

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

**ANNUAL REPORT
2014-2015**

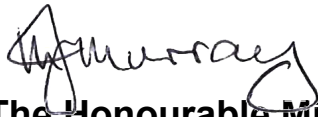


PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

ANNUAL REPORT
2014-2015

TO: The Parliament of Western Australia

I present my Annual Report for the year ending 30 June 2015 pursuant to section 203 of the *Corruption Crime and Misconduct Act 2003 (WA)*.



The Honourable Michael Murray AM QC

Parliamentary Inspector of the Corruption and Crime Commission



THIS REPORT

This is my third Annual Report as Parliamentary Inspector of the Corruption and Crime Commission after taking office on 8 January 2013. It is made pursuant to s 203 of the *Corruption Crime and Misconduct Act 2003 (WA)* and deals with my activities generally during the 2014-2015 year.

THE OFFICE OF PARLIAMENTARY INSPECTOR

My primary responsibilities as an officer of the Parliament of Western Australia are:

- to oversee the activities of the Commission and its officers;
- to keep the Parliament informed of material issues concerning the operation of the Commission;
- to assess the effectiveness and appropriateness of the Commission's procedures;
- to generally exercise my functions and powers under the Act, and
- to assist the Joint Standing Committee to perform its functions.

Either Acting Parliamentary Inspector Robert Meadows QC or Craig Colvin SC acts in my office when I am unable to do so. I am grateful for their important contributions made to my Office during the reporting period, as I am to its sole full-time staff member, Mr Murray Alder.

THE WORKLOAD OF THE OFFICE

The Office undertook 84 matters during the financial year, 7 more than the previous period. The Office finalised 60 matters, 18 more than the previous period.

The number of matters undertaken by my Office during the reporting period increased by 13% from the number of matters undertaken in the previous reporting period (which itself was 90% higher than the 2012/2013 reporting period).

The investigative work undertaken

60% of the work of my Office was devoted to its investigation function.

The nature and the number of matters undertaken by my Office were:

- Allegations made against a Commission officer received by the Commission about which my Office was notified under s 196(4) of the Act (31).

The subject of the allegations included misconduct, unfair or incorrect use of powers, inadequate assessment or investigation of complaints made to the Commission, harassment and bullying, and incompetence;

- Complaints about some aspect of the Commission's assessment of complaints of misconduct made to it (34).

The subject of the majority of these complaints was that the Commission failed to assess the alleged conduct of a public officer as constituting misconduct, or that

the Commission conducted an inadequate assessment of a complaint of misconduct;

- Matters initiated by my Office (11).

The subject of these matters included investigations conducted into concerns raised by the Police about a Commission officer, concerns raised by an anonymous complainant that had substance, my response to actions by the Commission not otherwise complained about by an external source, and the creation and ongoing monitoring of a register recording the number of demerit points incurred by Commission officers in their natural and assumed identity names;

- Issues referred to my Office by the Joint Standing Committee under s 195(2)(d) of the Act (3).

They concerned the content of an article in the West Australian newspaper about the conduct of Commission officers, an invitation to make a submission concerning proposed amendments to the misconduct provisions of the Act, and the investigation of a complaint made to the Committee by a prison inmate concerning the Commission's assessment of his complaint of misconduct by Police.

- Matters arising with the Commission other than under s 196(4) of the Act (2).

They concerned an invitation to make observations about the Commission's feedback system, and the Commission's raising of a question of law concerning the release of information by a Commission officer.

- Matters referred by the W.A. Police (2).

They concerned a complaint concerning the conduct of a Commission officer (which later became the subject of a notification from the Commission under s 196(4) of the Act), and a complaint about the Commission's use of a notice issued to the Police under s 42 of the Act.

- Miscellaneous (1).

This matter emanated from a concerned, elderly member of the community who submitted for my consideration an extensive work on the likely perpetrators of notorious, historic unsolved crimes in this State.

The audit work undertaken

40% of my Office's work was devoted to its audit function.

My Office audits the operation of the Act, the Commission's operations to determine if they comply with the laws of the State, and the Commission's operations conducted under the Act. These audits are conducted in two principal ways: in the assessment and investigation of complaints made about Commission activities, and when the staff of my

Office attends the Commission on a quarterly basis to examine the Commission's records.

Reports tabled with the Joint Standing Committee

I tabled 5 Reports to the Joint Standing Committee during the reporting period.

A Report titled *Report on the West Australian Newspaper article titled CCC in the line of fire*, was tabled on 10 December 2014.

A Report titled *Reference from the Joint Standing Committee for the Corruption and Crime Commission to the Parliamentary Inspector: W.A. Police Union*, was tabled on 5 February 2015.

A Report titled *Report on a protocol for notifications by the Corruption and Crime Commission to the Parliamentary Inspector of matters concerning or which may concern officers of the Commission* (a joint report by my Office and the Commission), was tabled on 9 June 2015.

A Report titled *Report on misconduct and related issues in the Corruption and Crime Commission*, was tabled on 10 June 2015.

A Report on an administrative matter was tabled on 17 June 2015. This Report related to my initiative to convene a conference of Parliamentary Inspectors from New South Wales, Victoria and Queensland to discuss issues common to our operations, and to coordinate responses to legislative deficiencies, for example, our individual inability to audit documents used by the agencies we oversee to obtain warrants under the *Telecommunications (Interception and Access) Act 1979 (Com)*.

SIGNIFICANT ISSUES

The Commission's obligation under s 196(4) of the Act

The Office concluded its negotiations with the Commission to finalise a Protocol by which the Commission's obligation under s 196(4) of the Act to notify my Office of an allegation it receives that concerns, or may concern, one of its officers, is prescribed.

The conclusion of these negotiations, which commenced in 2013, occurred shortly after Commissioner John McKechnie QC commenced his appointment, and was reported jointly by us to the Joint Standing Committee on 9 June 2015.

The misconduct and criminal investigation of Commission officers in the Operational Support Unit of the Commission

The Office concluded its investigations into most of the allegations of misconduct and associated issues made since 2013 concerning some officers in the Commission's unit formerly named the Operational Support Unit.

At the time of this report the investigation of three allegations which the Office referred to the Police for criminal investigation has not been concluded. The allegations relate to the incurring and payment of traffic infringement notices

The Office continues to investigate other allegations received during this operation, including the Commission's past procedures in respect of the issue and use of assumed identities, the appointment of Commission officers as special constables, and the accumulation of demerit points by Commission officers under assumed identities.

The investigation of allegations of bullying, harassment and intimidation which are not suspected to be of a criminal nature, and which are being investigated by the Commission under the oversight of the Office, is incomplete.

My investigations and recommendations on the substantive, procedural and jurisdictional issues, arising out of the OSU and related investigations, and other issues which arose during my investigations, were reported to the Joint Standing Committee on 10 June 2015.

Amendments to the Act – minor misconduct

The Corruption and Crime Commission Amendment (Misconduct) Act was assented to on 9 December 2014, and came into effect on 1 July 2015. The amended Act, *inter alia*, removes from the Commission the jurisdiction to assess and investigate minor misconduct, other than Police misconduct, and gives jurisdiction over matters of that kind to the Public Sector Commissioner.

The amended Act does not alter the functions or powers of the Parliamentary Inspector. I have no role to oversee the exercise of the functions and powers of the Public Sector Commissioner.

A likely result of these changes upon the workload of the Office will be to reduce to some extent the number of complaints received. People who would otherwise have complained to me about an assessment or decision made, or other action taken, by the Commission in respect of a matter of minor misconduct about which they were aggrieved, other than Police misconduct, will not have the capacity to complain to me about the exercise of the jurisdiction of the Public Sector Commissioner.

The Office will then have a somewhat greater capacity to undertake more auditing and proactive work in relation to the Commission.

The capacity of the Office to perform its functions is inextricably connected to the provision of a solution to its accommodation problems, upon which I will report below.

The Commission's Repositioning and Misconduct Intelligence and Assessment of the W.A. Public Sector Reports

During the reporting period the Commission tabled in Parliament two interconnected Reports which described how it will conduct its statutory functions, and the changes it will make to its internal structure to facilitate that work. The Commission's intentions in these two respects are related to the amendments to the Act just described.

The way in which the Commission conducts its statutory functions is of central relevance to my Office, and I have monitored the Commission's actions and intentions in this respect during the reporting period to ensure, so far as my jurisdiction permits, that the

Commission's focus and structure fulfils its responsibilities in respect of serious misconduct in the public sector, and misconduct in the W.A. Police.

Cooperation between the Commission and the Office

The level of cooperation between the Commission and the Office continued to be high during the reporting period. The occasional procedural difficulties encountered during the sharing of responsibilities between Acting Commissioners Shanahan SC and Douglas have been eliminated by the appointment of Commissioner McKechnie QC.

Acting Parliamentary Inspectors

During the reporting period the Office notified the Government of the need to commence an appointment process for Acting Parliamentary Inspectors. This need arose because the terms of Acting Parliamentary Inspectors Meadows QC and Colvin SC end in the next reporting period.

The appointment process was initiated by an advertisement published in the West Australian Newspaper on 20 June 2015, and will be concluded in the next reporting period.

The Office's accommodation

In November 2014 the Government approved funding for five years from 2015 for the payment of lease costs for appropriate and adequate accommodation to be occupied by my Office. It is anticipated that the Office will move into its new accommodation in August 2015.

Annual conference of Parliamentary Inspectors

During the reporting period I contacted my counterparts in New South Wales, Victoria, and Queensland and arranged a one day conference to discuss issues commonly shared, such as our inability to generally audit warrants and affidavits used under the *Telecommunications (Interception and Access) Act 1979 (Com)* by the agencies we oversee.

We also discussed matters of interest and current concern, such as changes in the statutory definition of the jurisdiction of the Independent Commission Against Corruption (NSW), and the extensive amendments made to the Western Australian Act.

These were matters which were, of course, potentially of relevance, not only to me and to the New South Wales Inspector of the ICAC and the Police Integrity Commission, but also to the Victorian Inspector of the IBAC and the Office of the Parliamentary Crime and Corruption Commissioner (Qld).

Our conference was held in Melbourne on 7 May 2015. The attendees agreed that the conference should become an annual commitment.



Parliament House



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 2015, 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 Parliamentary Inspector'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 2015 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.

Report on Controls

I have audited the controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission during the year ended 30 June 2015.

Controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission are those policies and procedures established by the Parliamentary Inspector to ensure 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.

Parliamentary Inspector's Responsibility for Controls

The Parliamentary Inspector is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Parliamentary Inspector complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

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 during the year ended 30 June 2015.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2015.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Parliamentary Inspector's Responsibility for the Key Performance Indicators

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 and for such controls as the Parliamentary Inspector determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Parliamentary Inspector's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

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 Parliamentary Inspector's performance and fairly represent indicated performance for the year ended 30 June 2015.

Independence

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2015 included on the Parliamentary Inspector's website. The Parliamentary Inspector's management is responsible for the integrity of the Parliamentary Inspector's website. This audit does not provide assurance on the integrity of the Parliamentary Inspector's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

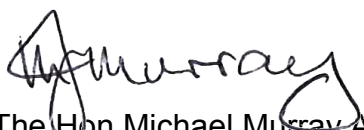


GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 July 2015

Key Performance Indicators

Certification of Key Performance Indicators for the Year Ended 30 June 2015

I hereby certify that the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Parliamentary Inspector of the Corruption and Crime Commission's performance, and fairly represent the performance of the Office of the Parliamentary Inspector of the Corruption and Crime Commission for the financial year ended 30 June 2015.



The Hon Michael Murray AM QC
Accountable Authority

30 July 2015



PERFORMANCE INDICATOR REPORT

For the period 1 July 2014 to 30 June 2015.

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	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.

CHANGES TO THE OUTCOME BASED MANAGEMENT STRUCTURE

The Outcome Based Management (OBM) structure was amended for this reporting period to cater for the change of key effectiveness indicator from 'Number of investigations completed and reported to Parliament within target timeframes' to 'Number of reports completed and tabled in Parliament within target timeframes'.

The Parliamentary Inspector of the Crime and Corruption Commission has no obligation under the *Corruption, Crime and Misconduct Act 2003* to conduct and report to Parliament any investigation. The amendment provides an accurate description of the statutory obligation the Parliamentary Inspector has under the Act which is to table an Annual Report.

KEY PERFORMANCE INDICATORS

The Parliamentary Inspector is required under Section 61 of the *Financial Management Act 2006* and Treasurer's Instruction TI 904, to disclose key performance indicators in the annual report.

The following performance indicators should be read in conjunction with the accompanying notes to the Key Performance Indicators. Explanations are provided where there is a significant variation of more than 10% between 2014-15 actual results and budget targets or between actual results of current year and prior year.

KEY EFFECTIVENESS INDICATOR

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Target	2014-15 Actual
Number of reports completed and tabled in Parliament within target timeframes *	1	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 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 in section 203 of the *Corruption, Crime and Misconduct Act 2003* i.e.

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 section 206, within 21 days of the preparation of the report.*
- (3) *This section does not limit Part 5 of the Financial Management Act 2006 and the report required under this section may be prepared and dealt with in conjunction with the report required under that Part.*

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

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Target	2014-15 Actual
Average cost per investigation/case	\$6,551	\$6,843	\$8,110	\$7,900	\$8,198
Cost of the audit function as a percentage of total cost of operations	52%	59%	49%	50%	40%

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 Parliamentary Inspector 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.

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 Parliamentary Inspector salaries devoted to the audit function and then applying that percentage to the total expenditure of the Parliamentary Inspector for the period. For example, if 50% of salaries cost is devoted to the audit function then it is considered that 50% of the total cost of the Office is devoted to the audit function.

The variance between the target of 50% and the actual of 40% devoted to the audit function is attributable to a decrease in anticipated auditable activities conducted by the Commission, and to an increase in the anticipated number of matters to be investigated by the Office.

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
Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.	An informed Parliament on the integrity and effectiveness of the Corruption and Crime Commission.	Evaluation of the effectiveness and appropriateness of Corruption and Crime Commission operations.

OTHER FINANCIAL DISCLOSURES

Certification of Financial Statements (attached to report).

GOVERNMENT DISCLOSURES

Financial interests – Nil

Officers receiving a benefit – Nil

OTHER LEGAL REQUIREMENTS

Advertising and Marketing Expenditure

Below is a summary of advertising and marketing expenditure from 1 July 2014 to 30 June 2015 in accordance with s 175ZE(1) of the Electoral Act 1907

Advertising and Marketing Expenditure	Amount (\$)
Advertising agencies	Nil
Market research organisations	Nil
Media advertising organisations	Nil
Direct mail organisations	Nil
Polling organisations	Nil
TOTAL	Nil

MINISTERIAL DIRECTIVES

There were no ministerial directives during 2014/15.

**Office of the Parliamentary Inspector of the Corruption and Crime Commission of
Western Australia**

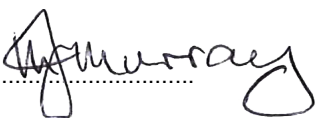
Financial Statements

Certification of Financial Statements

For the year ended 30 June 2015

The accompanying financial statements of the Office 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 2015 and the financial position as at 30 June 2015.

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.

Signed.....

The Hon Michael Murray AM QC
Accountable Authority

30 July 2015

Signed.....

Alan Andersson
Chief Finance Officer

30 July 2015

**Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual Report 2014/2015**

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
COST OF SERVICE			
Expenses			
Employee benefits expense	6	483,546	466,197
Supplies and services	7	233,278	162,289
Accommodation expenses	8	77,113	42,944
Other expenses	9	25,870	28,269
Total cost of services		819,807	699,699
Income			
Other income	10	-	1,180
Total income other than income from State Government		-	1,180
NET COST OF SERVICES		819,807	698,519
Income from State Government			
Service appropriation	11	586,000	527,000
Resources received free of charge	11	189,508	132,282
Total income from State Government		775,508	659,282
SURPLUS / (DEFICIT) FOR THE PERIOD		(44,299)	(39,237)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(44,299)	(39,237)

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

**Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual Report 2014/2015**

Statement of Financial Position
As at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	18	382,713	493,326
Receivables	12	16,239	1,106
Total Current Assets		398,952	494,432
Non-Current Assets			
Amounts receivable for services	13	53,000	53,000
Property, plant and equipment	14	119,700	-
Total Non-Current Assets		172,700	53,000
TOTAL ASSETS		571,652	547,432
LIABILITIES			
Current Liabilities			
Payables	15	14,440	26,685
Provisions	16	229,188	149,285
Total Current Liabilities		243,628	175,970
Non-Current Liabilities			
Provisions	16	861	-
Total Non-Current Liabilities		861	-
TOTAL LIABILITIES		244,489	175,970
NET ASSETS		327,163	371,462
EQUITY			
Contributed equity	17	160,000	160,000
Accumulated surplus	17	167,163	211,462
TOTAL EQUITY		327,163	371,462

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

**Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual Report 2014/2015**

Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2013	17	160,000	250,699	410,699
Total comprehensive income for the period		-	(39,237)	(39,237)
Balance at 30 June 2014		160,000	211,462	371,462
Balance at 1 July 2014		160,000	211,462	371,462
Total comprehensive income for the period		-	(44,299)	(44,299)
Balance at 30 June 2015		160,000	167,163	327,163

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

**Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual Report 2014/2015**

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		586,000	527,000
Net cash provided by State Government		586,000	527,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(416,877)	(412,810)
Supplies and services		(67,790)	(57,666)
Accommodation		(77,113)	(42,944)
GST payments on purchases		(21,732)	(4,950)
Receipts			
GST receipts from taxation authority		6,599	4,094
Net cash used in operating activities	18	(576,913)	(514,276)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(119,700)	-
Net cash used in investing activities		(119,700)	-
Net increase in cash and cash equivalents		(110,613)	12,724
Cash and cash equivalents at the beginning of the reporting period		493,326	480,602
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18	382,713	493,326

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

Notes to the Financial Statements

Note 1:	Australian Accounting Standards	7
Note 2:	Summary of significant accounting policies	7
Note 3:	Judgements made by management in applying accounting policies	11
Note 4:	Key sources of estimation uncertainty	11
Note 5:	Disclosure of changes in accounting policy and estimates	11
Note 6:	Employee benefits expense	13
Note 7:	Supplies and services	13
Note 8:	Accommodation expenses	13
Note 9:	Other expenses	13
Note 10:	Income	14
Note 11:	Income from State Government	14
Note 12:	Receivables	14
Note 13:	Amounts receivable for services (holding Account)	14
Note 14:	Property, plant and equipment	15
Note 15:	Payables	15
Note 16:	Provisions	15
Note 17:	Equity	16
Note 18:	Notes to the Statement of Cash Flows	16
Note 19:	Commitments	17
Note 20:	Financial instruments	17
Note 21:	Remuneration of members of the accountable authority and senior officers	19
Note 22:	Remuneration of auditor	20
Note 23:	Events occurring after the end of the financial period	20
Note 24:	Contingent liabilities and contingent assets	20
Note 25:	Related bodies	20
Note 26:	Affiliated bodies	20
Note 27:	Supplementary financial information	20

Notes to the Financial Statements

Note 1: Australian Accounting Standards

General

The financial statements for the Office of the Parliamentary Inspector of the Corruption and Crime Commission (the Office) for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

The Office cannot adopt an Australian Accounting Standard earlier than the commencement date unless specifically permitted by Treasurer's instruction 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 Office of the Parliamentary Inspector for the annual reporting period ended 30 June 2015.

Note 2: Summary of significant accounting policies

(a) General statement

The Office is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act 2006 and the Treasurer's Instructions impose 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.

Note 3 'Judgements made by management in applying accounting policies' discloses judgement that have been made in the process of applying the Office's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Office of the Parliamentary Inspector and no other related bodies.

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.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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.

Notes to the Financial Statements

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Office gains control of the appropriated funds. The Office 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.

(f) 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

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 of an asset, 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:

Leasehold improvement	10 years
Office equipment	10 years
Computers	5 years

(g) 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Office is a not-for-profit entity, unless a specialised 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.

(h) Leases

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

Notes to the Financial Statements

(i) Financial instruments

In addition to cash, the Office has two categories of financial instruments:

- Receivables
- 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.

(j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise of cash on hand to a known amount of cash.

(k) Accrued salaries

Accrued salaries (see note 15 'Payables') 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 Office of the Parliamentary Inspector considers the carrying amount of accrued salaries to be equivalent to its fair value. The last pay day in 2014-2015 was 18 June 2015, therefore an accrual of 8 days was provided for this financial year.

(l) Amounts receivable for services (holding account)

The Office 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.

(m) 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 Office 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.

(n) Payables

Payables are recognised when the Office 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.

(o) 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

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Notes to the Financial Statements

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme 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). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund provider. The Office makes concurrent contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Office of the Parliamentary Inspector's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS, the WSS, and the GESBS, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS, the WSS, and the GESBS are extinguished by the concurrent payment of employer contributions to the GESB.

The Office has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasury. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from an agency perspective, apart from the pre-transfer benefits, it is a defined contribution plan under AASB 119.

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 Office 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Notes to the Financial Statements

(p) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

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

Resources (assets and services) received free of charge or for nominal cost are recognised as income at fair value where the fair value can be reliably measured and the resources would have been purchased if not donated. A corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Resources received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(r) Comparative figures

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

Note 3: 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 Office evaluates these judgements regularly.

Operating lease commitments

The Office has entered into a number of leases for building for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4: 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.

Long service leave

Several estimations and assumptions used in calculating the Office 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.

Note 5: Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2015 that impacted the office.

AASB 1031	<i>Materiality</i>
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This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.

AASB 1055	<i>Budgetary Reporting</i>
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This Standard requires specific budgetary disclosures in the financial statements of not-for-profit entities within the General Government Sector. The Office has obtained approval and is exempt from disclosing additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.

Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual report 2014/2015

Notes to the Financial Statements

AASB 2012-3	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The Office does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.</p>
AASB 2013-3	<p><i>Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets</i></p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments</i></p> <p>This omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014 (Part B). Part B has no financial impact.</p>

Future impact of Australian Accounting Standards not yet operative

The Office 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 Office of the Parliamentary Inspector has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Office of the Parliamentary Inspector. Where applicable, the Office plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard was amended to 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Int 10 & 12]</i></p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>.</p>	1 Jan 2018
AASB 2010-7	<p><i>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, 139, 1023 and 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

Office of the Parliamentary Inspector of the Corruption and Crime Commission

Annual report 2014/2015

Notes to the Financial Statements

AASB 2013-9 *Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments* 1 Jan 2017

Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017 (Part C). The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Office has not yet determined the application or the potential impact of AASB.

AASB 2014-1 *Amendments to Accounting Standards* 1 Jan 2016

Part D has no financial impact as the Office is not required to apply AASB 14 Regulatory Deferral Accounts. 1 Jan 2015

Part E makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Office to determine the application or potential impact of the Standard. 1 Jan 2018

Note 6: Employee benefits expense

	2015	2014
	\$	\$
Wages and salaries ^(a)	449,529	428,996
Superannuation - defined contribution plans ^(b)	34,017	37,201
	483,546	466,197

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

Employment on-costs expenses, such as workers' compensation insurance, are included at note 9 'Other expenses'.

Employment on-costs liability is included at note 16 'Provisions'.

Note 7: Supplies and services

	2015	2014
	\$	\$
Communications	4,977	2,647
Consumables	9,785	9,954
Consultants and contractors	29,008	17,406
Resources received free of charge (note 11)	189,508	132,282
	233,278	162,289

Note 8: Accommodation expenses

	2015	2014
	\$	\$
Building rentals	77,113	42,944
	77,113	42,944

Note 9: Other expenses

	2015	2014
	\$	\$
Insurance other	4,535	5,895
Advertising and promoting	1,850	-
Other expenses ^(a)	19,485	22,374
	25,870	28,269

(a) Includes bank fees, court transcripts, electricity, travel, motor vehicle operating expense and leased car bay.

Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual report 2014/2015

Notes to the Financial Statements

Note 10: Income

	2015	2014
	\$	\$
Other income	-	1,180
	<u>-</u>	<u>1,180</u>

Other income relate to a credit note received in 2013-2014 due to overcharging on accommodation expense in the prior year.

Note 11: Income from State Government

	2015	2014
	\$	\$
Appropriation received during the period:		
Service appropriation ^(a)	586,000	527,000
Resources received free of charge from other state government agencies during the period: ^(b)		
Department of the Attorney General		
- financial, human resources and information technology services	180,670	132,282
Department of Finance		
-Lease accommodation services	8,838	-
Total Income from State Government	<u>775,508</u>	<u>659,282</u>

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

(b) Resources received free of charge or for nominal cost are recognised as revenue at fair value of the resources that can be reliably measured and which would have been purchased if they were not donated. The value of resources received free of charge recognised during the period was calculated based on estimates and information provided by Department of Finance and Department of Attorney General.

Note 12: Receivables

	2015	2014
	\$	\$
<u>Current</u>		
GST receivable	16,239	1,106
Total current	<u>16,239</u>	<u>1,106</u>

Note 13: Amounts receivable for services (holding Account)

	2015	2014
	\$	\$
Non- current	53,000	53,000
Total Non-current	<u>53,000</u>	<u>53,000</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.

Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual report 2014/2015

Notes to the Financial Statements

Note 14: Property, plant and equipment

	2015	2014
	\$	\$
<u>Non-current</u>		
Work in progress ^(a)	119,700	-
Total non-current	119,700	-

(a) Work in progress represents fit-out and leasehold improvement work currently being carried out at the Parliamentary Inspector's new accommodation.

Note 15: Payables

	2015	2014
	\$	\$
<u>Current</u>		
Trade payables	1,850	-
Accrued salaries	12,590	26,685
Total current	14,440	26,685

Note 16: Provisions

	2015	2014
	\$	\$
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	143,895	99,905
Long service leave ^(b)	85,293	49,380
	229,188	149,285
<u>Non-Current</u>		
Employee benefits provision		
Long service leave ^(b)	861	-
	861	-

Assessments indicated that actual settlement of the annual leave liabilities is expected to occur as follows:

	2015	2014
	\$	\$
Within 12 months of the end of the reporting period	143,895	99,905
	143,895	99,905

Assessments indicate that actual settlement of the long service leave liabilities is expected to occur as follows:

	2015	2014
	\$	\$
More than 12 months after the end of the reporting period	86,154	49,380
	86,154	49,380

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual report 2014/2015

Notes to the Financial Statements

Note 17: Equity

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

	2015 \$	2014 \$
Contributed equity		
Balance at start of period	160,000	160,000
Balance at end of period	160,000	160,000
Accumulated surplus		
Balance at start of period	211,462	250,699
Result for the period	(44,299)	(39,237)
Balance at end of period	167,163	211,462
Total Equity at end of period	327,163	371,462

Note 18: Notes to the Statement of Cash Flows

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:

	2015 \$	2014 \$
Cash and cash equivalents	382,713	493,326
	382,713	493,326

Reconciliation of net cost of services to net cash flows used in operating activities

	2015 \$	2014 \$
Net cost of services	(819,807)	(698,519)
<u>Non-cash items</u>		
Resources received free of charge	189,508	132,282
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	(12,245)	17,275
Provisions	79,903	69,523
Non-current provisions	861	(33,981)
Change in GST in receivables/payables ^(b)	(15,133)	(856)
Net cash provided by operating activities	(576,913)	(514,276)

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This reverses out the GST in receivables and payables.

Notes to the Financial Statements

Note 19: Commitments

	2015	2014
	\$	\$
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Less than one year	93,750	-
Between one and five years	351,885	-
	445,635	-
	2015	2014
	\$	\$
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Less than one year	164,436	-
	164,436	-

Note 20: Financial instruments

(a) Categories of financial instruments

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

Credit risk

Credit risk arises when there is the possibility of the Office receivables defaulting on their contractual obligations resulting in financial loss to the Office. 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 allowance for impairment, as shown in the table at Note 20 (c) 'Financial Instruments disclosures' and Note 12 'Receivables'.

Credit risk associated with the Office financial assets is minimal because the main receivable is the amounts receivable for services (holding account). The Office does not have any significant credit risks as services are provided only to government agencies. In addition, receivable balances are monitored on an ongoing basis with the result that the Office exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of Credit risk other than in respect of cash and cash equivalents.

Liquidity risk

Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due. The Office is exposed to liquidity risk through its trading in the normal course of the business. The Office has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates and interest rates will affect the Office's income on the value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks because it does not hold investments in securities on bonds.

The Office is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing and it has no borrowings therefore neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual report 2014/2015

Notes to the Financial Statements

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are:

	2015 \$	2014 \$
<u>Financial Assets</u>		
Cash and cash equivalents	382,713	493,326
Receivables ^(a)	53,000	53,000
	435,713	546,326
<u>Financial Liabilities</u>		
Payables	14,440	26,685
	14,440	26,685

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

(c) Financial instruments disclosures

Credit Risk

The following table details the Office maximum exposure to credit risk, and the ageing analysis of financial assets. The Office 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 office.

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

Ageing analysis of financial assets

	Carrying Amount \$	Not past due and not impaired \$	Past due but not impaired				Impaired financial assets \$
			Up to 1 month \$	1-3 months \$	3 months to 1 year \$	More than 5 years \$	
2015							
Cash and cash equivalents	382,713	382,713	-	-	-	-	-
Amounts receivable for services	53,000	53,000	-	-	-	-	-
	435,713	435,713	-	-	-	-	-
2014							
Cash and cash equivalents	493,326	493,326	-	-	-	-	-
Amounts receivable for services	53,000	53,000	-	-	-	-	-
	546,326	546,326	-	-	-	-	-

Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual report 2014/2015

Notes to the Financial Statements

Liquidity risk

The following table details the contractual maturity analysis of financial assets and financial liabilities.

Maturity analysis of financial assets and financial liabilities

	Carrying Amount \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
2015							
<u>Financial Assets</u>							
Cash and cash equivalents	382,713	382,713	382,713	-	-	-	-
Amounts receivable for services	53,000	53,000	-	-	-	53,000	-
	435,713	435,713	382,713	-	-	53,000	-
<u>Financial Liabilities</u>							
Payables	14,440	14,440	14,440	-	-	-	-
	14,440	14,440	14,440	-	-	-	-
2014							
<u>Financial Assets</u>							
Cash and cash equivalents	493,326	493,326	493,326	-	-	-	-
Amounts receivable for services	53,000	53,000	-	-	-	53,000	-
	546,326	546,326	493,326	-	-	53,000	-
<u>Financial Liabilities</u>							
Payables	26,685	26,685	26,685	-	-	-	-
	26,685	26,685	26,685	-	-	-	-

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amount that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 21: Remuneration of members of the accountable authority and senior officers

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

\$	2015	2014
0 - 10,000 ^(a)	1	-
10,001 - 20,000	-	1
30,001 - 40,000	-	1
220,001 - 230,000	-	1
260,001 - 270,000	1	-
	\$	\$
Total remuneration of members of the accountability authority	274,420	281,723

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

^(a) Remuneration, including superannuation contribution, paid to an Acting Parliamentary Inspector.

Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual report 2014/2015

Notes to the Financial Statements

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

\$	2015	2014
230,001 - 240,000	-	1
250,001 - 260,000	1	-
	\$	\$
Total remuneration of senior officers	250,779	230,179

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

Note 22: Remuneration of auditor

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

	2015	2014
	\$	\$
Auditing the accounts, financial statements and key performance indicators	16,300	16,000

Note 23: Events occurring after the end of the financial period

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

Note 24: Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2015 (2014: nil).

Note 25: Related bodies

The Office of the Parliamentary Inspector had no related bodies during the financial year (2014: nil).

Note 26: Affiliated bodies

The Office of the Parliamentary Inspector had no affiliated bodies during the financial year (2014: nil).

Note 27: Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2014: nil).

There were no write offs of public money or other public property during the financial year (2014: nil).

There were no gifts of public property during the financial year (2014: nil).