

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**ANNUAL REPORT
2015-2016**

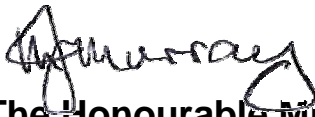


PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

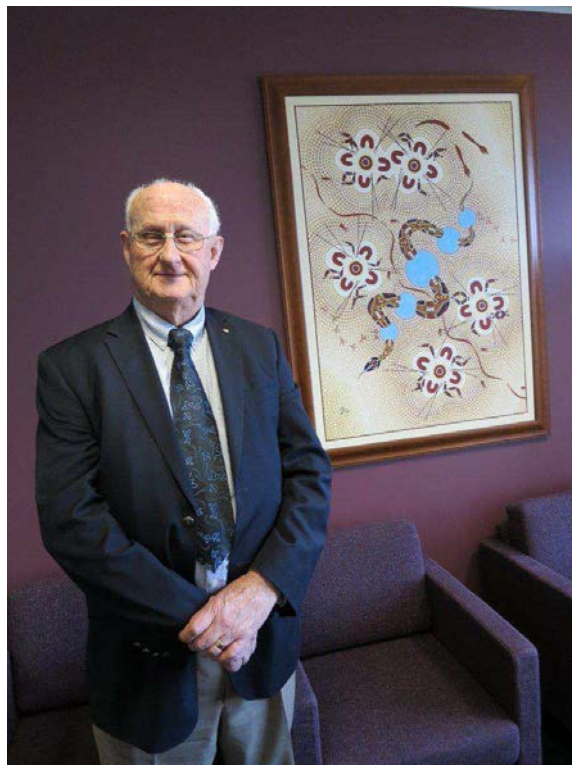
ANNUAL REPORT
2015-2016

TO: The Parliament of Western Australia

I present my Annual Report for the year ending 30 June 2016 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 fourth 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 2015-2016 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 Craig Colvin SC or Matthew Howard SC, both of whom were appointed to a three-year term during the reporting period, acts as Parliamentary Inspector when I am unable to do so. I am grateful for their availability to act during the reporting period, as I am for the past services provided by Mr Robert Meadows QC, whose appointment expired during the reporting period. I am also grateful to my sole full-time staff member, Mr Murray Alder.

THE WORKLOAD OF MY OFFICE

My Office undertook 86 matters during the reporting period, 2 more than the previous period. It finalised 95 matters, 35 more than the previous period. The number of finalised matters in the current period included 14 matters from the previous period.

The number of matters undertaken by my Office during the previous reporting period was 13% higher than in the 2013/14 period, which in turn was 90% higher than the 2012/2013 reporting period.

The sustained high level of matters undertaken by my Office in the current reporting period is despite the Commission having its jurisdiction confined to serious misconduct, including Police misconduct, at the commencement of the period (a jurisdictional change which I presumed would reduce the number of matters undertaken by my Office).

During the reporting period I applied to the government for an additional 0.5 full-time position to assist with the sustained workload and to provide some workforce flexibility, however, authority for the position was not given.

The investigative work undertaken

55% 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 (38).

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

- Complaints about some aspect of the Commission's assessment of complaints of misconduct made to it (35).

The majority of these complaints were 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, or that the Commission had made an unfair or incorrect decision.

Many of these matters were concerned with a simple breakdown in communication between the Commission and a complainant. I have been working to achieve the provision by the Commission of more informative reasons for its assessments which are in accordance with a complainant's wishes, or where the Commission has decided to take no action in respect of an allegation;

- Matters initiated by my Office (2).

These matters raised issues relating to the operation of ss 196(9) and 205 of the Act, and an administrative report to the Joint Standing Committee.

Generally, arising out of the reporting process, the opportunity was taken to consider the circumstances in which the identity of persons the subject of reports by me should be kept private and those in which their identity should be publicly disclosed;

- Issues referred to my Office by the Joint Standing Committee under s 195(2)(d) of the Act (4).

These matters were a request to make a submission concerning a suppression order, a submission concerning an amendment to s 152 of the Act, a submission concerning appointments of Commissioners and

Parliamentary Inspectors, and a request for further information in respect of an ongoing aspect of a report tabled with the Committee;

- Matters arising with the Commission other than under s 196(4) of the Act (1).

The subject of this matter was a submission for my assessment of the appropriateness of updated policies and procedures relating to the use of assumed identities, notices issued under s 42 of the Act, authorised officers' use of delegated powers, safety and welfare and use of force by Commission officers;

- Matters referred by the W.A. Police (3).

The subject of these matters related to a submission concerning the proposed amendment to certain legislation, issues concerning the privacy of the Commission's assumed identities records, and correspondence concerning a court hearing, and

- Miscellaneous (3).

The subject of these matters was a general complaint of crime within government agencies, a complaint about Police releasing details of a person's criminal record, and the submission of an anonymous letter sent to a person inferring the recipient was a Commission informant.

The audit work undertaken

45% 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 3 Reports to the Joint Standing Committee during the reporting period.

A Report on an administrative matter in relation to my attendance on 8 June 2016 at the annual interstate conference of Parliamentary Inspectors of corruption agencies in Western Australia, Queensland, New South Wales and Victoria was tabled with the Joint Standing Committee on 30 June 2016.

A Report titled *Report on the activities in the Corruption and Crime Commission relating to assumed identities, traffic infringement notices and special constable appointments* was tabled in Parliament on 4 December 2015.

A Report titled *Parliamentary Inspector's report on allegations of misconduct made against officers in the Commission's electronic collection unit* was tabled in Parliament on 26 November 2015.

SIGNIFICANT ISSUES

My Office's new accommodation

In August 2015 my Office moved from Westralia Square to 28 The Esplanade (the BGC Centre). This move provided the appropriate space, facilities, demonstrable independence from the Department of Attorney General, and privacy for complainants or other people who may require anonymity when attending.

The effectiveness of the protocol concerning s 45G of the Act

On 10 November 2015 Commissioner Wauchope of the Public Sector Commission and I finalised a Protocol under s 45G of the Act that obliges the PSC to refer to me an allegation it receives that concerns, or may concern, a Commission officer which casts an adverse light on the officer's professional or private conduct, or on the officer's capacity to perform his professional responsibilities.

The purpose of our Protocol was to address the absence in the Act from 1 July 2015 of an obligation on the PSC to refer to my Office allegations it may receive of the kind described above. From that date the effect of the amendments is that only my Office has the function of dealing with matters of minor misconduct on the part of the Commission and officers of the Commission.

The obligation of the PSC under the Protocol is identical to the obligation imposed upon the Commission by s 196(4) of the Act to refer to my Office allegations it receives of the kind described above.

In answer to the Joint Standing Committee's Recommendation made to me in its Report No. 27 in March 2016 that I report to Parliament on the effectiveness of the Protocol with the PSC during the reporting period, I hereby report that no referrals have been made to me by the PSC during the reporting period. The absence of such referrals is unsurprising because a person who wishes to make an allegation against a Commission officer would most likely complain directly to either my Office or to the Commission itself, rather than to the PSC.

Nevertheless, it is my opinion that the Protocol with the PSC is an effective mechanism to ensure that an allegation of the kind described above, should it be received by the PSC, will be referred to me.

The Commission's new procedures after the investigation of Commission officers in its former Operational Support Unit

Towards the end of the reporting period the Commission provided my Office with copies of new policies and procedures applicable in the areas of assumed identities, notices used under s 42 of the Act, the appointment of officers authorised to exercise delegated powers, safety and welfare, and the use of force. These policies were reviewed and rewritten by the Commission as a consequence of investigations into the activities of some officers in its formerly-named Operations Support Unit, and as a consequence of recommendations made by me in my two Reports into the matter. The new policies and procedures are currently being assessed for their appropriateness and effectiveness.

Amendments to the Act – the Commission's minor misconduct and education functions

Since 1 July 2015 the Commission's previous functions in the areas of minor misconduct and corruption education have been moved to the PSC. The restriction of the Commission's jurisdiction to serious misconduct, including Police misconduct, led me to expect a decrease in the overall number of matters undertaken by my Office during the reporting period, but this has not been the case.

Acting Parliamentary Inspectors

During the reporting period Mr Craig Colvin SC was appointed as Acting Parliamentary Inspector for a period of three years. This is his second term. Mr Matthew Howard SC was also appointed as Acting Parliamentary Inspector during the reporting period for a period of three years. Two Acting Parliamentary Inspectors is the minimum number required to virtually ensure a continuum of the proper functioning of my Office. Mr Robert Meadows QC completed his three year term during the reporting period, and I am deeply appreciative of the assistance he provided.

Annual conference of Parliamentary Inspectors

On 8 June 2016 I attended upon the second annual conference in Sydney of my counterparts and their senior staff from Queensland, New South Wales and Victoria. This forum continues to be a valuable conduit for sharing information and experiences in our respective jurisdictions in respect of common areas of operation and legislative considerations. As was the case with our inaugural conference, I tabled a report with the Joint Standing

Committee on 30 June 2016 detailing the discussions which took place in the conference in this reporting period.

Cooperation between the Commission and my Office

The high level of cooperation between the Commission and my Office established during the previous reporting period under Commissioner McKechnie QC and the new executive officers in the Commission has continued in the current reporting period. Any points of friction or disagreement are discussed and settled cooperatively, whether at staff or Parliamentary Inspector / Commissioner level.



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 2016, 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.

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 2016 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.

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 for the Audit of the Financial Statements

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.

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 2016.

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.

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Controls

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.

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 2016.

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

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Key Performance Indicators

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.

Independence

In conducting the above audits, 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 2016 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.

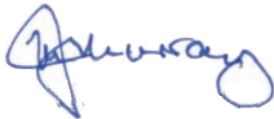


GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
9 September 2016

Key Performance Indicators

Certification of Key Performance Indicators for the Year Ended 30 June 2016

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 2016.



The Hon Michael Murray AM QC
Accountable Authority

8 September 2016

PERFORMANCE INDICATOR REPORT

For the period 1 July 2015 to 30 June 2016.

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.

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 2015-16 actual results and budget targets or between actual results of current year and prior year.

KEY EFFECTIVENESS INDICATOR

	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 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

	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 Actual
Average cost per investigation/case	\$6,843	\$8,110	\$8,198	\$11,660	\$5,028
Cost of the audit function as a percentage of total cost of operations	59%	49%	40%	45%	45%

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.

The lower than target average cost per investigation is partly due to a significantly higher than anticipated number of investigations from previous reporting periods being finalised in the 2015-16 reporting period. The variance in average cost between the 2015-16 Actual and 2014-15 Actual is attributed to a 58% increase from the previous reporting period in the total number of investigations finalised. The Office finalised 95 matters, 35 more than the previous period. The number of finalised matters in the current period included 14 matters from the previous period.

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 in the cost of the audit function as a percentage of the total cost of operations between the 2015-16 Actual and the 2014-15 Actual is due to an increase in time dedicated to the audit function during 2015-16.

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

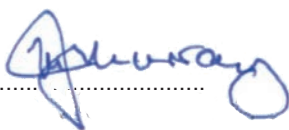
Financial Statements

Certification of Financial Statements

For the year ended 30 June 2016

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 2016 and the financial position as at 30 June 2016.

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

8 September 2016

Signed.....

Alan Andersson
Chief Finance Officer

8 September 2016

**Office of the Parliamentary Inspector of the Corruption and Crime Commission
Annual Report 2015/2016**

Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
COST OF SERVICE			
Expenses			
Employee benefits expense	6	506,584	483,546
Supplies and services	7	179,615	233,278
Depreciation	8	26,755	-
Accommodation expenses	9	121,760	77,113
Other expenses	10	33,726	25,870
Total cost of services		868,440	819,807
NET COST OF SERVICES			
		868,440	819,807
Income from State Government			
Service appropriation	11	713,000	586,000
Resources received free of charge	11	145,205	189,508
Total income from State Government		858,205	775,508
DEFICIT FOR THE PERIOD			
		(10,235)	(44,299)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD			
		(10,235)	(44,299)

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 2015/2016**

Statement of Financial Position
As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	19	227,394	382,713
Receivables	12	26,381	16,239
Other Assets	15	652	-
Total Current Assets		254,427	398,952
Non-Current Assets			
Amounts receivable for services	13	108,000	53,000
Property, plant and equipment	14	286,084	119,700
Total Non-Current Assets		394,084	172,700
TOTAL ASSETS		648,511	571,652
LIABILITIES			
Current Liabilities			
Payables	16	41,664	14,440
Provisions	17	281,283	229,188
Total Current Liabilities		322,947	243,628
Non-Current Liabilities			
Provisions	17	8,636	861
Total Non-Current Liabilities		8,636	861
TOTAL LIABILITIES		331,583	244,489
NET ASSETS		316,928	327,163
EQUITY			
Contributed equity	18	160,000	160,000
Accumulated surplus	18	156,928	167,163
TOTAL EQUITY		316,928	327,163

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 2015/2016**

Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2014	18	160,000	211,462	371,462
Total comprehensive loss for the period		-	(44,299)	(44,299)
Balance at 30 June 2015		160,000	167,163	327,163
Balance at 1 July 2015		160,000	167,163	327,163
Total comprehensive loss for the period		-	(10,235)	(10,235)
Balance at 30 June 2016		160,000	156,928	316,928

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 2015/2016**

Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		658,000	586,000
Net cash provided by State Government		658,000	586,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(419,807)	(416,877)
Supplies and services		(91,839)	(67,790)
Accommodation		(121,760)	(77,113)
GST payments on purchases		(39,178)	(21,732)
Receipts			
GST receipts from taxation authority		50,242	6,599
GST receipts on sales		2,162	-
Net cash (used in) operating activities	19	(620,180)	(576,913)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(193,139)	(119,700)
Net cash (used in) investing activities		(193,139)	(119,700)
Net decrease in cash and cash equivalents		(155,319)	(110,613)
Cash and cash equivalents at the beginning of the reporting period		382,713	493,326
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19	227,394	382,713

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

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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 2016 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 2016.

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 of the Corruption and Crime Commission 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.

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(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
Photocopier	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.

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 the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

(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.

(i) Financial instruments

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

- Receivables
- Financial liabilities measured at amortised cost

Notes to the Financial Statements

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 16 '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 2015-2016 was 30 June 2016, therefore an accrual of 0 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.

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

Notes to the Financial Statements

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 is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined Contribution) made by the Office to GESB extinguishes the agency's obligations to the related superannuation liability.

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 GESB makes all benefits payments in respect of the Pension Scheme and GSS, and is recouped from the Treasury for the employee's share.

Provisions – other

Employment on-costs

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'.

(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 or services) received free of charge or for nominal cost that the Office would otherwise purchase if not

Notes to the Financial Statements

donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. 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 2013-9	<i>Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments</i> Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. There is no financial impact.
AASB 2014-8	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</i> This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010) arising from the issuance of AASB 9 Financial Instruments in December 2014. There is no financial impact.
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i> This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

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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 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Office shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 16	<p><i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019
AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>	1 Jan 2016
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
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>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.</p>	1 Jan 2018
AASB 2014-4	<p><i>Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i></p> <p>The adoption of this Standard has no financial impact for the Model Authority as depreciation is not determined by reference to revenue generation, but the reference to consumption of future economic benefits.</p>	1 Jan 2016

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<i>AASB 2014-5</i>	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jan 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.	
<i>AASB 2014-7</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jan 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Office has not yet determined the application or the potential impact of the Standard.	
<i>AASB 2015-1</i>	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i>	1 Jan 2016
	The amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Office has not yet determined the application or the potential impact of the Standard.	
<i>AASB 2015-2</i>	<i>Amendments to Australian Accounting Standards Australian Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i>	1 Jan 2016
	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concern expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	
<i>AASB 2015-6</i>	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Office has not yet determined the application of the Standard, though there is no financial impact.	
<i>AASB 2015-8</i>	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 Jan 2017
	The Standard amends the mandatory effective date of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Office has not yet determined the application or the potential impact of AASB 15.	
<i>AASB 2016-2</i>	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	1 Jan 2017
	This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	
<i>AASB 2016-3</i>	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 Jan 2018
	This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Office has not yet determined the application or the potential impact.	

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Note 6: Employee benefits expense

	2016	2015
	\$	\$
Wages and salaries ^(a)	467,951	449,529
Superannuation - defined contribution plans ^(b)	38,633	34,017
	506,584	483,546

(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 10 'Other expenses'.

Employment on-costs liability is included at note 17 'Provisions'.

Note 7: Supplies and services

	2016	2015
	\$	\$
Communications	8,746	4,977
Consumables	4,679	9,785
Consultants and contractors	20,985	29,008
Resources received free of charge (note 11)	145,205	189,508
	179,615	233,278

Note 8: Depreciation expenses

	2016	2015
	\$	\$
Leasehold Improvement	25,384	-
Office equipment	1,371	-
	26,755	-

Note 9: Accommodation expenses

	2016	2015
	\$	\$
Building rentals	121,760	77,113
	121,760	77,113

Note 10: Other expenses

	2016	2015
	\$	\$
Insurance other	5,295	4,535
Advertising and promoting	-	1,850
Other expenses ^(a)	28,431	19,485
	33,726	25,870

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

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Notes to the Financial Statements

Note 11: Income from State Government

	2016	2015
	\$	\$
Appropriation received during the period:		
Service appropriation ^(a)	713,000	586,000

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	135,963	180,670
Department of Finance		
-Lease accommodation services	9,242	8,838

Total Income from State Government	858,205	775,508
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(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

	2016	2015
	\$	\$
<u>Current</u>		
Trade and other receivables	23,368	-
GST receivable	3,013	16,239
Total current	26,381	16,239

Note 13: Amounts receivable for services (Holding Account)

	2016	2015
	\$	\$
Non-current	108,000	53,000
Total Amounts receivable for services	108,000	53,000

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.

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Note 14: Property, plant and equipment

	2016 \$	2015 \$
<u>Leasehold Improvement</u>		
Leasehold Improvement at Cost	304,612	-
Leasehold Improvement Accumulated Depreciation	(25,384)	-
	<u>279,228</u>	<u>-</u>
Office equipment		
Office equipment at Cost	8,227	-
Office equipment Accumulated Depreciation	(1,371)	-
	<u>6,856</u>	<u>-</u>
	<u>286,084</u>	<u>-</u>
<u>Other Non-current</u>		
Work in progress	-	119,700
	<u>-</u>	<u>119,700</u>
	<u>286,084</u>	<u>119,700</u>

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Reconciliation of the carrying amounts of property, plant, and equipment at the beginning and end of the reporting period are set out in the table below.

	Leasehold Improvement \$'000	Office equipment \$'000	Works in progress \$'000	Total \$'000
2016				
Carrying amount at start of period	-	-	119,700	119,700
Additions	184,912	8,227	-	193,139
Transfers ^(a)	119,700	-	(119,700)	-
Other disposals	-	-	-	-
Classified as held for sale	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Depreciation	(25,384)	(1,371)		(26,755)
Carrying amount at the end of period	279,228	6,856	-	286,084
2015				
Carrying amount at start of period	-	-	-	-
Additions	-	-	119,700	119,700
Transfers	-	-	-	-
Other disposals	-	-	-	-
Classified as held for sale	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Depreciation	-	-	-	-
Carrying amount at the end of period	-	-	119,700	119,700

(a) Transfers represent the completion of BCG Centre fit-out previously recognised in Work in Progress in 2015.

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Note 15: Other current assets

	2016	2015
	\$	\$
Prepayments	652	-
Total other current assets	652	-

Note 16: Payables

	2016	2015
	\$	\$
<u>Current</u>		
Trade payables	2,167	1,850
Accrued salaries	39,497	12,590
Total current	41,664	14,440

Note 17: Provisions

	2016	2015
	\$	\$
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	179,977	143,895
Long service leave ^(b)	101,306	85,293
	281,283	229,188
<u>Non-Current</u>		
Employee benefits provision		
Long service leave ^(b)	8,636	861
	8,636	861

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

	2016	2015
	\$	\$
Within 12 months of the end of the reporting period	179,977	143,895
More than 12 months after the end of the reporting period	-	-
	179,977	143,895

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

	2016	2015
	\$	\$
Within 12 months of the end of the reporting period	-	-
More than 12 months after the end of the reporting period	109,942	86,154
	109,942	86,154

(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.

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Note 18: 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.

	2016 \$	2015 \$
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	167,163	211,462
Result for the period	(10,235)	(44,299)
Balance at end of period	156,928	167,163
Total Equity at end of period	316,928	327,163

Note 19: 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:

	2016 \$	2015 \$
Cash and cash equivalents	227,394	382,713
	227,394	382,713

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

	2016 \$	2015 \$
Net cost of services	(868,440)	(819,807)
<u>Non-cash items</u>		
Depreciation expense	26,755	-
Resources received free of charge	145,205	189,508
<u>(Increase)/decrease in assets</u>		
Receivables	(23,368)	-
Prepayments	(652)	-
GST Receivable	-	-
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	27,224	(12,245)
Provisions	52,095	79,903
Non-current provisions	7,775	861
Net GST receipts/(payments) ^(b)	11,064	(15,133)
Change in GST in receivables/payables ^(c)	2,162	-
Net cash (used in) by operating activities	(620,180)	(576,913)

(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.

Notes to the Financial Statements

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables

Note 20: Commitments

	2016	2015
	\$	\$
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Less than one year	98,438	93,750
Between one and five years	271,041	351,885
	359,479	445,635
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

Notes to the Financial Statements

Note 21: Explanatory notes

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for selected major variances, which are generally greater than:

- 5% and \$16,400 for the Statements of Comprehensive Income and Statement of Cash Flows; and,
- 5% and \$10,940 for the Statement of Financial Position.

Statement of Comprehensive Income

		Estimate 2016	Actual 2016	Actual 2015	Variance between estimate and actual	Variance between actual results for 2016 and 2015
	Variance Note	\$	\$	\$	\$	\$
COST OF SERVICES						
Expenses						
Employee benefits expense	1	457,000	506,584	483,546	49,584	23,038
Supplies and services	A	170,000	179,615	233,278	9,615	(53,663)
Depreciation	2 B	55,000	26,755	-	(28,245)	26,755
Accommodation expenses	C	137,000	121,760	77,113	(15,240)	44,647
Other expenses		29,000	33,726	25,870	4,726	7,856
Total cost of services		848,000	868,440	819,807	20,440	48,633
Income						
Other Income		-	-	-	-	-
Total income other than income from State Government		-	-	-	-	-
NET COST OF SERVICES		848,000	868,440	819,807	20,440	48,633
Income from State Government						
Service appropriation	D	713,000	713,000	586,000	-	127,000
Resources received free of charge	E	135,000	145,205	189,508	10,205	(44,303)
Total income from State Government		848,000	858,205	775,508	10,205	82,697
SURPLUS/(DEFICIT) FOR THE PERIOD		-	(10,235)	(44,299)	(10,235)	34,064
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	(10,235)	(44,299)	(10,235)	34,064

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Statement of Financial Position

		Estimate 2016	Actual 2016	Actual 2015	Variance between estimate and actual	Variance between actual results for 2016 and 2015
Note		\$	\$	\$	\$	\$
ASSETS						
Current Assets						
		164,000	227,394	382,713	63,394	(155,319)
		1,000	26,381	16,239	25,381	10,142
		-	652	-	652	652
		165,000	254,427	398,952	89,427	(144,525)
Non-Current Assets						
	F	108,000	108,000	53,000	-	55,000
	G	274,000	286,084	119,700	12,084	166,384
		382,000	394,084	172,700	12,084	221,384
		547,000	648,511	571,652	101,511	76,859
LIABILITIES						
Current Liabilities						
		26,000	41,664	14,440	15,664	27,224
	3 H	145,000	281,283	229,188	136,283	52,095
		171,000	322,947	243,628	151,947	79,319
Non-Current Liabilities						
		4,000	8,636	861	4,636	7,775
		4,000	8,636	861	4,636	7,775
		175,000	331,583	244,489	156,583	87,094
		372,000	316,928	327,163	(55,072)	(10,235)
EQUITY						
		160,000	160,000	160,000	-	-
		212,000	156,928	167,163	(55,072)	(10,235)
		372,000	316,928	327,163	(55,072)	(10,235)

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Statement of Cash Flows

		Estimate	Actual	Actual	Variance between	Variance between actual
		2016	2016	2015	estimate and	results for 2016 and
					actual	2015
Note		\$	\$	\$	\$	\$
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	I	658,000	658,000	586,000	-	72,000
Holding account drawdown		-	-	-	-	-
Net cash provided by State Government		658,000	658,000	586,000	-	72,000
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employees benefits	4	(457,000)	(419,807)	(416,877)	37,193	(2,930)
Supplies and services	5 J	(35,000)	(91,839)	(67,790)	(56,839)	(24,049)
Accommodation	K	(137,000)	(121,760)	(77,113)	15,240	(44,647)
GST payments on purchases	L	(29,000)	(39,178)	(21,732)	(10,178)	(17,446)
Receipts						
GST receipts from taxation authority	6 M	-	50,242	6,599	50,242	43,643
GST receipts on Sales		-	2162	-	2162	2162
Net cash (used in) operating activities		(658,000)	(620,180)	(576,913)	37,820	(43,267)
CASH FLOW FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets	7 N	-	(193,139)	(119,700)	(193,139)	(73,439)
Net cash (used in) investing activities		-	(193,139)	(119,700)	(193,139)	(73,439)
Net decrease in cash and cash equivalents		-	(155,319)	(110,613)	(155,319)	(44,706)
Cash and cash equivalents at the beginning of the period		164,000	382,713	493,326	218,713	(110,613)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		164,000	227,394	382,713	63,394	(155,319)

Notes to the Financial Statements

Variance between Estimate and Actual:

1. Actual employee benefits increased by \$49,584 (10.85%), this was as a result of a delayed submission and approval of the Acting Parliamentary Inspector's timesheet.
2. Actual depreciation was lower by \$28,245 (51.4%) due to the delay in fitout being completed, and recognised in the financial Statement.
3. Actual current provision was higher by \$136,283 (94%) due to an increase in outstanding annual and long service leave balances.
4. The Parliamentary Inspector's salaries remained in arrears as at year end. This resulted in a lower actual employee benefits cash payments by \$37,193 (8.86%).
5. A higher 2016 Actual for Supplies and Services by \$56,839 (262.40%) was a result of one-off purchases relating to the transition to new premises.
6. A higher than estimated GST receipts of \$50,242 (100%) was due to refunds of GST paid on the Office fit-out receipted from ATO as part of the quarterly BAS return
7. Fitout was completed in 2016, whereas estimate was predicting the fitout to be completed in 2015.

Variance between actual results for 2016 and 2015:

- A. 2016 Actual for Supplies and Services was lower by \$53,663 (29.88%) due to a reduction in service provided free of charge by Department of the Attorney General.
- B. Property, plant and equipment were purchased, recognised and depreciated in the financial Statement during the year 2016.
- C. Increase in accommodation cost by \$44,647 (57.90%) relates to higher rental costs associated with the transfer of the Office to a new premise in September 2015.
- D. 2016 service appropriation increased by \$127,000 (21.67%) due to additional funding to facilitate shifting the office to the new premises.
- E. A reduction in Resources Free of Charge by \$44,303 (30.51%) was a result of reduction in services received free of charge from the Department of the Attorney General.
- F. Increase in Amount receivable for services by \$55,000 (203.77%) relates to additional funding towards asset replacement costs for the new premises.
- G. 2016 increase in property, plant and equipment by \$166,384 (239%) relates to the completion of the fitouts in the premises and purchase of a new photocopier.
- H. Increase in 2016 current provision by \$52,095 (22.7%) was a direct result of current year's accrual of long service and annual leave entitlement and a reduction in discount rate.
- I. increase in service appropriation by \$72,000 (12.29%) in 2016 relates to additional appropriation provided to facilitate shifting the office to the new premise.
- J. Increase in supplies and services by \$24,049 (35.48%) in 2016 due to additional spending as part of the fitout in the new premises
- K. Increase in 2016 accommodation by \$44,647 (57.90%) relates to higher rental costs associated with the transfer of the Office to the new premises.
- L. The \$17,446 (80%) increase in GST payments is consistent with increase in asset purchases as well as the increase in accommodation, supplies, and services payment during the year.
- M. The \$43,643 increase in ATO receipts was due to the timing of Tax refunds for the BMW office fit-out expenses which was lodged as part of the quarterly BAS returns.
- N. The increase in 2016 purchases of non-current physical assets by \$73,438 (61.35%) relates to the remaining cost to complete the fitout and a purchase of a new photocopier for the new premise.

Notes to the Financial Statements

Note 22: 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 22 (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 or 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.

(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:

	2016	2015
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	227,394	382,713
Receivables ^(a)	131,368	53,000
	358,762	435,713
<u>Financial Liabilities</u>		
Payables	41,664	14,440
	41,664	14,440

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

Notes to the Financial Statements

(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 \$	
2016							
Cash and cash equivalents	227,394	227,394	-	-	-	-	-
Receivables	23,368	23,368	-	-	-	-	-
Amounts receivable for services	108,000	108,000	-	-	-	-	-
	358,762	358,762	-	-	-	-	-
2015							
Cash and cash equivalents	382,713	382,713	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Amounts receivable for services	53,000	53,000	-	-	-	-	-
	435,713	435,713	-	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements

Liquidity and interest rate exposure

The following table details the Office's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Carrying Amount \$	Non-interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$
2016							
<u>Financial Assets</u>							
Cash and cash equivalents	227,394	227,394	227,394	227,394	-	-	-
Receivables	23,368	23,368	23,368	23,368	-	-	-
Amounts receivable for services	108,000	108,000	108,000	-	-	-	108,000
	358,762	358,762	358,762	250,762	-	-	108,000
<u>Financial Liabilities</u>							
Payables	41,664	41,664	41,664	41,664	-	-	-
	41,664	41,664	41,664	41,664	-	-	-
2015							
<u>Financial Assets</u>							
Cash and cash equivalents	382,713	382,713	382,713	382,713	-	-	-
Receivables	-	-	-	-	-	-	-
Amounts receivable for services	53,000	53,000	53,000	-	-	-	53,000
	435,713	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	14,440	14,440	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

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.

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Notes to the Financial Statements

Note 23: 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:

\$	2016	2015
0 - 10,000 ^(a)	-	1
10,001 - 20,000	-	-
30,001 - 40,000 ^(a)	1	-
40,001 - 50,000	-	-
100,001 - 110,000	-	-
220,001 - 230,000	-	-
250,001 - 260,000	1	-
260,001 - 270,000	-	1
	\$	\$
Total remuneration of members of the accountability authority	296,147	274,420

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.

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:

\$	2016	2015
210,001 - 220,000	-	-
230,001 - 240,000	-	-
250,001 - 260,000	1	1
	\$	\$
Total remuneration of senior officers	255,856	250,779

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 24: Remuneration of auditor

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

	2016	2015
	\$	\$
Auditing the accounts, financial statements and key performance indicators	18,500	16,300

Note 25: Events occurring after the end of the financial period

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

Note 26: Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2016 (2015: nil).

Notes to the Financial Statements

Note 27: Related bodies

The Office of the Parliamentary Inspector had no related bodies during the financial year (2015: nil).

Note 28: Affiliated bodies

The Office of the Parliamentary Inspector had no affiliated bodies during the financial year (2015: nil).

Note 29: Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2015: nil).

There were no write offs of public money or other public property during the financial year (2015: nil).

There were no gifts of public property during the financial year (2015: nil).