prevent
detect
investigate

Police Integrity Commission

Annual Report 2013 – 2014

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

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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 2014.

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

20 October 2014

LEVEL 3 111 ELIZABETH STREET GPO BOX 3880 SYDNEY NSW 2001 AUSTRALIA
TELEPHONE [61 2] 9321 6700 FACSIMILE [61 2] 9321 6799 FREECALL 1 800 657 079 www.pic.nsw.gov.au

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1. COMMISSIONER'S FOREWORD

The year 2013 – 2014 was an eventful year for the Police Integrity Commission.

During the year the Commission retained an external consultant Mr Paul Roger to conduct a review of the structure and processes of the Commission.

The Executive Group's principal reasons for deciding that such a review should be undertaken were that:

1. It is good business practice for there to be a review of any organisation from time to time in order to examine its existing structures and processes for efficiency and effectiveness. No organisation-wide review of the Commission, which commenced operating in 1997, had previously been conducted.

2. The Commission had been placed on notice by the state government that substantial savings would have to be achieved over the next three financial years and a review of the Commission would assist in determining where savings could be made, with the least adverse effect.

Mr Roger conducted his review between late January 2014 and mid March 2014. In the course of conducting his review Mr Roger, apart from conducting many other searches and inquiries, interviewed, either individually or in small groups, a large number of the Commission's staff, who thus had an opportunity to contribute their views about the Commission.

On 20 March 2014 Mr Roger presented a report of his review. In the report Mr Roger found that the Commission was generally operating effectively but that there was scope for it to be more efficient in its day to day governance and in its management structure. Mr Roger made a large number of findings and made a number of recommendations, most of which the Commission has adopted and has either implemented or is in the process of implementing.

Particularly important recommendations made by Mr Roger were that there should be changes in the management structure of the Investigations Unit and that the Physical Surveillance Unit and the Technical Surveillance Unit, each of which had operated separately from separate premises, should become a single Covert Services Unit in one premises and with one management.

In his report Mr Roger stressed the need, of which I and other members of the Executive Group are fully conscious, that the two major units of the Commission, the Investigations Unit and the Assessments and Prevention Unit, further integrate their activities.

A consequence of the review and the implementation of some of the recommendations was that some members of the Commission staff, including some senior members, decided, for various reasons, to leave the Commission's employment. I would like to

express the gratitude of the Commission for their outstanding service to the Commission.

During the reporting year the Commission conducted public hearings (as well as private hearings) in its Operation Montecristo. This was a complicated investigation with many facets. The preparation of a report of the investigation is well under way. During the year the Commission conducted private hearings in a number of other investigations.

During the year two important research projects were completed by the Assessments and Prevention Unit and published on the Commission's website, namely Project Cyril (using the NSW Police Force's complaints system to identify system problems and solutions) and Project Santuri (misconduct risks associated with secondary employment of police officers).

I am pleased to be able to report that throughout the year relations with the Commission's Inspector remained courteous and business-like. During the year the Inspector published three reports relating to the Commission.

In one report the Inspector declined to uphold any of nine complaints that had been made against the Commission relating to its conduct of a complicated investigation. In another report the Inspector found that an allegation of misconduct against a Senior Investigator was not supported by any evidence. In a report on a matter which had been referred to the Inspector by the Joint Parliamentary Committee the Inspector found that the conduct of the Commission had been appropriate.

I am also pleased to be able to report that throughout the year relations with the Commissioner of the Crime Commission, the Inspector of the Crime Commission and the Joint Parliamentary Committee on the Ombudsman, the Police Integrity Commission and the Crime Commission were courteous and business-like.

I would like to thank all members of staff and particularly members of the Executive Group for their work during the year. I feel I should make special mention of Gary Kirkpatrick who was the Acting Director of Operations for much of the year and who has since been confirmed as Director of Operations.

2. OVERVIEW 2013 – 2014

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 (NSWPF) and the New South Wales Crime Commission (NSWCC). During 2013-2014, the Commission worked on 177 investigations, including 141 preliminary investigations and 36 full investigations. Of these, 102 investigations were completed and 75 were ongoing as at 30 June 2014. Six investigations resulted in briefs of evidence being referred to the Office of the Director of Public Prosecutions for the consideration of prosecution action against 28 individuals. 53 Court Attendance Notices were served on 17 individuals Five investigations resulted in information being disseminated to the NSWPF for consideration of management action. See Chapter 4 for further details.

During the year the Commission:

- assessed 1297 complaints of misconduct against sworn and unsworn NSWPF officers
- assessed 10 complaints containing 18 allegations of misconduct against current and former NSWCC officers.

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 NSWPF and NSWCC 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 2013-2014 the Commission continued to assess how effectively the NSWPF is managing specific misconduct risks as well as assisting to strengthen NSWPF's command level misconduct prevention efforts. Commission staff delivered 11 lectures as part of the NSWPF internal investigations training.

During the year the Commission:

- published two prevention reports, one on the use of complaint investigations to identify system problems and solutions in NSWPF investigations and the other on the NSWPF's management of misconduct risks associated with authorised secondary employment
- progressed a range of other research projects into misconduct risks associated with critical incidents, the management of human sources and identifying and managing officers at risk of engaging in misconduct.

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.

During the year the Commission:

- responded to requests within a specified timeframe for information from the Parliamentary Joint Committee in relation to its General Meeting and responded to questions taken on notice
- ensured all uses by the Commission of its statutory powers were legally compliant
- furnished a report to Parliament on Operation Barmouth.

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 2013-2014 the Commission offered a wide range of training and development opportunities to staff. There was a continued uniform compliance with Workplace Health and Safety and recruitment policies.

During the year the Commission:

- reviewed business planning processes and implemented the results of the review
- conducted a work, health and safety review and implemented the results of the review
- provided a wide range of training and development opportunities.

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 NSWPF and the NSWCC.

The Commission receives and assesses complaints from members of the public, members of the NSWPF and the 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 complaint 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 2013-2014:

- 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.

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.

During the year the Commission:

- had 28916 visitors to its website
- held a public hearing over 8 days in Operation Montecristo
- held 37 private hearings in relation to 7 different investigations
- assessed 1297 complaints against sworn and administrative officers of the NSWPF.

Table 1: Detecting officer police misconduct

Indicator	2013-2014	2012-13	2011-12
% of total NSWPF complaints that are non – referred	33.8	33.5	38.5
% of investigations[1] commenced which arose from sources other than referred complaints	38	43	NA

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

[1] Investigations include Full Investigations and Preliminary Investigations.

DETERRING SERIOUS OFFICER MISCONDUCT

Effective investigations are the Commission's main way to deter serious office misconduct. The Commission efficiently manages resources and processes to investigate serious officer misconduct and make recommendations for consideration of disciplinary action and prosecutions.

During 2013 – 2014 the Commission:

- conducted 177 investigations, including 141 preliminary investigations and 36 full investigations
- completed 102 investigations
- disseminated information to NSWPF from five investigations to assist in the management of NSWPF officers.

Table 2: Deterring serious officer misconduct

Indicator	2013 - 2014	2012-2013[2]
% of finalised investigations[3] that resulted in material being communicated to NSW Police Force for consideration of further action	24%	13
% of finalised full investigations that resulted in briefs being referred to the Office of the Director of Public Prosecution for consideration of prosecution	0%	33
% of active full investigations that resulted in briefs being referred to the ODPP for consideration of prosecution	17%	11
Number of charges from active full investigations that resulted in briefs being referred to the ODPP for consideration of prosecution	119	23
% of full investigations[4] that led to a public hearing	2%	8

[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.

EXPOSING SERIOUS OFFICER MISCONDUCT

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

During 2013 – 2014 the Commission:

- held 37 private hearings in relation to seven investigations
- held a public hearing over 8 days in Operation Montecristo
- conducted 5 investigations which resulted in information being disseminated to the NSWPF for consideration and action
- commenced prosecutions against 17 individuals for 53 different charges.

Table 3: Exposure of serious police misconduct

Indicator	2013-14	2012-13	2011-2012
% growth in internet traffic to access the Commission website	22	14	-3
Number of public hearing days	8	23	7
Number of s96 Reports to Parliament	1[5]	3[6]	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] Operation Barmouth.

[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.

During 2013-2014 the Commission:

- published Project Cyril which explored using NSWPF complaint investigations to identify system problems and solutions
- published Project Santuri which examined the misconduct risks associated with authorised secondary employment
- progressed Project Mobula which examines corruption resistance planning in NSWPF
- progressed Project Skadi which examines misconduct risks associated with the use of human sources
- progressed Project Harlequin, which examines misconduct risks associated with critical incidents in NSWPF
- furnished the Operation Barmouth report to Parliament
- delivered 11 lectures at NSWPF internal investigations training courses.

Table 4: Informed advice to the NSWPF

Indicator	2013-14	2012-13	2011-12
% of investigations where corruption prevention themes were identified and explored	8	3	NA
% of recommendations accepted	100	0[7]	50

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

[7] No recommendations were made during the reporting period.

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

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

During 2013-2014 the Commission:

- Oversighted 24 NSWPF investigations into complaints against sworn and/or unsworn officers
- Reviewed 109 NSWPF investigations containing an allegation of misconduct against a sworn or unsworn officer for purposes other than oversight.

Table 5: Consultation and feedback

Indicator	2013-2014	2012-2013	2011-12
% of complaints assessed which are oversighted	3.5	1.9	1.6
% of complaints oversighted with a satisfactory outcome	90	96	100

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

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 a 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 are used in compliance with legislative requirements.

During 2013-2014 the Commission:

- responded within specified timeframes to requests for information from the Parliamentary Joint Committee in relation to its General Meeting, including questions taken on notice
- furnished a report to Parliament on Operation Barmouth
- confirmed all its uses of statutory powers complied with relevant legislation
- was assessed as complying with statutory requirements in relation to Telecommunications Interception, Controlled Operations and Surveillance Device deployments following audit by the Ombudsman.

Table 6: Continued Accountability for the Commission

Indicator	2013-14	2012-13	2011-12
% of responses to requests finalised within an agreed timeframe[8]	100	100	n/a
Number of Commission publications	3	3	1
All uses of statutory powers to be checked by Commission lawyers[9]	100	100	NA
Assessed as compliant in NSW Ombudsman audits of Telecommunications Interception, Controlled Operations and Surveillance Device deployments[10]	All	All	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 has in place a strong internal governance framework.

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

PROVIDE AN EQUITABLE, SAFE AND SATISFYING WORKPLACE

The Commission achieves this through using the strategy of developing and maintaining an organisational 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 and the NSW Action Plan for Women. 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 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.

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 2013-14 the following was achieved:

- the Commission reviewed its business planning processes and implemented the results of the review
- the Commission reviewed its Legislation Compliance Register
- the Commission conducted a work, health and safety audit
- the Commission continued its program of internal audits under the auspices of tpp 09-05
- a wide range of training and development opportunities were provided to staff
- there was uniform compliance with WH&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.

PLANS FOR 2014-2015

In 2014–15 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 Project Skadi (misconduct risks associated with the use of human sources)
- Finalise Project Harlequin (misconduct risks in critical incidents and critical incident investigations) and Project Juda (identifying and managing officers at risk of engaging in misconduct)
- Attain certification for the Information Security Management System
- Continue to implement the 2013 – 15 Information, Communications and Technology Strategic Plan
- Develop and implement a new Corporate Plan.

3. ASSESSING NEW 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 officer misconduct. The Commission discharges this 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 2013 –14, the Commission assessed **1297** complaints against NSWPF officers, **12** 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 NSWPF 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 2013-14, the Commission assessed **1297**[11] complaints against sworn and unsworn NSWPF officers. Of these, **23** were classified as public interest disclosures under the *Public Interest Disclosures Act 1994*. The Commission also received **591** telephone calls raising various complaint-related and administrative issues.[12] Of the telephone calls received, **416** were assessed as containing allegations of misconduct. In 2013-14, **12** full investigations and **18** preliminary investigations were initiated on the basis of complaints, all of which were in relation to sworn officers.

In 2013-14 the Commission oversighted 24 NSWPF investigations. A further 109 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 **1235** complaints assessed by the Commission in regard to sworn NSWPF officers, **396** were made direct to the Commission, **804** were extracted from c@ts.i or were otherwise referred by the NSWPF or the Ombudsman. Of the **76** complaints assessed in regard to unsworn NSWPF officers **11** were made direct to the Commission and **65** were referred by the NSWPF.

[11] Made up of 1235 complaints which included an allegation against a sworn officer and 76 complaints which included an allegation against an unsworn officer or both sworn and unsworn officers. The total complaints assessed (1297) is therefore less than the sum of these two figures.

[12] 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.

Table 7: Complaints assessed against police and unsworn NSWPF officers

Action	2013-2014		2012-2013		2011-12	
	Police	Unsworn	Police	Unsworn	Police	Unsworn
Complaints assessed	1235	76	1145	40	965	44
Telephone calls:						
Calls received[13]	590	1	863	1	498	0
Calls assessed[14]	415	1	516	1	416	0
Full investigations arising from complaints	12	0	8	0	13	0
Complaints oversights concluded	24		20[15]		39	
Final reports reviewed (not oversighted)	109		81[16]		54	

[13] This figure does not include calls that were received and assessed as being outside of the Commission's jurisdiction.
[14] Calls assessed are not included in the complaints assessed total unless treated in accordance with section 127 (5) of the *Police Act* 1990.
[15] 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.
[16] ibid

4. INVESTIGATING SERIOUS OFFICER 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 Operations Division. The end of the chapter contains a profile of the more significant Commission investigations open during the reporting period, followed by details of action taken in completed matters where the Commission recommended prosecution or disciplinary action.

STRUCTURE OF THE OPERATIONS DIVISION

During 2013-2014, the Commission undertook an organisational review which resulted in a number of changes to the Operations Division including the merger of the Physical Surveillance Unit and the Technical Surveillance Unit and the separation of the previous Investigations and Intelligence Unit into separate Investigations and Intelligence units.

The Operations Division of the Commission now consists of three units. These are the Investigations Unit, the Intelligence Unit and the Covert Services Unit. Each of these units operates under the supervision of a manager. The Investigations Unit is staffed with investigators and financial investigators and a Source Handling Unit. The Intelligence Unit is staffed by intelligence analysts and intelligence support officers. The Covert Services Unit provides physical and technical surveillance services for Commission investigations.

A Tasking and Coordination Group (T&CG) which includes all of the managers from the above units is the principal body which co-ordinates, tasks and allocates resources within the Division. The T&CG meets weekly and reports to the Operations Advisory Group (OAG) each month. The OAG consists of the Commissioner, the Commission Solicitor, the Director Prevention and Information and the Director Operations. The OAG provides supervision of all the Commission's operations.

All units of the Operations Division work with and are supported by other units within the Commission including the Legal Services Unit, Assessments and Prevention Unit, Electronic Collection Unit, Registry, Human Resources and Finance.

ASSESSING ALLEGATIONS OF MISCONDUCT

Allegations are received by the Commission, usually but not always, in the form of a complaint. A complaint may make very specific allegations against specific officers or it may contain a broader allegation against a number of officers. On other occasions, the Commission may become aware of misconduct via another source. Figure 1 shows how the Commission deals with allegations of misconduct by police officers, administrative officers and members of the NSW Crime Commission.

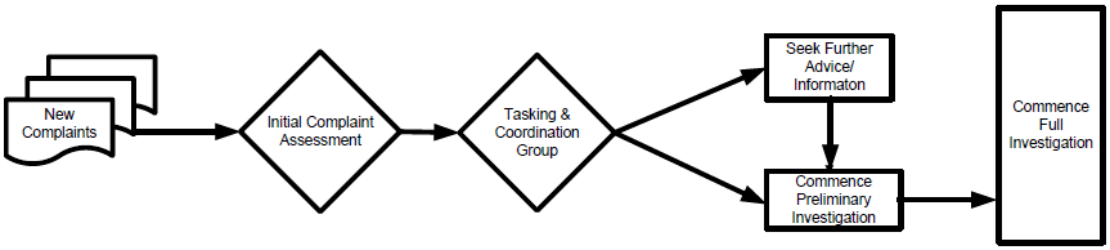


Figure 1 - Complaints Assessment Process

In every case, the Commission treats complaints and allegations with the strictest of confidence and makes a formal assessment of them. This assessment consists of two stages:

- Stage one – the initial complaints assessment is conducted independently of the Investigations Unit and ensures that the allegations reach the appropriate threshold of misconduct for the Commission to investigate.

- 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 relative seriousness and suitability for investigation by the Commission. This model provides a consistent approach to assessing new complaints.

The Commission may choose to make some further enquiries 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.

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.

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 considerations under the *Police Integrity Commission Act 1996* ("the Act") when making this decision, particularly those factors set out in s 33(3A) regarding the public interest. The Commission can summons persons to appear at hearings and can compel witnesses to answer questions.

During 2013-2014 the Commission conducted 37 private hearings in relation to eight different investigations, and eight days of a public hearing in relation to Operation Montecristo.

PROFILE OF ACTIVE INVESTIGATIONS DURING 2013 - 14

During 2013-14 the Commission worked on 177 investigations, including 141 preliminary investigations and 36 full investigations. Of these, 102 investigations were completed and 75 were ongoing as at June 30 2014.

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

Table 8: Commission Investigations – 2013–14[17]

Allegation	Investigation	Preliminary Investigations
Absence from place of duty	0	2
Accesses to 'keep tabs' on person that officer or associate has a grievance against (including former spouse / partner)	0	1
Adverse mention by the court	1	0
Attempting to pervert the course of justice	5	3
Breach of Code of Conduct (not specified elsewhere)	2	1
Bribery	7	11
Choke / headlock / pressure point technique	1	0
Convenience accesses - by officer about self or another party at that person's request	0	1
Covering up inappropriate conduct	8	0
Cultivation or manufacture	0	3
Curiosity accesses (involving breach of privacy)	0	3
Dealing or supply	2	4
Death / serious injury in custody (involving inappropriate conduct by police officer)	1	0
Disobey reasonable direction	1	0

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

Explicit threats involving use of authority	0	1
Fabrication of evidence (other than perjury or verballing)	1	0
Fail to comply with operational procedures, standing orders or Commissioner's directives (not specified elsewhere)	2	2
Fail to comply with other statutory obligation	1	0
Fail to create / maintain records, reasons for inaction etc	1	0
Fail to declare a conflict of interest	5	5
Fail to report offence	2	2
Failure to interview witnesses	2	0
Failure to investigate	1	4
False accusation	0	1
Falsely claiming for duties not performed	0	1
Falsifying official records	0	2
Giving favours / bias with no or little perceived personal benefit	1	0
Illicit drug use	1	10
Improper association	18	52
Improper interference in an investigation by another police officer	5	12
Improper use of discretion	1	0
Inadequate investigation / lack of impartiality	2	3
Incivility / rudeness / verbal abuse (oral complaints of rudeness are a local management issue)	0	1
Lied during proceedings / in statement / on affidavit	5	1
Lying to investigator / supervisor conducting inquiries	5	2
Make false statement (verballing)	1	0
Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours)	10	17
Misuse email / internet	1	0
Neglect of duty / duty of care	0	1
Of seized property	1	1

Offence punishable upon conviction by a max sentence of 5 years or more	11	3
Other allegation (specify)	0	1
Other summary offences	5	0
Performance issue arising from sick report	1	1
Perjury	1	0
Possession (not misappropriation of seized drugs)	1	2
Protection of person(s) involved in drugs	8	13
Pushed to ground / slammed against a wall / punched / kicked / kneed / head butted / struck (hard empty hand)	4	0
Tampering with or destroying	1	0
Theft from victim, client or other member of public	1	0
Threats / intimidation (not assault, excessive force)	1	1
Trade accesses - accessing information for sale / personal gain	3	1
Unauthorised / improper disclosure of information	14	42
Unauthorised secondary employment	2	1
Unnecessary or improper use of arrest	1	0
Unnecessary speeding	1	0
Using authority in situation where conflict of interest exists	2	0
Withholding or suppression of evidence	0	3
Total	**151**	**215**

INVESTIGATION OUTCOMES

The following tables report on the Commission's investigation outcomes for all investigations which were finalised during 2013-14.

Table 9: Finalised Preliminary Investigation Outcomes 2013–14

Investigation Outcome	Preliminary Investigation	%
Investigations referred to the ODPP for consideration of prosecution action	0	0
Investigations that progressed to become full investigations	13	13.68
Investigations that progressed to become preliminary investigations	5	5.26
Matter referred to current full investigation	0	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0
Investigations that resulted in a dissemination of information to the NSWPF	19	20.00
No further action	59	62.11

Table 10: Finalised Full Investigation Outcomes 2013-14

Investigation Outcome	Investigation	%
Investigations referred to the ODPP for consideration of prosecution action	0	0
Investigations that resulted in a dissemination of information to the NSWPF	5	71.43
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0
No further action	2	28.57

The following investigations resulted in Court Attendance Notices or charges being served.

Table 11: Court Attendance Notices served 2013-2014

Operation	Number of CANs served	Number of individuals
Anafi	6	4
Barmouth	28	6
Ischia	17	6
Winjana	2	1
TOTAL	**53**	**17**

The Commission made the following referrals from ongoing investigations during the reporting period.

Table 12: Referrals from Ongoing Investigations

Investigation	Number of proposed charges	Number of individuals	Agency
Calyx	7	4	ODPP
Barmouth	24	6	ODPP
Monte Carlo	6	3	ODPP
Ischia	7	4	ODPP
Ischia[18]	22	6	Queensland DPP
Deakin	1	1	Commonwealth DPP
Binda	42	8	Commonwealth DPP

[18] Operation Ischia is listed twice as two groups of proposed charges were made. One group was to the ODPP and the other to the Director of Public Prosecutions in Queensland. The latter group of proposed charges were pursued in Queensland as the offences those charges relate to occurred there. Prosecution outcomes can be viewed in full in Appendix 5.

SIGNIFICANT COMMISSION INVESTIGATIONS

OPERATION DARTMOUTH

During the publicity surrounding the Operation Barmouth hearings in February and March 2013, the Commission received a complaint alleging that two serving NSWPF officers in the Ballina area used excessive force during an arrest. It was alleged that an officer used a taser device inappropriately during the arrest. These allegations were supported by a number of witnesses.

The Commission obtained statements and conducted private hearings. There was insufficient evidence to support criminal charges. Evidence obtained by the Commission was disseminated to the NSWPF for further investigation and for the management and welfare of the involved officers.

OPERATION ELBA

Operation Elba investigated a series of allegations that a serving officer was involved in conflicts of interest, improper associations and unauthorised access to and release of confidential police information. Evidence suggested that the involved officer was responsible for making a false statement and hindering an internal NSWPF investigation.

Private hearings were held during March 2014, and the involved officer was suspended on pay by the NSWPF following the provision of the evidence to the NSWPF.

An advisory brief of evidence has been prepared for submission to the ODPP for consideration of the following charges:

- misconduct in public office
- give false or misleading evidence before the Commission.

The following issues were also identified during the investigation and have been referred to the NSWPF for consideration of managerial action against the officer:

- breaches of the NSWPF Code of Conduct
- release of confidential NSWPF information
- improper use of the NSWPF computer system.

OPERATION GAHNIA

In late December 2013 a serving NSWPF officer gave evidence in the NSW District Court in a civil claim brought against the State of NSW. The claim arose from an alleged assault by the police officer on a civilian, resulting in a broken leg and permanent injury to the civilian.

The complainant and two other civilians had been stopped at a train station by transit officers for failing to have a valid train ticket. NSWPF officers attended after one of the civilians was restrained by the transit officers.

The presiding Judge was critical of the evidence given by the subject officer and found that the officer had committed an unlawful assault which caused the civilian's injury.

During the investigation a number of police officers and other witnesses were interviewed. Inquiries are continuing.

OPERATION GAZANIA

Operation Gazania is an ongoing investigation focused on the delayed response by NSWPF officers to a threat of serious harm which was followed by a fatal stabbing during a domestic dispute in regional NSW.

A number of officers have been interviewed and statements obtained. The investigation has also involved an examination of technical issues relating to the NSWPF radio communications network within regional NSW. Inquiries are continuing.

OPERATION KENNEDIA

Operation Kennedia commenced as a result of a police complaint concerning what appeared to be a close association between an officer and an individual with criminal convictions and intelligence regarding his involvement in the supply of prohibited drugs. The officer had not declared his association with the individual. The Commission confirmed the association and implemented a controlled operation. Following the Commission's controlled operation the officer declared his association with the individual and was placed on a management plan by the NSWPF.

OPERATION KOMODO

Operation Komodo is an investigation of a NSWPF officer and her involvement in a business which conducted substantial sales of synthetic drug products. A controlled operation was conducted by the Commission and a series of search warrants were executed.

During the search warrants a large quantity of synthetic drug products and cash was located and seized. Forensic analysis of the drug products was conducted.

As a result of the drug analysis the Commission will submit briefs of evidence to the ODPP for consideration of a number of drug charges against the officer and her partner (a civilian). The involved officer has been medically discharged from the NSWPF.

OPERATION MARACA

Operation Maraca was an investigation into a NSWPF officer, stationed in regional NSW, who was alleged to have released confidential police information to local criminal identities.

While it is often difficult to deploy covert resources for investigations in regional areas, in Operation Maraca the Commission was able to foster a close working relationship with the NSWPF Local Area Command (LAC) where the subject officer was stationed. This working relationship allowed the Commission to comprehensively test the allegations against the officer in question, as well as the main criminal identity, by enabling more complex targeted strategies and utilisation of various covert resources. As a result of the investigation the Commission was able to conclude that the allegations against the NSWPF officer were unsubstantiated and possibly vexatious.

Through the close working relationship between the Commission and the NSWPF LAC, information was provided to the NSWPF relating to drug supply by various civilians within the local community resulting in the execution of search warrants and the charging of civilians for offences pursuant to the *Drug Misuse and Trafficking Act 1985*.

OPERATION MONTECRISTO

Operation Montecristo investigated allegations that multiple online gambling accounts were being created in the names of serving NSWPF officers and provided to professional gamblers for their use in return for a monetary reward.

Two serving NSWPF officers were identified during the investigation as sourcing and providing numerous other NSWPF officers' online betting accounts to two professional gamblers.

Private hearings were held with 18 witnesses in early November 2013, followed by eight days of public hearings during November and December 2013.

The main allegations explored in the hearings included:

- the creation and supply of betting accounts by the two involved NSWPF officers in the names of other individuals for use by the subject officers and/or the professional punters
- the use of "free bet" incentives for new customers by the subject officers, in the names of other individuals
- the potential use of inside information by the professional punters in the commission of placing bets
- improper access of the NSWPF criminal database by one of the subject officers.

Submissions were exchanged at the conclusion of the hearings and a report to Parliament is being prepared.

OPERATION ODERIN

Operation Oderin is an ongoing investigation into the activities of a serving officer who has been the subject of allegations of improper association, fraud and other matters. To date, the Commission has held private hearings and inquiries are continuing. It is anticipated that further hearings will be conducted.

OPERATION ORKNEY

Operation Orkney is an ongoing investigation relating to allegations that a serving police officer is associating with outlaw motor cycle gang members and other persons involved in criminal activities and releasing confidential police information. The Commission has identified evidence in support of these allegations.

Private hearings have been conducted and the investigation is continuing.

OPERATION PROTEA

Operation Protea is an investigation into allegations that a senior NSWPF officer had a conflict of interest in her membership of a body of the Catholic Church of NSW called the Professional Standards Resource Group (PSRG). It was also alleged that the officer had destroyed evidence in the shredding of documents obtained by her as a result of her membership of the PSRG. These allegations were first raised in a series of reports on the ABC's *Lateline* program. The investigation is also examining whether there was any police misconduct involved in the participation by the NSWPF in any agreement, protocol or Memorandum of Understanding (whether or not formally entered into) between the NSWPF and the Catholic Church concerning the handling of complaints of sexual abuse committed by Catholic Church personnel or employees.

The Commission has gathered and reviewed a large amount of documentation and has conducted a number of interviews with relevant persons. In August 2014 a series of private hearings of the Commission were held and public hearings were held in October 2014. The Commission will furnish a report to Parliament on Operation Protea following the conclusion of its investigation.

OPERATION SYMI

Operation Symi is an ongoing investigation into an allegation of assault by police of a female prisoner and the subsequent awarding of significant costs against the NSWPF in the subsequent prosecution of the female.

The Commission has conducted private hearings as part of its investigation and inquiries are continuing.

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. The Commission identified the officer and utilised a wide variety of strategies to monitor the dealings between the suspected criminal and the officer.

In July 2013 the suspected criminal again made further allegations that he had paid the officer involved on separate occasions to obtain confidential NSWPF information. The investigation revealed that the officer had resisted the corrupt approaches made to him and had in fact reported them to his superiors.

The Commission subsequently provided a report to the NSWPF outlining that these allegations had been the subject of a Commission investigation in which they had been found to be false. In June 2014, the suspect was interviewed by the NSWPF and subsequently made admissions to fabricating evidence. He was charged by the NSWPF with making a false accusation, contrary to section 314 of the *Crimes Act 1900*.

RESPONSE TO RECOMMENDATIONS FOR PROSECUTION OR DISCIPLINARY ACTION

In matters where the Commission makes a recommendation that consideration should be given to prosecution action or disciplinary action against an officer it is the practice of the Commission to refer a brief of evidence to the ODPP or the employing agency (whichever is appropriate) in order that consideration can be given to the suggested action.

Details of prosecution action or disciplinary action taken in response to those investigations are reported below.

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 which concluded in November 2012.

After an extensive review of the evidence the Commission provided a brief of evidence to the ODPP recommending that consideration be given to the prosecution of five NSWPF officers who had been involved in the incident.

The ODPP provided advice that there was sufficient evidence to charge four NSWPF officers as follows:

Senior Constable Eric Lim: 1 x common assault.

Senior Constable Scott Edmondson: 1 x assault occasioning actual bodily harm, alternatively common assault.

Constable Daniel Barling: 1 x assault occasioning actual bodily harm, alternatively common assault.

Senior Constable Damien Ralph: 1 x common assault.

On 18 December 2013 Court Attendance Notices were issued and served upon the above-named NSWPF officers. The charges have been listed for hearing in the Local Court at Sydney on 17 November 2014.

OPERATION BARMOUTH

Operation Barmouth investigated the alleged assault of Corey Matthew Barker during his arrest and detention in Ballina in January 2011. Barker was charged with a number of matters, including assaulting a police officer while he was in custody in Ballina Police Station. At the hearing of the charges against Barker the Magistrate found that several officers involved in the incident had not told the truth when giving their sworn evidence. All but one of the charges against Mr Barker were dismissed and the Magistrate referred the matter to the Commission.

The Commission conducted private and public hearings as part of its investigation into the conduct of the police officers. The Commission's report on Operation Barmouth recommended that a number of officers be considered for prosecution.

The ODPP approved the following charges:

Constable Ryan Eckersley: 1 x common assault, 1 x pervert the course of justice, 1 x fabricate false evidence, 1 x perjury with intent to procure a conviction, 1 x perjury.

Senior Constable David Hill: 1 x common assault, 1 x pervert the course of justice, 1 x fabricate false evidence, 2 x perjury with intent to procure a conviction, 2 x perjury, 1 x give false evidence before the Commission.

Former Sergeant Robert McCubben: 1 x pervert the course of justice, 1 x fabricate false evidence.

Constable Luke Mewing: 1 x common assault, 1 x pervert the course of justice, 1 x fabricate false evidence, 1 x perjury with intent to procure a conviction, 1 x perjury,1 x make publication contravening a Commission direction.

Constable Lee Walmsley: 1 x common assault, 1 x pervert the course of justice, 1 x fabricate false evidence, 1 x perjury with intent to procure a conviction, 1 x perjury.

Senior Constable Mark Woolven: 1 x pervert the course of justice, 1 x fabricate false evidence.

The charges have been laid and all matters are presently before the court.

OPERATION BINDA

This investigation concerned a serving officer who was involved in misuse of confidential police information and suspected offences against the *Migration Act 1958* (Cth), which involved him and his wife entering into sham marriages in return for payment. The Commission presented a report to Parliament in June 2013 in which it was recommended that consideration be given to prosecution of the officer, his wife, and three civilians for various offences under the *Criminal Code Act 1995* (Cth) and the *Migration Act 1958.* The Commonwealth Director of Public Prosecutions approved the following charges:

Former Constable Hoan Thien Pham: 2 x s 11.5 Criminal Code and s 234(1)(b) *Migration Act 1958* – Conspiracy to cause to be presented false or misleading statement to immigration official; 1 x s 142.2(1) Criminal Code – Abuse of public office.

Hue Tran Dang: 1 x s 11.5 Criminal Code and s 234(1)(b) *Migration Act 1958* – Conspiracy to cause to be presented false or misleading statement to immigration official.

Kim Yen Dang: 1 x s 11.5 Criminal Code and s 234(1)(b) *Migration Act 1958* – Conspiracy to cause to be presented false or misleading statement to immigration official.

Bich Tuyen Kha: 2 x s 11.5 Criminal Code and s 234(1)(b) *Migration Act 1958* – Conspiracy to cause to be presented false or misleading statement to immigration official; 1 x s 136.1(1) Criminal Code – knowingly by act/omission make false/misleading statement.

Hoang Thi Lieu: 1 x s 11.5 Criminal Code and s 234(1)(b) *Migration Act 1958* – Conspiracy to cause to be presented false or misleading statement to immigration official.

Van Thanh: 1 x s 11.5 Criminal Code and s 234(1)(b) *Migration Act 1958* – Conspiracy to cause to be presented false or misleading statement to immigration official.

OPERATION CALYX

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

The Commission held public hearings in late 2012 and furnished a report to Parliament in June 2013. The Commission provided a brief of evidence to the ODPP recommending that consideration be given to the prosecution of a number of NSWPF officers for:

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

The ODPP approved the following charges:

Constable Aaron Abela: 1 x perjury, 2 x give false evidence before the Commission.

Sergeant Sheree Bissett: 1 x give false evidence before the Commission.

Sergeant Emily Metcalfe: 1 x perjury, 1 x give false evidence before the Commission.

Leading Senior Constable Leah Wilson: 2 x perjury, 1 x give false evidence before the Commission.

The charges have been laid and are presently before the court.

In addition to making recommendations for prosecution of the above officers, the Commission recommended that consideration be given to managerial action against the following officers who were found to have engaged in police misconduct:

Inspector Matthew Hanlon: the Commission recommended that consideration be given to non-reviewable action under s 173 of the *Police Act 1990* for the following reasons:

> Matthew Hanlon engaged in police misconduct by not making a record, or causing a record to be made, of who had supplied him with the items of information that he included in the Situation Report prepared by him and by not complying fully with the *Guidelines for the Management and Investigation of Critical Incidents.*

The NSWPF conducted its own investigation and found none of the above matters sustained[19]. The NSWPF took no action against Hanlon in relation to the police misconduct identified by the Commission.

Detective Inspector Russell Oxford: the Commission recommended that consideration be given to reviewable action under s 173 of the *Police Act 1990* for the following reasons:

> Russell Oxford did not conduct the critical incident investigation into the death by shooting of Adam Salter and did not prepare his report of the investigation, with rigour and impartiality. He did not properly take into consideration the accounts of the civilian witnesses and incorrectly asserted that their accounts were consistent with the police accounts. He accepted the account of the shooting given by Sherree Bissett without properly assessing or testing it. On the first night of the investigation, without having sufficient materials to properly form an opinion, he prejudged the outcome of his investigation by deciding that the shooting of Adam Salter had been justified on the basis that Aaron Abela had brought himself into physical contact with Adam Salter. He made a number of other findings in his report for which there was no evidence or which were against the weight of the evidence. In a case where the evidence of an expert in bloodstain pattern analysis was required to properly test the accounts of the police officers, he did not obtain such evidence. In conducting a *walkthrough* interview with Bissett, he materially assisted Bissett by improperly asking leading questions.

The NSWPF conducted its own investigation and found none of the above matters sustained. The NSWPF investigation found that Oxford used leading questions during the walkthrough interview with Bissett and used emotive language when completing his critical incident investigation report. These were described as “performance” issues and not “conduct” issues[20]. No reviewable action was taken against Oxford. NSWPF has advised that Oxford was counselled in April 2014.

Detective Inspector Stephen Tedder: the Commission recommended that consideration be given to reviewable action under s 173 of the *Police Act 1990* for the following reasons:

[19] NSWPF, Strike Force Portman Report 2014, page pp110-137
[20] NSWPF, Strike Force Portman Report 2014, pp 12-58

> Stephen Tedder did not comply with his central obligation as a Review Officer under the *Guidelines for the Management and Investigation of Critical Incidents "to ensure that a high quality comprehensive investigation is conducted and to ensure that the investigation process has integrity and can withstand independent scrutiny",* in limiting the scope of his investigation, in not detecting and reporting on deficiencies in Oxford's investigation and report, in not recognising the conflict in the evidence available to him on what he himself regarded as the critical factual issue, in uncritically accepting the evidence of the police officers and in disregarding the evidence of the civilian witnesses on the critical factual issue.

The NSWPF conducted its own investigation and found none of the above matters sustained. The NSWPF investigation found that there were two factual inaccuracies contained in Tedder's final review report. These were described as a "minor performance related issue" and not "conduct" issues[21]. No reviewable action was taken against Tedder. NSWPF has advised that Tedder was counselled in April 2014.

OPERATION WINJANA

The Commission's Operation Winjana report was presented to Parliament in October 2012. The report contained a recommendation that consideration be given to the prosecution of Lou Novakovic for the offences of misconduct in public office and giving false evidence to the Commission contrary to s 107 of the Act.

The ODPP approved two charges under s 107 of the Act. Those charges were heard in the Local Court at Sydney and on 17 June 2014 Mr Novakovic was convicted on both counts. At the time of writing he has not been sentenced.

[21] NSWPF, Strike Force Portman Report 2014, page 59-109

5. PREVENTING SERIOUS OFFICER MISCONDUCT

Preventing serious officer misconduct is one of the Commission's principal functions. The Commission endeavours to perform this function by providing advice and recommendations, where appropriate, as to how NSWPF systems and practices might be strengthened. For the most part, these are derived from its research projects into different forms of misconduct and the ways in which they are being managed.

RESEARCH PROJECTS

In 2013-14, through Project Mobula, the Commission continued to commit resources aimed at strengthening the NSWPF's command level misconduct prevention efforts. During the reporting period, the NSWPF acknowledged the Commission's contribution in this area over the years by noting that the Commission's main body of work in this area, the Project Manta reports, had been a catalyst assisting the NSWPF to reinvigorate its command level misconduct prevention work.

Project-based work assessing how effectively the NSWPF is managing specific misconduct risks also continued to be a feature of the Commission's prevention activities in 2013-14. In February 2014, the Commission published Project Santuri, a report evaluating how well the NSWPF is managing the misconduct risks associated with authorised secondary employment. The Commission's eight recommendations aimed at strengthening compliance with those aspects of the policy that seek to manage misconduct risks, were all endorsed by the NSWPF. In March 2014, the Commission published Project Cyril, a report examining how NSWPF complaints investigators can look beyond the conduct of individual officers to identify systemic and organisational problems and develop solutions during internal police investigations. The four recommendations presented in the report aim to strengthen current practices and are all supported by the NSWPF.

More detailed updates on these and other Commission misconduct prevention projects are presented below.

EARLY INTERVENTION SYSTEM

Early Intervention Systems (EIS) are risk management tools used by some law enforcement agencies to identify problematic employee behaviour which, if left unchecked, could potentially lead to serious misconduct. Since January 2003, when the development of an EIS in the NSWPF was first mooted, the Commission has publicly endorsed the idea and has provided advice and other forms of support to the NSWPF in an effort to help bring it to fruition. In 2008, the Commission published a Research & Issues Paper examining the discrete elements that need to be considered in the development of an EIS. The Commission has continued to report in its annual reports both its own activities in support of the development of an EIS and the actions taken by the NSWPF in this regard. In January 2014, however, the NSWPF informed the Commission that it had decided it would no longer pursue the development of such a system due to the unavailability of funds.

The development of an EIS in the NSWPF has twice been endorsed by the Joint Parliamentary Committee on the Ombudsman, the Police Integrity Commission and the NSW Crime Commission. In December 2002, in its *Research Report on Trends in Police Corruption*, the Parliamentary Committee recommended that the Police Integrity Commission and the NSW Ombudsman consider assisting NSW Police in establishing the indicators for an EIS. In its March 2009 report on its inquiry into Early Intervention Systems in the NSWPF, the Parliamentary Committee made five recommendations:

- that the introduction of an EIS for the NSWPF be completed as soon as possible
- that the multi-agency approach to developing and implementing an EIS remain in place
- that the NSWPF conduct periodic reviews of the EIS, including the indicators, to ensure its ongoing effectiveness
- that the development and implementation of an EIS for the NSWPF be given budgetary priority
- that the EIS Steering Group and Project Team give full consideration, in the early stages of the development of an EIS, to ensuring that it is compliant with NSW legislation, including the Privacy and Personal Information Protection Act 1998.

The decision by the NSWPF to take no further action towards the development of an EIS is significant and concerning. It is the Commission's understanding that this decision leaves the NSWPF in the position of having no centralised or structured means for identifying and managing officers showing first signs of problematic behaviour that could, potentially, lead to more serious forms of misconduct.

This decision notwithstanding, the Commission maintains an interest in the identification and management of officers at risk of engaging in misconduct. In August 2012, in view of the lack of progress being made by the NSWPF towards the development and implementation of an EIS, the Commission initiated Project Juda to examine how, in the absence of such a system, officers vulnerable to engaging in misconduct were being identified and managed. This project, an update of which is provided elsewhere in this chapter, has taken on heightened importance following the NSWPF's decision to abandon the development of an EIS.

PROJECT MOBULA - REVIEW OF NSWPF STRATEGIES TO IDENTIFY, MANAGE AND COMMUNICATE MISCONDUCT RISKS AT THE COMMAND LEVEL

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. The PIC 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.

Project Mobula, which commenced in 2012, is a five-year follow-up to the Commission's Project Manta. Project Mobula seeks to answer three broad questions:

- How well do command practices enable them to identify and manage their misconduct risks?
- How well do command practices enable them to provide practical advice to their officers to help them recognise and respond appropriately to the misconduct risks they may face?
- Are commands provided with adequate assistance to help them identify, communicate and manage their misconduct risks?

Consultation with the NSWPF concerning the findings of the research commenced during the reporting period. In early November 2013, the Commission provided a briefing to NSWPF representatives on the findings and sought NSWPF comments prior to the Commission drafting any recommendations based on Project Mobula findings. Such pre-publication consultation with the NSWPF allows the Commission to strengthen its advice and findings prior to publication. For the NSWPF, it represents an opportunity to provide input on a range of matters such as the interpretation of findings and the strategies, recommendations and accuracy of the data presented.

The NSWPF response to Project Mobula and its findings has been positive. In its response, the NSWPF offered the opinion that: 'the report is valuable and that cumulatively the Manta reports have been a catalyst assisting the Police Force to reinvigorate its command level misconduct prevention work'. It has accepted all of the findings, describing some as 'constructive criticism worthy of including in planning and training materials'.

The NSWPF also informed the Commission of how it had changed its processes since information was collected for Project Mobula in 2012. The NSWPF advised that during 2013 its Professional Standards Command commenced a program of field visits to assist commands review their people, operations, and environment with the goal of identifying corruption risks that are unique to the command and 'risks covered by corporate policy, but given a command's context, may require additional local treatment strategies'. Furthermore, the NSWPF advised that it intended to continue this work and would enhance this work in 2014 by focussing on a number of the areas highlighted in the draft Project Mobula report.

Information from the NSWPF response has been incorporated into what will become the finalised Project Mobula report. At the end of the reporting period, the Commission was considering possible recommendations and finalising its report.

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

Project Juda, which commenced in August 2012, examines how NSWPF supervisors identify and manage officers who may be vulnerable to engaging in misconduct. One tool used by some law enforcement agencies to identify such officers is an Early Intervention System (EIS). As discussed at the beginning of this chapter, previous Commission annual reports have highlighted that whilst the NSWPF had been supportive of the establishment of an EIS, little progress had been made in recent years towards its development. Consequently Project Juda was initiated in an endeavour to find out how officers who may be vulnerable to engaging in misconduct are identified and managed in the absence of an EIS. As noted previously, in January

2014, the NSWPF informed the Commission that plans to develop an EIS have been terminated.

In 2013-2014 the Commission continued to review literature about the identification and management of law enforcement staff who may be vulnerable to engaging in misconduct, as well as analysing procedural documents and guidelines that the NSWPF provides to supervisors on the management of officers. Interviews were also conducted with representatives from the NSWPF Professional Standards Command and the Police Association of NSW to learn about their views on early intervention. Due to other project commitments, interviews with supervisors in local area commands have been rescheduled to occur in the 2014-2015 reporting period.

In 2014-2015 the Commission also plans to examine the complaints history of a representative sample of officers who have been discharged under section 181D of the *Police Act 1990*. This analysis will explore what lessons can be learnt from existing records about the identification and management of officers who are vulnerable to engaging in misconduct. In addition, the Commission plans to collate and analyse the information collected and commence drafting what it envisages will be a public report.

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

In addition to uncovering wrongdoing by individual employees, investigations of complaints conducted from within an organisation (or 'internal investigations') can shed light on whether a system or organisational issue contributed to the misconduct in question. Agencies can use information from the investigation of complaints to improve their systems and processes so as to reduce the likelihood of other employees engaging in similar forms of behaviour. In short, internal investigations can help organisations learn lessons about ways in which they can better manage their misconduct risks. This principle is as true for police agencies as it is for other large public or private sector organisations.

The NSWPF conducts the majority of investigations into allegations of misconduct directed against its own officers and is therefore well placed to identify weaknesses with its own internal systems and processes. In March 2014 the Commission published a report, entitled *Using the NSW Police Force complaints system to identify system problems and solutions*. The report presents the findings of a Commission prevention project which examined how NSWPF complaints investigators can look beyond the conduct of individual officers to identify systemic and organisational problems and develop solutions during internal police investigations.

The report made four recommendations aimed at:

- highlighting in the NSWPF Complaint Handling Guidelines the benefits that can come from identifying issues and developing solutions as part of an internal investigation (Recommendation 1)
- equipping experienced NSWPF complaint investigators, who may have last undertaken formal training some years in the past, with skills in identifying issues and developing solutions (Recommendation 2)
- promoting throughout the NSWPF 'good ideas' that are developed through complaint investigations (Recommendation 3)

- promoting throughout the NSWPF methods NSWPF complaint investigators find useful to identify issues and develop solutions (Recommendation 4).

The NSWPF supported all four recommendations in principle. As a means of implementing Recommendations 1, 3 and 4 the NSWPF produced a Complaint Practice Note entitled 'Identifying Organisational or Systemic Issues within Complaint Investigations'. The Commission provided comments on a draft of this Complaint Practice Note in April 2014 and was notified by the NSWPF that it was to be uploaded onto the NSWPF intranet in June 2014.

In addition, the NSWPF informed the Commission that Recommendation 3 would be addressed through stipulating in this Complaint Practice Note that any solutions developed in a complaint investigation report are to be submitted for inclusion in an online intranet database that would act as a repository for misconduct risks and treatment strategies developed by Local Area Commands. Finally, the NSWPF has advised that it has implemented Recommendation 2 through offering refresher Internal Investigations Training to officers on request and inserting this Complaints Practice Note into the information package for the Internal Investigations Training Course.

PROJECT HARLEQUIN - MISCONDUCT RISKS ASSOCIATED WITH CRITICAL INCIDENTS IN NSW

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

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

In the 2012-2013 reporting period, extensive consultation was undertaken and an information collection phase completed. This resulted in the development of a methodological framework for the review and analysis of 84 critical incidents that have occurred in the period 2009 - mid-2012. The 84 incidents selected for analysis represent a sample of critical incidents to have occurred in the time period 2009 - mid-2012 and, while not being the total number to have occurred, reflect the total number of critical incidents managed by NSWPF on its electronic case management system 'e@gle.i'.

Analysis of this sample was a significant focus for the Project in the 2013-14 reporting period. This analysis has included an audit of the management and investigation of the incidents according to the NSWPF Critical Incident Guidelines, which define the process and procedure for the management and investigation of critical incidents.

In the 2013-2014 reporting period the then Premier announced the Government Review of the Investigation and Oversight of Police Critical Incidents (the Government Review). At this time, an announcement was also made that the NSWPF Critical Incident Guidelines would be made publicly available, and that the Commissioner of Police would advise the Ombudsman of all critical incidents, not only those made the subject of a complaint. It has been within the remit of Project Harlequin to provide comments to the NSWPF on the content of the proposed publicly available version of

the Critical Incident Guidelines. It is anticipated that consultation will be ongoing until such time as legislative and/or procedural amendments resulting from the Government Review have been finalised.

It is anticipated the review and analysis of the audit sample for Project Harlequin will remain a focus for the 2014-15 reporting period. Opportunities for improvement as well as examples of good practice will be noted in this phase, in addition to recommendations for how current processes and procedures can be improved to ensure risk is being more effectively managed. Findings will be presented in the Project Harlequin final report, which is expected to be released prior to the end of the 2014-15 reporting period.

PROJECT SANTURI - MISCONDUCT RISKS ASSOCIATED WITH AUTHORISED SECONDARY EMPLOYMENT

Almost 10 per cent of NSWPF officers have approval to engage in secondary employment, defined by the NSWPF as 'any paid work performed other than for the NSW Police Force'. There are a number of misconduct risks associated with this off-duty activity. Amongst other things, officers may be exposed to conflicts of interest, including improper associations, or may be tempted to release confidential police information or abuse their leave entitlements.

In February 2014, the Commission published a Research & Issues Paper, the primary purpose of which was to examine how well the NSWPF is managing the misconduct risks associated with authorised secondary employment. This paper was the culmination of a major research and prevention project, codenamed Project Santuri, which involved the evaluation of 578 secondary employment applications drawn from 20 randomly selected specialist and local area commands in the NSWPF approved during the period 1 March 2011 to 1 March 2012. In the course of this project, the Commission examined a number of aspects of the NSWPF's system for managing authorised 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 misconduct prevention aspects of the policy to be strengthened and, if required, provide advice and recommendations for managing conflicts of interest and misconduct risks associated with authorised secondary employment.

The results published by the Commission showed that nearly 25 per cent of applications sampled had one or more breaches of the NSWPF Secondary Employment Policy. The Commission's research identified that in 12 per cent of applications sampled the NSWPF did not conduct risk assessments, a key aspect of the process designed to assist the NSWPF identify possible misconduct risks. The Commission also reported that none of the twenty commands sampled provided quarterly monitoring reports as is required by the Policy.

The Commission made eight recommendations aimed at improving compliance with some aspects of policy designed to assist in the management of misconduct risks. Amongst other things the Commission recommended that the NSWPF develop and implement strategies aimed at improving compliance by all commands with the

requirement to conduct risk assessments for all secondary employment applications as well as renewal applications. The Commission also recommended that the NSWPF develop and implement corporate level guidance for the use of commands regarding how to conduct and record reviews of officers with secondary employment approval in their respective commands.

Prior to publishing its report, the Commission consulted with the NSWPF in connection with the results of its research and its proposed recommendations.

PROJECT SKADI - MISCONDUCT RISKS ASSOCIATED WITH THE USE OF HUMAN SOURCES

In previous annual reports the Commission has reported its endeavours to evaluate how effectively the NSWPF is managing some of the misconduct risks associated with the use of human sources, previously known as informants. In September 2011, the Commission furnished a confidential report to the Commissioner of Police evaluating the NSWPF management of two key misconduct risks:

1. that the association between a human intelligence 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.

As previously reported, the Commission considers the NSWPF response did not adequately address the risks raised in its report. The Commission decided to continue its research in this area and in mid-2012 commenced a further research project. At the time of writing, a report on the results of the Commission's research was being drafted.

CORRUPTION PREVENTION & EDUCATION PROGRAMS

Section 14 of the Act refers to the Commission's obligation to make recommendations on corruption education programs and to provide advice on how to eliminate police misconduct. These obligations are closely linked with the Commission's principal function to prevent officer misconduct.

During 2013-14 the Commission discharged this function by:

- Raising awareness of the Commission's functions by delivering presentations to the NSWPF and other key stakeholders

- Promoting its prevention research by briefing key stakeholders and making its research widely available
- Sharing knowledge by participating in corruption prevention and detection conferences and significant meetings
- Supporting corruption prevention programs.

LECTURES DELIVERED TO NSWPF TRAINING COURSES FOR INTERNAL INVESTIGATORS

During 2013-14 Commission staff delivered 11 lectures to NSWPF internal investigations training courses, raising awareness amongst officers of the functions of the Commission. Two lectures were given to courses being run in regional locations in NSW.

PARTICIPATION IN THE 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.

CONFERENCE PAPERS DELIVERED BY COMMISSION STAFF

12 September 2013: The Commission's Principal Analyst prepared a written paper and an oral presentation entitled: Integrity Protection - A practical perspective to minimising corruption by identifying and managing workplace integrity hazards for the Quality and Integrity of Governance Study Group of the European Group for Public Administration (EGPA) Conference in Edinburgh Scotland.

9 October 2013, the Commission's Principal Analyst presented a lunchtime Corruption Prevention Network (CPN) Corruption Basics session to a group public sector employees. The session was entitled: Moving towards integrity protection - Practical ways to intervene before corruption occurs - Lessons from Work, Health & Safety.

27 November 2013, the Hon Bruce James QC delivered a paper to the Australian Public Sector Anti-Corruption Conference (APSACC) entitled, Operation Calyx, police critical incident investigation.

27 November 2013, the Commission's Manager, Assessments & Prevention and one of the Commission's Research Analysts presented a paper to the Australian Public Sector Anti-Corruption Conference (APSACC) on identifying misconduct risks in police critical incident investigations.

28 November 2013, the Commission's Principal Analyst presented a paper entitled: Focussing on workplace integrity hazards and corruption risks rather than individuals to the Australian Public Sector Anti-Corruption Conference (APSACC).

On 13 December 2013, the Commission's Manager Assessments & Prevention delivered a paper to the Anti-Corruption Compliance Asia Pacific Summit 2013, entitled Methods for managing corruption risks: Experiences of an Australian police oversight agency.

On 14 May 2014, one of the Commission's prevention analysts delivered a lunchtime Corruption Prevention Network (CPN) Corruption Basics session to a group of public sector employees. This session focused on managing the misconduct associated with authorised secondary employment.

CORRUPTION PREVENTION EDUCATION

10 February 2014, The Commission's Principal Analyst ran a session entitled *Police Corruption and Corruption Prevention* as part of the 'Corruption in our world' course for 2nd and 3rd year Sociology students at the Australian National University.

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. 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.

IMPROVING NSWPF CORPORATE GUIDANCE ON THE MANAGEMENT & COMMUNICATION OF CONFIDENTIAL INFORMATION

In October 2008, the Commission published a *Research & Issues Paper* on the unauthorised disclosure of confidential information in the NSWPF. The paper presented eight recommendations for strengthening the NSWPF's systems and processes for managing confidential information and raising awareness with officers about their obligations in this area:

1. Policies concerning the management and communication of confidential information with which officers are expected to comply are clearly identified on the NSW Police Force intranet
2. All policies regarding confidential information are easily accessible on the intranet
3. Through the intranet and training, all NSW Police Force staff have access to, awareness of and an understanding of the policies regarding confidential information
4. There is a clear distinction between similar policy documents available on the intranet which relate to the management and communication of confidential information
5. The term confidential information is clearly defined within the Code of Conduct and Ethics and other key policies relating to this issue
6. The use of terminology relating to the management and communication of confidential information is standardised
7. Policy documents concerning confidential information are referred to by their correct titles on the intranet
8. Only updated versions of policy and training documents pertaining to the use and communication of confidential information are available on the intranet and the date of all documents is clearly displayed.

All recommendations were accepted by the NSWPF before the report was published.

In previous Annual Reports, the Commission has expressed its concern regarding the lack of progress of the NSWPF in implementing these recommendations.

In correspondence dated 30 June 2014, the NSWPF advised the Commission of a number of system-related changes made relevant to the Commission's recommendations. In summary, these are as follows:

1. The establishment of a Gateway, or access point, within the NSWPF intranet for corporate guidance and resources relating to the management and communication of confidential information. The Gateway is entitled *Access, Release and Management of Confidential information*, under the Policy and Procedures web page. NSWPF advises that four subheadings have been created within the Gateway:
    a. Governing directions for access and release of confidential information
    b. Penalty for unlawful access and/or release of information
    c. Frequently asked questions
    d. Management of confidential information.

2. The establishment of definitions for 'confidential information' and 'proper authority'.

3. The creation of other products, including a mandatory online training package, an integrity guide and a BTS publisher's checklist incorporating a section relating to confidentiality when deciding to publish sensitive information.

It is evident that these NSWPF strategies are relevant to and address aspects of the Commission's recommendations, for example:

- '1' is aimed at addressing aspects of Recommendations 1-3
- '2' is aimed at addressing aspects of Recommendation 4 and possibly Recommendations 5 and 6
- '3' is aimed at addressing aspects of Recommendation 3.

In particular, the establishment of a Gateway within the police intranet is a positive step one which provides a flexible framework in which further improvements and changes can be made to the way in which corporate guidance on the management and communication of confidential information can be accessed.

The NSWPF has expressed the view that the actions it has taken to date implement the Commission's recommendations. While the Commission welcomes these actions, it does not agree that the recommendations have now been implemented. At the time of writing the Commission was in the process of providing detailed feedback to the NSWPF on this issue.

MANAGING DECLARABLE ASSOCIATIONS

According to NSWPF policy, a declarable association exists when an individual is associated (to varying degrees) with a person, group or organisation that is involved in (or perceived to be involved in) activity that is incompatible with activity conducted on behalf of the NSW Police Force.

NSWPF policy indicates that these associations create a conflict of interest between the individual's responsibility to the NSWPF and their personal relationships/private interests.

In May 2010, the PIC published a report examining how well the NSWPF is managing the misconduct risks associated with these associations. Amongst other things, the Commission observed that declarations made by officers were stored locally and there was no record kept on any corporate system of this information. This presented difficulties, the Commission noted, in terms of auditing and quality control. It is also possible for local level hardcopy files to be lost or misplaced.

An additional risk arising from storage of declarations made by officers about their associations at local level was highlighted in information that came to the Commission's attention in 2013. In September 2012, a complaint was made that an officer, a member of whose immediate family had been involved in gang activity, had a conflict of interest. A complaint investigation was initiated by the NSWPF into the apparent failure of the subject officer to make a declaration of the association. Inquiries conducted by the NSWPF revealed, however, that the officer had in fact complied with the NSWPF policy and had made a declaration relating to their family member. When the officer had transferred to a new command, the declaration and other relevant documentation had not been transferred with them. The officer's new commander was not aware that they had previously made a declaration and so commenced an investigation. Had it been known that the officer had complied with this procedural requirement, an investigation would not have been necessary. The complaint investigation, finalised in March 2013, found the misconduct allegation not sustained.

The broader risk, however, is that personal associations duly declared by an officer in accordance with the policy, may not become known and may therefore go unmanaged, after they have transferred to a new command. There is also the time and cost involved in conducting an unnecessary investigation.

In its May 2010 report, the Commission recommended that the NSWPF record information on declarable associations at corporate level rather than only at individual commands. The NSWPF supported this recommendation. Shortly after publication of the Commission's paper, in July 2010, Professional Standards Command ('PSC') wrote to the Commission and advised that an enhancement to the NSWPF human resources system was under development to implement this recommendation.

Subsequent delays were reported to the Commission by PSC including technical problems associated with ensuring only appropriate staff had access to information to be housed on this system. In late 2013, PSC advised that the necessary upgrades to the NSWPF human resources system had been made and attempts to implement the Commission's recommendation had resumed. As at June 2014, that process had not yet been completed, though NSWPF reported that progress had been made towards that end.

PROJECT MANTA REPORT 1- IDENTIFICATION AND COMMUNICATION OF COMMAND MISCONDUCT RISKS

Project Manta sought to inform NSWPF efforts to minimise officer misconduct by better 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. The Commission released its first report from Project Manta in November 2009. 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 has been reported in the Commission's earlier annual reports, the NSWPF supported each of the nine recommendations made in *Project Manta Report 1*. At the end of the previous reporting period the implementation of three of the nine recommendations (Recommendations 3, 4 and 9) had yet to be completed.

Two of these recommendations (Recommendations 3 and 4) pertain to 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 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. In March 2014, the NSWPF advised that, at that time, its Professional Standards Command was automatically forwarding a 'Complainant Management Pack which included the Misconduct Risk Indicator pack (CMPMRIP)' to commands by the NSWPF email system on a quarterly basis. It further advised that it had commenced providing this information package in August 2013 and that the field considered this package to be 'helpful, informative, a valuable tool and provided a snapshot of what was occurring in the relevant [local area command]'. The Commission has requested that the NSWPF inform it of any proposed changes in the nature of the material disseminated or the frequency with which it is disseminated. The Commission considers that these two recommendations have been implemented.

Recommendation 9 concerns the NSWPF providing tailored information, guidance and support to assist officers recognise and respond appropriately to misconduct risks that are specific to their command, their policing role and their sector. As noted in previous years' annual reports action taken by the NSWPF up to that time will contribute to the implementation of this recommendation and an ongoing commitment to this practice will be required on the part of the NSWPF if this recommendation is to be fully implemented. The Commission will continue to monitor the implementation of this recommendation by way of follow up to its related Project Mobula.

PROJECT MANTA REPORT 2 - MANAGING COMMAND MISCONDUCT RISKS

In April 2011, the Commission released its *Project Manta Report 2: Managing command misconduct risks*. During 2013-2014, the Commission continued to monitor, advise and provide feedback to the NSWPF in relation to the implementation of two of the 12 recommendations (Recommendations 10 and 12) made in this report. The Commission recognises that the NSWPF has taken a number of positive steps in line with the intent of these recommendations and in the following sections the Commission has documented its understanding of the NSWPF's progress in implementing these recommendations as well as the areas where the Commission does not fully agree with the NSWPF assessment of its progress. The Commission

will take no further action to monitor the implementation of these two recommendations however, it will remain willing to provide feedback to the NSWPF where this might be useful.

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

The Commission observed that at the time *Project Manta Report 2* was released, there was no formal process for sharing with other commands beneficial corruption prevention strategies used by individual commands. 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.*

That is to say, this recommendation involves developing two complementary and ongoing processes regarding useful corruption prevention strategies created or employed by one or more commands: one process for *identifying* useful corruption prevention strategies created by one or more commands and the other process for *promoting* these corruption prevention strategies to other commands.

The Commission accepts that the NSWPF now has several methods in place by which it is able to *promote* useful corruption prevention strategies. For example, 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).

The NSWPF forums listed above are examples of how the NSWPF is able to *promote* some good strategies created by individual commands. In its 2012-2013 Annual Report the Commission noted the NSWPF had yet to inform the Commission of the methods that it was proposing to use to *identify*, on an ongoing basis, corruption prevention strategies found useful by one or more commands. The Commission reported it did not concur with the view expressed by the NSWPF at that time that no further action was required to implement this recommendation.

During the year under review, the PIC sought further clarification from the NSWPF. In March 2014, the NSWPF responded to a question about the methods that it is proposing to use to *identify* beneficial corruption prevention strategies used by one or more commands, with a broad description of the work of its Misconduct Prevention Unit (MPU). Specifically, the NSWPF Professional Standards Command advised:

> The Misconduct Prevention Unit continues to provide assistance to the field through activities including presentations, training and advice. As part of their role they liaise with Commands to provide assistance and feedback in their local corruption resistance planning. The MPU utilises this opportunity to focus their corruption resistance planning toward identifying, responding and managing corruption risks that are tailored to each Command. Electronic copies of these plans and related documentation are retained by the MPU to inform our own staff and in turn to provide information to the field. The activities detailed in the NSWPF advice to [the Commission] dated August 2013 remain ongoing.

In August 2014 the NSWPF further advised that:

> the Professional Standards' Misconduct Prevention Unit has developed the following ongoing strategies to actively identify risks and promote corruption and misconduct prevention:
>
> - *A PSC Bulletin*. This is a one page document that is electronically communicated to Commanders and Professional Standards Managers on a regular basis (approximately every two weeks). The document provides three recent examples of misconduct that may be relevant to other commands. Embedded in the document is a hyperlink to a number of relevant educational resources and/or policies that relate directly to the misconduct in question that can be utilised at the commander's discretion
> - *'Ask Gav' articles* - These are published in a simple question and answer format in the Police Monthly. These articles are intended to promote good practice by raising common operational questions that are indicative of current misconduct issues.

Once again, the Commission considers these activities to be methods of identifying risks and promoting treatment strategies. It does not regard these as methods to identify corruption prevention strategies created or used by only one or a small number of commands. It is possible that there has been some misunderstanding and that this correspondence may have confused the idea of 'identifying good ideas for corruption resistance strategies' with 'identifying misconduct risks'.

While not referred to in NSWPF correspondence to the Commission regarding the implementation of this recommendation, the Commission notes that as at the end of the 2013-2014 reporting period, the Misconduct Prevention Unit listed on the NSWPF intranet that one of five aspects of its role is to: 'create and maintain a register of good practice in term of corruption resistance and share that information with the field'. On the face of it, this description of the role of the MPU as including the creation and maintenance of a register of good practice would seem to be directly relevant to the implementation of Project Manta Report 2, Recommendation 10. The Commission welcomes this as a clear recognition on the part of PSC as to the importance of recording and sharing good ideas relating to corruption resistance with commands.

The Commission acknowledges that the NSWPF has taken some steps towards implementing this recommendation. It also considers that it is positive that PSC is placing such importance on engaging with the field in the form of MPU training and advice and that integrating the implementation of this recommendation with the broader role and work of the MPU is both logical and reasonable. Importantly, though, for the process of identifying and promoting of corruption prevention strategies to be ongoing, care should be taken that strategies for identifying and promoting ideas of individual commands are not limited solely to activities documented in corruption resistance plans. Nor should these strategies be tied to the current

specific activities of the MPU. Future changes in the MPU's activities could inadvertently but adversely affect the extent to which this process operates.

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

Recommendation 12 proposed that 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, which concerned providing corporate guidance to commands, had four limbs:

1. *managing professional distance for police officers working in small communities and for officers working in the same community for long periods of time*
2. *processes to facilitate audits and inspections of remote stations*
3. *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*
4. *recognising that different treatment strategies will be appropriate in commands covering smaller areas than those appropriate in commands covering large geographical areas.*

During the period under review, the NSWPF provided the PIC with a draft information sheet or 'Integrity Guide' that is intended to address the first and third limbs of the recommendation. The most recent draft was provided in mid-June, following the Commission having provided detailed comments on an earlier version of this resource in May 2014.

On 1 July 2014 the Commission received correspondence from the Assistant Commissioner PSC who advised that:

- he considered that limbs 1 and 3 would be addressed by the revised 'Misconduct risks for police in geographically distant locations' Integrity Guide
- further action in connection with limb 2 is not needed in view of the requirements of the Command Management Framework (CMF) in connection with periodic audits and inspections
- specific guidance of the type proposed by limb 4 was not required as the corruption resistance planning process was actively supported by PSC and encourages commands through profiling exercises to better understand their own risks and develop local strategies applicable to their command.

It is pleasing that the NSWPF is no longer relying on the *Transfer and Tenure Policy* as the implementation strategy for this recommendation.

The Commission agrees that the proposed Integrity Guide, if it reaches and is used by the appropriate audience, will be a useful tool for implementing the majority of the first and third limbs of the recommendation. However, the Commission notes that not all aspects of the first limb for the recommendation are addressed by the draft Integrity Guide. Specifically, the first

part of Recommendation 12 stated that the guidance should address 'managing professional distance for police officers working in small communities and for officers working in the same community for long periods of time'. The current draft integrity guide, as its title suggests, focusses on police in geographically distant locations. The issue of managing misconduct risks for officers who work in the same community for long periods of time (and who may similarly develop close relationships with the community they police) is not the subject of the draft Integrity Guide.

The Commission agrees that the NSWPF Command Management Framework (CMF) is a useful 'risk based, self-assessment process on the audit function and addresses legislative compliance issues'. However, the Commission disagrees that the CMF is sufficient to address the second limb of *Project Manta Report 2* Recommendation 12 for a number of reasons, including:

- the CMF was in place when the issues that are sought to be addressed by this recommendation were identified in the Project Manta research, that is to say, the CMF has not been sufficient to address these issues in the past
- the CMF tends to focus on compliance with policy and legislation, its focus has not included managing misconduct risks pertaining to officer supervision, officer experience, community demographics, inappropriate relationships between officers and community members, risks pertaining to particular sectors within a command.

In regard to the fourth limb of the recommendation, the Commission remains of the view that it is necessary to recognise that different treatment strategies will be appropriate in commands covering smaller areas than those appropriate in commands covering large geographical areas. It is noteworthy that Project Manta found that rural commands were not the only ones to identify isolation of officers as a misconduct risk. Two of the five commands that nominated this misconduct risk were located in metropolitan regions. While accepting that isolation of officers is not confined to rural commands, the physical dimensions of some rural commands would make them more susceptible to some risks. Some rural local area commands cover large geographical areas, with police officers working in areas distant from their colleagues. Local area commands included in the Project Manta sample ranged in area from less than 10 sq. km to more than 50,000 sq. km. One rural commander described his command as being some 300 km between its boundaries and said that the two largest stations within the command are some 200 km apart.

Following receiving feedback from the Commission on these areas of disagreement, in August 2014, the NSWPF advised:

> Given that the NSW Police Force has recently expressed its position in connection with this recommendation I note that the Commission has stated that further advice is not required. Nevertheless the police position is that the implementation of this recommendation is nearing completion.

MANAGEMENT OF MISCONDUCT RISKS ASSOCIATED WITH COUNTER-TERRORISM POLICING – REVIEW OF NSWPF INSPECTIONS AND AUDITS

In 2006 the Commission issued an assessment of the nature of the work of officers undertaking counter-terrorism and dignitary protection policing and the management of the misconduct risks

associated with this work. The unit undertaking this work has subsequently been renamed as the 'Anti-Terrorism & Security Group' (AT & SG).

While not recommending legislated requirements for oversight by an external agency, the Commission's assessment recognised the need for ongoing oversight from beyond the command. In response, the NSWPF initiated a process of annual (or more frequent) formal inspections and audits of the practices and procedures of the AT & SG by its Deputy Commissioner, Specialist Operations. The NSWPF completed the first of these reviews in November 2007 and subsequently provided the Commission with a copy of the plan for that review and a copy of the review report. Based on its consideration of these documents, as stated in its 2007-2008 Annual Report, the Commission considered that the review methodology was appropriate, well-focused and thorough.

During 2013-2014, as part of its misconduct prevention work, the Commission sought and the NSWPF supplied copies of the reports of audits and inspections of the practices and procedures of the AT&SG that have been undertaken since November 2007. In the coming year, the Commission will examine, amongst other things, whether the review methodology continues to be appropriate, well-focused and thorough as a tool for managing the misconduct risks associated with counter-terrorism and dignitary protection policing.

PROJECT OSTARA - MISCONDUCT RISKS ASSOCIATED WITH THE EXECUTION OF SEARCH WARRANTS

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 apart from recommendation 8 all recommendations from its report have been implemented by the NSWPF.

In relation to recommendation 8, the NSWPF advised the Commission in July 2013 that it has established a working party to review the NSW Police Force policy and procedures relating to search warrants and that until this body of work is completed it would not be prudent to publish any article or instruction regarding search warrants. Furthermore the NSWPF has delayed publication an article providing guidance on the obligations of officers with regard to the execution of search warrants in its *Policing Issues & Practice Journal* (PIPJ) because of additional information that it needs to consider.

In August 2014 the NSWPF advised that the working party is ongoing and until it is completed the NSWPF will not implement recommendation 8 nor publish any article or instructions regarding search warrants in the PIPJ.

In summary, the advice of the NSWPF indicates that no progress was made in 2013-14 in implementing the Commission's recommendation 8 and publication of an article in the PIPJ.

7. THE NSW CRIME COMMISSION

Under section 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 2013-14 to detect, prevent and investigate misconduct by NSWCC officers.

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 2013-14 the Commission:

- assessed 10 complaints containing 18 allegations of misconduct against current and former NSWCC officers
- one matter was referred to the NSWCC under s77 of the Act.

Of the 10 complaints, 5 were made direct to the Commission and 4 were reported to the Commission by the NSW Crime Commission or the NSW Police Force. An additional matter was generated by the Commission based on information it had obtained independently. Allegation types included:

- Attempting to pervert the course of justice
- Improper disclosure of information
- Misuse of authority for personal benefit
- Bribery
- Protection of persons involved in drugs
- Improper association.

INVESTIGATIONS

There were a total of 4 preliminary and 1 full investigations open for all, or part of 2013-14.

Table 13: Finalised NSW Crime Commission Preliminary Investigation Outcomes

Indicator	2013-14	2012-13	2011-12
No Further Action	3	5	12
Investigations that progressed to become full investigations	1	0	3
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	**4**	**5**	**15**

Table 14: Finalised NSW Crime Commission Full Investigation Outcomes

Indicator	2013 -14	2012 -13	2011-12
No Further Action	1	3	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	0
Investigations referred to the office of the Director of Public Prosecutions for considerations of prosecution action.	0	1	0
Total	**1**	**4**	**0**

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 2013-14.

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 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 s56(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 2013-14 the Commission disseminated information on 2 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.

CRIME COMMISSION ACT 2012

Last year's Annual Report made reference to the requirement in the *Crime Commission Act 2012* that the Management Committee of the Crime Commission must furnish guidelines to the Police Integrity Commission with respect to the negotiation by the Commission of agreements regarding orders made by consent under the *Criminal Assets Recovery Act 1990.* Before such guidelines are furnished, the Management Committee must first consult and obtain the written consent of the Commissioner of the Police Integrity Commission about the furnishing of the guidelines.

Preparatory to the drafting of the above-mentioned guidelines, the Chairman of the Management Committee wrote to the Commissioner in August 2013 enclosing a copy of guidelines which had been furnished to the Crime Commission by the Management Committee pursuant to s 57(3)(a) of the *Crime Commission Act*.

Those guidelines were consolidated to create a draft acceptable to the Commissioner in accordance with s 57(5) of the *Crime Commission Act*. Written agreement was conveyed by the Commissioner of the Police Integrity Commission to the Management Committee and the Committee formally furnished the guidelines on 24 December 2013, following a resolution passed at a meeting of the Management Committee earlier that month.

The effect of the guidelines is that the Commissioner will be required to certify pursuant to s 62(4) of the *Criminal Assets Recovery Act* that the guidelines have been fully complied with before the Supreme Court will make a confiscation order by consent under the *Criminal Assets Recovery Act 1990*.

LAW REFORM

In February this year the Commission made a submission to the Ministry for Police and Emergency Services on the Review of the *Police Act 1990*. The Commission's principal recommendation for law reform was that a new provision should be included in the *Police Act*

1990 making it an offence for a member of the NSW Police Force to release confidential police information without authority to so.

In its report to Parliament in December 2007 in Operation Mallard, the Commission made a recommendation that consideration be given to the creation of a specific statutory offence of unauthorised release of confidential police information. The issue continues to arise on a regular basis in investigations undertaken by the Commission.

In its submission this year the Commission drew attention to s 127A of the *Victorian Police Regulation Act 1958*, which creates a basic offence and an aggravated form of the offence for officers who access, make use of or disclose information or documents without authority. It was submitted that the Victorian legislation represented a suitable model for a provision to be included in the *Police Act 1990* (NSW). At the time of writing the Report on the Review of the *Police Act* had not been released.

JUDGEMENTS OF SIGNIFICANCE

In December 2013 the Court of Criminal Appeal delivered its decision on the appeal brought by Peter Michael Grealish against the sentence imposed by the District Court on 26 April 2013. Mr Grealish, a civilian, came to the Commission's attention in Operation Starwood. He and a (then) police officer, Tarek Behman, were detected submitting false statutory declarations in order to avoid liability for speeding fines. Both officers were prosecuted for numerous offences under s178BB(1) of the *Crimes Act 1990*, (obtain money etc by false or misleading statements).

Mr Grealish was found guilty by a jury in the District Court at Sydney of 4 counts arising from 4 statutory declarations that falsely nominated a person in Egypt as being the person responsible for each traffic offence. In addition he pleaded guilty to one charge of giving false evidence before the Commission under s 107 of the *Police Integrity Commission Act 1996.*

With respect to the four offences of obtaining a financial advantage by false statement, the sentencing judge indicated a sentence of 9 months imprisonment with respect to each offence. In respect of the offence of giving false evidence the sentencing judge indicated a sentence of 18 months imprisonment. The aggregate sentence pursuant to s 53A of the *Crimes (Sentencing Procedure) Act 1999* (the 'Sentencing Act') was a term of imprisonment of 2 years with a non-parole period of 1 year. The sentencing judge made a finding of special circumstances by reason of the fact that this was the first time Mr Grealish was to undertake a full-time custodial sentence and he required ongoing rehabilitation in the community.

In the appeal against the severity of his sentence the Court of Criminal Appeal said the following in relation to the offence under s 107 of the *Police Integrity Commission Act 1996:*

39 The s 107 offence was clearly an objectively serious one. This is especially so given the sentencing judge's rejection of the applicant's account of having given false evidence as a consequence of fear held by him of Behman.

40 The offence involved an intentional act of misleading the Commission by giving false and misleading evidence at the hearing being conducted by it. As noted above, he had previously been warned by the Commission of the consequences of doing so having sought and obtained a declaration under s 41 of the Act. Having regard to the facts and circumstances of the offending conduct it was not only likely but, in my view inevitable,

> *that the sentencing judge had to impose a full-time custodial sentence of imprisonment. Such a sentence was the only available sentencing outcome in respect of the applicant's perjury offence being at the higher end of the range of objective seriousness for such an offence, and one that was necessary to give effect to the principle of general deterrence.*

The court confirmed that the sentence of 18 months imprisonment for the s 107 offence was warranted. It considered a non-parole period of 8 months to be appropriate based on the finding of special circumstances.

In relation to the *Crimes Act* offences the court concluded that there was error in the indicative sentences of 9 months each for the four offences and resentenced Mr Grealish to a s 9 bond for 18 months for the first offence and an aggregate sentence of 3 months imprisonment with respect to the remaining 3 offences. In total Mr Grealish was resentenced to a term of 9 months imprisonment with a balance of term of 10 months.

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[22] 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 2014 was as follows:

- Chair: Mr Bart Bassett MP (Lib) (elected Chair 28 May 2014)
- Deputy Chair: Mr Lee Evans MP (Lib)
- The Hon. Paul Lynch MP (ALP)
- Mr Ryan Park MP (ALP)
- The Hon. Sarah Mitchell MLC (Nat)

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

- The Hon. Adam Searle MLC (ALP)
- The Hon. Trevor Khan MLC (Nat) (appointed 18 June 2014).

Former members of the Committee for the year 2013-2014 are:

- The Hon. Catherine Cusack MLC (Lib) (Chair 22 June 2011, resigned 15 May 2014)
- Mr Kevin Anderson MP (Lib) (appointed 22 June 2011, resigned 27 May 2014)
- Dr Peter Phelps MLC (Lib) (appointed 15 May 2014 resigned 18 June 2014).

INTERACTION BETWEEN THE COMMITTEE AND THE COMMISSION

The Commissioner and senior officers from the Commission met with the Committee twice during 2013 - 2014.

On 17 February 2014, the General Meeting between the Commission Executive and the Parliamentary Committee was held at the State Library of NSW. The Commissioner gave evidence in relation to the Commission's Annual Report for the year 2012-2013.

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

On 16 June 2014, the Chair Mr Bart Bassett MP and Deputy Chair Mr Lee Evans MP of the Parliamentary Joint Committee visited the Commission to discuss the operation of the Commission.

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)
- Gary Kirkpatrick, Director Operations
- Allan Kearney, Director Prevention & Information
- Michelle O'Brien, Commission Solicitor
- Pru Sheaves, Executive Officer.

During the reporting period the membership of the Executive Group was expanded to include Ms Christina Anderson, Manager Finance and Mr Nick Athas, Manager Human Resources.

Regular advisors to the EG include:

- the Manager Information Communications and Technology (ICT)
- the Manager Information
- the Security and Risk Coordinator.

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 met at least monthly.

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 IAB.

The Commission's Internal Audit and Risk Committee met on six occasions during 2013-2014, and considered assurance reports and activities in relation to the Commission's work health and safety compliance and business planning processes, as well as reviewing the Commission's financial statements.

10. APPENDICES

APPENDIX 1: PRESCRIBED ANNUAL REPORTING REQUIREMENTS

INDUSTRIAL RELATIONS

In the 2013-14 reporting period the Police Integrity Commission Staff Agency (formerly known as the Division) continued to operate as an employing entity under the provisions of the *Public Sector Employment and Management Act* 2002 (PSEMA) up until 23rd February 2014. From 24th February 2014, following the repeal of the PSEMA and the introduction of the *Government Sector Employment Act 2013* (GSEA), the Commission has been determined to be a Separate Agency under Part 3 of Schedule 1 of the GSEA. Commission employees remain employees of the Crown under the provisions of the GSEA. The Commission continues to employ staff on the basis of individual Employment Agreements of a three year duration, however, discussions are currently underway with relevant staff from the Public Service Commission to determine the future of the Commission's historical employment practices.

The GSE Act has been introduced to modernise the framework for government sector employment and management in New South Wales. It seeks to provide a framework from which to improve the government sector by providing employment arrangements which facilitate high performance, excellent customer service delivery and rewarding careers. The GSE Act introduces a new executive structure for the public service and the Commission has taken initial steps to accommodate existing Executive level positions within the framework of the new executive structure. It is envisaged that full accommodation into the new executive structure will be achieved within the next reporting period.

The Commission's industrial relations (IR) environment remained stable throughout 2013-14 and there were no IR issues of significance impacting upon the Commission's operations. The Commission embarked on a restructuring process across the management levels of its Operations Division following recommendations arising out of an independent external review. Outcomes included the abolition of three senior management positions and two middle management positions and their replacement with three newly created management positions responsible for the operations of specialist functional positions crucial to the work of the Operations Division. This process created three voluntary redundancy situations which were administered in accordance with the provisions of the Commission's Managing Organisational Restructure Policy. Further restructuring of the Commission's Covert Services will occur in the next reporting period with a view to further consolidating specialist functions.

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

	2011	2012	2013	2014
Statutory appointments	1	1	1	1
Executive appointments	3	3	3	3
Female executive appointments	1	1	1	1
Operational staff	79.94	78.40	75.86	71.77
Support staff	21.69	20.60	20.80	21
Total	105.63	103	100.66	96.77

Table 16: Senior Executives–Remuneration Band determination, number of officers and average remuneration 2013-14

Band	Female	Male	Remuneration Range	Average Remuneration
Band 4 (Secretary	0	0	$422,501pa to $488,100pa	0
Band 3 (Deputy Secretary)	0	0	$299,751pa to $422,500pa	0
Band 2 (Executive Director)	0	0	$238,301pa to $299,750pa	0
Band 1 (Director)	1	2	$167,100pa to $238,300pa	$235,140pa

6.62% of the Police Integrity Commission's employee related expenditure in 2013-14 was related to senior executives.

STAFF MOVEMENT

Table 17: Staff movement 2013-14

Number of staff who commenced employment	Number of staff who ceased employment
6	9

3 of the staff who commenced employment in the 2013-14 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 2013-14 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 or the *Government Sector Employment Act* 2013.

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 $448,685pa.

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 or the Executive Bands of the *Government Sector Employment Act* 2013.

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 continued the appointment of Mr Andy Nattress, Director, Operations, as an Assistant Commissioner until Mr Nattress retired on 23rd January 2014.

Pursuant to Section 11 of the Act up until the date of his retirement, 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.

During 2013-14 the Commissioner 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

There were no significant 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 2013-14 reporting period. Training covered specialist areas including:

- Officer Safety Training
- Tactical Exploitation Course
- Enterprise Risk Management for Government Course
- Australian Public Sector Anti-Corruption Conference
- Australian Institute of Professional Intelligence Officers Conference
- CPA Congress
- Records Management Fundamentals
- Security in Government Conference
- Overview of New Solicitors' Rules
- Rule 42 and Reg 176 for all Lawyers Training
- Managing Multiple Projects Course
- Essential Skills – Personal Assistant
- Policy Development
- Project Management
- Conflict Resolution.

Generic training opportunities provided to staff throughout 2013-14 included:

- First Aid.

Support for tertiary related study was provided to a total of eight 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 20 staff members were provided with an opportunity to act in higher duties positions in 2013-14.

WORKPLACE HEALTH AND SAFETY

During the reporting period, two workplace accidents/incidents were reported. Neither of these accidents/incidents resulted in time-loss from work.

The Commission has effective procedures in place to ensure adherence to the requirements of 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.

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 18: NSW Action Plan for Women

Objective	Results / Plans
An equitable and balanced workplace responsive to all aspects of women's lives	A total of 27.27% 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. 13.64% 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 22.73% 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	6 of a total of 20 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 20.81% was spent on female staff.
Promote the position of women	Women currently make up a total of 44.90% of the Commission's workforce. A total of 18.18% of the Commission's management level positions are held by women and 86.36% of the Commission's female staff are remunerated above the equivalent of NSW Public Sector Administrative & Clerical Officers Grade 5.

INFORMATION AND COMMUNICATIONS TECHNOLOGY MANAGEMENT

The first release of the new Electronic Document and Records Management System (EDRMS) was deployed on 19 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 Commission has subsequently expanded on the initial functionality deployed in July via multiple smaller releases that targeted specific areas including search and the management of physical records.

Other significant items of work undertaken during 2013-14 include:

- the adoption of an Information Security Management System utilising the AS/NZS ISO/IEC 27001 standard and consistent with the NSW Digital Information Security Policy
- minor enhancements to the Case Management System
- a project to investigate geospatial mapping capabilities and requirements was unable to identify any current solutions as viable and further work was deferred
- a review of internal and external firewall configuration rules along with the purchase of replacement perimeter firewalls
- a change to the Commission's internet service provider with a significant reduction to recurrent internet expense
- a review and subsequent purchase of risk management software to better manage and communicate risk across the business
- a complete review of current and forecast Microsoft licensing requirements resulting in a consolidated license agreement across the Commission.

Plans for 2014-15 include:

- multiple cycles of improvements to the Case Management System including an upgrade to the underlying software
- a procedural compliance review against the Information Security Management System and associated policies with the intent of ISO 27001 certification
- expansion of the EDRMS search capabilities across most Commission data systems
- the implementation of an eLearning tool to better educate Commission staff on changes to policies and procedures
- a review of the Commission website against the Web Content Accessibility Guidelines
- an upgrade to the Commission disaster recovery site hardware and related software.

DIGITAL INFORMATION SECURITY POLICY

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

Digital Information Security Annual Attestation Statement for the 2013-2014 Financial Year for Police Integrity Commission

I, Bruce James, am of the opinion that Police Integrity Commission had an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the *Digital Information Security Policy for the NSW Public Sector*.

I, Bruce James, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of Police Integrity Commission are adequate for the foreseeable future.

I, Bruce James, am of the opinion that there are no Public Sector Agencies, or part thereof, under the control of Police Integrity Commission.

I, Bruce James, am of the opinion that, where necessary in accordance with the *Digital Information Security Policy for the NSW Public Sector*, certified compliance with *AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements* is in the process of being obtained by all or part of Police Integrity Commission and all or part of any Public Sector Agencies under its control.

Bruce James QC
Commissioner

Date: 17-9-14

DELIVERY OF ELECTRONIC SERVICES

During 2013-14, the Commission's website attracted 28 916 visitors, an average of 79 visitors per day. This is a 22% increase on the number of visitors that was recorded for the 2012-13 period.

MAJOR WORKS

The Commission did not undertake any major works during the reporting period.

AUDITS

The Audit Office of NSW was engaged to carry out an audit of the 2013–14 Financial Statements of both the Police Integrity Commission and the Police Integrity Commission Staff Agency (formerly known as the Division). Copies of the Independent Audit Reports appear with the Financial Statements in Appendix 7.

The Commission and Staff Agency Financial Statements for 2013–14 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. The workers compensation premium for 2013-14 was $18,280 lower than the previous year representing a decrease of 20%, whilst the general insurance premium rose by $3,450 representing a 7% increase.

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

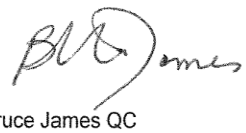
The Commission is required to attest compliance with NSW Treasury policy tpp 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*, and, with the independence and governance requirements of Treasury Circular TC 09/08. On 1 July 2014, the Commissioner, Mr Bruce James QC, formally 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 2013-2014 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: 1-7-14

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 2013–14 financial year.

Table 19: Aged analysis at the end of each quarter 2013–2014

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	2,731	14	0	0	0
Dec	2,280	20	0	0	0
March	2,475	43	5	0	0
June	3,172	12	1	0	0
Small business suppliers					
Sept	26	0	0	0	0
Dec	22	0	0	0	0
March	97	0	0	0	0
June	12	0	0	0	0

Table 20: Accounts due or paid within each quarter 2013–2014

Measure	Sept	Dec	Mar	Jun
All suppliers				
Number of accounts due for payment	427	451	432	406
Number of accounts paid on time	414	441	423	391
Actual percentage of accounts paid on time (based on number of accounts)	97%	98%	98%	96%
Dollar amount of accounts due for payment	$2,730,598	$2,280,088	$2,474,687	$3,171,866
Dollar amount of accounts paid on time	$2,716,254	$2,260,357	$2,429,584	$3,158,466
Actual percentage of accounts paid on time (based on $)	99.4%	99.1%	98.2%	99.6%
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	10	21	21	19
Number of accounts due to small businesses paid on time	10	21	21	19
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	$26,291	$21,573	$96,779	$11,517
Dollar amount of accounts due to small businesses paid on time	$26,291	$21,573	$96,779	$11,517
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 20 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 engaged the services of Paul Roger of Instralis to undertake a structural review of the organisation. Mr Roger has extensive organisation review experience both within government and the private sector. The total cost of the review was $101,000.

DISCLOSURE OF CONTROLLED ENTITIES

Enactment of the *Government Sector Employment Legislation Act 2013* Part 3 of schedule 1 resulted in the establishment of the Police Integrity Commission Staff Agency (formerly known as the Police Integrity Commission Division).

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

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. The Commission is now seeing the savings in energy and the associated costs through occupying less floor space and an amalgamation of two computer server rooms into one.

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 fluorescent lighting is used in high traffic areas.

Air-conditioning is a major component of the Commissions total energy use. To ensure the air-conditioning system is operating at an optimal level while providing ongoing energy efficiency a new Building Management System (BMS) was installed in the later part of the reporting period. The new system allows for better customisation resulting in the equipment running more efficiently with less wear and tear on pumps, motors and valves. Projected annual savings are expected to be around 15% on current energy usage and equipment maintenance.

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
- Recycle bins have been placed on all floors and staff are encouraged to recycle all recyclable products accordingly including paper, plastic, glass as well as toner cartridges and mobile phones and batteries
- Redundant office furniture and equipment together with computer equipment is donated or recycled by an endorsed recycling centre.

MAJOR ASSETS

As part of the Commissions rolling IT strategy plan a total of $565,000 was spent during the reporting period to upgrade or replace hardware and software.

The Commission has a policy of purchasing operational vehicles allowing greater flexibility in the management of the fleet. Three operational vehicles were replaced at a cost of $63,170.

Purchases of other specialist equipment and minor refurbishment works for the period totaled $280,550.

OVERSEAS VISITS

The following Commission staff undertook overseas travel on official business during 2013–14.

Table 21: Overseas visits

Officer	Destination	Purpose	Cost
Technical Surveillance Officer	United States	To attend the International Black Hat Security Conference and associated training.	$1,780
Acting Manager PSU	London	To attend the International Surveillance Group conference hosted by the Serious Organised Crime Agency (SOCA).	$5,031
Manager Assessments & Prevention	Hong Kong	To attend and present at the Anti-Corruption Compliance Asia Pacific Summit. The majority of travel costs were covered by the conference organising committee.	$650

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 2013-14 the Commission did not receive any applications under the PPIP Act.

PUBLIC INTEREST DISCLOSURES

Premier's Memorandum 2013-13 requires public authorities to separately report in their annual reports on:

1. Public interest disclosures made by public officials in performing their day to day functions
2. Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation
3. All other public interest disclosures.

From January 1 2014, the Commission has received no public interest disclosures.

The number of public interest disclosures that the Commission has received in its capacity as a public authority for the reporting period is 23[23].

[23] Chapter 3, p16, Police Integrity Commission Annual Report 2013-2014

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

Relevant Section of the *Police Integrity Commission Act 1996*	Section of 2013–14 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 14 Page 77
Section 99 (2) (b) a description of the types of matters investigated by the Commission	Chapter 4 – Investigating serious police misconduct	Page 18
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 43
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 43
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 18
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 2013-14 arising from Commission investigations	Page 18 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 34
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 52

APPENDIX 3: TYPES OF ALLEGATIONS[24] ASSESSED

Table 22: Allegations Assessed in 2013-14 against sworn NSWPF officers

Allegation Type	Number
Improper association	229
Unauthorised / improper disclosure of information	234
Failure to investigate	180
Misuse authority for personal benefit or the benefit of an associate	211
Attempting to pervert the course of justice	110
Improper interference in an investigation by another police officer	106
Offence punishable upon conviction by a maximum sentence of 5 years or more	83
Protection of person(s) involved in drugs	95
Lied during proceedings / in statement / on affidavit	91
False accusation	74
Dealing or supply	28
Fabrication of evidence (other than perjury or verballing)	40
Bribery	47
Tampering with or destroying	28
Theft / misappropriation (more than $5000)	5
Sexual assault	16
Mislead the court	7
Withholding or suppression of evidence	14
Child sexual abuse or paedophilia	15
Cultivation or manufacture	7
Perjury	12
Make false statement (verballing)	11
Collusion between police witnesses	4
Inappropriate prosecution / misuse of prosecution power	19

[24] 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	4
Other allegations[25]	2028
TOTAL	**3705**

Table 23: Allegations assessed in 2013-14 against unsworn NSWPF officers

Allegation Type	Number
Misuse email/internet	4
Misuse authority for personal benefit or the benefit of an associate	3
Unauthorised / improper disclosure of information	8
Offence punishable upon conviction by a maximum sentence of 5 years or more	25
Improper association	11
Failure to investigate	0
Dealing or supply	2
Cultivation or manufacture	0
Attempting to pervert the course of justice	1
Theft/misappropriation (more than $5000)	0
Other allegations	147
TOTAL	**201**

[25] 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 2013-14, compared with the two previous reporting years.

Table 24: Exercise of Commission's Powers

Functions	2013-14	2012-13	2011-12
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	4	8	2
s 26 – Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	166	209	217
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	 8 37	 23 22	 7 31
s 38 – Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	39	58	55
s 45(1) – Authorised justice may issue search warrant	3	4	3
s 45(2) – Commissioner may issue a search warrant	NIL	NIL	NIL
s 50 – Number of warrants obtained under *Surveillance Devices Act* 2007	4	9	9
Under *Law Enforcement (Controlled Operations) Act* 1997			
Applications granted by Commission for authority to conduct controlled operations	2	1	2
Applications granted by Commissioner for variation of authority to conduct controlled operations	NIL	NIL	NIL
Under *Law Enforcement and National Security (Assumed Identities) Act* 2010			
Approval granted by Commissioner for acquisition and use of an assumed identity	2	2	NIL
Applications granted for variation of assumed identity	8	1	NIL

Functions	2013-14	2012-13	2011-12
Applications granted for cancellations of assumed identity	42	5	NIL
Under *Telecommunications (Interception & Access) Act* 1979			
Warrants issued for the interception of communications	35	66	62
Warrants issued for access to stored communications	4	4	10

APPENDIX 5 PROSECUTIONS IN 2013/14 ARISING FROM COMMISSION INVESTIGATIONS

Table 25: Prosecutions by Police Integrity Commission

Name	Operation	Charge(s)	Status/Result
Jonathan ALT	Operation Ischia	3 x s 107 *Police Integrity Commission Act 1996* – Give false/misleading evidence at hearing before Commission	03/09/13: Magistrate Grogin dismissed all charges and discharged ALT with conditions under the *Mental Health (Forensic Provisions) Act 1990*, including a requirement that he undergo fortnightly urinalysis for a period.
Daniel BARLING	Operation Anafi	1 x s 59(1) *Crimes Act 1900* - Assault occasioning ABH 1 x s 61 *Crimes Act 1900* - Common assault	28/01/14: First mention in Downing Centre Local Court. Plea of not guilty entered to both charges. 17/06/14: Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: Mention. EDMONDSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. LIM and BARLING may join this application at a later date. Hearing of stay application set down for 8/10/14. 3/10/14: Hearing of stay application for 8/10/14 vacated, now set down for 3/11/14.
Tarek BEHMAN	Operation Horseshoe	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: 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 Sydney District Court: Aggregate sentence of imprisonment of 3 years with a minimum non-parole period of 2 years. 21/07/14: Hearing in Court of Criminal Appeal for appeal against sentence. Judgment reserved.
Matthew DENNIS	Operation Ischia	9 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	12/06/14: Plea of guilty to charges 1 & 2 (as amended). Charges 3-9 withdrawn. Application under s 32 *Mental Health (Forensic Provisions) Act 1990* listed on 18/06/14. 18/06/14: Application under s 32 dismissed. Pre-sentence report ordered. Adjourned to 6/08/2014 for sentence. 29/08/14: Convicted on both counts. Sentenced of imprisonment 9 months. Adjourned to 31/10/14 for submissions on suitability of DENNIS to serve his sentence as home detention.

Shane DIEHM	Operation Ischia	4 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	24/03/14-25/03/14: Matter part-heard in Downing Centre Local Court. Plea of guilty to counts 1 and 2 (of the 4 x s 107 counts). Application to have matter dealt with under s 32 *Mental Health (Forensic Provisions) Act 1990* dismissed. 23/07/14: Hearing on remaining charges. Adjourned to 20/08/14 for judgment and sentence. 20/08/14: Convicted on all counts. Sentenced in Downing Centre Local Court as follows: - 2 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission (on counts 3 & 4, sentence of 12 months imprisonment with non parole period of 6 months); - 2 x s 107 *Police Integrity Commission Act* 1996 - Give false/misleading evidence at hearing before the Commission to which DIEHM had previously pleaded guilty (On counts 1 & 2, sentence of 3 months imprisonment on each count). Aggregate sentence of 12 months commencing 20 August 2014 and expiring on 19 August 2015 with a minimum non parole period of 6 months. An appeal was lodged same date. 24/09/14: Mention in District Court. Adjourned to 5/11/14.
Ryan ECKERSLEY	Operation Barmouth	1 x s 61 *Crimes Act 1900* - Common assault 1 x s 319 *Crimes Act 1900* - Pervert the course of justice 1 x s 317(b) *Crimes Act 1900* - Fabricating false evidence 1 x s 328 *Crimes Act 1900* - Perjury with intent to procure a conviction 1 x s 327 *Crimes Act 1900* - Perjury	17/07/14: First mention in Downing Centre Local Court. Adjourned to 4/09/14. 16/10/14: Mention in Downing Centre Local Court. ECKERSLEY committed for trial. Adjourned to 24/10/14.
Scott EDMONDSON	Operation Anafi	1 x s 61 *Crimes Act 1900* - Common assault 1 x s 59(1) *Crimes Act 1900* - Assault occasioning ABH	28/01/14: First mention in Downing Centre Local Court. Plea of not guilty entered to both charges. 17/06/14: Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: Mention. EDMONDSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. LIM and BARLING may join this application at a later date. Hearing of stay application set down for 8/10/14.

			3/10/14: Hearing of stay application for 8/10/14 vacated, now set down for 3/11/14.
Peter GREALISH	Operation Horseshoe	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: 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 Sydney District Court: Aggregate sentence of 2 years imprisonment with a minimum non-parole period of 12 months. Notice of Intention to Appeal against Sentence filed in the Court of Criminal Appeal. 20/12/13: Court of Criminal Appeal judgment delivered, original sentence quashed, new sentence imposed as follows: - 1 x s 178BB(1) re offence on or about 6/12/06 – Good behaviour bond 18 months to commence on 26/04/13 to 25/10/14. - 3 x s 178BB(1) – aggregate sentence of imprisonment for 3 months to commence on 26/04/13 to 25/07/13. - 1 x s 107 – non-parole period of 8 months to commence on 26/05/13 to 25/01/14 with a balance of term of 10 months to 25/11/14. 28/03/14: Further appeal against sentence on procedural grounds. Sentence imposed by CCA on 20/12/13 upheld.
David HILL	Operation Barmouth	1 x s 61 *Crimes Act 1900* - Common assault 1 x s 319 *Crimes Act 1900* - Pervert the course of justice 1 x s 317(b) *Crimes Act 1900* - Fabricating false evidence 2 x s 328 *Crimes Act 1900* - Perjury with intent to procure a conviction 2 x s 327 *Crimes Act 1900* - Perjury 1 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	CAN served 5/06/14. 17/07/14: First mention in Downing Centre Local Court. Adjourned to 4/09/14. 16/10/14: Mention in Downing Centre Local Court. Adjourned to 6/11/14 for waiver of committal.
Jenna-Lee HUGHES	Operation Shabti	2 x s 107 *Police Integrity Commission Act 1996* -	24/04/12: Entered pleas of guilty the following charges:

		Give false/misleading evidence at hearing before Commission 4 x Misconduct in Public Office (common law offence)	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 Sydney 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 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. HUGHES filed a Notice of Intention to Appeal against Sentence in the Court of Criminal Appeal. 9/12/13: Hearing in Court of Criminal Appeal. Judgment reserved. 24/02/14: Judgment delivered. Leave to appeal granted, appeal dismissed.
Darren KOLOSQUE	Operation Ischia	5 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	CANS served 4/03/14. 5/09/14: Matter part-heard. Adjourned to 30/10/14.
Christopher LAYCOCK	Operation Cobalt	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* –	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 the 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 05/04/12: Sentenced as follows: 2 x s 111(2) *Crimes Act 1900* – Entering

		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	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, which expired on19/06/13. The period in which the Notice of Intention to Appeal has effect was extended to 28/02/14. 17/07/14: Callover in the Court of Criminal Appeal. Matter is listed for hearing on 19/09/14. 19/09/14: Hearing of appeal against severity of sentence before Court of Criminal Appeal. Judgment reserved. 29/09/14: Appeal dismissed.
Chin Aun LIM	Operation Anafi	1 x s 61 *Crimes Act 1900* - Common assault	28/01/14: First mention in Downing Centre Local Court. Plea of not guilty entered. 17/06/14: Mention. Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: Mention. EDMONDSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. LIM and BARLING may join this application at a later date. Hearing of stay application set down for 8/10/14. 3/10/14: Hearing of stay application for 8/10/14 vacated, now set down for 3/11/14.
Hiep Hoa LUU	Operation Deakin	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 mention at Melbourne Magistrates Court. Hiep Hoa LUU failed to appear, Bench Warrant issued for his arrest.
Thi My LUU	Operation Deakin	1 x s 30(1) *Australian Passports Act 2005* (Cth) – Giving false or misleading information in relation to Australian travel document	28/06/12: Initial mention at Melbourne Magistrates Court. Thi My LUU failed to appear, Bench Warrant issued for her arrest.

		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	
Robert McCUBBEN	Operation Barmouth	1 x s 319 *Crimes Act 1900* - Pervert the course of justice 1 x s 317(b) *Crimes Act 1900* - Fabricating false evidence	CAN served 5/06/14. 17/07/14: First mention in Downing Centre Local Court. Adjourned to 4/09/14. 16/10/14: Mention in Downing Centre Local Court. McCUBBEN committed for trial. Adjourned to 24/10/14.
Luke MEWING	Operation Barmouth	1 x s 61 *Crimes Act 1900* - Common assault 1 x s 319 *Crimes Act 1900* - Pervert the course of justice 1 x s 317(b) *Crimes Act 1900* - Fabricating false evidence 1 x s 328 *Crimes Act 1900* - Perjury with intent to procure a conviction 1 x s 327 *Crimes Act 1900* - Perjury 1 x s 52(3) *Police Integrity Commission Act 1996* - Make a publication contravening direction	CAN served 5/06/14. 17/07/14: First mention in Downing Centre Local Court. Adjourned to 4/09/14. 16/10/14: Mention in Downing Centre Local Court. Timetable for submissions for MEWING's committal hearing set down, return to court for reply on 20/11/13.
Roderick MORRIS	Operation Ischia	5 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	26/09/13: First mention in Downing Centre Local Court. 28/01/14: Mention. Matter listed for hearing on 2/04/14-4/04/14. 3/04/14: MORRIS found not guilty of all five charges.
Ljubomir NOVAKOVIC	Operation Winjana	2 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing	10/10/13: First mention in Downing Centre Local Court. Not guilty plea entered. 14/04/14: Hearing in Downing Centre Local Court.

		before the Commission	17/06/14: Convicted on both counts. Pre-sentence report ordered. Adjourned to 4/09/14. 4/09/14: Adjournment sought by defence in order to obtain a psychiatric report from NOVAKOVIC's psychiatrist, who needed to consult with NOVAKOVIC a second time before finalising his report. Pre-sentence report has been completed and copies were provided to the parties. Adjourned to 9/10/14. 9/10/14: Defence sought adjournment for NOVAKOVIC's psychiatrist to make further inquiries before finalising report. Adjourned to 16/12/14.
Damian RALPH	Operation Anafi	1 x s 61 *Crimes Act 1900* - Common assault	28/01/14: First mention in Downing Centre Local Court. Plea of not guilty entered. 17/06/14: Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: Mention. EDMONDSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. LIM and BARLING may join this application at a later date. Hearing of stay application set down for 8/10/14. 3/10/14: Hearing of stay application for 8/10/14 vacated, now set down for 3/11/14.
Robert REID	Operation Ischia	3 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	27/03/14: First mention in Downing Centre Local Court. 16/07/14-17/07/14: Hearing over two days. Adjourned to 24/07/14 for judgment. 24/07/14: Convicted on all three counts. Pre-sentence report ordered. Adjourned for sentence to 15/09/14. 15/09/14: Sentenced on three charges as follows: - 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission – on count 1, 13 months imprisonment with 7 months non-parole period - 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission – on count 2, 13 months imprisonment with 7 months non-parole period - 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission – on count 3, 12 months imprisonment with 3 months non-parole period All sentences to be served concurrently. An appeal against conviction and severity of sentence was lodged same date. 15/10/14: Mention of appeal matter in District

			Court. Listed for hearing on 27/04/15 for 2 days.
Scott TRACEY	Operation Starwood	7 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission	09/10/12: 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 26/09/14: Convicted on all three counts and sentenced as follows: - 2 x s 107 *Police Integrity Commission Act 1996* – Give false/misleading evidence at hearing before Commission – on counts 1 and 2, concurrent terms of 8 months imprisonment commencing 26/09/14, to expire on 25/05/15 (no non-parole period set for these counts) - 1 x s 107 *Police Integrity Commission Act 1996* – Give false/misleading evidence at hearing before Commission – on count 3, 8 months imprisonment commencing four months from 26/09/14 (four month period of accumulation) to expire on 25/09/15. A non-parole period of four months was set for count 3. Total term of imprisonment will expire on 25/09/15. Earliest release date will be 25/05/15.
Lee WALMSLEY	Operation Barmouth	1 x s 61 *Crimes Act 1900* - Common assault 1 x s 319 *Crimes Act 1900* - Pervert the course of justice 1 x s 317(b) *Crimes Act 1900* - Fabricating false evidence 1 x s 328 *Crimes Act 1900* - Perjury with intent to procure a conviction 1 x s 327 *Crimes Act 1900* - Perjury	CAN served 6/06/14. 17/07/14: First mention in Downing Centre Local Court. Adjourned to 4/09/14. 16/10/14: Mention in Downing Centre Local Court. WALMSLEY committed for trial. Adjourned to 24/10/14.
Craig WILSON	Operation Ischia	2 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	CAN served 10/06/14. 17/07/14: First mention in Downing Centre Local Court. Adjourned to 11/09/14. 11/09/14: Mention. Hearing date set for 4/12/14 for 2 days. Next mention 13/11/14.
Mark WOOLVEN	Operation Barmouth	1 x s 319 *Crimes Act 1900* - Pervert the course of justice 1 x s 317(b) *Crimes Act 1900* - Fabricating false evidence	CAN served 6/06/14. 17/07/14: First mention in Downing Centre Local Court. Adjourned to 4/09/14. 16/10/14: Mention in Downing Centre Local Court. WOOLVEN committed for trial. Adjourned to 24/10/14.

Table 26: Prosecutions by the Australian Taxation Office (evidence supplied in whole or in part by the Commission)

Name	Operation	Charge(s)	Status/Result
Phillip ST JAMES	Operation Starwood	36 x s134.*2 Criminal Code Act* - Obtaining a financial advantage by deception	Set down for hearing on 10/11/14.

APPENDIX 6: 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:

1. the mandatory release of "Open Access Information"
2. the proactive release of information for which there is no overriding public interest against disclosure
3. 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
4. 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 Act. Section 56(2) of the 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 2013–14 has been negligible. No major issues have arisen during 2013–14 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:

1. 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
2. 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:

1. 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;
2. the Right to Information officer monitors the creation of new documents within the Commission of a kind which may be proactively released;
3. 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
4. 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 4:30pm 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)	1
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	-
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 7: 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 2014, 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 2014, 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 the 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 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 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 2014
SYDNEY

Financial Statements 2013–14

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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 2014 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
Commissioner

This page is not audited

Statements of comprehensive income for the year ended 30 June 2014

	Notes	Parent Entity (Police Integrity Commission) Actual 2014 $'000	Parent Entity (Police Integrity Commission) Actual 2013 $'000	Economic Entity (Consolidated) Actual 2014 $'000	Economic Entity (Consolidated) Budget 2014 $'000	Economic Entity (Consolidated) Actual 2013 $'000
Expenses excluding losses						
Operating Expenses						
Employee related	2(a)	590	557	14,206	14,423	13,088
Other operating expenses	2(b)	3,783	4,380	3,783	4,551	4,380
Personnel services	2(c)	12,711	12,259	--	--	--
Depreciation and amortisation	2(d)	1,164	1,069	1,164	1,275	1,069
Total expenses excluding losses		**18,248**	**18,265**	**19,153**	**20,249**	**18,537**
Revenue						
Recurrent appropriation	3(a)	16,933	16,966	16,933	17,980	16,966
Capital appropriation	3(a)	900	1,011	900	1,790	1,011
Investment revenue	3(b)	54	59	54	84	59
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	--	--	905	715	272
Other revenue	3(d)	1	83	1	--	83
Total revenue		**17,888**	**18,119**	**18,793**	**20,569**	**18,391**
Gain/(loss) on disposal	4	(9)	(9)	(9)	--	(9)
Net result	17	**(369)**	**(155)**	**(369)**	**320**	**(155)**
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		**(369)**	**(155)**	**(369)**	**320**	**(155)**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of financial position as at 30 June 2014

	Notes	Parent Entity (Police Integrity Commission) Actual 2014 $'000	Parent Entity (Police Integrity Commission) Actual 2013 $'000	Economic Entity (Consolidated) Actual 2014 $'000	Economic Entity (Consolidated) Budget 2014 $'000	Economic Entity (Consolidated) Actual 2013 $'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	1,907	1,613	1,973	1,800	1,811
Receivables	7	542	391	543	433	391
Total Current Assets		**2,449**	**2,004**	**2,516**	**2,233**	**2,202**
Non-Current Assets						
Plant and equipment	8	2,516	2,759	2,516	3,486	2,759
Intangible assets	9	136	204	136	181	204
Total Non-Current Assets		**2,652**	**2,963**	**2,652**	**3,667**	**2,963**
Total Assets		**5,101**	**4,967**	**5,168**	**5,900**	**5,165**
LIABILITIES						
Current Liabilities						
Payables	11	658	423	661	500	426
Provisions	12	1,306	1,157	1,369	1,198	1,351
Other	13	153	50	153	--	50
Total Current Liabilities		**2,117**	**1,630**	**2,183**	**1,698**	**1,827**
Non-Current Liabilities						
Provisions	12	480	464	480	725	464
Total Non-Current Liabilities		**480**	**464**	**480**	**725**	**464**
Total Liabilities		**2,597**	**2,094**	**2,663**	**2,423**	**2,291**
Net Assets		**2,504**	**2,873**	**2,505**	**3,477**	**2,874**
EQUITY						
Reserves		416	416	416	186	416
Accumulated funds		2,088	2,457	2,089	3,291	2,458
Total Equity		**2,504**	**2,873**	**2,505**	**3,477**	**2,874**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of changes in equity for the year ended 30 June 2014

	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 2013		**2,457**	**416**	**2,873**	**2,458**	**416**	**2,874**
Net result for the year		**(369)**	**--**	**(369)**	**(369)**	**--**	**(369)**
Other comprehensive income:							
Change in restoration liability		--	--	--	--	--	--
Total other comprehensive income		**--**	**--**	**--**	**--**	**--**	**--**
Total comprehensive income for the year		**(369)**	**--**	**(369)**	**(369)**	**--**	**(369)**
Balance at 30 June 2014		**2,088**	**416**	**2,504**	**2,089**	**416**	**2,505**
Balance at 1 July 2012		**2,612**	**186**	**2,789**	**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**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of cash flows for the year ended 30 June 2014

	Notes	Parent Entity (Police Integrity Commission) Actual 2014 $'000	Parent Entity (Police Integrity Commission) Actual 2013 $'000	Economic Entity (Consolidated) Actual 2014 $'000	Economic Entity (Consolidated) Budget 2014 $'000	Economic Entity (Consolidated) Actual 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(590)	(557)	(13,012)	(13,778)	(12,685)
Other		(4,333)	(4,721)	(4,334)	(5,094)	(4,723)
Personnel services		(12,291)	(12,048)	--	--	--
Total Payments		**(17,214)**	**(17,326)**	**(17,346)**	**(18,872)**	**(17,408)**
Receipts						
Recurrent appropriation		17,036	17,016	17,036	17,980	17,016
Capital appropriation		900	1,011	900	1,790	1,011
Interest received		56	64	56	84	64
Cash transfers to the Crown Entity		--	--	--	--	--
Other		425	655	425	588	655
Total Receipts		**18,417**	**18,746**	**18,417**	**20,442**	**18,746**
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	**1,203**	**1,420**	**1,071**	**1,570**	**1,338**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of plant & equipment		--	--	--	--	--
Purchases of plant & equipment		(909)	(966)	(909)	(1,690)	(966)
Purchases of Intangible Assets		--	(45)	--	(100)	(45)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(909)**	**(1,011)**	**(909)**	**(1,790)**	**(1,011)**
NET INCREASE / (DECREASE) IN CASH		294	409	162	(220)	327
Opening cash and cash equivalents		1,613	1,204	1,811	2,020	1,484
CLOSING CASH AND CASH EQUIVALENTS	6	**1,907**	**1,613**	**1,973**	**1,800**	**1,811**

The accompanying notes form part of these financial statements

Police Integrity Commission

Summary of Compliance with Financial Directives

	2014				2013			
	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	17,980	16,933	1,790	900	17,976	16,966	1,790	1,011
	17,980	16,933	1,790	900	17,976	16,966	1,790	1,011
OTHER APPROPRIATIONS/ EXPENDITURE								
• Treasurer's Advance	--	--	--	--	--	--	--	--
• Additional appropriations	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,980	16,933	1,790	900	17,976	16,966	1,790	1,011
Amount drawn down against Appropriation		17,086		900		17,016		1,011
Liability to Consolidated Fund		153		--		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.

Police Integrity Commission

Summary of Compliance with Financial Directives for the Year Ended 30 June 2014 (cont)

Recurrent Appropriation

The Commission's recurrent appropriation of $17.980m was not fully drawn down due to the carrying of vacant positions and savings made on other operating expenses. The Commission drew down $17.086m of the approved recurrent appropriation.

Capital Appropriation

The Commission expended $900,169 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 2014

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 Staff Agency (the Agency).

These financial statements for the year ended 30 June 2014 have been authorised for issue by the Commissioner for the Police Integrity Commission on 18 September, 2014.

(b) *Basis of consolidation and preparation*

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

The financial statements of the Agency 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 on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and 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 2014

(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*

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

initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, 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 14–01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

(iv) *Impairment of plant and equipment*

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. AASB 136 modifies the recoverable amount test for non-cash generating assets for not for profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value. 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.

(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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

(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 2.53% (Government bond rate 1/7/14) 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. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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.

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits. Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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 14/04) 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. Consequential on-costs

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

(i) *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.

(j) *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).

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

(k) *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 contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities.*

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

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

(l) *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.

(m) *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.

(n) *Changes in accounting policy, including new or revised Australian Accounting Standards*

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2013-14 the impact to the Commission has been immaterial.

- AASB 13, AASB 2011-8 & 2012-1 -- Amendments to Australian Accounting Standards regarding fair value measurement
- AASB 119, AASB 2011-10 & AASB 2011-11 -- Amendments to Australian Accounting Standards regarding employee benefits

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Commission is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2014.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

- AASB 9, AASB 2010-7 & AASB 2012-6 -- Amendments to Australian Accounting Standards regarding financial Instruments (effective 2015/16)
- AASB 10 -- Consolidated Financial Statements (effective 2014/15)
- AASB 12 -- Disclosure of Interest in Other Entities (effective 2014/15)
- AASB 127 -- Separate Financial Statements (effective 2014/15)
- AASB 1031 -- Materiality
- AASB 1055 & AASB 2013-1 -- regarding budgetary reporting (effective 2014/15)
- 2011-7 -- (NFP) regarding Consolidation and Joint Arrangements
- AASB 2012-3 -- Amendments to Australian Accounting Standards – Offsetting financial assets and financial liabilities (effective 2014/15)
- AASB 2013-3 -- Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets (effective 2014/15)
- AASB 2013-6 -- Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 2014/15)
- AASB 2013-8 – Regarding Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2013-9 – Regarding the Conceptual Framework, Materiality and Financial Instruments (parts B and C)

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

2. EXPENSES EXCLUDING LOSSES

		Police Integrity Commission		Consolidated	
(a)	Employee related expenses	2014 $'000	2013 $'000	2014 $'000	2013 $'000
	Salaries and wages (including recreation leave)*	501	483	11,471	11,134
	Superannuation–defined benefit plans	--	--	90	101
	Superannuation–defined contribution plans	--	--	963	885
	Long service leave	--	--	810	166
	Workers' compensation insurance	--	--	101	91
	Payroll tax and fringe benefits tax	89	74	768	710
	Other	--	--	3	1
		590	**557**	**14,206**	**13,088**

* 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	103	444	103	444
	Books and periodicals	41	38	41	38
	Auditor's remuneration–audit of the financial statements	40	40	40	40
	Consultancies	101	--	101	--
	Contractors	166	196	166	196
	External legal counsel	175	265	175	265
	Minor computer expenses	109	106	109	106
	Maintenance *	473	453	473	453
	Make good expense	16	18	16	18
	Insurance	23	24	23	24
	Rent and outgoings (minimum lease payments)	1,724	1,845	1,724	1,845
	Minor equipment	125	157	125	157
	Motor vehicle costs (including leasing charges)	123	122	123	122
	Advertising	1	12	1	12
	Printing and stationery	32	36	32	36
	Staff development	49	44	49	44
	Travelling expenses	142	158	142	158
	Telephones	72	70	72	70
	Fees and searches	77	86	77	86
	Other	191	266	191	266
		3,783	**4,380**	**3,783**	**4,380**
	* Reconciliation - Total maintenance				
	Maintenance expense - contracted labour and other (non-employee related), as above	473	453	473	453
	Total maintenance expenses included in Note 2 (b)	**473**	**453**	**473**	**453**
(c)	Personnel Services expenses				
	Police Integrity Commission Staff Agency	**12,711**	**12,259**	**--**	**--**
(d)	Depreciation and amortisation expense				
	Depreciation				
	Computer Equipment	431	424	431	424
	Plant and Equipment	348	382	348	382
	Amortisation				
	Leasehold Improvements	274	156	274	156
	Intangibles	111	107	111	107
		1,164	**1,069**	**1,164**	**1,069**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

3. REVENUE

		Police Integrity Commission		Consolidated	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
(a)	Appropriations				
	Recurrent appropriations				
	Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	17,086	17,016	17,086	17,016
	Less: Liability to Consolidated Fund (per Summary of Compliance)	(153)	(50)	(153)	(50)
		16,933	**16,966**	**16,933**	**16,966**
	Comprising:				
	Recurrent appropriations (per Statement of Comprehensive Income)	16,933	16,966	16,933	16,966
		16,933	**16,966**	**16,933**	**16,966**
	Capital appropriations				
	Total capital draw-downs from NSW Treasury (per Summary of Compliance)	900	1,011	900	1,011
		900	**1,011**	**900**	**1,011**
	Comprising:				
	Capital appropriations (per Statement of Comprehensive Income)	900	1,011	900	1,011
		900	**1,011**	**900**	**1,011**
(b)	Investment revenue				
	Interest	54	59	54	59
		54	**59**	**54**	**59**
(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	--	--	90	101
	Long service leave	--	--	810	166
	Payroll tax	--	--	5	5
		--	**--**	**905**	**272**
(d)	Other Revenue				
	Other revenue – legal costs recovery	--	82	--	82
	Sale of minor equipment	1	1	1	1
		1	**83**	**1**	**83**

4. GAIN/(LOSS) ON DISPOSAL

Proceeds from disposal	47	52	47	52
Written down value of assets disposed	(56)	(61)	(56)	(61)
Gain / (loss) on disposal	**(9)**	**(9)**	**(9)**	**(9)**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash at bank	1,895	1,601	1,961	1,799
Cash on hand	12	12	12	12
	1,907	**1,613**	**1,973**	**1,811**

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)	**1,907**	**1,613**	**1,973**	**1,811**
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**1,907**	**1,613**	**1,973**	**1,811**

7. CURRENT ASSETS—RECEIVABLES

Prepayments	383	268	383	268
Other debtors	159	123	160	123
	542	**391**	**543**	**391**

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 2014

8. NON-CURRENT ASSETS—PLANT AND EQUIPMENT

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

	Leasehold improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
At 1 July 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**
At 30 June 2014 – fair value				
Gross carrying amount	2,237	3,484	3,174	8,895
Accumulated depreciation and impairment	(1,695)	(2,510)	(2,174)	(6,379)
Net Carrying Amount	**542**	**974**	**1,000**	**2,516**

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 2014	Leasehold Improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
Net carrying amount at start of year	790	1,009	960	2,759
- Additions	26	318	522	866
- Disposals	--	(5)	(51)	(56)
- Depreciation Expense	(274)	(348)	(431)	(1,053)
Net carrying amount at end of year	**542**	**974**	**1,000**	**2,516**

	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 prior 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**

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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

9. NON-CURRENT INTANGIBLE ASSETS – SOFTWARE

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

	Consolidated $'000
At 1 July 2013	
Cost (gross carrying amount)	3,997
Accumulated amortisation and impairment	(3,793)
Net Carrying Amount	**204**
At 30 June 2014	
Cost (gross carrying amount)	3,354
Accumulated amortisation and impairment	(3,218)
Net Carrying Amount	**136**
Year ended 30 June 2014	
Net carrying amount at start of year	204
Additions	43
Disposal	--
Amortisation (recognised in "depreciation and amortisation")	(111)
Net carrying amount at end of year	**136**
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**

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.

10. RESTRICTED ASSETS

	Police Integrity Commission		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Police Oversight Data Store grant	--	8	--	8
	--	**8**	**--**	**8**

Grant funding of $8,447 was spent on the Police Oversight Data Store during 2013-14. All grant monies have now been fully expended.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

11. CURRENT LIABILITIES—PAYABLES

	Police Integrity Commission		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Accrued salaries, wages and on-costs	--	--	334	282
Redundancies	--	--	219	--
Personnel services payable	553	282	--	--
Creditors	105	141	108	144
	658	**423**	**661**	**426**

12. CURRENT / NON-CURRENT LIABILITIES—PROVISIONS

Employee benefits and related on-costs				
Annual leave including on-costs	64	48	866	889
Long service leave on-costs	--	--	459	417
Payroll tax and FBT provision	3	3	44	45
	67	**51**	**1,369**	**1,351**
Other provisions				
Provision for personnel services	1,239	1,106	--	--
Restoration costs	480	464	480	464
Total Provisions	**1,786**	**1,621**	**1,849**	**1,815**
Aggregate employee benefits and related on-costs				
Provisions – current	--	--	1,346	1,330
Provisions – non-current	--	--	23	21
Provisions – personnel services	1,239	1,106	--	--
Accrued salaries, wages and on-costs (Note 11)	--	--	553	282
Personnel services payable	553	282	--	--
	1,792	**1,388**	**1,922**	**1,633**

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**	2014 $'000	2013 $'000
Carrying amount at beginning of financial year	464	725
Decrease in provisions recognised	--	(230)
Amounts used	--	(49)
Unwinding / change in the discount rate	16	18
Carrying amount at end of financial year	**480**	**464**

13. CURRENT LIABILITIES – OTHER

	Police Integrity Commission		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Liability to the Consolidated Fund	153	50	153	50
	153	**50**	**153**	**50**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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	19	--	19	--
Total (including GST)	**19**	**--**	**19**	**--**

(b) Operating Lease Commitments

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

Not later than one year	1,609	1,551	1,609	1,551
Later than one year and not later than five years	1,617	3,009	1,617	3,009
Later than five years	--	--	--	--
Total (including GST)	**3,226**	**4,560**	**3,226**	**4,560**

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 2014 include input tax credits of $295,046 (2013 $414,562) that are expected to be recoverable from the Australian Taxation Office.

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 (2013: contingent liabilities Nil, contingent asset Nil).

16. BUDGET REVIEW

Net result

Total expenses at 30 June 2014 are 5.4% below budget. Employee related costs include redundancies accepted at the end of March and due to be paid in the first pay period of July 2014. Other factors impacting on employee related costs include 2 vacant positions recruitment for which will be finalised in the first quarter of 2015. Other operating expenses have seen a decrease in external legal fees and witness expenses while depreciation is lower due to the Commission not expending the total capital allocation.

Assets and liabilities

Cash assets held at year end are above budget. Non-current assets are lower than budget due to the disposal of redundant plant and equipment and the Commission not expending its full capital allocation on replacement assets. The capital budget for future years will be reduced by $590,000 to better reflect the actual capital requirements of the Commission. Current liabilities are above budget this reflects redundancies accrued and payable in July 2014 as well as an increase in on-costs for long service leave due to movement in the bond rate and an increase in the liability to confund.

Cash flows

Both payments and receipts are lower than budget reflecting lower expenses and funding levels required to meet expenses.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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

	Police Integrity Commission		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Net cash used on operating activities	1,203	1,420	1,071	1,338
Depreciation and amortisation	(1,164)	(1,069)	(1,164)	(1,069)
Decrease/(increase) in provisions	(165)	42	(34)	128
Increase/(decrease) in prepayments and other assets	151	(217)	152	(218)
Decrease/(increase) in creditors	(338)	(40)	(338)	(43)
Change in asset revaluation reserve not in P&L	--	(230)	--	(230)
Written down value of assets disposed	(56)	(61)	(56)	(61)
Net result	**(369)**	**(155)**	**(369)**	**(155)**

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:			2014 $'000	2013 $'000
Cash and cash equivalents	6	N/A	1,907	1,613
Receivables[1]	7	Loans and receivables (at amortised cost)	45	49
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	658	423

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

Consolidated

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2014 $'000	2013 $'000
Cash and cash equivalents	6	N/A	1,973	1,811
Receivables[1]	7	Loans and receivables (at amortised cost)	45	49
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	644	409

[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 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 (2014 $45,016; 2013 $48,550) and less than 3 months past due (2014 nil, 2013 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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

	Total [1, 2] $'000	Past due but not impaired[1, 2] $'000	Considered impaired[1, 2] $'000
2014			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2013			
< 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 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							
2014							
Personnel services payable		--	--	--	--	553	553
Creditors		--	--	--	--	105	105
		--	--	--	--	**658**	**658**
2013							
Personnel services payable		--	--	--	--	282	282
Creditors		--	--	--	--	141	141
		--	--	--	--	**423**	**423**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

	Average interest rate %	Variable interest rate $'000	Fixed Interest Maturity Rate: Less than 1 year $'000	1 to 5 years $'000	More than 5 bearing $'000	Non interest $'000	Total $'000
Consolidated							
2014							
Accrued salaries, wages and on-costs		--	--	--	--	553	553
Creditors		--	--	--	--	108	108
		--	--	--	--	**661**	**661**
2013							
Accrued salaries, wages and on-costs		--	--	--	--	282	282
Creditors		--	--	--	--	144	144
		--	--	--	--	**426**	**426**

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 2013. 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.

		Interest rate risk			
	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Parent					
2014					
Financial assets					
Cash and cash equivalents	1,907	(19)	(19)	19	19
2013					
Financial assets					
Cash and cash equivalents	1,613	(16)	(16)	16	16

		Interest rate risk			
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Consolidated					
2014					
Financial assets					
Cash and cash equivalents	1,973	(20)	(20)	20	20
2013					
Financial assets					
Cash and cash equivalents	1,811	(18)	(18)	18	18

(v) Fair value measurement

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

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 Staff Agency
(formerly Police Integrity Commission Division)

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Police Integrity Commission Staff Agency (formerly Police Integrity Commission Division) (the Agency), which comprise the statement of financial position as at 30 June 2014, 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 Agency as at 30 June 2014, 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 the 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 Agency'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 Agency'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.

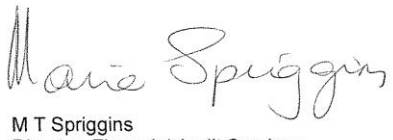
My opinion does *not* provide assurance:

- about the future viability of the Agency
- 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 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 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 2014
SYDNEY

Police Integrity Commission Staff Agency

Financial Statements 2013–14

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Police Integrity Commission Staff Agency

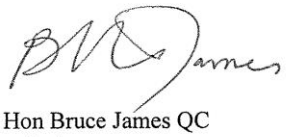
Statement by Commissioner

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

(a) the accompanying financial statements in respect of the year ended 30 June 2014 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 Agency, and

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



The Hon Bruce James QC
Commissioner

This page is not audited

Police Integrity Commission Staff Agency

Statement of comprehensive income for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Expenses excluding losses			
Operating Expenses			
Employee related	2	13,616	12,531
Total expenses excluding losses		**13,616**	**12,531**
Funded by			
Personnel services		12,711	12,259
Acceptance by the Crown Entity of employee benefits and other liabilities	3	905	272
Other revenue		--	--
Total Revenue		**13,616**	**12,531**
Net Result	10	--	--
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME		--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of financial position as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	66	198
Receivables	5	1,792	1,388
Total Current Assets		1,858	1,586
Total Assets		**1,858**	**1,586**
LIABILITIES			
Current Liabilities			
Payables	6	556	285
Provisions	7	1,302	1,301
Total Current Liabilities		1,858	1,586
Total Liabilities		**1,858**	**1,586**
Net Assets		--	--
EQUITY			
Accumulated funds		--	--
Total equity		--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of changes in equity for the year ended 30 June 2014

	Accumu-lated Funds $'000	Total $'000
Balance at 1 July 2013	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2014	--	--
Balance at 1 July 2012	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2013	--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of cash flows for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(12,439)	(12,163)
Total Payments		**(12,439)**	**(12,163)**
Receipts			
Personnel services		12,307	12,080
Total Receipts		**12,307**	**12,080**
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(132)**	**(83)**
NET INCREASE / (DECREASE) IN CASH	10	(132)	(83)
Opening cash and cash equivalents	4	198	281
CLOSING CASH AND CASH EQUIVALENTS	4	**66**	**198**

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission Staff Agency (the Agency) is an Agency of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Government Sector Employment Act 2013*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at 111 Elizabeth Street Sydney NSW 2000.

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

The Police Integrity Commission Staff Agency was previously known as the Police Integrity Commission Division (the Division). Administrative Arrangements Order 2014 which came into effect 24 February 2014 transferred all staff previously employed by the Division to the Agency. For accounting purposes the Agency is treated as a continuing agency with all leave and other entitlements transferred in full subsequently the accounts reflect the full reporting period from 1 July 2013 to 30 June 2014.

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

The financial statements for the year ended 30 June 2014 have been authorised for issue by the Commissioner for the Police Integrity Commission Staff Agency on 18 September, 2014.

(b) *Basis of preparation*

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

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

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

(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).

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Agency has assessed the actuarial advice based on the Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

b. Long Service Leave and Superannuation

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

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 14/04) 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. Consequential on-costs

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

(g) *Other Provisions*

Other provisions exist when the Agency 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.

(h) *Changes in accounting policy, including new or revised Australian Accounting Standards*

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2013-14 the impact of which has been immaterial.

- AASB 13, AASB 2011-8 & 2012-1 -- Amendments to Australian Accounting Standards regarding fair value measurement
- AASB 119, AASB 2011-10 & AASB 2011-11 -- Amendments to Australian Accounting Standards regarding employee benefits

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Agency is of the opinion that the following new Australian

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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 2014.

- AASB 9, AASB 2010-7 & AASB 2012-6 -- Amendments to Australian Accounting Standards regarding financial Instruments (effective 2015/16)
- AASB 10 -- Consolidated Financial Statements (effective 2014/15)
- AASB 12 -- Disclosure of Interest in Other Entities (effective 2014/15)
- AASB 127 -- Separate Financial Statements (effective 2014/15)
- AASB 1031 -- Materiality
- AASB 1055 & AASB 2013-1 -- regarding budgetary reporting (effective 2014/15)
- 2011-7 -- (NFP) regarding Consolidation and Joint Arrangements
- AASB 2012-3 -- Amendments to Australian Accounting Standards – Offsetting financial assets and financial liabilities (effective 2014/15)
- AASB 2013-3 -- Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets (effective 2014/15)
- AASB 2013-6 -- Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 2014/15)
- AASB 2013-8 – Regarding Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2013-9 – Regarding the Conceptual Framework, Materiality and Financial Instruments (parts B and C)

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

2. EXPENSES EXCLUDING LOSSES

	2014 $'000	2013 $'000
Employee related expenses		
Salaries and wages (including recreation leave)	10,565	10,562
Redundancies	409	90
Superannuation–defined benefit plans	90	101
Superannuation–defined contribution plans	963	885
Long Service Leave	810	166
Workers' compensation insurance	101	91
Payroll tax	678	636
	13,616	**12,531**

For the 2013/14 financial year the audit fee for auditing the Agency is included in the Commission audit fee. The estimated cost to audit the Agency 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	90	101
Long Service Leave	810	166
Payroll tax on superannuation	5	5
	905	**272**

The movement in long service leave has resulted from an increase in leave taken and paid out on termination together with the yearend adjustment to the accrual reflecting the movement in the bond rate and present value calculation.

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank	66	198
	66	**198**

5. CURRENT ASSETS – RECEIVABLES

Personnel services	1,792	1,388
	1,792	**1,388**

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

6. CURRENT LIABILITIES –PAYABLES

	2014 $'000	2013 $'000
Employee benefits and related on-costs		
Accrued salaries and wages	334	282
Redundancies	219	--
Other – Paid parental leave	3	3
	556	**285**

7. CURRENT/NON-CURRENT LIABILITIES –PROVISIONS

Employee benefits and related on-costs		
Annual leave including on-costs	802	842
Long service leave on-cost	459	417
Payroll tax	41	42
	1,302	**1,301**
Aggregate employee benefits and related on-costs		
Current payable within 12 months	1,279	1,280
Non-current payable after 12 months	23	21
	1,302	**1,301**

Current liabilities for payables are higher than the previous year due to redundancies accrued and payable in July 2014 while the provision for long service leave on-costs has increased due to movement in the government bond rate effecting prevent value calculations.

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Agency is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2013: nil).

9. COMMITMENTS FOR EXPENDITURE

As at the reporting date, the Agency does not have any commitments (2013: nil).

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

Net cash used in operating activities	(132)	(83)
Decrease/(increase) in provisions	(1)	(101)
Increase/(decrease) in prepayments and other assets	404	179
Decrease/(increase) in creditors	(271)	5
Net result	--	--

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

11. FINANCIAL INSTRUMENTS

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

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

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

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2014 $'000	2013 $'000
Cash and cash equivalents	4	N/A	66	198
Receivables[1]	5	Loans and receivables (at amortised cost)	1,792	1,388

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2014 $'000	2013 $'000
Payables[2]	6	Financial liabilities Measured at amortised cost	539	271

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

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

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

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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 Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014 nil, 2013 nil) and less than 3 months past due (2014 nil, 2013 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
2014			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2013			
< 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 Agency will be unable to meet its payment obligations when they fall due. The Agency continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Agency does not have a bank overdraft facility.

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

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (that are unsecured) are settled in

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

The table below summaries the maturity profile of the Agency's financial liabilities, 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**
2014							
Accrued salaries, wages and on-costs		--	--	--	--	556	556
		--	--	--	--	556	556
2013							
Accrued salaries, wages and on-costs		--	--	--	--	285	285
		--	--	--	--	285	285

(iv) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Agency's exposure to market risk is primarily through interest rate risk. The Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Agency 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 Agency's exposure to interest rate risk is set out below.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

		Interest rate risk			
	Carrying Amount $'000	-1%		1%	
		Profit $'000	Equity $'000	Profit $'000	Equity $'000
2014					
Financial assets					
Cash and cash equivalents	66	(0.7)	(0.7)	0.7	0.7
2013					
Financial assets					
Cash and cash equivalents	198	(2)	(2)	2	2

(v) Fair value measurement

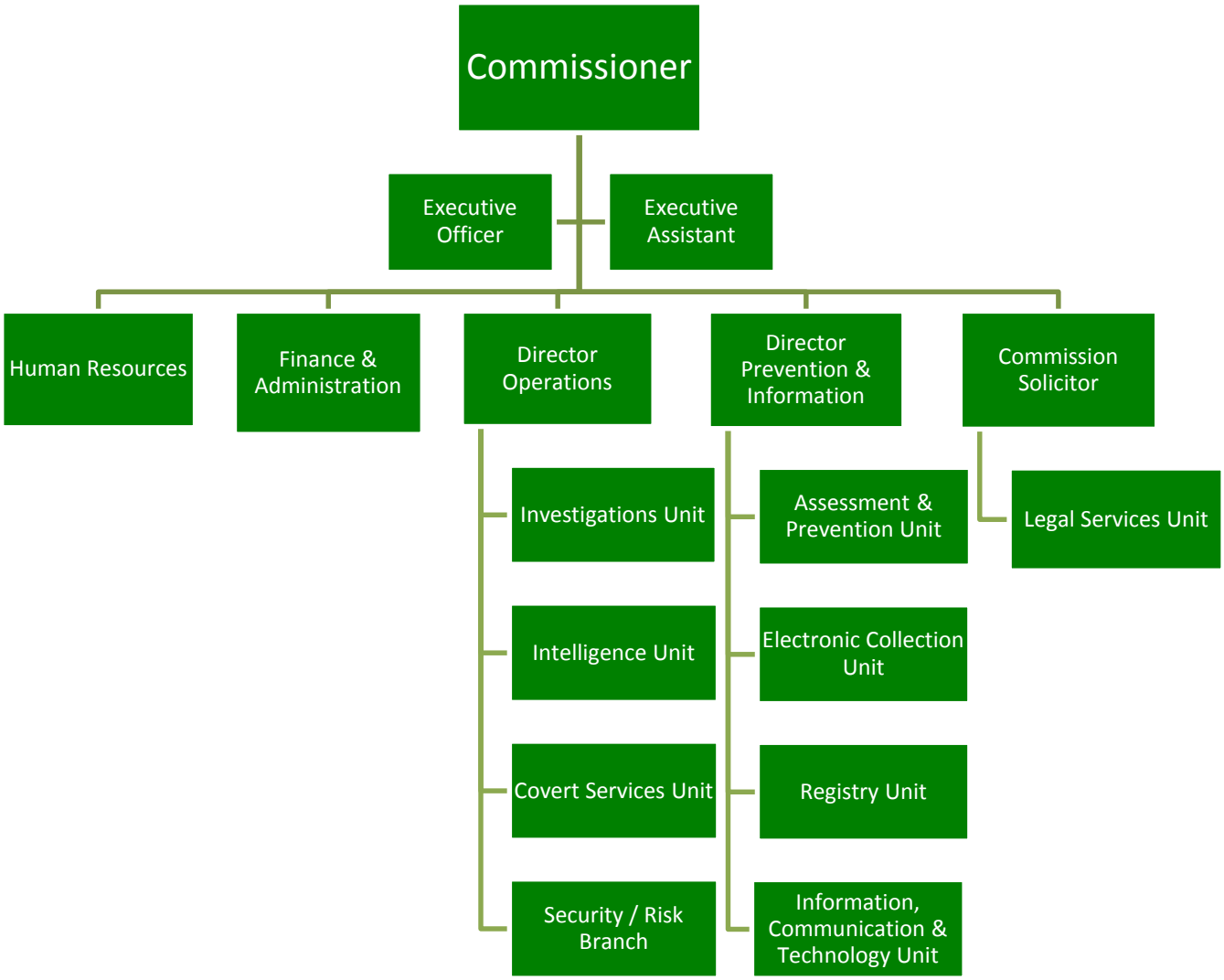
The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

12. 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

APPENDIX 8: ORGANISATIONAL STRUCTURE



APPENDIX 9: 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 – 4.30pm	

Publications

The Commission's publications fall into the following categories:

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

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 2013–14:

Publication Name	Publication Date
Operation Barmouth	September 2013
Misconduct Risks Associated with Secondary Employment	February 2014
Project Cyril: Using the NSW Police Force Complaints System to Identify System Problems and Solutions	March 2014

Annual Report Costs

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

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investigate

prevent
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Police Integrity Commission

Annual Report 2013 – 2014

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 4.30pm