



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

ANNUAL REPORT

1 JULY 2009 – 30 JUNE 2010

PRELIMINARY OBSERVATIONS	1
1. FUNCTIONS OF THE PARLIAMENTARY INSPECTOR	2
1.1 ANALYSIS OF THE AUDIT AND OTHER FUNCTIONS OF THE INSPECTOR.....	4
2. POWERS OF THE PARLIAMENTARY INSPECTOR	8
3. THE OFFICE.....	9
4. RECORD-KEEPING PLAN.....	10
5. REPORT ON OPERATIONS.....	11
5.1 COMPLAINTS RECEIVED BY THE OFFICE.....	11
5.2 NATURE OF COMPLAINTS.....	11
5.5 CO-OPERATION OF THE COMMISSION	12
5.6 MONITORING THE COMMISSION'S OPERATIONS.....	12
5.7 REPORTS TO THE STANDING COMMITTEE OR TO PARLIAMENT	13
6. ACCOUNTABILITY OF THE PICCC	14
7. OPERATION OF THE COMMISSION	15
8. AUDITOR GENERAL'S OPINION	16
9. PERFORMANCE INDICATORS.....	18
9.1 OUTCOMES AND SERVICES	18
9.2 CERTIFICATION OF PERFORMANCE INDICATORS	19
9.3 PERFORMANCE INDICATOR REPORT	20
10. DISCLOSURES AND LEGAL COMPLIANCE	22
10.1 CERTIFICATION OF FINANCIAL STATEMENTS	22
10.2 FINANCIAL STATEMENTS.....	23
10.3 OTHER FINANCIAL DISCLOSURES	42
10.4 GOVERNMENT DISCLOSURES	42
10.5 OTHER LEGAL REQUIREMENTS	42
10.6 MINISTERIAL DIRECTIVES	42

PRELIMINARY OBSERVATIONS

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

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

During the reporting period the Office of Parliamentary Inspector of the Corruption and Crime Commission ('PICCC') received a total of 38 complaints concerning the Corruption and Crime Commission ('the Commission'). This is 17 complaints less than the previous reporting period.

The complaints were received by the PICCC directly from public officers or members of the public who were aggrieved by a decision of, or action taken by, the Commission or were referred to me by the Commission itself. Some issues of concern were also raised by me on my own initiative.

In the reporting period, 45 investigations have been concluded by the PICCC. This is three less than the previous reporting period. These concluded investigations do not encompass all 38 complaints received in the reporting period. Some concluded investigations were from the previous reporting period.

In December 2009 Mr Christopher Zelestis QC was appointed as an Acting Parliamentary Inspector. He replaced the former Acting Parliamentary Inspector, Mr Ken Martin QC (now Justice Martin) after the latter was appointed as a judge of the Supreme Court of Western Australia.

1. FUNCTIONS OF THE PARLIAMENTARY INSPECTOR

The Parliamentary Inspector has the following functions under s195(1) of the Act:

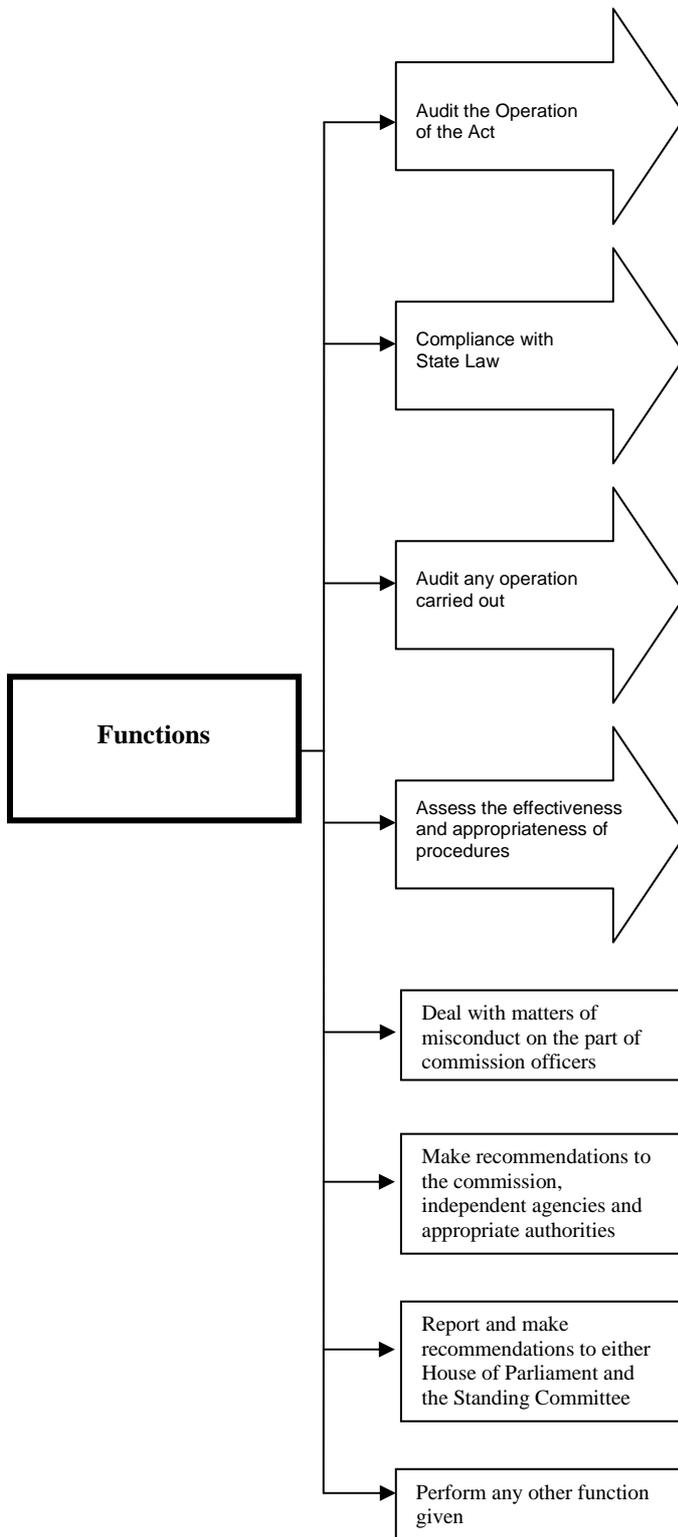
- (aa) to audit the operation of the Act;
- (a) to audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State;
- (b) to deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector;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

These functions may be performed on the Parliamentary Inspector's own initiative, at the request of the Minister, in response to a matter reported to the Parliamentary Inspector, in response to a reference by either House of Parliament, or in response to a reference from the Joint Standing Committee of the Corruption and Crime Commission ('JSCCCC') or the Commission.

The Parliamentary Inspector may report to the Parliament or to the JSCCCC at any time on matters affecting the Commission, including the operational effectiveness and requirements of the Commission and any administrative or general policy matter relating to the functions of the Parliamentary Inspector. The Parliamentary Inspector is also obliged to report annually to the Parliament about his or her general activities during the year. This report may be prepared in conjunction with the Annual Report required under the *Financial Management Act 2006*.

There have been some differences of opinion between the Commission and myself concerning the extent of my functions (and hence my powers) under the Act. Although these have not given rise to any practical problem, because of the Commission's preparedness to co-operate even when it questioned the extent of my jurisdiction, the JSCCCC is concerned that there is the potential for a problem to arise in future. I agree with that assessment and have consequently made a submission to the JSCCCC concerning amendments to the Act which might clarify the position. I understand that the Commission has also made a submission in that respect.

The key functions of the Parliamentary Inspector are summarised below:



1.1 Analysis of the Audit and Other Functions of the Inspector

The following information relates to the allocation of the resources of the PICCC to the functions listed in s 195(1) of the Act. Of the total hours worked in the reporting period, 56% was devoted to the audit functions.

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

This function is performed by reviewing Commission investigations pursuant to complaints received by the Parliamentary Inspector; through the conduct of separate audit functions under s 195(1) of the Act; as a result of a request from the Minister, Parliament, the Commission or other stakeholders; through an inquiry held under s 197(1) of the Act; calling for submissions, or by a combination of these approaches.

During the reporting period 28% of the total hours worked was devoted to this function.

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

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

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

1. all warrants issued to the Commission under the *Surveillance Devices Act 1998 (WA)*;
2. all Assumed Identities Operations authorized by the Commissioner;
3. all Controlled Operations authorized by the Commissioner; and
4. general operations conducted by the Commission.

During the reporting period 0.7% of the total hours worked was devoted to this function. The Commission has provided full cooperation and timely assistance during this audit process.

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

The Parliamentary Inspector may deal with allegations of misconduct under s 195(1)(b) and s 197(1) of the Act made against the Commission, or any of its officers. During the reporting period I commenced 3 Inquiries under s 197(1) of the Act in

respect of allegations of misconduct and I commenced 1 preliminary investigation under s 195(1)(b) of the Act to determine if an Inquiry under s 197(1) should be undertaken.

The first Inquiry was conducted in respect of a referral to me by the Commissioner under s 196(4) of the Act, arising out of a complaint made to me by a Member of Parliament. This concerned allegations, first published in the *Sunday Times* newspaper, that an officer of the Commission may have either intentionally, or mistakenly, disclosed information contained in a draft Commission report which, at the time, was subject to a confidential process under s 86 of the Act. I was unable to determine who was responsible for the disclosure. My investigation and its outcome were the subject of a report to Parliament on 2 November 2009, mentioned in 5.7 below.

The second Inquiry was also conducted in respect of a referral to me by the Commissioner under s 196(4) of the Act. The Commissioner had made a preliminary finding that an officer of the Commission had been responsible for writing and delivering an anonymous hand-written letter to a person who was being investigated by the Commission. This letter outlined alleged unethical investigative practices on the part of two other Commission officers. The officer against whom the accusation was made had been suspended by the Commission, before the Commissioner's notification to me, on the basis that, if the officer had written the letter, the officer's conduct may have constituted misconduct under s 4 of the Act.

I contracted with an independent handwriting expert to analyse the anonymous letter and samples of the officer's handwriting. I also interviewed the officer under suspicion and conducted a general investigation into the surrounding circumstances. I concluded that there was no adequate basis upon which it could be found that the officer in question was responsible for the anonymous letter. The officer was reinstated by the Commission. I did not consider that the Inquiry warranted a report to Parliament or to the JSCCCC.

The third Inquiry commenced in November 2009. It was referred by me to Acting Parliamentary Inspector Christopher Zelestis QC, under s 193(1)(c) of the Act. The Inquiry is ongoing at the time of writing. It relates to alleged misconduct on the part of two Commission investigators in the Smiths Beach Investigation and to the effectiveness and appropriateness of Commission procedures in respect of the questioning of witnesses and the service of Commission summonses.

During the reporting period I initiated a preliminary investigation under s 195(1)(b) of the Act for the purpose of determining whether I should set in train an Inquiry under s 197(1). This related to the interception of telephone calls, in the course of an investigation conducted by the Commission in 2006, which encompassed telephone conversations between a legal practitioner and his client, parts of which were, in my opinion, subject to legal professional privilege. Although authorised by a warrant, the interception seems to me to raise questions concerning the use to which information so obtained might lawfully be put, under the *Telecommunication (Interception and Access) Act 1979 (Cth)* ('the TIA Act') when read with relevant provisions of the Act, in circumstances in which that information attracts legal professional privilege. It also

raises questions concerning the appropriateness of procedures adopted by the Commission in such cases. The investigation, which is ongoing, raises issues of considerable importance.

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

This function enables the Parliamentary Inspector to audit all operations and investigations of the Commission, including those conducted pursuant to special powers conferred under the Act. However, it does not permit the Parliamentary Inspector to generally audit or otherwise have access to interception warrant information or lawfully intercepted information under the TIA Act. The Parliamentary Inspector is authorised to inspect such information only if misconduct on the part of the Commission, or any of its officers, is being investigated.

This function may be undertaken:

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

During the reporting period I received no requests from the Minister or reference by the JSCCCC or either House of Parliament to perform this audit function in relation to any operation of the Commission.

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

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

The aim of this form of monitoring is to:

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

During the reporting period 27% of the total hours worked was devoted to the auditing for this function.

My office performs an on-going general audit of concluded operations conducted by the Commission. This is done by examining the Commission's records in respect of these operations. The Commission has provided full cooperation and timely assistance during this audit process. Fifteen Commission operations have been audited during the reporting period.

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

This function enables me to examine the procedures adopted by the Commission in the course of carrying out its functions and powers. I perform it in a variety of ways, including in the course of performing other auditing functions that necessarily involve an assessment of the effectiveness and appropriateness of the Commission's procedures.

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

This function enables the Parliamentary Inspector to make recommendations to the Commission about ways in which its proceedings might be improved or in respect of specific matters that have been investigated by, or came to the attention of, the PICCC. It also permits me to make recommendations to an independent agency or appropriate authority. I have not had cause to do so.

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

This function authorises me to report, and to make recommendations to, either House of Parliament, and to the JSCCCC, where I consider that to be necessary. I made one report during the reporting period. This report is referred to below, in 5.7.

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

This function operates primarily in respect of administrative responsibilities imposed generally upon Chief Officers of government agencies. However, it includes any reference given by the JSCCCC, or Parliament, under s 195(2)(d) of the Act.

2. POWERS OF THE PARLIAMENTARY INSPECTOR

The Parliamentary Inspector's powers are conferred by s 196 of the Act. They are, on my reading of them, adequate to allow me to carry out my functions effectively.

My inability to conduct a general audit of interception warrant materials and the affidavits of evidence used by the Commission to gain warrants under the TIA Act is a restriction imposed by this Commonwealth Act, rather than any positive restriction imposed by s 196 of the Act.

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

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

During the reporting period, most instances of exercise of my powers under s 196 of the Act have been in response to complaints received in respect of the Commission, or its officers, or in the course of investigations commenced in previous reporting periods. However, there were four instances in which I independently initiated an investigation into an event in respect of which it seemed to me to be desirable for me to exercise my powers.

I have earlier mentioned that there have been differences between me and the Commission concerning the limits of my jurisdiction under the Act, leading me to make a submission to the JSCCCC, at its invitation, concerning the need for amendments to the Act. The differences concerning my jurisdiction necessarily bear upon the circumstances in which I am entitled to exercise my powers.

3. THE OFFICE

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

4. RECORD-KEEPING PLAN

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

The Record-Keeping Plan, and a Retention and Disposal Schedule for the PICCC have been reviewed and updated during 2009-10, and were approved at the State Records Commission's meeting on 18 June 2010.

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

Record-keeping training, including individual roles and responsibilities, is initiated as part of the PICCC's employee induction process and provided to PICCC employees as needed, on an ongoing basis. Record-keeping training was evaluated as part of the Record-Keeping Plan review during 2009-10 and deemed to be contemporary and effective.

5. REPORT ON OPERATIONS

5.1 COMPLAINTS RECEIVED BY THE OFFICE

During the reporting period the Parliamentary Inspector received 38 complaints concerning the Commission, or officers of the Commission, or matters which related to my jurisdiction. This is 17 complaints less than in the previous reporting period.

5.2 NATURE OF COMPLAINTS

The nature of the complaints received by my office varied. The majority (26) were to the effect that the Commission had not properly assessed, or investigated, a complaint made to it, or had otherwise failed properly to exercise its powers in some respect. My investigation of these complaints ordinarily involved a review of the Commission file and the making of a recommendation to the Commissioner, where necessary, for any appropriate remedial action. In the large majority of cases the Commission had acted appropriately and effectively. In those cases, I explained to the complainant why that was so.

There were three complaints to the effect that the Commission had expressed an intention to publish, or did publish, in a report under s 84 of the Act, an opinion of a kind which exceeded its jurisdiction, or was perceived by the complainant to be inappropriate. Two of these complaints were unsubstantiated. The third complaint is still being investigated at the time of writing this report.

In August 2009 I completed an investigation initiated by the former Parliamentary Inspector, Mr Malcolm McCusker AO QC, in response to a complaint made by a public officer employed by the Department of Environment and Conservation. This complaint related to an adverse opinion, expressed by the Commission concerning the officer, which was not substantiated. As a consequence of this investigation, the Commission on 27 August 2009 tabled in Parliament a Supplementary Report in which it withdrew its opinion concerning that officer. It also volunteered a public apology to him.

The remaining complaints were of a miscellaneous nature.

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

During the reporting period I initiated four investigations under s 195(2)(a) of the Act.

One of these (relating to the use that might be made of intercepted information that is subject to legal professional privilege) has been described in 1.1 above, when addressing my function under s 195(1)(b) of the Act.

The second investigation involves an on-going analysis of statistics published by the Commonwealth Attorney-General in relation to the application for and use of warrants by the Commission under the TIA Act. I have analysed these statistics so far

as they relate to the Commission in respect of the latest reporting period. I have sought, and obtained, explanations for what had seemed to me to be some anomalies in those statistics. I propose to conduct an analysis of the statistics in respect of all reporting periods since the inception of the Commission to determine whether or not there are any relevant trends or issues arising that might warrant further investigation.

The third investigation involves the Commission's apparent delay in informing my office under s 196(4) of the Act of an allegation made against the Commission and received by it. This investigation is ongoing.

The fourth investigation relates to surveillance devices that had been installed by the Commission in a private home during an investigation conducted by it. The investigation has been finalised and the occupants of the home have asked the Commission to tell them whether or not the devices are still present and functioning in their home. The Commission has declined to do so, citing operational concerns of a generally applicable nature (not specific to the individuals concerned). I am investigating whether the Commission's procedures in this respect are appropriate. My investigation is ongoing.

5.4 NOTIFICATIONS UNDER S 196(4) OF THE ACT

The Commissioner made five notifications to me under s 196(4) of the Act, in respect of allegations made against the Commission, or an officer of the Commission.

The first of these related to two complaints made by a past officer of the Commission alleging perjury on the part of Commission officers during industrial relations proceedings. I found these complaints to be unsubstantiated.

The second and third notifications involved allegations made by current officers of the Commission concerning possible misconduct on the part of other officers. One of these notifications (relating to the writing of an anonymous letter) has already been referred to in 1.1 above, when dealing with my function under s 195(1)(b) of the Act. The conduct alleged in the other notification was not substantiated.

The fourth notification related to an allegation of a possible conflict of interest on the part of the Commissioner in respect of a Commission investigation. I found this complaint to be unsubstantiated. The fifth notification involves possible misconduct by a Commission officer in disobeying a lawful direction. The issue has not yet been resolved.

5.5 CO-OPERATION OF THE COMMISSION

The Commission has co-operated when asked to provide information, or to undertake further investigation.

5.6 MONITORING THE COMMISSION'S OPERATIONS

In my previous Annual Report, I said that I intended to conduct random audits of files relating to the Commission's current operations. The workload of my office has been

such that I have been unable to do this. I hope to do so over the ensuing year. However, as I have said, audits of concluded operations of the Commission have continued throughout the reporting period.

5.7 REPORTS TO THE STANDING COMMITTEE OR TO PARLIAMENT

By s 201 of the Act I may at any time if I consider it appropriate to do so make a report to the JSCCC on, *inter alia*, any matters affecting the Commission, including the operational effectiveness and requirements of the Commission.

I tabled one report with the Committee during the reporting period. This is the report mentioned above in 1.1 (when dealing with my function under s 195(1)(b)) arising out of a complaint made to me by a Member of Parliament concerning allegations, first published in the *Sunday Times* newspaper, that an officer of the Commission may have either intentionally, or mistakenly, disclosed information contained in a draft Commission report which, at the time, was subject to a confidential process under s 86 of the Act. I have said that I was unable to determine who was responsible for the disclosure.

6. ACCOUNTABILITY OF THE PICCC

The Parliamentary Inspector is accountable to the Parliament. He or she reports to the JSCCCC, whenever requested by it, concerning activities undertaken. He or she is also responsible for assisting the JSCCCC.

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

7. OPERATION OF THE COMMISSION

There is a proposal, presently under consideration, to amend the Act so as to permit the Commission, either in conjunction with the W.A. Police, or unilaterally, to conduct investigations into organised crime. I have expressed a deeply held concern to the Commissioner, and to the JSCCCC, that the proposed amendments will have a number of adverse consequences, including what seems to me to be an inevitable reduction in the effectiveness of one of the Commission's most important functions, being that of overseeing misconduct on the part of the W.A. Police. The issue is to be the subject of a report soon to be published by the JSCCCC arising out of its *Inquiry into How the Corruption and Crime Commission Can Best Work With the Western Australian Police Force to Combat Organised Crime*. It is consequently inappropriate for me to comment further at this stage.

I have mentioned above (5.1), that I received 17 less complaints in the reporting period concerning the Commission, its officers and the exercise of its powers than during the previous reporting period. This reflects ongoing efforts by the Commissioner and his Executive to achieve a high standard of operations.

8. AUDITOR GENERAL'S OPINION



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I have audited the accounts, financial statements, controls and key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Parliamentary Inspector's Responsibility for the Financial Statements and Key Performance Indicators

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 the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Page 1 of 2

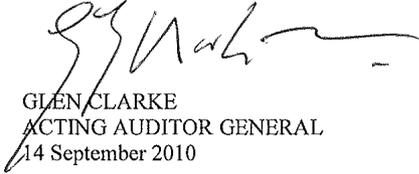
4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

**Parliamentary Inspector of the Corruption and Crime Commission
Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Parliamentary Inspector of the Corruption and Crime Commission at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission 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; and
- (iii) the key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission are relevant and appropriate to help users assess the Parliamentary Inspector of the Corruption and Crime Commission's performance and fairly represent the indicated performance for the year ended 30 June 2010.



GLEN CLARKE
ACTING AUDITOR GENERAL
14 September 2010

9. PERFORMANCE INDICATORS

9.1 OUTCOMES AND SERVICES

Relationships to Government Goals

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

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

9.2 CERTIFICATION OF PERFORMANCE INDICATORS

Key Performance Indicators

Certification of Performance Indicators for the Year Ending 30 June 2010

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Parliamentary Inspector of the Corruption and Crime Commission's performance, and fairly represent the performance of the Parliamentary Inspector of the Corruption and Crime Commission for the financial year ended 30 June 2010.



Mr Christopher Steytler QC
Accountable Authority

9th September 2010



9.3 PERFORMANCE INDICATOR REPORT

KEY EFFECTIVENESS INDICATOR

	2007-08	2008-09	2009-10	2009-10 Target
Number of investigations completed and reported to Parliament within target timeframes	1	1	1	1*

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

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

203. Annual report to Parliament

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

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

KEY EFFICIENCY INDICATORS

	2007-08	2008-09	2009-10	2009-10 Target
Average cost per investigation/case	\$11,245	\$8,260	\$5,108	\$7,381
Cost of the audit function as a percentage of total cost of operations	14%	27%	56%	47%

Average Cost per investigation/case

The average cost per investigation/case is calculated by dividing the total cost of the investigation function by the number of investigations closed for the period. The total cost of the investigation function is calculated by determining the percentage of salaries devoted to the investigation function and then applying that percentage to the total expenditure of the PICCC for the period.

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 PICCC salaries devoted to the audit function and then applying that percentage to the total expenditure of the PICCC for the period. For example, if 20% of salaries cost is devoted to the audit function then it is considered that 20% of the total cost of the PICCC is devoted to the audit function.

10. DISCLOSURES AND LEGAL COMPLIANCE

10.1 CERTIFICATION OF FINANCIAL STATEMENTS

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

The accompanying financial statements of the Parliamentary Inspector of the Corruption and Crime Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

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

A. Andersson

Alan Andersson
Chief Finance Officer

9 September 2010

Christopher Steytler

Christopher Steytler QC
Accountable Authority

9 September 2010



10.2 FINANCIAL STATEMENTS

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
 Statement of Comprehensive Income
 For the year ended 30 June 2010

	Note	2010 \$	2009 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	4	354,677	364,559
Supplies and services	5	86,152	118,212
Depreciation and amortisation expense	6	612	2,619
Accommodation expenses	7	53,798	36,462
Other expenses	8	27,204	21,249
Total cost of services		522,443	543,101
NET COST OF SERVICES		522,443	543,101
INCOME FROM STATE GOVERNMENT			
	9		
Service appropriation		458,000	149,000
Resources received free of charge		44,704	81,976
Total income from State Government		502,704	230,976
SURPLUS/(DEFICIT) FOR THE PERIOD		(19,739)	(312,125)
OTHER COMPREHENSIVE INCOME			
Gains/losses recognised directly in equity		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(19,739)	(312,125)

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



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Statement of Financial Position
As at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	16	416,216	389,467
Receivables	10	2,292	6,104
Amounts receivable for services	11	48,000	48,000
Total Current Assets		466,508	443,571
Non-Current Assets			
Property, plant and equipment	12	3,218	3,830
Total Non-Current Assets		3,218	3,830
TOTAL ASSETS		469,726	447,401
LIABILITIES			
Current Liabilities			
Payables	13	21,067	4,291
Provisions	14	56,342	42,344
Total Current Liabilities		77,409	46,635
Non-Current Liabilities			
Provisions	14	13,454	2,163
Total Non-Current Liabilities		13,454	2,163
TOTAL LIABILITIES		90,863	48,798
NET ASSETS		378,863	398,603
EQUITY			
Contributed equity	15	160,000	160,000
Accumulated surplus/(deficit)		218,864	238,603
TOTAL EQUITY		378,864	398,603

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



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Statement of Changes in Equity
For the year ended 30 June 2010

	Note	Contributed equity \$	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 30 June 2008	15	160,000	550,728	710,728
Total comprehensive income for the year		-	(312,125)	(312,125)
Transactions with owners in their capacity as owners:				
Capital appropriations		-	-	-
Other contributions by owners		-	-	-
Distributions to owners		-	-	-
Total		-	-	-
Balance at 30 June 2009		160,000	238,603	398,603
Balance at 1 July 2009		160,000	238,603	398,603
Total comprehensive income for the year		-	(19,739)	(19,739)
Transactions with owners in their capacity as owners:				
Capital appropriations		-	-	-
Other contributions by owners		-	-	-
Distributions to owners		-	-	-
Total		-	-	-
Balance at 30 June 2010		160,000	218,864	378,864

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



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Statement of Cash Flows
For the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		448,000	139,000
Holding account drawdowns		10,000	10,000
Net cash provided by State Government		458,000	149,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(288,981)	(323,963)
Supplies and services		(90,526)	(59,498)
Accommodation		(53,798)	(36,462)
GST payments on purchases		(5,861)	(9,536)
Receipts			
GST receipts from taxation authority		7,916	5,506
Net cash provided by/(used in) operating activities	16	(431,251)	(423,953)
Net increase/(decrease) in cash and cash equivalents		26,749	(274,953)
Cash and cash equivalents at start of period		389,467	664,420
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	16	416,216	389,467

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



1 Australian Accounting Standards

General

The financial statements for the Parliamentary Inspector of the Corruption and Crime Commission (the "Commission" for the purpose of these notes) for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended but are not operative have been early adopted by the Commission for the annual reporting period ended 30 June 2010.

2 Summary of Significant Accounting Policies

(a) General statement

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

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

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

(b) Basis of preparation

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

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

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

(c) Reporting entity

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

(d) Mission

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

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

(e) Contributed equity

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



(f) Income

Revenue recognition

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

Sale of goods

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

Provision of services

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

Service Appropriations

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

(g) Property, plant and equipment

Capitalisation/expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

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

Depreciation

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

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

Office equipment	10 years
Computers	5 years

(h) Impairment of assets

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

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



(i) Financial instruments

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

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

These have been disaggregated into the following classes:

Financial Assets

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

Financial Liabilities

- Payables

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

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

(j) Cash and cash equivalents

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

(k) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value. The last pay day in 2009-10 was 24 June 2010, therefore an accrual of 4 days was provided for this financial year.

(l) Amounts receivable for services (holding account)

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(m) Receivables

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

(n) Payables

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled 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

Annual Leave and Long Service Leave

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

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

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

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

Superannuation

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

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

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

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

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

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

(p) Superannuation expense

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

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 contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

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

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

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



(r) **Comparative figures**

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

3 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Commission.

AASB 101

Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10

Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13

Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Parliamentary Inspector of the Corruption and Crime Commission does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2

Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

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

Title	Operative for reporting periods beginning on/after
AASB 2009-11 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 & 1038 and Interpretations 10 & 12]. The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Council does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 January 2013



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2010

	2010	2009
	\$	\$
4 Employee benefits expense		
Wages and salaries ^(a)	341,845	342,903
Superannuation (West State)	12,832	21,656
	<u>354,677</u>	<u>364,559</u>
(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.		
5 Supplies and services		
Communications	5,590	12,435
Consumables	14,153	6,328
Consultants and contractors	21,705	17,473
Resources received free of charge (note 9)	44,704	81,976
	<u>86,152</u>	<u>118,212</u>
6 Depreciation and amortisation expense		
Office equipment and computers	612	2,619
	<u>612</u>	<u>2,619</u>
7 Accommodation expenses		
Building rental operating lease expenses	53,798	36,462
	<u>53,798</u>	<u>36,462</u>
8 Other expenses		
Insurance	-	6,302
Other staff costs	5,000	11,991
Other expenses ^(a)	22,204	2,956
	<u>27,204</u>	<u>21,249</u>
(a) Includes bank fees, court transcripts, electricity, travel and motor vehicle operating expense.		
9 Income from State Government		
Appropriation received during the year:		
Service appropriation ^(a)	458,000	149,000
	<u>458,000</u>	<u>149,000</u>
Resources received free of charge ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General	44,704	81,976
- accounting, human resources and information technology services		
Total Income from State Government	<u>502,704</u>	<u>230,976</u>

^(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the period.

^(b) Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Commission makes an adjustment direct to equity.



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2010

	2010 \$	2009 \$
10 Receivables		
GST receivables	2,292	4,347
Prepayments	-	1,757
	<u>2,292</u>	<u>6,104</u>
11 Amounts receivable for services		
Current	48,000	48,000
	<u>48,000</u>	<u>48,000</u>

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

12 Property, plant and equipment

<u>Office equipment and computers</u>		
At cost	16,210	16,210
Accumulated depreciation	(12,992)	(12,380)
Total property, plant and equipment	<u>3,218</u>	<u>3,830</u>

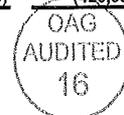
Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

2010	Office equipment \$
Carrying amount at start of year	3,830
Additions	-
Transfers	-
Other disposals	-
Depreciation	(612)
Carrying amount at end of year	<u>3,218</u>
2009	Office equipment \$
Carrying amount at start of year	6,449
Additions	-
Transfers	-
Other disposals	-
Depreciation	(2,619)
Carrying amount at end of year	<u>3,830</u>



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2010

	2010	2009
	\$	\$
13 Payables		
Accrued salaries	11,856	3,882
Trade and other payables	9,211	409
	<u>21,067</u>	<u>4,291</u>
14 Provisions		
Current:		
Annual leave ^(a)	49,864	32,217
Long service leave ^(a)	6,478	10,127
	<u>56,342</u>	<u>42,344</u>
Non-current:		
Long service leave ^(a)	13,454	2,163
	<u>13,454</u>	<u>2,163</u>
^(a) Includes a superannuation contribution component		
15 Equity		
Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.		
Contributed equity		
Balance at start of period	160,000	160,000
Capital contributions	-	-
	<u>160,000</u>	<u>160,000</u>
Accumulated surplus/(deficit)		
Balance at start of period	238,603	550,728
Result for the period	(19,739)	(312,125)
Balance at end of period	<u>218,864</u>	<u>238,603</u>
16 Notes to the Cash Flow Statement		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	416,216	389,467
	<u>416,216</u>	<u>389,467</u>
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net cost of services	(522,443)	(543,101)
Non-cash items:		
Depreciation and amortisation expense	612	2,619
Resources received free of charge	44,704	81,976
(Increase)/decrease in assets:		
Prepayments	1,757	(1,757)
Increase/(decrease) in liabilities:		
Current payables	16,776	1,565
Other current liabilities	13,998	37,917
Non-current provisions	11,291	858
Change in GST receivables/payables	2,055	(4,030)
Net cash provided by/(used in) operating activities	<u>(431,250)</u>	<u>(423,953)</u>



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2010

	2010 \$	2009 \$
17 Commitments		
The Commission leases a motor vehicle. The lease expenditure is expensed as it is incurred. At the reporting date the Commission had the following obligations under the operating lease.		
Within 1 year	11,189	5,610
Later than 1 year and not later than 5 years	6,527	-
Later than 5 years	-	-
	<u>17,717</u>	<u>5,610</u>
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases.	17,717	5,610
	<u>17,717</u>	<u>5,610</u>

Non cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 Year	11,189	5,610
Later than 1 year and not later than 5 years	6,527	-
Later than 5 years	17,717	5,610

18 Explanatory statement

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

Significant variances between estimate and actual for 2010:

	Estimate 2010 \$	Actual 2010 \$	Variation \$
Expenses			
Employee benefits expenses	286,000	354,677	68,677
Supplies and services	301,000	86,152	(214,848)
Depreciation and amortisation expense	10,000	612	(9,388)
Accommodation	-	53,798	53,798
Income from State Government			
Service appropriation	462,000	458,000	(4,000)
Resources received free of charge	82,000	44,704	(37,296)

Employee benefits expense

The increase largely reflects an underestimation of the Commission's activity for 2009-2010.

Supplies and services

This decrease can be attributed to costs for the establishment of the office which was a one-off expense in the 2009 actual figure.

Depreciation and amortisation expense

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



PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION
 Notes to the Financial Statements
 For the year ended 30 June 2010

Accommodation

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

Resources received free of charge

Resources free of charge were less than estimate due to a reduction in the provision of secretarial services and accommodation. The Commission is now charged directly for accommodation and has appointed staff who carry out some tasks previously undertaken by the Department of the Attorney General.

Significant variances between actual results for 2009 and 2010:

	Actual 2010 \$	Actual 2009 \$	Variance \$
Expenses			
Employee benefits expense	354,677	364,559	(9,882)
Supplies and services	86,152	118,212	(32,060)
Depreciation and amortisation expense	612	2,619	(2,007)
Accommodation	53,798	36,462	17,336
Income			
Service appropriations	458,000	149,000	309,000
Resources received free of charge	44,704	81,976	(37,272)

Employee benefits expense

In 2008-2009, the Parliamentary Inspector and Sessional Parliamentary Inspector were both included in the scheme, whereas in the 2009-2010 financial year the Parliamentary Inspector was not paid under this Scheme as he was paid a Retired Judicial Pension.

Supplies and services

This decrease can be attributed to costs for the establishment of the office which was a one-off expense in the 2009 actual figure.

Depreciation and amortisation expense

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

Accommodation

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

Service appropriations

The service appropriations were reduced in 2008-09 as the Commission utilised its existing cash resources accumulated from previous years.

Resources received free of charge

Resources free of charge were less than estimate due to a reduction in the provision of secretarial services and accommodation. The Commission is now charged directly for accommodation and has appointed staff who carry out some tasks previously undertaken by the Department of the Attorney General.



19 Financial instruments

(a) Financial risk management objectives and policies

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

Credit Risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission. The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 19(c) 'Financial Instruments Disclosures' and Note 10 'Receivables'.

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

Liquidity Risk

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

Market Risk

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

(b) Categories of financial instruments

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

	2010 \$	2009 \$
Financial assets		
Cash and cash equivalents	416,216	389,467
Receivables ^(a)	48,000	48,000
	<u>464,216</u>	<u>437,467</u>
Financial liabilities		
Financial liabilities measured at amortised cost	21,067	4,291
	<u>21,067</u>	<u>4,291</u>

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



(c) **Financial instruments disclosure**

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

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

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

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

Financial assets	Weighted average interest rate %	Interest rate exposure			Past due but not impaired					Impaired financial assets
		Carrying Amount	Variable Interest Rate	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2 - 5 years	More than 5 years	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
2010										
Cash and cash equivalent assets		416,216		416,216						
Loans and advances Amounts receivable for services		-	48,000	48,000						
Total financial assets		416,216	48,000	464,216						
2009										
Cash and cash equivalent assets		389,467		389,467						
Amounts receivable for services		48,000	48,000	48,000						
Total financial assets		437,467	48,000	485,467						

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



Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities

	Weighted average interest rate %	Carrying Amount \$	Interest rate exposure		Maturity dates					
			Variable Interest Rate \$	Non-interest bearing \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2 - 5 years \$	More than 5 years \$	
Financial liabilities										
2010										
Payables		21,067		21,067						
Total financial liabilities		21,067		21,067						
2009										
Payables		4,291		4,291						
Total financial liabilities		4,291		4,291						

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.



20 Remuneration of members of the Accountable Authority and senior officers

Remuneration of members of the Accountable Authority

The number of 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:

\$	2010	2009
0 - 10,000	1	-
170,001 - 180,000	1	1
	<u>1</u>	<u>1</u>
Total remuneration of members of the Accountable Authority:	<u>\$180,501</u>	<u>\$171,038</u>

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the Accountable Authority.

Remuneration of senior officers

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

\$	2010	2009
130,000 - 140,000	-	1
140,000 - 150,000	1	-
	<u>1</u>	<u>1</u>
Total remuneration of senior officers:	<u>\$142,582</u>	<u>\$131,269</u>

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

21 Remuneration of auditor

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

	2010	2009
	\$	\$
Auditing the accounts, financial statements and performance indicators	<u>14,500</u>	<u>13,900</u>

22 Events occurring after the end of the financial period.

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



23 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2010 (2009: nil)

24 Related bodies

The Commission had no related bodies during the financial year (2009: nil).

25 Affiliated bodies

The Commission had no affiliated bodies during the financial year (2009: nil).

26 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2009: nil).

There were no write offs of public money or other public property during the financial year (2009: nil).

There were no gifts of public property during the financial year (2009: nil).



10.3 OTHER FINANCIAL DISCLOSURES

Nil

10.4 GOVERNANCE DISCLOSURES

Financial interests – Nil

Officers receiving a benefit – Nil

10.5 MINISTERIAL DIRECTIVES

Nil