



# Office of the **Public Sector Standards** Commissioner

Annual Report 2010

## Contact details

<b>Office location:</b>	Level 21 Governor Stirling Tower 197 St Georges Terrace Perth WA 6000
<b>Postal address:</b>	GPO Box 2581 Perth WA 6001
<b>Telephone:</b>	(08) 9219 6000
<b>Facsimile:</b>	(08) 9219 6001
<b>Toll free:</b>	1800 676 607
<b>Email:</b>	<a href="mailto:pssc@opssc.wa.gov.au">pssc@opssc.wa.gov.au</a>
<b>Website:</b>	<a href="http://www.opssc.wa.gov.au">www.opssc.wa.gov.au</a>

## Availability in other formats

This document can be made available in alternative formats on request.

People who have a hearing or speech impairment may call the ACE National Relay Service on 133 677 and quote telephone number (08) 9219 6000.

This report is available in PDF format from the OPSSC website. To minimise download times and reduce printing, the report is provided in chapters, as well as the entire document. We encourage people to use recycled paper and print double sided if they print a copy of the report or sections of it.

Limited printed copies are available from OPSSC.

The content of this report has been printed in two colours, in accordance with the requirements of the *Annual Reporting Framework 2009-2010* published by the Public Sector Commission. The report is available in full colour from the OPSSC website.

ISSN 1832-9411

Published by the Office of the Public Sector Standards Commissioner (OPSSC)

August 2010

# Statement of Compliance

HON COLIN BARNETT MEd MLA  
PREMIER; TREASURER; MINISTER FOR PUBLIC SECTOR MANAGEMENT;  
MINISTER FOR STATE DEVELOPMENT

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation in Parliament, the annual report of the Office of the Public Sector Standards Commissioner for the financial year ending 30 June 2010.

This report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

A handwritten signature in black ink, appearing to read 'M C Wauchope', with a stylized flourish at the end.

M C Wauchope  
ACTING COMMISSIONER  
PUBLIC SECTOR STANDARDS

5 August 2010

This page has been left blank intentionally.

# Contents

Executive Summary.....	1
Commissioner's foreword.....	1
The year at a glance.....	3
Future Directions.....	6
Significant issues impacting the agency.....	6
Report on Operations.....	7
General administration and management.....	7
Organisation structure.....	10
Summary Report on Performance.....	13
Performance management framework.....	13
Actual results versus budget targets.....	15
Report on Performance.....	18
Strategic functions and operational achievements.....	18
Disclosures and Legal Compliance.....	27
Financial statements.....	27
Detailed key performance indicators information.....	66
Financial management.....	71
Ethical conduct and integrity.....	71
Human resource management.....	73
Records management.....	76
Risk management.....	77
Appendices.....	78
Appendix 1: Agency publications.....	78

This page has been left blank intentionally.

## Commissioner's foreword



The 2009-10 financial year was one of significant change for the Office of the Public Sector Standards Commission (OPSSC).

On 13 July 2009 the Government announced that it would introduce reforms to the public sector through amendments to the *Public Sector Management Act 1994*. These amendments would see the amalgamation of the two separate offices of the Public Sector Commission (PSC) and OPSSC.

On 25 November 2009, the Premier introduced the *Public Sector Reform Bill 2009* into Parliament with its first and second reading in the Legislative Assembly. The Bill effectively amalgamates the functions of the Minister for Public Sector Management and the Commissioner for Public Sector Standards to form the new position of Public Sector Commissioner.

Dr Ruth Shean, the then Commissioner for Public Sector Standards, supported the reforms and worked diligently on the transition process. Dr Shean subsequently resigned as Commissioner to take up the position of Director General of the Department of Training and Workforce Development.

By a resolution of both Houses of Parliament, I was subsequently appointed as acting Commissioner for Public Sector Standards for 12 months from 8 December 2009 while continuing to hold the position of Public Sector Commissioner. This was an important step in progressing the amalgamation of the two agencies.

A further significant step was the physical relocation of OPSSC staff on 22 February 2010 from St Martins Tower, 44 St Georges Terrace Perth to Governor Stirling Tower, 197 St Georges Terrace Perth. The relocation of OPSSC to the same premises as PSC achieved efficiencies and facilitated greater cooperation and collaboration between the two separate offices.

The relocation has been a success, and I have been pleased to see staff in both offices working collaboratively. OPSSC staff who have adjusted to a new Commissioner and a change in office accommodation, have been extremely professional and committed during this transition period while continuing to perform their statutory roles.

The likely passage of the *Public Sector Reform Bill 2009* will bring further changes to the office and will effectively see OPSSC cease to exist as a separate organisation. Consequently, this annual report is likely to be the last full year report of OPSSC.

## Executive Summary

---

The office has much to be proud of. Since its establishment in 1994 it has set and monitored human resource and conduct standards for the public sector and has provided Parliament and the community with extensive information on the state of the sector. A wealth of assistance and guidance has been provided to CEOs and agencies to meet those standards, and the focus of the office has never wavered from enhancing the overall integrity of the public sector.

I look forward to continuing this important work as Public Sector Commissioner, and would like to thank former Commissioners Mr Digby Blight, Mr Don Saunders, Ms Maxine Murray and Dr Ruth Shean for their enormous contribution to the public sector.



M C Wauchope  
ACTING COMMISSIONER  
PUBLIC SECTOR STANDARDS



## The year at a glance

### Service 1: Development and monitoring of human resource standards, ethical codes and public interest disclosures

- The work of OPSSC to monitor public sector compliance with public sector standards and ethical codes continued. This year OPSSC managed 137 breach of standard claims and 96 general compliance inquiries.
- The role of OPSSC to assist public sector agencies and public authorities to meet the Public Sector Standards in Human Resource Management and develop ethical codes through a range of customised services which included:
  - responding to 1424 telephone calls and emails;
  - delivering 99 presentations to over 2800 people;
  - delivering over 40 customised training programs to agencies;
  - consulting with 44 public sector agencies on practice improvement initiatives; and
  - reviewing 32 public sector agencies' codes of conduct, 22 agencies' conflict of interest policy and 22 human resource policies.
- OPSSC developed new products and tools, which included:
  - *Appointment: getting it right;*
  - *Grievance Resolution: getting it right;* and
  - *Integrity Induction: take the challenge.*
- OPSSC is committed to delivering services to regional Western Australia and demonstrated this by:
  - visiting three regional districts;
  - presenting 12 workshops in the regions; and
  - delivering satellite broadcasts to the regions.
- OPSSC continued to provide ongoing assistance and training to agencies on how to manage Public Interest Disclosures (PID) by:
  - presenting 10 PID training and awareness programs to over 315 PID officers, staff from public sector agencies, local government authorities, public universities, government boards and committees; and
  - conducting four professional networks for PID officers.
- OPSSC worked with other key agencies such as the Crime and Corruption Committee on how to approach PID issues across the sector.
- The fifth Parliamentary Series Report, *Department of Water: Investigation of Probity Concerns* was tabled in Parliament by OPSSC in August 2009.
- The sixth Parliamentary Series Report, *Audit of Senior Recruitment Processes in the Western Australian Public Sector* was tabled by OPSSC in Parliament in November 2010.

# Executive Summary

- The seventh Parliamentary Series Report, *Managing Interest in the Western Australia Public Sector* was tabled in Parliament by OPSSC in November 2010.
- The second *State of the Service Report* was tabled in Parliament by OPSSC in November 2010. The report highlighted positive improvements made by the public sector in human resource management and ethical behaviour over the last ten years.
- In partnership with PSC, OPSSC developed a reporting framework consistent with the *Public Sector Reform Bill 2009* which will be reflected in the *2010 State of the Service Report*.
- The largest sample of public sector agencies to date was surveyed by OPSSC for their perceptions on human resource standards, ethical behaviour, equity and probity, in their agency.

## Service 2: Equal employment opportunity advice and evaluation of equity and diversity in public employment

- The Office of Equal Employment Opportunity (OEEO) provided a consultancy service to assist public authorities with the development of 60 new EEO Management Plans, compliant with Part IX of the *Equal Opportunity Act 1984* (EO Act).
- OEEO developed new EEO Management Planning tools to assist public authorities in developing effective EEO Management Plans.
- The *Strategies at Work* series was launched by OEEO to increase employment opportunities for youth, Indigenous Australians, women in management, people with disabilities and people from culturally diverse backgrounds.
- The *Fourth and Final Progress Report on the Equity and Diversity Plan for the Public Sector Workforce 2006-2009* was released by OEEO.
- In consultation with the PSC, OEEO developed the Public Sector Commissioner's Circular (2010-02) on the future direction of equity and diversity for the public sector.
- Four Diversity Forums, attracting over 100 attendees per forum, were delivered by OEEO.
- OEEO released regular e-bulletins and developed a streamlined format for *Diversity Bizz*.
- In consultation with OEEO, OPSSC developed an online diversity questionnaire to assist public authorities with the collection of equity and diversity data, data definitions and legislative reporting requirements.
- In collaboration with OEEO, OPSSC prepared and tabled the 2008-09 Annual Report of the Director of Equal Opportunity in Public Employment.
- On behalf of OEEO, OPSSC released the *How Does Your Agency Compare?* and *How Does Your University Compare?* reports which compare current workforce diversity profiles as well as diversity information for similar public authorities.

### **Service 3: Independent chief executive officer selection and reappointment advice**

- OPSSC managed the selection process for 11 Chief Executive Officer (CEO) positions. Nine were completed and nominations provided to the Premier and relevant Ministers for consideration by the end of the financial year.
- As at 30 June 2010, the Premier had accepted six of the nine nominated positions, with decisions yet to be made on the remaining three.
- Nominations for two CEO positions made from the previous financial year were accepted and announced by the Premier in the first half of this reporting cycle.

# Future Directions

## Significant issues impacting the agency

In 2009 the Premier announced the roles of the Commissioner for Public Sector Standards and Public Sector Commissioner would be merged. The *Public Sector Reform Bill 2009*, introduced in Parliament in November 2009, provides for the amalgamation of the two roles to occur.

OPSSC is working to ensure an amalgamated office continues to independently monitor and report on matters of compliance, together with matters of public administration and management. This enhanced monitoring role will assist to build and maintain public trust in the public sector.

In partnership with the PSC, OPSSC has been developing initiatives to support proposed legislative changes, as contained in the *Public Sector Reform Bill 2009*, and promote a more flexible principles based approach to recruitment. OPSSC has consulted extensively with public sector agencies and will continue to focus on streamlining the compliance requirements placed on agencies.

A key focus of OPSSC in this transitional period will be to work with PSC to assist the public sector to integrate and embed ethical principles as contained in the *West Australian Public Sector Code of Ethics* into everyday practices and decision making.

Effective management across public authorities of public interest disclosures will also continue to be a key priority. OPSSC will continue to enhance assistance in the communication, application and compliance with the *Public Interest Disclosure Act 2003*.

Importantly, OPSSC has been working towards ensuring compliance monitoring and reporting adds value to the business of agencies. The proposed legislative changes and the increased independence of reporting for the Public Sector Commissioner will be a positive move for the integrity, accountability and effectiveness of the public sector.

## General Administration and Management

### Mission

To achieve best practice within public authorities that is consistent with principles of official conduct and human resource standards through education, capacity building and independent oversight.

### Who we are

The Commissioner for Public Sector Standards is independent and impartial and reports directly to the Parliament of Western Australia.

The Director of Equal Opportunity in Public Employment (DEOPE) is a statutory officer who reports to the Minister for Public Sector Management and is located with OPSSC.

Both offices are established to provide an impartial service to enhance the reputation of the Western Australian public sector.

OPSSC has 31 employees and an annual budget of \$4.8 million. In 2009-10 OPSSC provided its services to 124 public sector agencies and authorities, 141 Local Government Authorities, four universities, 68 public boards and committees.

### What we do

OPSSC and OEEO collaborate with public sector agencies to enhance the reputation of the WA public sector, build strength and diversity through elements of the:

- *Public Sector Management Act 1994* (PSM Act);
- *Public Interest Disclosure Act 2003* (PID Act); and
- *Equal Opportunity Act 1984* (EO Act).

In particular, OPSSC and OEEO are responsible for:

- leading and establishing standards and codes through the relevant legislation;
- assisting agencies to comply with those standards and codes; and
- monitoring and reporting compliant and non-compliant agency conduct.

OPSSC also recommends to the Minister for Public Sector Management people suitable for appointment as public sector chief executive officers.

# Report on Operations

---

## Intended outcomes

In carrying out its services and activities, OPSSC strives for the following outcomes:

1. Parliament, public sector bodies and the community have confidence that the public sector is guided by clearly defined standards and codes on official conduct and human resource management;
2. Parliament, public sector bodies and the community have confidence that the public sector is guided by clearly defined standards for public interest disclosure and codes on Public Interest Disclosure;
3. Independent oversight and capacity building assists continuous practice improvement in the public sector;
4. Parliament and public sector bodies are informed on the integrity and impartiality of the public sector; and
5. Public authorities have an equitable and diverse workforce profile.

## Values

OPSSC has a set of corporate values which underpin all operations and relationships, namely:

- acting with integrity and impartiality;
- providing quality service to internal and external customers;
- working in collaborative partnerships with public authorities;
- providing supportive work environments recognising diversity and flexible work practices;
- building mutual respect and trust; and
- delivering sustainable individual and agency achievements.

## Service charter

In undertaking its work OPSSC is committed to:

- meeting all legislative and regulatory requirements;
- striving towards continuous improvement;
- maintaining confidentiality consistent with the legislation;
- providing quality advice and support which is accurate and timely;
- being clear about its role and how it can assist;
- providing continuity in support;
- following through on commitments made; and
- valuing and encourage feedback.

## Authority establishing agency

OPSSC was created under the PSM Act, and the Commissioner's functions are prescribed in ss. 21-25, 45, 48 and 97. The Commissioner also has a number of functions under the PID Act.

# Report on Operations

Within OPSSC, the DEOPE is responsible under Part IX of the EO Act for ensuring compliance by all public authorities under ss. 143, 145 and 146.

## Ministerial responsibility

The Commissioner for Public Sector Standards is an independent authority established under Part 2 (Division 3) of the PSM Act and reports to each house of parliament, not to any Minister.

The DEOPE reports to the Minister for Public Sector Management. Under s.144 of the EO Act, the DEOPE is required to present the Minister, a report on the agency's work, activities and administration of the DEOPE's functions.

## Legislation administered

### Public sector management

The PSM Act sets out principles of integrity in official conduct, merit and equity in human resource management.

Under the PSM Act the Commissioner has a role to establish human resource management standards and codes of ethics for public bodies. The Commissioner assists public sector bodies and their employees to comply with the standards and codes and monitors and reports on their compliance. In addition the Commissioner recommends under regulatory provisions relief if there has been a breach of a human resource management standard.

The Commissioner also provides independent advice to the Minister for Public Sector Management on people suitable for appointment to chief executive officer positions in the Western Australian public sector.

### Public interest disclosures

The PID Act aids the disclosure of public interest information. It provides protection for those who make disclosures and those who are the subject of disclosures.

Under the PID Act, the Commissioner assists authorities and public officers to comply with the PID Act and the PID Officer code of conduct and integrity. The Commissioner also helps them monitor and report on the extent of compliance.

### Equal opportunity

The DEOPE is hosted by OPSSC. The DEOPE is appointed by the Governor and reports directly to the Minister for Public Sector Management.

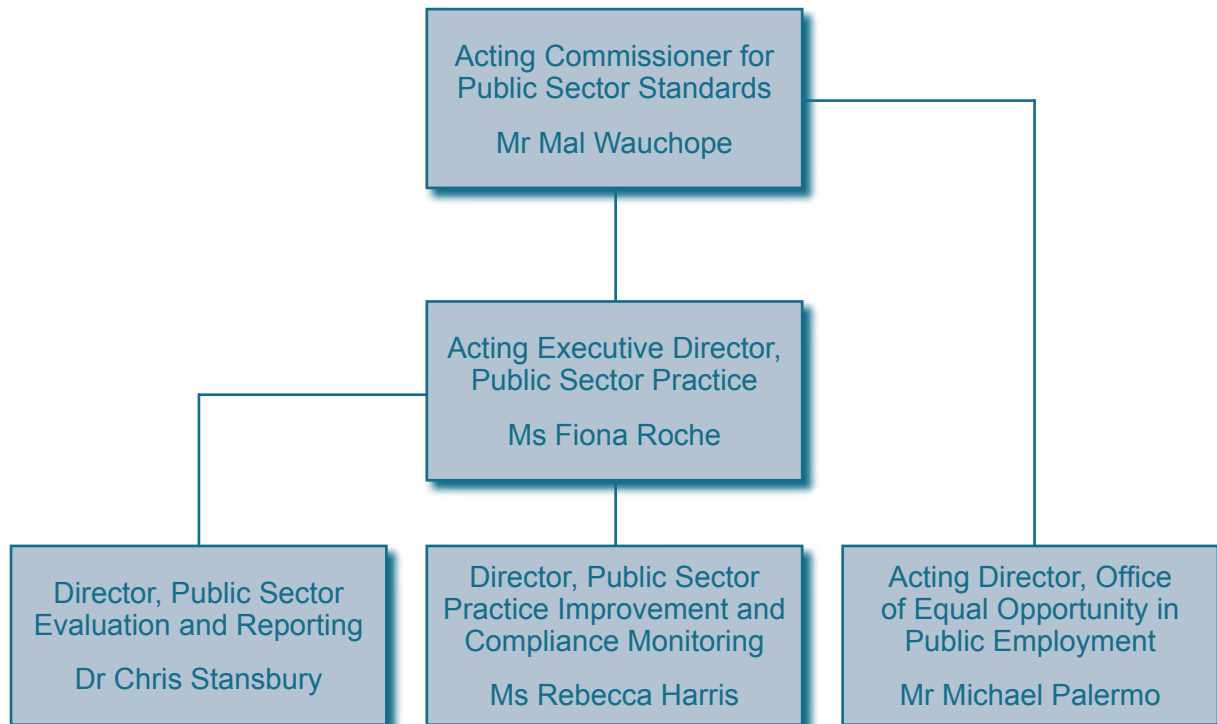
The DEOPE's statutory role is covered by Part IX of the EO Act. Part IX of the Act aims to eliminate and ensure the absence of discrimination in employment in public authorities on all grounds covered by the EO Act. It promotes equal employment opportunity for all people in public authorities.



# Report on Operations

## Organisational structure

The Commissioner for Public Sector Standards, OPSSC Executive Director, Directors, and the DEOPE comprise the OPSSC Corporate Executive. The organisational structure of OPSSC at 30 June 2010 is provided in Figure 1.



**Figure 1: OPSSC organisational structure**



OPSSC Corporate Executive:  
Rebecca Harris, Mal Wauchope, Fiona Roche, Chris Stansbury  
(Michael Palermo - absent)



# Report on Operations

## Staff profile

As at 30 June 2010, OPSSC had 31 employees. As shown in Table 1, the majority were full-time permanent employees, with three permanent part-time employees. Contract staff are employed when needed to backfill unexpected vacancies, to provide short-term expertise or to assist in peak workload periods.

**Table 1: OPSSC staff profile**

Employee category	Number of staff as at	
	30 June	
	2009	2010
Full-time permanent	29	25
Full-time contract	3	3
Part-time permanent	3.3	3
Part-time contract	1.1	0
<b>TOTAL</b>	<b>36.4</b>	<b>31</b>
Employees seconded out	3	7
Employees seconded in	3	3

## Organisational culture

OPSSC is committed to building a workforce characterised by best practice in leadership, diversity management, ethics and integrity. These factors form the basis of OPSSC's values and code of conduct. OPSSC has also developed a culture of continuous improvement with systems and innovation. These two key internal goals and associated strategies reflect OPSSC's dedication to best practice.

## Shared responsibilities with other agencies

### The Integrity Coordinating Group

The Integrity Coordinating Group (ICG) was formed in January 2005 and launched publicly in July 2005. The ICG comprises the Commissioner for Public Sector Standards (Chair in 2005-06), the Western Australian Ombudsman (Chair in 2006-07), the Auditor General (Chair in 2007-08) and the Corruption and Crime Commissioner (Chair in 2008-09). The current chair is the Western Australian Ombudsman.

The purpose of the ICG is to foster greater policy coherence and operational coordination between the core integrity bodies with the aim to strengthen integrity across the sector. OPSSC has continued to work strategically and collaboratively with the ICG to promote integrity in public authority bodies.

### CEO Reference Group

During 2008-09 a group of approximately 20 Director Generals and CEOs was set

# Report on Operations

---

up to provide a key reference group for consultations on developments and issues managed by OPSSC. OPSSC continued to engage with the CEO reference group in 2009-10 on issues impacting the public sector.

## Institute of Public Administration

OPSSC and the Institute of Public Administration, WA Division (IPAA WA) worked in partnership to facilitate the delivery of a range of professional development opportunities to the public sector.

OPSSC identified a range of core topics and in collaboration with IPAA developed these topics into learning programs based on current OPSSC products. In 2009-10 IPAA provided two professional development opportunities:

- Selection panel training based on OPSSC's product - Appointment: getting it right; and
- Grievance resolution training based on OPSSC's product - Grievance: getting it right.

The training aimed to ensure that the work of selection panels was in accordance with the Public Sector Standards in Human Resource Management, ethical codes applying to the public sector and the EO Act.

## Murdoch University

OPSSC and Murdoch University are working in partnership to explore the effectiveness of codes of conduct in public sector agencies. Murdoch University successfully received a research grant from IPAA WA to investigate the range of operating factors surrounding the implementation of codes of conduct in public sector agencies in Western Australia.

# Summary Report on Performance

## Performance Management Framework

### Regulatory framework

OPSSC worked within a strategic framework integrating the legislative function of the office with the Government's goals as outlined in the *Annual Reporting Framework 2009-10*.

This approach provided alignment for the agency and ensured the Commissioner's role to provide independent and impartial information to Parliament was not compromised. Figure 2 illustrates the framework of how the government and agency goals are aligned with the agency-level services and its strategy.

### Relationship with government goals

The alignment of OPSSC's vision, mission, values and objectives with whole of Government goals outlined in the *Annual Reporting Framework 2009-10* reflected the office's commitment to achieving government outcomes.

OPSSC contributed to the Government's goals through governance and public sector improvement, independent oversight, assistance in public authority development and the development of codes and standards for the Western Australian public sector.

OPSSC has supported upholding merit, equity, probity and integrity in the public sector, recognising these values impact on outcome based service delivery.

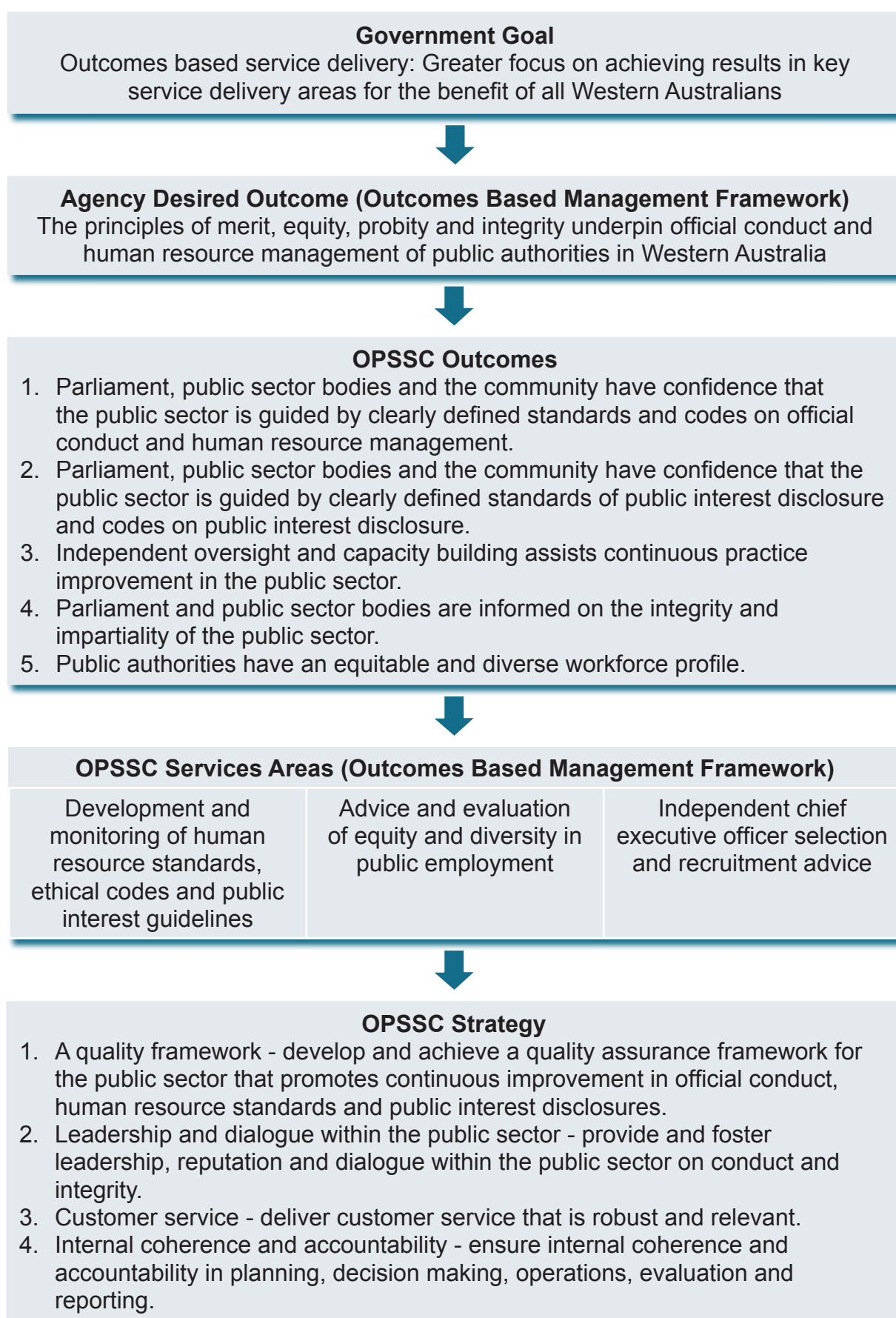
### Agency-level desired outcomes

OPSSC's strategic plan details the agency's approach to working with the public sector, as well as the office's own internal accountability. It builds upon the strengths of the office, at a time when official conduct is under great public scrutiny.

### Achieving desired outcomes

In achieving the office's goals, the services provided by OPSSC are aligned with agency level desired outcomes and in turn Government's strategic goals. Goals and strategies are identified to enable the statutory functions to be undertaken and to support public authorities in meeting their obligations.

# Summary Report on Performance



**Figure 2: Alignment of government and agency goals with agency-level services and strategy**

# Summary Report on Performance

## Actual results versus budget targets

**Table 2: Financial Targets**

	<b>2009-10 Target<sup>(1)</sup></b>	<b>2009-10 Actual</b>	<b>Variation<sup>(2)</sup></b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	5,208	5,105	-103
Net cost of services (sourced from Statement of Comprehensive Income)	4,884	4,740	-144
Total equity (sourced from Statement of Financial Position)	1,178	1,367	189
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	334	325	-9
Approved full time equivalent (FTE) staff level	39	39	-

(1) As specified in the budget statements for the year in question.

(2) Further explanations for significant variations are contained in Note 27 'Explanatory Statement' to the financial statements.

# Summary Report on Performance

## Summary of Key Performance Indicators

OPSSC's key performance and effectiveness indicators are intended to reflect and evaluate the agency's desired outcomes and services. These indicators are also reported in this year's audited performance indicators (see *Disclosures and Legal Compliance* section for detailed key performance indicator information) and were included in the 2010–11 budget. Table 3 reports actual performance for 2009-10 compared to budget targets.

**Table 3: Performance indicators: Actual performance compared to budget targets**

Effectiveness Indicators	2009-10 Target <sup>(1)</sup>	2009-10 Actual	Variation
Percentage of public authorities who have provided all reports as required by legislation	100%	95%	-5%
Percentage of public authorities who have met the minimum requirements	90%	95%	5%
Percentage of public authorities provided with assistance on the principles of merit, equity, probity and integrity in official conduct and human resource management during the year	100%	100%	0%
Percentage of public authorities who agree that feedback through the Office survey process has increased their understanding of the principles of merit, equity, probity and integrity in official conduct and human resource management	90%	87%	-3%
Percentage of breach of standard claims and matters referred to the OPSSC that are handled within specified timeframes	85%	79%	-6%
Percentage of CEO appointment recommendations where the Minister for Public Sector Management has indicated he/she is satisfied with the process	100%	100%	0%

(1) See explanations on page 17

## Summary Report on Performance

Efficiency Indicators	2009-10 Target <sup>(1)</sup>	2009-10 Actual	Variation <sup>(2)</sup>
Service 1 - Cost of assistance and monitoring per public sector agency for the PSM Act and for the PID Act	\$9,129	\$8,964	-2%
Service 2 - Cost of assistance and monitoring per public sector agency and authority for Part IX of the EO Act	\$3,891	\$4,450	14% <sup>(a)</sup>
Service 3 - Cost per CEO selection	\$56,420	\$98,567	75% <sup>(b)</sup>

(1) As specified in the budget statements for the year in question.

(2) Further explanations for significant variations are contained in Note 27 'Explanatory Statement' to the financial statements.

- (a) The increase is due to the additional shared accommodation and corporate services expense resulting from the co-location and preparation for our merger with the Public Sector Commission. This increase in overhead is better absorbed by Service 1 than Service 2, because it had vacant positions that were not filled during the financial year.
- (b) The increase is because the target for 2009-10 did not anticipate the need for complicated executive searches for three positions, Office of Environmental Protection Authority, Department of Health, Department of Agriculture and Food and this resulted in greater project costs than estimated. This service has been allocated a much higher cost for corporate overhead in the areas of business services, communications and accommodation than has occurred in previous years. This has impacted on the final cost of service as these additional overheads were not reflected in the original target for 2009-10.

# Report on Performance

## Strategic Functions and Operational Achievements

### Service 1: Development and monitoring of human resource standards, ethical codes and public interest disclosures

This service develops standards and codes, assists public authorities to comply with standards and codes, and provides independent oversight to monitor and report on compliance to Parliament and Ministers for the Public Sector Management Act 1994 (PSM Act) and the Public Interest Disclosure Act 2003 (PID Act).

This service area enables the Commissioner to fulfill his monitoring and assistance roles under the PSM Act and the PID Act.

The Commissioner's main functions under this service area are as follows:

- establishing public sector standards which set out minimum standards of merit, equity and probity, establishing ethical codes under the PSM Act, a code and guidelines under the PID Act;
- monitoring compliance with the public sector standards, code of ethics, codes of conduct, the general principles of human resource management and official conduct (the principles) under the PSM Act;
- reporting on the extent of compliance in the public sector with the principles, standards and ethical codes under the PSM Act and the extent of compliance by public authorities with the PID Act and PID Code;
- assisting public authorities to develop their capacity to operate in accordance with agency specific codes of conduct, consistent with the Western Australian Public Sector Code of Ethics, principles of official conduct, ethical codes, and Public Sector Standards in Human Resource Management;
- monitoring compliance with the PID Act and PID Officer Code of Conduct and Integrity, and providing assistance in the handling of public interest disclosures;
- preparing guidelines on internal procedures relating to the functions of a proper authority under the PID Act and ensuring all public authorities have copies of the PID guidelines; and
- acting as a proper authority for receiving disclosures of public interest relating to a public officer (other than a Member of Parliament, a Minister of the Crown, a judicial officer, or an officer referred to in Schedule 1 to the *Parliamentary Commissioner Act 1971*).



# Report on Performance

## Operational Achievements in Human Resource Management Standards and Ethical Codes

OPSSC worked with PSC to lead a Public Sector Reform Initiative to provide more flexibility within public sector recruitment. A range of options to promote a balanced approach to innovative recruitment were developed including:

- removing unnecessary public sector prescriptions;
- providing public sector agencies with initiatives to maximise recruitment efficiencies;
- identifying opportunities for agencies to collaborate through cross agency selection processes, appointment pools and mobility of suitable candidates;
- improving the attraction and retention of regional and remote employees through location specific, cross agency recruitment and selection processes; and
- contributing to the retention of employees by expanding the current approach to permanent appointments from acting, secondment and fixed term positions.

OPSSC's role to monitor compliance continued to grow in 2009-10. There was an increase in compliance inquiries relating to the principles of human resource management and official conduct. This increase can be attributed to greater recruitment activity in the sector, greater awareness of proper process within agencies and increased customer service from OPSSC. OPSSC managed:

- 137 compliance inquiries (breach of standard claims); and
- 96 compliance inquiries (general).

Compliance matters deemed to be in the public interest were reported to Parliament from time to time, through the *Parliamentary Series* reports. The integrity of Public Sector employees and the probity of Public Sector recruitment processes were featured in the following reports:

- *Parliamentary Series Report Five, Department of Water: Investigation of Probity Concerns*, tabled in Parliament by OPSSC in August 2009;
- *Parliamentary Series Report Six, Audit of Senior Recruitment Processes in the Western Australian Public Sector*, tabled by OPSSC in Parliament in November 2010; and
- *Parliamentary Series Report Seven, Managing Interest in the Western Australia Public Sector*, tabled in Parliament by OPSSC in November 2010.

# Report on Performance



*OPSSC released three Parliamentary Series Reports in 2009-10, which detailed public interest matters.*

OPSSC assisted public sector managers and practitioners to meet the Public Sector Standards in Human Resource Management and develop contemporary ethical codes through customised services by:

- responding to 1424 telephone calls and emails seeking assistance;
- delivering 99 presentations to over 2800 people;
- delivering over 40 customised training programs to agencies;
- meeting with 44 public sector agencies on practice improvement initiatives; and
- reviewing 32 public sector agencies' codes of conduct, 22 agencies' conflict of interest policy and 22 human resource policy.

OPSSC demonstrated the agency's commitment to delivering services to regional Western Australia by:

- visiting three regional districts;
- presenting 12 workshops in the regions; and
- delivering satellite broadcasts to the regions.

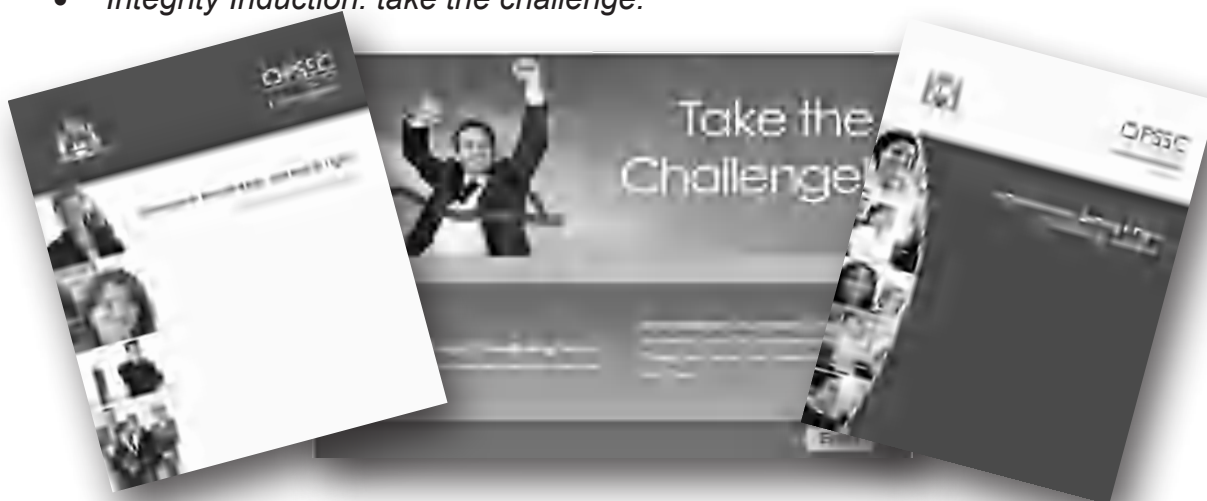
*OPSSC staff delivering training workshops to employees in regional areas.*



# Report on Performance

To assist public authorities in complying with the Public Sector Standards in Human Resource Management and developing ethical codes, OPSSC developed a suite of new products and tools, including:

- *Appointment: getting it right;*
- *Grievance Resolution: getting it right; and*
- *Integrity Induction: take the challenge.*



## Operational Achievements in Public Interest Disclosures

OPSSC is the principal agency assisting the Premier in the administration of the *Public Interest Disclosure Act 2003* (PID Act). OPSSC does this by:

- providing ongoing assistance and training to public sector bodies on how to manage PID disclosures;
- coordinating and presenting public interest disclosure training and awareness programs on 10 occasions to over 315 public interest disclosure officers and staff from public sector agencies, local government authorities, public universities, government boards and committees;
- conducting four professional networks for public interest disclosure officers; and
- working with other key agencies such as the Crime Corruption Commission on how best to manage PID issues across the sector.

# Report on Performance

---

## Operational Achievements in Public Sector Evaluation and Parliamentary Reporting

Under the PSM Act and PID Act the Commissioner is required to report to each House of Parliament annually or from time to time.

- OPSSC reported compliance matters deemed to be in the public interest through the *State of the Service Report*. The second *State of the Service Report* was tabled in Parliament in November 2009.
- In partnership with PSC, OPSSC developed a reporting framework reflective of the Public Sector Reform Bill 2009 which will be reflected in the 2010 *State of the Service Report*.
- The largest sample of public sector agencies to date was surveyed by OPSSC for their employees' perceptions on human resource standards, ethical behaviour, equity and probity, in their agency.

# Report on Performance

## Service 2: Equal employment opportunity advice and evaluation of equity and diversity in public employment

This service area encompasses the functions and responsibilities of the Director of Equal Opportunity in Public Employment (DEOPE) as described under Part IX of the Equal Opportunity Act 1984 (EO Act). These services are performed by the Office of Equal Employment Opportunity (OEEO). Services include advising and assisting public authorities with their Equal Employment Opportunity (EEO) Management Plans to achieve equal employment opportunity for all persons and Government policy objectives in equity and diversity, as well as the monitoring, evaluation and reporting of progress made by public authorities towards these objectives.

This service area works to create a workforce matching the community at all levels of public employment and one promoting equal opportunity in a work environment that is inclusive and free from discrimination.

The main activities in 2009-10 included:

- providing a consultancy service to assist public authorities in developing business focused EEO Management Plans consistent with:
  - their obligations under Part IX of the EO Act;
  - government policy objectives such as those outlined in the Public Sector Commissioner's Circular 2010-02: *Equity and diversity in the public sector workforce*; and
  - best practice in human resource management, through the creation of inclusive and flexible work environments which mirror community diversity and facilitate efficient and effective service delivery.
- coordinating or participating in the development and implementation of sector-wide strategies and initiatives to increase workforce equity and diversity;
- developing and initiating targeted strategies and programs supporting legislative compliance and the achievement of Government objectives by public authorities; and
- monitoring, evaluating and reporting on the progress of public authorities and whole of Government in equal employment opportunity and diversity.

### Operational Achievements in Equity and Diversity Planning

OEEO assisted public authorities with the development of 60 new EEO Management Plans compliant with Part IX of the EO Act by:

- providing a consultancy service to public authorities on the collection of equity and diversity data, data definitions and legislative reporting requirements;
- developing new EEO Management Planning guidance material to assist public authorities to develop effective EEO Management Plans;
- launching the *Strategies at Work* series to increase employment opportunities for youth, Indigenous Australians, women in management, people with disabilities and people from culturally diverse backgrounds;

## Report on Performance

---

- preparing the Public Sector Commissioner's Circular 2010-02, on the future direction of equity and diversity for the public sector workforce;
- delivering four Diversity Forums attracting over 100 attendees at each session; and
- releasing regular e-bulletins and developing a new streamlined format for *Diversity Bizz*.

### Operational Achievements in Public Sector Evaluation and Parliamentary Reporting

OPSSC worked in collaboration with OEEO to develop an online diversity questionnaire to assist all public authorities with the collection of equity and diversity data. OPSSC also assisted OEEO by:

- preparing and releasing the *Fourth and Final Progress Report on the Equity and Diversity Plan for the Public Sector Workforce 2006-2009*
- collecting and analysing equity and diversity data for all public authorities
- releasing comparative reports entitled *How Does Your Agency Compare?* and *How Does Your University Compare?*
- preparing and tabling the *2008-09 Annual Report* of the Director of Equal Opportunity in Public Employment.

# Report on Performance

## Service 3: Independent chief executive officer selection and reappointment advice

This service involves the provision of independent advice to the Premier about reappointment and persons suitable for vacant Chief Executive Officer positions by using fair and comprehensive processes as outlined in ss. 45 and 48 of the PSM Act 1994.

The Commissioner provides independent advice to the Premier about the suitability of persons for appointment following a merit-based selection process. The current process managed by OPSSC typically includes the following components:

- public advertising of vacant positions;
- appointing an executive recruitment consultant to receive applications and possibly conduct executive searches, assisting in the examination of applicants and providing administrative support and advice to applicants and selection panel members;
- establishing independent selection panels to undertake the examination of applicants;
- examining applicants using a variety of selection techniques to determine their relative merits; and
- providing independent reports by the Commissioner to the Premier about persons most suitable for vacant Chief Executive Officer positions based on the outcome of merit assessments of applicants.

The Commissioner also provides independent advice to the Premier about the appropriateness of proposals to reappoint existing Chief Executive Officers. In providing this advice, the Commissioner takes into account information on the performance of a Chief Executive Officer and other matters relevant to that particular case.

### Operational Achievements

The Commissioner undertook the selection process for 11 positions during 2009–10. Nine of these were completed by the end of the financial year. It took an average of nine weeks to provide the Commissioner's nomination for each position which is an improvement of three weeks over the previous year (average 12 weeks per position). A summary of actions for the year is outlined in the following table.



# Report on Performance

**Table 4: Chief Executive Officer selection processes undertaken during 2009-10**

Position and Agency	Date nomination(s) sent to Minister	Date of decision	Outcome	Commissioner's Nomination Accepted
Director General, Department of Transport	10/02/2010	8/03/2010	Mr Reece Waldock appointed	Yes
Managing Director, Pilbara TAFE	21/01/2010	7/04/2010	Ms Lynette Farrell Appointed	Yes
Director General, Department of Regional Development and Lands	7/10/2009	9/03/2010	Mr Paul Rosair Appointed	Yes
Director General, Department of Training and Workforce Development	2/11/2009	17/11/2009	Dr Ruth Shean appointed	Yes
Director General, Department of Agriculture and Food	29/08/2009	23/09/2009	Mr Robert Delane appointed	Yes
Chief Executive Officer, WorkCover WA	28/07/2009	22/09/2009	Ms Michelle Reynolds appointed	Yes
Director, WA Museum*	19/12/2008*	15/12/2009*	Mr Alec Coles Appointed*	Yes
Director, Wheatbelt Development Commission*	26/05/2009*	9/09/2009*	Ms Wendy Newman Appointed*	Yes
Commissioner, Mental Health Commission	11/06/2010	No appointment as at 30/06/2010		
Director General, Department of Health	27/05/2010	No appointment as at 30/06/2010		
General Manager, Office of the Environmental Protection Authority	24/05/2010	No appointment as at 30/06/2010		
Director General, Department for Communities	Processing still being undertaken as at 30/06/2010.			
Coordinator, Office of Energy	Processing still being undertaken as at 30/06/2010.			

\* During 2009-10 the Premier announced decisions for the two positions that had been completed in previous financial year.



# Disclosures and Legal Compliance

## Financial Statements

### Certification of financial statements for the year ended 30 June 2010

The accompanying financial statements of the Office of the Public Sector Standards Commissioner 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 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.



M C Wauchope  
Acting Commissioner  
6 August 2010



C D'Cruze  
Acting Chief Finance Officer  
6 August 2010

# Disclosures and Legal Compliance

## Opinion of the Auditor General



### Auditor General

#### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### OFFICE OF THE PUBLIC SECTOR STANDARDS COMMISSIONER 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 Office of the Public Sector Standards Commissioner.

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, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates 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.

#### Public Sector Standards Commissioner's Responsibility for the Financial Statements and Key Performance Indicators

The Public Sector Standards Commissioner 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.

**Office of the Public Sector Standards Commissioner  
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 Office of the Public Sector Standards Commissioner 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 Office 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 Office are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2010.



COLIN MURPHY  
AUDITOR GENERAL  
26 August 2010

# Disclosures and Legal Compliance

## Office of the Public Sector Standards Commissioner Statement of Comprehensive Income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6.	3,368,532	3,597,308
Supplies and services	7.	1,167,521	1,279,016
Depreciation and amortisation expense	8.	63,585	65,179
Accommodation expenses	9.	488,100	437,096
Other expenses	10.	16,875	1,262
Loss on disposal of non-current assets	11.	290	-
<b>Total cost of services</b>		<b>5,104,903</b>	<b>5,379,861</b>
<b>Income</b>			
<i>Revenue</i>			
Other Revenue	12.	364,636	338,241
<b>Total income other than income from State Government</b>		<b>364,636</b>	<b>338,241</b>
<b>NET COST OF SERVICES</b>		<b>4,740,267</b>	<b>5,041,620</b>
<b>Income from State Government</b>			
Service appropriation	13.	4,710,000	4,585,000
Resources received free of charge	13.	187,781	46,629
<b>Total income from State Government</b>		<b>4,897,781</b>	<b>4,631,629</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>157,514</b>	<b>(409,991)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>157,514</b>	<b>(409,991)</b>

Refer to the 'Schedule of Income and Expenses by Service'.

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

# Disclosures and Legal Compliance

## Office of the Public Sector Standards Commissioner Statement of Financial Position As at 30 June 2010

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	23.	481,281	161,219
Restricted cash and cash equivalents	14.,23.	480,220	488,849
Receivables	15.	588,228	683,592
Amounts receivable for services	16.	143,000	121,000
Other current assets	17.	1,097	5,164
<b>Total Current Assets</b>		<b>1,693,826</b>	<b>1,459,824</b>
Non-Current Assets			
Restricted cash and cash equivalents	14.,23.	55,224	42,064
Amounts receivable for services	16.	1,286,000	1,209,000
Plant and equipment	18.	254,994	276,340
<b>Total Non-Current Assets</b>		<b>1,596,218</b>	<b>1,527,404</b>
<b>TOTAL ASSETS</b>		<b>3,290,044</b>	<b>2,987,228</b>
<b>LIABILITIES</b>			
Current Liabilities			
Payables	19.	720,938	315,504
Amounts due to the Treasurer	20.	500,000	500,000
Provisions	21.	451,870	636,996
<b>Total Current Liabilities</b>		<b>1,672,808</b>	<b>1,452,500</b>
Non-Current Liabilities			
Provisions	21.	250,372	325,378
<b>Total Non-Current Liabilities</b>		<b>250,372</b>	<b>325,378</b>
<b>TOTAL LIABILITIES</b>		<b>1,923,180</b>	<b>1,777,878</b>
<b>NET ASSETS</b>		<b>1,366,864</b>	<b>1,209,350</b>
<b>EQUITY</b>			
Contributed Equity	22.	615,000	615,000
Accumulated surplus/(deficit)	22.	751,864	594,350
<b>TOTAL EQUITY</b>		<b>1,366,864</b>	<b>1,209,350</b>

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

# Disclosures and Legal Compliance

## Office of the Public Sector Standards Commissioner

### Statement of Changes in Equity

For the year ended 30 June 2010

	Note	Contributed Equity	Reserves	Accumulated surplus/ (deficit)	Total Equity
		\$	\$	\$	\$
<b>Balance at 1 July 2008</b>	22.	<b>615,000</b>	-	<b>1,027,070</b>	<b>1,642,070</b>
Changes in accounting policy or correction of prior period errors		-	-	(22,729)	(22,729)
<b>Restated balance at 1 July 2008</b>		<b>615,000</b>	-	<b>1,004,341</b>	<b>1,619,341</b>
Total comprehensive income for the year		-	-	(409,991)	(409,991)
<b>Balance at 30 June 2009</b>		<b>615,000</b>	-	<b>594,350</b>	<b>1,209,350</b>
<b>Balance at 1 July 2009</b>		<b>615,000</b>	-	<b>594,350</b>	<b>1,209,350</b>
Total comprehensive income for the year		-	-	157,514	157,514
<b>Balance at 30 June 2010</b>		<b>615,000</b>	-	<b>751,864</b>	<b>1,366,864</b>

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

# Disclosures and Legal Compliance

## Office of the Public Sector Standards Commissioner Statement of Cash Flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		4,490,000	4,357,000
Holding account drawdowns		121,000	111,000
<b>Net cash provided by State Government</b>		<b>4,611,000</b>	<b>4,468,000</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(3,615,629)	(3,099,889)
Supplies and services		(647,333)	(1,111,553)
Accommodation		(482,689)	(439,377)
GST payments on purchases		(182,954)	(212,690)
GST payments to taxation authority		-	(39,564)
Other payments		(16,875)	-
<b>Receipts</b>			
User charges and fees		502,726	751,215
GST receipts on sales		75,218	82,435
GST receipts from taxation authority		115,380	83,992
<b>Net cash provided by/(used in) operating activities</b>		<b>(4,252,156)</b>	<b>(3,985,431)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(34,251)	(93,000)
<b>Net cash provided by/(used in) investing activities</b>	23.	<b>(34,251)</b>	<b>(93,000)</b>
Net increase/(decrease) in cash and cash equivalents		324,593	389,569
Cash and cash equivalents at the beginning of period		692,132	302,563
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	23.	<b>1,016,725</b>	<b>692,132</b>

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

# Disclosures and Legal Compliance

## Office of the Public Sector Standards Commissioner Schedule of Income and Expenses By Service For the year ended 30 June 2010

	Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest		Advice and Evaluation of Equity and Diversity in Public Employment		Independent Chief Executive Officer Selection and Reappointment Advice		Total
	2010	2009	2010	2009	2010	2009	
	\$	\$	\$	\$	\$	\$	\$
<b>COST OF SERVICES</b>							
<u>Expenses</u>							
Employee benefits expense	2,143,177	2,273,823	938,839	934,120	286,516	389,365	3,368,532
Supplies and services	534,967	708,524	145,900	123,721	486,651	446,771	1,167,521
Depreciation and amortisation expense	36,879	37,804	13,989	14,339	12,717	13,036	63,585
Accommodation expenses	291,392	253,515	99,088	96,162	97,620	87,419	488,100
Other expenses	14,132	799	(797)	267	3,543	196	16,875
Loss on disposal of non-current assets	168	-	64	-	58	-	290
<b>Total cost of services</b>	<b>3,020,715</b>	<b>3,274,465</b>	<b>1,197,083</b>	<b>1,168,609</b>	<b>887,105</b>	<b>936,787</b>	<b>5,104,903</b>
<u>Income</u>							
User charges and fees	15,067	34,758	2155	10,419	347,414	293,064	364,636
<b>Total income other than income from State Government</b>	<b>15,067</b>	<b>34,758</b>	<b>2,155</b>	<b>10,419</b>	<b>347,414</b>	<b>293,064</b>	<b>364,636</b>
<b>NET COST OF SERVICES</b>	<b>3,005,648</b>	<b>3,239,707</b>	<b>1,194,928</b>	<b>1,158,190</b>	<b>539,691</b>	<b>643,723</b>	<b>4,740,267</b>
<u>Income from State Government</u>							
Service appropriation	2,749,400	2,685,260	1,018,600	982,740	942,000	917,000	4,710,000
Resources received free of charge	108,913	27,045	41,312	10,258	37,556	9,326	187,781
<b>Total income from State Government</b>	<b>2,858,313</b>	<b>2,712,305</b>	<b>1,059,912</b>	<b>992,998</b>	<b>979,556</b>	<b>926,326</b>	<b>4,897,781</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>(147,335)</b>	<b>(527,402)</b>	<b>(135,016)</b>	<b>(165,192)</b>	<b>439,865</b>	<b>282,603</b>	<b>(409,991)</b>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.



**Office of the Public Sector Standards  
Commissioner  
Schedule of Assets and Liabilities by Service  
As at 30 June 2010**

	Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines		Advice and Evaluation of Equity and Diversity in Public Employment		Independent Chief Executive Officer Selection and Reappointment Advice		General - Not Attributed		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Assets</u>										
Current assets	284,458	502,017	56,266	235,227	337,079	120,657	1,016,023	601,923	1,693,826	1,459,824
Non-current assets	972,012	909,155	299,071	306,081	319,135	306,168	6,000	6,000	1,596,218	1,527,404
<b>Total assets</b>	<b>1,256,470</b>	<b>1,411,172</b>	<b>355,337</b>	<b>541,308</b>	<b>656,214</b>	<b>426,825</b>	<b>1,022,023</b>	<b>607,923</b>	<b>3,290,044</b>	<b>2,987,228</b>
<u>Liabilities</u>										
Current liabilities	688,974	658,116	118,939	94,971	434,885	418,986	430,010	280,427	1,672,808	1,452,500
Total non-current liabilities	137,576	187,400	89,146	99,795	23,650	38,183	-	-	250,372	325,378
<b>Total liabilities</b>	<b>826,550</b>	<b>845,516</b>	<b>208,085</b>	<b>194,766</b>	<b>458,535</b>	<b>457,169</b>	<b>430,010</b>	<b>280,427</b>	<b>1,923,180</b>	<b>1,777,878</b>
<b>NET ASSETS</b>	<b>429,920</b>	<b>565,656</b>	<b>147,252</b>	<b>346,542</b>	<b>197,679</b>	<b>(30,344)</b>	<b>592,013</b>	<b>327,496</b>	<b>1,366,864</b>	<b>1,209,350</b>

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

# Disclosures and Legal Compliance

## Office of the Public Sector Standards Commissioner Summary of Consolidated Account Appropriations and Income Estimates

	2010 Estimate \$	2010 Actual \$	Variance \$	2010 Actual \$	2009 Actual \$	Variance \$
<u>Delivery Services</u>						
Item 9 Net amount appropriated to deliver services	4,480,000	4,480,000	-	4,480,000	4,274,000	206,000
Amount Authorised by Other Statutes						
- <i>Salaries and Allowances Act 1975</i>	319,000	230,000	(89,000)	230,000	311,000	(81,000)
<b>Total appropriations provided to deliver services</b>	<b>4,799,000</b>	<b>4,710,000</b>	<b>(89,000)</b>	<b>4,710,000</b>	<b>4,585,000</b>	<b>125,000</b>
<b>GRAND TOTAL</b>	<b>4,799,000</b>	<b>4,710,000</b>	<b>(89,000)</b>	<b>4,710,000</b>	<b>4,585,000</b>	<b>125,000</b>
<u>Details of Expenses by Services</u>						
Development & monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure	3,177,000	3,020,715	(156,285)	3,020,715	3,274,465	(253,750)
Advice and Evaluation of Equity and Diversity in Public Employment	1,354,000	1,197,083	(156,917)	1,197,083	1,168,609	28,474
Independent Chief Executive Officer Selection and Reappointment Advice	677,000	887,105	210,105	887,105	936,787	(49,682)
<b>Total Cost of Services</b>	<b>5,208,000</b>	<b>5,104,903</b>	<b>(103,097)</b>	<b>5,104,903</b>	<b>5,379,861</b>	<b>(274,958)</b>
Less total income	(324,000)	364,636	(40,636)	(364,636)	(338,241)	702,877
Net Cost of Services	4,884,000	4,740,267	(143,733)	4,740,267	5,041,620	427,919
Adjustments	(85,000)	(30,267)	54,733	(30,267)	(456,620)	(302,919)
<b>Total appropriations provided to deliver services</b>	<b>4,799,000</b>	<b>4,710,000</b>	<b>(89,000)</b>	<b>4,710,000</b>	<b>4,585,000</b>	<b>125,000</b>
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	121,000	34,251	(86,749)	34,251	93,000	(58,749)
Adjustments for other funding sources	(121,000)	(34,251)	86,749	(34,251)	(93,000)	58,749
<b>Capital appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 27 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010.

# Disclosures and Legal Compliance

---

Office of the Public Sector Standards Commissioner  
Notes to the Financial Statements  
For the year ended 30 June 2009

---

## 1. Australian Accounting Standards

### General

The Office's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The terms 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard 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 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 not operative have been early adopted by the Office 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 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 Australian Accounting Standards Board.

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, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

## Disclosures and Legal Compliance

---

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.

The judgements that have been made in the process of applying the Office's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

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

### (c) Reporting entity

The reporting entity comprises the Office.

#### Mission

The Office's mission is to achieve best practice within public authorities in people management, workforce diversity and ethical behaviour through education, capacity building and independent oversight.

The Office is predominantly funded by Parliamentary appropriations. It provides information technology services on a fee-for-service basis. The fees charged are determined by prevailing market forces. The financial statements encompass all funds through which the Office controls resources to carry on its functions.

#### Services

The Office provides the following services:

##### *Service 1: Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines*

Develops standards and codes, assist public authorities to comply and provide independent oversight to monitor and report on compliance to Parliament and Ministers for the *Public Sector Management Act 1994* (PSM Act) and the *Public Interest Disclosure Act 2003* (PID Act).

##### *Service 2: Advice and Evaluation of Equity and Diversity in Public Employment*

Advise and assist public authorities to achieve their equal employment opportunity and diversity objectives and evaluate and report on progress in meeting their responsibilities under Part IX of the *Equal Opportunity Act 1984*.

# Disclosures and Legal Compliance

## *Service 3: Independent CRO Selection and Reappointment Advice*

Provide independent advice to the Minister about reappointment and persons suitable for vacant Chief Executive Officer positions by using fair and comprehensive processes.

The Office does not administer assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Office.

### **(d) Contributed equity**

AASB Interpretations 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.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 22 “Equity”.

### **(e) 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:

#### *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 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 ‘Amounts receivable for services’ (holding account) held at Treasury. See note 14 “Income from State Government”.

# Disclosures and Legal Compliance

---

## *Net Appropriation Determination*

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2009-2010 Budget Statements, the Office retained \$502,726 in 2010 (\$409,991 in 2009) from the following:

- Proceeds from fees and charges;
- Other Office revenue.

## *Grants, donations, gifts and other non-reciprocal contributions*

Revenue is recognised at fair value when the Office obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

## Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

## **(f) Plant and equipment**

### Capitalisation/expensing of assets

Items of 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 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 plant and equipment are initially recognised at cost.

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

### Subsequent measurement

At this time, the Office does not hold land, buildings or infrastructure assets. As such, items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.



# Disclosures and Legal Compliance

## Derecognition

Upon disposal or derecognition of an item of plant and equipment any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

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

Furniture and fittings	10 years
Office equipment	5 years
Computer hardware	4 years
Communications	5 years
Plant and machinery	5-10 years
Office establishment	10 years

## **(g) Impairment of assets**

Plant and equipment and intangible assets 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 Office 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.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value

## Disclosures and Legal Compliance

---

have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

### **(h) Leases**

The Office holds operating leases for its office building and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits to be derived from the leased property.

### **(i) Financial instruments**

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

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

Financial instruments have been disaggregated into the following classes:

- Financial assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivables for services
- Financial liabilities
  - Payables
  - Amounts due to the Treasurer

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 equivalents (and restricted cash and cash equivalent) assets comprise of cash on hand.

### **(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



## Disclosures and Legal Compliance

year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

### **(l) Amounts receivable for services (holding account)**

The Office 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 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 at the amount payable 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 they are generally settled within 30 days.

### **(o) Amounts due to the Treasurer**

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement, is at the amount repayable. Although there is no interest charged, the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material.

### **(p) Provisions**

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

# Disclosures and Legal Compliance

---

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS).

## Disclosures and Legal Compliance

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 Office 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 and GSS Schemes, and is recouped from the Treasurer for the employer'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's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

### **(q) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The GSS Scheme is a defined benefit scheme for the purpose 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.

### **(r) Resources received free of Charge or for nominal cost**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income 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.

### **(s) Comparative figures**

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

# Disclosures and Legal Compliance

## 3. Judgements made by management in applying accounting policies

The judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements.

## 4. Key sources of estimation uncertainty

There were no estimates or assumptions made concerning the future, or other key sources of estimation uncertainty at the end of the reporting period that is likely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 5. Disclosure of changes in accounting policy and estimates

### Initial application of an Australian Accounting Standard

AASB 101	<i>Presentation of Financial Statements</i> (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 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	<i>Further Amendments to Australian Accounting Standards arising from AASB 101</i> . 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	<i>Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 &amp; AASB 110]</i> . 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. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively.
AASB 2009-2	<i>Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 &amp; AASB 1038</i> . 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.

# Disclosures and Legal Compliance

## Future impact of Australian Accounting Standards not yet operative

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

	Title	Operative for reporting periods beginning on/after
AASB 2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12].</i></p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the Office. However it may affect disclosures in the financial statements of the Office if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on the Office. However this Standard may reduce some note disclosures in financial statements of the Office. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013

# Disclosures and Legal Compliance

## 6. Employee benefits expense

	2010	2009
	\$	\$
Wages and salaries <sup>(a)</sup>	3,074,065	3,026,028
Superannuation - defined contribution plans <sup>(b)</sup>	276,090	282,772
Long service leave <sup>(c)</sup>	38,465	158,121
Annual leave <sup>(c)</sup>	(27,779)	98,221
Other related expenses <sup>(d)</sup>	7,691	32,166
	<u>3,368,532</u>	<u>3,597,308</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

(c) Includes a superannuation contribution component.

(d) 2008-2009 super on-cost of \$18,433 previously reported in "Other related expenses" have been been reclassified to Long service leave expense (\$9,887) and Annual leave expense (\$8,546).

Employment on-costs such as workers' compensation insurance are included at note 10 'Other Expenses'.

The employment on-costs liability is included in note 21 'Provisions'.

## 7. Supplies and Services

	2010	2009
	\$	\$
Professional Services	875,570	912,380
Travel	10,681	21,921
Communications	56,683	64,847
Consumables	60,843	80,226
Lease, Rent and Hire Costs	76,778	114,272
General Administration Costs	86,966	85,370
	<u>1,167,521</u>	<u>1,279,016</u>

## 8. Depreciation and amortisation expense

	2010	2009
	\$	\$
<u>Depreciation</u>		
Communications	9,870	6,071
Computer hardware	7,351	12,762
Furniture fixtures and fittings	36,404	36,404
Office equipment	8,367	8,168
Plant and machinery	1,593	1,774
Total Depreciation	<u>63,585</u>	<u>65,179</u>
 <b>Total depreciation and amortisation</b>	 <u><u>63,585</u></u>	 <u><u>65,179</u></u>

# Disclosures and Legal Compliance

## 9. Accommodation Expenses

	2010	2009
	\$	\$
Lease rentals	488,100	437,096
	<u>488,100</u>	<u>437,096</u>

## 10. Other Expenses

	2010	2009
	\$	\$
Employment on-cost <sup>(a)</sup>	(4,125)	1,193
Audit Fee <sup>(b)</sup>	21,000	22,501
Other Miscellaneous Expenses	-	(22,432)
	<u>16,875</u>	<u>1,262</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 21 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Audit fee, see also note 30 'Remuneration of auditor'.

## 11. Net gain/loss on disposal of non-current asset

	2010	2009
	\$	\$
<u>Cost of Disposal of Non-Current Assets</u>		
Computer hardware	<u>290</u>	<u>-</u>
<u>Proceeds from Disposal of Non-Current Assets</u>		
Computer hardware	<u>-</u>	<u>-</u>
<b>Net gain/(loss)</b>	<u>290</u>	<u>-</u>

## 12. User charges and fees

	2010	2009
	\$	\$
Contribution by senior officers to the Government Vehicle Scheme	9,142	12,053
Recoup from CEO selections	355,494	326,188
	<u>364,636</u>	<u>338,241</u>



# Disclosures and Legal Compliance

## 13. Income from State Government

	2010	2009
	\$	\$
Appropriation received during the year:		
Service appropriations <sup>(a)</sup>	4,710,000	4,585,000
	<u>4,710,000</u>	<u>4,585,000</u>
Resources received free of charge <sup>(b)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Department of Premier and Cabinet	85,317	33,201
State Solicitors Office	-	13,428
Public Sector Commission (accommodation)	97,053	-
DTF - Building Management Works	5,411	-
	<u>187,781</u>	<u>46,629</u>
	<u>4,897,781</u>	<u>4,631,629</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 year.

(b) Where assets or services have been received free of charge or for nominal cost, the Office 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 Office makes an adjustment direct to equity.



# Disclosures and Legal Compliance

## 14. Restricted cash and cash equivalents

	2010	2009
	\$	\$
<u>Current</u>		
Operating Trust account at Treasury <sup>(a)</sup>		
CEO Selection	480,220	488,849
	<u>480,220</u>	<u>488,849</u>
<u>Non-current</u>		
Accrued salaries suspense account <sup>(b)</sup>	55,224	42,064
	<u>55,224</u>	<u>42,064</u>

(a) Cash held in this account is to be used only for the purposes of CEO Selection

(b) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

## 15. Receivables

	2010	2009
	\$	\$
<u>Current</u>		
Receivables	197,855	627,818
Accrued Revenue	328,965	-
GST Receivable	61,408	55,774
<b>Total Current</b>	<u>588,228</u>	<u>683,592</u>

There were no allowances made in the current year for the impairment of receivables (2008/09: nil)

The Office does not hold any collateral as security or other credit enhancements relating to receivables. See also note 2 (m) 'Receivables' and note 28 'Financial Instruments'.

## 16. Amounts receivable for services

	2010	2009
	\$	\$
Current	143,000	121,000
Non-Current	1,286,000	1,209,000
	<u>1,429,000</u>	<u>1,330,000</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. See note 2 (l) 'Amounts receivable for services (Holding Account)'.

# Disclosures and Legal Compliance

## 17. Other Assets

	2010	2009
	\$	\$
Prepayments	1,097	5,164
<b>Total current</b>	<b>1,097</b>	<b>5,164</b>

## 18. Plant and Equipment

	2010	2009
	\$	\$
<u>Communications</u>		
At cost	117,688	117,688
Accumulated depreciation	(80,675)	(70,805)
	<b>37,013</b>	<b>46,883</b>

<u>Computer Hardware</u>		
At Cost	171,812	164,919
Accumulated depreciation	(139,137)	(155,235)

<u>Furniture fixtures and fittings</u>		
At cost	395,084	395,084
Accumulated depreciation	(242,818)	(206,414)
	<b>152,266</b>	<b>188,670</b>

<u>Office equipment</u>		
At cost	84,817	122,716
Accumulated depreciation	(61,865)	(103,293)
	<b>22,952</b>	<b>19,423</b>

<u>Plant and machinery</u>		
At cost	15,780	22,843
Accumulated depreciation	(5,693)	(11,163)
	<b>10,087</b>	<b>11,680</b>
	<b>254,994</b>	<b>276,340</b>

## Disclosures and Legal Compliance

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out in the table below:

	Communications	Computer and hardware	Furniture and Fittings	Office Equipment	Plant and Machinery	Total
<b>2010</b>	\$	\$	\$	\$	\$	\$
Carrying amount at start of the year	46,883	9,684	188,670	19,423	11,680	276,340
Additions	-	30,343	-	11,896	-	42,239
Depreciation	(9,870)	(7,351)	(36,404)	(3,367)	(1,593)	(63,585)
Carrying amount at end of year	<b>37,013</b>	<b>32,676</b>	<b>152,226</b>	<b>22,952</b>	<b>10,087</b>	<b>254,994</b>

	Communications	Computer and hardware	Furniture and Fittings	Office Equipment	Plant and Machinery	Total
<b>2009</b>	\$	\$	\$	\$	\$	\$
Carrying amount at start of the year	3,604	15,492	225,074	27,591	13,454	285,215
Additions	49,350	15,492	-	-	-	56,303
Depreciation	(16,071)	(12,761)	(36,404)	(8,168)	(1,774)	(35,176)
Carrying amount at end of year	<b>46,883</b>	<b>9,684</b>	<b>188,670</b>	<b>19,423</b>	<b>11,680</b>	<b>276,340</b>

### 19. Payables

	2010	2009
	\$	\$
<u>Current</u>		
Trade payables	63,769	28,123
Accrued Expenses	549,388	214,499
Accrued Salaries	49,097	38,062
Other payables	58,684	36,820
<b>Total current</b>	<b>720,938</b>	<b>315,504</b>

See also note 2 (n) 'Payables' and note 28 'Financial Instruments'.

### 20. Amounts due to the Treasurer

	2010	2009
	\$	\$
<u>Current</u>		
Amount due to the Treasurer	500,000	500,000
	<b>500,000</b>	<b>500,000</b>

See also note 28 'Financial Instruments'.

# Disclosures and Legal Compliance

## 21. Provisions

	2010 \$	2009 \$
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave <sup>(a)</sup>	178,538	349,332
Long service leave <sup>(b)</sup>	273,123	284,733
	<u>451,661</u>	<u>634,065</u>
 <i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	209	2,931
	<u>209</u>	<u>2,931</u>
	<u>451,870</u>	<u>636,996</u>
 <u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave <sup>(b)</sup>	250,255	323,855
	<u>250,255</u>	<u>323,855</u>
 <i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	117	1,523
	<u>117</u>	<u>1,523</u>
	<u>250,372</u>	<u>325,378</u>

(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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010 \$	2009 \$
Within 12 months of the reporting period	132,863	210,701
More than 12 months after the reporting period	45,675	138,631
	<u>178,538</u>	<u>349,332</u>

(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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010 \$	2009 \$
Within 12 months of the reporting period	116,034	280,886
More than 12 months after the reporting period	407,344	327,705
	<u>523,378</u>	<u>608,591</u>

## Disclosures and Legal Compliance

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 10 'Other expenses'.

### Movement in other provisions

	2010	2009
	\$	\$
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of year	4,454	3,926
Additional provisions recognised	(4,128)	528
<b>Carrying amount at end of year</b>	<b>326</b>	<b>4,454</b>

## 22. Equity

Equity represents the residual interest in the net assets of the Office. The Government holds the equity interest in the Office on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

### Contributed Equity

	2010	2009
	\$	\$
Balance at the start of period	615,000	615,000
<b>Total Contributions by owners</b>	<b>615,000</b>	<b>615,000</b>
<b>Balance at the end of period</b>	<b>615,000</b>	<b>615,000</b>

(a) Under Treasurer's Instruction TI 955 'Contribution by Owners Made to Wholly Owned Public Sector Entities' Capital Contribution (appropriations) have been designated as contribution by owners in accordance with AASB Interpretation 1038 'Contribution by Owners Made to Wholly-Owned Public Sector Entities'.

### Accumulated surplus/(deficit)

	2010	2009
	\$	\$
Balance at the start of the year	594,350	1,027,070
Result for the period	157,514	(409,991)
Income and expense recognised directly to equity <sup>(a)</sup>	-	(22,729)
<b>Balance at the end of year</b>	<b>751,864</b>	<b>594,350</b>

(a) Represents the correction of prior period errors in 2008-09 being:

- Change in the accounting policy in relation to asset capitalisation of \$8,137 as required under TI 1101
- overstated of Account Receivable for the amount \$14,592

# Disclosures and Legal Compliance

## 23. Notes to the Cash Flow Statement

### Reconciliation of cash

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

	2010	2009
	\$	\$
Cash and cash equivalents	481,281	161,219
Restricted cash and cash equivalents (refer to note 14)	480,220	488,849
Restricted cash and cash equivalents (refer to note 14)	55,224	42,064
	<u>1,016,725</u>	<u>692,132</u>

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

	2010	2009
	\$	\$
Net cost of services	(4,740,267)	(5,041,620)
<u>Non-cash items:</u>		
Depreciation and amortisation expense	63,585	65,179
Resources received free of charge	187,781	46,629
Net (gain)/loss on sale of property, plant and equipment		-
<u>(Increase)/decrease in assets:</u>		
Current receivables <sup>(c)</sup>	100,998	761,571
Other current assets	4,067	(3,054)
<u>Increase/(decrease) in liabilities:</u>		
Current payables	372,066	(63,411)
Current provisions	(185,126)	144,860
Non-current provisions	(75,006)	112,676
Prior period correction in Accumulated Surplus	-	(14,591)
Net GST receipts/(payments) <sup>(a)</sup>	(7,644)	(85,827)
Change in GST in receivables/payables <sup>(b)</sup>	27,391	92,157
<b>Net cash provided by/(used in) operating activities</b>	<u>(4,252,156)</u>	<u>(3,985,431)</u>

(a) This is the net GST paid/received, i.e cash transaction.

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

(c) 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.

At the end of the reporting period, the Office has fully drawn on all financing facilities, details of which are disclosed in the financial statements.

# Disclosures and Legal Compliance

## 24. Commitments

### Lease commitments

	2010	2009
	\$	\$
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	362,886	341,664
Later than 1 year and not later than 5 years	357,256	644,349
	<u>720,142</u>	<u>986,013</u>
Representing:		
Non-cancellable operating leases	720,142	986,013
	<u>720,142</u>	<u>986,013</u>

### Non-cancellable operating leases commitments

	2010	2009
	\$	\$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	362,886	341,664
Later than 1 year and not later than 5 years	357,256	644,349
	<u>720,142</u>	<u>986,013</u>

The property lease is a non-cancellable lease with a five year term, which rent payable monthly in advance. Contingent rent provision within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum. An option exists to renew the lease at the end if the five year term for an additional term of five years.

### Other expenditure commitments

	2010	2009
	\$	\$
Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	-	-
Later than 1 year and not later than 5 years	-	2,608
	<u>-</u>	<u>2,608</u>

These commitments are all inclusive of GST.

# Disclosures and Legal Compliance

## 25. Contingent liabilities and contingent assets

### Contingent liabilities

The Office has no contingent liabilities.

### Contingent assets

The Office has no contingent assets.

## 26. Event occurring after the end of the reporting period

The Office of the Public Sector Standards Commissioner is expected to merge with the Public Sector Commission in the financial year 2010-11.

## 27. Explanatory Statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriation and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$479,900

### Total appropriations provided to deliver services

#### Significant variances between estimate and actual for 2010

Although there was no significant variance in the total appropriation, there were significant offsetting variances in the following services expenditure

	2010 Estimate \$	2010 Actual \$	Variance \$
Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines <sup>(a)</sup>	3,177,000	3,020,715	(156,285)
Advice and Evaluation of Equity and Diversity in Public Employment <sup>(b)</sup>	1,354,000	1,197,083	(156,917)
Independent CEO Selection and Reappointment Advice <sup>(c)</sup>	677,000	887,105	210,105

(a) *Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines* - The decrease in expenses in the 2010 actual is due to the Office's impending merge with the Public Sector Commission and staff movement as a consequence of this.

(b) *Advice and Evaluation of Equity and Diversity in Public Employment* - The decrease in expenses in 2010 actuals is due to the Office's impending merge with the Public Sector Commission, and staff movements as a consequence of this.

(c) *Independent CEO Selection and Reappointment Advice* - The increase is because the target for 2009-10 did not anticipate the need for complicated executive searches for three positions, Office of Environmental Protection Authority, Department of Health, Department Agriculture and Food and this resulted in greater project costs than estimated. This service has been allocated a much higher cost for corporate overhead in the areas of business services, communications and accommodation than has occurred in previous years. This has impacted on the final cost of service as these additional overheads were not reflected in the original target for 2009-10.



# Disclosures and Legal Compliance

## Significant variances between actual results for 2009 and 2010

Although there was no significant variance in the total appropriation, there were significant offsetting variances in the following services expenditure

	2010	2009	Variance
	\$	\$	\$
Total appropriation provided to deliver services for the year <sup>(a)</sup>	4,710,000	4,585,000	(125,000)
Total income <sup>(b)</sup>	364,636	338,241	(26,395)

(a) *Total appropriation provided to deliver services for the year* - The adjustments to the appropriations between the years was primarily due to salary increases as per the CSA general agreement and movement in the holding account.

(b) *Total income* - No Significant variance

## **Service Expenditure**

### Significant variances between actual results for 2009 and 2010

	2010	2009	Variance
	\$	\$	\$
Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines <sup>(a)</sup>	3,020,715	3,274,465	(253,750)
Advice and Evaluation of Equity and Diversity in Public Employment <sup>(b)</sup>	1,197,083	1,168,609	28,474
Independent CEO Selection and Reappointment Advice <sup>(c)</sup>	887,105	936,787	(49,682)

(a) *Development and Monitoring of Human Resource Standards, Ethical Codes and Public Interest Disclosure Guidelines* - The decrease in expenses in the 2010 actual is due to the Office 's impending merge with the Public Sector Commission and staff movement as a consequence of this. Additional project work undertaken last year such as the Good Governance Guide was completed in 2009.

(b) *Advice and Evaluation of Equity and Diversity in Public Employment* - No significant variance

(c) *Independent CEO Selection and Reappointment Advice* - No significant variance

## **28. Financial instruments**

### **(a) Financial Risk Management Objectives and Policies**

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

#### Credit risk

Credit risk arises when there is the possibility of the Office's 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 provisions for impairment as shown in the table at note 28(c) 'Financial instruments disclosures' and note 15 'Receivables'.

## Disclosures and Legal Compliance

Credit risk associated with the Office's financial assets is minimal because the main receivable is the amounts receivables for services (holding accounts). For receivables other than government, the Office trades only with recognised, creditworthy third parties. The Office 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 Office's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

### 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 business.

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

### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Office's income or 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. The Office's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

## (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 end of the reporting period are as follows:

	2010 \$	2009 \$
<u>Financial Assets</u>		
Cash and cash equivalents	481,281	161,219
Restricted cash and cash equivalents	535,444	530,913
Receivables <sup>(a)</sup>	1,626,855	1,957,818
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	1,220,938	815,504

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

## (c) Financial Instrument disclosures

### Credit risk and interest rate exposures

The following table disclose the Office's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Office's maximum exposure to credit risk at the end of the reporting period is the carrying amount of 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.

The Office 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.

# Disclosures and Legal Compliance

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

	Weighted average effective interest rate	Interest rate exposure				Past due but not impaired					Impaired financial assets
		Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest Bearing	Up to 3 months	3 - 12 months	1-2 Years	2-5 Years	More than 5 Years	
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Financial Assets</u>											
2010											
Cash and cash equivalents		481,281	-	-	481,281	-	-	-	-	-	-
Restricted cash and cash equivalents		535,444	-	-	535,444	-	-	-	-	-	-
Receivables <sup>(a)</sup>		526,820	-	-	526,820	38,476	-	9,018	-	-	-
Amount receivable for service		1,429,000	-	-	1,429,000	-	-	-	-	-	-
		2,972,545	-	-	2,972,545	38,476	-	9,018	-	-	-
2009											
Cash and cash equivalents		161,219	-	-	161,219	-	-	-	-	-	-
Restricted cash and cash equivalents		530,913	-	-	530,913	-	-	-	-	-	-
Receivables(a)		627,818	-	-	627,818	105,690	56,955	9,018	-	-	-
Amount receivable for service		1,330,000	-	-	1,330,000	-	-	-	-	-	-
		2,649,950	-	-	2,649,950	105,690	56,955	9,018	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (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 Effective Interest Rate	Carrying Amount	Interest rate exposure			Adjustment for discounting	Total Nominal Amount	Maturity dates				
			Fixed interest rate	Variable interest rate	Non-interest bearing			Up to 3 months	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>												
2010												
Payables		720,938	-	-	720,938	-	-	720,938	-	-	-	-
Amounts due to the Treasurer		500,000	-	-	500,000	-	-	-	500,000	-	-	-
		1,220,938	-	-	1,220,938	-	-	720,938	500,000	-	-	-
2009												
Payables		315,504	-	-	315,504	-	-	315,504	-	-	-	-
Amounts due to the Treasurer		500,000	-	-	500,000	-	-	-	500,000	-	-	-
		815,504	-	-	815,504	-	-	315,504	500,000	-	-	-

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

## Interest rate sensitivity analysis

None of the Office's financial assets and liabilities at the end of reporting date are sensitive to movements in interest rates, hence movements in interest rates have no bottom line impact on the Office's surplus or equity.

## 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 amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

# Disclosures and Legal Compliance

## 29. Remuneration of senior officers

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

	2010	2009
\$	\$	\$
30,001 - 40,000	-	1
40,001 - 50,000	-	1
50,001 - 60,000	1	-
60,001 - 70,000	-	1
70,001 - 80,000	-	-
80,001 - 90,000	1	-
90,001 - 100,000	-	1
120,001 - 130,000	-	-
130,001 - 140,000	-	-
140,001 - 150,000	2	1
150,001 - 160,000	1	-
300,001 - 400,000	-	1
<b>Total remuneration of senior officers</b>	<b>581,421</b>	<b>692,410</b>

The total remuneration includes the superannuation expense incurred by the Office in respect of senior officers.

## 30. 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	21,900	21,000

The expense is included at note 10 'Other expenses'.

## 31. Related Bodies

The Office had no related bodies during the financial year.

## 32. Affiliated Bodies

The Office had no affiliated bodies during the financial year.

## Disclosures and Legal Compliance

---

### **33. Supplementary financial information**

#### **(a) Write-offs**

There were no write-off during the financial year

#### **(b) Losses through theft, defaults and other causes**

There were no loses of public money and public and other property during the financial year.

#### **(c) Gifts of public property**

There were no gifts of public property provided by the Office during the financial year.

# Disclosures and Legal Compliance

---

## Detailed key performance indicators information

### Certification of key performance indicators

OFFICE OF THE PUBLIC SECTOR STANDARDS COMMISSIONER FOR THE YEAR  
ENDED 30 JUNE 2010

I hereby certify that the following performance indicators are:

- based on proper records;
- relevant and appropriate for assisting users to assess performance; and
- accurately represent the performance of the Office of the Public Sector Standards Commissioner for the year ended 30 June 2010.



M C Wauchope  
ACTING COMMISSIONER  
PUBLIC SECTOR STANDARDS

6 August 2010



# Disclosures and Legal Compliance

## Key Effectiveness Indicators

### Outcome Based Management Framework for 2009-10

	2008-09 Actual	2009-10 Target	2009-10 Actual
Percentage of public authorities who have provided all reports as required by legislation (a)	93%	100%	95%
Percentage of public authorities who have met the minimum requirements (a)	89%	90%	95%
Percentage of public authorities provided with assistance on the principles of merit, equity, probity and integrity in official conduct and human resource management during the year (b)	100%	100%	100%
Percentage of public authorities who agree that feedback through the OPSSC survey process has increased their understanding of the principles of merit, equity, probity and integrity in official conduct and human resource management (c)	93%	90%	87%
Percentage of breach of standard claims and matters referred to the OPSSC that are handled within specified timeframes (d)	70%	85%	79%
Percentage of CEO appointment recommendations where the Minister for Public Sector Management has indicated he/she is satisfied with the process (e)	100%	100%	100%

## Disclosures and Legal Compliance

---

- (a) This indicator refers to mandatory reporting to the Office by public sector agencies and authorities under Section 31 of the *Public Sector Management Act 1994* (PSM Act); the *Public Interest Disclosure Act 2003* (PID Act); and Part IX, S.146 of the *Equal Opportunity Act 1984* (EO Act). Reports received are assessed to determine the proportion of agencies and authorities that have met minimum requirements of ensuring and monitoring that the principles of merit, equity, probity and integrity in official conduct and human resource management have been met. Reported as percentage of agencies that have submitted a report and the percentage of reports submitted that meet the minimum requirements.
- (b) This indicator measures how much the Office has penetrated public authorities through direct awareness raising activities focusing on the principles of merit, equity, probity and integrity in official conduct and human resource management, as specified in the PSM Act; the PID Act and Part IX, s.146 of the EO Act. It refers to direct assistance (including newsletters and email updates) and consultancy services, customised agency presentations and general public sector presentations.
- (c) This indicator refers to increased understanding of issues related to compliance with Section 31 of the PSM Act; the PID Act; and Part IX, s.146 of the EO Act, measured using client satisfaction surveys. This includes surveys of chief executive officers/director generals as well as public sector employees. Only questions in evaluation surveys that include wording 'increased understanding of issues' are included.
- (d) This indicator measures OPSSC effectiveness in assessing breach claims and matters of referrals. This was chosen in preference to the proportion of breach claims upheld, as the latter figure could be significantly influenced by how much the OPSSC penetrates the sector (refer to Indicator 2). For example, increased assistance and education activities by the office may increase the number of claims lodged. Alternatively, low breach claim activity could also indicate that the sector is meeting the principles of merit, equity, probity and integrity in official conduct and human resource management, when in reality it may simply reflect a lack of awareness of the principles and/or the claim process.
- (e) This indicator is measured from a direct survey of the Minister for Public Sector Management. Under s. 45 of the PSM Act the Minister is the single key customer and hence the Minister's satisfaction with the process is considered to be a reasonable indicator of OPSSC performance.

# Disclosures and Legal Compliance

## Key Efficiency Indicators

### Service 1: Development and monitoring of human resource standards, ethical codes and public interest disclosure guidelines

#### Efficiency indicator 1: Average cost per public authority for compliance monitoring and assistance

This indicator illustrates the average cost per public authority for monitoring and assisting compliance with the principles, standards and ethical codes under the PSM Act and provisions of the PID Act.

Year	Costs (\$000)	Number of public authorities	Average cost per public authority
2009-10	\$3,021	337	\$8,964
2008-09	\$3,274	351	\$9,329
2007-08	\$2,395	268	\$8,937
2006-07	\$2,795	269	\$10,390
2005-06	\$2,664	266	\$10,015

### Service 2: EEO advice and evaluation of equity and diversity in public employment

#### Efficiency indicator 2: Average cost per public authority for EEO

This indicator shows the average cost per public authority for reporting on compliance with Part IX of the EO Act and helping public authorities achieve a more diverse workforce.

Year	Costs (\$000)	Number of public authorities	Average cost per public authority
2009-10	\$1,197	269	\$4,450
2008-09	\$1,169	273	\$4,281
2007-08	\$ 887	268	\$3,310
2006-07	\$1,038	269	\$3,859
2005-06	\$1,084	266	\$4,074

## Disclosures and Legal Compliance

### Service 3: Independent chief executive officer selection and reappointment advice

#### Efficiency indicator 3: Average cost per chief executive officer selection

This indicator shows the average cost per selection for providing independent chief executive officer selection advice to Ministers under section 45 and 48 of the PSM Act. Vacancy numbers vary from year to year but costs may not vary in a consistent manner.

Year	Costs (\$000)	Number of CEO Selections	Average cost per CEO Selection
2009-10	\$887	9	\$98,567
2008-09	\$936	11	\$85,163
2007-08	\$1,272	21	\$60,571
2006-07	\$601	11	\$54,663
2005-06	\$539	10	\$53,864

# Disclosures and Legal Compliance

## Financial Management

### Financial Disclosures

#### Pricing policies of services provided

- Costs for CEO selection processes are recouped from the relevant agency following the announcement of the Minister for Public Sector Management's decision. These include direct costs such as advertising, recruitment consultants and travel, but do not include the costs of OPSSC staff managing the process. Accounts are paid from a Treasurer's Advance and the actual costs are recouped.
- OPSSC undertakes surveys to measure perceptions about human resource management, ethics, diversity and public interest disclosures in agencies across the public sector. This survey is free of charge for agencies surveyed.
- Advisory services and other assistance provided are not currently subject to any cost recovery and are funded by annual budget appropriation.

#### Capital works

There were no major capital works undertaken during 2009-10.

## Ethical Conduct and Integrity

### Governance disclosures

#### Shares in statutory authority

OPSSC is not a statutory authority.

#### Shares in subsidiary bodies

OPSSC does not have any subsidiary bodies.

#### Interests in contracts by senior officers

OPSSC's code of conduct specifically addresses conflict of interest. Employees are required to place their public duties before private interests. Conflict of interest covers both the employee and when family members or friends stand to benefit from a decision/action of which they are a part.

The following policies are relevant to the management of interest by all staff, including senior officers, and are subject to annual review and periodic awareness-raising throughout OPSSC:

- OPSSC's Code of Conduct;
- *Western Australian Public Sector Code of Ethics and OPSSC's Conduct Guide*;
- Outside Employment Policy; and
- Acceptance of Gifts Policy.

## Disclosures and Legal Compliance

---

In addition, senior staff are aware of the Conflict of Interest Guidelines developed by the ICG, of which OPSSC is a member.

At the date of reporting, no senior officers, firms of which senior officers are members, or entities in which senior officers have substantial interests had any interest in existing or proposed contracts with the Department and senior officers.

### Benefits to senior officers through contracts with OPSSC

No senior officers have received any benefits in the 2009-10 financial year.

OPSSC does not have any directors as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*.

### Other legal requirements

OPSSC's commitment to high standards of corporate governance is important and necessary from two perspectives. Firstly, good corporate governance leads to good management practices, which in turn leads to improved employee morale. Secondly, OPSSC recognises that external agencies expect it to be an exemplar of good corporate governance. By living up to those expectations, agencies will view OPSSC with increased levels of integrity and confidence.

OPSSC reflects at all levels a high level of compliance with statutory requirements and government policy. In doing so, OPSSC contributes to the strategic outcomes in the Government's *Annual Reporting Framework 2009-10*.

### Advertising and sponsorship expenditure (Electoral Act 1907)

OPSSC has not engaged any advertising, market research, polling, direct mail or media advertising companies or organisations that require disclosure under s.175 (Z) (E) of the *Electoral Act 1907*.

# Disclosures and Legal Compliance

## Human Resource Management

### Disability Access and Inclusion Plan outcomes

In February 2010, OPSSC relocated to 197 St Georges Terrace Perth, making its Disability Access and Inclusion Plan (DAIP) obsolete. The Disabilities Services Commission has confirmed that OPSSC now falls under PSC. PSC are working closely with Disability Services Commission to finalise its DAIP by December 2010.

### Equal Employment Opportunity outcomes

OPSSC's Equal Opportunity Management Plan 2007-2010 was reviewed annually and a progress report was provided to corporate executive. The following is an overview of the key initiatives achieved through:

- continuing promotion of flexible work practices through policy, practice and management support;
- anti-bullying and grievance resolution policy which forms part of the overall policy system for OPSSC is in place;
- surveying staff to ensure equity and diversity employment information was up to date;
- recognising, promoting and implementing strategies for Harmony Week in collaboration with PSC;
- ensuring a formal induction policy and process is in place, which includes a requirement that line managers advise all new staff of the OPSSC's EEO Management Plan, grievance and anti-bullying policies, flexible work practices and the employee assistance program; and
- continuing promotion of an 'internal culture' initiative for OPSSC which recognises and celebrates the diversity of staff.

### Compliance with Public Sector Standards and ethical codes

OPSSC is committed to achieving high standards in monitoring and ensuring compliance with the Public Sector Standards, the Western Australian Code of Ethics and the OPSSC Code of Conduct. OPSSC's activities to achieve compliance with public sector standards and ethical codes include:

- reviewing a comprehensive range of human resource policies;
- communicating to staff the *Western Australian Public Sector Code of Ethics* *OPSSC Code of Conduct*. This was supported by the posting of this information to the intranet and communication of its availability and content through the internal newsletter, through induction processes and at staff meetings;
- developing and endorsing a new integrity induction program for OPSSC staff;
- developing and endorsing the OPSSC complaint policy; and

## Disclosures and Legal Compliance

---

- training and awareness raising initiatives were provided to all staff on code of conduct, code of ethics, public sector standards, public interest disclosures, accountable and ethical decision making in the public sector.

During 2009-10, OPSSC did not receive any breach of standard claims. Established procedures are in place to monitor adherence to human resource policies including a quality assessment checklist for the Recruitment, Selection and Appointment Standard. OPSSC's values and code of conduct, reflect the Western Australian Public Sector Code of Ethics and define the standards of official conduct and professional behavior expected of all its employees. Ethics and integrity risks are identified and addressed by a range of policies and operational processes. These cover matters such as:

- accepting gifts from an external agency or individual by OPSSC employees;
- attending interstate and overseas professional development activities;
- corporate and staff membership and subscriptions;
- engaging in alternative employment activities;
- using OPSSC assets at employees' homes; and
- procurement and the acceptable use of corporate credit cards.

### People

OPSSC's policies enable the attraction, retention and management of people while promoting equity and diversity. Governance and management practices are in place to enable fair, transparent and equal treatment of its employees. Comprehensive strategies are in place to lead, motivate and promote staff personal development.

OPSSC has well established practices in injury and leave management, supervision, flexible work arrangements and promoting a healthy active workplace. Staff feedback through various avenues allows for continual improvement in OPSSC people management practices.

### Communication

OPSSC communication policies and practices have ensured open, proactive, transparent and responsive communication with staff and key external stakeholders such as parliament. The policies have ensured the interaction with and release of information to the media is made in a timely manner through the correct channels to the right audience.

OPSSC processes assisted in compliance with freedom of information and record keeping legislation, safeguarding the confidentiality and integrity of information, preventing unauthorised, false or premature disclosure.

### Government policy requirements

#### Staffing policies

OPSSC policies cover a full range of human resource management practices. These policies are part of a formal policy system which includes an annual review process, posting of policies to the intranet and transparent communication of policies to all staff.



# Disclosures and Legal Compliance

## Industrial relations

OPSSC staff are employed under the *Public Service General Agreement 2008* and the *Public Service Award 1992*. No industrial disputes were recorded during the year.

## Occupational safety and health

OPSSC provided and maintained a safe and healthy work environment for all employees and other persons providing services at or visiting the agency. This includes management acknowledging its duty to provide and maintain a working environment in which employees and other persons are not exposed to hazards. The principles, procedures and guidelines underpinning this commitment are contained in OPSSC's Occupational Safety and Health Policy.

The Executive Director of Public Sector Practice and OSH coordinator were responsible for coordinating all consultations on OSH issues.

Number of fatalities	0
Lost time injury/disease incidence rate	0
Lost time injury severity rate	0
Workers compensation claims	0
% workers returned to work within 28 weeks	n/a
% of managers trained in occupational safety, health and injury management responsibilities	0%
% of staff trained in occupational safety, health and injury management responsibilities	7%

OPSSC's Injury Management System contained a *Return to Work Program* to enable injured workers to get back in the workplace. Although OPSSC did not receive any Workers Compensation claims in 2009-10, it is dedicated to ensure safety and health management systems are in place and reviewed annually. The human resource consultant ensured existing and new staff's workstations are ergonomically assessed and professional recommendations adhered to. Meetings were regularly held with co-located agencies to share ideas and strategies to enhance our commitment to the *Workers' Compensation and Injury Management Act 1981*.

# Disclosures and Legal Compliance

---

## Substantive equality

OPSSC is not a member of the Strategic Management Council and currently does not have obligations under the Substantive Equality Framework. OPSSC is committed to the objectives of the policy to eliminate systemic racial discrimination in the delivery of public services and promote sensitivity to the different needs of client groups.

OPSSC's Equal Employment Opportunity Management Plan has a number of initiatives contributing to the elimination of systemic racial discrimination in the delivery of services as well as promoting equal employment opportunity. Cultural diversity in the workforce contributed to increased sensitivity by all staff to the different needs of client groups and the following initiatives continue to address both employment opportunity and improved services to customers:

- promoting flexible work practices through policy, practice and management support;
- anti-bullying and grievance resolution policy which forms part of the overall policy system for OPSSC is in place;
- surveying to ensure equity and diversity employment information is up to date;
- recognising, promoting and implementing strategies for Harmony Week in collaboration with the Public Sector Commission;
- having an induction policy and process in place, which includes a requirement that line managers advise all new staff of the OPSSC's EEO Management Plan, grievance and anti-bullying policies, flexible work practices and the employee assistance program; and
- promoting an 'internal culture' initiative for OPSSC which recognises and celebrates the diversity of our staff.

## Records Management

### Record keeping plans

OPSSC continuously improves record keeping practices consistent with the *State Records Act 2000* and aims for best practice record keeping practices. The current OPSSC Record Keeping Plan was approved by the State Records Commission for the maximum period of five years in April 2010. The plan recognised OPSSC's record keeping services are provided through a bureau service arrangement with the Public Sector Commission.

In accordance with State Records OPSSC Standard 2, Principle 6 the following compliance information is provided:

#### Evaluation of Record Keeping Systems

Record keeping systems have been established to manage paper and select electronic records. The Record keeping plan focused on improving compliance

## Disclosures and Legal Compliance

with systems management, migration and disaster recovery. Record keeping policy documents have been prepared and approved by the State Records Commission.

OPSSC has approved records management procedures and a current controlled vocabulary for classifying records. These are reviewed annually and approved before use. In December 2009 the State Records Commission approved the disposal actions and restricted access recommendations for the OPSSC's Retention and Disposal Schedule.

### Record Keeping Training Program

OPSSC uses the online self paced Records Awareness Training system (RAT) endorsed by the State Records Office. Eighty percent of staff have completed the RAT program.

### Review of Record Keeping Training Program

Overall survey results indicated staff, are aware of and satisfied with the archives and record keeping services provided.

### Induction Program

A record keeping induction guide is included in staff induction packages and on the intranet. The guide is regularly reviewed and updated as required. Record keeping roles and responsibilities are also included in accountability and ethical decision making training and the code of conduct.

## Risk Management

OPSSC is committed to identifying its risk exposure, developing and implementing risk prevention and remediation plans. A risk management policy and framework exist for the governance and management of material risks (for example financial, physical or reputational risks).

OPSSC's risk exposure is evaluated and remediation plans are implemented through a risk management plan and security policy. Preventative measures for key risk categories are incorporated into the risk management plan and integrated into the OPSSC Operational Plan.

# Appendices

## Appendix 1: Agency Publications

### Office of the Public Sector Standards Commissioner

- Accountability Framework
- Accountability Officers of the WA Parliament: Accountability and independence principles
- Annual Compliance Report (years 2000 – 2007)
- Annual PID Compliance Report (years 2006 – 2007)
- Annual Report (years 1997 – 2009)
- Appointment: getting it right
- Breach Claims: A Claimants Guide
- Breach Claims: An agency checklist
- Breach Claims: An agency guide
- Breach Claims: Knowing your responsibilities in a breach claim
- Building and Sustaining Integrity: Ethical case studies
- Building and Sustaining Integrity: Ethical decision making
- Code of Ethics
- Conduct Guide
- Conduct Guide: Supporting information
- Conduct Guide for Boards and Committees
- Conduct Guide for Boards and Committees: Supporting information
- Employee Performance Management in the Public Sector
- Ethics Framework
- Ethics Framework: How to use the Ethics Framework
- Exemptions: An agency guide
- Exemptions: An agency checklist
- Good Governance Guide: Helping you to comply with the standards
- Grievance Resolution: Getting it Right
- In Principle - Issue 1, May 2009; Issue 2, June 2009; Issue 3, September 2009
- Information Series: In the Public Interest – a guide for CEO's
- Managing Interest: A checklist
- Parliamentary Series Report One
- Parliamentary Series Report Two: Scrutiny of qualifications in selection processes
- Parliamentary Series Report Three: Failure to follow proper process
- Parliamentary Series Report Four: Management of recruitment

- Parliamentary Series Report Five: Investigation of Probity Concerns
- Parliamentary Series Report Six: Audit of senior recruitment processes
- Parliamentary Series Report Seven: Managing Interests
- Public Interest Disclosure: Code of conduct and integrity
- Public Interest Disclosures: Guidelines for Internal Procedures in Public Authorities
- Public interest disclosure information brochure, pamphlet, poster and information
- Speaking Out: A guide to making a public interest disclosure (DVD)
- Public Sector Standards in Human Resource Management 2001
- Questions and Answers: Code of ethics
- Revitalising your code of conduct
- State of the Service Report (years 2008 – 2009)

### Office of Equal Employment Opportunity

- Accessing Abilities: Recruiting and retaining people with disabilities in the Western Australian public sector
- Acts of Courage: Public sector CEOs on men, women and work
- Breaking Through: Women executives in the WA public sector
- Director of Equal Opportunity in Public Employment Annual Report (years 1999 – 2009)
- Diversity Planning: Making the most of your demographic data
- Diversity Survey Information: Surveying your employees on cultural diversity and disability
- Diversity Questionnaire
- EEO and Diversity Management Planning: A guide for equity planners and Practitioners
- EEO and Diversity Management Planning: Checklist of planning considerations
- EEO and Diversity Management Plans: Template for public sector agencies with less than 50 staff
- EEO and Diversity Management Plans: Template for public sector agencies with more than 50 staff
- EEO and Diversity Management Plans: Template for local governments with less than 100 staff
- EEO and Diversity Management Plans: Template for local governments with more than 100 staff
- EEO Management Plan Builder
- EEO Management Plan Builder: Helpful tips
- Equity and Diversity Plan for the Public Sector Workforce 2006-2009 (includes four Progress Reports)

## Appendices

---

- Equity Principles in Competency Standards: Development and implementation
- Executive and Management Recruitment: Encouraging women applicants
- Indigenous Employment in the WA Public Sector: Valuing the difference
- Innovative Recruitment
- Insights – Strategies for Success: A support strategy for recruitment and retention of Indigenous Australians
- OEEQ – What We Do
- Part-time Managers: Frequently asked questions
- Recruiting for the Western Australian Public Sector: A quick guide for recruitment consultants
- Showing The Way
  - Recruitment and Retention of Youth
  - Employees from Culturally Diverse Backgrounds
  - Employing People with Disabilities
  - Recruitment and Retention of Indigenous Australians
  - Women in Management
  - Updated Equity and Diversity Statistics for the Showing the Way Series
- Strategies at Work
  - Enhancing employment opportunities for youth
  - Enhancing employment opportunities for people from culturally diverse backgrounds
  - Enhancing employment opportunities for people with disabilities
  - Enhancing employment opportunities for Indigenous Australians
  - Enhancing opportunities for women in management
- Supported Work Team Documentary (DVD)
- Tapping into Talent: New insights in to workplace diversity
- Understanding Equal Employment Opportunity in WA
- Voices of Diversity: Benefits of cultural diversity in the public sector
- Women in Management: Good ideas for improving diversity



