</u> |

16. FINANCIAL INSTRUMENTS

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

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

(i) Financial instrument categories

Parent

| Financial Assets | Note | Category | Carrying Amount | Carrying Amount |
|----------------------------------|-------------|---|----------------------------|----------------------------|
| Class: | | | 2017 | 2016 |
| | | | \$'000 | \$'000 |
| Cash and cash equivalents | 6 | N/A | 1,182 | 771 |
| Receivables ¹ | 7 | Loans and receivables (at amortised cost) | -- | -- |
| Financial Liabilities | | | Carrying Amount | Carrying Amount |
| Class: | | | | |
| Payables ² | 10 | Financial liabilities measured at amortised cost | 187 | 87 |

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Consolidated

| Financial Assets | | | Carrying Amount | Carrying Amount |
|------------------------------|-------------|---|------------------------|------------------------|
| | Note | Category | 2017 | 2016 |
| | | | \$'000 | \$'000 |
| Class: | | | 2017 | 2016 |
| | | | \$'000 | \$'000 |
| Cash and cash equivalents | 6 | N/A | 1,229 | 898 |
| Receivables ¹ | 7 | Loans and receivables (at amortised cost) | 8 | -- |
| Financial Liabilities | | | Carrying Amount | Carrying Amount |
| | Note | Category | 2017 | 2016 |
| Class: | | | | |
| Payables ² | 10 | Financial liabilities measured at amortised cost | 187 | 87 |

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(ii) Credit Risk

Credit risk arises when there is a 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.

Credit risk associated with the Commission's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

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 which are known to be uncollectible 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.

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 3 months past due (2017 nil, 2016 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

(iii) 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 and planning to ensure adequate holdings of liquid assets. The Commission does not have a bank overdraft facility.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

During the current and prior years, there were no defaults of 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 not 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 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 Commissioner (or person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest was applied during the year.

The table below summarises the maturity profile of the Commission's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

| | Weighted average effective int. rate | \$'000 | | | Maturity Dates | | | |
|--|---|-------------------|---------------------------|------------------------------|-----------------------------|------------|----------------|--------------|
| | | Nominal amount | Interest Rate Exposure | | | <1 year | 1 - 5 years | > 5 years |
| | | | Fixed interest rate | Variable interest rate | Non- interest bearing | | | |
| Parent | | | | | | | | |
| 2017 | | | | | | | | |
| Personnel services payable | | 43 | -- | -- | 43 | 43 | -- | -- |
| Creditors | | 144 | -- | -- | 144 | 144 | -- | -- |
| | | 187 | -- | -- | 187 | 187 | -- | -- |
| 2016 | | | | | | | | |
| Personnel services payable | | -- | -- | -- | -- | -- | -- | -- |
| Creditors | | 87 | -- | -- | 87 | 87 | -- | -- |
| | | 87 | -- | -- | 87 | 87 | -- | -- |
| Consolidated | | | | | | | | |
| 2017 | | | | | | | | |
| Accrued salaries and wages and on-costs | | 43 | -- | -- | 43 | 43 | -- | -- |
| Creditors | | 144 | -- | -- | 144 | 144 | -- | -- |
| | | 187 | -- | -- | 187 | 187 | -- | -- |
| 2016 | | | | | | | | |
| Accrued salaries and wages and on-costs | | -- | -- | -- | -- | -- | -- | -- |
| Creditors | | 87 | -- | -- | 87 | 87 | -- | -- |
| | | 87 | -- | -- | 87 | 87 | -- | -- |

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the statement of financial position.

(iv) 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's exposure to market risk is primarily through interest rate risk. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2016. The analysis assumes that all other variables remain constant.

(v) Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

The Commission does not receive interest on cash assets held as such there is no exposure to interest rate risk.

(vi) Fair value measurement

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.

17. RELATED PARTY DISCLOSURES

During the year, the Commission entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Commission's rendering of services and receiving of services.

These transactions include:

- Long Service Leave and Defined Benefit Superannuation assumed by the Crown
- Appropriations (and subsequent adjustments in appropriations)
- Transactions relating to the Treasury Banking System
- Employer contributions paid to the Defined Benefit Superannuation funds
- Payments into the Treasury Managed Fund for workers compensation insurance and other insurances.

Key management personnel and their compensation disclosures are limited to the key decision makers who have authority and responsibility for planning, directing and controlling the activities of the Commission.

Compensation related to key management personnel are as follows

| | <u>2017</u> |
|-------------------------------|---------------|
| | <u>\$'000</u> |
| Short term employee benefits: | |
| Salaries | 543 |
| Non-monetary benefits | <u>--</u> |
| Total remuneration | <u>543</u> |

Police Integrity Commission

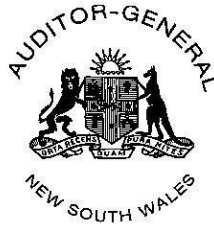
Notes to and forming part of the Financial Statements for the year ended 30 June 2017

18. EVENTS AFTER THE REPORTING DATE

In September 2016 the NSW Government introduced a Bill to establish the Law Enforcement Conduct Commission (LECC). The LECC takes over the functions of the Commission and the Police and Compliance Branch of the Ombudsman as the central agency responsible for oversight of the NSW Police Force and NSW Crime Commission. The LECC will commence on 1 July 2017 at which time the PIC will cease operations. The LECC will operate out of the accommodation currently occupied by PIC and all relevant assets and liabilities will be transferred to LECC on commencement.

There have been no other significant events after the reporting period which would materially affect these statements.

End of audited financial statement



INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Police Integrity Commission Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then 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 Agency as at 30 June 2017, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of *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 Agency 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 also fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament further 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.

The Commissioner's Responsibility for the Financial Statements

The 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 Commissioner determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner must assess the ability of the Agency to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. 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, and
- 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: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Agency carried out its activities effectively, efficiently and economically
- 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.



David Daniels
Director, Financial Audit Services

3 October 2017
SYDNEY

Police Integrity Commission Staff Agency



Financial Statements 2016–17

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Police Integrity Commission Staff Agency

Statement by CEO

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I have formed the opinion 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 *Public Finance and Audit Act 1983* and *Public Finance and Audit 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 and financial performance of the Agency, and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



Amber Williams
Chief Executive Officer
Law Enforcement Conduct Commission

Dated 28.9.17

This page is not audited

Police Integrity Commission Staff Agency

Statement of comprehensive income for the year ended 30 June 2017

| | Notes | Actual 2017 \$'000 | Actual 2016 \$'000 |
|--|-------|--------------------------|--------------------------|
| Expenses | | | |
| Employee related | 2 | 14,329 | 12,190 |
| Total expenses | | 14,329 | 12,190 |
| Revenue | | | |
| Personnel services | 3 | 10,038 | 11,523 |
| Grants & contributions | 3 | 4,205 | -- |
| Acceptance by the Crown Entity of employee benefits and other liabilities | 3 | 59 | 642 |
| Other revenue | 3 | 27 | 25 |
| Total Revenue | | 14,329 | 12,190 |
| Net Result | | -- | -- |
| Other comprehensive income for the year | | -- | -- |
| TOTAL COMPREHENSIVE INCOME | | -- | -- |

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency
Statement of financial position as at 30 June 2017

| | Notes | Actual 2017 \$'000 | Actual 2016 \$'000 |
|--------------------------------------|-------|--------------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 47 | 127 |
| Receivables | 5 | 918 | 1,152 |
| Total Current Assets | | <u>965</u> | <u>1,279</u> |
| Total Assets | | <u>965</u> | <u>1,279</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 6 | 43 | -- |
| Provisions | 7 | 895 | 1,236 |
| Total Current Liabilities | | <u>938</u> | <u>1,236</u> |
| Non-Current Liabilities | | | |
| Provisions | 7 | 27 | 43 |
| Total Non-Current Liabilities | | <u>27</u> | <u>43</u> |
| Total Liabilities | | <u>965</u> | <u>1,279</u> |
| Net Assets | | <u>--</u> | <u>--</u> |
| EQUITY | | | |
| Accumulated funds | | -- | -- |
| Total equity | | <u>--</u> | <u>--</u> |

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

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

| | Accumulated Funds \$'000 | Total \$'000 |
|--|---|-------------------------|
| Balance at 1 July 2016 | -- | -- |
| Net result for the year | -- | -- |
| Other comprehensive income | -- | -- |
| Total comprehensive income for the year | -- | -- |
| Balance at 30 June 2017 | -- | -- |
| Balance at 1 July 2015 | -- | -- |
| Net result for the year | -- | -- |
| Other comprehensive income | -- | -- |
| Total comprehensive income for the year | -- | -- |
| Balance at 30 June 2016 | -- | -- |

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency
Statement of cash flows for the year ended 30 June 2017

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee related | | (14,588) | (11,802) |
| Total Payments | | <u>(14,588)</u> | <u>(11,802)</u> |
| Receipts | | | |
| Personnel services | | 14,508 | 11,826 |
| Total Receipts | | <u>14,508</u> | <u>11,826</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | <u>(80)</u> | <u>24</u> |
| NET INCREASE / (DECREASE) IN CASH | 10 | (80) | 24 |
| Opening cash and cash equivalents | 4 | 127 | 103 |
| CLOSING CASH AND CASH EQUIVALENTS | 4 | <u>47</u> | <u>127</u> |

The accompanying notes form part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission Staff Agency (the Agency) is a NSW Government entity and is controlled by the State of New South Wales, which is the ultimate parent. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at 111 Elizabeth Street Sydney NSW 2000.

The Agency is a controlled entity of the Police Integrity Commission as such these statements form part of the consolidated accounts of the Police Integrity Commission.

Police Integrity Commission Staff Agency's objective is to provide personnel services to the Police Integrity Commission.

The financial statements for the year ended 30 June 2017 has been authorised for issue by the Chief Executive Office for the Law Enforcement Conduct Commission on 28 September, 2017.

(b) *Basis of preparation*

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions mandated by the Treasurer.

Financial items are prepared in accordance with the historical cost convention.

The accrual basis of accounting has been adopted in the preparation of the financial statements.

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

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

(c) *Statement of Compliance*

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

(d) *Revenue recognition*

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

(e) *Financial instruments*

(iii) *Financial assets*

• *Receivables*

Receivables are assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(iv) *Financial Liabilities*

• *Payables*

Payables include accrued wages, salaries, and related on costs (such as payroll tax, tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement. 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.

(f) *Employee Benefits*

(i) *Salaries and Wages, Annual Leave, and Sick Leave*

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*. Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Agency has assessed the actuarial advice based on the Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave.

All annual leave is classified as a current liability even where the Agency does not expect to settle the liability within 12 months as the Agency does not have an unconditional right to defer settlement.

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

(ii) *Long Service Leave and Superannuation*

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

Long service leave is measured on a 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 (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) *Consequential on-costs*

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

(g) *Provisions*

Provisions are recognised when the Agency 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.

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(h) 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 except as a result of AASB 3015-16 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities which has been applied for the first time in 2016-17. The required disclosures are made at Note 12.

(ii) *Issued but not yet effective*

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Commission is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2017.

- AASB 9 -- Regarding financial Instruments
- AASB 15, AASB 2014-5, 2015-8, & 2016-3 -- Regarding revenue from contracts with customers
- AASB 1058 -- Regarding income for Not-for-profit entities
- AASB 2016-2 -- Regarding amendments to AASB 107 disclosure initiatives
- AASB 2016-4 -- Regarding amendments to Australian Accounting Standards – Recoverable amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2016-7 -- Regarding amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 -- Regarding amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

2. EXPENSES EXCLUDING LOSSES

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Employee related expenses | | |
| Salaries and wages (including recreation leave) | 8,116 | 9,887 |
| Redundancies | 4,804 | -- |
| Superannuation–defined benefit plans | 59 | 73 |
| Superannuation–defined contribution plans | 695 | 957 |
| Long Service Leave | (3) | 565 |
| Workers' compensation insurance | 70 | 90 |
| Payroll tax | 588 | 618 |
| | 14,329 | 12,190 |

The audit fee for auditing the Agency is included in the PIC audit fee.

3. REVENUE

| | | |
|------------------------------------|---------------|---------------|
| Personnel services income from PIC | 10,038 | 11,523 |
| Grant funding - Justice | 3,725 | -- |
| Grant funding – NSW Treasury | 480 | -- |
| | 14,243 | 11,523 |

Grant funding was provided by the Department of Justice and NSW Treasury to assist in the payment of redundancies resulting from the PIC being abolished and the Law Enforcement Conduct Commission being established (refer Note 13)

Acceptance by the Crown Entity of employee benefits and other liabilities

The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:

| | | |
|--------------------------------------|-----------|------------|
| Superannuation–defined benefit plans | 59 | 73 |
| Long Service Leave | (3) | 565 |
| Payroll tax on superannuation | 3 | 4 |
| | 59 | 642 |

The movement in long service leave includes leave taken and paid out on termination together with an adjustment at year end to the accrual reflecting the movement in the bond rate and present value calculation.

| | | |
|---|-----------|-----------|
| Other revenue – insurance hindsight adjustment refund | 27 | 25 |
| | 27 | 25 |

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

| | | |
|--------------|-----------|------------|
| Cash at bank | 47 | 127 |
| | 47 | 127 |

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

5. CURRENT ASSETS – RECEIVABLES

| | 2017 | 2016 |
|--------------------|------------|--------------|
| | \$'000 | \$'000 |
| Personnel services | 910 | 1,152 |
| Other | 8 | -- |
| | 918 | 1,152 |

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. CURRENT LIABILITIES –PAYABLES

| | | |
|----------------------------|-----------|----|
| Accrued salaries and wages | 43 | -- |
| | 43 | -- |

7. CURRENT/NON-CURRENT LIABILITIES –PROVISIONS

Current

Employee benefits and related on-costs

| | | |
|---------------------------------|------------|--------------|
| Annual leave including on-costs | 555 | 698 |
| Long service leave on-cost | 322 | 516 |
| Payroll tax | 18 | 22 |
| | 895 | 1,236 |

| | | |
|---|------------|--------------|
| Expected to be settled within 12 months | 823 | 1,137 |
| Expected to be settled after 12 months | 72 | 99 |
| | 895 | 1,236 |

Non-current

Employee benefits and related on-costs

| | | |
|----------------------------|-----------|-----------|
| Long service leave on-cost | 17 | 27 |
| Payroll tax | 10 | 16 |
| | 27 | 43 |

Aggregate employee benefits and related on-costs

| | | |
|-------------------------------------|------------|--------------|
| Provisions - Current | 895 | 1,236 |
| Provisions – Non-current | 27 | 43 |
| Accrued salaries and wages (note 6) | 43 | -- |
| | 965 | 1,279 |

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Agency is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2016: nil).

9. COMMITMENTS FOR EXPENDITURE

As at the reporting date, the Agency does not have any commitments (2016: nil).

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

| | 2017 | 2016 |
|---|--------|--------|
| | \$'000 | \$'000 |
| Net cash used in operating activities | (80) | 24 |
| Decrease/(increase) in provisions | 359 | (104) |
| Increase/(decrease) in prepayments and other assets | (236) | (276) |
| Decrease/(increase) in creditors | (43) | 356 |
| Net result | -- | -- |

11. FINANCIAL INSTRUMENTS

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

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

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Agency, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by the Commission's Audit and Risk Committee on a continuous basis.

(i) Financial instrument categories

| Financial Assets | Note | Category | Carrying Amount | Carrying Amount |
|------------------------------|-------------|--|------------------------|------------------------|
| Class: | | | 2017 | 2016 |
| | | | \$'000 | \$'000 |
| Cash and cash equivalents | 4 | N/A | 47 | 127 |
| Receivables | 5 | Loans and receivables (at amortised cost) | 918 | 1,152 |
| Financial Liabilities | | | Carrying Amount | Carrying Amount |
| Class: | | | 2017 | 2016 |
| | | | \$'000 | \$'000 |
| Payables ² | 6 | Financial liabilities Measured at amortised cost | 41 | -- |

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(ii) Credit Risk

Credit risk arises when there is a possibility of the Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Agency. 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 Agency, including cash and receivables. No collateral is held by the Agency. The Agency has not granted any financial guarantees.

Credit risk associated with the Agency's financial assets, other than receivables is managed through the selection of counter-parties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility 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 which are known to be uncollectible 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.

The Agency 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 3 months past due (2017 nil, 2016 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

(iii) Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet its payment obligations when they fall due. The Agency continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Agency does not have a bank overdraft facility.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Agency’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 (that 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 not 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 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 Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest was applied during the year.

The table below summaries the maturity profile of the Agency’s financial liabilities based on contractual undiscounted payments together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

| | Weighted average effective int. rate | \$'000 | | | Maturity Dates | | | |
|--------------------------------------|---|-------------------|---------------------------|------------------------------|-----------------------------|------------|----------------|--------------|
| | | Nominal amount | Interest Rate Exposure | | | <1 year | 1 - 5 years | > 5 years |
| | | | Fixed interest rate | Variable interest rate | Non- interest bearing | | | |
| 2017 | | | | | | | | |
| Accrued salaries, wages and on-costs | | 43 | -- | -- | 43 | 43 | -- | -- |
| | | 43 | -- | -- | 43 | 43 | -- | -- |
| 2016 | | | | | | | | |
| Accrued salaries, wages and on-costs | | -- | -- | -- | -- | -- | -- | -- |
| | | -- | -- | -- | -- | -- | -- | -- |

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(iv) 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 Agency’s exposure to market risk is primarily through interest rate risk. The Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2016. The analysis assumes that all other variables remain constant.

(v) Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

The Commission does not receive interest on cash assets held as such there is no exposure to interest rate risk.

(vi) Fair value measurement

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.

12. RELATED PARTY DISCLOSURES

During the year, the Agency entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Commission’s rendering of services and receiving of services.

These transactions include:

- The provision of personnel services to the Police Integrity Commission
- Long Service Leave and Defined Benefit Superannuation assumed by the Crown
- Transactions relating to the Treasury Banking System
- Employer contributions paid to the Defined Benefit Superannuation funds
- Payments into the Treasury Managed Fund for workers compensation insurance.

Key management personnel and their compensation disclosures are limited to the key decision makers who have authority and responsibility for planning, directing and controlling the activities of the Commission.

Compensation related to key management personnel are as follows

| | 2017 \$'000 |
|-------------------------------|----------------|
| Short term employee benefits: | |
| Salaries | 543 |
| Non-monetary benefits | -- |
| Total remuneration | 543 |

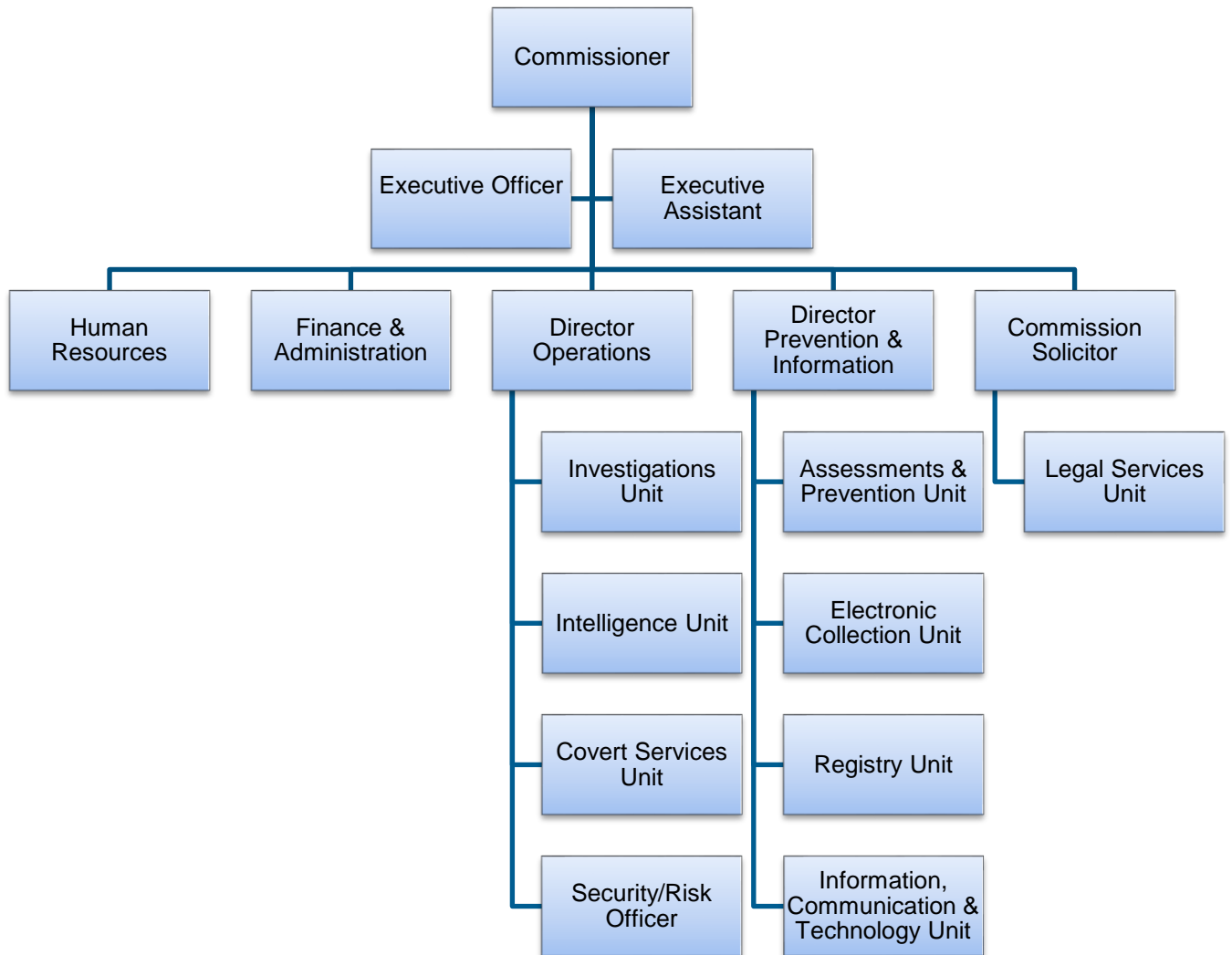
13. EVENTS AFTER THE REPORTING PERIOD

As at 1 July 2017 the Law Enforcement Conduct Commission (LECC) will replace the Police Integrity Commission as the agency responsible for oversight of the NSW Police Force and NSW Crime Commission. On commencement of the LECC and Office of the LECC the PIC and PIC staff agency will cease.

There have been no other significant events after the reporting period which would materially affect these statements.

End of audited financial statements.

APPENDIX 8: ORGANISATIONAL STRUCTURE



APPENDIX 9: POLICE INTEGRITY COMMISSION PUBLICATIONS

| Investigation Report | Overview |
|--|---|
| <p>Report to Parliament Regarding the Former Special Branch of New South Wales Police Service</p> <p>June 1998</p> | <p>This Report to Parliament reported on the audit by the Police Integrity Commission of the records of NSW Special Branch.</p> |
| <p>Operation Jade</p> <p>October 1998</p> | <p>Operation Jade investigated the unauthorised release of information by a member of the former Task Force Bax of the New South Wales Police Service to a convicted heroin dealer.</p> |
| <p>Operation Jade – Supplementary Report</p> <p>April 1999</p> | <p>Operation Jade – Supplementary Report clarifies certain issues in the Operation Jade Report of October 1998.</p> |
| <p>Operation Warsaw</p> <p>February 1999</p> | <p>Operation Warsaw investigated the involvement of police personnel in the supply of security related goods and services to the New South Wales Police Service, particularly the Sydney 2000 Olympic Games.</p> |
| <p>Operation Algiers</p> <p>June 2000</p> | <p>Operation Algiers investigated the involvement of a Superintendent of the New South Wales Police Service in the operation of various business and financial interests.</p> |
| <p>Operations Copper, Triton and Nickel</p> <p>June 2000</p> | <p>Operations Copper, Triton and Nickel all involved allegations of police officers falsifying court documents, in particular forging signatures.</p> |
| <p>Operation Belfast</p> <p>October 2000</p> | <p>Operation Belfast examined the police investigation of the murder of Leigh Leigh and on the police involvement in court proceedings in relation to the murder.</p> |
| <p>Operation Glacier</p> <p>November 2000</p> | <p>Operation Glacier investigated the unauthorised release of information by a member of the New South Wales Police Service to a member of the public.</p> |
| <p>Operation Oslo</p> <p>June 2001</p> | <p>Operation Oslo identified current and former members of the New South Wales Police Service who are or were involved in improper and/or illegal conduct with Kostas Kontorinakis or any of his current or former associates and to investigate whether Roger Rogerson has knowledge of any police misconduct and to investigate whether there has been any police misconduct by any member of the New South Wales Police Service associated with Roger Rogerson or any of his associates and, if so, the nature and extent thereof.</p> |

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| Operation Saigon June 2001 | Operation Saigon investigated the alleged use and supply of prohibited drugs by members of the New South Wales Police Service and also the police investigation of the shooting of Roni Levi. |
| Operation Pelican August 2001 | Operation Pelican investigated whether there was any police misconduct in the investigation into the death of Philip Dilworth in 1986; whether there was any police misconduct in the investigation into the shooting of Gary Mitchell in 1986; and whether there was any police misconduct in the investigation of the shooting death of Gary Mitchell in 1996. |
| Operation Malta February 2003 | Operation Malta investigated allegations made by four members of the NSW Police Service Crime Management Support Unit (CMSU) that senior police were obstructing the reform of the Service. |
| Operation Jetz February 2003 | Operation Jetz investigated whether or not certain members of the New South Wales Police Service have been, or are currently, involved in misconduct with respect to the New South Wales Police Service promotional system. |
| Operation Ibis September 2003 | Operation Ibis determined whether the matters referred to in papers provided to the Commission The Hon Charlie Lynn MLC on 28 May 2003 disclosed conduct by police that might be made the subject of a more complete investigation. |
| Operation Tower April 2004 | Operation Tower investigated complaints made about NSW Police by Mr John Robert Marsden. |
| Operation Florida June 2004 Two volumes | Operation Florida investigated a broad range of police misconduct including soliciting and receiving bribes from drug dealers, organising or 'greenlighting' drug trafficking, stealing cash and property, reducing charges in return for payment, perverting the course of justice, assaulting suspects, 'verballing' suspects, 'loading' suspects and organising or 'greenlighting' break and enter offences. |
| Operation Vail June 2005 | Operation Vail investigated whether there had been any breaches of the <i>Telecommunications (Interception) Act 1979</i> or any other misconduct by persons who participated in a meeting at NSW Police Executive Offices commencing 9.15am on 5 April 2004. |
| Operation Abelia September 2005 Four volumes | <p>Illegal drug use by police officers is a concern in many jurisdictions. Project Abelia combined research and investigations to develop a better understanding of the nature of the problem of illegal drug use by some NSW police officers and what can be done to minimise such illegal drug use.</p> <p>Volume 1 is a Summary Report which provides an outline of how Operation Abelia was undertaken and describes a selection of findings and observations made. It also provides an overview of the nine-part strategy developed from the Commission's 64 recommendations for strengthening the NSW Police Force's approach to minimising illegal drug use by its officers.</p> |

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| | <p>Volume 2 includes a brief Executive Summary in addition to providing a context in which to consider the problem of illegal drug use by some NSW police officers (Chapters 1, 2 and 3), an examination of the allegations of misconduct by individual NSW police officers (Chapter 4) and a summary of what the Commission has learnt about the nature of the problem of illegal drug use by NSW police officers (Chapter 5).</p> <p>Volume 3 includes a detailed examination of relevant NSW Police Force policies and the Commission's recommendations for improvement in relation to the Drug and Alcohol Policy; self-reporting illegal drug use; various forms of drug testing; code of conduct and ethics; recruitment; education, training and communication; officer supervision and managing officers found to have used illegal drugs. It also describes how individual recommendations combine to form a nine-part integrated strategy and provides a bibliography of material reviewed.</p> <p>The appendices in Volume 4 provide additional information concerning each of the research components of Operation Abelia: Commander interviews, private research hearings, focus groups with officers and students, case study analysis, policies and practices of other Australian policing agencies, policies and practices of overseas policing agencies as well as policies and practices of other Australian organisations regarding illegal drug use by personnel. The appendices also provide additional information on workplace drug testing, community approaches to recreational drug use and criteria for recruitment into the NSW Police Force.</p> |
| <p>Operation Whistler December 2005 See also Alford Report December 2009 Whistler notation – re Briggs and Ors April 2012</p> | <p>Operation Whistler investigated the circumstances relating to the apprehension and detention of Allan Frederick Hathaway on 6 February 2003 and the subsequent prosecution; and to investigate incidents where it is alleged that there has been improper or excessive use of force by police attached to the Southern Region of New South Wales Police.</p> |
| <p>Operation Cobalt December 2005</p> | <p>Operation Cobalt investigated whether Sergeant Christopher John Laycock or any other person associated with him, is currently or has been involved in criminal activity or serious police misconduct.</p> |
| <p>Operation Sandvalley February 2006</p> | <p>Operation Sandvalley investigated whether Senior Constable Daniel Francis Ryan or any currently serving or former police officer or any other person associated with him is currently or has been involved in criminal activity or serious police misconduct.</p> |
| <p>Operation Banff December 2006</p> | <p>An investigation into the events arising from a motor vehicle accident involving Mr Jeffrey Shaw QC on 13 October 2004, at Louisa Road Birchgrove.</p> <p>The preparation of this Report was delayed as a result of proceedings commenced in the Supreme Court of New South Wales in December 2004. Those proceedings, brought on behalf of Mr Shaw, sought to limit the matters in respect of which the</p> |

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| | Commission could report to Parliament. The proceedings were resolved in the New South Wales Court of Appeal in July 2006. |
| Operation Rani December 2007 Rani notation – re Hosemans and Young October 2010 Rani notation - re Jacob and Sim October 2011 | Operation Rani investigated the circumstances surround the disappearance of Ms Janine Mary Vaughan from Bathurst on 7 December 2001 and the conduct of NSW Police involved in the subsequent investigation of her disappearance. |
| Operation Mallard December 2007 Mallard notation - re Brazel April 2009 Mallard notation – re Roberts February 2011 Mallard notation – re NSWPA TI February 2011 | Operation Mallard investigated whether any current or former police officer or any other person has been involved in serious police misconduct or criminal activity in connection with the investigation of the allegation of sexual assault made to Waverley Police on 20 November 2004 and whether Superintendent Adam Purcell has been involved in serious police misconduct or criminal activity in relation to the release of confidential police information. |
| Operations Pegasus and Luno December 2008 | Operation Pegasus examined whether any current or former police officer, or any other person, has engaged in serious police misconduct or criminal activity in connection with the breath testing of David John Webb at Moree on 24 September 2007. Operation Luno examined whether any current or former police officer, or any other person, has engaged in serious police misconduct or criminal activity in connection with the breath testing of Adam James Clunes at Orange on 21 December 2007. |
| Operation Lantana October 2009 | Operation Lantana involved allegations that two NSW Police Force officers had been involved in a 'drug rip', where they seized drugs and sold them for their own financial benefit. The Commission held a public hearing in February 2009 as a part of this investigation. |
| Special Report to Parliament October 2011 | In September 2011 the Commission presented a report to Parliament regarding publication of complaint reports by the Inspector of the Police Integrity Commission. That report was tabled in the Parliament on 11 October 2011 and made public. |
| Operation Winjana November 2012 | Operation Winjana examined: 1. whether a member of staff of the New South Wales Crime Commission and others associated with him were involved in criminal activity or serious misconduct, and 2. the practices and procedures of the New South Wales Crime Commission in the conduct of actions under the Criminal Assets Recovery Act 1990. |
| Operation Binda June 2013 | Operation Binda examined whether Senior Constable Hoan Thien Pham, a serving NSW Police Officer, or any other police officer or person associated with him had been or were currently involved in serious police misconduct or criminal activity. |

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| Operation Calyx June 2013 | Operation Calyx investigated whether there was any police misconduct in the investigation by the NSW Police Force into the police shooting of Adam Salter at his home on 18 November 2009. |
| Operation Montecristo Volumes 1 and 2 November 2014 | Operation Montecristo investigated whether Detective Senior Constable Anthony Paul Williams, or Senior Constable Marc James Smith, or any other member of the NSW Police Force or person associated with either of them, is or has been involved in serious police misconduct or criminal activity. |
| Operation Protea June 2015 Public Statement re Operation Protea June 2015 | Operation Protea examined: 1. Whether there was any police misconduct involved in the participation of any New South Wales Police Force officer in the Catholic Church Professional Standards Resource Group between 1998 and 2005 2. Whether there was any police misconduct involved in the participation by the NSWPF in any agreement, protocol or memorandum of understanding, whether or not formally entered into, between the NSWPF and the Catholic Church concerning the handling of complaints of abuse committed by Catholic Church personnel or employees. |

| Project Report | Overview |
|---|---|
| Project Dresden May 2000 | Project Dresden is a Special Report to Parliament on an audit of the quality of New South Wales Police Service investigations. |
| Project Oracle August 2000 | Project Oracle is a Special Report to Parliament on a review of assault complaints involving officers of the New South Wales Police Service. |
| Management of Misconduct Risks by the NSW Police Counter Terrorist Coordination Command September 2006 | This assessment focuses on the nature of the work undertaken by the NSW Police Counter Terrorist Coordination Command (the CTCC) and on the management of any misconduct risks associated with this work. It does not examine the conduct of individual officers. The Police Integrity Commission undertook this assessment to consider what, if any, special oversight or monitoring arrangements are needed to adequately manage the misconduct risks that result from the nature of the work undertaken by officers in the CTCC. A summary of the rationale, methodology, legislative changes in counter-terrorism policing, key research findings and suggested way forward can be found on pp. v-ix. |
| Unauthorised Disclosure of Confidential Information by NSW Police Officers October 2008 | The unauthorised disclosure of confidential information by New South Wales (NSW) police officers is a form of misconduct that can have serious consequences for the police officers involved and the community. Data sourced from complaints was used in this study to describe patterns in the characteristics of unauthorised disclosures of confidential information by NSW police officers. |
| Developing an Early Intervention System for Police Misconduct | The purpose of an Early Intervention System (EIS) is to identify police officers at risk of engaging in corruption or misconduct and to treat their problematic behaviour |

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| <p>in a Law Enforcement Agency</p> <p>October 2008</p> | <p>through remedial interventions.</p> <p>This paper outlines the fundamental issues that need to be considered when developing an EIS to prevent police misconduct within a law enforcement agency.</p> |
| <p>Project Odin – Identifying and Managing High Risk Officers in the NSW Police Force</p> <p>September 2009</p> | <p>Project Odin was undertaken by the Commission to develop a better understanding of how NSW Police Force commands identify and manage high risk officers. During this research project the Commission worked closely with the NSW Police Force to gather information on the identification and management of high risk officers and to develop a number of reform recommendations.</p> |
| <p>Project Marrella</p> <p>October 2009</p> | <p>The Police Integrity Commission has released a Research and Issues Paper titled Project Marrella: Is misconduct by NSW police officers affected by the number of students in a training intake at the NSW Police College?</p> <p>Complaints were used as a proxy for misconduct and police officers' first two years of service were examined. The results showed that police officers who were trained in large intakes were not more likely to be the subject of complaints in their first two years of service than those trained in smaller intakes.</p> <p>The perception that students trained in large intakes are more likely to engage in misconduct once they become police officers than those trained in smaller intakes is therefore not valid for NSW police officers when complaints are used as a proxy for misconduct.</p> |
| <p>Project Manta Report 1: Identification and Communication of Command Misconduct Risks</p> <p>November 2009</p> | <p>The Police Integrity Commission has released the first of two reports arising from its Project Manta research project.</p> <p>Project Manta focuses on preventing corruption and other forms of serious police misconduct before it occurs, rather than waiting to deal with it after it has occurred.</p> <p>Project Manta seeks to better understand 'command misconduct risks'. These are the risks arising from vulnerabilities associated with the types of work police undertake, staffing profiles and other aspects of the policing environment which may increase the likelihood of officers engaging in corruption or some other form of serious misconduct.</p> |
| <p>Characteristics of complaints about misconduct by off duty NSW police officers</p> <p>March 2010</p> | <p>The Police Integrity Commission has released a Research and Issues Paper (number 4 in the Commission's online research paper series) entitled 'Characteristics of complaints about misconduct by off duty NSW police officers'.</p> <p>The results described in the Commission's research paper provide a snapshot of the characteristics of off duty misconduct by NSW police force officers.</p> |
| <p>Improper Associations in the NSW Police Force: A review of compliance with policies and guidelines</p> <p>May 2010</p> | <p>Research and Issues Paper no. 5 describes a research study conducted by the Police Integrity Commission which aimed to determine the extent to which NSW police officers are complying with the NSW Police Force's Conflicts of Interest (Improper Associations) Policy and Guidelines. The results described in the paper</p> |

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| | <p>showed a poor level of compliance with the requirements of the policy in relation to making written declarations of improper associations.</p> <p>The paper contains recommendations for improving compliance with the policy through increasing awareness, providing additional guidance to officers and improving record-keeping practices.</p> |
| <p>Project Manta Report 2: Managing Command Misconduct Risks April 2011</p> | <p>This report, the second of two arising from Project Manta, focuses on how NSW Police Force commands manage their corruption risks. Project Manta focuses on preventing corruption and other forms of serious police misconduct before it occurs rather than waiting to deal with it after it has occurred. In Project Manta, the Commission draws an analogy between Occupational Health and Safety (OHS) which seeks to prevent workplace accidents and corruption prevention which seeks to minimise corrupt conduct and other forms of serious misconduct. A summary of the rationale, methodology, key research findings, implications and suggested way forward can be found on pp. vii-xi. A more detailed assessment of the processes that NSW Police Force use to manage their misconduct risks and 12 recommendations for improvement can be found in Chapter 6.</p> |
| <p>Minimising officer illegal drug use: The impact of Operation Abelia in the 5 years since publication April 2011</p> | <p>Illegal drug use by police officers is a concern in many jurisdictions. It is more than five years since the Police integrity Commission published its Operation Abelia report which sought to develop a better understanding of the nature of the problem of illegal drug use by some NSW police officers and what can be done to minimise such illegal drug use. This Research & Issues Paper provides a brief outline of Operation Abelia and then describes the key outcomes arising from some of the Operation Abelia 64 recommendations and the related changes in NSW Police Force policies and practices that have occurred following Operation Abelia. It also outlines future challenges for the NSW Police Force in this area. It does not contain any formal recommendations.</p> |
| <p>Preventing Corruption: Lessons from Occupational Health and safety June 2011</p> | <p>Unlike detecting and investigating corruption, preventing corruption requires intervening before the corrupt conduct occurs. However, the best ways to intervene are not always clear. This Research and Issues Paper illustrates practical ways of intervening to prevent or minimise corrupt conduct before it occurs by considering the similarities between the task of minimising corruption and the task of minimising workplace accidents. It identifies ten lessons from Occupational Health and Safety strategies for those who wish to prevent corruption and other forms of serious misconduct. While not a panacea, comparing corruption prevention strategies with Occupational Health and Safety strategies provides a useful way of both thinking about and communicating how to prevent corrupt conduct.</p> <p>This Research and Issues Paper does not contain any formal recommendations.</p> |
| <p>Prevention Prompts Number 1: Identifying and understanding workplace integrity hazards</p> | <p>This is the first in a series of three resources based on applying OHS strategies to the task of minimising corruption. It provides two sets of prompts to help: (1) not overlook any of significant integrity hazards in a police workplace and (2) develop a clear understanding and description of the types of corruption risks associated with</p> |

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| <p>July 2011</p> | <p>an integrity hazard. While the first of these two sets of prompts has been developed for identifying the integrity hazards within individual NSW Police Force commands, these prompts can be adapted for use in different law enforcement agencies and other types of workplaces. This resource should be used in conjunction with Prevention Prompts No. 2, which provides prompts to help select and clearly describe the most appropriate treatment strategies to minimise corruption risks and Prevention Prompts No. 3, which focuses on helping employees to recognise and respond appropriately to the integrity hazards that they may face.</p> |
| <p>Prevention Prompts Number 2: Determining how best to manage workplace integrity hazards July 2011</p> | <p>This is the second in a series of three resources based on applying OHS strategies to the task of minimising corruption. It provides five sets of prompts to help select the most appropriate treatment strategies, clearly describe these treatment strategies, and monitor and review these strategies with a view to improving them based on experience.</p> <p>This set of prompts should be used in conjunction with Prevention Prompts No. 1, which provides prompts to help identify and understand workplace integrity hazards and associated corruption risks and Prevention Prompts No. 3, which focuses on helping employees to recognise and respond appropriately to the integrity hazards that they may face.</p> |
| <p>Prevention Prompts Number 3: Equipping employees to recognise and manage their integrity hazards July 2011</p> | <p>This is the third in a series of three resources based on applying OHS strategies to the task of minimising corruption. It provides prompts to help prepare employees to recognise the integrity hazards and associated corruption risks that they are likely to face as part of their work and to know how to respond appropriately when they find themselves in a position where their integrity could be compromised.</p> <p>This set of prompts should be used in conjunction with Prevention Prompts No. 1, which provides prompts to help identify and understand workplace integrity hazards and associated corruption risks and Prevention Prompts No. 2, which provides prompts to help select and clearly describe the most appropriate treatment strategies to minimise corruption risks.</p> |
| <p>Misconduct Risks Associated With Secondary Employment February 2014</p> | <p>Research and Issues Paper no. 9 examines the extent to which officers of the NSW Police Force are complying with those aspects of the policy that are intended to manage conflicts of interest and misconduct risks associated with secondary employment.</p> <p>The review examined a sample of 578 secondary employment applications.</p> |
| <p>Project Cyril March 2014</p> | <p>In addition to providing a mechanism for determining whether or not there is evidence an individual officer has engaged in misconduct or criminal offences, the effective investigation and analysis of complaints can enable police agencies to identify systemic or organisational factors which may have contributed to the conduct under investigation. Research & Issues Paper no. 10 looks at how the NSW Police Force (NSWPF) complaints system is used to identify system problems and develop solutions so as to prevent future misconduct. Such solutions include</p> |

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| | improving policies, procedures, training, and communication and management practices. |
| Project Mobula: A review of NSW Police strategies to identify and manage misconduct risks August 2015 | Project Mobula, a five-year follow-up to the Commission's Project Manta, examines command practices to determine how well these practices assisted commands to (i) identify and manage their misconduct risks and (ii) provide practical advice to help their officers recognise the misconduct risks they may face and respond appropriately when they encounter such risks. |
| Project Harlequin: Audit of the NSW Police Force's investigation into 83 critical incidents occurring between 1 January 2009 and 30 June 2012. May 2017 | Project Harlequin examines how well the NSWPF managed the misconduct risks associated with 83 critical incident investigations that occurred between 1 January 2009 and 20 June 2012, and presents the Commission's findings of an audit considering how well these critical incident investigations complied with the NSWPF critical incident guidelines. |

Directory

| Address | Postal Address | Website |
|--|---------------------------------|--|
| Level 3, 111 Elizabeth Street SYDNEY NSW 2000 | GPO Box 3880 SYDNEY NSW 2001 | www.lecc.nsw.gov.au |
| Telephone inquiries: | Office Hours: | |
| Telephone: (61 2) 9321 6700 Freecall: 1800 657 079 Facsimile: (61 2) 9321 6799 | 8.30am – 4.30pm | |

Publications

The Commission's publications fall into the following categories:

- Reports to Parliament following an investigation which involved public hearings (section 96(2) of the *Police Integrity Commission Act 1996*)
- Special reports to Parliament on any administrative or general policy matter relating to the functions of the Commission (section 98)
- Annual Reports
- Research and Issues Papers
- Brochures concerning the making of a complaint in regard to serious police misconduct.

All PIC publicly available reports are available on OpenGov NSW at www.opengov.nsw.gov.au

The following publication was released by the Commission during 2016–17:

| Publication Name | Publication Date |
|---|------------------|
| Project Harlequin: A report examining how well the NSWPF managed the misconduct risks associated with 83 critical incident investigations that occurred between 1 January 2009 and 20 June 2012, and presents the Commission's findings of audit of how well these critical incidents complied with the NSWPF critical incident guidelines. | May 2017 |

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