



**PARLIAMENTARY INSPECTOR
OF THE CORRUPTION AND CRIME COMMISSION
WESTERN AUSTRALIA**

ANNUAL REPORT

1 JULY 2010 – 30 JUNE 2011

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PRELIMINARY OBSERVATIONS

This is my third Annual Report to Parliament as Parliamentary Inspector of the Corruption and Crime Commission since my appointment on 1 February 2009.

Section 203 of the *Corruption and Crime Commission Act 2003* (Act) requires the Parliamentary Inspector to prepare, within 3 months of 30 June each year, a report as to his or her 'general activities' during that year, and to cause it to be laid before each House of Parliament or under s 206 (where a House is not sitting) within 21 days of the preparation of the Report.

During the reporting period, my office undertook a total of 52 matters concerning the Commission. This is 14 matters more than the previous reporting period. These matters were received by my office directly from public officers or members of the public, or were referred to me by the Commission or by the Joint Standing Committee of the Commission (JSCCCC), or were matters raised by me on my own initiative.

In the reporting period, I concluded 40 investigations. This is five less than the previous reporting period. The concluded investigations were not all drawn from the 52 complaints received in the reporting period; some were drawn from the previous reporting period.

Mr Christopher Zelestis QC has remained as Acting Parliamentary Inspector during the reporting period. I referred two matters to him pursuant to s 195(3) of the Act. Mr Zelestis also completed in the reporting period an Inquiry commenced by me under s 197(1) of the Act during the previous reporting period. The nature and outcome of the Inquiry was communicated to the JSCCCC on 28 April 2011.

1. FUNCTIONS OF THE PARLIAMENTARY INSPECTOR

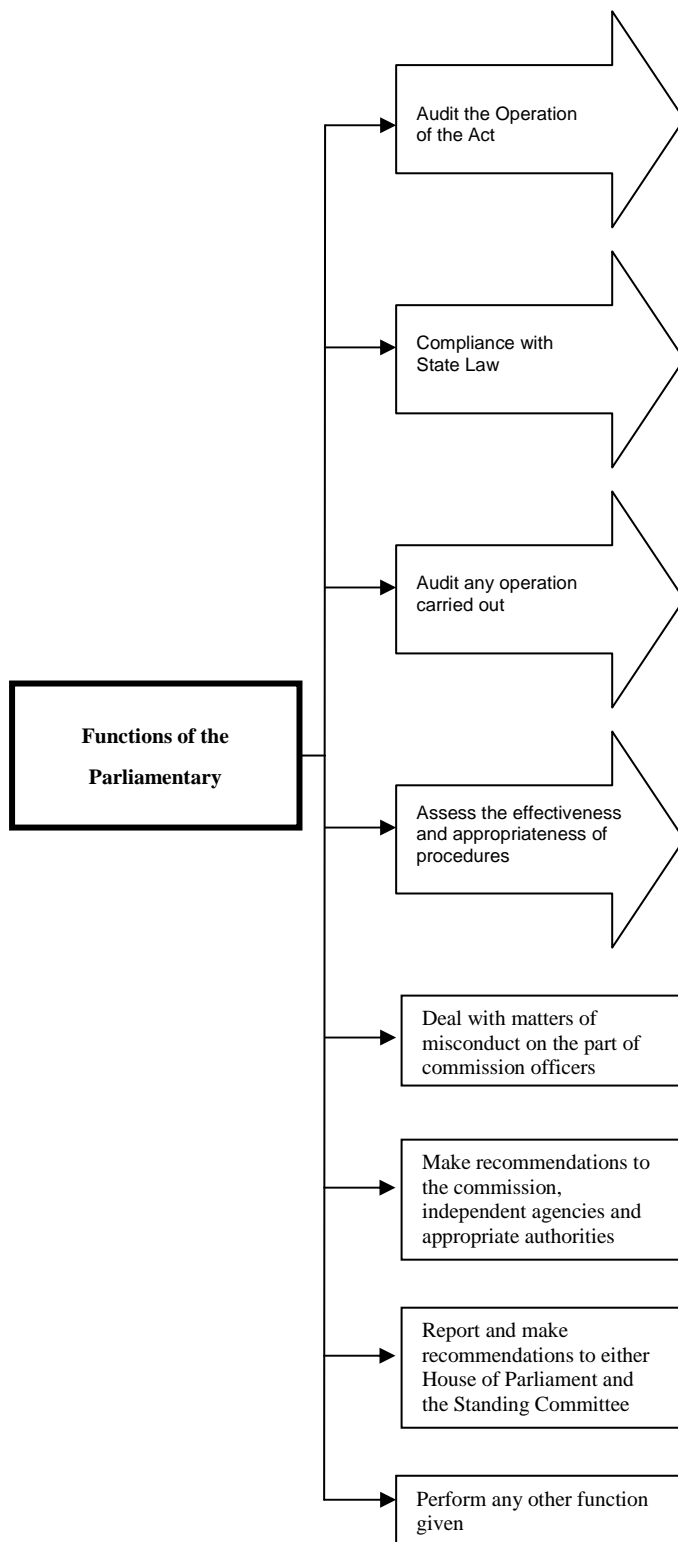
The Parliamentary Inspector has the following functions under s 195(1) of the Act:

- (aa) to audit the operation of the Act;
- (a) to audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State;
- (b) to deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector;
- (cc) to audit any operation carried out pursuant to the powers conferred or made available by this Act;
- (c) to assess the effectiveness and appropriateness of the Commission's procedures;
- (d) to make recommendations to the Commission, independent agencies and appropriate authorities;
- (e) to report and make recommendations to either House of Parliament and the Standing Committee; and
- (f) to perform any other function given to the Parliamentary Inspector under this or another Act.

These functions may be performed on my own initiative, at the request of the Minister, in response to a matter reported to the Parliamentary Inspector, in response to a reference by either House of Parliament, or in response to a reference from the JSCCCC, or the Commission.

I may report to the Parliament, or to the JSCCC, at any time on matters affecting the Commission, including its operational effectiveness and requirements and any administrative or general policy matter relating to my functions. I am also obliged to report annually to Parliament about the general activities of my office during the year. This report may be prepared in conjunction with the Annual Report required under the *Financial Management Act 2006*.

The key functions of the Parliamentary Inspector are summarised below:



1.1 Analysis of the Audit and Other Functions of the Inspector

The following information relates to the allocation of the resources of my office to the functions listed in s 195(1) of the Act. Of the total hours worked by my office in the reporting period, 39% was devoted to audit functions.

s 195(1)(aa): audit the operation of the Act

I perform this function by reviewing Commission investigations pursuant to complaints received by my office, by conducting my audit functions under s 195(1) of the Act, during Inquiries held under s 197(1) of the Act, by calling for submissions, or by a combination of these approaches.

Upon invitation by the JSCCCC, I made a submission to its Inquiry announced in the Legislative Assembly on 15 February 2011 into the use of public hearings by the Commission. My submission was based on my observations of the way in which this power has been used by the Commission during my term.

During the reporting period 51% of the total hours worked was devoted to this function.

s 195(1)(a): audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State

This function is primarily directed to two core areas. The first is to provide assurance that the Commission uses its powers lawfully and appropriately when acting under statutes such as the Act and the *Surveillance Devices Act 1998 (WA)*. The second is to provide assurance that the Commission does not use secrecy or confidentiality provisions to prevent normal accountability mechanisms from applying.

An audit of the following activities of the Commission is conducted under this function by my office at the end of each quarter of the reporting period:

1. all warrants issued to the Commission under the *Surveillance Devices Act 1998 (WA)*;
2. all Assumed Identities Operations authorized by the Commissioner;
3. all Controlled Operations authorized by the Commissioner; and
4. all Organised Crime authorisations granted by the Commission to the W.A. Police.

During the reporting period 1% of the total hours worked was devoted to this function.

s 195(1)(b): deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector

I may deal with allegations of misconduct under s 195(1)(b) and s 197(1) of the Act made against the Commission, any of its officers or my staff. I conducted two Inquiries under s 197(1) of the Act in respect of possible misconduct on the part of Commission officers during the reporting period.

My first Inquiry, which was commenced in the previous reporting period, related to the interception by the Commission of telephone calls which were subject to legal professional privilege. This Inquiry continued throughout the reporting period. Its completion was delayed largely by slow responses from the Commission to my requests for information. At the conclusion of the reporting period, a draft report to Parliament was in its final stages.

My second Inquiry was initiated as part of the JSCCCC's referral to me concerning the death of a person being investigated by the Commission for misconduct. This Inquiry resulted in a Report to the JSCCCC which is second report described in 5.7 below.

An Inquiry commenced by me in the previous reporting period was referred to Acting Parliamentary Inspector Christopher Zelestis QC under s 193(1)(c) of the Act. This Inquiry was held in respect of alleged misconduct on the part of two Commission investigators during the Smiths Beach Investigation and to the effectiveness and appropriateness of Commission procedures in respect of the questioning of witnesses and the service of Commission summonses concluded during the reporting period. The Inquiry was concluded in the reporting period and its outcome was communicated to the JSCCCC on 28 April 2011.

Two investigations were commenced under s 195(1)(b) of the Act to determine if an Inquiry under s 197(1) should be undertaken. None of these investigations have progressed to Inquiry during the reporting period.

s 195(1)(cc): audit any operation carried out pursuant to the powers conferred or made available by this Act

This function enables me to audit all operations and investigations of the Commission, including those conducted pursuant to special powers conferred under the Act. However, it does not provide me with jurisdiction to audit or otherwise have access to interception warrant information, or lawfully intercepted information, used under the *Telecommunications (Interception and Access) Act 1979 (Com)*. I have the jurisdiction to inspect such information only if I am investigating misconduct on the part of the Commission, or any of its officers.

I may undertake this function:

- at the request of the Minister;
- in response to a reference by either House of Parliament, the JSCCCC or the Commission;
- on my own initiative; or
- in response to a matter reported to my office.

The purpose of this audit function is that of determining whether the operations, investigations and the use of special powers by the Commission:

- complied with legislative provisions imposing mandatory procedures for authorisation, monitoring, reporting and other accountability conditions;
- conformed to the policies and procedures established by the Commission;
- were conducted in a timely manner, and
- involved the reasonable use of special powers in the circumstance of the case.

The aim of this form of monitoring is to:

- reduce the risk of unnecessary use of, or abuse of the special powers; and
- promote procedural improvements.

During the reporting period I received no such request from the Minister or either House of Parliament. I received one reference from the JSCCCC to perform this audit function in relation to an investigation conducted by the Commission. The nature of the subject-matter to which this reference was made necessitated an Inquiry under s 197(1) of the Act, rather than an audit. My Report to the JSCCCC, which concluded my obligations under the reference, is the second Report described in 5.7.

During the reporting period 48% of the total hours worked was devoted to the auditing for this function.

s 195(1)(c): assess the effectiveness and appropriateness of the Commission's procedures

This function enables me to examine the procedures adopted by the Commission in the course of carrying out its functions and powers. I perform this function primarily in my consideration of complaints made by public officers, or members of the public, about decisions made by the Commission and during my audit functions. My fulfilment of this function is common to most aspects of business conducted by my office.

s 195(1)(d): make recommendations to the Commission, independent agencies and appropriate authorities

This function enables me to make recommendations to the Commission about ways in which its proceedings might be improved, or in respect of specific matters that have been investigated by, or came to the attention of, my office. It also permits me to make recommendations to an independent agency or appropriate authority.

In my two Reports tabled with the JSCCCC described in 5.7, I made recommendations to the Commission concerning the subject-matter of my reports. I have also made recommendations to the Commission to review some of its assessments made of misconduct complaints. In one case, the Commission accepted my recommendation and reassessed a case in which a person was shot by police in 1990 and who complained during the following years to the W.A. Police, the Ombudsman, the Kennedy Royal Commission and to the Commission. This review

resulted in a misconduct investigation conducted by the Commission, including private examinations. Towards the end of the reporting period, I served a draft report to Parliament on the Commission concerning serious procedural failures on its part in this matter. At the end of the reporting period, I was awaiting representations from the Commission before tabling this report.

s 195(1)(e): report and make recommendations to either House of Parliament and the JSCCCC

This function authorises me to report, and to make recommendations to, either House of Parliament, and to the JSCCCC, where I consider that to be necessary. I tabled two reports with the JSCCCC which included recommendations during the reporting period. These reports are referred to in 5.7.

s 195(1)(f): perform any other function given to the Parliamentary Inspector under this or another Act

This function operates primarily in respect of administrative responsibilities imposed generally upon Chief Officers of government agencies. However, it includes any reference given by the JSCCCC, or Parliament, under s 195(2)(d) of the Act. I received one reference from the JSCCCC in the reporting period. This reference initiated an Inquiry under s 197(1) of the Act which resulted in the tabling of a Report to the JSCCCC. This is the second report described in 5.7.

2. POWERS OF THE PARLIAMENTARY INSPECTOR

My powers are conferred by s 196 of the Act. They are, on my reading of them, adequate to allow me to carry out my functions effectively, subject to what is said in the following paragraph.

The absence of power on my part (except when I am investigating an allegation of misconduct on the part of the Commission, or its officers), or on the part of any State or Commonwealth agency, to examine supporting affidavits in warrant applications made by the Commission under the *Telecommunications (Interception and Access) Act 1979 (Com)* is a serious deficiency in the oversight of the Commission's operations and its appropriate use of its powers.

This situation is in contrast to my power under s 196 to examine the Commission's warrants and supporting affidavits used under the *Surveillance Devices Act 1998 (WA)* pursuant to my audit function of Commission operations under s 195(1)(cc). The use of telecommunication interception warrants frequently arises in Commission operations and is the most intrusive of the Commission's powers, but no external agency can assess whether the power is being used appropriately.

The effect of the absence of any power of scrutiny of supporting affidavits used to gain this type of warrant extends beyond my ability to audit and assess all aspects of the Commission's operations. In my report to the JSCCCC on 22 November 2010 concerning the inadequacy of the Commission's procedures used to address suicidal intentions of a Commission witness, I highlighted the fact that I was able to access warrants, supporting affidavits and confidential information used and obtained by the Commission during its investigation (as I was conducting an Inquiry into possible misconduct on the part of the Commission and its officers), but that the Coroner, if he chose to conduct an inquest into the man's apparent suicide, could not. Such documents and information would, in my opinion, be of central importance to such an inquest.

The JSCCCC adopted my recommendation that consideration should be given to urging the Commonwealth government to amend the *Telecommunications (Interception and Access) Act 1979 (Com)* so that the Coroner could have access to such documents and information.

I have the power to do all things necessary or convenient for the performance of the functions listed in s 195 of the Act. In addition, I may investigate any aspect of the Commission's operations, have access to the Commission's records, require information or documents which relate to the Commission's operations or the conduct of its officers, require officers of the Commission to appear to answer questions or produce documents in relation to the operations of the Commission, or the conduct of its officers, refer matters relating to the Commission or its officers to other agencies for consideration or action and recommend that consideration be given to disciplinary action against, or criminal prosecution of, officers of the Commission.

If the Commission receives an allegation that may concern an officer of the Commission, it must notify me under s 196(4) of the Act. I may, at any time, review the Commission's acts and proceedings in respect of any such allegation. In such an event, I am empowered under s 196(5) to remove the matter for consideration and determination at any time and may annul any determination made by the Commission and substitute for it a new decision which can be of a remedial, or compensatory, nature. However, my power does not extend to any matter that arises from, or can be dealt with under, a jurisdiction created by, or that is subject to, the *Industrial Relations Act 1968* (WA).

3. THE OFFICE

The office of the PICCC is situated at Floor 12, 141 St Georges Terrace, Perth WA. The postal address of this office is Locked Bag 123, Perth Business Centre WA 6849. The office telephone number is (08) 9264 9570. The email address is piccc@piccc.wa.gov.au and the website address is www.piccc.wa.gov.au

4. RECORD-KEEPING PLAN

My office complies with section 19 of the *State Records Act 2000*, which requires every State Organisation to have a Record-Keeping Plan approved by the State Records Commission, and that the organisation and its employees comply with the Record-Keeping Plan. The Record-Keeping Plan and a Retention and Disposal Schedule have been approved by the State Records Commission.

My office utilises the Department of the Attorney General's Tower Records Information Management (TRIM) database as its official recordkeeping system for administrative files. Investigation files and audit files are not currently captured or stored on the TRIM system. This is because of the confidential nature of the information contained within these files. My office has developed and implemented a register of audit files during 2010-11. This register is maintained on a secure server.

5. REPORT ON OPERATIONS

5.1 MATTERS UNDERTAKEN BY THE OFFICE

During the reporting period, I undertook 52 matters which related to my jurisdiction. This is 14 matters more than in the previous reporting period.

5.2 NATURE OF MATTERS

The nature of matters undertaken by my office was as follows:

- (a) 45 matters concerned a Commission decision not to investigate a complaint of alleged misconduct, or the perceived inadequacy of a Commission investigation, or an allegation that the Commission had acted beyond its authority, or a complaint about the nature of a Commission Report;
- (b) four matters were referred to my office under s 196(4) of the Act by the Commission, which addresses allegations made against the Commission, or its officers;
- (c) two matters were referred to my office by the JSCCCC under s 195(2)(d) of the Act, and
- (d) one matter was initiated by me under s 195(2)(a) of the Act.

5.3 INVESTIGATIONS UNDER S 195(2)(a) OF THE ACT

Of the four investigations initiated by me during the previous reporting period under s 195(2)(a) of the Act, one investigation will be finalised early in the next reporting period, one investigation has resulted in the tabling of a Report under s 201 of the Act (the first Report described in 5.7), one investigation is currently being finalised in the form of a Report to Parliament and one investigation was finalised with no action taken by my office.

I initiated one investigation under s 195(2)(a) of the Act in the reporting period.

5.4 NOTIFICATIONS UNDER S 196(4) OF THE ACT

The Commission made four notifications made to me under s 196(4) of the Act in respect of allegations made against the Commission, or an officer of the Commission. One notification did not necessitate any exercise of my powers. The remaining three notifications remain under my supervision whilst the Commission takes action in respect of them.

5.5 CO-OPERATION OF THE COMMISSION

The Commission has, in some instances, been very slow to respond to requests for information from my office. This has been contributed to by the absence of a full-time Commissioner. The Commission has otherwise been co-operative.

5.6 MONITORING THE COMMISSION'S OPERATIONS

The workload of my office has been such that I have been unable to conduct random inspections of live Commission operations. However, my quarterly audits of the Commission's use of its assumed identities, controlled operations, organised crime and surveillance devices powers and my assessments of Commission investigations during the reporting period have been thorough. No serious systemic problems in the Commission's procedures have identified during my audit and assessment activities which have not been, or will not be, addressed by way of report to Parliament, or by direct action with the Acting Commissioners.

5.7 REPORTS TO THE JSCCCC OR TO PARLIAMENT

By ss 199 and 201 of the Act, I may at any time make a report to Parliament or to the JSCCCC on, *inter alia*, any matters affecting the Commission, including its operational effectiveness and requirements. I tabled two reports to the JSCCCC under s 201 of the Act in the reporting period.

My first report was tabled on 15 September 2010 and was subsequently tabled in Parliament in full by the JSCCCC on 18 November 2010. My report concerned the effectiveness and appropriateness of the procedures adopted by the Commission in respect of its use of surveillance devices. The investigation behind my report stemmed from an assessment I commenced on 11 May 2010 after learning of media reports concerning the CCC's refusal to disclose to two persons whether surveillance devices had been removed from their home, in circumstances in which it was publicly known that those devices had been placed there by the CCC. The investigation for which the devices had been thought necessary had, by then, long since been finalised.

My second report was tabled before the JSCCCC on 22 November 2010 in response to a reference from the JSCCCC on 15 September 2010 under s 195(2)(d) of the Act. This reference was made in respect of the suicide of a person at the centre of a Commission misconduct investigation immediately before that person was due to attend a public examination at the Commission. Material excerpts from my report, encompassing my recommendations, were included in a report that was subsequently tabled in Parliament by the JSCCCC on 24 February 2011.

I have served two draft Reports on the Commission late in the reporting period. Both draft Reports concern the effectiveness and appropriateness of the Commission's procedures used to assess complaints of the excessive use of force by members of the W.A. Police. Representations from the Commission under s 200 of the Act had not been received in respect of either before the end of the period.

6. ACCOUNTABILITY OF THE PARLIAMENTARY INSPECTOR

I am accountable to the Parliament. I report to the JSCCCC whenever requested by it concerning activities undertaken and I am also responsible for assisting the JSCCCC in its statutory functions under the Act.

The JSCCCC has closely monitored my activities (and those of the Commission) throughout the reporting period. Notwithstanding its substantial workload, it has kept itself well informed concerning all pertinent issues, enabling it to take a vigorous and proactive role.

7. OPERATION OF THE COMMISSION

There is a proposal, presently under consideration, to amend the Act so as to permit the Commission, either in conjunction with the W.A. Police, or unilaterally, to conduct investigations into organised crime. I have expressed a concern to the Commissioner and to the JSCCCC that the proposed amendments will have a number of adverse consequences, including what seems to me to be an inevitable reduction in the effectiveness of one of the Commission's most important functions, being that of overseeing misconduct on the part of the W.A. Police.

My concern was reflected in a report dated 9 September 2010 prepared by the JSCCCC concerning these proposed changes.

Other comments concerning proposed amendments to the Act have been made by me in a written submission addressed to Robert Cock QC.

8. AUDITOR GENERAL'S OPINION



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

Report on the Financial Statements

I have audited the accounts and financial statements of the Parliamentary Inspector of the Corruption and Crime Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Parliamentary Inspector's Responsibility for the Financial Statements

The Parliamentary Inspector is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Parliamentary Inspector determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed 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 Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Parliamentary Inspector, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Parliamentary Inspector of the Corruption and Crime Commission at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

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4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

Parliamentary Inspector of the Corruption and Crime Commission

Report on Controls

I have audited the controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission. The Parliamentary Inspector is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Parliamentary Inspector based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission. The Parliamentary Inspector is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

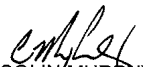
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.


COLIN MURPHY
AUDITOR GENERAL
11 August 2011

9. PERFORMANCE INDICATORS

9.1 OUTCOMES AND SERVICES

Relationships to Government Goals

Broad, high-level government goals are supported at agency level by more specific agency desired outcomes. Agencies deliver services to achieve these desired outcomes that ultimately contribute to meeting the higher level government strategic goals. The following table illustrates the relationship between the agency level desired outcome and service and the most appropriate government goal.


| Government Goal | PICCC Desired Outcome | Service |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians. | An informed Parliament on the integrity of the Corruption and Crime Commission. | Evaluation of the effectiveness and appropriateness of Corruption and Crime Commission operations. |

9.2 CERTIFICATION OF PERFORMANCE INDICATORS

Key Performance Indicators

Certification of Key Performance Indicators for the Year Ending 30 June 2011

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Parliamentary Inspector of the Corruption and Crime Commission's performance, and fairly represent the performance of the Parliamentary Inspector of the Corruption and Crime Commission for the financial year ended 30 June 2011.


Mr Christopher Steytler QC
Accountable Authority

9 August 2011



9.3 PERFORMANCE INDICATOR REPORT

KEY EFFECTIVENESS INDICATOR

| | 2008-09 | 2009-10 | 2010-11 | 2010-11 Target |
|-----------------------------------------------------------------------------------------|---------|---------|---------|-------------------|
| Number of investigations completed and reported to Parliament within target timeframes* | 1 | 1 | 1 | 1 |

* The Parliamentary Inspector is not required to report to Parliament until after the audit of these Key Performance Indicators, therefore the report referred to in the effectiveness indicator is the annual report for the previous year.

The Parliamentary Inspector of the Crime and Corruption Commission seeks to achieve the outcome of *an informed Parliament on the integrity of the Corruption and Crime Commission*. The indicator is measured by determining if the Parliamentary Inspector met the statutory annual reporting requirements contained s 203 of the *Corruption and Crime Commission Act 2003* ie

203. Annual report to Parliament

- (1) *The Parliamentary Inspector is to prepare, within 3 months after 30 June of each year, a report as to his or her general activities during that year.*
- (2) *The Parliamentary Inspector is to cause a copy of a report prepared under this section to be laid before each House of Parliament, or dealt with under s 206, within 21 days of the preparation of the report.*
- (3) *This section does not limit Part II Division 14 of the Financial Administration and Audit Act 1985 and the report required under this section may be prepared and dealt with in conjunction with the report required under that Division.*

This measure is a key indicator of performance because timeliness of reporting is essential if the Parliament is to base decisions on the information provided by the Parliamentary Inspector.

KEY EFFICIENCY INDICATORS

| | 2008-09 | 2009-10 | 2010-11 | 2010-11 Target |
|------------------------------------------------------------------------|---------|---------|---------|-------------------|
| Average cost per investigation/case | \$8,260 | \$5,108 | \$8,097 | \$5,138 |
| Cost of the audit function as a percentage of total cost of operations | 27% | 56% | 39% | 57% |

Average Cost per investigation/case

The average cost per investigation/case is calculated by determining the total cost of the investigation function and dividing it by the number of investigations closed for the period.

The total cost of the investigation function is calculated by determining the percentage of salaries devoted to the investigation function and then applying that percentage to the total expenditure of the PICCC for the period. This gives the total cost of the investigation function.

The number of specific investigations conducted and completed by the Parliamentary Inspector is recorded electronically. Each investigation is commenced by receipt of a written complaint and recorded in a complaints register. When the investigation is completed it is recorded as closed. The number of investigations is drawn from this information.

The result of the 2010-11 is higher than the target due to longer, more complex investigations being undertaken this year, resulting in the Parliamentary Inspector devoting more time than anticipated to the investigation function and to fewer investigations being closed than estimated.

Cost of the audit function as a percentage of total cost of operations

The cost of the audit function as a percentage of the total cost of operations is calculated by determining the percentage of total PICCC salaries devoted to the audit function and then applying that percentage to the total expenditure of the PICCC for the period. For example, if 60% of salaries cost is devoted to the audit function then it is considered that 60% of the total cost of the PICCC is devoted to the audit function.

The result for the 2010-11 is less than target due to an unanticipated reduction in auditable Corruption and Crime Commission activities.

10. DISCLOSURES AND LEGAL COMPLIANCE

10.1 CERTIFICATION OF FINANCIAL STATEMENTS



PARLIAMENTARY INSPECTOR
OF THE CORRUPTION AND CRIME COMMISSION
OF WESTERN AUSTRALIA

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2011

The accompanying financial statements of the Parliamentary Inspector of the Corruption and Crime Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2011 and the financial position as at 30 June 2011.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

A. Andersson

Alan Andersson
Chief Finance Officer

2 August 2011

Christopher Steytler QC
Accountable Authority

2 August 2011



10.2 FINANCIAL STATEMENTS

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Statement of Comprehensive Income
For the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------------------|------|-----------------|-----------------|
| COST OF SERVICES | | | |
| Expenses | | | |
| Employee benefits expense | 6 | 403,093 | 354,677 |
| Supplies and services | 7 | 54,839 | 84,356 |
| Depreciation and amortisation expense | 8 | 198 | 612 |
| Accommodation expenses | 9 | 56,188 | 53,798 |
| Loss on disposal of non-current assets | 10 | 3,020 | - |
| Other expenses | 11 | 13,616 | 29,000 |
| Total cost of services | | 530,954 | 522,443 |
| NET COST OF SERVICES | | 530,954 | 522,443 |
| INCOME FROM STATE GOVERNMENT | | | |
| Service appropriation | 12 | 478,000 | 458,000 |
| Resources received free of charge | | 21,651 | 44,704 |
| Total income from State Government | | 499,651 | 502,704 |
| SURPLUS/(DEFICIT) FOR THE PERIOD | | (31,303) | (19,739) |
| OTHER COMPREHENSIVE INCOME | | | |
| Gains/(losses) recognised directly in equity | | - | - |
| Total other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | (31,303) | (19,739) |

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Statement of Financial Position
As at 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------|------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 20 | 398,099 | 416,216 |
| Receivables | 13 | 211 | 2,292 |
| Amounts receivable for services | 14 | 48,000 | 48,000 |
| Total Current Assets | | 446,310 | 466,508 |
| Non-Current Assets | | | |
| Property, plant and equipment | 15 | - | 3,218 |
| Total Non-Current Assets | | - | 3,218 |
| TOTAL ASSETS | | 446,310 | 469,726 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 17 | 11,726 | 21,067 |
| Provisions | 18 | 74,918 | 56,342 |
| Total Current Liabilities | | 86,644 | 77,409 |
| Non-Current Liabilities | | | |
| Provisions | 18 | 12,106 | 13,454 |
| Total Non-Current Liabilities | | 12,106 | 13,454 |
| TOTAL LIABILITIES | | 98,750 | 90,863 |
| NET ASSETS | | 347,560 | 378,863 |
| EQUITY | | | |
| Contributed equity | 19 | 160,000 | 160,000 |
| Accumulated surplus/(deficit) | | 187,560 | 218,863 |
| TOTAL EQUITY | | 347,560 | 378,863 |

The Statement of Financial Position should be read in conjunction with the accompanying notes.



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Statement of Changes in Equity
For the year ended 30 June 2011

| | Note | Contributed equity \$ | Accumulated surplus/ (deficit) \$ | Total equity \$ |
|-------------------------------------------------------|------|-----------------------------|--------------------------------------------|-----------------------|
| Balance at 1 July 2009 | 19 | 160,000 | 238,602 | 398,602 |
| Total comprehensive income for the year | | - | (19,739) | (19,739) |
| Transactions with owners in their capacity as owners: | | | | |
| Capital appropriations | | - | - | - |
| Other contributions by owners | | - | - | - |
| Distributions to owners | | - | - | - |
| Total | | - | - | - |
| Balance at 30 June 2010 | | <u>160,000</u> | <u>218,863</u> | <u>378,863</u> |
| Balance at 1 July 2010 | | <u>160,000</u> | <u>218,863</u> | <u>378,863</u> |
| Total comprehensive income for the year | | - | (31,303) | (31,303) |
| Transactions with owners in their capacity as owners: | | | | |
| Capital appropriations | | - | - | - |
| Other contributions by owners | | - | - | - |
| Distributions to owners | | - | - | - |
| Total | | - | - | - |
| Balance at 30 June 2011 | | <u>160,000</u> | <u>187,560</u> | <u>347,560</u> |

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Statement of Cash Flows
For the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|------------------------------------------------------------|------|------------------|------------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Service appropriation | | 468,000 | 448,000 |
| Holding account drawdowns | | 10,000 | 10,000 |
| Net cash provided by State Government | | 478,000 | 458,000 |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee benefits | | (334,486) | (288,981) |
| Supplies and services | | (107,524) | (90,526) |
| Accommodation | | (56,188) | (53,798) |
| GST payments on purchases | | (4,561) | (5,861) |
| Receipts | | | |
| GST receipts from taxation authority | | 6,642 | 7,916 |
| Net cash provided by/(used in) operating activities | 20 | (496,117) | (431,251) |
| Net increase/(decrease) in cash and cash equivalents | | (18,117) | 26,749 |
| Cash and cash equivalents at the beginning of period | | 416,216 | 389,467 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 20 | 398,099 | 416,216 |

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



1 Australian Accounting Standards

General

The financial statements for the Parliamentary Inspector of the Corruption and Crime Commission (the "Commission" for the purpose of these notes) for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Commission has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Commission cannot adopt an Australian Accounting Standard earlier than the commencement date unless specifically permitted by Treasurer's Instruction (TI) 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not yet operative) by the Commission for the annual reporting period ended 30 June 2011.

2 Summary of Significant Accounting Policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the TIs. Several of these are modified by the TIs to vary application, disclosure, format and wording.

The *Financial Management Act* and the TIs are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

(c) Reporting entity

The reporting entity comprises the Commission and no other related bodies.

(d) Mission

The Office of the Parliamentary Inspector accepts and can investigate allegations of misconduct by the Corruption and Crime Commission.

It also makes recommendations to the Corruption and Crime Commission, independent agencies, appropriate authorities and reports and makes recommendations to Parliament and Standing Committees.

(e) Contributed equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed equity.



(f) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Service Appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at Treasury.

(g) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the cost model is used for the measurement of property, plant and equipment. Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

| | |
|------------------|----------|
| Office equipment | 10 years |
| Computers | 5 years |

(h) Impairment of assets

Property, plant and equipment are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell, and the depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.



(i) Leases

The Commission holds an operating lease for a motor vehicle. Lease payments are expensed on a straight line basis over lease terms as this represents the pattern of benefits derived from the leased properties.

(j) Financial Instruments

In addition to cash, the Commission has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value. The last pay day in 2010-2011 was 23 June 2011, therefore an accrual of 5 days was provided for this financial year.

(m) Amounts receivable for services (holding account)

The Commission receives income from the State government partly in cash and partly as an asset (holding account receivable). The accrued amount appropriated is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

Payables are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.



Provisions - employee benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected long service leave future payments are discounted using market yields at the end of the reporting period on national government bonds with terms at maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members since 1987 or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members since 1995.

The Commission has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Commission makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped by the Treasurer for the employer's share.

Provisions - Other

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Commission's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, and the GESBS.

(r) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Commission would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.



(s) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3 Disclosure of changes in accounting policy and estimates

Future impact of Australian Accounting Standards not yet operative

The Commission cannot adopt an Australian Accounting Standard earlier than the commencement date unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Commission has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

| Title | Operative for reporting periods beginning on/after |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| <p>AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> <i>[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i> The amendment to AASB 7 Financial Instruments: Disclosures requires modification to the disclosure of categories of financial assets. The Commission does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p> | 1 January 2013 |
| <p>AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]</i> This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</p> | 1 January 2011 |
| <p>AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Commission. However it may affect disclosures in the financial statements of the Commission if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p> | 1 July 2013 |
| <p>AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i> This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Commission. However this Standard may reduce some note disclosures in the financial statements of the Commission. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p> | 1 July 2013 |
| <p>AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i> This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p> | 1 July 2011 |



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2011

AASB 2010-5
Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)
This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.

1 January 2011

AASB 2010-6
Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]
This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.
The Standard is not expected to have any financial impact on the Commission. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

1 July 2011

AASB 9
Financial Instruments
This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments.
The Standard was reissued on 6 Dec 2010 and the Commission is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.

1 January 2013

AASB 2010-7
Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]
This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.

1 January 2013

AASB 1054
Australian Additional Disclosures
This Standard, in conjunction with AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.

1 July 2011

AASB 2011-1
Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]
This Amending Standard, in conjunction with AASB 1054 *Australian Additional Disclosures*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.

1 July 2011

4 Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Commission evaluates these judgements regularly.

Operating lease commitments

The Commission has entered into a motor vehicle lease and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, the lease has been classified as operating lease.

5 Key Sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2011

Long Service Leave

Several estimations and assumptions used in calculating the Commission's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

| | 2011 \$ | 2010 \$ |
|------------------------------------------------------------------------------------------------------|----------------|----------------|
| 6 Employee benefits expense | | |
| Wages and salaries ^(a) | 353,832 | 341,845 |
| Superannuation (West State) | 49,261 | 12,832 |
| | <u>403,093</u> | <u>354,677</u> |
| (a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component. | | |
| 7 Supplies and services | | |
| Communications | 4,677 | 3,794 |
| Consumables | 11,231 | 14,153 |
| Consultants and contractors | 17,280 | 21,705 |
| Resources received free of charge (note 12) | 21,651 | 44,704 |
| | <u>54,839</u> | <u>84,356</u> |
| 8 Depreciation and amortisation expense | | |
| Office equipment and computers | 198 | 612 |
| | <u>198</u> | <u>612</u> |
| 9 Accommodation expenses | | |
| Building rental operating lease expenses | 56,188 | 53,798 |
| | <u>56,188</u> | <u>53,798</u> |
| 10 Net (gain)/loss on disposal of non-current assets | | |
| <u>Costs of disposal of non-current assets</u> | | |
| Property, plant, equipment and vehicles | 3,020 | - |
| Net (gain)/loss | <u>3,020</u> | <u>-</u> |
| 11 Other expenses | | |
| Motor Vehicle Operating Lease Expense | 4,703 | 14,915 |
| Workers Compensation Insurance | 4,592 | - |
| Other staff costs | 182 | 5,000 |
| Other expenses ^(a) | 4,139 | 9,085 |
| | <u>13,616</u> | <u>29,000</u> |
| (a) Includes bank fees, court transcripts, electricity, travel and motor vehicle operating expense. | | |
| 12 Income from State Government | | |
| Appropriation received during the year: | | |
| Service appropriation ^(a) | 478,000 | 458,000 |
| | <u>478,000</u> | <u>458,000</u> |
| Resources received free of charge ^(b) | | |
| Determined on the basis of the following estimates provided by agencies: | | |
| Department of the Attorney General | 21,651 | 44,704 |
| - accounting, human resources and technology services | | |
| Total Income from State Government | <u>499,651</u> | <u>502,704</u> |

^(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset).

^(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|-------------------------------------------------------------|---------------|---------------|
| 13 Receivables | | |
| GST receivables | 211 | 2,292 |
| | <u>211</u> | <u>2,292</u> |
| 14 Amounts receivable for services (Holding Account) | | |
| Current | 48,000 | 48,000 |
| | <u>48,000</u> | <u>48,000</u> |

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

15 Property, plant and equipment

| | | |
|---------------------------------------|----------|--------------|
| <u>Office equipment and computers</u> | | |
| At cost | 16,210 | 16,210 |
| Accumulated depreciation | (16,210) | (12,992) |
| Total property, plant and equipment | <u>-</u> | <u>3,218</u> |

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

| 2011 | Office equipment \$ |
|----------------------------------|---------------------------|
| Carrying amount at start of year | 3,218 |
| Additions | - |
| Transfers | - |
| Other disposals | (3,020) |
| Depreciation | (198) |
| Carrying amount at end of year | <u>-</u> |
| 2010 | Office equipment \$ |
| Carrying amount at start of year | 3,830 |
| Additions | - |
| Transfers | - |
| Other disposals | - |
| Depreciation | (612) |
| Carrying amount at end of year | <u>3,218</u> |

16 Impairment of assets

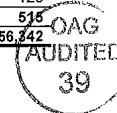
There were no indications of impairment to plant and equipment at 30 June 2011.

17 Payables

| | | |
|--------------------------|---------------|---------------|
| Trade and other payables | 2,311 | 9,211 |
| Accrued salaries | 9,415 | 11,856 |
| | <u>11,726</u> | <u>21,067</u> |

18 Provisions

| | | |
|---------------------------------------------------------|---------------|---------------|
| <u>Current</u> | | |
| <u>Employee benefits provision</u> | | |
| Annual leave ^(a) | 56,245 | 49,411 |
| Long service leave ^(a) | 17,976 | 6,416 |
| | <u>74,221</u> | <u>55,827</u> |
| <u>Other provision</u> | | |
| <u>Employment on-costs</u> | | |
| Carrying amount at start of year | 515 | 387 |
| Additional provisions recognised - other employee costs | 182 | 128 |
| | <u>697</u> | <u>515</u> |
| Carrying amount at end of year | <u>74,918</u> | <u>56,342</u> |



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|---------------------------------------------------------|---------------|---------------|
| <u>Non-current</u> | | |
| <u>Employee benefits provision</u> | | |
| Long service leave ^(a) | 11,983 | 13,326 |
| | <u>11,983</u> | <u>13,326</u> |
| <u>Other provision</u> | | |
| <u>Employment on-costs</u> | | |
| Carrying amount at start of year | 128 | 20 |
| Additional provisions recognised - other employee costs | (5) | 108 |
| Carrying amount at end of year | <u>123</u> | <u>128</u> |
| | <u>12,106</u> | <u>13,454</u> |

^(a) Includes a superannuation contribution component

19 Equity

Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.

| | | |
|--------------------------------------|----------------|----------------|
| <u>Contributed equity</u> | | |
| Balance at start of period | 160,000 | 160,000 |
| <u>Contributions by owners</u> | | |
| Capital appropriation | - | - |
| Balance at end of period | <u>160,000</u> | <u>160,000</u> |
| <u>Accumulated surplus/(deficit)</u> | | |
| Balance at start of period | 218,863 | 238,602 |
| Result for the period | (31,303) | (19,739) |
| Balance at end of period | <u>187,560</u> | <u>218,863</u> |

20 Notes to the Cash Flow Statement

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | | |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 398,099 | 416,216 |
| | <u>398,099</u> | <u>416,216</u> |

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

| | | |
|----------------------|-----------|-----------|
| Net cost of services | (530,954) | (522,443) |
|----------------------|-----------|-----------|

Non-cash items:

| | | |
|---------------------------------------|--------|--------|
| Depreciation and amortisation expense | 198 | 612 |
| Resources received free of charge | 21,651 | 44,704 |
| Loss on disposal of assets | 3,020 | - |

(Increase)/decrease in assets:

| | | |
|-------------|---|-------|
| Prepayments | - | 1,757 |
|-------------|---|-------|

Increase/(decrease) in liabilities:

| | | |
|------------------------------------|---------|--------|
| Current payables | (9,341) | 16,775 |
| Other current liabilities | 18,576 | 13,998 |
| Non-current provisions | (1,348) | 11,291 |
| Change in GST receivables/payables | 2,081 | 2,055 |

| | | |
|------------------------------------------------------------|------------------|------------------|
| Net cash provided by/(used in) operating activities | <u>(496,117)</u> | <u>(431,251)</u> |
|------------------------------------------------------------|------------------|------------------|



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| 21 Commitments | | |
| The Commission leases a motor vehicle. The lease expenditure is expensed as it is incurred. At the reporting date the Commission had the following obligations under the operating lease. | | |
| Within 1 year | 6,527 | 11,189 |
| Later than 1 year and not later than 5 years | - | 6,527 |
| Later than 5 years | - | - |
| | <u>6,527</u> | <u>17,717</u> |
| Representing: | | |
| Cancellable operating leases | - | - |
| Non-cancellable operating leases. | 6,527 | 17,717 |
| | <u>6,527</u> | <u>17,717</u> |
| Non cancellable operating lease commitments | | |
| Commitments for minimum lease payments are payable as follows: | | |
| Within 1 Year | 6,527 | 11,189 |
| Later than 1 year and not later than 5 years | - | 6,527 |
| Later than 5 years | - | - |
| | <u>6,527</u> | <u>17,717</u> |

22 Explanatory statement

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 5% or \$7,000.

Significant variances between estimated and actual result for 2011

| | Estimate 2011 \$ | Actual 2011 \$ | Variation \$ |
|---------------------------------------|------------------------|----------------------|-----------------|
| Expenses | | | |
| Employee benefits expenses | 394,000 | 403,093 | 9,093 |
| Supplies and services | 98,000 | 54,839 | (43,161) |
| Depreciation and amortisation expense | 10,000 | 198 | (9,802) |
| Accommodation | 37,000 | 56,188 | 19,188 |
| Income from State Government | | | |
| Service appropriation | 478,000 | 478,000 | - |
| Resources received free of charge | 82,000 | 21,651 | (60,349) |

Employee benefits expense

The increase can be attributed to a 3.75% increment in Assistant to the Parliamentary Inspector's salary and five days accrual of salary and wages for the Commission during 2010-2011.

Supplies and services

This decrease can be attributed to the Commission having no requirement during 2010-2011 for any system upgrades, or new office equipment.

Depreciation and amortisation expense

Office equipment budgeted for was not purchased during the year as the Commission utilised facilities at the Department of the Attorney General.

Accommodation

The variance is attributed to the alteration of accommodation for security purposes.

Resources received free of charge

Resources free of charge were less than estimate due to a reduction in the provision of secretarial services and accommodation. The Commission is now charged directly for accommodation and administrative processes between the Commission and the Department of the Attorney General have been streamlined compared to previous financial year.



Significant variances between actual results for 2010 and 2011

| | Actual 2011 \$ | Actual 2010 \$ | Variance \$ |
|---------------------------------------|----------------------|----------------------|----------------|
| Income | | | |
| Service appropriations | 478,000 | 458,000 | 20,000 |
| Resources received free of charge | 21,651 | 44,704 | (23,053) |
| Expenses | | | |
| Employee benefits expense | 403,093 | 354,677 | 48,416 |
| Supplies and services | 54,839 | 84,356 | (29,517) |
| Depreciation and amortisation expense | 198 | 612 | (414) |
| Accommodation | 56,188 | 53,798 | 2,390 |

Service appropriations

The increase in service appropriations can be attributed to escalation in remuneration of the accountable authority by the Salaries and Allowances Tribunal. Remuneration for senior officers also increased as per Public Sector General Agreement.

Resources received free of charge

Resources free of charge were less than previous year due to a reduction in the provision of secretarial services and accommodation. The Commission is now charged directly for accommodation and administrative processes between the Commission and the Department of the Attorney General have been streamlined compared to previous financial year.

Employee benefits expense

The increase can be attributed to a 3.75% increment in Assistant to the Parliamentary Inspector's salary and five days accrual of salary and wages for the Commission during 2010-2011. In addition, the Commission had to allow for a superannuation adjustment for the Parliamentary Inspector.

Supplies and services

This decrease can be attributed to the Commission having no requirement during 2010-2011 for any system upgrades, or new office equipment.

Depreciation and amortisation expense

Office equipment budgeted for was not purchased during the year as the Commission utilised facilities at the Department of the Attorney General.

Accommodation

The increase in accommodation costs reflects the upgrade of the security of the accommodation to the office of the Parliamentary Inspector.



23 Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Commission are cash and cash equivalents, receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

Credit Risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission. The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 23(c) 'Financial Instruments Disclosures' and Note 13 'Receivables'.

The Commission trades only with recognised, creditworthy third parties. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity Risk

The Commission has appropriate procedures to manage cash flows by monitoring forecast cash flows including drawdowns of appropriations to ensure that sufficient funds are available to meet its commitments.

Market Risk

The Commission is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing and it has no borrowings.

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

| | 2011 \$ | 2010 \$ |
|--------------------------------------------------|----------------|----------------|
| <u>Financial Assets</u> | | |
| Cash and cash equivalents | 398,099 | 416,216 |
| Receivables ^(a) | 48,000 | 48,000 |
| | <u>446,099</u> | <u>464,216</u> |
| <u>Financial Liabilities</u> | | |
| Financial liabilities measured at amortised cost | 11,726 | 21,067 |
| | <u>11,726</u> | <u>21,067</u> |

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).



(c) Financial instrument disclosures

Credit risk and interest rate exposures

The following table details the Commission's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Commission.

The Commission does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Commission does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets ^(a)

| Financial Assets | Weighted average interest rate % | Interest rate exposure | | | Past due but not impaired | | | | | Impaired financial assets |
|----------------------------------------------------|----------------------------------|------------------------|------------------------|----------------------|---------------------------|-------------|-----------|-------------|-------------------|---------------------------|
| | | Carrying Amount | Variable Interest Rate | Non-interest bearing | Up to 3 months | 3-12 months | 1-2 years | 2 - 5 years | More than 5 years | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2011 | | | | | | | | | | |
| Cash and cash equivalent assets | | 398,099 | | 398,099 | | | | | | |
| Loans and advances Amounts receivable for services | | 48,000 | | 48,000 | | | | | | |
| | | 446,099 | - | 446,099 | - | - | - | - | - | - |
| 2010 | | | | | | | | | | |
| Cash and cash equivalent assets | | 416,216 | | 416,216 | | | | | | |
| Amounts receivable for services | | 48,000 | | 48,000 | | | | | | |
| | | 464,216 | - | 464,216 | - | - | - | - | - | - |

(a) The amount of receivables excludes the GST recoverable from the Australian Taxation Office (statutory receivable).



Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities ^(a)

| Financial Liabilities | Weighted average interest rate % | Interest rate exposure | | | Maturity dates | | | | |
|-----------------------|----------------------------------|------------------------|------------------------|----------------------|----------------|-------------|-----------|-------------|-------------------|
| | | Carrying Amount | Variable Interest Rate | Non-interest bearing | Up to 3 months | 3-12 months | 1-2 years | 2 - 5 years | More than 5 years |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2011 | | | | | | | | | |
| Payables | | 11,726 | - | 11,726 | - | - | - | - | - |
| | | 11,726 | - | 11,726 | - | - | - | - | - |
| 2010 | | | | | | | | | |
| Payables | | 21,067 | - | 21,067 | - | - | - | - | - |
| | | 21,067 | - | 21,067 | - | - | - | - | - |

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities at the end of the reporting period.



24 Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

The number of members of the Commission, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

| | 2011 | 2010 |
|-----------------------------------------------------------------------|------------------|------------------|
| \$ | | |
| 0 - 10,000 | - | 1 |
| 10,001 - 30,000 | 1 | - |
| 180,001 - 250,000 | 1 | 1 |
| The total remuneration of members of the accountable authority | \$263,333 | \$201,739 |

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the accountable authority.

Superannuation expense was excluded in last year's report and has been revised this year for comparability purpose.

Remuneration of senior officers

The number of senior officers other than senior officers reported as members of the Commission, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

| | 2011 | 2010 |
|--------------------------------------------------|------------------|------------------|
| \$ | | |
| 150,001 - 190,000 | 1 | 1 |
| The total remuneration of senior officers | \$182,018 | \$175,376 |

The total remuneration includes the superannuation expense incurred by the Commission in respect of senior officers other than senior officers reported as members of the Commission.

Superannuation expense was excluded in last year's report and has been revised this year for comparability purpose.

25 Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

| | 2011 | 2010 |
|------------------------------------------------------------------------|--------|--------|
| | \$ | \$ |
| Auditing the accounts, financial statements and performance indicators | 14,000 | 14,500 |



26 Events occurring after the end of the financial period.

There were no events occurring after the end of the financial period.

27 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2011 (2010: nil)

28 Related bodies

The Commission had no related bodies during the financial year (2010: nil).

29 Affiliated bodies

The Commission had no affiliated bodies during the financial year (2010: nil).

30 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2010: nil).

There were no write offs of public money or other public property during the financial year (2010: nil).

There were no gifts of public property during the financial year (2010: nil).



10.3 OTHER FINANCIAL DISCLOSURES

Nil

10.4 GOVERNMENT DISCLOSURES

Financial interests – Nil

Officers receiving a benefit – Nil

10.5 OTHER LEGAL REQUIREMENTS

Advertising and Marketing Expenditure - Nil

10.6 MINISTERIAL DIRECTIVES

Nil