prevent
detect
investigate

Police Integrity Commission

Annual Report 2012 – 2013

Police Integrity Commission
Level 3, 111 Elizabeth St Sydney NSW 2000
www.pic.nsw.gov.au

ISBN 1 74003 175 X
© State of New South Wales through the Police Integrity Commission, 2013. You may copy, distribute, display, download and otherwise freely deal with this work for any purpose, provided that you attribute the Police Integrity Commission as the owner. However, you must obtain permission if you wish to (1) charge others for access to the work (other than at cost), (2) include the work in advertising or a product for sale or (3) modify the work.

ABN 22 870 745 340

The Hon Don Harwin MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

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

Dear Mr President and Madam Speaker

In accordance with section 12 of the *Annual Reports (Departments) Act 1985* and section 99 of the *Police Integrity Commission Act 1996*, the Commission hereby furnishes to you the Police Integrity Commission Annual Report for the year ended 30 June 2013.

This Annual Report has been prepared in accordance with the requirements of the *Annual Reports (Departments) Act 1985* and the *Police Integrity Commission Act 1996*.

I draw your attention to section 103(2) of the *Police Integrity Commission Act 1996*, pursuant to which I recommend that this Annual Report be made public forthwith.

Yours faithfully

The Hon Bruce James QC
Commissioner

October 2013

LEVEL 3 111 ELIZABETH STREET GPO BOX 3880 SYDNEY NSW 2001 AUSTRALIA
TELEPHONE (02) 9321 6700 FACSIMILE (02) 9321 6799 FREECALL 1 800 657 079 www.pic.nsw.gov.au

TABLE OF CONTENTS

1. Commissioner's Foreword 1
2. Overview 2012 – 2013 3
Detecting, investigating and exposing serious officer misconduct and corruption 3
Preventing serious officer misconduct by supporting improvements to systems and practices 3
Accountability for the Commission 4
The Commission as a productive workplace 4
What we do 5
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 6
Key Goal 2: Prevent serious officer misconduct by supporting improvements to the NSW Police Force and the NSW Crime Commission systems and practices ... 8
Key Goal 3: Continued accountability for the Commission 11
Key Goal 4: The Commission as a productive workplace 12
Plans for 2013-2014 14
3. Assessing Information and Complaints 15
Identifying complaints of serious misconduct from the NSWPF complaints management system (c@ts.i) 15
Complaint oversight 16
Complaints Profile 17
4. Investigating Serious Police Misconduct 19
Investigations Unit 19
From Complaints to Investigations 19
The Investigation Process 20
Commission Hearings 21
Profile of Active Investigations during 2012 - 13 22
Investigation Outcomes 25
Significant Commission investigations 26
5. Preventing Serious Police Misconduct 32
Effectiveness of Command-level Corruption Resistance Planning 32
Improving Policies and Systems 34
Police Corruption Education & Prevention Programs 39
6. Tracking the Commission's Recommendations 42
Misconduct risks associated with the execution of search warrants (Project Ostara) 42

Unauthorised disclosure of confidential Information 43
Identification and communication of command misconduct risks (Project Manta Report 1) 43
Managing command misconduct risks (Project Manta Report 2) 45
7. The NSW Crime Commission 51
Assessing information and complaints 51
Investigations 52
8. Legal Matters 54
Witness Protection 54
Response to subpoenas 54
Section 56(4) Disseminations 54
Law Reform 55
9. Governance and Accountability 57
The Inspector of the Police Integrity Commission 57
The Parliamentary Committee 57
Internal Governance 58
10. Appendices 61
Appendix 1: Prescribed Annual Reporting Requirements 61
Appendix 2: PIC Act Statutory Reporting compliance checklist 76
Appendix 3: Types of Allegations Assessed 77
Appendix 4: Statistical Data on Exercise of Commission Powers 79
Appendix 5: Prosecutions by the Commission in 2012/13 81
Appendix 6: Significant Working Groups and Committees 86
Appendix 7: Annual Report under the Government Information (Public Access) Act 2009 88
Appendix 8: Financial Statements 95
Appendix 9: Organisational Structure 144
Appendix 10: Directory, Publications and Printing Requirements 145
Index 146

1. COMMISSIONER'S FOREWORD

The year 2012 – 2013 was a busy and successful year for the Police Integrity Commission.

During the year the Commission conducted 22 private hearings in a total of 9 investigations and conducted 23 days of public hearings in its Operations Calyx, Binda and Barmouth. In June 2013 the Commission furnished to Parliament its reports in Operations Calyx and Binda. The Commission's Report in Operation Barmouth was furnished to Parliament in September 2013. Details of Operations Calyx, Binda and Barmouth and of some of the investigations in which private hearings were held are set out elsewhere in this Report.

In November 2012 the Commission furnished to Parliament its report in Operation Winjana, which was an investigation into whether a particular employee of the NSW Crime Commission or anyone associated with him had been involved in criminal activity or serious misconduct and into the practices and procedures of the Crime Commission in the conduct of actions under the *Criminal Assets Recovery Act 1990*. This investigation was conducted by the Hon Jerrold Cripps QC as an Assistant Commissioner. In the calendar year 2011 Mr Cripps was also the Acting Commissioner for the Commission. The furnishing of the report in Operation Winjana marked the conclusion of his long and beneficial association with the Commission.

During the year 2012-2013 the Commission continued to conduct a number of research projects, including Project Mobula (a review of the NSW Police Force's strategies to identify and manage misconduct risks at the Command level), Project Harlequin (an examination of risks of misconduct by police officers associated with critical incidents in NSW), Project Santuri (an examination of risks of misconduct by police officers associated with authorised secondary employment), Project Cyril (an examination of systemic problems and solutions in investigations by the NSW Police Force of complaints against officers) and Project Juda (a project for identifying and managing police officers who might be at risk of engaging in misconduct). Details of these and other projects undertaken by the Commission are set out elsewhere in this Report.

The maintenance of a good working relationship with the Commission's Inspector remains crucial to the Commission's success. I am pleased to be able to report that throughout the year the relationship between the Commission and its Inspector was courteous and constructive.

On two occasions in 2012 – 2013 members of the Commission's Executive Group and I as Commissioner gave evidence before the Joint Parliamentary Committee on the Ombudsman, the Police Integrity Commission and the Crime Commission. On 31 May 2013 some members of the Committee attended at the Commission's premises, where officers of the Commission delivered a presentation explaining the process by which the Commission assesses complaints and determines which complaints should be investigated.

I have already referred to Operation Winjana and observed that the Operation related to the NSW Crime Commission. The functions of the Police Integrity Commission include detecting, investigating and preventing misconduct by officers of the Crime Commission.

In the year 2012-2013 a number of significant events occurred in relation to the Crime Commission. A new statute governing the Crime Commission (the *Crime Commission Act 2012 No. 66*) was enacted, a new Commissioner for the Crime Commission was appointed (Mr Peter Hastings QC) and the Hon Graham Barr QC was appointed as the first Inspector of the Crime Commission. The new Inspector of the Crime Commission and this Commission share the responsibility of oversighting the Crime Commission. I am confident that this Commission and Mr Barr will be able to work cooperatively.

The Commission, like other NSW agencies, continues to be subject to budgetary constraints. During the year 2012-2013 the Commission undertook capital fit-out works with the specific aim of achieving ongoing recurrent savings by reducing the cost of office accommodation through a more efficient use of available space and infrastructure. The project was successfully completed on time and below budget, without any major disruption to the Commission's operations. All the desired results were achieved, allowing the Commission to relinquish surplus office space thereby reducing rental and utility costs, as well as providing the Commission's staff with a more secure and modern working environment.

I would like to thank all members of the Commission and especially members of the Commission's Executive Group, including Roy Cottam and Gary Kirkpatrick who each capably filled a temporary role as Director of Operations, for their work during the year.

2. OVERVIEW 2012 – 2013

DETECTING, INVESTIGATING AND EXPOSING SERIOUS OFFICER MISCONDUCT AND CORRUPTION

One of the Commission's primary functions is to detect, investigate and expose serious officer misconduct and corruption in the New South Wales Police Force and the New South Wales Crime Commission. During 2012-2013, the Commission worked on 176 investigations, including 139 preliminary investigations and 37 full investigations. Of these, 100 investigations were completed and 76 were ongoing as at June 30 2013. During 2012-2013 four of the Commission's full investigations led to ten briefs of evidence being referred to the Office of the Director of Public Prosecutions for consideration of prosecution. Six investigations resulted in information being disseminated to the NSW Police Force for consideration of further action. See Chapter 4 for further details.

Achievements:

- Assessed 1178 complaints of misconduct against sworn and unsworn NSW Police Force officers
- Assessed 11 complaints containing 32 allegations of misconduct against current and former NSW Crime Commission officers
- Oversighted 19 NSW Police Force investigations.

PREVENTING SERIOUS OFFICER MISCONDUCT BY SUPPORTING IMPROVEMENTS TO SYSTEMS AND PRACTICES

The Commission's other primary function is to prevent serious officer misconduct by supporting improvements to the NSW Police Force and NSW Crime Commission systems and practices. The Commission works to raise awareness of the risks of, and minimise, misconduct and corruption in the NSW Police Force through research, policy recommendations and advice. In 2012-2013 the Commission commenced a review of the misconduct risks associated with critical incidents in NSW, began consultation with the NSW Police Force regarding the misconduct risks associated with secondary employment and delivered 13 lectures as part of the NSW Police Force internal investigations training.

Achievements:

- Substantially progressed research projects associated with the management of aspects of internal NSWPF investigations and misconduct risk management planning
- Substantially progressed a range of research projects into officer misconduct risks in policing activities such as searches, secondary employment, and the management of human sources and critical incidents.

ACCOUNTABILITY FOR THE COMMISSION

The Commission has a number of internal governance mechanisms to ensure it abides by its legislative accountability framework. Additionally, the Commission is accountable to two external bodies, the Inspector of the Police Integrity Commission and the Parliamentary Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission.

As such, the Commission provides accurate and timely responses to requests for information from the Inspector and the Parliamentary Joint Committee. The Commission also reports publicly on its work in the form of operation reports and annual reports.

Achievements:

- Responded to requests within a specified timeframe for information from the Parliamentary Joint Committee in relation to its 14th General Meeting with the Committee
- Responded to requests within a specified timeframe for submissions, appeared at public hearings and responded to questions taken on notice and supplementary questions in relation to the Committee's Inquiry into Performance Measures and Accountability of Oversight Agencies
- Ensured all uses by the Commission of its statutory powers were legally compliant
- Developed of a Legislation Compliance Register
- Furnished reports to Parliament on Operation Winjana, Operation Calyx and Operation Binda.

THE COMMISSION AS A PRODUCTIVE WORKPLACE

The Commission strives to be a productive workplace by providing an equitable, safe and satisfying workplace and promoting a culture of learning and development. This is supported by a strong internal governance framework. In 2012-2013 the Commission offered a wide range of training and development opportunities to staff as well as reviewed and updated its Multicultural Policies and Services Program. There was a continued uniform compliance with Occupational Health and Safety and recruitment policies.

Achievements:

- Embedded risk management in the planning framework
- Developed and implemented a new records management system.

WHAT WE DO

The Police Integrity Commission was established on the recommendation of the Royal Commission into the New South Wales Police Service. The Commission is a statutory corporation constituted under the *Police Integrity Commission Act 1996* ('the Act'). The Commission's work is to prevent, detect and investigate serious officer misconduct and manage or oversee other agencies in the detection and investigation of serious officer misconduct and other officer misconduct (s13 of the Act). Officer misconduct includes misconduct by police officers, corruption by administrative officers and misconduct by Crime Commission officers. The Commission's vision is public confidence in the integrity of the NSW Police Force and the NSW Crime Commission.

The Commission receives and assesses complaints from members of the public, members of NSW Police Force (NSWPF) and the NSW Crime Commission (NSWCC), as well as public officials, journalists and Members of Parliament. The Commission has extensive powers of investigation and may hold hearings in private or in public as part of an investigation into corruption or serious misconduct.

The Commission also works to prevent corruption in the NSWPF by providing informed advice and recommendations on improvements to systems and practices and on improvements to complaints investigations. The Commission has an extensive research program that seeks to identify and address areas of corruption risk that are common to both the NSWPF and the NSWCC, as well as risks specific to each agency. These reports can be made direct to the agency, published on the Commission website or furnished to Parliament and made public.

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

The Commission's Corporate Plan 2012-2015 sets out four key goal areas for 2012-2013:

- To detect, investigate and expose serious officer misconduct and corruption in the NSW Police Force and the NSW Crime Commission
- To prevent serious officer misconduct by supporting improvements to the NSW Police Force and the NSW Crime Commission systems and practices
- Continued accountability for the Commission
- The Commission as a productive workplace.

Each unit of the Commission develops and works to an individual annual business plan that is aligned with the Commission's Corporate Plan. During the year, each Unit reported its progress against its business plan at a six monthly interval to the Executive Group.

The following discussion details the Commission's strategies and achievements for each key goal. More detailed information and results for each key goal is provided in the chapters of the Annual Report 2012-2013.

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 that underpin the achievement of this key goal are to detect, deter and expose serious officer misconduct.

DETECTING SERIOUS OFFICER MISCONDUCT

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

Achievements during 2012-2013:

- 23 575 visitors to the Commission website
- 23 days of public hearings for Operation Calyx, Operation Binda and Operation Barmouth
- Assessed 1178 complaints against sworn and administrative officers of the NSWPF
- Enhanced its ability to generate investigations independently of the NSWPF complaints system.

Table 1: Detecting officer police misconduct

Indicator	2012-13	2011-12	2010-11
% of total NSWPF complaints that are non – referred	33.5	38.5	35
% of investigations[1] commenced which arise from sources other than referred complaints	43	NA	NA

Further information on the Commission's activities to implement effective strategies to detect serious police misconduct can be found in Chapter 3 and Chapter 4 of this report.

[1] Investigations includes Full Investigations and Preliminary Investigations.

DETERRING SERIOUS OFFICER MISCONDUCT

The Commission efficiently manages resources and processes to investigate serious officer misconduct and make recommendations for consideration of disciplinary action and prosecutions as a result of investigation as its main strategies for deterring serious officer misconduct.

Achievements during 2012-2013:

- Worked on 176 investigations, including 139 preliminary investigations and 37 full investigations
- Completed 100 investigations by 30 June 2013
- Disseminated information to NSWPF from six investigations to assist in the management of NSWPF officers
- Referred four investigations to the ODPP, and commenced prosecution action arising from three of these investigations.

Table 2: Deterring serious officer misconduct

Indicator	2012-2013[2]
% of finalised investigations[3] that resulted in material being communicated to NSW Police Force for consideration of further action	13
% of finalised full investigations that resulted in briefs being referred to the ODPP for consideration of prosecution	33
% of full investigations[4] that lead to a public hearing	8

EXPOSING SERIOUS POLICE MISCONDUCT

The Commission reports to Parliament following public hearings into serious police misconduct and provides evidence for prosecutions arising from investigations as its main strategies to expose serious police misconduct.

[2] These indicators are in the Commission's Corporate Plan for 2012-15. This data has not previously been collected.
[3] Investigations includes Full Investigations and Preliminary Investigations.
[4] Investigations means those Full Investigations that were active during the reporting period.

Achievements during 2012-2013:

- The Commission held 22 private hearings in relation to nine investigations
- The Commission held 23 days of public hearings in relation to Operation Calyx, Operation Binda and Operation Barmouth
- The Commission conducted six investigations which resulted in information being disseminated to the NSW Police Force for consideration and action.

Table 3: Exposure of serious police misconduct

Indicator	2012-13	2011-12	2010-2011
% growth in internet traffic to access the Commission website[5]	14	-3	36.6
Number of public hearing days	23	7	1
Number of s 96 Reports to Parliament	3[6]	0	0

Further information on the Commission's activities to expose serious misconduct can be found in Chapter 4.

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 has two objectives which are the basis for achieving this key goal. They are 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.

[5] Research has shown there is a direct relationship between the number of public hearings held and/or reports tabled in Parliament, and, the amount of internet traffic on the Commission's website.

[6] Operations Winjana, Binda and Calyx.

INFORMED ADVICE AND RECOMMENDATIONS ON IMPROVEMENTS TO SYSTEMS AND PRACTICES

The Commission uses a number of strategies to achieve this objective. It uses investigations and hearings to examine policies and practices that may have contributed to serious officer misconduct. It also undertakes research projects emphasising the prevention of suspected officer misconduct. Finally the Commission works with senior officers to secure a commitment to implement Commission recommendations.

Achievements during 2012-2013:

- Progressed the draft report of Project Mobula, which examines corruption resistance planning in NSWPF including the processes used to prepare the plans, what is done with the plans once they are developed and the information provided to officers about the nature of the misconduct risks they face and how best to respond to these risks
- Progressed research into misconduct risks associated with critical incidents in NSW
- Furnished the Operation Calyx report to Parliament, which included recommendations for improvements to NSWPF critical incident practices
- Continued research into the misconduct risks associated with secondary employment
- Commenced a new research project based on Project Skadi, into the misconduct risks associated with the use of human sources
- Explored how NSWPF are managing officers at risk of misconduct in the absence of an early intervention system
- Delivered 13 lectures at NSWPF internal investigations training courses.

Table 4: Informed advice to the NSWPF

Indicator	2012-13	2011-12	2010 – 11
% of investigations where corruption prevention themes are identified and explored[7]	3	NA	NA
% of recommendations accepted	0[8]	50[9]	92

[7] This indicator is in the Commission's Corporate Plan for 2012-15. This data has not previously been collected.
[8] No recommendations were made during the reporting period.
[9] Three of the six recommendations made during the reporting year were made in the Project Skadi report, which concerns the management of misconduct risks associated with the management of human sources. It is noted that the work in relation to this project is ongoing. The Commission will seek to revisit these recommendations in the future and will seek their implementation.

Further information on the Commission's activities to provide informed advice to the NSWPF can be found in Chapter 6.

INFORMED ADVICE AND RECOMMENDATIONS ON IMPROVEMENTS TO THE QUALITY OF COMPLAINT INVESTIGATIONS

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

Achievements during 2012-2013:

- Oversighted 19 NSWPF investigations into complaints against sworn and/or unsworn officers
- Reviewed 81 NSWPF investigations containing an allegation of misconduct against a sworn or unsworn officer for purposes other than oversight.

Table 5: Consultation and feedback

Indicator	2011-12	2010-11	2009-10
% of complaints assessed which are oversighted	1.6	4	4.3
% of complaints oversighted with a satisfactory outcome[10]	100	NA	NA

Further information on the Commission's activities to consult and provide feedback to the NSWPF can be found in Chapter 3.

[10] This indicator is in the Commission's Corporate Plan for 2012-15. This data has not previously been collected.

KEY GOAL 3: CONTINUED ACCOUNTABILITY FOR THE COMMISSION

The Act confers substantial powers and discretion on the Commissioner and the staff of the Commission. Given these significant powers, it is important that thorough accountability framework is adhered to so that the Commission's powers are used appropriately and to ensure that it meets its legislative requirements.

The Commission's objective for this key goal is the same as the goal itself. To achieve the goal the Commission provides accurate and timely responses to the requests for information from both the Inspector and the Parliamentary Joint Committee. The Commission also reports publicly on its activities in operation reports, research reports and Annual Reports. The Commission also checks each of its uses of statutory powers to ensure these uses are in compliance with legislative requirements.

Achievements during 2012-2013:

- Responded within specified timeframes to requests for information from the Parliamentary Joint Committee in relation to its 14th General Meeting, including Questions on Notice, Questions Taken on Notice and additional supplementary questions
- Responded within specified timeframes to requests for submissions from the Parliamentary Joint Committee in relation to the Committee's Inquiry into Performance Measures and Accountability of Oversight Agencies, including responding to the discussion points, questions taken on notice and supplementary questions
- Furnished reports to Parliament on Operation Winjana, Operation Calyx and Operation Binda
- Confirmed all its uses of statutory powers complied with relevant legislation
- Was assessed as complying with statutory requirements in relation to Telecommunications Interception, Controlled Operation and Surveillance Devices deployments following audit by the Ombudsman.

Table 6: Continued Accountability for the Commission

Indicator	2012-13	2011-12	2010-11
% of responses to requests finalised within an agreed timeframe[11]	100	NA	NA
Number of Commission publications	3	1	7
All uses of statutory powers to be checked by Commission lawyers[12]	100	NA	NA
Assessed as compliant in Ombudsman audits of Telecommunications Interception, Controlled Operations and Surveillance Device deployments[13]	All	NA	NA

KEY GOAL 4: THE COMMISSION AS A PRODUCTIVE WORKPLACE

The Commission understands that its greatest asset is its staff. One of the Commission's main objectives for achieving this key goal is to provide an equitable and satisfying workplace. The Commission also strives to promote a culture of learning and development across its different units. The Commission also has in place a strong internal governance framework.

PROVIDE AN EQUITABLE, SAFE AND SATISFYING WORKPLACE

The Commission achieves this using the strategy of developing and maintaining an organisation culture which promotes equity, diversity and safety.

The performance indicators for this objective include continued compliance with Work, Health and Safety legislation, the Disability Action Plan, NSW Action Plan for Women and Multicultural Policies and Services Program. Details regarding the Commission's activities in these areas can be found in Appendix 1 of this report.

PROMOTE A CULTURE OF LEARNING AND DEVELOPMENT

The Commission works to learn and develop from its experiences by communicating them across the organisation. This is achieved by ensuring constructive communications between units, primarily through middle management meetings. The Tasking and Coordination Group is a weekly meeting that allocates operational

[11] This indicator is in the Commission's Corporate Plan for 2012-15. This data has not previously been collected.
[12] This indicator is in the Commission's Corporate Plan for 2012-15. This data has not previously been collected.
[13] This indicator is in the Commission's Corporate Plan for 2012-15. This data has not previously been collected.

resources and assesses new complaints and other information relating to officer misconduct for further action. It is 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 4 for details of this process.

STRONG INTERNAL GOVERNANCE FRAMEWORK

The Commission promotes a strong internal governance framework by using the following strategies:

- Embedding risk management in the planning framework
- Maintaining and enhancing planning processes by aligning individual and business performance with the Corporate Plan
- Maintaining effective records and financial management systems.

Achievements during 2012-2013:

Performance in respect of each of these strategies is measured through the successful implementation and/or maintenance of a number of key organisational systems and processes. During 2012-13 the following was achieved:

- The Commission developed a Legislation Compliance Register
- The Commission continued its program of internal audits under the auspices of tpp 09-05
- The Commission reviewed and updated its Multicultural Policies and Services Program
- A wide range of training and development opportunities were provided to staff
- Regular[14] managers meetings were held
- There was uniform compliance with OH&S and recruitment policies.

Further information on the Commission's activities around organisational learning and development can be found throughout this report and, in particular, in Appendix 1.

[14] As of November 2012, 19 Tasking and Coordination Group meetings were held. This meeting was split into two new groups and from November 2012 to June 2013 there were 37 Tasking and Coordination Group new business meetings and 34 Tasking and Coordination Group operations meetings.

PLANS FOR 2013-2014

In 2013–14 the Commission will undertake the following key activities:

- Continue to investigate serious officer misconduct
- Finalise Project Mobula (an examination of corruption resistance planning at Command level) and publish the results of Project Santuri (an examination of the misconduct risks associated with authorised secondary employment).
- Substantially progress a range of research projects including Project Teo (misconduct risks in user pays policing), Project Skadi (misconduct risks associated with the use of human sources); Project Cyril (Use of complaint investigations to identify system problems and solutions), Project Harlequin (misconduct risks in critical incidents and critical incident investigations) and others.
- Review the Information Security Management Systems and develop the 2013-15 Information, Communications and Technology Strategic Plan
- Complete improvements to the Case Management System and implement the new records and document management system
- Implement the 2013 – 15 Information, Communications and Technology Strategic Plan
- Review the Commission's business planning processes.

3. ASSESSING INFORMATION AND COMPLAINTS

Section 13 of the *Police Integrity Commission Act* 1996 ('the Act') states that a principal function of the Commission is to detect police misconduct. Similarly, section 13A of the Act indicates that one of the 'other functions' of the Commission is the detection of misconduct by administrative or unsworn employees of the NSWPF.

The Commission discharges these functions through a number of processes including the assessment of information and complaints regarding misconduct. The Commission's assessment process is linked to the Corporate Plan for 2012–2015 through its key goal of detecting serious officer misconduct in the NSWPF.

Complaints come to the Commission in a variety of ways. Complaints may be:

- extracted from the NSWPF complaints management system (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 NSWPF.

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

The Commission has a specialised role in dealing with police misconduct. It is required by its legislation to focus its attention on the most serious forms of police misconduct. This means its processes must be geared towards identifying the most serious complaints that are most likely to achieve an investigative outcome. Each year, the Commission's complaint assessment officers sift through large volumes of complaints in an attempt to identify matters warranting investigation. During 2012 –13, the Commission assessed 1178 complaints against NSWPF officers, 8 of which went on to become full investigations.

The Commission's complaint assessment process is best thought of as a series of filters. A large volume of complaints is inducted into the process, with successive filtration or assessment stages reducing the number of matters until only a very small number of complaints are considered for investigation. The Commission applies these assessment stages in a timely manner given that delays can, amongst other things, lead to the loss of investigative opportunities. There is also sufficient flexibility built into the process to allow complaints requiring urgent attention to be fast-tracked through the assessment stages. The following points summarise the process used by the Commission to assess complaints from the NSWPF complaints system (c@ts.i).

Stage 1: Scanning and preliminary assessment. The Commission scans 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 is applied to all new c@ts.i complaints. Amongst other things, these criteria include 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 include: the relative seriousness of the misconduct; the credibility of the complainant or the source of information; whether or not the misconduct is 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 are needed to resolve the allegations.

Stage 3: Referral. Complaints that rate highly against the assessment criteria in Stage 2 are referred to the Tasking and Coordination Group (T&CG), new business meeting. The T&CG, made up of members of the complaints assessment team and representatives of the Investigations Unit, jointly reviews these complaints and determines those that are to be the subject of preliminary investigations. The T&CG may also make recommendations to the Commissioner on whether to initiate a full investigation. In making these decisions and recommendations the T&CG considers 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 may oversight the handling of complaints against sworn and unsworn NSWPF officers. The Commission generally oversights complaints by reviewing a final NSWPF investigation report. However, the Commission can request regular status reports and review material available on the complaints management system as the investigation progresses. Indications of questionable decision making or a poor standard of resourcing may provoke more regular review. The Commission's oversight may also include 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 reviews a final NSWPF investigation report it either accepts the recommendations or makes further inquiries. These inquiries may be satisfied with additional information, or may lead to further investigation, management or administrative action. Oversight is concluded when the Commission advises the NSWPF that it is satisfied with the investigation and/or the subsequent response to matters raised.

Additionally, the Commission also reviews a number of complaint investigation reports, independent of the oversight process, for a variety of reasons. For example, the Commission may have an interest in collecting data about specific types of misconduct, or commands or police officer duty types.

COMPLAINTS PROFILE

During 2012-13, the Commission assessed 1178[15] complaints against sworn and unsworn NSWPF officers. Of these, 19 were classified as public interest disclosures under the *Public Interest Disclosures Act 1994*. The Commission also received 864 telephone calls raising various complaint-related and administrative issues.[16] Of the telephone calls received, 517 were assessed as containing allegations of misconduct. In 2012-13, 8 full investigations and 62 preliminary investigations were initiated on the basis of complaints, all of which were in relation to sworn officers.

In 2012-13 the Commission oversighted 19 NSWPF investigations.[17] 81 final investigation reports were reviewed for other purposes. The remaining complaints were either referred to the NSWPF with oversight arrangements to be determined by the Ombudsman (in the case of complaints against sworn officers), a decision was deferred by the Commission or no further action was required. The following table provides further information on complaints against sworn and unsworn NSWPF officers.

Of the 1145 complaints assessed by the Commission in regard to sworn NSWPF officers, 410 were made direct to the Commission, 734 were extracted from c@ts.i or were otherwise referred by the NSWPF or the Ombudsman. Of the 40 complaints assessed in regard to unsworn NSWPF officers 8 were made direct to the Commission and 32 were referred by the NSWPF.

[15] Made up of 1145 complaints which included an allegation against a sworn officer and 40 complaints which included an allegation against an unsworn officer or both sworn and unsworn officers. The total complaints assessed (1178) is therefore less than the sum of these two figures.

[16] The method for counting telephone calls has been expanded in this reporting year to include all calls received by the Commission that are in jurisdiction regardless of whether they raise complaint related issues or are merely administrative queries.

[17] A small number of officers in investigations oversighted by the Commission were not able to be identified. It is therefore not clear whether they were sworn or unsworn.

Table 7: Complaints assessed against police and unsworn NSWPF officers

Action	2012-2013		2011-12		2010-2011	
	Police	Unsworn	Police	Unsworn	Police	Unsworn
Complaints assessed	1145	40	965	44	1154	40
Telephone calls:						
Calls received[18]	863	1	498	0	534	7
Calls assessed[19]	516	1	416	0	339	6
Full investigations arising from complaints	8	0	13	0	9	0
Complaints oversights concluded	[20]20		39		51	
Final reports reviewed (not oversighted)	[21]81		54		50	

[18] This figure does not include calls that were received and assessed as being outside of the Commission's jurisdiction.
[19] Calls assessed are not included in the complaints assessed total unless treated in accordance with section 127 (5) of the *Police Act* 1990.
[20] A small number of officers in investigations oversighted by the Commission were not able to be identified. It is therefore not clear whether they were sworn or unsworn.
[21] ibid

4. INVESTIGATING SERIOUS POLICE MISCONDUCT

A principal function of the Commission is to detect and investigate serious officer misconduct. This chapter will provide an overview of the Commission's Investigations Unit, explain how the Commission handles allegations of misconduct and discuss the outcomes of the Commission's work. The end of the chapter contains a profile of the more significant Commission investigations open during the reporting period.

INVESTIGATIONS UNIT

The Commission's Investigations Unit consists of a number of multi-disciplinary investigation teams which include Senior Investigators, Senior Financial Investigators and Operational Intelligence Analysts. These teams are supported by a number of other officers, who perform specific functions during particular stages of investigations, including lawyers, dedicated source handlers, and intelligence support officers. The Investigations Unit is also supported by a number of other units within the Commission which provide covert investigation support including physical surveillance, technical surveillance and a telephone interception capability.

The Investigations Unit also maintains a Dedicated Source Handling unit and a Research and Development team which are tasked with detecting corruption and serious misconduct.

Day to day management of Commission operations is conducted by the Tasking and Coordination Group (T&CG) which consists of all the senior operational managers. The T&CG meets weekly and reports to the Operations Advisory Group (OAG) each month, providing detailed information relating to current operations and resource allocation. The OAG provides oversight of all the Commission's operations.

FROM COMPLAINTS TO INVESTIGATIONS

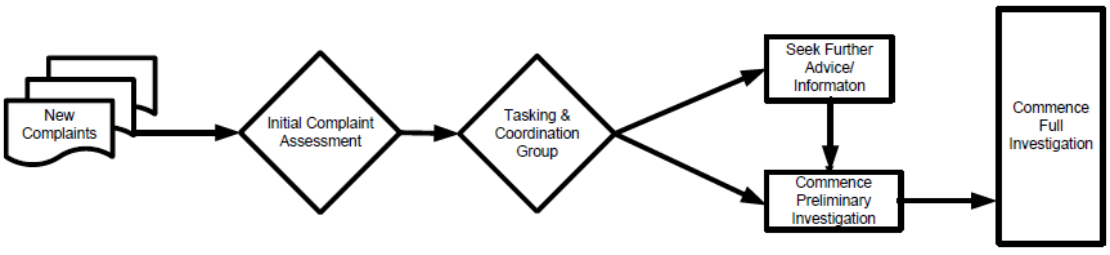


Figure 1 - Complaints Assessment Process

Figure 1. shows how the Commission deals with complaints of serious misconduct of members of the NSWPF or the NSWCC. New complaints are received by the Commission, usually but not always, in the form of a written complaint. A complaint may relate to very specific allegations against a specific officer or it may contain a

broader allegation against a number officers. On other occasions the Commission may become aware of possible misconduct via another source. In any case, the Commission makes a formal assessment of the information. This consists of two discrete stages:

- Stage One – The initial complaints assessment is conducted independently of the Investigations Unit and ensures that the allegations reach the threshold of misconduct appropriate for the Commission to deal with.
- Stage Two – During the weekly T&CG meetings, complaints which have passed through the initial complaints assessment are subjected to the Commission's standard scoring process in order to ascertain their suitability for investigation by the Commission. This provides a consistent approach to assessing new complaints.

The Commission may also choose to make some further inquiries before any decision is made. This may include contacting the complainant (if there is one) or another agency in order to seek further information and clarification, before commencing formal inquiries.

This staged process ensures that the Commission's limited resources are only allocated to those matters which reach the Commission's threshold for corruption and serious misconduct.

THE INVESTIGATION PROCESS

Once the Commission decides to investigate a complaint, a preliminary investigation is initiated under s24 of the Act. A preliminary investigation is conducted to determine if there is sufficient information for a full investigation. The preliminary investigation may be handled by the Research & Development Team or by one of the Commission's investigation teams.

In some instances the Commission may determine that an allegation should bypass the preliminary investigation phase and begin as a full investigation under s23 of the Act. This is usually reserved for only the most serious cases when evidence has already been assessed by another law enforcement agency or by the Commission during the course of other inquiries.

The Commissioner has the authority to declare a full investigation, which is then undertaken by the Investigations Unit. Only after a full investigation has been declared by the Commissioner does the Commission consider employing the full suite of covert investigation techniques.

At the conclusion of each investigation a decision is made on the most appropriate course of action to take. This may include:

- Referring briefs of evidence to the Office of the Director of Public Prosecutions (ODPP) recommending consideration of criminal charges
- Referral of evidence to NSWPF for appropriate managerial action

- Dissemination of relevant information to another law enforcement agency
- In the case of an investigation where public hearings have been held, a report to Parliament under s96 of the Act
- No further action.

COMMISSION HEARINGS

The Commission may hold hearings as part of its investigation process. The decision to hold a hearing in private or public is made by the Commissioner who must have regard to the relevant provisions of the Act when making this decision, particularly those factors set out at s33 (3A) regarding the public interest.

The Commission can summon persons to appear at hearings and can compel witnesses to answer questions. If a witness objects to answering the questions the answers are not admissible against the witness in any civil or criminal proceedings, except for lying to the Commission.

During 2012-2013 the Commission conducted 22 private hearings in relation to nine investigations. The Commission conducted 23 days of public hearings in relation to Operations Calyx, Binda and Barmouth. Further details of these Operations can be found on pages 26-31 of this Report.

PROFILE OF ACTIVE INVESTIGATIONS DURING 2012 - 13

During 2012-13 the Commission worked on 176 investigations, including 139 preliminary investigations and 37 full investigations. Of these, 100 investigations were completed and 76 were ongoing as at June 30 2013.

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

Table 8: Commission Investigations – 2012–13[22]

Allegation	Investigations	Preliminary Investigations
Absence from place of duty	0	1
Accesses to 'keep tabs' on person that officer or associate has a grievance against (including former spouse / partner)	0	1
Allowing unauthorised use of service-provided weapon	0	1
Attempting to pervert the course of justice	7	5
Breach of Code of Conduct (not specified elsewhere)	2	1
Bribery	8	8
Choke / headlock / pressure point technique	1	0
Collusion between police witnesses	0	1
Corrupted a witness	0	1
Covering up inappropriate conduct	8	1
Cultivation or manufacture	0	1
Curiosity accesses (involving breach of privacy)	0	3
Dealing or supply	2	3
Death / serious injury in custody (involving inappropriate conduct by police officer)	1	0
Disobey reasonable direction	1	0
Explicit threats involving use of authority	0	2
Fabrication of evidence (other than perjury or verballing)	1	0
Fail to check brief / inadequate preparation of brief	0	1

[22] Please note that each investigation in Table 8 may contain multiple allegation categories.

Allegation	Investigations	Preliminary Investigations
Fail to comply with operational procedures, standing orders or Commissioner's directives (not specified elsewhere)	1	2
Fail to comply with other statutory obligation	2	0
Fail to create / maintain records, reasons for inaction etc	1	0
Fail to declare a conflict of interest	3	9
Fail to provide appropriate support / adjustment for vulnerable people	0	1
Fail to report offence	2	0
Failure to interview witnesses	2	0
Failure to investigate	1	2
False accusation	0	1
Falsifying official records	0	1
Giving favours / bias with no or little perceived personal benefit	1	5
Harassment	0	1
Illicit drug use	2	12
Improper / unauthorised search	0	1
Improper association	21	49
Improper interference in an investigation by another police officer	5	11
Improper use of discretion	0	2
Inadequate investigation / lack of impartiality	2	3
Incivility / rudeness / verbal abuse (oral complaints of rudeness are a local management issue)	0	1
Inconsiderate timing	0	1
Lied during proceedings / in statement / on affidavit	4	3
Lying to investigator / supervisor conducting inquiries	6	0
Make false statement (verballing)	1	0
Mislead the court	0	1
Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours)	14	13
Misuse email / internet	1	1

Allegation	Investigations	Preliminary Investigations
Misuse of official vehicle	0	1
Misuse of other facilities / equipment	1	0
Neglect of duty / duty of care	0	3
Of official property	0	2
Of seized property	2	1
Offence punishable upon conviction by a max sentence of 5 years or more	17	5
Other (specify)	0	1
Other summary offences	5	1
Payback complaints	0	1
Performance issue arising from sick report	1	0
Perjury	0	1
Possession (not misappropriation of seized drugs)	2	3
Protection of person(s) involved in drugs	4	10
Pushed / shoved / jostled / grabbed / manhandled / wrestled etc (soft empty hand)	0	2
Pushed to ground / slammed against a wall / punched / kicked / kneed / head butted / struck (hard empty hand)	2	3
Tampering with or destroying	0	2
Theft from victim, client or other member of public	2	1
Threats / intimidation (not assault, excessive force)	1	2
Trade accesses - accessing information for sale / personal gain	2	2
Unauthorised / improper disclosure of information	14	47
Unauthorised removal / use of	0	1
Unauthorised secondary employment	2	1
Unauthorised use of other facilities / equipment	0	1
Unnecessary speeding	1	0
Using authority in situation where conflict of interest exists	1	1
Victimisation / bullying	1	2
Total	158	244

INVESTIGATION OUTCOMES

The following table reports on the Commission's investigation outcomes for all investigations which were finalised during 2012-13.

Table 9: Finalised Preliminary investigation outcomes 2012–13

Investigation Outcome	Total	%
Investigations referred to the ODPP for consideration of prosecution action	0	0.00
Investigations that progressed to become full investigations	8	9.20
Investigations that resulted in a dissemination of information to the NSWPF	7	8.05
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	1	1.15
Matter referred to current full investigation	1	1.15
No further action	66	74.71

Table 10: Full Finalised Investigation outcomes 2012-13

Investigation Outcome	Total	%
Investigations referred to the ODPP for consideration of prosecution action	4	33
Investigations that resulted in a dissemination of information to the NSWPF	6	50
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	1	8
No further action	4	33

SIGNIFICANT COMMISSION INVESTIGATIONS

OPERATION ANAFI

Operation Anafi investigated the circumstances surrounding the death of Roberto Laudisio-Curti, a Brazilian national who had been studying and working in Sydney and died after being pursued and restrained by members of the NSWPF in March 2012. The Commission's investigation commenced following an inquest by the State Coroner into Mr Curti's death, which concluded in November 2012.

The Commission undertook a detailed review of the evidence that was before the Coroner and delivered a brief of evidence to the Office of the Director of Public Prosecutions (ODPP) on 28 May 2013, recommending that consideration be given by the ODPP to the prosecution of a number of NSWPF officers who had been involved in the incident. The Commission is awaiting advice from the ODPP.

OPERATION ARIA

Operation Aria investigated allegations of an improper association between a serving NSWPF Detective and a person suspected of involvement in criminal activity.

During the investigation the Commission found the Detective had inappropriately registered the associate as a human source whilst maintaining an ongoing personal relationship with that person. It was also revealed that the Detective had repeatedly breached NSWPF policy and guidelines regarding human sources, and had disclosed confidential police information to that person including the status of a third person as a human source. The Commission also found incidents of the inappropriate use of police resources and the use of the Detective's position to attempt to influence Council Rangers in their dealings with a friend of the Detective over an infringement Notice. The Commission also obtained evidence of an incident in which the Detective 'tipped off' a business proprietor about drug dealing allegations made to police against the business proprietor.

A private hearing was held in 2012 and a brief of evidence was referred to the ODPP for consideration of prosecution action for the offence of Misconduct in Public Office. The ODPP declined to prosecute, but recommended referral to the NSWPF for disciplinary action against the Detective. All matters identified in this investigation have been referred to the NSWPF for such action.

OPERATION BARMOUTH

Operation Barmouth investigated the alleged assault of Corey Matthew Barker during his arrest and detention in Ballina in January 2011. Barker had been charged with assaulting a police officer in the custody area of Ballina Police Station whilst Barker was being escorted to the cells.

Barker was tried for assaulting a police officer in the Local Court at Ballina. CCTV footage of the area where the alleged incident occurred was played during the trial and the footage did not support the allegations of assault by Barker on a NSWPF officer. The Magistrate found that several officers involved in the incident had not told the truth when giving their sworn evidence. The Magistrate dismissed all but one of the charges[23] against Mr Barker and referred the matter to the Commission.

The Commission conducted private and public hearings as part of its investigation. The involved NSWPF officers were called to give evidence and were shown the footage of the incident in the Ballina cells. The officers agreed that the footage did not depict the assault as alleged in their earlier statements which had been prepared for use in the prosecution of Barker in the Ballina Local Court.

The Commission furnished its report on Operation Barmouth to Parliament on 10 September 2013. The Commission recommended that five officers be considered for prosecution for either perjury, assault or both. The Commission is awaiting advice from the ODPP. The report can be viewed on the Commission's website.

OPERATION BINDA

Operation Binda investigated the involvement of a serving officer and his associates in the commission of migration offences, the inappropriate use of the NSWPF confidential police information system and money laundering.

The Commission held public hearings at which the serving officer and several persons associated with him appeared and gave evidence. There was evidence of the officer and his wife entering into sham marriages with Vietnamese nationals in return for payment.

On 27 June 2013 the Commission furnished a report to Parliament on Operation Binda. The report recommended consideration be given to the prosecution of the officer and his wife and associates for a number of specified criminal offences, including offences under the *Migration Act 1958* (Cth) and the *Australian Passports Act 2005* (Cth).

Briefs of evidence have been forwarded to the Commonwealth Director of Public Prosecutions (CDPP) for consideration of the recommendations made by the Commission in its report to Parliament. The Commission is awaiting advice from the CDPP regarding changes. The Commission's report can be viewed on the Commission's website.

[23] Mr Barker pleaded guilty to the charge of giving a false name to police.

OPERATION BRIONI

Operation Brioni commenced in January 2012 and concluded in this reporting period. It investigated the conduct of a commissioned police officer who had been the subject of similar allegations from a number of different sources alleging inappropriate associations with persons suspected of being involved in serious criminal activity.

A number of private hearings involving the officer were held in 2012 followed by the provision of submissions to the officer's legal representatives. The investigation culminated in the provision of a report to the Commissioner of Police with findings and recommendations for disciplinary action.

The Commission was of the opinion that the officer had engaged in police misconduct including:

- maintaining long-term inappropriate associations which the officer had knowingly not disclosed to the NSWPF in breach of NSWPF policy and procedures
- travelling to an overseas country with, and accepting hospitality from the inappropriate associates, including free accommodation and related expenses
- further associating with and accepting the hospitality of known criminal identities while in that overseas country
- knowingly breaching NSWPF source management policy and guidelines including improperly and inappropriately being involved in the management of persons as human sources while maintaining personal associations with those persons.

The Commission concluded the officer had been aware that persons with whom the officer had an association had been the subject of police intelligence linking them with crime. The officer did not investigate or refer the associates for investigation of the criminal activity of which they were suspected. Additionally, the officer had on several occasions without proper reason accessed the confidential police information system relating to the persons.

The Commission's investigation report made recommendations to the NSWPF including that:

- consideration be given by the Commissioner of Police to the taking of action against the officer under s 173 of the *Police Act 1990*
- consideration be given by the Commissioner of Police to removing the officer from a position where the officer has access to confidential information relating to a particular crime command or has responsibilities for source management
- consideration be given by the Commissioner of Police to counselling the officer on conflicts of interest and the officer's obligations under relevant NSWPF policies and procedures to bring improper or declarable associations to the notice of the NSWPF.

The Commission has been advised that the officer has been medically discharged (hurt on duty).

OPERATION CALYX

Operation Calyx investigated whether there was any police misconduct in the investigation by the NSWPF into the shooting of Adam Salter on 18 November 2009.

The Commission held public hearings in late 2012 and furnished a report on the investigation to Parliament in June 2013. The Commission recommended that consideration should be given to prosecuting several officers with the following offences:

- giving false or misleading evidence under s 107 of *the Police Integrity Commission Act* 1996 (four officers) or
- perjury under s 327 of the *Crimes Act* 1900 (three officers).

The Commission also recommended:

- four officers be considered for action under s 181D of the *Police Act* 1990 or, alternatively, s 173 of the *Police Act* 1990
- the taking of reviewable action against two senior officers under s 173 of the *Police Act 1990*
- the taking of non-reviewable action against one officer under s 173 of the *Police Act 1990*
- that reports of investigations into critical incidents should be published on the website of the NSWPF
- that the Guidelines for the Management and Investigation of Critical Incidents should also be made publicly available on the website of the NSWPF
- that a police officer who issues a media release or prepares a Situation Report should be required to make a record of the person or persons supplying the various items of information contained in the media report or Situation Report
- to the extent to which it had not already done so, that the NSWPF should conduct a thorough review of its media policy concerning critical incidents.

The Commission is awaiting advice from the ODPP. The report on Operation Calyx can be viewed on the Commission's website.

OPERATION DEAKIN

Operation Deakin was an investigation into a NSWPF officer which resulted in the officer being convicted of six offences against the *Australian Passports Act 2005* (Cth) and the *Migration Act 1958* (Cth). The officer was sentenced to six months imprisonment, to be released immediately on the condition that he enter into a recognizance of $1000 and a good behaviour bond of 2 years. Further charges against the officer relating to money laundering are currently being considered by the CDPP. The officer has resigned from NSWPF.

OPERATION ISCHIA

Operation Ischia is an ongoing investigation into a number of serving and former NSWPF officers involved in the suspected use of drugs, drug supply and the release of confidential information. A number of serving and former officers were called to give evidence at private hearings. Following the private hearings a number of briefs were referred to the ODPP for consideration of charges. The ODPP approved charges against two current and two former members of the NSWPF involving a total of 20 counts of giving false or misleading evidence under s107 of the Act. Briefs of evidence relating to 3 further persons remain with the ODPP for consideration. A brief of evidence is also being prepared in relation to suspected drug offences committed in Queensland by a number of former NSWPF officers.

OPERATION MONTECRISTO

Operation Montecristo commenced in August 2012 and is examining allegations of fraudulent betting practices involving NSWPF officers and civilian professional gamblers. The operation is continuing and the Commission intends holding hearings in 2013-2014.

OPERATION SHABTI

Operation Shabti commenced in 2011 and was reported in the Commission's 2011-2012 Annual Report. The investigation involved allegations of drug use, drug supply, improper associations and release of confidential information and misuse of the NSWPF confidential information system by NSWPF officers and civilians.

Hearings were held by the Commission in June 2011 which resulted in criminal charges against the NSWPF officer and two civilians. The officer resigned from the NSWPF in August 2011. She entered pleas of guilty to two offences of misconduct in public office and two offences of giving false or misleading evidence to the Commission and was sentenced on 28 March 2013 to a 12 month term of imprisonment with a release date of 27 March 2014, and an additional 7 months parole period upon release.

OPERATION TORDU

Operation Tordu investigated allegations that a serving NSWPF officer had been corrupted by a person suspected of involvement in criminal activity. Information from a number of sources indicated that the suspected criminal claimed to have corrupted a long-serving, highly experienced officer and was able to obtain confidential police information.

Upon identifying the officer involved and confirming the officer had been contacted by the suspected criminal on a number of occasions, the Commission utilised a wide variety of investigation strategies including a Controlled Operation to closely monitor the activities of the suspected criminal and the officer. The investigation revealed that while the officer had been subject to corrupt approaches from the suspect person he had acted ethically and appropriately in reporting the situation and in attempting to gain evidence of the corrupt approaches made to him.

The officer presented as being dedicated to policing with a high work rate and high profile in his policing community. It was concluded that false claims had been made by the suspected criminal which were potentially damaging to both the officer and the NSWPF in general. A report was provided to the NSWPF advising of the investigation and its outcomes. Further information was also disseminated to the NSWPF pertaining to the activities of the suspected criminal involving the distribution of drugs and illegal firearms and his propensity as a potential corruptor of police. In closing the investigation the Commission met with the involved officer and commanding officers and informed them of the Commission's investigation and findings that cleared the officer of any misconduct.

PRELIMINARY INVESTIGATION 24334

In October 2011 the Commission received a non-referred complaint that identified a public and agency risk for NSWPF in the management of sensitive data related to firearm ownership and storage. It appeared that, by seeking to increase NSWPF effectiveness in relation to the program of firearms' safe storage inspections, an unintended consequence was reduced information security safeguards.

The Commission undertook an inquiry to collect further information and to assess any correlation between the inspection of firearms' storage and the theft of firearms, focusing on domestic settings. Analysis found there was no correlation, however the Commission did believe that this presented risks to NSWPF in relation to their management of data relating to safe storage of firearms.

The Commission's assessment was communicated to NSWPF in January 2013. In June 2013, NSWPF advised the Commission that risk controls had been re-assessed and improved.

5. PREVENTING SERIOUS POLICE MISCONDUCT

One of the Commission's principal functions is to prevent serious officer misconduct. The Commission endeavours to perform this function by providing advice and recommendations as to how NSWPF systems and practices might be strengthened.

In 2012-13 the Commission's prevention projects focussed on:

- evaluating the effectiveness of corruption resistance planning at command level
- improving policies and systems of the NSWPF that are intended to prevent misconduct.

Two Commission prevention projects were not progressed in 2012-13: Project Teo (which is concerned with understanding the misconduct risks associated with user pays policing and how to best manage them) and Project Sarras (which seeks to examine the merits of corporate level misconduct prevention planning). The existence of higher priorities during the reporting year meant that the Commission had to divert resources away from these projects. They remain, however, active projects and it is the Commission's present intention to resume work on them as soon as possible.

EFFECTIVENESS OF COMMAND-LEVEL CORRUPTION RESISTANCE PLANNING

REVIEW OF NSWPF STRATEGIES TO IDENTIFY AND MANAGE MISCONDUCT RISKS AT THE COMMAND LEVEL (PROJECT MOBULA)

The Commission has had an active interest in the identification, communication and the treatment (or management) of integrity hazards and associated misconduct risks by NSWPF commands since 2006 when it assessed the management of misconduct risks by the then NSW Police Counter Terrorist Coordination Command. The Commission considers that identifying and managing misconduct risks, and assisting officers to recognise and respond appropriately when they encounter such risks, are significant and practical steps that NSWPF commands can take to minimise future police misconduct and help protect the integrity of their officers. The NSWPF uses the term 'corruption resistance planning' as its shorthand way of referring to identifying, communicating and treating misconduct risks.

In early 2012 the Commission commenced Project Mobula to contribute to the prevention of serious police misconduct. Project Mobula commenced five years after the initial data collection for the Commission's earlier Project Manta (in 2007), four years after the NSWPF produced its initial Corruption Resistance Planning Guidelines and more than two years after the release of the Commission's *Project Manta Report 1*. Project Mobula continues the Commission's focus on NSWPF corruption resistance planning at the command level.

By alerting the NSWPF that the identification, management and communication of misconduct risks at the command level remains an area of ongoing interest to the Commission, Project Mobula seeks to act as a catalyst for the NSWPF to continue to see corruption resistance planning as a focus for its own corruption resistance activities. More specifically, in Project Mobula the Commission seeks to examine:

- the nature of the corruption resistance plans being developed by commands five years after information was first collected for Project Manta
- the processes that commands report using to develop their corruption resistance plans (including, among other things, which if any NSWPF policy, guidelines or other resources that they use to prepare their corruption resistance plans) and suggestions that they might have for improving those processes
- what commands do with these plans once they have prepared them
- what information is provided to officers within the command about the nature of the misconduct risks that they may face and how best to respond to these risks.

Related questions of interest are how well do command corruption resistance planning practices enable commands to:

1. identify and manage misconduct risks at the command level?
2. provide practical advice to their officers to assist them recognise the misconduct risks they may face and to assist them respond appropriately when they encounter such risks?

Using a process similar to that used in its Project Manta, the Commission sought to consult with approximately one-quarter of all NSWPF commands to obtain information for Project Mobula. After writing to the NSWPF Commissioner of Police and Assistant Commissioner in charge of the Professional Standards Command to inform them of the new project and its proposed methodology, information collection was undertaken in two stages. The first stage involved the Commission selecting and contacting a random sample of 20 local area commands to seek a copy of their most recent and their previous corruption resistance plans as well as the name of a contact officer, who would be available to answer questions about corruption resistance planning in that command. The Commission also contacted specialist commands that were composed of more than one subordinate unit to determine the role of these subordinate units in the corruption resistance planning process. Subsequently five specialist commands were sampled and asked for copies of their current corruption resistance plans as well as the name of a contact officer. The information requested in this first stage had been received by the end of the 2011-2012 reporting period. Nineteen of the 20 local area commands provided copies of their current and previous corruption resistance plans. The five specialist commands in the sample produced a total of 36 corruption resistance plans amongst them.

During the current reporting period, information collection and analysis were completed. The information in these 55 corruption resistance plans was examined and the second stage of the information collection, which involved interviewing the nominated command contact officers, was undertaken. These interviews included questions common to all commands as well as questions that were specific to the command, based on the examination of their corruption resistance plan(s). In broad terms, information was sought from each of the 25 nominated command contact officers about:

- the processes used to derive the corruption resistance plan, and suggestions that they might have for improving those processes
- what is done with the plan after it is produced, i.e. how is it used
- any strategies that the command uses to inform its staff of the corruption risks they might face and how staff should best respond when they encounter such risks.

Scheduling of interviews with nominated contact officers from each of the sampled commands proved to be a protracted process to fit in with officers' shifts. The majority of the interviews (19) were conducted over the telephone. The remaining six interviews were conducted face-to-face at the relevant command. The initial interview was conducted in early July and the final interview was conducted in mid-December 2012.

At the end of the reporting period the Commission was finalising its draft report, prior to consultation with the NSWPF regarding the findings. It is envisaged that consultation with NSWPF will occur during 2013-2014 and the results of this project will be reported publically.

IMPROVING POLICIES AND SYSTEMS

As with previous years, in 2012-13 the Commission examined a number of systems within the NSWPF, aspects of which are designed to manage misconduct risks.

MISCONDUCT RISKS ASSOCIATED WITH CRITICAL INCIDENTS IN NSW (PROJECT HARLEQUIN)

'Critical incident' is the term used to describe incidents such as deaths or serious injury resulting from some interaction with officers of the NSWPF where the incident, by its nature or circumstances, requires independent investigation and review.

Project Harlequin commenced in late June 2012 and is concerned with identifying how well the misconduct risks associated with critical incidents and critical incident investigations are being managed by the NSWPF.

In the 2012-13 reporting period, an information collection phase was undertaken. This involved extensive consultation with academics, external agencies and different arms

of the NSWPF. A key outcome of the information collection phase was the identification of three periods in a critical incident, each with a unique set of associated risks:

- the lead up to the incident
- the post incident scene, and
- the critical incident investigation.

Research is currently being undertaken to explore and analyse these phases and the risks associated with each.

At the time of writing the major focus for Project Harlequin was the review and analysis of 84 critical incidents in the period 2009 – mid-2012. This is not the total number of critical incidents to have occurred in this period. Rather, it is a reflection of the total number of critical incidents managed by NSWPF on the electronic case management system "e@gle.i".

Analysis of this sample will include an audit of the compliance of the management and investigation of the incidents with the procedures described in the NSWPF Critical Incident Guidelines. The NSWPF Critical Incident Guidelines set out the process and procedure for how a critical incident investigation is to be undertaken. Opportunities for improvement as well as examples of good practice will be noted in this phase.

MISCONDUCT RISKS ASSOCIATED WITH AUTHORISED SECONDARY EMPLOYMENT (PROJECT SANTURI)

Almost 10 per cent of NSWPF officers are currently engaged in authorised secondary employment. The NSWPF defines secondary employment as 'any paid work performed other than for the NSWPF' and requests that all employees seek approval prior to engaging in secondary employment. However, despite seeking approval to engage in secondary employment outside the NSWPF, officers are potentially exposed to risks of misconduct.

Examples of misconduct risks associated with secondary employment can include: the release of confidential information, both in terms of police intelligence and police procedures and methodology; the risk of an improper association between officers and the owners, employees or clients with whom they associate in their secondary employment; the inappropriate use of sick leave and falsifying of timesheets to conduct secondary employment; and the misuse of public resources.

In November 2011 the Commission commenced a research project, codenamed Project Santuri, examining a number of issues associated with the NSWPF's system to manage secondary employment, including:

- the level of compliance by sworn officers with all aspects of the NSWPF policies and procedures governing secondary employment

- whether there are opportunities for the corruption prevention aspects of the policy to be strengthened and, if required, provide advice and recommendations for managing conflicts of interest and corruption risks associated with authorised secondary employment.

The overarching question the Commission sought to examine in Project Santuri was: how well is the NSWPF managing the misconduct risks associated with secondary employment?

The Commission randomly selected 20 commands and requested all secondary employment applications approved during period 1 March 2011 to 1 March 2012. The Commission assessed a total of 578 secondary employment applications, 411 (71%) of which were renewal applications.

In July 2013 a consultative draft of the Project Santuri Research and Issues Paper was forwarded to the NSWPF for comment. The finalised paper will be published on the Commission's website following the completion of the consultative process with the NSWPF in the 2013-14 reporting period.

MISCONDUCT RISKS ASSOCIATED WITH THE USE OF HUMAN SOURCES

The use of human sources, formerly known as informants, is recognised by the NSWPF as a valuable tool to assist in the detection, investigation and prosecution of crime. However, relationships between police officers and sources are fraught with risks, including risks of misconduct. In Project Skadi, the Commission examined how well the NSWPF is managing two key corruption risks arising from this policing activity, namely:

1. That the association between a human source and his or her police handler –

   a. is improper (unbeknownst to the officer's managers) and that the officer is engaged in acts of corruption in conjunction with the source, or

   b. may become improper, leading the officer to engage in acts of corruption in conjunction with the source

2. That confidential police information identifying the human intelligence source may be deliberately leaked by a police officer for corrupt motives.

The Commission finalised a confidential report in relation to Project Skadi in June 2011 and sent a copy to the Commissioner of Police in September 2011. As indicated in last year's annual report, in the Commission's view the NSWPF response, received in October 2011, did not adequately address the risks identified within its report. In mid-2012 the Commission commenced a further prevention project that seeks to build on Project Skadi. This project examines the key strategies used by the NSWPF to manage the misconduct risks associated with the use of human sources. It seeks to find answers to the following questions:

1. How well do officers (both sworn and unsworn) involved in the source management process understand their obligations under the Source Management Policy and Source Management Standing Operating Procedures?

2. Do officers (both sworn and unsworn) receive adequate training to assist them in their tasks in the source management process?

3. How effective is source supervision in monitoring and managing potential misconduct risks between police officers and human sources?

4. How effective are the accountability mechanisms within the NSWPF in relation to source handling?

The Commission has employed a number of methods to answer these questions and to identify opportunities to strengthen NSWPF systems and processes. It has conducted research interviews with:

- representatives of specialist commands regarding corporate policy and practice in the NSWPF
- intelligence practitioners from eight local area and specialist commands regarding how information from human sources is recorded on NSWPF corporate information systems
- a number of police responsible for supervising source handlers regarding the practicalities of managing the misconduct risks that arise from this policing activity.

For the purpose of this project, the evidence obtained by the Commission in three private hearings into source management practices was also examined.

After the Commission has completed its collection and analysis of this information the Commission will consult with the NSWPF as to the conclusions of its research.

USING NSWPF COMPLAINT INVESTIGATIONS TO IDENTIFY SYSTEM PROBLEMS AND SOLUTIONS (PROJECT CYRIL)

A necessary feature of an ethical police force is an effective system for investigating complaints against members of the police force. The complaint investigation process is an opportunity to look beyond the actions of the officers and identify systemic or organisational issues (such as issues relating to existing policies, procedures, training, communication or management approaches) which may have contributed to the acts of misconduct they have engaged in. It is also an opportunity for the Complaint Investigator to put forward recommendations that may prevent a reoccurrence of such an incident. In addition academic literature and publications by oversight agencies

recognise that complaint management is an opportunity for police agencies to identify and address misconduct risks.

The policy framework for complaint management in the NSWPF also echoes this notion. For instance the NSWPF *Complaint Handling Guidelines* indicate that it is important that Complaint Investigators bring supervisory, managerial and organisational issues to the attention of management. Furthermore, Section 145 (2) of the *Police Act 1990* (NSW) authorises the NSWPF to extend complaint investigations beyond the subject officer if the matter under investigation is indicative of a systemic problem.

Project Cyril commenced in June 2011 and focuses on good practice in complaint investigations, namely how complaint investigators identify systemic and organisational problems (e.g. how systems have broken down) and then suggest recommendations for how they might be fixed (e.g. changes to existing policies, procedures, training, communication or managerial practices). In particular, Project Cyril aims to:

- examine the corporate guidance provided to NSWPF complaint investigators
- explore complaint investigators' perceptions of their role with regard to the examination of organisational issues
- identify examples of good practice of complaint investigation reports that identify systemic and organisational issues
- provide the NSWPF with advice and recommendations, if warranted, to strengthen current practice.

At 30 June 2013 the *Project Cyril Research & Issues Paper* had been drafted. This *Research & Issues Paper* presents the findings from research interviews with 13 Complaint Investigators and other stakeholders, as well as an analysis of the NSWPF *Complaint Handling Guidelines*. This Paper recognises that while not every complaint investigation will lead to changes in systems and policies, complaint investigations nonetheless a represent a significant opportunity for the NSWPF to identify systemic and organisational problems and solutions. While this Paper highlights the challenges complaint investigators face in identifying issues and making recommendations, it also highlights the approaches, strategies and methods they use to do so and features examples of 'good practice'.

In 2013 – 2014 the Commission will present this paper to the NSWPF for comment. On completion of the consultation process with the NSWPF, the Commission intends publishing a *Research & Issues Paper* on its website.

IDENTIFYING AND MANAGING OFFICERS AT RISK OF ENGAGING IN MISCONDUCT (PROJECT JUDA)

Project Juda commenced in August 2012 and is examining how officers at risk of engaging in misconduct are identified and managed within the NSWPF. For the

purposes of Project Juda an 'at risk' officer is defined as an officer who exhibits problematic signs which, if left unchecked, could lead to serious forms of misconduct. Some law enforcement agencies use Early Intervention Systems (EIS) to identify 'at risk' officers. The NSWPF remains supportive of the use of such a system for its officers. However, NSWPF has advised that no progress was made towards the development of an EIS during 2012-13.

Project Juda aims to find out what strategies NSWPF managers, in the absence of an EIS, are using to identify and manage officers at risk of engaging in misconduct. The aims of Project Juda are to:

- examine what corporate procedures, guidelines, education and training NSWPF managers receive in the identification and management of officers at risk of engaging in misconduct
- determine the strategies and resources NSWPF managers at a command level use to identify and manage officers at risk of engaging in misconduct
- determine examples of good practice by NSWPF managers and Local Area Commands in identifying and curtailing officers at risk of engaging in misconduct
- seek to discover examples of good practice by other law enforcement and emergency service agencies in identifying and managing staff at risk of engaging in misconduct.

At the end of June 2013 the Commission had commenced a review of academic literature and relevant NSWPF procedural documents and guidelines. In addition interviews had been conducted with representatives from Fire & Rescue NSW, the Ambulance Service of NSW and Corrective Services NSW to learn about the practices of these agencies in identifying and managing staff displaying problematic behaviors.

In 2013 – 2014 research interviews are planned with relevant NSWPF corporate commands to learn more about the guidance they provide in respect of this issue. Research interviews will also be conducted with managers at a command level to find out about local practices in identifying and managing officers at risk of engaging in misconduct.

POLICE CORRUPTION EDUCATION & PREVENTION PROGRAMS

During 2012-13 Commission staff delivered 13 lectures to NSWPF internal investigations training courses, raising awareness amongst officers of the functions of the Commission.

CORRUPTION PREVENTION NETWORK (CPN)

The Corruption Prevention Network (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, regardless of the sector where they work or their geographical location. The CPN operates through a council of elected volunteer public officials and non-voting nominees from central and watchdog agencies. The Commission's Principal Analyst and Research Analyst shared attendance and participation in meetings of the CPN Council on an ex-officio basis.

AUSTRALIAN NATIONAL UNIVERSITY 'CORRUPTION AND ANTI-CORRUPTION' COURSE

The Commission's Principal Analyst presented a session on 'What works against corruption' to students attending the ANU Corruption and Anti-Corruption Course in Canberra in September 2012. Amongst other things the presentation discussed evidence-based policy making in relation to corruption prevention.

EXPERT WORKSHOP IN METHODOLOGY DEVELOPMENT FOR AN ASIAN PACIFIC ANTI-CORRUPTION AGENCY PERFORMANCE MEASURE, KUALA LUMPUR, JUNE 2013

Transparency International Secretariat (TIS) Berlin organised an 'Expert Workshop on Methodology Development for an Anti-Corruption Agency (ACA) Index' to assess the performance of anti-corruption agencies in the Asia Pacific region. This workshop was one step in a larger project. It was noted that the development of an Index was intended to be a platform for dialogue and support. It was not intended to produce a 'league table' of ACAs. Discussion concerned the importance of measuring both the context in which the ACA operates (that is, the factors which affect an ACA's performance) as well as the performance of the ACA. Some of the questions which the project seeks to answer were expressed as:

- Are ACAs doing what they are supposed to be doing?
- Are they doing what they should be doing well enough?
- If not, why not?
- If they are not doing well, what can help them do it better?

Twenty-eight participants attended this Workshop which was held in Kuala Lumpur from 18-19 June 2013. Participants came from Australia, Bangladesh, Bhutan, Egypt, England, Germany, Hong Kong, Indonesia, Iran, Korea, Lithuania, Malaysia, Portugal, Singapore, Sri Lanka and Thailand. Representatives were drawn from anti-corruption agencies, Transparency International Secretariat and local chapters, universities, private enterprise, United Nations Development Program (UNDP) and United Nations

Office on Drugs and Crime (UNODC). The Commission's Principal Analyst was one of the participants at this Workshop. All costs were met by TIS Berlin.

6. TRACKING THE COMMISSION'S RECOMMENDATIONS

Under s99(2)(c) of the *Police Integrity Commission Act 1996* ('the Act'), the Commission is 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. In addition section 99(2)(f) of the Act requires the Commission to report on 'the extent to which its investigations have resulted in … disciplinary action or the making of an order under section 173 or 181D of the Police Act 1990…etc'. This Chapter provides an evaluation of NSWPF responses to the Commission's misconduct prevention 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.

MISCONDUCT RISKS ASSOCIATED WITH THE EXECUTION OF SEARCH WARRANTS (PROJECT OSTARA)

In the absence of effective controls, police searches can create opportunities for serious misconduct, such as the theft of items of value (for example drugs and cash). In May 2011, the Commission published a report assessing how well the NSWPF is managing the misconduct risks associated with this policing activity. The report presented eight recommendations aimed at strengthening the NSWPF's management of these risks.

In last year's Annual Report, the Commission noted that the NSWPF had planned to publish an article providing guidance on the obligations of officers with regard to the execution of search warrants in its *Policing Issues & Practice Journal* (PIPJ) in November 2012. It also reported that while the NSWPF had supported Recommendation 8, the purpose of which was to bring consistency to two discrete NSWPF procedural documents relating to the execution of search warrants, its consideration as to the most appropriate way to implement it was 'ongoing'. The Commission noted that on publication of the PIPJ article, all recommendations from this report (with the exception of Recommendation 8) would be considered implemented.

In August 2013, the NSWPF advised that the PIPJ article was not published in November 2012 as planned. It indicated that additional information, unrelated to the Commission's recommendations, needed to be taken into consideration leading to the publication date being deferred. The NSWPF has not specified a date for the publication of the article, noting it would be published 'in due course'. In relation to recommendation 8, the NSWPF has informed the Commission that implementation 'continues to be ongoing'.

In summary, the advice of the NSWPF indicates that no progress was made in 2012-13 in implementing the Commission's recommendations.

UNAUTHORISED DISCLOSURE OF CONFIDENTIAL INFORMATION

The unauthorised disclosure of confidential information by police officers can result in, amongst other things, investigations being compromised and officers and members of the community being put in danger. In October 2008, the Commission published a *Research & Issues Paper* on the unauthorised disclosure of confidential information in the NSWPF. The most significant conclusions of the study indicated that there is confusion, misunderstanding and lack of awareness regarding confidential information and its use and dissemination within and outside the NSWPF. Further, that official NSWPF guidance on the management and communication of the confidential information was difficult to locate on the NSWPF Intranet, which is the main repository for NSWPF policies and guidelines.

The paper presented nine strategies for strengthening the NSWPF's systems and processes for managing confidential information and raising awareness with officers about their obligations in this area. Though it supported all strategies, none have thus far been implemented by the NSWPF. Since the publication of the paper in 2008, the Commission has expressed its disappointment and concern in a number of annual reports at the lack of action by the NSWPF.

During 2012-13, the Commission liaised with representatives of the NSWPF in connection with the steps it was undertaking to implement these strategies. In August 2013, the NSWPF advised that it had initiated a number of actions during the reporting year that it considers will address these strategies. These include:

- identifying differing forms of guidance available to officers on the NSWPF Intranet with a view to standardising and making consistent the advice provided to officers
- establishing new Intranet gateway, which will provide a single point of access to differing forms of corporate guidance on managing confidential information
- the development of education material to be included in an online training package
- the updating of the *Unauthorised Access, Use & Disclosure of Information* integrity guide.

These actions appear to be consistent with the strategies proposed by the Commission in its October 2008 report. Further detail, however, will need to be obtained from the NSWPF and reviewed before these strategies can be considered implemented.

IDENTIFICATION AND COMMUNICATION OF COMMAND MISCONDUCT RISKS (PROJECT MANTA REPORT 1)

Project Manta sought to develop an understanding of how misconduct risks differed depending on the nature of the commands and the communities they serve. It also sought to examine how NSWPF commands identify, communicate and manage these risks. In November 2009, the Commission released its first report from Project Manta. This report focussed on the nature of the significant misconduct risks faced by individual commands together with the identification and communication of these misconduct risks. As was reported in the Commission's 2009-2010

Annual Report, the NSWPF supported each of the nine recommendations made in *Project Manta Report 1*.

As at 30 June 2013 three of the nine recommendations (Recommendations 3, 4 and 9) had yet to be implemented.

ASSISTING COMMANDS BY PROVIDING THEM WITH INFORMATION ON THEIR COMPLAINT TRENDS

Two of these recommendations (Recommendations 3 and 4) concern assisting commands to better understand their misconduct risks by having a central area within the NSWPF continue to provide commands with information about their complaint trends and extending that information to include trends in complaint allegations by station and to include an analysis of the available contextual information such as duty type, location of the alleged incident and officer's activity at the time of the alleged allegation. The NSWPF has stated that it is unable to provide information on trends in complaint allegations by station.

In August 2013 the NSWPF provided a sample of the latest iteration of its *Complaints Management Pack (Incl: Misconduct Risk Indicator Pack)* which has been developed to address these recommendations. It advised that as at August 2013 consultation with the field was being undertaken and that the roll out of this package, which is to be distributed quarterly, will be completed by September 2013. The Commission agrees with the NSWPF that once these actions are undertaken, Recommendations 3 and 4 will be considered to be implemented.

TAILORING INFORMATION TO ASSIST OFFICERS RECOGNISE AND RESPOND APPROPRIATELY TO THE RISKS SPECIFIC TO THEIR COMMAND, THEIR POLICING ROLE AND THEIR SECTOR

The other outstanding recommendation (Recommendation 9) involves providing tailored information, guidance and support to officers concerning the nature of the misconduct risks and how to manage the risks that may be specific to their command, their particular policing role, or their particular sector of the command. In addition to commands providing this information to officers in their current roles, the recommendation proposed that the NSWPF should develop a corporate strategy and material to assist commands provide this information, guidance and support. In response to this recommendation, by June 2012 the NSWPF had developed what could be considered to be the beginning of a toolkit, having produced a range of *Integrity Guides* (on the topics of *Unauthorised access, use and disclosure of information*, *Off duty Behaviour*, *Dealing with licensed premises* and *Responsible use of social media)* and *Duty Risk Guides* (on the topics of *Alcohol and Licensing Enforcement* and *Management of User Charges Duties)*.

In its 2011-2012 Annual Report the Commission observed that the development of a corporate strategy was required to assist commands tailor corruption prevention materials and advise how they should inform and support officers in the identification and management of different misconduct risks they may face as a result of undertaking a new role or transferring to a new station. NSWPF and Commission staff worked together in December and January to draft a corporate strategy. In August 2013, the NSWPF advised that a document entitled *Guidelines on how to Incorporate Corruption and Misconduct Resistance into a Command's Framework* that was developed in response to this recommendation was uploaded onto the NSWPF Intranet in June 2013 and that the NSWPF consider its response to this recommendation complete.

At this stage it is unclear whether, or the extent to which, the placement of these resources on the NSWPF Intranet will achieve the intent of the recommendation which involves providing tailored information, guidance and support to officers concerning the nature of the specific misconduct risks they are likely to face and how to manage these specific risks. An ongoing commitment to this practice will be required on the part of the NSWPF if this recommendation is to be fully implemented.

While the actions taken by the NSWPF, as described in its advice to the Commission, will contribute to the implementation of this recommendation, the Commission will continue to monitor the implementation of this recommendation.

MANAGING COMMAND MISCONDUCT RISKS (PROJECT MANTA REPORT 2)

In April 2011, the Commission released its *Project Manta Report 2: Managing command misconduct risks.* The Commission made 12 recommendations in this report and in May 2011 the NSWPF advised that it supported 11 of these recommendations in the form that they were made.

As at 30 June 2012, the NSWPF had implemented two of the recommendations (Recommendations 5 and 6) and had made substantial progress on a further four (Recommendations 1, 2, 3 and 4). Hence, as at 30 June 2012, nine of the eleven recommendations that had been accepted by the NSWPF were yet to be implemented.

ISSUES TO BE ADDRESSED IN NEW NSWPF CORPORATE CORRUPTION RESISTANCE DOCUMENTS (RECOMMENDATIONS 1, 2, 3 AND 8)

During the reporting period, as a means of implementing this recommendation, the NSWPF uploaded guidelines to its Intranet to assist officers in the drafting of new corporate corruption resistance materials and reviewing existing materials. The guidelines, entitled *Standards for Embedding Misconduct Resistance Advice within the NSW Police Force*, were predominately drafted by the Commission. The NSWPF has advised that a link to this document has been placed on the NSWPF Policy and Procedure home page of its Intranet and that in March 2013 a copy of this document was emailed to staff and business units actively engaged in the development of corporate policy. The NSWPF has further advised that it is of the view that these recommendations have been implemented.

At this stage, the Commission is unable to determine whether, or the extent to which, these guidelines have influenced practice in the NSWPF. However, the Commission considers this recommendation implemented.

PROMOTING STRATEGIES INTENDED TO DETER MISCONDUCT (RECOMMENDATION 4)

Project Manta Report 2 noted that a number of corporate and command level misconduct treatment strategies within the NSWPF are intended to deter officer misconduct; that is to discourage officers from engaging in different forms of misconduct. In its report, the Commission observed that in order for misconduct deterrent strategies to be effective, it is important that officers are aware of their existence. Further, that officers understand that these

strategies increase the risk of being caught for those engaging in the types of misconduct the strategies were put in place to target. Recommendation 4 proposed that where a strategy intended to deter misconduct is adopted, either at command or corporate level, steps are taken to promote it and make officers aware that it increases the chances of being caught.

In August 2013 the NSWPF provided advice as to the actions it had taken to implement *Project Manta Report 2*, Recommendation 4. The NSWPF indicated it had updated the communications section of the *Guidelines for Local Corruption Resistance Planning* to include the following statement:

> Where a risk treatment strategy is intended to deter misconduct, promote the strategy in a manner that will highlight to staff that the strategy may increase the risk of being caught if they engage in such misconduct.

The NSWPF also informed the Commission that the other publications and forms of advice made available to officers are 'themed and developed' to indicate the consequences that will eventuate in the specific type of misconduct being highlighted.

It is acknowledged that promoting published material 'themed and developed' to indicate the consequences that will eventuate from engaging in particular forms of misconduct should assist in deterring officers from these forms of behaviour. However, if the published material is to achieve its full deterrent effect it should be joined with advice as to the likelihood of officers being caught if they engage in the types of misconduct being highlighted. NSWPF should consider including messages of this nature in its publications.

Recommendation 4 envisages an ongoing practice by officers at command and corporate levels of the agency to promote misconduct treatment strategies in such a manner as to deter misconduct.

Giving full expression to this recommendation will require the NSWPF to monitor actions taken at corporate and command levels to promote deterrent strategies and ensuring that relevant officers are equipped to perform this role. However, the Commission is satisfied that the NSWPF has taken a number of reasonable steps in line with the intent of the recommendation. On balance, the Commission considers this recommendation has been implemented.

ASSISTING COMMANDS TO LOCATE AND ACCESS RELEVANT GUIDANCE (RECOMMENDATION 7)

While the NSWPF did not support Recommendation 7 in the form that it was presented, its response indicated that it would investigate opportunities for consolidation of guidance on corruption resistance and seek to identify opportunities to assist Commands in locating and accessing relevant guidance. The NSWPF advised it would keep the Commission informed of progress.

In August 2013 the NSWPF advised that, it has taken a number of actions which address the concerns which prompted this recommendation. These actions include:

- updating the NSWPF Intranet site 'Policy' page and making it the recommended location to place all Corporate Level Policy Statements, Procedures and SOPS
- developing documents and templates to assist Commands when writing procedural documents

- listing all procedures documents under a series of subject headings to assist staff in locating them
- redesigning individual sites within the Intranet to include: the title of the procedures document, document type, responsible command, published date, review date and status of the document which will assist staff in identifying current information.

The steps taken by the NSWPF appear to be consistent with the intent of the Commission's recommendation. The Commission is, however, unable to determine the extent to which they will assist officers in accessing various forms of corporate guidance.

PROMOTE GOOD STRATEGIES THAT WERE INITIATED BY INDIVIDUAL COMMANDS AND DOCUMENTED IN THE PROJECT MANTA REPORT 2 (RECOMMENDATION 9)

In Chapters 4 and 5 of *Project Manta Report 2*, the Commission summarised a number of strategies developed by different commands throughout the NSWPF to manage a diverse range of misconduct risks. Recommendation 9 proposed that the NSWPF promote these strategies throughout the NSWPF to enable all commands to consider their suitability for managing their own risks.

The NSWPF accepted this recommendation. Subsequent advice from PSC acknowledged that while some of the strategies mentioned in Chapters 4 and 5 of Manta, Report 2 were 'unique', 'many' were corporate strategies and some the NSWPF would not want to promote.

In February 2013, the NSWPF circulated to commands a number of the strategies contained in Chapters 4 and 5 of *Project Manta Report 2*. Further, that these have been included in a register of treatment strategies that the NSWPF advises will be uploaded to the NSWPF Intranet by August 2013. The NSWPF has informed the Commission that this register will be updated whenever new and unique strategies are communicated by commands to PSC. The NSWPF considers this recommendation implemented.

The Commission agrees that the steps taken by the NSWPF, described in the previous paragraph, contribute to the implementation of this recommendation. It is relevant to note, however, that only a small proportion of the strategies presented in Manta, Report 2 were included in the February 2013 communication to commands. In mid-2013 NSWPF provided detailed advice maintaining that many of the locally developed and deployed strategies replicate corporate strategies. The Commission does not concur with this view and considers that there are additional potentially useful strategies that could be promoted and may have been found beneficial by other commands. Little purpose is served in pursuing this issue further with the NSWPF as it appears an impasse has been reached. The Commission will take no further action to monitor the implementation of this recommendation.

DEVELOPING A PROCESS TO IDENTIFY AND PROMOTE GOOD STRATEGIES CREATED BY INDIVIDUAL COMMANDS (RECOMMENDATION 10)

In its *Project Manta Report 2*, the Commission observed that at that time there was no formal process for sharing corruption prevention strategies used by individual commands. The Commission suggested that to take advantage of the work done by others, it would be useful to promote the innovative corruption prevention strategies employed by individual commands, so

that other commands can consider the suitability of these strategies for their own use. Hence the Commission recommended:

> That the NSW Police Force explores methods of identifying and promoting, on an ongoing basis, corruption prevention strategies found useful by one or more commands and informs the Commission of the strategies it is going to put in place to do this.

When updating the Commission on the status of implementation of this recommendation in August 2013, the NSWPF advised:

> The Misconduct Prevention Unit within [Professional Standards Command] has the primary responsibility of assisting the field in developing corruption prevention strategies. The team provides guidance on risk treatment strategies which are promoted to the field through a number of forums:
>
> - PSDO Work Placement Program
> - LAC Visits during Corruption Resistance planning
> - Beneficial Strategies were emailed to all commands during the launch of the 2013 CRP
> - The duty risk guides are also useful tools
> - Register of treatment strategies (currently under development)
>
> [Professional Standards Command] is of the view that no further action is required and this recommendation has been implemented.

While the information provided by the NSWPF, listed above, may be considered to be examples of how the NSWPF might promote some good strategies created by individual commands, the NSWPF has yet to inform the Commission of the methods that it is proposing to use to identify, on an ongoing basis, corruption prevention strategies found useful by one or more commands. The Commission does not agree with the NSWPF's stated position that no further action is required to implement this recommendation.

PROVIDE CORPORATE GUIDANCE CONCERNING MISCONDUCT RISKS ASSOCIATED WITH DEALING WITH LICENSED PREMISES (RECOMMENDATION 11)

In its *Project Manta Report 2*, the Commission advised that where a misconduct risk may affect a number of commands, the Commission considers it more efficient to develop resources centrally within the NSWPF rather than have each command develop its own treatment strategies without the basis of a corporately endorsed starting point. One of the Commission's recommendations was that the NSWPF should provide guidance to commands concerning the recognition and treatment of the misconduct risks associated with policing licensed premises.

The NSWPF has developed an 'Integrity Guide' on the topic of *Dealing with Licensed Premises* and placed this resource on its Intranet in July 2013. This Integrity Guide assists officers in recognising the risks that they may face, including risks of socialising in licensed premises within the command; how to respond to such risks; and managing the professional distance between police licensing officers and those whom they regulate. Within a separate resource, *Management of Licensing Duties NSWPF Duty Risk Guide*, information is provided on a range

of checks that commands can use to increase the risk of being caught for those who might engage in misconduct in relation to licensed premises.

The Commission considers that this recommendation has now been implemented.

PROVIDE CORPORATE GUIDANCE CONCERNING MISCONDUCT RISKS ASSOCIATED WITH OFFICERS WORKING AT A DISTANCE FROM SUPERVISORS AND OTHER OFFICERS (RECOMMENDATION 12)

Recommendation 12 in *Project Manta Report 2* proposed the NSWPF provide corporate guidance to commands concerning the recognition and treatment of the misconduct risks associated with officers working at a distance from supervisors and other officers. The Commission's recommendation had four limbs. Each represented a discrete issue the Commission believed should be addressed in the NSWPF's guidance to commands on managing risks associated to officers working in isolated locations:

- managing professional distance for police officers working in small communities and for officers working in the same community for long periods of time
- processes to facilitate audits and inspections of remote stations
- assisting officers working in remote areas to recognise how they might be compromised, the specific types of misconduct risks they may face and to respond appropriately when they find themselves in such circumstances
- recognising that different treatment strategies will be appropriate in commands covering smaller areas than those appropriate in commands covering large geographical areas.

On a number of occasions in 2012, the NSWPF advised the Commission that it would implement Recommendation 12 through a project examining the misconduct and integrity risks facing officers working in geographically isolated locations. In December 2012 the NSWPF Professional Standards Command provided a letter which described the wide range of sources that it was using to inform itself about this project including: consultation with a sample of commands and regional offices, conducting a literature review, consultation with police employees who have worked in isolated locations, and contacting other police agencies within Australia and New Zealand.

However, advice from the NSWPF dated August 2013 indicates that it has significantly altered its proposed implementation strategy for Recommendation 12. In this advice the NSWPF states that it has put its project on hold and does not provide any information as to when, or whether, it intends to recommence this project. In terms of further actions that are required to address the different elements of the recommendation, the NSWPF has indicated it considers that the first two limbs of the recommendation are addressed through existing policies and systems (the Transfer and Tenure Policy and the Command Management Framework); the third will be addressed through the development of a new integrity guide for staff; and it believes the fourth one does not need to be the subject of specific guidance.

While the Commission looks forward to receiving a copy of the Integrity Guide on this topic that is being prepared by the NSWPF Misconduct Prevention Unit, the Commission does not share

the views of the NSWPF on various aspects of the implementation of this recommendation. That is to say, the Commission does not agree that the Transfer and Tenure Policy and Command Management Framework adequately address the first two limbs of the recommendation nor does it agree that no further action is required in relation to the fourth limb of the recommendation. The Commission will continue to monitor the NSWPF response to this recommendation.

7. THE NSW CRIME COMMISSION

Section 13 of the *Police Integrity Commission Act 1996* ('the Act') provides that one of the other functions of the Commission is the prevention, detection and investigation of misconduct by NSWCC officers. The Commission discharges these functions through a number of processes including the assessment of information and complaints alleging misconduct, and the conduct of investigations and research.

Under s 99(2A) of the Act the Commission is required to separately report on NSWCC matters in its Annual Report. The purpose of this section is to report on work undertaken by the Commission during 2012-13 to detect, prevent and investigate misconduct by NSWCC officers.

In last year's Annual Report, the Commission noted that in June 2009 it had commenced a project (Project Caesar) to assess the misconduct risks associated with civil confiscation and the management of those risks by the NSWCC. It further noted that many of those issues had also been examined in the Commission's Operation Winjana investigation and that the future of Project Caesar would be assessed following the presentation of the Operation Winjana report to Parliament. The research conducted for Project Caesar has informed the Commission's understanding of the risks associated with civil confiscation. The Commission notes that the draft report was also provided to the Special Commission of Inquiry into the New South Wales Crime Commission. In mid-2013 the Commission decided that the research conducted for the project had served its purpose and that no public prevention report would be published.

ASSESSING INFORMATION AND COMPLAINTS

COMPLAINT PROCESS

Information regarding the possible misconduct of NSWCC officers can come to the Commission in a variety of ways. Under section 75C of the Act, a complaint can be made by an individual member of the community. In addition, section 75D provides that it is 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 involve, or which may involve, misconduct of a NSWCC officer. The Commission also receives information involving possible misconduct by NSWCC officers from other sources, including agencies from other jurisdictions.

Complaint Profile

During 2012-13 the Commission:

- assessed 11 complaints containing 32 allegations of misconduct against current and former NSWCC officers
- no matters were referred to the NSWCC under s77 of the Act.

Of the 11 complaints, 5 were made direct to the Commission and 6 were reported to the Commission by the NSW Crime Commission or the NSW Police Force. Allegation types included:

- Attempting to pervert the course of justice
- Improper disclosure of information
- Misuse of authority for personal benefit
- Bribery
- Lied during proceedings/in statement/on affidavit
- Improper association.

INVESTIGATIONS

There were a total of 5 preliminary and 4 full investigations open for all, or part of 2012-13.

Table 11: NSW Crime Commission Preliminary Investigation Outcomes

Indicator	2012-13	2011-12	2010-11
No Further Action	5	12	5
Investigations that progressed to become full investigations	0	3	1
Investigations that resulted in a dissemination of information to the NSWCC	0	0	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0	0
Total	**5**	**15**	**6**

Table 12: NSW Crime Commission Investigation Outcomes

Indicator	2012 -13	2011-12	2010-2011
No Further Action	3	0	0
Investigations that resulted in a dissemination of information to the NSWCC	0	0	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0	1
Investigations referred to the office of the Director of Public Prosecutions for considerations of prosecution action.	1	0	0
Total	**4**	**0**	**1**

8. LEGAL MATTERS

This chapter contains information about statutory provisions and legal developments of significance to the Commission.

WITNESS PROTECTION

Persons assisting the Commission in its investigations, whether members of the general public or serving officers, are an important resource in the detection and investigation of serious officer misconduct.

To ensure this resource is protected, the Commission may make arrangements to ensure the safety of these persons from intimidation and harassment which might arise as a result of their assistance. This may range from the making of non-publication directions to, where necessary, consulting with specialist witness protection agencies to better ensure the safety and well-being of its witnesses and other persons who have been of assistance: section 51, *Police Integrity Commission Act 1996* ('the Act'). The Commission made use of both mechanisms in 2012-13.

RESPONSE TO SUBPOENAS

From time to time, the Commission is served with subpoenas requiring the production in Court of documents, or divulging of information acquired in the exercise of its functions.

Officers of the Commission cannot be required to be produce documents, or divulge or communicate any matter which they have obtained in the exercise of functions under the Act, subject to certain limited exceptions. Those exceptions are 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 is served with a subpoena falling outside these limited exceptions, the issuing party is invited instead to make an application to the Commissioner to exercise his or her discretion to release information pursuant to s 56(4)(c) of the Act. Under that section, the Commissioner has a broad discretion to authorise the release of documents or information held by the Commission if satisfied that it is necessary to do so in the public interest.

SECTION 56(4) DISSEMINATIONS

The Act imposes 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 falls to be dealt with under s 56(4)(c) of the Act.

As stated above, the Commissioner may direct that confidential information held by the Commission can be released, but only if he or she certifies it to be necessary in the public interest to do so.

During 2012-13 the Commission disseminated information on three occasions under s 56(4)(c) of the Act.

The Commission has published comprehensive guidelines as part of its Practice Guidelines dealing with applications for the release of information under s 56(4)(c) amongst other things. The Practice Guidelines and an application form may be downloaded from the Commission's website.

LAW REFORM

CRIME COMMISSION ACT 2012

The *Crime Commission Act 2012* repealed and replaced the *New South Wales Crime Commission Act 1985*. The *Crime Commission Act 2012* now establishes, and confers functions and powers on, the New South Wales Crime Commission ("NSWCC"). The Act contains provisions and made amendments relevant to this Commission's operations.

The Act establishes the office of the Inspector of the NSWCC. The Inspector of the NSWCC has the functions of, *inter alia*, auditing the operations of the NSWCC for the purpose of monitoring compliance with the law of NSW, dealing with complaints of abuse of power, impropriety and other forms of misconduct on the part of the NSWCC or its officers and conduct amounting to maladministration by the NSWCC or its officers. Under the *Crime Commission Act 2012* the Inspector of the NSWCC has the right to make reasonable use of the services of the staff or facilities of this Commission.

The Act amended ss 23 and 24 of the *Police Integrity Commission Act 1996* so this Commission must not conduct an investigation or a preliminary investigation in relation to the NSWCC in circumstances where no particular NSWCC officer has been implicated and no misconduct of a NSWCC officer is suspected unless this Commission has obtained the consent of the Inspector of the NSWCC.

The Act also provides that the Management Committee of the NSWCC must furnish guidelines to this Commission with respect to the negotiation by this Commission of agreements regarding orders made by consent under the *Criminal Assets Recovery Act 1990.* However, before such guidelines are furnished, the Management Committee must first consult and obtain the written consent of the Commissioner of this Commission about the furnishing of the guidelines.

INDEPENDENT COMMISSION AGAINST CORRUPTION AND OTHER LEGISLATION AMENDMENT ACT 2013

Amendments to the *Police Integrity Commission Act 1996* by this Act enables certain vetting information, including criminal intelligence about applicants or their associates or relatives, to be requested, disclosed and used for the purposes of determining whether to appoint or engage applicants as officers of the Commission. The amendments also require records to be kept by the Commission of occasions when vetting information about an associate or a relative is considered.

Other amendments to the *Police Integrity Commission Act 1996* by this Act extend to "appropriately trained officers" of the Commission the existing exemption from the requirement to hold licences or permits to use or possess semi-automatic pistols and other prohibited weapons that applies to officers of the Commission who are former or seconded police officers. The amendments also add antipersonnel spray, batons and magazines for semi-automatic pistols to the list of prohibited weapons that officers of the Commission may use or possess without permit. These amendments were recommended to Government by the Parliamentary Joint Committee on the Ombudsman, the Police Integrity Commission and the Crime Commission in a report published in December 2012.

LAW ENFORCEMENT (CONTROLLED OPERATIONS) AMENDMENT ACT 2013

This Act amended the *Law Enforcement (Controlled Operations) Act 1997* and the *Surveillance Devices Act 2007*.

With regard to the *Law Enforcement (Controlled Operations) Act 1997*, the amendments provide for the nomination of a secondary law enforcement officer to act in place of the principal law enforcement officer in authorised operations whenever the latter is unavailable to exercise their relevant functions.

With respect to the *Surveillance Devices Act 2007*, the amendments enable civilian participants in authorised operations to use a listening device to record, monitor or listen to a private conversation to which they are a party.

9. GOVERNANCE AND ACCOUNTABILITY

The Commission is accountable to a Parliamentary Committee and the Inspector of the Police Integrity Commission. It also maintains a number of internal governance committees 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 Inspector[24] are 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 has met regularly with the Commissioner since his appointment. The Inspector continued to have independent access to all records of the Commission, other than a small quantity of certain material obtained by telecommunications interception.

Further information in relation to the Inspector can be found by accessing his website at http://www.inspectorpic.nsw.gov.au/

THE PARLIAMENTARY 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 is made up of seven members: three members of, and appointed by, the Legislative Council; and four members of, and appointed by, the Legislative Assembly.

The Committee membership at 30 June 2013 was as follows:

- Chair: The Hon. Catherine Cusack MLC (Lib)

[24] Section 89 (1) of the *Police Integrity Commission Act* 1996.

- Deputy Chair: Mr Lee Evans MP (Lib)
- Mr Kevin Anderson MP (Lib)
- The Hon. Paul Lynch MP (ALP)
- Mr Ryan Park MP (ALP)
- The Hon. Sarah Mitchell MLC (Nat)
- The Hon. Adam Searle MLC (ALP).

INTERACTION BETWEEN THE COMMITTEE AND THE COMMISSION

The Commissioner and senior officers from the Commission met with the Committee twice during 2012 - 2013.

On 22 February 2013, the General Meeting between the Commission Executive and the Joint Parliamentary Committee was held at Parliament House. The Commissioner gave evidence in relation to the Commission's Annual Reports for the year 2011-2012.

On 11 April 2013, the Commissioner and members of the Commission's Executive gave evidence at the Joint Parliamentary Committee's Inquiry into Performance Measures and Accountability of Oversight Agencies.

Information about this hearing including the Committee's report can be found at the Parliamentary website: http://www.parliament.nsw.gov.au

On 31 May 2013, the Parliamentary Joint Committee visited the Commission to discuss the operation of the complaints system, in particular the way in which complaints are assessed.

INTERNAL GOVERNANCE

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

EXECUTIVE GROUP

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

Members of the EG include:

- The Hon Bruce James QC, Commissioner (Chair)
- Andy Nattress, Director, Operations
- Allan Kearney, Director, Prevention & Information
- Michelle O'Brien, Commission Solicitor

- Pru Sheaves, Executive Officer.

Regular advisors to the EG include:

- the Manager Finance
- the Manager Information Communications and Technology (IC&T)
- the Manager Records and Projects
- the Manager Human Resources.

OPERATIONS ADVISORY GROUP

The Operations Advisory Group (OAG) provides strategic direction to investigations, and prevention and research projects undertaken by the Commission. The group consists of the Commissioner, Director Operations, Director Prevention & Information and the Commission Solicitor. The OAG meet every three to four weeks during the reporting period.

TASKING AND COORDINATION GROUP

The Tasking and Coordination Group (T&CG) is a group of key operational level managers who meet 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 assesses 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 has an Audit and Risk Committee.

- The Members of the Commission's Committee are:
- Jon Isaacs (Independent Chair)
- Carolyn Walsh (Independent Member)
- Allan Kearney (Commission Member).

The Audit and Risk Committee is supported by the Commission's Executive Officer, Pru Sheaves, who was appointed Chief Audit Executive in December 2010. Technical support was also provided by O'Connor Marsden and Sun Corp.

The Commission's Internal Audit and Risk Committee met on six occasions during 2012-2013, and considered assurance reports and activities in relation to the Commission's Legislation

Compliance Framework and Legislation Compliance Register, and the Commission's Disaster Recovery Plan, as well as reviewing the Commission's financial statements.

10. APPENDICES

APPENDIX 1: PRESCRIBED ANNUAL REPORTING REQUIREMENTS

INDUSTRIAL RELATIONS

In 2012-13 reporting period the Police Integrity Commission Division continued to operate as an employing entity under the provisions of the *Public Sector Employment and Management Act* 2002 (PSEMA). Commission employees are deemed to be employees of the Crown under Chapter 1A of the PSEMA. As a "Special Employment Division" under the PSEMA, the Commission continued to employ staff on the basis of individual Employment Agreements of a three (3) year duration.

The Commission's industrial relations (IR) environment remained stable throughout 2012-13 and there were no IR issues of significance impacting upon the Commission's operations. The Commission has completed a restructuring process within its Telecommunications Interception and Registry Units in an effort to position the Commission to best meet the current and future information management challenges faced by the Commission. The restructuring process involved the abolition of two senior management positions and their replacement with one newly created management position responsible for the operations of both units under the one umbrella. This process created one voluntary redundancy situation which was administered in accordance with the provisions of the Commission's Managing Organisational Restructure Policy.

Table 13: Number of officers and employees by category & comparison to prior three years

	2010	2011	2012	2013
Statutory appointments	1	1	1	1
Executive appointments	3	3	3	3
Female executive appointments	1	1	1	1
Operational staff	73.74	79.94	78.40	75.86
Support staff	21.69	21.69	20.60	20.80
Total	99.43	105.63	103	100.66

STAFF MOVEMENT

Table 14: Staff movement 2012-13

Number of staff who commenced employment	Number of staff who ceased employment
7	7

3 of the staff who commenced employment in the 2012-13 year are temporary appointments covering nominal staff members who have had approval for periods of leave without pay.

EXCEPTIONAL MOVEMENTS IN WAGES AND SALARIES

There were no exceptional movements in wages and salaries during the 2012-13 year.

EXECUTIVE REMUNERATION – LEVEL 5 AND ABOVE

The Commissioner for the Police Integrity Commission is 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, is not subject to the *Public Sector Employment and Management Act* 2002.

The Hon Bruce James QC was appointed as Commissioner effective from 1st January 2012. His remuneration is set annually by the Statutory and Other Officers Remuneration Tribunal. For this reporting period the Commissioner's remuneration was $438,725pa.

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

During the reporting year no persons were employed by the Commission in Senior Executive Service positions under the *Public Sector Employment and Management Act* 2002.

With the exception of the Commissioner, all members of the Commission's Executive, whose names are shown in Chapter 10 of this Report, were employed under individual employment contracts, the terms of which provide for regular performance assessment.

ASSISTANT COMMISSIONERS

Pursuant to section 8 of the Act the Commissioner has continued the appointment of Mr Andy Nattress, Director, Operations, as an Assistant Commissioner.

Pursuant to Section 11 of the Act Mr Nattress has delegated to him certain functions and powers in his capacity as an Assistant Commissioner such as is appropriate and desirable for the performance of his duty, other than those functions referred to in section 11(5) of the Act, and any other such functions as may be prescribed by the regulations for the purpose of section 9 of the Act. That appointment and associated delegation continues in order to assist the Commissioner with the discharge of the Commission's functions and exercise of powers.

During 2012-13 the Commissioner also appointed Ms Michelle O'Brien, Commission Solicitor, as an Assistant Commissioner and has delegated to her those functions referred to in section 11(4) of the Act which may be delegated only to an Assistant Commissioner who has special legal qualifications.

PERSONNEL POLICIES

Following a major review, modernisation and updating of personnel policies in 2011-12 there were no major developments in the personnel policy field throughout the latest reporting period.

TRAINING AND DEVELOPMENT

The Commission provided a broad range of Training and Development opportunities to staff throughout the 2012-13 reporting period. Training covered specialist areas including:

- Officer Safety Training
- Advanced Driving Course Recertification
- Security in Government Conference
- Intelligence Focus Seminar
- Australian Institute of Professional Intelligence Officers Conference
- National Investigations Symposium
- Taxation and Payroll Training
- Microsoft SharePoint 2010 Information Worker Training
- Microsoft Admin Systems Centre 2012 Configuration Manager Training
- Rule 42 and Reg 176 for all Lawyers Training
- Evidence Act Training
- 2012 Corruption Prevention Forum.

Generic training opportunities provided to staff throughout 2010-11 included:

- OHS Committee Consultants Training
- First Aid.

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 21 staff members were provided with an opportunity to act in higher duties positions in 2012-13.

OCCUPATIONAL HEALTH AND SAFETY

During the reporting period, eight workplace accidents/incidents were reported. None of these accidents/incidents resulted in time-loss from work.

The Commission introduced new reporting procedures designed to ensure adherence to the requirements of the workplace health and safety (WHS) legislation. The Commission Executive are informed of all relevant workplace health and safety matters through the receipt of a detailed report every six months. Management continues 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 reinforces its commitment to the government's Disability Policy Framework. The Commission's physical environment ensures that clear and uninterrupted access to the premises is available to individuals with a disability. Formal communication policies and strategies ensure that people with a disability are not disadvantaged in having access to and accessing relevant information available through the Commission. Staff who deal directly with the public are familiar with alternative methods of information dissemination depending on the specific needs of individual persons with disabilities.

The Commission also ensures that staff have access to relevant education and training in relation to awareness of disability related issues within the workplace, where required. Ongoing review of complaints procedures ensures that the procedures remain relevant when dealing with people with disabilities. The Commission's Disability Action Plan was reviewed and updated in the reporting period.

NSW ACTION PLAN FOR WOMEN

The NSW Government's Action Plan for Women is based on the principles of equity, access, rights and participation opportunities providing a framework within which women, particularly those with the least access to social and economic resources, may obtain appropriate assistance. The main objective of the Action Plan is to provide the basis upon which women have the opportunity to achieve full economic and social participation in NSW society.

The Commission commits itself to this government initiative by promoting and implementing policies, procedures and practices within the workplace that provide women with equal access to opportunities which are able to enhance their economic and social status.

Table 15: NSW Action Plan for Women

Objective	Results / Plans
An equitable and balanced workplace responsive to all aspects of women's lives	A total of 21.95% of the Commission's female employees are currently employed on approved part-time and other special working arrangements as a means of balancing work and home life responsibilities. 14.63% 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. Well established policies and procedures are in place at the Commission to ensure that women who are seeking a better work/life balance are given the opportunity to do so by accessing a variety of flexible work practices. This applies to women returning from maternity related leave as well as those with other personal responsibilities and obligations. A total of 21.95% of the Commission's female staff accessed Family and Community Service Leave (FACS) leave entitlements on one or more occasions during the reporting period.
Equitable access for women to educational and training development opportunities	5 of a total of 21 higher duties, staff development opportunities across the organisation were filled by women during this reporting period. Of the Commission's expenditure on external training and development programs for staff during the reporting period, a total of 42.22% was spent on female staff.
Promote the position of women	Women currently make up a total of 41.84% of the Commission's workforce. A total of 25% of the Commission's management level positions are held by women and 78.05% of the Commission's female staff are remunerated above the equivalent of NSW Public Sector Administrative & Clerical Officers Grade 5.

MULTICULTURAL POLICIES AND SERVICES PROGRAM

The Commission recognises and promotes the principles of multiculturalism through its Multiculturalism Policies and Services Program. It is committed to the ongoing support of this program both within and outside of the workplace in order to ensure that the full range of services provided by the Commission are available to and understood by all ethnic groups. The Commission's Executive team are committed to the Multiculturalism Policies and Services Program and the Commission's corporate plan recognises that the Commission operates within a culturally diverse environment.

Within the workplace, the focus of the Commission's Multiculturalism Policies and Services Program is to ensure that all staff, and particularly those that have contact with the public, understand the issues associated with multiculturalism within a government agency. Individually and collectively, the Commission and its staff recognise the obligations associated with promoting the work of the Commission to different ethnic groups. All Commission staff are provided with access to the Multiculturalism Policies and Services Program. The Commission's commitment to the multicultural needs of its own staff has been underlined by the provision of private office space as a prayer room for members of staff who have specific private cultural requirements as well as in providing flexible working arrangements to cater for various cultural needs of individuals.

The Commission also continues to use interpreters and translators from a variety of ethnic backgrounds where necessary to assist in dealing with people and information arising from operational matters. A number of Commission staff also provide assistance with interpreting services from time to time. Processes and procedures in place for the taking of complaints and general inquiries promote the use of the telephone interpreter service as a means of assisting people from non-English speaking backgrounds to engage with the Commission.

External to the workplace, the Commission does not generally offer direct services to the general public beyond its existence as the relevant agency through which complaints about serious misconduct relating to the NSW Police and the NSW Crime Commission can be reported. The focus of the Commission's Multiculturalism Policies and Services Program is to strengthen communication channels to specific groups of a non-English speaking background. Throughout this review period the Commission has taken specific steps to strengthen communication channels, to promote the role of the Commission and to engage the Vietnamese community as part of an operational strategy. Prominent advertisements were placed in Vietnamese newspapers advising of Commission operations and inviting communication and cooperation from people of Vietnamese background who may have been in a position to assist the Commission with its inquiries.

Table 16: Multicultural Policies and Services Program

Initiative	Strategies/Tasks	Timeline	Outcomes
Improved access for people from non English speaking backgrounds (NESB) to services and materials provided by the Commission.	Written materials and other information resources to be made available to people from NESB in multi-lingual formats Provide access to interpreter services as required for witnesses and complainants from NESB backgrounds Target information and advertisement campaigns to Ethnic community groups that may assist the Commission in its business objectives	Ongoing as appropriate and required 2.Ongoing 3. 2013-2016 years	1. To reach specific key ethnic groups in order to increase community awareness of the services that the Commission provides 2. To provide appropriate support to people accessing Commission services or appearing before the Commission 3. Distribute written materials and advertise relevant information to raise community awareness of the Commission's role in specifically identified ethnic groups
Improving staff awareness of issues of multicultural sensitivity	Maintain effective communication channels for the dissemination of policies, procedures and other information relating to multicultural issues Provide access to appropriate counselling and training services to raise awareness of multicultural issues and their impact on the workplace	Ongoing 2. Ongoing	1. To ensure staff are appropriately updated on all relevant issues relating to multicultural awareness 2. Staff trained to an appropriate level to handle issues relating to multicultural awareness in the workplace

INFORMATION AND COMMUNICATIONS TECHNOLOGY MANAGEMENT

Following the completion of an internal review a decision was taken in May 2012 to develop a replacement Electronic Document and Records Management System (EDRMS). The core components of the new system were developed over the 2012-13 financial year with release scheduled for July 2013. Based on industry best practices and technologies the new EDRMS provides for improved management of the Commission's records and better

supports compliance with legislative record keeping obligations. The implementation of the new EDRMS includes powerful search capabilities that will allow the Commission to better utilise its data holdings. The trial Data Warehouse project has been delayed to determine whether the search capabilities sufficiently supersede its intended purpose.

The Commission also completed a consolidation of server resources to a single data centre. This project has resulted in more efficient use of the supporting data centre infrastructure and reduced overall Commission floor-space.

Other significant items of work undertaken during 2012-13 include:

- the completion of an external review of the Commission's disaster recovery processes and procedures
- the implementation of upgrades to the TI system supporting the strategic partnership with the ICAC
- the enhancement of access to a number of external applications in cooperation with NSWPF.

Plans for 2013-14 include:

- a cycle of improvements to the Case Management System
- the completion of the Information Security Management Systems review and ongoing enhancement of associated policies
- expansion of the EDRMS search capabilities across most Commission data systems
- the determination of perimeter firewall requirements and subsequent replacement
- a review of telecommunications expenses and contracts
- a project to investigate geospatial mapping capabilities and requirements across the Commission to ensure efficient use of technologies moving.

DELIVERY OF ELECTRONIC SERVICES

During 2012-13, the Commission's website attracted 23 575 visitors, an average of 65 visitors per day. This is a 14% increase on the number of visitors that was recorded for the 2011-2012 period.

MAJOR WORKS

As part of the Commissions savings initiatives fit out work to leased accommodation was undertaken in 2012-13. This work resulted in less area required to house Commission employees and future savings in recurrent expenditure.

AUDITS

The Audit Office of NSW was engaged to carry out an audit of the 2012–13 Financial Statements of both the Police Integrity Commission and the Police Integrity Commission Division. Copies of the Independent Audit Reports appear with the Financial Statements in Appendix 9.

The Commission and Division Financial Statements for 2012–13 were prepared and submitted to the Audit Office of NSW within the required timeframe.

INSURANCE

The Commissions 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. During the year, the workers compensation premium had a slight decrease from the previous year of $618.00, whilst the general insurance premium decreased by $3,400 (7%).

RISK MANAGEMENT AND INTERNAL CONTROL

The Internal Audit Committee is responsible for the management of risk and for auditing internal controls. For further information please refer to the “Internal Audit Committee” section in Chapter 10, Governance and Accountability.

INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT

The Commission is required to attest compliance with 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. On 25 July, 2013, the Commissioner, Mr Bruce James QC, 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 for the 2012-2013 Financial Year for the Police Integrity Commission

I, Bruce James QC, Commissioner, Police Integrity Commission am of the opinion that the Police Integrity Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of the Police Integrity Commission to understand, manage and satisfactorily control risk exposures.

I, Bruce James QC, Commissioner, Police Integrity Commission am of the opinion that the Audit and Risk Committee for the Police Integrity Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- John Isaacs, independent Chair, term 3 years
- Carolyn Walsh, independent Member, term 3 years
- Allan Kearney, non-independent Member, term 3 years



Bruce James QC
Commissioner

Date: 25-7-13

ACCOUNTS PAYABLE POLICY

The Commission has set a benchmark for paying 90% 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 2012–13 financial year.

Table 17: Aged analysis at the end of each quarter 2012–2013

Qtr	Current (ie within due date) $'000	Less than 30 days overdue $'000	Between 30 and 60 days overdue $'000	Between 61 and 90 days overdue $'000	More than 90 days overdue $'000
All Suppliers					
Sept	2,605	16	0	0	0
Dec	2,412	14	0	0	0
March	2,447	37	5	0	0
June	3,323	24	1	0	0
Small business suppliers					
Sept	15	0	0	0	0
Dec	34	0	0	0	0
March	5	0	0	0	0
June	15	0	0	0	0

Table 18: Accounts due or paid within each quarter 2012–2013

Measure	Sept	Dec	Mar	Jun
All suppliers				
Number of accounts due for payment	434	517	525	604
Number of accounts paid on time	418	506	494	588
Actual percentage of accounts paid on time (based on number of accounts)	96%	98%	94%	97%
Dollar amount of accounts due for payment	$2,620,705	$2,425,959	$2,484,081	$3,347,094
Dollar amount of accounts paid on time	$2,604,508	$2,411,533	$2,434,809	$3,323,066
Actual percentage of accounts paid on time (based on $)	99.4%	99.4%	98.0%	99.3%
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	7	13	7	13
Number of accounts due to small businesses paid on time	7	13	7	13
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	$15,053	$34,219	$5,355	$14,628
Dollar amount of accounts due to small businesses paid on time	$15,053	$34,219	$5,355	$14,628
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 18 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 consultants during the 2012-13 financial year.

DISCLOSURE OF CONTROLLED ENTITIES

Enactment of the *Public Sector Employment Legislation Amendment Act 2006* on 17 March 2006 resulted in the establishment of the Police Integrity Commission Division and the Office of the Police Integrity Commission.

The Police Integrity Commission Division is a special purpose entity; its only function is to provide staff to the Commission.

The Office of Police Integrity Commission is regarded as the employer for Fringe Benefits tax purposes. No Financial Statements have been prepared for the Office.

CREDIT CARD CERTIFICATION

For operational requirements to be met efficiently 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. Card holders 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 and to achieving savings in energy use.

Consistent with NSW Government requirements, the Commission has an ongoing contract with its energy supplier to provide 6% green power.

A high emphasis is placed on the energy ratings of all electrical items purchased. Multi-function devices are now in place throughout the Commission eliminating the use of multiple electrical devices.

Lighting in all main areas work on timers and sensor lighting has been placed in the lobby and other less frequently used areas. Energy efficient T5 fluorescent lighting has been installed on 2 levels replacing the less efficient T8 lighting.

Air-conditioning is run on timers and the systems operation monitored for efficiency. Running times are reduced during the cooler months of the year and over weekends and public holidays when office accommodation is vacant.

WASTE MANAGEMENT

In accordance with the government's Waste Reduction and Purchasing 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:

- White paper contains at least 80% recycled content.
- All corporate printed paper products are sourced using recycled content.
- All waste paper, cardboard and empty toner cartridges are recycled.
- Multi-function office devices have been implemented eliminating the need for multiple office machines and saving energy and running costs.
- Staff are encouraged to recycle with all floors having paper recycling bins and co-mingled containers for plastic, glass and aluminum.
- Redundant office equipment, computer equipment and furniture is donated or recycled by an endorsed recycling centre.

MAJOR ASSETS

During the reporting the Commission undertook major leasehold improvements to accommodate staff and equipment within a reduced office space. The capital cost of this work was $673,000 and will result in ongoing recurrent savings of approximately $138,000 per year.

The Commission has a policy of purchasing operational vehicles allowing greater flexibility in the management of the fleet. During the reporting period 3 operational vehicles were replaced at a cost of $101,000.

Purchases of other specialist operational equipment including hardware and software for the period totaled $237,000.

OVERSEAS VISITS

The following Commission staff undertook overseas travel on official business during 2012–13.

Table 19: Overseas visits

Officer	Destination	Purpose	Cost
Manager PSU	United States	To attend the International Surveillance Group conference hosted by the United States Federal Bureau of Investigation	$4,033

PRIVACY MANAGEMENT

The information protection principles of the *Privacy and Personal Information Protection Act* 1998 (the PPIP Act) apply in connection with the exercise of the administrative and educative functions of the Commission only. The investigative and complaint handling functions of the Commission are exempt from the operation of the PPIP Act information protection principles.

During 2012-13 the Commission did not receive any applications under the PPIP Act.

APPENDIX 2: PIC ACT STATUTORY REPORTING COMPLIANCE CHECKLIST

Relevant Section of the Police Integrity Commission Act 1996	Section of 2009–10 Annual Report	Page Number
Section 99 (2) (a) description of the types of matters that were referred to the Commission	Chapter 3 – Assessing information and complaints Appendix 3 – Types of allegations assessed	Page 15 Page 77
Section 99 (2) (b) a description of the types of matters investigated by the Commission	Chapter 4 – Investigating serious police misconduct	Page 19
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 6 – Tracking the Commission's recommendations	Page 42
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 6 – Tracking the Commission's recommendations	Page 42
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 4 – Investigating serious police misconduct	Page 19
Section 99 (2) (f) the extent to which its investigations have resulted in prosecutions or disciplinary action in that year	Chapter 4 – Investigating serious police misconduct Appendix 5 – prosecutions in 2012-13 arising from Commission investigations	Page 19 Page 81
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 79
Section 99 (2) (h) a description of its activities during that year in relation to its education and advising functions	Chapter 5 – Preventing serious police misconduct	Page 32
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 7 – The NSW Crime Commission	Page 51

APPENDIX 3: TYPES OF ALLEGATIONS[25] ASSESSED

Table 20: Allegations Assessed in 2012-13 against sworn NSWPF officers

Allegation Type	Number
Improper association	173
Unauthorised / improper disclosure of information	216
Failure to investigate	133
Misuse authority for personal benefit or the benefit of an associate	107
Attempting to pervert the course of justice	102
Improper interference in an investigation by another police officer	108
Offence punishable upon conviction by a max sentence of 5 years or more	52
Protection of person(s) involved in drugs	70
Lied during proceedings / in statement / on affidavit	75
False accusation	55
Dealing or supply	41
Fabrication of evidence (other than perjury or verballing)	37
Bribery	37
Tampering with or destroying	14
Theft / misappropriation (more than $5000)	0
Sexual assault	21
Mislead the court	6
Withholding or suppression of evidence	9
Child sexual abuse or paedophilia	11
Cultivation or manufacture	2
Perjury	7
Make false statement (verballing)	10
Collusion between police witnesses	7
Inappropriate prosecution / misuse of prosecution power	16

[25] There may be a number of allegations contained in a single complaint.

Allegation Type	Number
Homicide	2
Prevented a witness from providing a statement or giving evidence	4
Forced confessions	1
Corrupted a witness	0
Other allegations[26]	1543
TOTAL	**2859**

Table 21: Allegations assessed in 2012-13 against unsworn NSWPF officers

Allegation Type	Number
Misuse email/internet	2
Misuse authority for personal benefit or the benefit of an associate	4
Unauthorised / improper disclosure of information	8
Offence punishable upon conviction by a maximum sentence of 5 years or more	7
Improper association	4
Failure to investigate	2
Dealing or supply	1
Cultivation or manufacture	0
Attempting to pervert the course of justice	0
Theft/misappropriation (more than $5000)	0
Other allegations	88
TOTAL	**116**

[26] Less serious allegations including customer service issues.

APPENDIX 4: STATISTICAL DATA ON EXERCISE OF COMMISSION POWERS

The following table indicates the frequency with which the Commission exercised its various powers in 2011-12, compared with the two previous reporting years.

Table 22: Exercise of Commission's Powers

Functions	2012-13	2011-12	2010-11
Under *Police Integrity Commission Act* 1996			
s 17 – Establishment of task forces within the state	NIL	NIL	NIL
s 25 – Requiring public authority or public official to produce a statement of information	8	2	NIL
s 26 – Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	209	217	154
s 29 – Commission may authorise an officer of the Commission to enter and inspect premises etc	NIL	NIL	NIL
s 32 and s 33 – Hearing days: • public • private	 23 22	 7 31	 1 24
s 38 – Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	58	55	21
s 45(1) – Authorised justice may issue search warrant	4	3	NIL
s 45(2) – Commissioner may issue a search warrant	NIL	NIL	NIL
s 50 – Number of warrants obtained under *Surveillance Devices Act* 2007	9	9	5
Under *Law Enforcement (Controlled Operations) Act* 1997			
Applications granted by Commission for authority to conduct controlled operations	1	2	4
Applications granted by Commissioner for variation of authority to conduct controlled operations	NIL	NIL	3
Under *Law Enforcement and National Security (Assumed Identities) Act* 2010			
Approval granted by Commissioner for acquisition and use of an assumed identity	2	NIL	13
Applications granted for variation of assumed identity	1	NIL	24

Functions	2012-13	2011-12	2010-11
Applications granted for cancellations of assumed identity	5	NIL	2
Under *Telecommunications (Interception & Access) Act* 1979			
Warrants issued for the Interception of communications	66	62	55
Warrants issued for access to stored communications	4	10	8

APPENDIX 5: PROSECUTIONS BY THE COMMISSION IN 2012/13

Table 23: Prosecutions by Police Integrity Commission

NAME	CHARGE(S)	STATUS/RESULT
Jonathan ALT	4 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	03/09/13: Orders made under the *Mental Health (Forensic Provisions) Act 1990* to dismiss the charges and discharging Alt on a treatment plan including urine drug analysis.
Yolla BARAKAT	Misconduct in Public Office (common law offence)	10/05/13: Charges withdrawn by ODPP.
Tarek BEHMAN	7 x s 178BB *Crimes Act 1900* - Obtaining money etc by making a false or misleading statement 1 x ss 351 and 178BB *Crimes Act 1900* - aiding and abetting the obtaining of money etc by making a false and misleading statement 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	04/10/12: Found guilty in the District Court in relation to the following charges: 8 x s 178BB *Crimes Act 1900* - Obtaining money etc by making a false or misleading statement 23/11/12: Entered a plea of guilty to the following charge: 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 15/02/13: Sentenced in the District Court on the following charges: 8 x s 178BB *Crimes Act 1900* - Obtaining money etc by making a false or misleading statement 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission Aggregate sentence of imprisonment of 3 years with a minimum non-parole period of 2 years.
Matthew DENNIS	8 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	27/08/13: Mention. Adjourned to 22/10/13.
Shane DIEHM	4 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	27/08/13: Mention. Adjourned to 08/10/13.
Nemer ELIAS	2 x s 178BA *Crimes Act 1900* - Obtaining money etc by deception 4 x s 178BB *Crimes Act 1900* - Obtaining money etc by false or misleading statements	14/12/10: Found guilty and sentenced in relation to the following charges: 2 x s 178BB *Crimes Act 1900* - Obtaining money etc by false or misleading statements Convictions recorded on each charge, bond to be of good behaviour for a period of 18 months and $70 court costs.

NAME	CHARGE(S)	STATUS/RESULT
		18/05/11: District Court dismissed the appeal of the conviction. 20/09/12: NSW Court of Appeal dismissed ELIAS' application for judicial review (of a decision made in the District Court).
Peter GREALISH	6 x s 178BB *Crimes Act 1900* - Obtaining money etc by false or misleading statements 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	11/10/12: Found guilty in the District Court in relation to the following charges: 4 x s 178BB *Crimes Act 1900* - Obtaining money etc by making a false or misleading statement 07/11/12: Entered a plea of guilty to the following charge: 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 26/04/13: Sentenced in the District Court on following charges: 4 x s 178BB *Crimes Act 1900* - Obtaining money etc by false or misleading statements 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission Aggregate sentence of 2 years imprisonment with a minimum non-parole period of 12 months. GREALISH has filed a Notice of intention to appeal.
Jenna-Lee HUGHES	2 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 4 x Misconduct in Public Office (common law offence)	24/04/12: Entered pleas of guilty the following charges: 2 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 2 x Misconduct in Public Office (common law offence) 28/03/13: Sentenced in the District Court as follows: 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission – 7 months imprisonment commencing 28/05/13 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission – 18 months imprisonment (minimum 9 month non-parole period) commencing 28/06/13 1 x Misconduct in Public Office – 6 months

NAME	CHARGE(S)	STATUS/RESULT
		imprisonment commencing 28/03/13 1 x Misconduct in Public Office – 6 months imprisonment commencing 28/03/13 Sentenced on a partly concurrent / partly consecutive basis.
Christopher LAYCOCK	6 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 2 x s 112(2) *Crimes Act 1900* - Breaking etc into any house etc and committing serious indictable offence (aggravated offence) 2 x s 95 *Crimes Act 1900* – Robbery in circumstances of aggravation (alternative to s 112(2)) 2 x s 111(2) *Crimes Act 1900* - Entering dwelling house (aggravated offence) 1 x s 99(2) *Crimes Act 1900* - Demanding property with intent to steal (in company) 1 x s 319 *Crimes Act 1990* - General offence of perverting the course of justice 1 x s 113(2) *Crimes Act 1900* - Breaking etc into any house etc with intent to commit serious indictable offence (aggravated offence) 1 x 114(1)(d) *Crimes Act 1900* - Enter or remain in building etc with intent to commit indictable offence (alternative to s 113(2)) 3 x s 249B(1) *Crimes Act 1900* - Agent corruptly receive or solicit benefit 1 x s 178BA *Crimes Act* 1900 – Obtain money by deception	20/07/11: Pleas of guilty entered to the following charges: 2 x s 111(2) *Crimes Act 1900* - Entering dwelling house (aggravated offence) 1 x s 308C *Crimes Act 1900* - Unauthorised access, modification or impairment with intent to commit serious indictable offence 1 x 249B(1) *Crimes Act 1900* - Agent corruptly receive or solicit benefit 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission The following charges were handed up on a Form 1 schedule: 1 x s 178BA *Crimes Act 1900* - Obtain financial advantage by deception 1 x s 188 *Crimes Act 1900* - Receiving stolen property where stealing a serious indictable offence 2 x s 107 *Police Integrity Commission* Act *1996* - Give false/misleading evidence at hearing before Commission 05/04/2012: Sentenced as follows: 2 x s 111(2) *Crimes Act 1900* - Entering dwelling house (aggravated offence) – Convicted and sentenced to 4 and 3 ½ years imprisonment respectively 1 x s 308C *Crimes Act 1990* - Unauthorised Computer access - Convicted and sentenced to 2 years imprisonment 1 x s 249B(1) *Crimes Act 1900* - Agent corruptly receive or solicit benefit – Convicted and sentenced to 3 years imprisonment 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission – Convicted and sentenced to 2 years imprisonment Sentenced to a total of 7 years 6 months imprisonment with a minimum period of 4 years 6 months. LAYCOCK filed a Notice of intention to appeal,

NAME	CHARGE(S)	STATUS/RESULT
		which expired on19/06/13.
Hiep Hoa LUU	1 x s 35 *Australian Passports Act 2005* (Cth) - Dishonestly obtaining Australian travel documents 1 x s 233 *Migration Act 1958* (Cth) - Bringing non-citizens into Australia in contravention of this Act or harbouring illegal entrants	28/06/12: Initial appearance at Melbourne Magistrates Court. Hiep Hoa LUU failed to appear, Bench Warrant issued for his arrest.
Thi My LUU	1 x s 30(1) *Australian Passports Act 2005* (Cth) - Giving false or misleading information in relation to Australian travel document applications 1 x s 31(1) *Australian Passports Act 2005* (Cth) - Producing false or misleading documents in relation to Australian travel document application 1 x s 35 *Australian Passports Act 2005* (Cth) - Dishonestly obtaining Australian travel documents 2 x s 135.1(7) *Criminal Code Act 1995* (Cth) - Dishonestly influence a public official	28/06/12: Initial appearance at Melbourne Magistrates Court. Thi My LUU failed to appear, Bench Warrant issued for her arrest.
Romeo MAGRO	4 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 1 x s 200(2)(b) *Police Act 1900* - Make Collusive Agreement 1 x Misconduct in Public Office (common law offence)	16/10/12: Plea of guilty entered to the following charges: 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 1 x Misconduct in Public Office (common law offence) The following charges were handed up on a Form 1: 3 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission Charge under s 200(1) *Police Act 1990* withdrawn / dismissed. 18/02/13: Sentenced in the Sydney District Court as follows: 1 x s 107 *Police Integrity Commission Act 1996* -

NAME	CHARGE(S)	STATUS/RESULT
		Give false/misleading evidence at hearing before Commission - 6 months imprisonment commencing 18/03/13 1 x Misconduct in Public Office - 4 months imprisonment commencing 18/02/13 Form 1 matters taken into account: 3 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission
Tan Thanh NGUYEN	3 x s 29 *Australian Passports Act 2005* (Cth) - Making false or misleading statements in relation to Australian travel document applications 1 x s 35 *Australian Passports Act 2005* (Cth) - Dishonestly obtain an Australian travel document 1 x s 135.1(7) *Criminal Code Act 1995* (Cth) - Dishonestly influence a public official 1 x s 233(1)(a) *Migration Act 1958* (Cth) - Bringing non-citizens into Australia in contravention of this Act or harbouring illegal entrants.	17/01/13: Convicted and sentenced in the Melbourne Magistrates Court in respect of the following charges: 1 x s 35 *Australian Passports Act 2005* (Cth) - Dishonestly obtain an Australian travel document 1 x s 233(1)(a) *Migration Act 1958* (Cth) - Bringing non-citizens into Australia in contravention of this Act or harbouring illegal entrants. Sentenced to a term of imprisonment of 6 months, wholly suspended upon NGUYEN entering into a recognisance in the amount of $1000 and on the condition that he be of good behaviour for 2 years.
Scott TRACEY	7 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	09/10/12: Entered a plea of guilty to the following charges: 3 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission The following charges were handed up on a Form 1: 4 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission Listed for sentencing on 31/10/13.

APPENDIX 6: SIGNIFICANT WORKING GROUPS AND COMMITTEES

CORRUPTION PREVENTION NETWORK (CPN)

The Corruption Prevention Network (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, regardless of the sector where they work or their geographical location. The CPN operates through a council of elected volunteer public officials and non-voting nominees from central and watchdog agencies. The Commission's Principal Analyst and Research Analyst shared attendance and participation in meetings of the CPN Council on an ex-officio basis.

EXPERT WORKSHOP IN METHODOLOGY DEVELOPMENT FOR AN ASIAN PACIFIC ANTI-CORRUPTION AGENCY PERFORMANCE MEASURE, KUALA LUMPUR, JUNE 2013

Transparency International Secretariat (TIS) Berlin organised an 'Expert Workshop on Methodology Development for an Anti-Corruption Agency (ACA) Index' to assess the performance of anti-corruption agencies in the Asia Pacific region. This workshop was one step in a larger project. It was noted that the development of an Index was intended to be a platform for dialogue and support. It was not intended to produce a 'league table' of ACAs. Discussion concerned the importance of measuring both the context in which the ACA operates (that is, the factors which affect an ACA's performance) as well as the performance of the ACA. Some of the questions which the project seeks to answer were expressed as:

- Are ACAs doing what they are supposed to be doing?
- Are they doing what they should be doing well enough?
- If not, why not?
- If they are not doing well, what can help them do it better?

Twenty-eight participants attended this Workshop which was held in Kuala Lumpur from 18-19 June. Participants came from Australia, Bangladesh, Bhutan, Egypt, England, Germany, Hong Kong, Indonesia, Iran, Korea, Lithuania, Malaysia, Portugal, Singapore, Sri Lanka and Thailand. Representatives were drawn from anti-corruption agencies, Transparency International Secretariat and local chapters, universities, private enterprise, United Nations Development Program (UNDP) and United Nations Office on Drugs and Crime (UNODC). The Commission's Principal Analyst was one of the participants at this Workshop. All costs were met by TIS Berlin.

INTERCEPTION CONSULTATIVE COMMITTEE

Commission officers attended regular meetings of the Interception Consultative Committee (ICC), which is a group of representative from various agencies authorised as

telecommunication interception agencies under the *Telecommunications (Interception and Access) Act 1979* (TIA Act). Primarily driven by the Commonwealth Attorney General's Department, which is responsible for administering the TIA Act, the ICC meets to discuss the various issues associated with the lawful interception of telecommunications for law enforcement and national security purposes.

APPENDIX 7: ANNUAL REPORT UNDER THE GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

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 may make 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 is not publicly disclosed by the Commission except under limited circumstances.

The impact on the Commission of fulfilling its requirements under the GIPA Act during 2012–13 has been negligible. No major issues have arisen during 2012–13 in connection with the Commission's compliance with GIPA requirements.

PROACTIVE RELEASE PROGRAM

Under s 7 of the GIPA Act, the Commission is 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 s 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 s 7. This review must be undertaken at least once every 12 months.

The Commission's proactive release program involves 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 is 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 identifies information which could be proactively released:

- the Right to Information officer consults with managers of business units of the Commission to ascertain whether those units hold information which could be proactively released;
- the Right to Information officer monitors the creation of new documents within the Commission of a kind which may be proactively released;
- the Right to Information officer liaises with staff employed in areas of the Commission which deal 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 monitors 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 considers whether the Commission holds information relevant to those trends which could be proactively released.

During the reporting period the Commission conducted one review of its proactive release program.

In conducting this review the Commission's Right to Information officer consulted managers of the Commission's various business units to identify any information held within those units which may be able to be proactively released by the Commission. In identifying such information regard was had to categories of information held by those business units which was commonly sought by members of the public as well information which the Commission may wish to publicise or increase public awareness of.

The Commission did not release any government information as a result of this review.

ACCESS APPLICATIONS RECEIVED BY THE COMMISSION IN THE REPORTING PERIOD

During the reporting period, the Commission received no formal access applications (including withdrawn applications but not including invalid applications).

No 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 has been no internal review and no reviews by the Information Commissioner or the Administrative Decisions 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
Police Integrity Commission
GPO Box 3880
SYDNEY NSW 2001

Facsimile: (02) 9321 6799

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

Further information is also able to be obtained from our website www.pic.nsw.gov.au under the "Right 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	-	-	-	-	-	-	-	-
Members of Parliament	-	-	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	-	-	-	-	-	-
Members of the public (other)	-	-	-	-	-	-	-	-

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

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)	2
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	2
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	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	-
Excluded information	-
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	-
Exempt documents under interstate Freedom of Information legislation	-

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

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	-	-	-
Review by Information Commissioner	-	-	-
Internal review following recommendation under section 93 of Act	-	-	-
Review by ADT	-	-	-
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	-
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	-

APPENDIX 8: FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission

To Members of the New South Wales Parliament

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 2013, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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.

Opinion

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 2013, and of the 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 (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

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

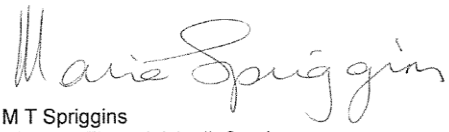
My opinion does *not* provide assurance:

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

Independence

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

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



M T Spriggins
Director, Financial Audit Services

18 September 2013
SYDNEY

Financial Statements 2012–13

Contents

Statement by Commissioner....98
Statement of Comprehensive Income....99
Statement of Financial Position....100
Statement of Changes in Equity....101
Statement of Cash Flows....102
Summary of Compliance with Financial Directives....103-104
Summary of Significant Accounting Policies....105-112
Notes to the Financial Statements....113-125

Police Integrity Commission

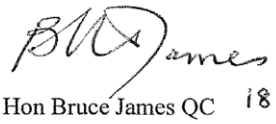
Statement by Commissioner

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, and based on information provided to me by the Commission, I have formed the opinion that:

(a) the accompanying financial statements in respect of the year ended 30 June 2013 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation* 2010, the *Financial Reporting Code for NSW General Government Sector Entities,* and the *Treasurer's Directions*

(b) the statements exhibit a true and fair view of the financial position and financial performance of the Commission, and

(c) there are no circumstances that would render any particulars included in the consolidated financial statements to be misleading or inaccurate.



The Hon Bruce James QC 18-9-13
Commissioner

This page is not audited

Police Integrity Commission

Statements of comprehensive income for the year ended 30 June 2013

	Notes	Parent Entity (Police Integrity Commission) Actual 2013 $'000	Parent Entity (Police Integrity Commission) Actual 2012 $'000	Economic Entity (Consolidated) Actual 2013 $'000	Economic Entity (Consolidated) Budget 2013 $'000	Economic Entity (Consolidated) Actual 2012 $'000
Expenses excluding losses						
Operating Expenses						
Employee related	2(a)	557	546	13,088	14,310	14,132
Other operating expenses	2(b)	4,380	4,334	4,380	4,576	4,334
Personnel services	2(c)	12,259	12,645	--	--	--
Depreciation and amortisation	2(d)	1,069	1,191	1,069	1,411	1,191
Total expenses excluding losses		**18,265**	**18,716**	**18,537**	**20,297**	**19,657**
Revenue						
Recurrent appropriation	3(a)	16,966	17,454	16,966	17,976	17,454
Capital appropriation	3(a)	1,011	1,270	1,011	1,790	1,270
Investment revenue	3(b)	59	73	59	84	73
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	--	--	272	697	934
Other revenue	3(d)	83	51	83	--	59
Total revenue		**18,119**	**18,848**	**18,391**	**20,547**	**19,790**
Gain/(loss) on disposal	4	(9)	17	(9)	--	17
Net result	17	**(155)**	**149**	**(155)**	**250**	**150**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase/(decrease) in asset revaluation surplus		--	--	--	--	--
Net change in the revaluation surplus arising from a change in the restoration liability		--	--	--	--	--
Total other comprehensive income		--	--	--	--	--
TOTAL COMPREHENSIVE INCOME		**(155)**	**149**	**(155)**	**250**	**150**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of financial position as at 30 June 2013

	Notes	Parent Entity (Police Integrity Commission) Actual 2013 $'000	Parent Entity (Police Integrity Commission) Actual 2012 $'000	Economic Entity (Consolidated) Actual 2013 $'000	Economic Entity (Consolidated) Budget 2013 $'000	Economic Entity (Consolidated) Actual 2012 $'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	1,613	1,204	1,811	1,822	1,484
Receivables	7	391	608	391	364	609
Total Current Assets		**2,004**	**1,812**	**2,202**	**2,186**	**2,093**
Non-Current Assets						
Plant and equipment	8	2,759	2,816	2,759	3,309	2,816
Intangible assets	9	204	266	204	542	266
Total Non-Current Assets		**2,963**	**3,082**	**2,963**	**3,851**	**3,082**
Total Assets		**4,967**	**4,894**	**5,165**	**6,037**	**5,175**
LIABILITIES						
Current Liabilities						
Payables	11	423	433	426	649	433
Provisions	12	1,157	938	1,351	1,165	1,218
Other	13	50	--	50	--	--
Total Current Liabilities		**1,630**	**1,371**	**1,827**	**1,814**	**1,651**
Non-Current Liabilities						
Provisions	12	464	725	464	700	725
Total Non-Current Liabilities		**464**	**725**	**464**	**700**	**725**
Total Liabilities		**2,094**	**2,096**	**2,291**	**2,514**	**2,376**
Net Assets		**2,873**	**2,798**	**2,874**	**3,523**	**2,799**
EQUITY						
Reserves		416	186	416	186	186
Accumulated funds		2,457	2,612	2,458	3,337	2,613
Total Equity		**2,873**	**2,798**	**2,874**	**3,523**	**2,799**

The accompanying notes form part of these financial statements

Police Integrity Commission

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

	Notes	Parent Entity (Police Integrity Commission)			Economic Entity (Consolidated)		
		Accumulated Funds	Asset Revaluation Surplus	Total	Accumulated Funds	Asset Revaluation Surplus	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012		**2,612**	**186**	**2,798**	**2,613**	**186**	**2,799**
Net result for the year		**(155)**	**--**	**(155)**	**(155)**	**--**	**(155)**
Other comprehensive income:							
Change in restoration liability		--	230	230	--	230	230
Total other comprehensive income		**--**	**230**	**230**	**--**	**230**	**230**
Total comprehensive income for the year		**2,457**	**416**	**2,873**	**2,458**	**416**	**2,874**
Balance at 30 June 2013		**2,457**	**416**	**2,873**	**2,458**	**416**	**2,874**
Balance at 1 July 2011		**2,463**	**186**	**2,649**	**2,463**	**186**	**2,649**
Net result for the year		**149**	**--**	**149**	**150**	**--**	**150**
Other comprehensive income:							
Net increase/(decrease) in plant and equipment		--	--	--	--	--	--
Total other comprehensive income		**--**	**--**	**--**	**--**	**--**	**--**
Total comprehensive income for the year		**2,612**	**186**	**2,798**	**2,613**	**186**	**2,799**
Balance at 30 June 2012		**2,612**	**186**	**2,798**	**2,613**	**186**	**2,799**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of cash flows for the year ended 30 June 2013

	Notes	Parent Entity (Police Integrity Commission) Actual 2013 $'000	Parent Entity (Police Integrity Commission) Actual 2012 $'000	Economic Entity (Consolidated) Actual 2013 $'000	Economic Entity (Consolidated) Budget 2013 $'000	Economic Entity (Consolidated) Actual 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(557)	(546)	(12,685)	(13,563)	(13,026)
Other		(4,721)	(5,057)	(4,723)	(5,164)	(5,058)
Personnel services		(12,048)	(12,567)	--	--	--
Total Payments		**(17,326)**	**(18,170)**	**(17,408)**	**(18,727)**	**(18,084)**
Receipts						
Recurrent appropriation		17,016	17,290	17,016	17,976	17,290
Capital appropriation		1,011	1,270	1,011	1,790	1,270
Interest received		64	83	64	105	83
Cash transfers to the Crown Entity		--	--	--	--	--
Other		655	600	655	610	608
Total Receipts		**18,746**	**19,243**	**18,746**	**20,481**	**19,251**
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	**1,420**	**1,073**	**1,338**	**1,754**	**1,167**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of plant & equipment		--	--	--	--	--
Purchases of plant & equipment		(966)	(1,245)	(966)	(1,590)	(1,245)
Purchases of Intangible Assets		(45)	(25)	(45)	(200)	(25)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1,011)**	**(1,270)**	**(1,011)**	**(1,790)**	**(1,270)**
NET INCREASE / (DECREASE) IN CASH		409	(197)	327	(36)	(103)
Opening cash and cash equivalents		1,204	1,401	1,484	1,858	1,587
CLOSING CASH AND CASH EQUIVALENTS	6	**1,613**	**1,204**	**1,811**	**1,822**	**1,484**

The accompanying notes form part of these financial statements

Police Integrity Commission

Summary of Compliance with Financial Directives

	2013				2012			
	Recurrent Appropriation $'000	**Expenditure/ Net claim on Consolidated Fund $'000**	**Capital Appropriation $'000**	**Expenditure/ Net claim on Consolidated Fund $'000**	**Recurrent Appropriation $'000**	**Expenditure/ Net claim on Consolidated Fund $'000**	**Capital Appropriation $'000**	**Expenditure/ Net claim on Consolidated Fund $'000**
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
• Appropriation Act	17,976	16,966	1,790	1,011	18,147	17,454	1,790	1,270
	17,976	16,966	1,790	1,011	18,147	17,454	1,790	1,270
OTHER APPROPRIATIONS/ EXPENDITURE								
• Treasurer's Advance	--	--	--	--	--	--	--	--
• Additional appropriations	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,976	16,966	1,790	1,011	18,147	17,454	1,790	1,270
Amount drawn down against Appropriation		17,016		1,011		17,454		1,270
Liability to Consolidated Fund		50		--		--		--

The accompanying notes form part of these financial statements

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).
The liability to the Consolidated Fund represents the difference between the amount drawn down against Appropriation and the total expenditure/net claim on Consolidated Fund.

Summary of Compliance with Financial Directives for the Year Ended 30 June 2013 (cont)

Recurrent Appropriation

The Commission's recurrent appropriation of $17.976m was not fully drawn down due to the carrying of vacant positions and savings made on other operating expenses. The Commission drew down $17.016m of the approved recurrent appropriation.

Capital Appropriation

The Commission expended $1.011m of the $1.790m approved capital appropriation.

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 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission (the Commission) is a statutory corporation established under the Police Integrity Commission Act 1996. 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 Division (the Division) and Office of the Police Integrity Commission.

These financial statements for the year ended 30 June 2013 have been authorised for issue by the Commissioner for the Police Integrity Commission on 18 September, 2013.

(b) *Basis of consolidation and preparation*

The Commission's consolidated financial statements include the financial statements of the Division.

The financial statements of the Division are prepared for the same reporting period as the Commission, using consistent accounting policies. In the process of preparing the consolidated financial statements for the economic entity, all inter-entity transactions and balances have been eliminated.

The Commission's financial statements are general purpose financial statements which 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 Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued 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 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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(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 claim experience.

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

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

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

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

(f) *Income recognition*

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

(i) Parliamentary Appropriations and Contributions

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 13 as part of 'Current Liabilities–Other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods

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

(iii) Rendering of Services

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

(iv) Investment Revenue

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

(g) *Assets*

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or

construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment is effectively discounted at an asset-specific rate.

(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) 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 07–1) (as amended by NSWTC 12/05 and NSWTC 10/07). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

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

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

The Commission does not own land, building or infrastructure assets, and as such does not believe that the revaluation of physical non-current assets every five years is warranted, unless it becomes aware of any material difference in the carrying amount of any class of assets. The Commission holds an asset for make good of leased accommodation the value of which is depreciated over the term of the lease.

The majority of Commission assets are non-specialised assets with short useful lives and are therefore measured at depreciated historical cost, as a surrogate for fair value.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

(iv) Impairment of plant and equipment
As a not-for-profit entity with no cash generating units AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less cost to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(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.

(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.

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

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

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

(viii) 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.

(ix) Critical Accounting Estimates
Make good provision – provision is made 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 over the lease period discounted by 2.81% (Government bond rate 1/7/13) as required under AASB 137 *Provisions, Contingent Liabilities & Contingent Assets.*

(x) Leased Assets
A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease. Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(xi) 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.

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.

Intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Commission is effectively exempted from impairment testing (refer paragraph (g(iv)).

(xii) Loans and receivables

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

(xiii) 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.

(xiv) Non-current assets (or disposal groups) held for sale

The Commission has no non-current assets (or disposal groups) held for sale.

(xv) Other Assets

Other assets are recognised on a cost basis.

(h) *Liabilities*

(i) Payables

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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(ii) Employee benefits and other provisions

a. Salaries and Wages, Annual Leave, Sick Leave and On-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds of 3.755% are used to discount long-term annual leave.

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

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

b. Long Service Leave and Superannuation

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

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

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

c. Other Provisions

Other provisions exist 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 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

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(i) *Equity and reserves*

(i) Revaluation Surplus

The asset revaluation reserve 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)(iii).

(ii) Accumulated Funds

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

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

(j) *Equity transfer*

The transfer of net assets between entities as a result of an administrative restructure and transfers of program/functions and parts thereof between NSW public sector entities are designated or required by Accounting Standards to be treated as contribution 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. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

(k) *Budgeted Amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) *Comparative information*

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

(m) *New Australian Accounting Standards 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 2013.

- AASB 9, AASB 2010-7 & AASB 2012-6 -- Amendments to Australian Accounting Standards regarding financial Instruments (effective 2013/14)
- AASB 10 -- Consolidated Financial Statements (effective 2013/14)
- AASB 12 -- Disclosure of Interest in Other Entities (effective 2013/14)

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

- AASB 13, AASB 2011-8 & 2012-1 -- Amendments to Australian Accounting Standards regarding fair value measurement (effective 2012/13)
- AASB 119, AASB 2011-10 & AASB 2011-11 -- Amendments to Australian Accounting Standards regarding employee benefits (effective 2013/14)
- AASB 127 -- Separate Financial Statements (effective 2013/14)
- AASB 1053 & AASB 2010-2 -- Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 2013/14)
- AASB 2010-10 -- Amendments to Australian Accounting Standards regarding removal of fixed dates for first-time adopters (effective 2013/14)
- AASB 2011-2 -- Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced disclosure requirements (effective 2013/14)
- AASB 2011-4 -- Amendments to Australian Accounting Standards – Removing individual key management personnel disclosures (effective 2013/14)
- AASB 2011-6 -- Amendments to Australian Accounting Standards – Extending relief from consolidation, the equity method and proportionate consolidation – Reduced disclosure requirements (effective 2013/14)
- AASB 2012-2 -- Amendments to Australian Accounting Standards – Disclosures Offsetting financial assets and financial liabilities (effective 2013/14)
- AASB 2012-3 -- Amendments to Australian Accounting Standards – Offsetting financial assets and financial liabilities (effective 2014)
- AASB 2012-5 -- Amendments to Australian Accounting Standards arising from annual improvements 2009-11 (effective 2013/14)
- AASB 2012-7 & AASB 2012-11 -- Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other amendments (effective 2013/14)

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

2. EXPENSES EXCLUDING LOSSES

		Police Integrity Commission		Consolidated	
(a)	Employee related expenses	2013 $'000	2012 $'000	2013 $'000	2012 $'000
	Salaries and wages (including recreation leave)*	483	481	11,134	11,360
	Superannuation–defined benefit plans	--	--	101	104
	Superannuation–defined contribution plans	--	--	885	984
	Long service leave	--	--	166	824
	Workers' compensation insurance	--	--	91	108
	Payroll tax and fringe benefits tax	74	65	710	752
	Other	--	--	1	--
		557	**546**	**13,088**	**14,132**

* Salaries and wages shown under the Police Integrity Commission relate to the employment of the Commissioner.

(b)	Other operating expenses include the following:				
	Administration charges	444	248	444	248
	Books and periodicals	38	35	38	35
	Auditor's remuneration–audit of the financial statements	40	38	40	38
	Consultancies	--	32	--	32
	Contractors	196	237	196	237
	External legal counsel	265	409	265	409
	Minor computer expenses	106	116	106	116
	Maintenance *	453	410	453	410
	Make good expense	18	48	18	48
	Insurance	24	25	24	25
	Rent and outgoings (minimum lease payments)	1,845	1,721	1,845	1,721
	Minor equipment	157	183	157	183
	Motor vehicle costs (including leasing charges)	122	114	122	114
	Advertising	12	11	12	11
	Printing and stationery	36	31	36	31
	Staff development	44	123	44	123
	Travelling expenses	158	121	158	121
	Telephones	70	77	70	77
	Fees and searches	86	80	86	80
	Other	266	275	266	275
		4,380	**4,334**	**4,380**	**4,334**
	* Reconciliation - Total maintenance				
	Maintenance expense - contracted labour and other (non-employee related), as above	453	410	453	410
	Total maintenance expenses included in Note 2 (b)	**453**	**410**	**453**	**410**
(c)	Personnel Services expenses				
	Police Integrity Commission Division	**12,259**	**12,645**	**--**	**--**
(d)	Depreciation and amortisation expense				
	Depreciation				
	Computer Equipment	424	388	424	388
	Plant and Equipment	382	387	382	387
	Amortisation				
	Leasehold Improvements	156	290	156	290
	Intangibles	107	126	107	126
		1,069	**1,191**	**1,069**	**1,191**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

3. REVENUE

		Police Integrity Commission		Consolidated	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
(a)	Appropriations				
	Recurrent appropriations				
	Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	17,016	17,454	17,016	17,454
	Less: Liability to Consolidated Fund (per Summary of Compliance)	(50)	--	(50)	--
		16,966	**17,454**	**16,966**	**17,454**
	Comprising:				
	Recurrent appropriations (per Statement of Comprehensive Income)	16,966	17,454	16,966	17,454
		16,966	**17,454**	**16,966**	**17,454**
	Capital appropriations				
	Total capital draw-downs from NSW Treasury (per Summary of Compliance)	1,011	1.270	1,011	1,270
		1,011	**1,270**	**1,011**	**1,270**
	Comprising:				
	Capital appropriations (per Statement of Comprehensive Income)	1,011	1,270	1,011	1,270
		1,011	**1,270**	**1,011**	**1,270**
(b)	Investment revenue				
	Interest	59	73	59	73
		59	**73**	**59**	**73**
(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	--	--	101	104
	Long service leave	--	--	166	824
	Payroll tax	--	--	5	6
		--	**--**	**272**	**934**
(d)	Other Revenue				
	Other revenue – legal costs recovery	82	--	82	--
	Insurance receipts	--	43	--	51
	Sale of minor equipment	1	8	1	8
		83	**51**	**83**	**59**

4. GAIN/(LOSS) ON DISPOSAL

Proceeds from disposal	52	32	52	32
Written down value of assets disposed	(61)	(15)	(61)	(15)
Gain / (loss) on disposal	**(9)**	**17**	**(9)**	**17**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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

	Police Integrity Commission		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash at bank	1,601	1,192	1,799	1,472
Cash on hand	12	12	12	12
	1,613	**1,204**	**1,811**	**1,484**

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)	**1,613**	**1,204**	**1,811**	**1,484**
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**1,613**	**1,204**	**1,811**	**1,484**

$8,447 (2012: $8,447) of the above is classified as a restricted asset and disclosed at note 10.

7. CURRENT ASSETS—RECEIVABLES

Prepayments	268	434	268	435
Other debtors	123	174	123	174
	391	**608**	**391**	**609**

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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

8. NON-CURRENT ASSETS—PLANT AND EQUIPMENT

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

	Leasehold improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
At 1 July 2012 - fair value				
Gross carrying amount	1,942	3,636	3,474	9,052
Accumulated depreciation and impairment	(1,669)	(2,441)	(2,126)	(6,236)
Net Carrying Amount	**273**	**1,195**	**1,348**	**2,816**
At 30 June 2013 – fair value				
Gross carrying amount	2,302	3,648	2,843	8,793
Accumulated depreciation and impairment	(1,512)	(2,639)	(1,883)	(6,034)
Net Carrying Amount	**790**	**1,009**	**960**	**2,759**

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.

Year ended 30 June 2013	Leasehold Improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
Net carrying amount at start of year	273	1,195	1,348	2,816
- Additions	673	257	36	966
- Disposals	--	(61)	--	(61)
- Depreciation Expense	(156)	(382)	(424)	(962)
Net carrying amount at end of year	**790**	**1,009**	**960**	**2,759**

	Leasehold Improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
At 1 July 2011 - fair value				
Gross carrying amount	2,177	4,927	4,106	11,210
Accumulated depreciation and impairment	(1,653)	(3,798)	(3,143)	(8,594)
Net Carrying Amount	**524**	**1,129**	**963**	**2,616**
At 30 June 2012 – fair value				
Gross carrying amount	1,942	3,636	3,474	9,052
Accumulated depreciation and impairment	(1,669)	(2,441)	(2,126)	(6,236)
Net Carrying Amount	**273**	**1,195**	**1,348**	**2,816**

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.

Year ended 30 June 2012	Leasehold Improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
Net carrying amount at start of year	524	1,129	963	2,616
- Additions	39	467	774	1,280
- Disposals	--	(14)	(1)	(15)
- Depreciation Expense	(290)	(387)	(388)	(1,065)
Net carrying amount at end of year	**273**	**1,195**	**1,348**	**2,816**

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.

9. NON-CURRENT INTANGIBLE ASSETS – SOFTWARE

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

	Consolidated $'000
At 1 July 2012	
Cost (gross carrying amount)	3,952
Accumulated amortisation and impairment	(3,686)
Net Carrying Amount	**266**
At 30 June 2013	
Cost (gross carrying amount)	3,997
Accumulated amortisation and impairment	(3,793)
Net Carrying Amount	**204**
Year ended 30 June 2013	
Net carrying amount at start of year	266
Additions	45
Disposal	--
Amortisation (recognised in "depreciation and amortisation")	(107)
Net carrying amount at end of year	**204**
At 1 July 2011	
Cost (gross carrying amount)	4,357
Accumulated amortisation and impairment	(3,990)
Net Carrying Amount	**367**
At 30 June 2012	
Cost (gross carrying amount)	3,952
Accumulated amortisation and impairment	(3,686)
Net Carrying Amount	**266**
Year ended 30 June 2012	
Net carrying amount at start of year	367
Additions	25
Disposal	--
Amortisation (recognised in "depreciation and amortisation")	(126)
Net carrying amount at end of year	**266**

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

Intangible assets include a gross value of $2.8m Police Oversight Data Store (PODS) Project of the Police Complaints Case Management System (PCCM) funded by way of grant from the then NSW Premier's Department.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

10. RESTRICTED ASSETS

	Police Integrity Commission		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Police Oversight Data Store grant	8	8	8	8
	8	**8**	**8**	**8**

Expenditure during 2012-13 from the Police Oversight Data Store grant was nil, the (cash) balance as at 30 June 2013 held in the Operating Account is $8,447 (balance 2011–12 $8,447).

11. CURRENT LIABILITIES—PAYABLES

	Police Integrity Commission		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Accrued salaries, wages and on-costs	--	--	282	290
Personnel services payable	282	290	--	--
Creditors	141	143	144	143
	423	**433**	**426**	**433**

12. CURRENT / NON-CURRENT LIABILITIES—PROVISIONS

Employee benefits and related on-costs				
Recreation leave including on-costs	48	17	889	742
Long service leave on-costs	--	--	417	436
Payroll tax and FBT provision	3	1	45	40
	51	**18**	**1,351**	**1,218**
Other provisions				
Provision for personnel services	1,106	919	--	--
Restoration costs	464	725	464	725
Total Provisions	**1,621**	**1,662**	**1,815**	**1,943**
Aggregate employee benefits and related on-costs				
Provisions – current	--	--	1,330	1,196
Provisions – non-current	--	--	21	22
Provisions – personnel services	1,106	919	--	--
Accrued salaries, wages and on-costs (Note 11)	--	--	282	290
Personnel services payable	282	290		
	1,388	**1,209**	**1,633**	**1,508**

Under the new lease agreement effective 5 July 2013 the Commission is required to reinstate the leased premises to the condition they were in as at the date the premises was first leased.

Movements in provisions (other than employee benefits)		
Restoration costs		
Carrying amount at beginning of financial year	725	677
Decrease in provisions recognised	(230)	--
Amounts used	(49)	--
Unwinding / change in the discount rate	18	48
Carrying amount at end of financial year	**464**	**725**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

13. CURRENT LIABILITIES – OTHER

	Police Integrity Commission		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Liability to the Consolidated Fund	50	--	50	--
	50	**--**	**50**	**--**

14. COMMITMENTS FOR EXPENDITURE

(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	--	45	--	45
Total (including GST)	**--**	**45**	**--**	**45**

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,551	1,617	1,551	1,617
Later than one year and not later than five years	3,009	66	3,009	66
Later than five years	--	--	--	--
Total (including GST)	**4,560**	**1,683**	**4,560**	**1,683**

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 2013 include input tax credits of $414,562 (2011–12 $157,140) that are expected to be recoverable from the Australian Taxation Office.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

15. 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 (2012: contingent liabilities Nil, contingent asset Nil).

16. BUDGET REVIEW

Net result

The net result for the year was better than budget. Total expenses at year end were approximately 8.5% below budget resulting in the Commission not requiring its total budgeted recurrent appropriation from Treasury. Employee related costs are lower due to early implementation of strategies to meet the labour expense cap. Other operating expenses have seen a decrease in external legal fees and staff development while depreciation is lower due to the Commission not expending the total capital allocation and later than anticipated capitalisation of building works undertaken in the 2012-13 financial year.

Assets and liabilities

Cash assets held at year end are close to budget. Non-current assets are lower than that budgeted as the Commission did not fully expend its capital allocation of $1.790m and a review of assets during the year resulted in a number of surplus assets disposed of. Current liabilities are close to budget with a decrease in payables held at year end and an offsetting increase in provisions due to additional recognition of on-costs on the recreation leave provision. The reduction in non-current liabilities is due to movement in the makegood provision reflecting reduced office accommodation from July 2013.

Cash flows

Both payments and receipts are lower than budget reflecting lower expenses and funding levels required to meet expenses. Closing cash at year end was close to budget.

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

	Police Integrity Commission		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Net cash used on operating activities	1,420	1,073	1,338	1,167
Depreciation and amortisation	(1,069)	(1,191)	(1,069)	(1,191)
Decrease/(increase) in provisions	42	(126)	128	(168)
Increase/(decrease) in prepayments and other assets	(217)	147	(218)	148
Decrease/(increase) in creditors	(40)	226	(43)	174
Change in asset revaluation reserve not in P&L	(230)	35	(230)	35
Written down value of assets disposed	(61)	(15)	(61)	(15)
Net result	**(155)**	**149**	**(155)**	**150**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

18. 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.

(i) Financial instrument categories

Parent

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2013 $'000	2012 $'000
Cash and cash equivalents	6	N/A	1,613	1,204
Receivables[1]	7	Loans and receivables (at amortised cost)	49	53
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]	11	Financial liabilities measured at amortised cost	423	433

Consolidated

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2013 $'000	2012 $'000
Cash and cash equivalents	6	N/A	1,811	1,484
Receivables[1]	7	Loans and receivables (at amortised cost)	49	53
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]	11	Financial liabilities measured at amortised cost	409	418

[1] 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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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. Sales are made on 14 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013 $48,550, 2012 $52,786) and less than 3 months past due (2013 nil, 2012 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.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total [1, 2] $'000	Past due but not impaired[1, 2] $'000	Considered impaired[1, 2] $'000
2013			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2012			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--

[1] Each column in the table reports 'gross receivables'.
[2]The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total 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 2013

(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.

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

			Fixed Interest Rate Maturity				
	Average interest rate %	**Variable interest rate $'000**	**Less than 1 year $'000**	**1 to 5 years $'000**	**More than 5 bearing $'000**	**Non interest $'000**	**Total $'000**
Parent							
2013							
Personnel services payable		--	--	--	--	282	282
Creditors		--	--	--	--	141	141
		--	--	--	--	**423**	**423**
2012							
Personnel services payable		--	--	--	--	290	290
Creditors		--	--	--	--	143	143
		--	--	--	--	**433**	**433**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

		Fixed Interest Rate Maturity					
	Average interest rate %	**Variable interest rate $'000**	**Less than 1 year $'000**	**1 to 5 years $'000**	**More than 5 bearing $'000**	**Non interest $'000**	**Total $'000**
Consolidated							
2013							
Accrued salaries, wages and on-costs		--	--	--	--	282	282
Creditors		--	--	--	--	144	144
		--	**--**	**--**	**--**	**426**	**426**
2012							
Accrued salaries, wages and on-costs		--	--	--	--	290	290
Creditors		--	--	--	--	143	143
		--	**--**	**--**	**--**	**433**	**433**

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.

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 2012. The analysis assumes that all other variables remain constant.

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. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Commission's exposure to interest rate risk is set out below.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

		Interest rate risk			
	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Parent					
2013					
Financial assets					
Cash and cash equivalents	1,613	(16)	(16)	16	16
2012					
Financial assets					
Cash and cash equivalents	1,204	(12)	(12)	12	12

		Interest rate risk			
	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Consolidated					
2013					
Financial assets					
Cash and cash equivalents	1,811	(18)	(18)	18	18
2012					
Financial assets					
Cash and cash equivalents	1,484	(15)	(15)	15	15

(v) Fair Value

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.

19. EVENTS AFTER THE REPORTING PERIOD

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

End of audited financial statement



INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission Division

To Members of the New South Wales Parliament

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

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

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

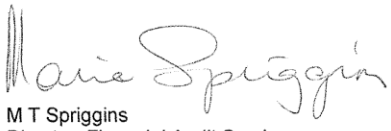
My opinion does *not* provide assurance:

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

Independence

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

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



M T Spriggins
Director, Financial Audit Services

18 September 2013
SYDNEY

Police Integrity Commission Division

Financial Statements 2012–13

Contents

Statement by Commissioner....129
Statement of Comprehensive Income....130
Statement of Financial Position....131
Statement of Changes in Equity....132
Statement of Cash Flows....133
Summary of Significant Accounting Policies....134-137
Notes to the Financial Statements....138-143

Police Integrity Commission Division

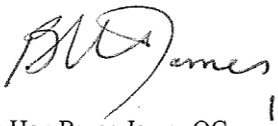
Statement by Commissioner

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, and based on information provided to me by the Division, I have formed the opinion that:

(a) the accompanying financial statements in respect of the year ended 30 June 2013 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation* 2010, the *Financial Reporting Code for NSW General Government Sector Entities,* and the *Treasurer's Directions*

(b) the statements exhibit a true and fair view of the financial position and financial performance of the Division, and

(c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



18 · 9 · 13

The Hon Bruce James QC
Commissioner

This page is not audited

Police Integrity Commission Division

Statement of comprehensive income for the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Expenses excluding losses			
Operating Expenses			
Employee related	2	12,531	13,586
Total expenses excluding losses		**12,531**	**13,586**
Funded by			
Personnel services		12,259	12,645
Acceptance by the Crown Entity of employee benefits and other liabilities	3	272	933
Other revenue		--	8
Total Revenue		**12,531**	**13,586**
Net Result	10	**--**	**--**
Other comprehensive income for the year		**--**	**--**
TOTAL COMPREHENSIVE INCOME		**--**	**--**

The accompanying notes form part of these financial statements

Police Integrity Commission Division

Statement of financial position as at 30 June 2013

	Notes	2013 $'000	2012 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	198	281
Receivables	5	1,388	1,209
Total Current Assets		1,586	1,490
Total Assets		**1,586**	**1,490**
LIABILITIES			
Current Liabilities			
Payables	6	285	290
Provisions	7	1,301	1,200
Total Current Liabilities		1,586	1,490
Total Liabilities		**1,586**	**1,490**
Net Assets		--	--
EQUITY			
Accumulated funds		--	--
Total equity		--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Division

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

	Accumu-lated Funds $'000	Total $'000
Balance at 1 July 2012	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2013	--	--
Balance at 1 July 2011	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2012	--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Division

Statement of cash flows for the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(12,163)	(12,499)
Total Payments		**(12,163)**	**(12,499)**
Receipts			
Personnel services		12,080	12,594
Total Receipts		**12,080**	**12,594**
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(83)**	**95**
Net increase/(decrease) in cash	10	(83)	95
Opening cash and cash equivalents	4	281	186
CLOSING CASH AND CASH EQUIVALENTS	4	**198**	**281**

The accompanying notes form part of these financial statements

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission Division (the Division) is a Division of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. 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 Police Integrity Commission Division 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 Division's objective is to provide personnel services to the Police Integrity Commission.

The financial statements for the year ended 30 June 2013 has been authorised for issue by the Commissioner for the Police Integrity Commission Division on 18 September, 2013.

(b) *Basis of preparation*

The Division's financial statements are general purpose financial statements which 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* Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Financial items are prepared in accordance with the historical cost convention. However, certain provisions are measured at fair value.

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) *Income recognition*

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

(i) *Rendering of services*

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

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(e) *Assets*

(i) *Loans and receivables*

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

(f) *Liabilities*

(i) *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. A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at of the original invoice amount where discounting is immaterial.

(ii) *Employee benefits and other provisions*

a. Salaries and Wages, Annual Leave, Sick Leave and On-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 3.755% are used to discount long term annual leave.

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

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

b. Long Service Leave and Superannuation

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

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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 12/06) to employees with five or more years of service, using current rates

of pay. These factors were determined based on an actuarial review to approximate present value.

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

c. Other Provisions

Other provisions exist when the Commission has a present legal, equitable 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 agency has a detailed formal plan and the agency 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.

(g) *New Australian Accounting Standards issued but not yet effective*

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 2013.

- AASB 9, AASB 2010-7 & AASB 2012-6 -- Amendments to Australian Accounting Standards regarding financial Instruments (effective 2013/14)
- AASB 10 -- Consolidated Financial Statements (effective 2013/14)
- AASB 12 -- Disclosure of Interest in Other Entities (effective 2013/14)
- AASB 13, AASB 2011-8 & 2012-1 -- Amendments to Australian Accounting Standards regarding fair value measurement (effective 2012/13)
- AASB 119, AASB 2011-10 & AASB 2011-11 -- Amendments to Australian Accounting Standards regarding employee benefits (effective 2013/14)
- AASB 127 -- Separate Financial Statements (effective 2013/14)
- AASB 1053 & AASB 2010-2 -- Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 2013/14)
- AASB 2010-10 -- Amendments to Australian Accounting Standards regarding removal of fixed dates for first-time adopters (effective 2013/14)
- AASB 2011-2 -- Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced disclosure requirements (effective 2013/14)
- AASB 2011-4 -- Amendments to Australian Accounting Standards – Removing individual key management personnel disclosures (effective 2013/14)
- AASB 2011-6 -- Amendments to Australian Accounting Standards – Extending relief from consolidation, the equity method and proportionate consolidation – Reduced disclosure requirements (effective 2013/14)
- AASB 2012-2 -- Amendments to Australian Accounting Standards – Disclosures Offsetting financial assets and financial liabilities (effective 2013/14)

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

- AASB 2012-3 -- Amendments to Australian Accounting Standards – Offsetting financial assets and financial liabilities (effective 2014)
- AASB 2012-5 -- Amendments to Australian Accounting Standards arising from annual improvements 2009-11 (effective 2013/14)
- AASB 2012-7 & AASB 2012-11 -- Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other amendments (effective 2013/14)

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

2. EXPENSES EXCLUDING LOSSES

	2013 $'000	2012 $'000
Employee related expenses		
Salaries and wages (including recreation leave)	10,562	10,766
Redundancies	90	113
Superannuation–defined benefit plans	101	104
Superannuation–defined contribution plans	885	984
Long Service Leave	166	824
Workers' compensation insurance	91	108
Payroll tax	636	687
	12,531	**13,586**

For the 2012/13 financial year the audit fee for auditing the Division is included in the PIC audit fee. The estimated cost to audit the Division is $5,000.

3. REVENUE

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	101	104
Long Service Leave	166	824
Payroll tax on superannuation	5	5
	272	**933**
Other revenue – insurance claim receipts	--	8
	--	**8**

The decrease in long service leave reflects movement in the bond rate and present value calculation.

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank	198	281
	198	**281**

5. CURRENT ASSETS – RECEIVABLES

Personnel services	1,388	1,209
	1,388	**1,209**

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

6. CURRENT LIABILITIES –PAYABLES

	2013 $'000	2012 $'000
Employee benefits and related on-costs		
Accrued salaries and wages	282	290
Other – Paid parental leave	3	--
	285	**290**

7. CURRENT/NON-CURRENT LIABILITIES –PROVISIONS

Employee benefits and related on-costs		
Recreation leave including on-costs	842	725
Long service leave on-cost*	417	436
Payroll tax	42	39
	1,301	**1,200**
*Long service leave on-cost		
Current payable within 12 months	396	414
Non-current payable after 12 months	21	22
	417	**436**

The full value of recreation leave is classified as current and is expected to be taken within 12 months. The Commission proactively manages recreation leave with all staff encouraged to take their full entitlement each year.

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Division is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2012: nil).

9. COMMITMENTS FOR EXPENDITURE

As at the reporting date, the Division does not have any commitments (2012: nil).

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

Net cash used in operating activities	(83)	95
Decrease/(increase) in provisions	(101)	(102)
Increase/(decrease) in prepayments and other assets	179	59
Decrease/(increase) in creditors	5	(52)
Net result	--	--

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

11. FINANCIAL INSTRUMENTS

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

The Division's main risks arising from financial instruments are outlined below, together with the Division'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 Division, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by the Commission's Audit and Risk Committee.

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2013 $'000	2012 $'000
Cash and cash equivalents	4	N/A	198	281
Receivables[1]	5	Loans and receivables (at amortised cost)	1,388	1,200

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2013 $'000	2012 $'000
Payables[2]	6	Financial liabilities Measured at amortised cost	271	275

[1] 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 Division's debtors defaulting on their contractual obligations, resulting in a financial loss to the Division. 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 Division, including cash and receivables. No collateral is held by the Division. The Division has not granted any financial guarantees.

Credit risk associated with the Division'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.

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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. Sales are made on 14 day terms.

The Division is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013 nil, 2012 nil) and less than 3 months past due (2013 nil, 2012 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.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total [1, 2] $'000	Past due but not impaired[1, 2] $'000	Considered impaired[1, 2] $'000
2013			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2012			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--

[1] Each column in the table reports 'gross receivables'.
[2]The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(iii) Liquidity risk
Liquidity risk is the risk that the Division will be unable to meet its payment obligations when they fall due. The Division continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Division 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 Division's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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 Division's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

			Fixed Interest Rate Maturity				
	Average interest rate %	**Variable interest rate $'000**	**Less than 1 year $'000**	**1 to 5 years $'000**	**More than 5 bearing $'000**	**Non interest $'000**	**Total $'000**
2013							
Accrued salaries, wages and on-costs		--	--	--	--	285	285
		--	--	--	--	285	285
2012							
Accrued salaries, wages and on-costs		--	--	--	--	290	290
		--	--	--	--	290	290

(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 Divisions exposure to market risk is primarily through interest rate risk. The Division 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 Division 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 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Division 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. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Division's exposure to interest rate risk is set out below.

Police Integrity Commission Division

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

		Interest rate risk			
	Carrying Amount $'000	-1%		1%	
		Profit $'000	Equity $'000	Profit $'000	Equity $'000
2013					
Financial assets					
Cash and cash equivalents	198	(2)	(2)	2	2
2012					
Financial assets					
Cash and cash equivalents	281	(3)	(3)	3	3

(v) Fair Value

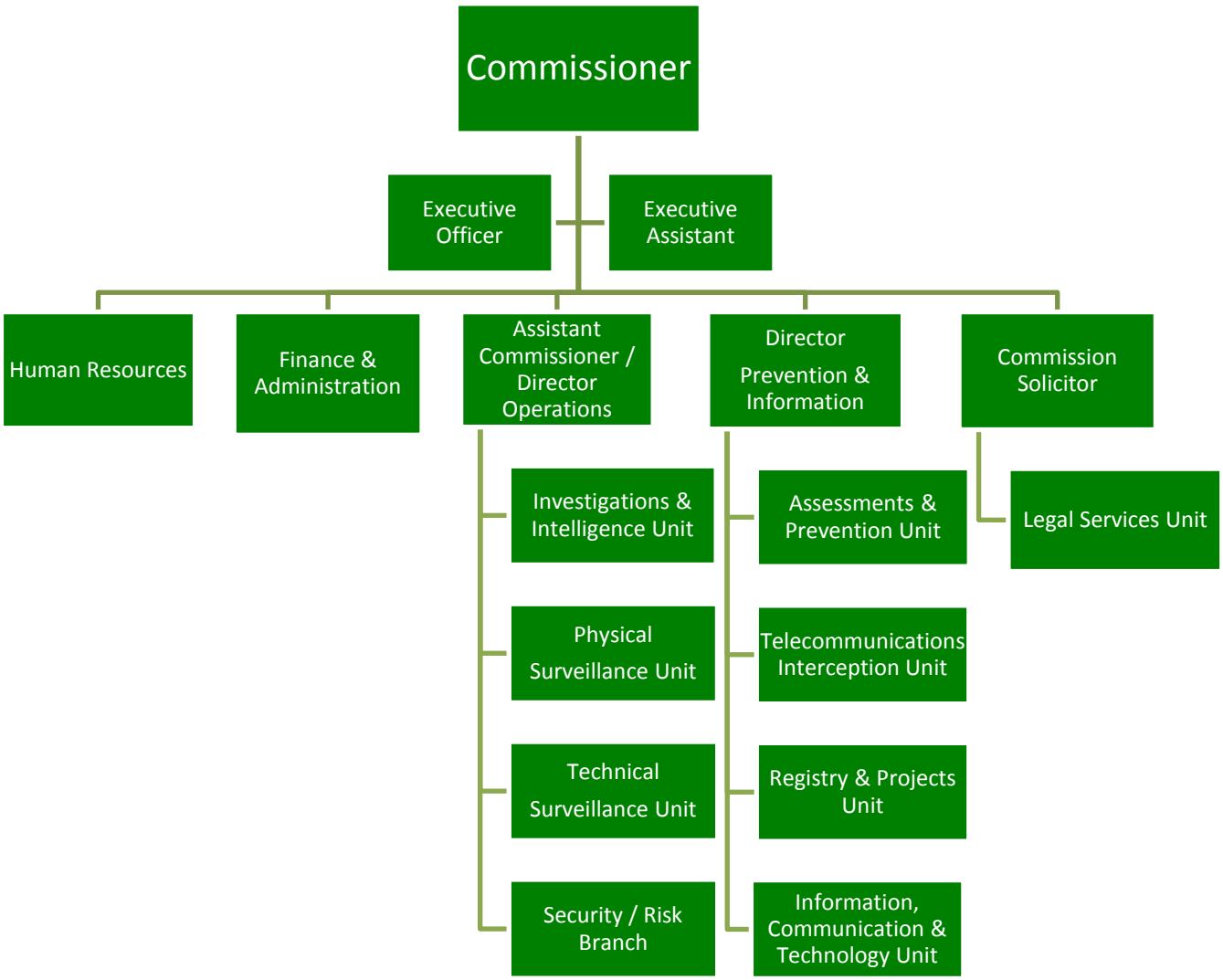
The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

12. EVENTS AFTER THE REPORTING PERIOD

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

End of audited financial statements.

APPENDIX 9: ORGANISATIONAL STRUCTURE



APPENDIX 10: DIRECTORY, PUBLICATIONS AND PRINTING REQUIREMENTS

Directory

Address	Postal Address	Website
Level 3, 111 Elizabeth Street SYDNEY NSW 2000	GPO Box 3880 SYDNEY NSW 2001	www.pic.nsw.gov.au
Telephone inquiries:	**Office Hours:**	
Telephone: (61 2) 9321 6700 Freecall: 1800 657 079 Facsimile: (61 2) 9321 6799	8.30am – 5.00pm	

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
- Brochures concerning the making of a complaint in regard to serious police misconduct.

A full list of publications available to the public is posted on the Commission's website.

The following publications were released by the Commission during 2012–13:

Publication Name	Publication Date
Operation Winjana	November 2012
Operation Calyx	June 2013
Operation Binda	June 2013

Annual Report Costs

Total External Costs: $0 (including design and printing costs)

INDEX

accountability, 11, 57
Accounts payable policy, 71
Active Investigations, 22
Adam Salter, 29
allegations, 22, 77
Assistant Commissioners, 62
Audit and Risk Committee, 59
Audits, 69
Commission Powers, the use of, 79
Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission, 57
complaints, 15, 17, 19, 51
complaints assessed, 18
Consultants, 73
Corey Matthew Barker, 26
Corruption Prevention Network, 40
Credit card certification, 73
Crime Commission Act 2012, 55
critical incident, 29, 34, 35
Delivery of Electronic Services, 68
detect serious officer misconduct, 6
deterring serious officer misconduct, 7
Directory, 145
Disability Action Plan, 64
Disclosure of controlled entities, 73
Energy Management Plan, 73
Exceptional Movements in Wages and Salaries, 62
Executive remuneration, 62
Exposing serious police misconduct, 7
Financial Statements, 95
governance, 13, 57, 58
Government Information (Public Access) Act 2009, 88
hearings, 21
Independent Commission Against Corruption and Other Legislation Amendment Act 2013, 56
Industrial relations, 61
Information and Communications Technology Management, 67
Informed advice and recommendations on improvements to systems and practices, 9
Informed advice and recommendations on improvements to the quality of complaint investigations, 10
Inspector of the Police Integrity Commission, 57
Insurance, 69
Internal Audit And Risk Management Statement, 69
investigation, 20, 52
investigation outcomes, 25
Land Disposal, 73
Law Enforcement (Controlled Operations) Amendment Act 2013, 56
Major assets, 74
Major Works, 68
Multicultural Policies and Services Program, 66
New South Wales Crime Commission, 51
NSW Action Plan For Women, 64
NSW Crime Commission, 51
Occupational Health and Safety, 64
Operation Anafi, 26
Operation Aria, 26
Operation Barmouth, 26
Operation Binda, 27, 145
Operation Brioni, 28
Operation Calyx, 29, 145
Operation Deakin, 30
Operation Ischia, 30
Operation Montecristo, 30
Operation Shabti, 30
Operation Tordu, 31
Operation Winjana, 51, 145
Organisational Structure, 144
Overseas visits, 75
oversight, 16, 17
Overview, 3
Personnel policies, 63
Plans for 2013-2014, 14
preliminary investigation, 20
Preliminary Investigation 24334, 31
prevention, 32
privacy management, 75
Project Cyril, 14, 37
Project Harlequin, 14, 34
Project Juda, 38
Project Manta Report 1, 43
Project Manta Report 2, 45
Project Mobula, 14, 32
Project Ostara, 42
Project Santuri, 14, 35, 36
Project Skadi, 14, 36
Project Teo, 14
Prosecutions by the Commission, 81
Publications, 145
recommendations, 42
Risk Management and Internal Control, 69
serious officer misconduct, 19
Staff Movement, 62
subpoenas, 54
Training and development, 63
Transparency International, 40
unauthorised disclosure of confidential information, 43
Waste management, 74

This page is intentionally blank

prevent
detect
investigate

prevent
detect
investigate

Police Integrity Commission

Annual Report 2012 – 2013

Address:
Level 3, 111 Elizabeth St
Sydney NSW 2000

Postal Address:
GPO Box 3880
Sydney NSW 2001

Website:
www.pic.nsw.gov.au

Telephone Enquiries:
Telephone: 02 9321 6700
Freecall: 1800 657 079
Facsimile: 02 9321 6799

Office Hours:
8.30am – 5pm