

**ANNUAL REPORT 2002-03**



**ANTI-CORRUPTION  
COMMISSION**



**Hon Dr G I GALLOP      BEc MA MPhil DPhil MLA**

**Premier of Western Australia**

In accordance with the provisions of the *Financial Administration and Audit Act 1985* (WA) and the *Anti-Corruption Commission Act 1988* (WA), we hereby submit for your information and submission to Parliament the Annual Report for the Anti-Corruption Commission for the year ending 30 June 2003.



T E O'Connor QC

***Chairman***



D G Doig

***Member***



M Rayner

***Member***

29 August 2003



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## CHAIRMAN'S OVERVIEW

The most significant event for this Commission in the last year was the release of the Police Royal Commission's interim report, and the subsequent announcement that the ACC would be abolished and replaced with a new body to be called the Corruption and Crime Commission ('CCC').

Notwithstanding the announcement, the Commission and its staff have continued to discharge their obligations under the *Anti-Corruption Commission Act 1988* (WA). Significantly, the number of matters reported to and finalised by the ACC was similar to the numbers in previous years.

In addition to this usual workload, the ACC also provided significant assistance to the Royal Commission. Much of the material which was the subject of Royal Commission hearings came either from ACC investigations passed over to the Royal Commission by the ACC or from joint investigations conducted by the ACC and the Royal Commission.

Because of the public hearings held by the Royal Commission, much of the public focus has been on corruption within the Police Service. This has tended to obscure the fact that the ACC receives more allegations concerning the conduct of public officers than about the conduct of police. During the year a significant number of allegations oversights by the ACC involving public officers other than police resulted in prosecutions or disciplinary action against the officers concerned.

It is pleasing that the draft legislation for the CCC incorporates many of the powers which the ACC has called for but which were denied to it. These powers are essential if an investigative body is to be successful in the fight against corruption in the police and public sectors.

The Commission and its staff have provided substantial input to the discussions on the legislative and operational structure of the CCC, and the ACC looks forward to working with the Government and the Commissioner of the CCC to achieve a smooth transition from the ACC to the CCC. Indeed, for the CCC to run effectively from inception it must have access to the corporate knowledge and experience of ACC staff. For this reason it has been disappointing that Government has endeavoured to contend that ACC staff are not permanent public officers, with the implication that their services would be dispensed with upon the formation of the CCC.

Despite suggestions by Government to the contrary, the Commission's decision to move ACC staff from renewable contracts was taken before the Government published the recommendations in the Royal Commission Interim Report. The decision was taken immediately following and in accordance with the Premier's Circular directing employers in the public sector to move from fixed term employment contracts to contracts of indefinite tenure. The Commission took the decision to follow the Premier's directive in consultation with the Department of the Premier & Cabinet and the Department of Consumer & Employment Protection.

I would like to thank my fellow Commissioners for their efforts during the year. In particular, I wish to acknowledge the very substantial contribution made by Commissioner Bob George during his time on the Commission. His wisdom and counsel during his time on the Commission was invaluable.

I would also like to thank our Chief Executive Officer Graeme Charlwood for the advice and assistance he has provided to the Commission. Graeme is not only an excellent investigator with considerable experience, but also a first-class manager. The Commission has been most fortunate to have a person of his ability and integrity as its Chief Executive.

Finally, I would like to compliment the staff of the ACC for their dedication during what has been a very difficult and unsettling time. Despite the uncertainties created by the prolonged refusal of the Government to acknowledge their employment status, they have continued to work diligently and professionally throughout.

The community has much for which to be grateful to these fine people, who, although obviously concerned about their futures, have continued in the public interest to carry out their duties. It is worth noting that the high quality of the work carried out by ACC staff was noted in the Interim Report of the Royal Commission.

A handwritten signature in black ink, appearing to read 'T E O'Connor', written in a cursive style.

T E O'Connor QC

*Chairman*

## CHIEF EXECUTIVE OFFICER'S STATEMENT

This is the last occasion I will have the privilege to report as Chief Executive Officer of the Anti-Corruption Commission.

The Government's announcement in February 2003 that it accepted the recommendations in the Interim Report of the Police Royal Commission will sadly see the abolition of the ACC in the not too distant future.

Despite that situation, over the past year the ACC's operations have, notwithstanding the influence the announcement of the agency's abolition has had on staff morale, continued to be conducted efficiently and effectively, producing successful and timely outcomes and contributing to the achievement of the organisation's goals and objectives.

In terms of those outcomes, the statistical data presented in this report demonstrates that, working in partnership with the ACC, public authorities have taken significant action in response to substantiated allegations of serious misconduct. Importantly, this has seen authorities not merely issuing sanctions against those officers caught conducting themselves improperly, but taking proactive steps to prevent future occurrences of misconduct.

As a direct consequence, accountability and transparency have been enhanced across public administration. In addition, policies and procedures have been introduced or improved in a number of public authorities and agencies as result of the Commission's work.

Much of the data collected by the ACC also confirms that public officers of this State are, for the most part, carrying out their duties honestly, with integrity, and with the goal of providing the best possible service they can for the people of Western Australia. I find this extremely encouraging.

As the Chairman has identified, the ACC also made a significant contribution throughout the year to the ongoing Royal Commission, with ACC officers being actively involved in a number of joint operations with the Royal Commission. In addition, the ACC provided much of the evidence used by the Royal Commission in public hearings concerning matters previously investigated by the ACC along with a significant amount of evidence gained through our telephone intercepts.

Internally, the ACC adopted a fresh approach to staff recruitment this year, which resulted in it recruiting people with a diversity of experience and knowledge. This new approach has also seen a change in the gender demographic of the agency, with 12 of the 20 appointees being women, including seven of the eight appointments to investigative positions. Importantly, the first female Commissioner, Ms Moira Rayner, was also appointed to the Commission in December 2002.

In addition to the difficulties posed by the government's decision to close the ACC, the agency has also had to deal with some sensitive, internal issues; including those identified by the Public Sector Standards Commissioner and the Worksafe Commissioner. I am pleased to say that management actively and positively embraced the changes that were initiated to address the issues identified.

I would like to add my endorsement to the Chairman's expression of hope that the experiences of the Commission and the knowledge of its staff will be utilised by those responsible for establishing the new Corruption and Crime Commission. It is

evident that external oversight agencies, such as the ACC, must be given the appropriate powers and authority needed to work effectively to facilitate change in public administration, not simply to policies or procedures but, far more critically, to people's attitudes and the culture of public sector agencies.

Lastly, I would like to thank all of our people for their exceptional commitment, hard work and perseverance, not only over the past year but also throughout their entire time with the Commission. It has been a pleasure to work with people who have continued to strive to build a better public sector in Western Australia, in spite of working in what is an arduous, challenging, demanding, and sometimes-thankless environment frequently buffeted by storms whipped up by politics. I wish them success in their future careers and life's other endeavours.

A handwritten signature in black ink, appearing to read 'Graeme Charlwood', written in a cursive style.

Graeme Charlwood

*Chief Executive Officer*

## ADDRESSING SERIOUS MISCONDUCT

### PUBLIC AUTHORITY OBLIGATIONS

The community of Western Australia expects that the roles and functions of its State public authorities will be carried out effectively and with the highest standards of integrity and honesty. To achieve this, public officers are obliged to comply with effective management objectives and strategies, work practices and standards, and to adhere to relevant codes of conduct and ethics.

Working independently, as well as in partnership with other public authorities, the Anti-Corruption Commission ('ACC') strives to combat serious misconduct by public officers.

However, with public administration in WA involving more than 140,000 people working in government departments, including the Police Service, local government, Parliament, statutory authorities and the judiciary, serious misconduct cannot be dealt with effectively by any 'anti-corruption body' acting in isolation.

Accordingly, the key responsibility of the ACC is to ensure that appropriate allegations of serious misconduct in the public sector are properly investigated or otherwise dealt with.

The ACC receives allegations from principal executive officers of WA public authorities (who are required to report to the ACC all allegations of serious misconduct coming to their attention), and from individual public officers as well as members of the general public. The Commission of the ACC ('Commission') can also initiate allegations of serious misconduct based on its own information or inquiries.

### DEFINING SERIOUS MISCONDUCT

'Serious misconduct', for the ACC's purposes, refers to unacceptable conduct on the part of public officers, and includes:

- |  |  |
|--|--|
| <b><i>Corrupt Conduct</i></b>          | Dishonestly taking advantage of, or misusing, their position for personal gain.  |
| <b><i>Criminal Conduct</i></b>         | Actively engaging in, or being involved in, the committing of certain <i>Criminal Code</i> offences while acting in their official capacity.                               |
| <b><i>Serious Improper Conduct</i></b> | Breaching trust; not being honest or impartial in the performance of official duties; engaging in behaviour that constitutes a breach and which could result in dismissal. |

In the year ending 30 June 2003, the Commission addressed 819 matters (485 of which were reported during those 12 months) involving more than 2,000 individual allegations.

**REPORTING SERIOUS MISCONDUCT**

The information presented in the following table details the matters reported to the ACC in 2002-03 by principal executive officers, public officers and individuals, or which were initiated by the Commission.

The types of behaviour described illustrate the range of improper behaviour coming within the different categories of serious misconduct.

**MATTERS REPORTED TO THE COMMISSION**  
**Alleged Serious Misconduct x Public Authority**  
**2002-03**

Alleged Serious Misconduct	Public Authority - Matters Received				
	Police	Gov Dept	Local Gov	Other Public Auth	Total
<b>CORRUPT</b>	<b>3</b>	<b>8</b>	<b>3</b>	<b>1</b>	<b>15</b>
Gifts and favours		3	1		4
Association leading to gifts and favours	2	1	2		5
Other	1	4		1	6
<b>CRIMINAL</b>	<b>113</b>	<b>35</b>	<b>24</b>	<b>13</b>	<b>185</b>
Corruption - abuse of public office for benefit	6	1	3	2	12
Disclosure of official secrets	14	1	2		17
Falsification of records by public officer	1	3	2		6
Fraud	5	4	4	1	14
Intent to pervert/defeat course of justice	10				10
Perjury	10	1	1	2	14
Stealing	23	13	10	6	52
Threats with intent to influence	4	1			5
Unlawful operation of a computer system	33	8			41
Other	7	3	2	2	14
<b>SERIOUS IMPROPER</b>	<b>92</b>	<b>110</b>	<b>42</b>	<b>14</b>	<b>258</b>
Assault	3	26		1	30
Conducting secondary employment	2	1			3
Disclosure of information	9		2	1	12
Drugs	23	8			31
Failure to disclose personal interest/information	1	1	20	2	24
Improper association	5	1			6
Improper conduct	29	27	9	6	71
Improper use of computers	8	7	1	1	17
Misuse of corporate credit cards or govt funds		4	3	2	9
Misuse of leave entitlements	5	5			10
Sexual assault/harassment	2	21	2		25
Threats	2	2			4
Other	3	7	5	1	16
Unclassified					2
Outside Jurisdiction					25
<b>TOTAL</b>	<b>208</b>	<b>153</b>	<b>69</b>	<b>28</b>	<b>485</b>

## COMBATING SERIOUS MISCONDUCT

In addressing serious misconduct in public administration, meaningful results can only be achieved through appropriate partnerships between individual public authorities and overseeing agencies such as the ACC. Much has been, and continues to be, done throughout WA public administration to combat and prevent serious misconduct; but, notwithstanding those efforts, the detection and prevention of unacceptable behaviour by public officers remains a significant challenge.

Public disclosure of evidence through the *Royal Commission into whether there has been any Corrupt or Criminal Conduct by Western Australian Police Officers* ('Police Royal Commission') has revealed the extent to which some police officers have gone to not only take improper advantage of their roles and positions of authority, but also to conceal their actions, and to prevent colleagues exposing improper conduct.

Over the year, a considerable number of public officers in a wide variety of roles and positions were alleged to have engaged in serious misconduct.

In a significant number of instances evidence was assembled to substantiate the allegations.

## MAINTAINING CONFIDENCE IN WA PUBLIC ADMINISTRATION

A primary reason for dealing effectively with allegations of serious misconduct is to ensure the community maintains confidence in its public institutions; and as a corollary to that, so that its citizens may be assured of receiving the best possible service in all areas of public administration.

To this end, whenever an allegation of serious misconduct is made it is important that there be a thorough and impartial assessment of the allegation.

The fundamental aim of investigations into allegations of serious misconduct is to establish the truth. In those instances where allegations are proven to be correct, the consequences for the public officer(s) involved and the public authority (or authorities) concerned can be significant. But such outcomes can also lead to improvements in the practices and standards of individual authorities and the public sector overall.

In many cases, however, the evidence establishes that allegations are without foundation; or, at least, are unable to be substantiated. This can lead to the clearing of a public officer's reputation: an outcome as important as one that uncovers evidence of wrongdoing.

Of the 514 matters finalised by the Commission during the last 12 months, 101 were determined to be unsubstantiated, and 112 were substantiated.

## INVESTIGATING SERIOUS MISCONDUCT

### ALLEGATIONS AND INVESTIGATIONS

Many allegations of misconduct are investigated and, where necessary, further dealt with by the authority employing (or otherwise responsible for) the officer or officers implicated in the allegations.

In some instances, the Commission will, after assessment of allegations, refer a matter to appropriate authorities (eg the Police Service) for action. In such cases, the Commission will continue to oversight the investigation carried out by those authorities to which allegations have been referred.

The ACC itself investigates a number of allegations, particularly those concerning the more serious forms of misconduct. It will also usually investigate allegations involving senior police and public officers, principal executive officers, and Members of Parliament.

### OUTCOMES OF INVESTIGATIONS: 2002-03

Of the 819 matters addressed by the Commission in 2002-03, 514 were finalised.

In 112 (22%) of the 514 matters finalised, investigations revealed the allegations to be substantiated, and in 101 matters (20%) the allegations were determined to be unsubstantiated.

In a further 50 (10%) of the finalised matters, there was insufficient evidence to determine the substance of the allegations.

In 202 (39%) finalised matters, allegations were either outside the ACC's jurisdiction; the evidence was inconclusive; the allegations were vexatious, not serious, or found to have been the subject of adequate prior investigation; or the pursuit of further action was deemed to be not justified or not in the public interest.

In respect of the 514 finalised matters, the following table indicates the areas of WA public administration (ie public authorities) to which allegations related.

The ACC itself conducted investigations into 85 matters during the last 12 months, 39 of which were finalised by the Commission, 46 of which were still active as at 30 June 2003.

**MATTERS FINALISED BY THE COMMISSION**  
**Outcome x Serious Misconduct x Public Authority**  
**2002-03**

Matters Finalised										
Public Authority	Substantiated				Unsubstantiated				Other	Total
	CC	CrC	SIC	Total	CC	CrC	SIC	Total		
<b>Police Service</b>	1	30	18	49	4	30	22	56	117	222
<b>Government Departments</b>	5	10	24	39	10	7	10	27	86	152
<b>Local Government</b>	2	9	5	16	2	5	5	12	45	73
<b>Other Public Authorities</b>	2	4	2	8	2	1	3	6	8	22
Unclassified										2
Outside Jurisdiction										43
<b>Total</b>	<b>10</b>	<b>53</b>	<b>49</b>	<b>112</b>	<b>18</b>	<b>43</b>	<b>40</b>	<b>101</b>	<b>256</b>	<b>514</b>

Terms: 'CC' – Corrupt Conduct; 'CrC' – Criminal Conduct; 'SIC' - Serious Improper Conduct.

**SUBSTANTIATED ALLEGATIONS: 2002-03**

The following table profiles the outcomes of action taken by public authorities in respect of the 112 matters where allegations were substantiated.

**MATTERS FINALISED BY THE COMMISSION - SUBSTANTIATED ALLEGATIONS**  
**Outcome x Public Authority x Serious Misconduct**  
**2002-03**

Public Authority and Outcome	Substantiated Allegations - Matters Finalised			
	Total	CC	CrC	SIC
<b>Police Service</b>	<b>49</b>	<b>1</b>	<b>30</b>	<b>18</b>
Administrative Action	1	1		
Disciplinary Action	41		26	15
Criminal Charges Laid	7		4	3
<b>Government Departments</b>	<b>39</b>	<b>5</b>	<b>10</b>	<b>24</b>
Administrative Action	5	3	1	1
Disciplinary Action	17	2	6	9
Criminal Charges Laid	17		3	14
<b>Local Government</b>	<b>16</b>	<b>2</b>	<b>9</b>	<b>5</b>
Administrative Action	3	1	2	
Disciplinary Action	9	1	4	4
Criminal Charges Laid	4		3	1
<b>Other Public Authorities</b>	<b>8</b>	<b>2</b>	<b>4</b>	<b>2</b>
Administrative Action	3	1	1	1
Disciplinary Action	1	1		
Criminal Charges Laid	4		3	1
<b>Total</b>	<b>112</b>	<b>10</b>	<b>53</b>	<b>49</b>

Totals: Administrative Action - 12 matters; Disciplinary Action - 68 matters (involving 89 public officers); Criminal Charges against public officers - 32 matters (involving 38 public officers).

## Commentary on Substantiated Allegations: 2002-03

### Of the 514 matters finalised by the Commission in 2002-03:

- 43% (222 matters) related to police officers
- 48% (247 matters) related to 'other public officers'.

[43 other matters were determined to be outside the ACC's jurisdiction and two matters were unclassified]

### Of the 112 matters in which allegations were substantiated:

- 44% (49 matters) related to police officers
- 56% (63 matters) related to other public officers.

### The final outcomes relating to the 49 matters involving police officers were:

- Disciplinary action - 84% (41 matters)
- Criminal Charges laid - 15% (7 matters)
- Administrative action - 2% (1 matter).

### For the 63 matters involving other public officers, comparative figures are:

- Disciplinary action - 43% (27 matters)
- Criminal Charges laid - 40% (25 matters)
- Administrative action - 17% (11 matters).

**In those matters where criminal charges were laid against police officers: two officers were imprisoned for 18 months and one for 3 years** (all for misconduct involving corruption and abuse of public office for benefit).

### In matters where other public officers were the subject of criminal charges:

- One officer was imprisoned for 12 months
- One was imprisoned for 3 years and 3 months
- One was sentenced to 12 months imprisonment (converted to 24 months suspended sentence)
- One received an 18 months suspended sentence
- One was imprisoned for 12 months.

### Serious misconduct involving police officers (the 49 matters) included:

- Improper use of computer systems or release of official information - 30% (15 matters)
- Stealing - 14% (7 matters)
- Drugs - 12% (6 matters)
- Improper conduct/assault - 16% (8 matters).

### Serious misconduct involving other public officers (63 matters) included:

- Stealing – 19% (12 matters)
- Improper conduct involving pornography or indecent dealing – 21% (13 matters, nine of which involved sexual assault of minors or children under 13 years)
- Drugs – 8% (5 matters)
- Fraud or misuse of official funds and/or credit cards – 13% (8 matters).

**Significant Outcomes from Substantiated Allegations: 2002-03**

The more significant outcomes for public officers against whom allegations were substantiated are summarised in the following table.

**SUBSTANTIATED ALLEGATIONS**  
**Significant action taken against Public Officers**  
**2002-03**

Action Taken	Public Officers
<b>Criminal Charges</b> – laid against public officers	<b>38</b>
<b>Disciplinary Action</b> – under Public Sector or Police Service regulations	<b>34</b>
<b>Employment terminated</b> – 18 dismissals, 12 resignations	<b>30</b>
<b>Formal reprimand and/or counselling</b>	<b>21</b>
<b>Employment suspended</b> – in some cases without pay	<b>6</b>
<b>Fines</b>	<b>14</b>
<b>Action taken under s.8 of the <i>Police Act</i></b> – police officers	<b>4</b>
<b>Imprisonment</b> – refer to the previous page for details	<b>6</b>

The tables presented on the following pages ('Substantiated Allegations - Outcomes of Investigations and Other Action') provide more detailed information about the outcomes of the 112 matters in which allegations were substantiated.

Those tables, in addition to describing the outcomes, also describe, where appropriate, the types of misconduct alleged, and groups the matters according to the broad area of public administration in which the relevant public officers were involved. \*

Importantly, the types of outcomes achieved also show that the substantiation of allegations can lead to changes to the policies, practices and/or systems of public authorities that are intended to prevent or reduce opportunities for corruption and other forms of serious misconduct in the future.

\* In regard to the information contained in the following tables, the ACC is prohibited under the *ACC Act* from publishing descriptions of specific allegations or providing information which may allow for the identification of public officers mentioned in allegations - other than with the consent of the public officer(s) involved or where the action taken in response to the allegations has led to criminal charges being proved in a court of law.

**SUBSTANTIATED ALLEGATIONS**  
**Outcomes of Investigations and Other Action**  
**2002-03**

**Types of Outcome [Administrative and Disciplinary Action]**

**ADMINISTRATIVE ACTION TAKEN (12 Matters)**

**POLICE SERVICE (1 MATTER)**

Relevant procedures regarding the conduct of investigations amended.

**GOVERNMENT DEPARTMENTS (5 MATTERS)**

Fund administration process amended. Public Officer ('PO') no longer employed by agency.

PO counselled. Relevant financial management policy reviewed.

Policy regarding use of fuel card repeated to PO. PO to repay the fuel costs.

Contracts Quality Assurance policy and guidelines developed; relevant management responsibilities amended; all employees advised of secondary employment policy.

Procedures regarding administration of medications reviewed and changed.

**LOCAL GOVERNMENT (3 MATTERS)**

Policy regarding disclosure of secondary employment reiterated to PO.

Tendering policy and procedures enhanced.

Policies and procedures developed and adopted in relation to funding agreements with Not-For-Profit Organisations.

**OTHER PUBLIC AUTHORITIES (3 MATTERS)**

Debt being recovered from PO.

Agency security arrangements enhanced. All employees advised harassment is a breach of agency values and Code of Conduct.

Policy and procedures re strip-searching revised.

**DISCIPLINARY ACTION TAKEN (68 Matters)**

**POLICE SERVICE (41 MATTERS)**

Proceedings instigated under the *Police Act*. Matter ongoing.

PO received unfavourable reports for breach of Police Service regs.

PO informally counselled, and receiving training in ethical standards, integrity and conflict of interest issues.

PO informally counselled. Guidelines formulated to ensure correct procedures followed in future.

PO informally counselled.

PO informally counselled, unfavourable report recorded on personnel file.

1 PO voluntarily transferred, subjected to workplace assessments. 1 PO under controlled supervision – PO to undertake vocational assessment. Unfavourable report about Officer in Charge of section.

Types of Outcome [Disciplinary Action Taken (cont)]
PO informally counselled.
PO demoted to rank of Senior Constable for 12 months.
PO charged under <i>First Home Owner Grant Act 2000</i> (Cth). Matter progressing through court.
PO closely supervised and subject to ongoing performance reports.
Unfavourable report recorded on PO's personnel file.
Unfavourable report included in PO's personnel file. Training strategies and procedures being developed to ensure protection of informants' identities.
PO formally counselled.
1 PO no longer employed (resigned). 1 PO subjected to disciplinary inquiries under <i>Public Sector Management Act 1994</i> ('PSM Act'). Administrative changes in relation to use of computers advised.
PO informally counselled. PO attended training course in ethics of computer usage.
PO Informally counselled.
PO Formally counselled.
PO counselled at local level regarding computer access.
PO charged under Police Service regs. PO received official caution.
PO informally counselled, to face disciplinary charge.
Police Service internal investigation undertaken, charges laid against PO but not proven.
PO subject to disciplinary action under <i>PSM Act</i> .
PO subject of <i>Police Act</i> proceedings; suspended, disciplined, re-instated.
PO cleared of stealing charges. PO's internet access privileges removed. PO transferred to another position within the agency and demoted.
PO's use of corporate credit card limited. PO charged with 'conduct unbecoming an officer'. PO subject to s.8 <i>Police Act</i> proceedings. Matter ongoing.
PO charged with neglect of duty under Police Service regs. PO charged with attempt to induce a member of the Police Service to commit a breach of Police Service regs.
PO charged with 'use of a prohibited substance' and 'possession of a prohibited substance'. PO subject to s.8 <i>Police Act</i> proceedings. Matter ongoing.
PO informally counselled.
PO informally counselled for failing to secure a quantity of drugs whilst conducting a search.
PO charged under Police Service regs, PO formally counselled. Structure of section reviewed.
PO counselled.
PO to be given 'developmental training'. PO charged with breach of Police Service regs.
2 POs charged with breach of Police Service regs; informally counselled about inefficient execution of duties, received unfavourable reports, working under strict supervision for six months and subject to monthly performance reviews.
POs informally counselled for failure to perform duties in a proper manner.
PO charged under Police Service regs, PO apologised to person affected by their conduct.
PO subject to unfavourable report on personnel file.
PO dismissed. Police Service undertaking a review of District Custodial Care policies that cover management of all prisoners.

Types of Outcome [Disciplinary Action Taken (cont)]
PO charged, reduced to rank of Sergeant for 6 months, subject to bi-monthly performance reporting.
PO charged under Police Service regs. PO formally counselled.
PO charged 1 count sexual assault, Charges against PO not sustained

**GOVERNMENT DEPARTMENTS (17 MATTERS)**

PO issued with formal warning, report on personnel file.
PO charged under <i>PSM Act</i> . PO formally reprimanded.
4 POs formally counselled. 1 PO dismissed. Procedures changed.
PO charged with 3 counts of unlawful operation of computer system, suspended without pay, admitted charges, dismissed.
PO charged, pleaded guilty, sentenced to 12 months (100 hours) community based work.
PO charged under <i>Prisons Act</i> . PO fined \$150.
PO resigned. PO prevented from obtaining further employment with agency.
PO formally reprimanded.
6 POs fined, 4 POs resigned, 3 POs on suspension, 1 PO counselled.
PO reprimanded for minor breach of discipline.
PO charged with 2 counts of possession of an indecent article, pleaded guilty, fined \$1,500 plus costs.
2 POs issued with discipline letters.
PO issued with formal reprimand.
PO charged under the <i>Prisons Act</i> . PO formally counselled. Prison IT and telecommunications security reviewed.
PO formally reprimanded.
PO found guilty of minor breach of discipline. PO formally reprimanded.
6 charges laid under the <i>Prisons Act</i> . Matter ongoing.

**LOCAL GOVERNMENT (9 MATTERS)**

Staff involved received disciplinary letters, advised of relevant articles in Code of Conduct and process of registering gifts.
PO dismissed.
PO dismissed, having admitted theft.
PO lost 1 salary increment. PO's right to council vehicle withdrawn.
PO dismissed.
PO served with formal written warning. Money retrieved from PO.
PO dismissed.
PO dismissed.
PO issued with written warning.

**OTHER PUBLIC AUTHORITY (1 MATTER)**

PO formally reprimanded, fined \$400, required to undertake management development course and course on Public Sector Code of Ethics and agency's Code of Conduct.
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<b>Types of Outcome [Criminal Charges Laid]</b>	
<b>Types of Conduct</b>	<b>Outcomes</b>
<b>POLICE (7 MATTERS)</b>	
<b>Corruption</b> - Abuse of public office for benefit	2 POs – 18 months imprisonment (perjury, perverting the course of justice), dismissed. 1 PO – 3 years imprisonment (perjury, conspiracy to pervert course of justice), dismissed. 1 PO resigned.
<b>Stealing</b> – Money	PO charged with 2 counts of stealing, retired on medical grounds.
<b>Threats</b>	PO charged with 1 count of aggravated burglary, court action still in progress.
<b>Unlawful Operation of Computer System, Assault and Damage</b>	PO charged with common assault, damage, burglary and committing an offence, and stealing; pleaded guilty, sentenced to 12 month community based order; spent convictions recorded in respect of all charges.
<b>Drugs, Assault</b> - Possession, intent to supply	PO pleaded guilty to assault occasioning bodily harm, fined \$1600, resigned.
<b>Improper Conduct</b> - Driving whilst under the influence	PO charged with driving 'in excess of 0.08%', court action still in progress.
<b>Misuse of Leave Entitlements</b>	PO pleaded guilty, fined \$500, ordered to pay restitution.
<b>GOVERNMENT DEPARTMENTS (17 MATTERS)</b>	
<b>Fraud</b>	PO charged with 39 counts of fraud, suspended without pay, pleaded guilty, employment terminated
<b>Stealing</b> – Money	PO charged with 1 count of stealing, pleaded guilty, fined \$250, ordered to pay costs.
<b>Stealing</b> – Goods	PO charged with 'stealing as a servant', dismissed, ordered to pay restitution.
<b>Drugs</b> - Possession	PO charged, 1 count possession of prohibited substance. Matter dismissed due to lack of evidence.
<b>Drugs</b> - Supply	PO pleaded guilty to 1 count of supplying a prohibited drug, fined \$450.
<b>Drugs</b> - Traffic & supply	PO charged (possession of prohibited drug, implements, intent to sell/supply), sentenced to 12 months imprisonment.
<b>Drugs</b> - Cultivating, possessing cannabis	PO charged, spent conviction, PO ordered to pay fees and costs.
<b>Drugs</b> - Possession with intent to sell or supply	PO charged with 'possession with intent to sell or supply'. PO pleaded guilty, received 6-month conditional release order and spent convictions.
<b>Improper Conduct</b> - Sexual assault, indecent dealing	PO charged (sexual penetration, indecently dealing with a child). DPP dropped charges against PO. Departmental investigation continuing.
<b>Improper Conduct</b> - Sexual assault	PO charged (1 count of sexual penetration), not proceeded with, PO resigned.
<b>Improper Conduct</b> - Sexual assault	PO charged (1 count of indecent assault), court action continuing. PO in non-customer contact role until investigation concluded.
<b>Improper Conduct</b> - Bodily harm	PO charged with common assault, charges subsequently withdrawn. No further action.
<b>Improper Conduct</b> - Indecent dealing	PO charged, convicted (3 counts of indecent dealing of a child under the age of 13), 12 months imprisonment converted to 24 months suspended sentence, PO resigned.
<b>Improper Conduct</b> - Indecent dealing	PO charged, convicted (sexual penetration/ indecent dealings with a child). PO's contract not continued and personnel file marked 'not for re-employment'.

<b>Types of Outcome [Criminal Charges Laid]</b>	
<b>Types of Conduct</b>	<b>Outcomes</b>
<b>Improper Conduct</b> - Sexual assault	PO charged, convicted (sexual penetration / indecent dealings with a child), suspended 18-month sentence. PO resigned.
<b>Improper Conduct</b> - Sexual assault	PO charged (8 counts of rape involving a minor, 5 counts of assault occasioning bodily harm, 1 count of deprivation of liberty and 1 count of indecent dealings of a minor under the age of 14 years). Matter progressing through police investigation.
<b>Improper Conduct</b> - Sexual assault	PO charged with 1 count of indecent dealing and 1 count of sexual penetration. PO dismissed.

**LOCAL GOVERNMENT (4 MATTERS)**

<b>Improper Conduct</b> - Sexual abuse	PO charged with sexual abuse against minors; convicted and imprisoned; PO resigned.
<b>Stealing</b> – Goods	PO charged with stealing as a public servant, PO dismissed.
<b>Stealing</b> – Money	PO charged 40 counts of stealing as a public servant. PO sentenced to 3 years and 3 months imprisonment. Controls put in place regarding payments from municipal accounts.
<b>Stealing</b> – Unspecified	PO charged 1 count of stealing as a servant and fraud. PO on suspension without pay. Court action still in progress.

**OTHER PUBLIC AUTHORITIES (4 MATTERS)**

<b>Forgery and Uttering</b>	PO charged 2 counts of forging and uttering a record with intent to defraud. PO to repay costs.
<b>Stealing</b> – Money	PO charged with 'stealing as a public servant' - found not guilty.
<b>Stealing</b> – Money	2 POs convicted of 'stealing as a servant', dismissed. Revenue supervisor demoted.
<b>Improper Use of Computers</b> - Possession of pornography	PO charged with possession of child pornography. Matter progressing through court.

The information contained in the preceding tables confirms that, notwithstanding the considerable efforts of the ACC and other public authorities, corruption and other forms of serious misconduct continue to occur across almost all areas of public administration in Western Australia.

Nevertheless, viewed in terms of the size and diversity of public administration in WA, the community can be assured that the great bulk of public officers exercise the powers and responsibilities of public office with honesty and integrity.

Having said that, there are still people within the public sector who will engage in improper conduct when the opportunity presents. To combat this there will always be a need for an anti-corruption agency with strong powers. For this reason the ACC welcomes the introduction of the proposed Corruption and Crime Commission ('CCC'), which will have the powers that were sought by the ACC over a number of years.

## **THE ACC AND THE POLICE ROYAL COMMISSION**

Throughout the year the ACC provided substantial support to the Police Royal Commission, including active operational involvement, liaison and advice on major matters previously investigated (by the ACC). The detailed investigation reports provided to the Royal Commission established a sound foundation which enabled the Royal Commission to advance swiftly to public hearings.

The ACC also engaged in joint investigations with the Royal Commission. Active operational support involved the deployment of telecommunication interception (42 warrants were executed in joint operations with the Royal Commission), accessing of call charge records, preparation of intelligence charts, and the conducting of physical surveillance.

ACC officers also gave evidence at Royal Commission hearings, particularly in relation to: allegations about the conduct of certain police officers stationed in Kalgoorlie, allegations of theft by members of the Armed Robbery Squad, the review of un-authorised police computer accesses, and the death of protected witness, Mr Andrew Petrelis.

The ACC provided submissions to and participated in four 'roundtable' conferences convened by the Royal Commission during the year, which addressed: Internal Investigations, Information Management, External Oversight, and Corruption Prevention Strategies in relation to the Police Service. Representatives of the ACC attended each of the conferences, and the ACC provided submissions on issues relevant to its interests, its knowledge of criminal and corrupt conduct in WA, and the effectiveness of the State's investigation and prevention mechanisms.

<b>ACC Operational Activity: 2002-03</b>			
<b>General Enquiries made to the ACC about Serious Misconduct <sup>(a)</sup></b>			<b>259</b>
<b>Matters (subject to Investigation or Other Action) carried over from 2001-02</b>			<b>334</b>
<b>New Matters reported to ACC during 2002-03:</b>			<b>485</b>
Reported by -	Public Authorities	431	89%
	Individuals	43	9%
ACC initiated		11	2%
Relating to public officers in -	WA Police Service	214	44%
	Government Departments	163	34%
	Local Government	77	16%
	Other Public Authorities	31	6%
Alleged misconduct -	Corrupt	15	3%
	Criminal	185	38%
	Serious Improper	258	53%
	Outside ACC's jurisdiction	25	5%
	Unclassified	2	1%
<b>Total active Matters <sup>(b)</sup> considered by the Commission in 2002-03</b>			<b>819</b>
<b>Matters referred by the Commission to other Authorities for Action</b>			<b>191</b>
<b>Review and Audit (by ACC) of 'other authority' Investigation Reports</b>			<b>192</b>
<b>Matters investigated by the ACC</b>			<b>85</b>
<b>Matters (under Investigation by the ACC) finalised in 2002-03</b>			<b>39</b>
<b>Total Matters finalised by the Commission in 2002-03:</b>			<b>514</b>
	Allegations substantiated	112	22%
	Allegations unsubstantiated	101	20%
	Other outcomes <sup>(c)</sup>	301	58%
<b>TI <sup>(d)</sup> Warrants obtained and executed by the ACC:</b>			<b>48</b>
	Joint operations (ACC and Police Royal Commission)	42	
	ACC-specific operations	6	
		Assignments	Matters
<b>Physical Surveillance conducted in support of Investigations:</b>			<b>36</b> <b>18</b>
Relating to -	WA Police Service	8	5
	Other Public Authorities	18	10
	Police Royal Commission	10	3
<b>Matters (referred by the ACC) being considered by the DPP: <sup>(e)</sup></b>			<b>9</b>
Relating to public officers in -	WA Police Service		4
	Other Public Authorities		5
<b>Matters finalised by the DPP</b>			<b>5</b>
<b>Matters progressed to Court</b>			<b>3</b>

- (a) 'General enquiries' may, but do not necessarily, relate to information coming within the ACC's jurisdiction.
- (b) 'Active matters' are those matters subject to investigation or other action by the ACC or by appropriate authorities but which have not been finalised by the Commission.
- (c) 'Other outcomes' includes cases that are inconclusive, where investigation is not in public interest, where investigation is not justified, where the public officer is deceased or been transferred, where a matter is outside the ACC's jurisdiction, or where there is insufficient evidence.
- (d) Telecommunications Interception.
- (e) Director of Public Prosecutions (WA).

**ACC INVESTIGATIVE ACTIVITY**

Generally, the investigations conducted by the ACC itself in 2002-03 involved allegations of more serious misconduct, investigations which were particularly complex, or circumstances demanding the undertaking of 'sensitive' inquiries.

Investigation of these types of matters was generally time and resource intensive and, often protracted due to the nature and complexity of the issues being addressed. Often considerable time is required to unravel intricate processes deliberately put in place (over a period of time) by persons engaged in serious misconduct in order to confound detection and conceal evidence.

The following table identifies the range of the 85 matters investigated by the ACC in 2002-03.

**MATTERS INVESTIGATED BY THE ACC**  
**Alleged Serious Misconduct x Public Authority**  
**2002-03**

Alleged Serious Misconduct	Public Authority – Matters Investigated				
	Police	Govt Dept	Local Govt	Other Public Auth	Total
<b>Corrupt Conduct</b>	<b>9</b>	<b>9</b>	<b>3</b>	<b>2</b>	<b>23</b>
Association leading to gifts, favours	-	4	1	-	5
Other corrupt conduct	9	5	2	2	18
<b>Criminal Conduct</b>	<b>20</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>36</b>
Corruption	3	-	1	1	5
Disclosure of official secrets	4	-	-	-	4
Fraud	-	4	-	-	4
Intent to pervert justice	2	1	-	1	4
Perjury	1	1	-	2	4
Stealing	4	-	-	-	4
Other criminal conduct	6	1	1	3	11
<b>Serious improper Conduct</b>	<b>7</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>24</b>
Disclosure of information	1	5	-	1	7
Drugs	6	3	-	-	9
Other serious improper conduct	-	3	3	2	8
<b>Unclassified/outside ACC jurisdiction</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Total</b>	<b>37</b>	<b>28</b>	<b>8</b>	<b>12</b>	<b>85</b>

**Case Studies**

As mentioned, the ACC is prohibited under the ACC Act from publishing descriptions of specific allegations or information that could allow for the identification of public officers mentioned in allegations.

The following case studies, which illustrate some of the types of matters addressed by the ACC by way of oversight, review or active investigation, have been prepared in edited form specifically for this report.

#### INVESTIGATION INTO ABUSE OF FINANCIAL SYSTEMS

The ACC and the Police Service received a report from a local authority suggesting that a (former) Financial Controller may have, at some time between 1997 and 2002, altered cheques and manipulated council accounts for his own benefit. The former controller, who had also served as Manager of Finance, had implemented a computerised finance control system and accordingly possessed a comprehensive knowledge of, and had access to, the city's accounting systems.

Under ACC oversight, the council, in conjunction with the Police Service's Public Sector Investigation Unit ('PSIU'), identified 40 separate fraudulent transactions which had been made between September 1999 and October 2001, involving payments from slightly over \$1,000 to over \$20,000 – and totalling in excess of \$250,000. In March 2003, the former controller admitted to falsifying co-signatures on fraudulent cheques and entering fictitious creditor and invoice information into the city's computerised finance control system, and was subsequently charged with 40 counts of stealing as a public servant pursuant to the *Criminal Code*. In June 2003, he was sentenced to three years and three months imprisonment.

Following the investigation, the council revised its payment control mechanisms, and now has procedures in place to minimise opportunities for fraudulent avoidance of its cheque authorisation processes, including more frequent reporting on, and auditing of, accounts.

#### INVESTIGATION INTO ASSAULT ON POLICE OFFICER

An allegation was received by the ACC from a serving police officer that a Police Service investigation into an incident in which he had been assaulted by two private security officers had been carried out perfunctorily and inadequately, and that the investigating officer had, amongst other things, fabricated evidence and ignored obvious conflicts of interest.

The officer asserted that the investigating officer had failed to conduct an adequate investigation to avoid jeopardising a strategic business relationship between the Police Service and the owners of the venue where the alleged assault had taken place. The officer believed the impropriety of this situation had been compounded when the same investigator was appointed to conduct a disciplinary inquiry into the officer's conduct on the night of the alleged assault. The officer was charged with disciplinary offences, following a hearing before the Deputy Commissioner, who had viewed the security videos of the alleged assault considered that the officer did not appear to have been acting improperly at the time.

A thorough review of the matter by the ACC resulted in the Commission concluding that there was no evidence to suggest the investigator had fabricated or altered any evidence, or that he had failed to follow normal Police Service operating procedures. The Police Service was advised of the ACC's conclusions and is reviewing the evidence relating to the alleged assault and some administrative aspects of its internal investigation processes.

#### INVESTIGATION INTO DRUG TRAFFICKING

Responding to a series of inter-related allegations, the Police Service's Prison Unit, the Department of Justice ('DoJ') and the ACC formed a joint taskforce to investigate reports that prison officers and other prison employees had been trafficking illicit drugs (including heroin, cannabis and steroids) and other contraband material into Acacia Prison and selling or supplying them to prisoners.

Extended physical and electronic surveillance, supported by discreet interviews with prisoners and prison employees, revealed evidence that led to the arrest of a prison officer, who was subsequently convicted and sentenced to 12 months imprisonment.

## ACC Operational Activity: 1996 to the present

### ALLEGATIONS CONSIDERED BY THE COMMISSION: 1996-2003

Between 1 November 1996 (when the ACC was established) and 30 June 2003, the Commission considered 3,034 individual matters involving more than 8,000 separate allegations and over 4,000 individual public officers.

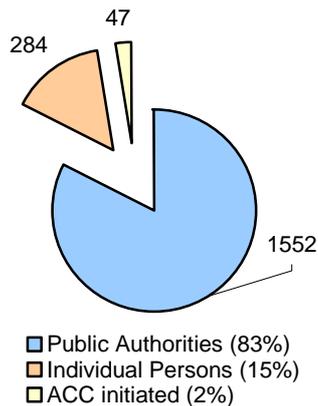
### PROFILE OF SERIOUS MISCONDUCT: 1999-2000 TO 2002-03

Over the 4 years from 1999-2000 to 2002-03, there were 1883 separate matters reported to the ACC.

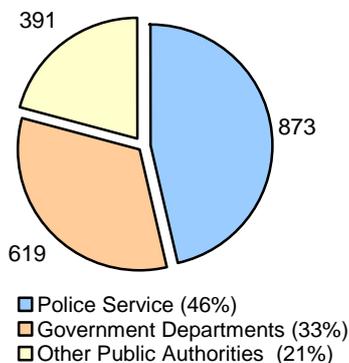
In the same period the Commission finalised 1,907 matters (some of the finalised matters involved allegations reported to the ACC prior to 1999-2000, hence the number of matters finalised exceeded those reported).

The following graphic profiles provide broad comparative information about the source of allegations, their nature, the areas of public administration to which they related in respect of matters reported, and the outcomes of investigations of matters finalised.

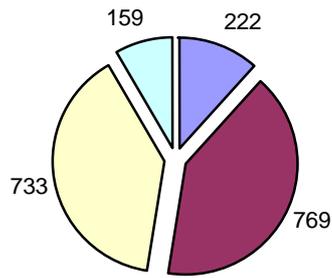
**Source of Matters reported to the Commission (1883)**



**Area of Public Administration to which reported matters related (1883)**

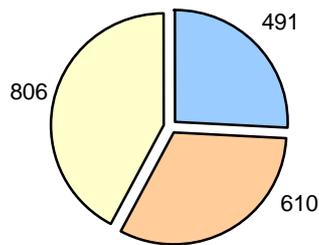


Matters reported by type of Serious Misconduct (1883)



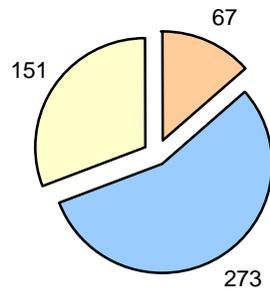
- Corrupt Conduct (12%)
- Criminal Conduct (41%)
- Serious Improper Conduct (39%)
- Outside ACC Jurisdiction (8%)

Outcomes of Matters finalised by the Commission (1907)



- Allegations substantiated (26%)
- Allegations unsubstantiated (32%)
- Other outcomes (42%)

Consequences of those Matters substantiated



- Administrative Action taken (14%)
- Disciplinary Action taken (56%)
- Criminal Charges Laid (31%)

## THE ANTI-CORRUPTION COMMISSION

### THE COMMISSION

The Commission of the ACC is an independent body responsible for ensuring that allegations of serious misconduct against Western Australian public officers are properly investigated or otherwise dealt with.

It consists of three members appointed by the Governor, under the *Anti-Corruption Commission Act 1988 (WA) (ACC Act)*, one of whom must be a person who has held, or is eligible for, appointment as a Judge (of the Supreme Court) or District Court judge. The other two members of the Commission are not required to be eligible for judicial appointment, but may not be former or serving police officers or serving public officers, other than by reason of their appointment to the Commission.

To ensure its independence, appointments to the Commission are as recommended by a committee consisting of:

- The Chief Justice;
- The Chief Judge of the District Court; and
- The Solicitor General.

The Commission is not subject to the direction of the Government. It is, however, accountable to the Parliament of Western Australia through the *Joint Standing Committee on the ACC*.

The members of the Commission, at 30 June 2003:

- Mr T E O'Connor QC (Chairman)
- Mr D G Doig
- Ms M Rayner (from 11 December 2002)

On 10 December 2002, after four years of dedicated and conscientious service, Mr Bob George concluded his role as a member of the Commission.

### THE OFFICE OF THE ACC

The Office of the ACC is comprised of the personnel appointed by the Commission to carry out its directions. As at 30 June 2003 the ACC had positions for 65 staff with responsibilities related to investigations. These responsibilities covered:

- Planning, managing, conducting, and reporting on inquiries and investigations conducted by the ACC itself;
- Reviewing and auditing investigations carried out by authorities to which matters have been referred;
- Intelligence gathering and analysis;
- Electronic and physical surveillance;
- Legal and technical services, policy and standards development.

Over the 12 months to 30 June 2003, the Commission met on 30 occasions, 21 of which were 'regular' meetings at which operational and administrative matters were considered, and nine of which were 'special' meetings to deal with specific matters of priority.

## SOURCES OF ALLEGATIONS

The Commission considers reports of alleged serious misconduct by Western Australian public officers from three sources:

- Principal executive officers of Western Australian public authorities – ‘mandatory’ reporting under ss.14 and 15 of the *ACC Act*;
- Members of the general public or individual public officers – ‘voluntary’ reporting under s.16 of the *ACC Act*;
- The Commission itself – which may, in light of its own experience or knowledge, initiate allegations – ‘own motion’ reports under s.13 of the *ACC Act*.

## PUBLIC OFFICERS

'Public officer', as defined by the *ACC Act*, includes:

- Employees of public sector agencies and statutory authorities and other persons holding public office (whether or not they receive remuneration);
- Police officers;
- Local government employees and Councillors;
- Members of the judiciary (in respect of alleged judicial corruption only);
- Members of Parliament.

## OPERATIONS AND LEGISLATION

Because many public authorities and agencies (and their employees) are subject to, or obliged to comply with, legislation and/or regulations particular to their 'business' areas, ACC operations can be affected by not only the *ACC Act* but also a raft of other (Western Australian and Commonwealth) legislation.

Some of the more important and commonly encountered statutes include:

- *Criminal Code (WA)*
- *Director of Public Prosecutions Act 1991 (WA)*
- *Evidence Act 1906 (WA)*
- *Evidence Act 1995 (Cth)*
- *Financial Administration and Audit Act 1985 (WA)*
- *Justices Act 1902 (WA)*
- *Local Government Act 1995 (WA)* and associated Regulations
- *Misuse of Drugs Act 1981 (WA)*
- *Police Act 1892 (WA)* and associated Regulations
- *Public Sector Management Act 1994 (WA)*
- *Royal Commissions Act 1968 (WA)*
- *School Education Act 1999 (WA)* and associated Regulations
- *Service and Execution of Process Act 1992 (Cth)*
- *Statutory (Liabilities of Directors) Act 1996 (WA)*
- *Surveillance Devices Act 1998 (WA)*
- *Telecommunications (Interception) Act 1979 (Cth)*
- *Telecommunications (Interception) Western Australia Act 1996 (WA)*

## PRIVACY AND CONFIDENTIALITY

The publication of unfounded allegations can have serious consequences for people. The ACC therefore endeavours to carry out its functions in as confidential a manner as possible. The *ACC Act* also prohibits disclosure of information or the publication of documents relating to allegations which are received in the course of the ACC's business. Severe penalties apply in respect of breaches of those prohibitions, including dismissal and criminal prosecution.

By law, the ACC and all those people engaged in carrying out its work are bound to not disclose the identity of any person making an allegation, and will only do so when required by law or with the person's consent. Similarly, the identity of informants and witnesses is, as far as possible, kept confidential to ensure that people who speak up about serious misconduct are not subject to intimidation, harassment, or any form of unfavourable treatment.

The ACC is establishing systems, procedures and documentation in accordance with the guidelines issued by the Office of the Public Sector Standards Commissioner to give effect to the *Public Interest Disclosure Act 2003* (WA), which came into operation on 1 July 2003.

## ACTION CONSEQUENTIAL TO INVESTIGATIONS

Despite its investigative powers, the ACC is not a law enforcement agency, nor does it have any authority to make findings in respect of a person's guilt or culpability – even if serious misconduct is apparent from the assembled evidence.

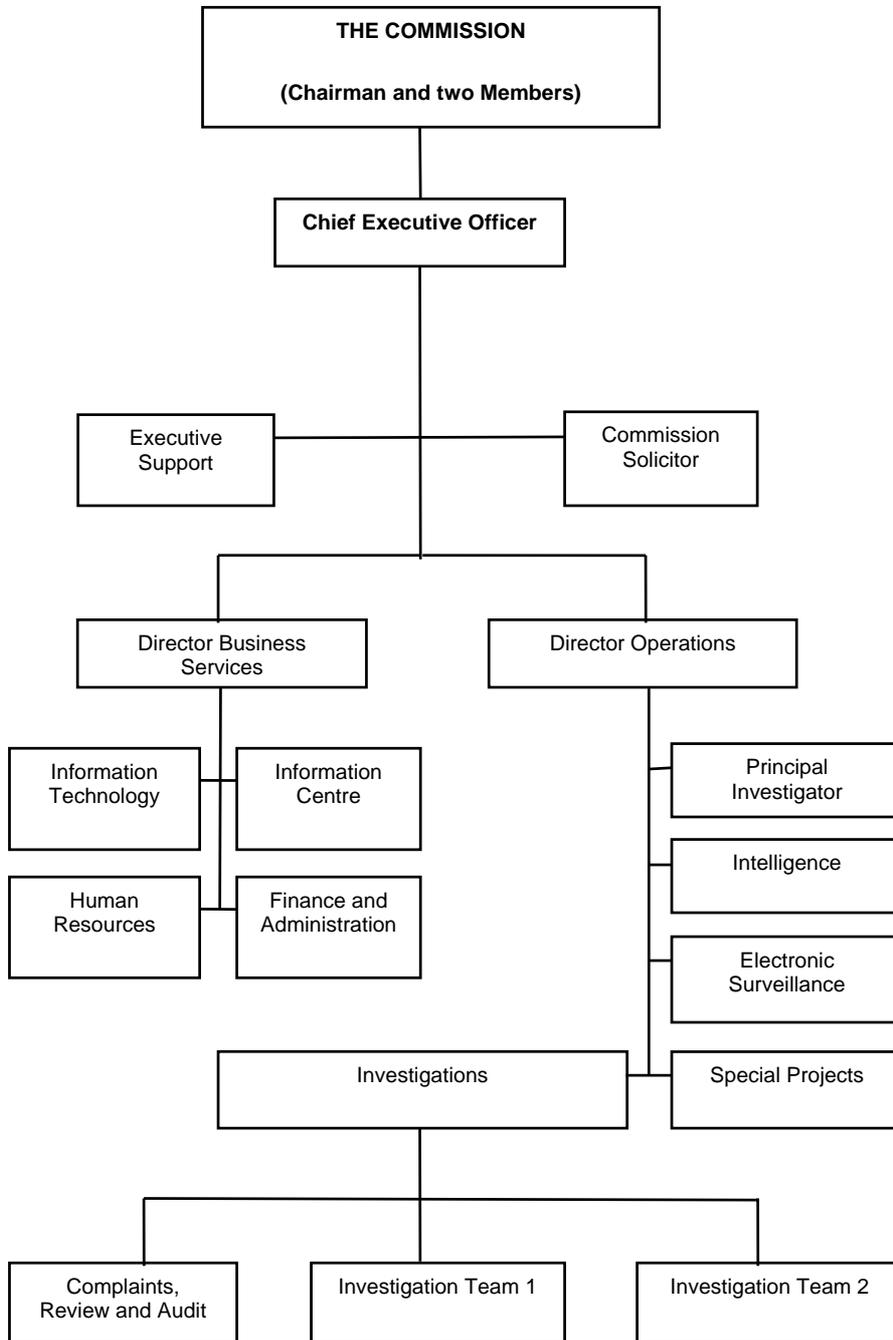
The ACC does not have power to direct that disciplinary action should be taken or to initiate the criminal prosecution of any person. The responsibility for criminal prosecutions lies primarily with the DPP and the Police Service. Nevertheless, the ACC plays an important role in that it assembles and provides evidence upon which the commencement of such proceedings can be considered.

## ACCOUNTABILITY

The Commission is answerable to the Parliament of WA through the *Joint Standing Committee on the ACC*, which is comprised of eight Members from both Houses of Parliament and includes representatives from the Government, the Opposition, as well as Independent MPs.

The Commission is accountable to the Premier of WA for the financial administration of the ACC. It complies with Government and Parliamentary budget management arrangements, and conforms to the relevant requirements of the *Public Sector Management Act 1994* (WA), the *Financial Administration and Audit Act 1985* (WA) and applicable public sector standards.

ORGANISATIONAL STRUCTURE OF THE ACC: 30 JUNE 2003



## ACTIONS, OUTCOMES AND DIRECTIONS

### OPERATIONS

#### Objectives > Strategies > Actions

This section provides an overview of the major strategies pursued by the ACC in 2002-03, together with outcomes achieved during the period, and directions promoted or encouraged by the Commission; all in relation to the agency corporate objectives that are aimed at enabling the ACC to achieve its Mission.

**Corporate Objective:** **The appropriate reporting by public authorities, public officers and the community of perceived serious misconduct in public administration**

- Strategies:**
- Ensuring public authorities and officers are aware of their obligations under the ACC Act and assisting them to fulfil those obligations
  - Communicating to public authorities, officers and the community the nature of serious misconduct in public administration
  - Informing and educating public officers and the community about the role of the ACC

#### **Actions, Outcomes and Directions relevant to the pursuit of those strategies and the achieving of that Objective:**

- The launch of the ACC website in April 2003 provided public authorities and individuals with the option of reporting allegations to the ACC electronically.
- Public authorities were, through written reports and the ACC website, provided with more meaningful statistics and detailed descriptions of what constitutes serious misconduct; to promote the appreciation of what should be reported to the ACC.
- Brochures and related materials used by the ACC to inform public authorities and the general public about its role and functions were revised and considerably simplified; with the aim of enhancing understanding of serious misconduct, reporting obligations, and the powers of the ACC.
- Senior ACC staff continued to liaise and consult with key agencies in WA public administration about ACC services.
- In the course of reviewing investigation reports, ACC staff continued to provide feedback to public authorities about investigation standards and practices.
- Policies implemented during the year by the Department of Education and Training ('DET') regarding its complaint handling system resulted in a 7% increase in the number of allegations reported to the ACC.

- A senior ACC officer has been seconded to DET to further advance its anti-corruption, fraud awareness and risk management strategies.
- Systems for collating and analysing statistical information about ACC operations were improved. This has enhanced the agency's capacity to evaluate trends in reporting and investigation outcomes, enabling the preparation of media releases that improve awareness of anti-corruption activities throughout WA public administration.
- Agencies in other Australian states declared by the Premier to be eligible for consultation and the exchange of information with the ACC included the Crime and Misconduct Commission (Qld), the Independent Commission Against Corruption (NSW), and the NSW Crime Commission.
- Memoranda of Understanding were confirmed with the WA Ombudsman, the Crime and Misconduct Commission (Qld), and the Australian Crime Commission (formerly the National Crime Authority).

**Corporate Objective:** A pro-active approach to identifying and investigating corrupt, criminal and serious improper conduct

- Strategies:**
- Ensuring the efforts of the ACC are appropriately directed and supported through the use of timely, relevant and accurate strategic intelligence
  - Engaging in pro-active target development and investigations aimed at exposing and dealing with otherwise unreported or undetected serious misconduct
  - Encouraging and assisting other agencies to take a pro-active approach in the prevention, detection and investigation of serious misconduct by their officers

**Actions, Outcomes and Directions:**

- During the year 107 individual matters were the subject of pro-active intelligence assessment; 11 of these matters being accepted by the Commission for further target development.
- Intelligence gathered in connection with ACC operations and subsequently referred to the Australian Federal Police ('AFP') contributed to the successful conclusion of an inquiry into a major national drug matter.
- All intelligence-related IT systems and practices were reviewed to ensure databases were contemporary, secure and up-to-date.
- Workplace practices introduced to foster greater collaboration between the intelligence function and the specialist support disciplines (which includes electronic, technical and physical surveillance) resulted in an enhanced ACC proactive investigation capacity.
- Several joint investigations, based on intelligence analysis, and initiated in collaboration with the Police Service, the Police Royal Commission and the Department of Justice ('DoJ'), yielded promising corruption prevention results; these activities will continue to be pursued in 2003-04.
- Liaison with the Police Service and the DoJ was significantly enhanced during the year, allowing for the identification and pursuit of worthwhile joint investigation opportunities.
- The Commission has encouraged a more proactive strategic management approach to investigations. This has been facilitated by the recruitment of staff with diverse backgrounds, thereby enabling the establishment of specialist teams, such as a financial investigations group.
- Throughout the year investigations staff were encouraged and given opportunities to attend anti-corruption seminars and training courses.

**Corporate Objective:** Addressing allegations of serious misconduct in public administration effectively

- Strategies:**
- Conducting timely initial assessments of all allegations received
  - Providing comprehensive, relevant and timely advice on whether allegations warrant further action, including how and by whom and what further action might be taken
  - Conducting professional, timely and thorough investigations into allegations and providing objective and comprehensive reports, and where appropriate briefs of evidence, in respect to those allegations
  - Reporting within the limits of the ACC Act to Parliament, Government, Ministers and to the community on the outcome of investigations conducted and in relation to the performance and functions of the ACC

**Actions, Outcomes and Directions:**

- Reduced operational staff numbers over a sustained period resulted in a decline (relative to the previous year) in the proportion of assessments completed within the Commission's specified time standards; however, over the course of the year, a 76% compliance rate was still achieved.
- The quality of ACC investigation report assessments (ie of matters dealt with by other authorities) remained high, with 92% of assessment reports and 95% of review reports being accepted first time by the Commission.
- The proportion of investigation reports accepted by the Commission on first presentation was 88%, indicating both a high standard of investigation and internal reporting and successful liaison with reporting agencies.
- Recruitment in the latter part of 2002 meant that from February 2003 the ACC had the full complement of investigations staff; this, combined with a philosophy of flexible staff deployment, has allowed the Commission to effectively carry out its major investigation priorities.
- Through its own investigations and reviewing those of other authorities, the ACC has continued to provide advice and feedback to authorities about appropriate investigative practices and standards.
- A substantial number of matters of alleged serious misconduct, which were subject to oversight by the Commission, were successfully investigated by other agencies.
- Enhancements to the ACC's telecommunications interception ('TI') capabilities allowed the agency to maintain currency with rapidly changing telecommunications industry developments, and enabled the continuation of effective and efficient support to both ACC specific and joint operations (particularly with the Police Royal Commission).

- An independent review by the WA Ombudsman (as required by TI legislation) of ACC management and practices relating to its TI functions confirmed the agency's adherence to legislation and prescribed standards of record keeping and confidentiality.
- Enhancements to the structure, reporting arrangements and deployment of staff within the Special Projects Unit (predominantly in terms of its surveillance function) strengthened the unit's capacity to respond to and support investigations.
- Changes to the systems for recording and accessing information via the ACC's allegations information database, implemented progressively over the year, have enabled the ACC to provide the *Joint Standing Committee on the ACC* with increasingly more detailed information, and to respond more effectively to issues of public interest.

**Corporate Objective:** Ensuring that allegations of serious misconduct in public administration that are investigated by other agencies are dealt with in a timely and appropriate manner

- Strategies:**
- Consulting, co-operating and exchanging information with independent agencies, appropriate authorities and other relevant bodies
  - Monitoring the investigations into allegations conducted by other agencies and providing assistance and guidance to those agencies in relation to those investigations
  - Conducting audits and reviews of investigations conducted by other agencies and providing those agencies with timely and appropriate advice and feedback in relation to those investigations and matters arising from them

**Actions, Outcomes and Directions:**

- The provision of ongoing feedback and commentary (both formally and informally) about investigations conducted by other authorities has further enhanced the timeliness and quality of investigative and other action taken by authorities.
- Positive feedback has continued to be given to other authorities in instances where investigations have been conducted in a timely and professional manner.
- Continuing refinement of the Commission's requirements regarding status or situation reports for investigations being undertaken by other authorities has progressively led to improvements in the timeliness of responses to allegations.
- Increased personal contact with the staff of other authorities, particularly divisions of the Police Service, has encouraged more prompt responses in respect of the reporting on progress of investigations, including expected completion dates.
- The ACC contributed to a Department of the Premier and Cabinet review dealing with the identification of standard competencies for investigation officers; this being intended to introduce a level of consistency and enhance the quality of investigation services across the public sector.
- The ACC made submissions to the Commissioner of Police and the Police Royal Commission regarding the impact that changes to work practices and resources committed to certain areas of police internal and public sector investigations have had on the timeliness and quality of investigations.
- The opportunity to engage in joint investigations has been welcomed by the ACC because it provides an avenue for the ACC to promote contemporary best-practice investigation methods, procedures and standards.

**Corporate Objective:** Promoting public administration policies, practices and standards that minimise opportunities for, and discourage, serious misconduct by holders of public office

- Strategies:**
- Bringing to the attention of public authorities deficiencies in their policies, procedures or practices which have allowed, or have the potential to allow, public officers to engage in serious misconduct
  - Liaising and collaborating with agencies which have public sector wide responsibilities in developing and promoting prescribed policies, practice and standards aimed at minimising serious misconduct, and monitoring adherence to them
  - Reporting to Parliament, Government Ministers and to the community on the deficiencies identified in public sector policies, procedures or practices, which have allowed, or have the potential to allow public officers to engage in serious misconduct

**Actions, Outcomes and Directions:**

- In order to remove or reduce opportunities for serious misconduct to occur, ACC reports on investigations have, where appropriate, highlighted practices, systems and/or procedures of public authorities that would benefit from review.

For instance, as a result of an operation conducted by the ACC, deficiencies in the Police Service procedures relating to making applications for search warrants were identified, which led to the formation of a joint ACC/Police Service working group to review the process.

In another case, the Commission brought to the Attorney-General's attention the existence of deficiencies in the process of issuing security classification/permits to contracted officers within the privately operated prison system; an issue yet to be resolved.

- The Commission has appeared before the Government Public Accounts Committee in relation to accountability of public funding in the public health system.
- ACC officers have actively promoted anti-corruption principles and strategies by way of contributing to the reports of other authorities, and through participation in workshops and seminars run by other investigative agencies.
- The ACC consulted with the Office of the Public Sector Standards Commission ('PSSC') in the development of guidelines associated with the introduction of the *Public Interest Disclosure Act 2003* (WA).
- The ACC and the Police Service jointly hosted the annual national Telecommunications Interception Conference in Perth, enabling a

large number of staff from the ACC and other authorities to be involved in discussions about, and deliberation on, practices and procedures related to telecommunications interceptions.

- In its submissions to, and involvement with, the Police Royal Commission 'roundtable' conferences, the ACC promoted its perspectives based on the extensive experience of its officers and the knowledge base developed by the agency over the past six years.
- The ACC highlighted to the Police Royal Commission the lack of operational integrity in the Police Service's computer systems, and the potential for the unauthorised accessing and misuse of information.
- The ACC continues to be involved in, and contributes to, a national working party focusing on issues related to the unauthorised use of mobile telephones within prisons.
- Senior ACC officers have maintained the practice of delivering a wide-range of information about corruption prevention to courses for Police recruits and other training programs conducted at the Joondalup Police Academy.

## **BUSINESS SERVICES AND EXECUTIVE SUPPORT**

The Business Services division of the ACC provides specialist support in the areas of budgeting and finance, human resource management, purchasing, information management, security and risk management, information technology and reception services.

Information management responsibilities include (in consultation with Operations) maintenance and updating of the ACC's strategic information system, the allegations database, and the provision of administrative support for Commission meetings.

The Executive division (comprising the CEO, the Principal Policy Officer and the Commission Solicitor) has overall responsibility for strategic direction, the effective performance of the ACC's business operations and administration. Providing executive leadership, support, strategic operational advice and guidance to the Commission, the Executive also liaises with the Government, other external oversight bodies, and appropriate organisations regarding strategic, operational and administrative issues.

## **Financial Management and Accountability**

### **PROCUREMENT IMPROVEMENTS**

Improvements to purchasing policies and procedures, identified from a comprehensive review carried out by ACC staff and an audit by the State Supply Commission in 2001-02, were effectively implemented in the first half of 2002-03, enhancing accountability and record keeping.

### **EXPENDITURE**

Since the Government's announcement, in February 2003, that the ACC is to be abolished, the Commission has only committed capital expenditure necessary to the maintenance of essential operations and infrastructure.

### **POLICE ROYAL COMMISSION**

The contribution of the ACC to the efforts of the Police Royal Commission was achieved within the existing budget.

## **Human Resources**

### **EMPLOYMENT CONDITIONS AND WORKPLACE PRACTICES**

Significant developments in 2002-03 included:

- Implementation of relevant parity wages and conditions (to accord with Government policies), including the restoring of a 37.5 hour standard working week.
- Approval by the Commission of a small special salary allowance to staff for agency specific work requirements.
- Formal approval by the Commission of the variation of staff employment tenure from renewable fixed-term contract status to 'permanent' status; in accordance with Government policy and industrial relations advice received from within the Government.

- Implementation of a significant number of workplace improvement projects relating to issues such as internal communication, appointments to acting positions, and training and management practices.
- Provision of information relating to comparative pay and employment conditions applicable to the anti-corruption working environment to the Steering Committee overseeing the establishment of the Corruption and Crime Commission ('CCC').

#### **STAFF AND RECRUITMENT**

People with the skills and experience required by the ACC continue to be in short supply, not just in WA but nationally; however, enhancements to recruitment processes, including a review of job descriptions and advertising strategies, resulted in an increase in the number of applications for advertised vacancies.

Twenty new staff were recruited during 2002-03.

#### **EQUAL EMPLOYMENT OPPORTUNITIES AND DIVERSITY MANAGEMENT**

As indicated, a review of job descriptions and changes to the content of job advertisements has assisted the agency in its endeavours to recruit more women; a sector of the workforce that has historically been under-represented in not only the ACC but in law enforcement agencies generally.

Of the 20 appointments made during the year, 12 were women; with seven of the eight appointees to investigative positions being women.

Grievance Officers, nominated and elected by staff, were appointed, trained, and will be involved in the review of all policies and procedures relating to EEO and grievance resolution.

Training in equal opportunity law and grievance resolution for all ACC staff is to be delivered early in the new financial year.

#### **OCCUPATIONAL SAFETY AND HEALTH**

An Occupational Safety and Health ('OS&H') Committee was established at the ACC in mid-2002, with the five representatives elected by staff attending a five-day training course in December 2002 and further developing their knowledge at a WorkSafe OS&H Forum conducted in May 2003.

The Committee, which conducts regular workplace inspections and serves as a focus for receiving and distributing information about OS&H related matters, has contributed to a raised level of awareness amongst staff and management about hazards in the workplace and the need for prompt rectification of these.

In April 2003, the Commissioner for Public Sector Standards ('PSSC') tabled a report in Parliament relating to an investigation, carried out by staff of her Office, into allegations of unacceptable human resource practices in the ACC. The report acknowledged the difficult circumstances under which the ACC and its staff have to operate, but also included conclusions by the Commissioner about issues she considered were of ongoing concern.

The (ACC) Commission had, in response to matters that had been raised by staff prior to the PSSC review, already taken considerable steps to deal with issues and perceptions expressed by its staff. That action was not, unfortunately, acknowledged in the PSSC report. The Commission was accordingly concerned with aspects of the approach taken by the PSSC in conducting its investigation, and the basis for some of the report's conclusions. These issues were raised with the Commissioner for Public Sector Standards.

Twenty-two workplace improvement initiatives, based on suggestions made by ACC staff in mid-2002, have been, or are in the process of being, implemented.

The ACC's OS&H Committee worked with the Commission and WorkSafe to draft a policy and guidelines to prevent and deal with workplace bullying. The policy has now been implemented at the ACC, and the issues looked into by WorkSafe early in the reporting period have been dealt with. The WorkSafe Commissioner indicated, in February 2003, that he was satisfied the bullying matters raised had been adequately addressed.

#### **STAFF EMPLOYMENT CONDITIONS**

A matter of particular concern to the Commission over the past 6 months has been the difficulty experienced in reaching a satisfactory and timely resolution with the Government to the issues of permanency, redeployment and redundancy for ACC staff in light of the creation of the CCC.

Continued approaches by the Commission to Government and the Department of the Premier and Cabinet have been unsuccessful in bringing about agreement on the tenure and future of ACC staff. At the time of reporting, the matter was before the Industrial Relations Commission. It is hoped that this matter will be appropriately resolved within the next couple of months.

#### **PERFORMANCE MANAGEMENT**

An internal review of the staff performance and development system recommended a move to a competency based electronic system. In light of the impending abolition of the ACC, the recommendations of the review have not been implemented, as the benefits of the system will not be realised in the time the ACC remains in existence.

#### **Information Management**

##### **INFORMATION INFRASTRUCTURE AND SECURITY**

A number of changes were made to the agency's IT hardware, software and information management facilities during the year. Amongst these were the institution of multiple firewall protection, intrusion detection and automated response mechanisms, web content filters, multiple layers of virus protection, internal and external threat scanners, a secure internal central log server, and the establishment of virtual private networks with external business partners.

Procedures were also established and implemented for the active monitoring of the information security infrastructure environment; and,

where necessary, communications methodology and security arrangements with business partners were reviewed and modified.

Extensive research and consultation with Federal bodies was also undertaken to address apparent shortcomings in the Commonwealth Telecommunications Interception legislation; shortcomings very relevant to the issue of electronic information transmission, and in particular the issue of unauthorised interception of un-read corporate e-mails.

#### **BUSINESS CONTINUITY**

Online disaster recovery facilities for Information and Communications Technology services were implemented and comprehensively tested.

Enhanced agency-wide risk management methodologies were developed and will be settled and deployed in early 2003-04.

An online disaster recovery strategy was developed for the agency's electronic Records and Document Management System.

#### **ELECTRONIC RECORDS AND DOCUMENT MANAGEMENT SYSTEM**

Implementation of a comprehensive Records and Document Management System ('RDMS') for the entire agency commenced in December 2002, with active use of the system by all staff commencing in April 2003. A post implementation review is being conducted to determine the efficiency and effectiveness of the new systems and processes. To date the system has met expectations.

The agency's suite of document templates has been reviewed and revised, with the formatting updated to meet the requirements of the revised *WA Government Style Manual*. The revised templates were integrated into the RDMS.

A record-keeping plan is being prepared in accordance with the requirements of the *State Records Act 2000 (WA)*, and is expected to be approved by late 2003.

#### **INTERNET WEBSITE**

Design and construction of the ACC's Internet website ([www.acc.wa.gov.au](http://www.acc.wa.gov.au)) was completed. The website has been operational and accessible since April 2003.

As part of the site's facilities, the agency's customers (ie persons wishing to lodge reports of allegations and/or information relating to allegations) now have the option of submitting their allegations electronically.

#### **INTRANET WEBSITE**

Design and construction of the ACC's intranet website, incorporating a content management system allowing for maintenance of the site by non-technical staff, was completed in early 2003.

#### **ALLEGATIONS MANAGEMENT**

New audio-recording equipment, commissioned early in 2003, has significantly enhanced the standard of records kept of Commission meetings and deliberations.

The allegations management system has been integrated with the internal e-mail system and the RDMS; this, along with enhancements to allegations/information management processes, has improved the ACC's collation and reporting capabilities.

#### **Security, Risk and Facilities Management**

Enhanced security policies and procedures were completed in May 2003 and distributed to staff.

Based on a comparative analysis study of the security functions of other Australian anti-corruption bodies and a review of new security technologies, these will provide all ACC staff with a reliable and contemporary reference for maintaining ACC building, asset and information security.

The risk management policy and risk management manual was reviewed and updated, and training in risk management methodologies was delivered to key staff members.

The electronic access control system for the ACC's premises was upgraded.

## OBLIGATORY REPORTING

### CUSTOMER OUTCOMES

#### Disability Services Plan

The Commission continued to promote the goals of the ACC's Disability Services Plan; including improving the accessibility of the agency's facilities and publicly available information, the adaptation of its services to meet the needs of people with disabilities, and (where feasible and appropriate) the provision of opportunities for them to participate in decision-making and consultation.

In constructing its website, the ACC has endeavoured to comply with the requirements and suggestions for accessibility and usability according to WA Government's *Guidelines for State Government Web Sites* and the *W3 Web content Accessibility Guidelines*.

#### Energy Usage

With guidance from the Government's Sustainable Energy Development Office ('SEDO'), the ACC engaged an independent professional to monitor energy consumption and produce a report of the agency's energy usage. Notwithstanding the installation and testing of extensive new computer security hardware/software and the extended working hours required by the ACC's commitment to the Police Royal Commission, the agency achieved a "7% reduction in energy consumption relative to the baseline year" (per SEDO advice).

#### Language and Cultural Diversity

The ACC continues to be sensitive to people's requirements in respect of language and cultural diversity, and relevant specialists and services are used whenever necessary to ensure people reporting allegations, providing information or other evidence, or receiving feedback about the agency's activities, are appropriately accommodated. Cultural diversity issues relating to people both within and outside the organisation are addressed through strategies enunciated in the ACC's EEO & Diversity Management Plan.

#### Youth Outcomes

By virtue of the nature of the ACC's business, the agency does not have activities specifically targeted to youth, but staff are mindful of having to deal appropriately with any young people who have dealings with the ACC, and appropriate information has been included in relevant guidelines.

#### Equal Employment Opportunity and Diversity

The ACC's *'Equal Employment Opportunity and Diversity Management Plan 2001-2004'* was drafted and implemented in late 2001, and all staff participated in familiarisation and training sessions on EEO and grievance resolution policy and practices. As mentioned, the agency's recruitment strategies resulted in seven of this year's eight investigative appointments being women. Additionally, the goal of increasing the representation of women at senior levels in Operations was further advanced with the appointment of women to the positions of Commission Solicitor and Chief Investigator.

## Occupational Safety and Health

Workers compensation claims submitted during the year were managed in conjunction with the ACC insurer, and vocational rehabilitation providers were involved where necessary.

There were no active workers compensation claims as at 30 June 2003.

## Information Statement

The ACC is an exempt agency under the *Freedom of Information Act 1992*, but wherever possible it responds, within the scope allowed by the *ACC Act* and other legislation, to requests for information about its role, responsibilities, policies and administration.

Sections 52 and 54 of the *ACC Act* impose severe restrictions on the information which may lawfully be divulged, to whom it may be disclosed, and under what circumstances.

Information describing the role and functions of the ACC and the reporting of allegations to the ACC is available free of charge to public authorities and individuals concerned about perceived instances of serious misconduct. Most of the information that the ACC can publicly report on is available via the ACC website.

The ACC Retention and Disposal Schedule, which conforms to the standards set by the *State Records Act 2000*, has been approved by the State Records Office.

## Compliance with Public Sector Standards

The ACC has continued to comply with the requirements of the *Public Sector Standards* and the *Public Sector Code of Ethics*. The agency's policies and procedures in relation to these are reviewed and updated on an ongoing basis. The *Public Sector Standards* and the standards (of ethics and conduct) required of ACC staff are covered in the staff induction process, with updated information being distributed to staff via email and by way of periodic education sessions, as well as being available via the intranet.

No 'breach of Standard' claims were received during the year, and the sole breach claim carried forward from the previous period was withdrawn following consultation with the complainant.

## Advertising

Advertising expenditure for the reporting period amounted to \$38,004, nearly all of which was expended in relation to the recruitment of staff using the services of Marketforce Productions.

## Waste Paper Recycling

The ACC, by virtue of the nature of its work and the confidentiality obligations under which it operates, is committed to maintaining a high-level of security in the management of waste paper. All waste paper is accordingly destroyed using crosscut shredding machines. One consequence of the use of this method is, however, that the paper particles produced are, because they are so small, unsuitable for recycling.

## OUTCOMES, OUTPUTS AND PERFORMANCE INDICATORS

### Government Strategic Objective:

*Honest, accountable and inclusive government*

### ACC Strategic Objectives:

#### Mission:

*To expose corruption by holders of Western Australian public office in order to provide the community with better public services and administration*

#### Outcome:

*Allegations of corrupt, criminal and serious improper conduct (serious misconduct) are effectively addressed*

Output Measures	2002 – 03	
	Target	Actual
<b>Quantity:</b>		
Number of:	Number	Number
Assessment reports prepared	110	130
Review reports prepared	340	192
Part IV Investigation reports prepared	15	17
Audit reports prepared	16	3
<b>Quality:</b>		
Percentage of conclusions drawn that were substantially accepted in:	%	%
Assessment reports	85	92
Review reports	90	95
Investigation reports	90	88
Audit reports	80	100
<b>Timeliness:</b>		
Percentage of:		
Allegation assessments completed within Commission agreed time lines	85	100
Reviews completed within 30 calendar days	85	77
Investigations completed within Commission agreed time lines	90	100
Audits completed within 60 calendar days	85	33
<b>Cost (efficiency):</b>	\$	\$
Average annual cost per allegations assessed	34,862	18,793
Average annual cost per Reviews completed	3,981	5,784
Average annual cost per matter under investigation (1)	391,005	437,677
Average annual cost per audits completed	14,099	37,097

- (1) The increase in the average cost of investigations reflects the operational assistance provided to the Police Royal Commission by the ACC. Whilst the involvement of the ACC in Royal Commission investigations (particularly in respect of the ACC's telecommunications interception facilities) and joint operations are not counted as ACC investigations, the costs incurred through the agency's involvement in such activities are incorporated in the total of ACC expenditure.

**CERTIFICATION OF PERFORMANCE INDICATORS**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Anti-Corruption Commission's performance, and fairly represent the performance of the Anti-Corruption Commission for the financial year ended 30 June 2003.



T E O'Connor QC

**Chairman**



D G Doig

**Member**



M Rayner

**Member**

29 August 2003

**AUDITOR GENERAL'S OPINION OF ACC PERFORMANCE INDICATORS**



**AUDITOR GENERAL**

**INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

**ANTI-CORRUPTION COMMISSION  
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003**

**Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Anti-Corruption Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 2003.

**Scope**

***The Commission's Role***

The Commission is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

***Summary of my Role***

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it 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 performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

**D D R PEARSON  
AUDITOR GENERAL  
October 28, 2003**

**KEY PERFORMANCE INDICATORS****ACC Strategic Outcome:*****'Allegations of Serious Misconduct are effectively addressed'***

When the Commission receives allegations of serious misconduct by WA public officers, it considers and determines, in light of the available information, whether further action is warranted. It may decide that the allegations should be referred to another appropriate authority for investigation or other action, or direct ACC staff to carry out an investigation, or decide that no action is warranted.

If the ACC assesses or investigates allegations, officers prepare and submit progressive and final reports on their inquiries, along with recommendations, for the Commission's consideration.

If other authorities take action in regard to allegations, ACC staff review or audit the actions taken, and provide reports, with recommendations, to the Commission for its consideration of whether the allegations have been addressed appropriately.

The extent to which the Commission accepts the conclusions and recommendations contained in reports is indicative of the effectiveness of the actions carried out by the ACC.

**ACC Output:*****'Reports of ACC assessments and investigations, and reviews and audits of external investigations'*****Key Effectiveness Indicator:*****'Conclusions drawn in Investigation Reports that are substantially accepted by the Commission'***

Investigative Activity	Reports in which Conclusions Drawn were substantially accepted by the Commission											
	2002-03			2001-02			2000-01			1999-2000		
	Reports			Reports			Reports			Reports		
	total	Acc c	% acc	total	acc	% acc	total	acc	% acc	total	acc	% acc
Assessment *	130	119	92	108	89	82	77	64	83	58	55	94
Review	192	182	95	322	286	89	268	249	93	283	269	95
Investigation *	17	15	88	13	13	100	na	na	na	na	na	na
Audit	3	3	100	11	8	90	3	3	100	1	1	100

\* : Investigation reports were included with assessment reports in 1999-2000 and 2000-01

na: Not available (investigation reports were included with assessment reports in 1999-2000 and 2000-01)

acc: Reports accepted by the Commission

% acc: Percentage of reports accepted by the Commission.

**Key Efficiency Indicator:**

***'Average cost per hour to assess, review, audit and investigate matters'***

Component	2002-03	2001-02	2000-01	1999-2000
	\$	\$	\$	\$
Salary costs (1)	5,336,333	4,988,658	4,968,822	4,698,629
Other costs (1)	5,768,913	5,083,530	3,674,607	4,279,314
Total	11,105,246	10,072,188	8,643,429	8,977,943
Total investigative hours	102,911	119,160	108,321	110,625
Average cost per investigative hour (2)	(3) 107.91	84.52	79.79	81.16

- (1) All costs calculated on an accrual basis.
- (2) Including investigation expenses, staff time and administrative overheads.
- (3) The increase in the average cost of investigations reflects the operational assistance provided to the Police Royal Commission by the ACC. Whilst the involvement of the ACC in Royal Commission investigations (particularly in respect of the ACC's telecommunications interception facilities) and joint operations are not counted as ACC investigations, the costs incurred through the agency's involvement in such activities are incorporated in the total of ACC expenditure.

**CERTIFICATION OF THE FINANCIAL STATEMENTS**

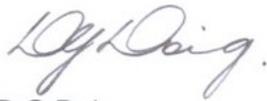
The accompanying financial statements of the Anti-Corruption Commission have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2003 and the financial position as at 30 June 2003.

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



T E O'Connor QC

**Chairman**



D G Doig

**Member**



M Rayner

**Member**



M Banaszczyk

**Principal Accounting Officer**

29 August 2003

**AUDITOR GENERAL'S OPINION OF THE FINANCIAL STATEMENTS**



**AUDITOR GENERAL**

**INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

**ANTI-CORRUPTION COMMISSION  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003**

**Audit Opinion**

In my opinion,

- (i) the controls exercised by the Anti-Corruption Commission provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

**Scope**

***The Commission's Role***

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

***Summary of my Role***

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements 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.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

**D D R PEARSON  
AUDITOR GENERAL  
October 28, 2003**

**FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003**

	Notes *	2002-03 \$	2001-02 \$
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	3	5,336,333	4,988,658
Depreciation	4	951,586	610,386
Administration expenses	5	2,131,504	2,064,235
Accommodation expenses		1,013,734	880,393
Superannuation		512,888	452,695
Other staffing costs		252,864	236,741
Travelling expenses		69,016	49,985
Capital user charge	6	837,190	789,095
Other expenses from ordinary activities	7	131	0
Total cost of services		<u>11,105,246</u>	<u>10,072,188</u>
<b>Revenues from ordinary activities</b>			
Revenues from operating activities			
User charges and fees	8	17,435	49,716
Revenues from non-operating activities			
Proceeds from disposal of non-current assets	7	2,200	0
Interest revenue		<u>343,072</u>	<u>322,867</u>
Total revenues from ordinary services		<u>362,707</u>	<u>372,583</u>
<b>NET COST OF SERVICES</b>		<u><b>10,742,539</b></u>	<u><b>9,699,605</b></u>
<b>REVENUES FROM STATE GOVERNMENT</b>			
Output appropriation	9	9,832,000	11,242,000
Resources received free of charge	9	206,881	205,508
Liabilities assumed by the Treasurer	9	<u>2,144</u>	<u>62,896</u>
Total revenues from State Government		<u>10,041,025</u>	<u>11,510,404</u>
<b>CHANGE IN NET ASSETS</b>		<b>-701,514</b>	<b>1,810,799</b>

\* The Statement of Financial Performance should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Notes *	2002-03 \$	2001-02 \$
<b>Current Assets</b>			
Cash assets	10	5,912,233	6,726,899
Restricted cash assets	11	446,969	216,490
Other assets	12	200,284	5,616
Receivables	13	67,073	96,060
Amounts receivable for outputs	14	<u>270,000</u>	<u>70,000</u>
<b>Total Current Assets</b>		<u><b>6,896,559</b></u>	<u><b>7,115,065</b></u>
<b>Non-Current Assets</b>			
Restricted cash assets	11	195,000	195,000
Office equipment	15	121,301	134,184
General equipment	15	300,288	424,165
Computer equipment	15	243,027	321,408
Property, plant & equipment	15	159,013	64,383
Office establishment	15	2,189,953	2,260,850
Amounts receivable for outputs	14	<u>1,492,000</u>	<u>959,000</u>
<b>Total Non-Current Assets</b>		<u><b>4,700,582</b></u>	<u><b>4,358,990</b></u>
<b>Total Assets</b>		<u><b>11,597,141</b></u>	<u><b>11,474,055</b></u>
<b>Current Liabilities</b>			
Payables	16	274,310	179,452
Other liabilities	17	135,892	103,438
Provisions	18	<u>536,493</u>	<u>458,703</u>
<b>Total Current Liabilities</b>		<u><b>946,695</b></u>	<u><b>741,593</b></u>
<b>Non-Current Liabilities</b>			
Provisions	18	<u>533,078</u>	<u>393,580</u>
<b>Total Non-Current Liabilities</b>		<u><b>533,078</b></u>	<u><b>393,580</b></u>
<b>Total Liabilities</b>		<u><b>1,479,773</b></u>	<u><b>1,135,173</b></u>
<b>NET ASSETS</b>		<u><b>10,117,368</b></u>	<u><b>10,338,882</b></u>
<b>Equity</b>			
Contributed equity	19	902,000	422,000
Accumulated surplus		9,215,368	9,916,882
<b>TOTAL EQUITY</b>		<u><b>10,117,368</b></u>	<u><b>10,338,882</b></u>

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Notes *	2002-03 \$	2001-02 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Output appropriations		9,029,000	10,213,000
Capital contributions		480,000	422,000
Holding account drawdowns		70,000	0
<b>Net cash provided by State Government</b>		<u>9,579,000</u>	<u>10,635,000</u>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee costs		(5,103,190)	(4,970,432)
Superannuation		(486,270)	(383,658)
Other staffing costs		(192,468)	(120,065)
Travelling expenses		(68,646)	(49,985)
Administration expenses		(2,043,803)	(1,893,525)
Accommodation expenses		(1,013,734)	(881,142)
Capital user charge		(837,190)	(787,627)
GST paid on purchases		(366,254)	(334,081)
		<u>(10,111,555)</u>	<u>(9,420,515)</u>
<b>Receipts</b>			
User charges and fees		14,255	14,995
Interest received		343,072	322,867
GST receipts on sales		1,414	9,552
GST receipts from taxation authority		387,533	342,846
		<u>746,274</u>	<u>690,260</u>
<b>Net cash used in operating activities</b>	20	<u>(9,365,281)</u>	<u>(8,730,255)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of assets		(797,906)	(926,798)
Proceeds from sale of non-current assets		0	0
<b>Net cash used in investing activities</b>		<u>(797,906)</u>	<u>(926,798)</u>
Net increase / (decrease) in cash held		(584,187)	977,947
Cash assets at the beginning of the financial year		7,138,389	6,160,442
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	20	<u><u>6,554,202</u></u>	<u><u>7,138,389</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Commission outcomes and funding

The Anti-Corruption Commission's role is to ensure that all allegations of official corruption or serious improper conduct against public officers including police officers and Members of Parliament are properly assessed to determine whether further action is warranted in accordance with the *Anti-Corruption Commission Act 1988* (WA).

The Commission is funded from a parliamentary appropriation.

### 2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

#### (a) General statement

The financial statements constitute a general purpose financial report, which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by Treasurer's Instructions to vary the application, disclosure, format and wording.

The *Financial Administration and Audit Act* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable the resulting financial effect are disclosed in the individual notes to these financial statements.

#### Basis of accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

#### (b) Output appropriations

Output appropriations are recognised as revenues in the period in which the Commission gains control of the appropriated funds.

The Commission gains control of appropriated funds at the time those funds are deposited into the Commission's bank account or credited to the holding account held at the Department of Treasury and Finance.

**(c) Contributed equity**

Under UIG 38 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements.

Capital contributions (appropriation) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

**(d) Acquisition of assets**

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

**(e) Employee benefits**

***Annual leave***

This benefit is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

***Long service leave***

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed three years of service. An actuarial assessment of long service leave undertaken for financial year 2001-02 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 'Employee Benefits'.

***Superannuation***

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. Staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an

accumulation fund complying with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employees Superannuation Board ('GESB').

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees as this does not constitute part of the cost of services provided by the Commission in the current year.

A revenue 'Liabilities assumed by the Treasurer' equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Commission is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

#### ***Employee benefit on-costs***

Employee benefit on-costs, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

#### **(f) Depreciation of non-current assets**

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation has been charged on a straight line basis, using rates that are reviewed annually.

Expected useful lives for each class of assets:

Property, Plant & Equipment	5 –10 years
Computer Equipment	3 years
Office Equipment	5 years
General Equipment	2 – 5 years
Office Establishment	5 –10 years

**(g) Cash**

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

**(h) Receivables**

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

**(i) Leases**

The office accommodation occupied by the Commission is under a head lease between the lessor and the Commercial Property Branch of the Department of Housing and Works. The Commission has entered into operating lease arrangements for buildings and motor vehicles where the lessors effectively retain all the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

**(j) Accrued salaries**

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 in that year instead of the normal 26 pays. No interest is received on this account. Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year.

**(k) Payables**

Payables, including accruals not yet billed, are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

**(l) Resources received free of charge**

Resources received free of charge which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

**(m) Comparative figures**

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

**(n) Rounding**

Amounts in the financial statements have been rounded to the nearest dollar.

	2002-03	2001-02
	\$	\$
<b>3. Employee expenses</b>		
Salaries and sitting fees	5,143,073	4,970,470
Changes in provision for annual and long service leave entitlements	193,260	18,188
	<u>5,336,333</u>	<u>4,988,658</u>
<b>4. Depreciation</b>		
Office equipment	58,717	88,113
Computer equipment	209,089	169,962
General equipment	149,641	138,915
Property, plant and equipment	13,572	12,147
Office establishment	520,567	201,249
	<u>951,586</u>	<u>610,386</u>
<b>5. Administrative expenses</b>		
Communication	209,620	267,160
Services and contracts	1,372,920	1,336,284
Consumables	548,964	460,791
	<u>2,131,504</u>	<u>2,064,235</u>
<b>6. Capital user charge</b>	837,190	789,095
<p>A capital user charge rate of 8% has been set by the Government for 2002-03 and represents the opportunity cost of capital invested in the net assets of the Commission used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
<b>7. Other expenses from ordinary activities</b>		
Carrying amount of non-current assets disposed of	131	0
Gross proceeds on disposal of assets	2,200	0
Net gain on disposal of non-current assets		
Gain on disposal of non-current assets:		
Office equipment	800	0
Computer equipment	1,269	0
	<u>2,069</u>	<u>0</u>
<b>8. Revenue from ordinary activities</b>		
Contributions by senior officers to the Executive Vehicle Scheme	14,133	9,830
Revenue from other services	3,302	39,886
	<u>17,435</u>	<u>49,716</u>

	2002-03	2001-02
	\$	\$
<b>9. Revenues from State Government</b>		
<b>(a) Appropriation revenue received during the year</b>		
Output appropriations (i)	9,832,000	11,242,000
	<u>9,832,000</u>	<u>11,242,000</u>
<p>(i) Output appropriations are accrual amounts reflecting the full costs of outputs 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.</p>		
<b>(b) Resources received free of charge</b>		
Resources received free of charge have been determined on the basis of the following estimates provided by agencies.		
Office of the Auditor General		
Audit services	12,500	12,500
Department of Housing and Works		
Property management	1,338	1,034
Department of Justice - Crown Solicitors' Office		
Legal services	27,052	55,749
Department of the Premier and Cabinet		
Financial management services	46,069	47,119
Protocol, transport and securities services	5,354	0
Personnel, payroll services, HR advisory services and recruitment	45,934	86,782
Department of Land Administration	68,634	2,324
	<u>206,881</u>	<u>205,508</u>
<b>(c) Liabilities assumed by the Treasurer</b>		
Superannuation (i)	2,144	62,896
<p>(i) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State scheme.</p>		
<b>10. Cash assets</b>		
Operating bank account at Treasury	5,912,233	6,726,899

	2002-03	2001-02
	\$	\$
<b>11. Restricted cash assets</b>		
Current		
(i) Bank account - capital	446,969	216,490
Non-current		
(ii) Accrued salaries suspense account	195,000	195,000
	<u>641,969</u>	<u>411,490</u>
(i) The amount can only be used for capital purchases.		
(ii) 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.		
<b>12. Other assets</b>		
Prepayments	200,284	5,616
<b>13. Receivables</b>		
GST receivable	58,252	96,060
Other debtors	8,821	0
	<u>67,073</u>	<u>96,060</u>
<b>14. Amounts receivable for outputs</b>		
Current	270,000	70,000
Non-current	1,492,000	959,000
	<u>1,762,000</u>	<u>1,029,000</u>
This asset represents the non-cash component of output appropriations.		
It is restricted in that it can only be used for asset replacement or payment of leave liability.		
<b>15. Property, plant and equipment</b>		
Office equipment		
At cost	504,577	473,243
Accumulated depreciation	<u>(383,276)</u>	<u>(339,059)</u>
	121,301	134,184
General equipment		
At cost	1,374,510	1,348,747
Accumulated depreciation	<u>(1,074,222)</u>	<u>(924,582)</u>
	300,288	424,165
Computer equipment		
At cost	966,560	1,025,427
Accumulated depreciation	<u>(723,533)</u>	<u>(704,019)</u>
	243,027	321,408

	2002-03	2001-02
	\$	\$
Property, plant and equipment		
At cost	217,401	109,199
Accumulated depreciation	<u>(58,388)</u>	<u>(44,816)</u>
	159,013	64,383
Office establishment		
At cost	3,434,533	2,984,865
Accumulated depreciation	<u>(1,244,580)</u>	<u>(724,015)</u>
	2,189,953	2,260,850
Total		
At cost	6,497,581	5,941,481
Accumulated depreciation	<u>(3,483,999)</u>	<u>(2,736,491)</u>
	3,013,582	3,204,990

**Non-current assets reconciliation for 2002-03**

	Office equipment	General equipment	Computer equipment	Property, plant & equipment	Office establish- ment	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at start of the year	134,184	424,165	321,408	64,383	2,260,850	3,204,990
Additions	45,834	25,764	130,839	108,202	449,670	760,309
Disposals						
cost of assets	(14,500)	0	(189,705)	0	0	(204,205)
accumulated depreciation	14,500	0	189,574	0	0	204,074
Revaluation increments	0	0	0	0	0	0
Depreciation	(58,717)	(149,641)	(209,089)	(13,572)	(520,567)	(951,586)
Write-offs						
cost of assets	0	0	0	0	0	0
accumulated depreciation	0	0	0	0	0	0
Carrying amount at end of the year	<u>121,301</u>	<u>300,288</u>	<u>243,027</u>	<u>159,013</u>	<u>2,189,953</u>	<u>3,013,582</u>

**Non-current assets reconciliation for 2001-02**

	Office equipment	General equipment	Computer equipment	Property, plant & equipment	Office establish- ment	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at start of the year	201,026	448,765	299,754	75,035	1,837,034	2,861,614
Additions	21,271	114,315	191,616	1,495	625,065	953,762
Disposals						
cost of assets	0	0	(17,109)	0	0	(17,109)
accumulated depreciation	0	0	17,109	0	0	17,109
Revaluation increments	0	0	0	0	0	0
Depreciation	(88,113)	(138,915)	(169,962)	(12,147)	(201,249)	(610,386)
Write-offs						
cost of assets	0	0	0	0	0	0
accumulated depreciation	0	0	0	0	0	0
Carrying amount at end of the year	134,184	424,165	321,408	64,383	2,260,850	3,204,990

**2002-03**  
**\$**                      **2001-02**  
**\$**

**16. Payables**

Amounts payable for goods and services received 274,310      179,452

**17. Other liabilities**

Capital user charge 0      1,468  
Accrued salaries 135,892      101,970  

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135,892      103,438

**18. Provisions**

## Current liabilities

Annual leave 334,953      287,370  
Long service leave 147,188      128,642  
48/52 leave arrangements 1,806      0  
Other (i) 52,546      42,691  

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536,493      458,703

## Non-current liabilities

Long service leave 482,874      357,548  
Other (i) 50,204      36,032  

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533,078      393,580

- (i) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here.

	2002-03	2001-02
	\$	\$
Employee benefit liabilities		
The aggregate employee benefit liability recognised and included in the financial statements is as follows:		
Provision for employee benefits:		
Current	536,493	458,703
Non-current	533,078	393,580
	<u>1,069,571</u>	<u>852,283</u>
<b>19. Equity</b>		
Contributed equity		
Opening balance	422,000	0
Capital contributions (i)	480,000	422,000
Closing balance	<u>902,000</u>	<u>422,000</u>
(i) Capital Contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.		
Accumulated surplus		
Opening balance	9,916,882	8,106,083
Change in net assets	(701,514)	1,810,799
Closing balance	<u>9,215,368</u>	<u>9,916,882</u>
<b>20. Notes to the Statement of Cash Flows</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	5,912,233	6,726,899
Restricted cash assets	641,969	411,490
	<u>6,554,202</u>	<u>7,138,389</u>
<b>(b) Reconciliation of net cash used in operating activities to net cost of services</b>		
For the purpose of the Statement of Cash Flows, 'Cash' has been deemed to include cash on hand and amounts in suspense.		
Net cost of services	(10,742,539)	(9,699,605)
Non cash items		
Depreciation expenses	951,586	610,386
Superannuation expenses assumed by Treasury	2,144	62,896
Resources received free of charge	206,881	205,508
(Profit) / Loss on sale of non-current assets	(2,069)	0

	2002-03	2001-02
	\$	\$
(Increase) / Decrease in assets		
Other assets	(194,668)	25,075
Receivables	(8,821)	0
Increase / (Decrease) in liabilities		
Payables	134,655	(50,122)
Other Liabilities	32,454	1,505
Provisions	217,288	96,908
Change in GST in receivables / payables	37,808	17,194
Net cash used in operating activities	(9,365,281)	(8,730,255)

## 21. Remuneration of members of the Accountable Authority and Senior Officers

### (a) Remuneration of members of the Accountable Authority

The number of members of the Accountable Authority whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$	\$	2002-03	2001-02
50,001-	60,000	1	0
80,001-	90,000	0	1
90,001-	100,000	1	1
180,001-	190,000	0	1
190,001-	200,000	1	0

The total remuneration of the members of the Accountable Authority is: 345,009 360,927

The superannuation included here represents the superannuation expense incurred by the Commission in respect of members of the Accountable Authority.

Number of members of the Accountable Authority who are members of the Pension Scheme: 0 0

<b>2002-03</b>	<b>2001-02</b>
\$	\$

**(b) Remuneration of Senior Officers**

The number of Senior Officers other than members of the Accountable Authority whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$	\$	2002-03	2001-02
60,001-	70,000	1	1
70,001-	80,000	1	0
80,001-	90,000	2	2
90,001-	100,000	5	0
100,001-	110,000	1	1
110,001-	120,000	1	1
120,001-	130,000	0	1
130,001-	140,000	1	0
210,001-	220,000	0	1
220,001-	230,000	1	0

The total remuneration of senior officers is:	1,364,474	799,780
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The superannuation included here represents the superannuation expense incurred by the Commission in respect of Senior Officers other than Senior Officers reported as members of the Accountable Authority.

One Senior Officer is a member of the Pension Scheme.

**22. Explanatory Statement****(a) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year**

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$200,000.

	2002-03	2001-02	Variance
	\$	\$	\$
<b>Cost of services</b>			
Employee expenses	5,336,333	4,988,658	347,675
Depreciation	951,586	610,386	341,200
Accommodation	1,013,734	880,393	133,341
Superannuation	512,888	452,695	60,193
Travelling expenses	69,016	49,985	19,031

Explanation

Employee Expenses	Of the variance of \$347,675, increase in Leave Provisions account for \$214,917. The remaining \$132,758 is the result of a 3% pay increase for Commission staff from 1 January 2003.
Depreciation	Increase in Depreciation in Office Establishment (Telecommunications Interception Equipment - \$220,000, Capitalised Software - \$80,000) and Computer Hardware of \$40,000 has resulted in the increase in Depreciation over 2001-02
Accommodation	In 2001-02, rent commenced only in September 2001, the two months of July and August being rent-free. This accounted for \$93,000. The remaining \$40,000 was the rent increase from 2001-02 to 2002-03.
Superannuation	Increase in Weststate Super from 8% in 2001-02 to 9% in 2002-03.
Travelling	The variance was in interstate travel, with little interstate travel being done in 2001-02.

**Revenues from ordinary activities**

User charges and fees	17,435	49,716	(32,281)
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Explanation

In 2001-02 User Charges and Fees had GST credits for Salary Packaging, however, in 2003-03 the accounting treatment was different and had no impact on revenue.

**(b) Significant variations between estimates and actual results for the financial year**

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% or \$200,000.

**Cost of Output**

	<b>\$</b>
Budget	11,279,000
Actual	<u>11,105,246</u>
Variation	<u>173,754</u>

Explanation

No Significant variation.

**Revenue**

Budget	225,000
Actual	<u>362,707</u>
Variation	<u>(137,707)</u>

Explanation

Increase is due primarily to interest revenue from higher bank balances.

**23. Lease commitments**

These commitments relating to motor vehicles and office accommodation leases are due for payment:

	2002-03	2001-02
	\$	\$
within 1 year	671,397	628,610
later than 1 year and not later than 5 years	691,604	1,097,445
later than 5 years	<u>0</u>	<u>0</u>
	<u>1,363,001</u>	<u>1,726,055</u>

**24. Additional financial instruments disclosures****(a) Interest rate risk exposure**

The Commission's exposure to interest rate risk at **30 June 2003** are:

	<b>Weighted Average Effective Rate %</b>	<b>Floating Interest Rate \$</b>	<b>Non Interest Bearing \$</b>	<b>Total \$</b>
<b>Assets</b>				
Cash assets	4.93	5,912,233	0	5,912,233
Restricted cash assets		0	641,969	641,969
Receivables		0	67,073	67,073
Amounts receivable for outputs		0	1,762,000	1,762,000
Total financial assets		<u>5,912,233</u>	<u>2,471,042</u>	<u>8,383,275</u>
<b>Liabilities</b>				
Payables			274,310	274,310
Other liabilities			135,892	135,892
Total financial liabilities			<u>410,202</u>	<u>410,202</u>

The Commission's exposure to interest rate risk at **30 June 2002** was:

	<b>Weighted Average Effective Rate %</b>	<b>Floating Interest Rate \$</b>	<b>Non Interest Bearing \$</b>	<b>Total \$</b>
<b>Assets</b>				
Cash assets	4.65	6,726,899	0	6,726,899
Restricted cash assets		0	411,490	411,490
Receivables		0	96,060	96,060
Amounts receivable for outputs		0	1,029,000	1,029,000
Total financial assets		<u>6,726,899</u>	<u>1,536,550</u>	<u>8,263,449</u>
<b>Liabilities</b>				
Payables			179,452	179,452
Other liabilities			103,438	103,438
Total financial liabilities			<u>282,890</u>	<u>282,890</u>

**(b) Credit risk exposure**

All financial assets are unsecured. The carrying amount represents the Commission's maximum exposure to credit risk in relation to those assets.

**(c) Net fair values**

The carrying amount of financial assets and liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the Financial Statements.



## **CONTACTING THE ANTI-CORRUPTION COMMISSION**

**The ACC can be contacted anonymously**

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