



**ICAC SA & OPI
ANNUAL REPORT**

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LIST OF ACRONYMS

ICAC	Independent Commissioner Against Corruption
ICAC Act	<i>Independent Commissioner Against Corruption Act 2012</i>
IIS	South Australia Police Internal Investigation Section
Oakden Report	<i>Oakden: A Shameful Chapter in South Australia's History</i> report.
DPP	Office of the Director of Public Prosecutions
OPI	Office for Public Integrity
PCDA	<i>Police Complaints and Discipline Act 2016</i>
SA Police	South Australia Police
TIAA	<i>Telecommunications (Interception and Access) Act 1979</i>



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2 LETTERS OF TRANSMITTAL

1 COMMISSIONER
& CEO REPORTS

6 COMMISSIONER'S REPORT

14 CEO'S REPORT

2 OUR OPERATIONS

20 OFFICE FOR PUBLIC INTEGRITY

32 INVESTIGATIONS

38 MISCONDUCT &
MALADMINISTRATION

44 SANCTIONS IMPOSED UNDER
THE PCDA

46 PREVENTION, EDUCATION
& COMMUNICATION

49 EVALUATIONS

3 OUR ORGANISATION

52 OUR ORGANISATION

53 OUR VALUES

56 WORKFORCE STATISTICS

4 FINANCIAL STATEMENTS

64 INDEPENDENT AUDITOR'S REPORT

67 ANNUAL FINANCIAL STATEMENTS

FIGURES & GRAPHS

18 SNAPSHOT

24 SUBJECT OF COMPLAINTS
& REPORTS – ICAC ACT

25 GENERAL NATURE OF COMPLAINTS
& REPORTS RECEIVED – ICAC ACT

30 GENERAL NATURE OF COMPLAINTS
& REPORTS RECEIVED – PCDA

33 GENERAL NATURE OF INVESTIGATIONS
COMMENCED DURING THE FINANCIAL YEAR

37 GENERAL NATURE OF COMPLAINTS &
REPORTS REFERRED TO SA POLICE

39 GENERAL NATURE OF MATTERS
REFERRED TO THE OMBUDSMAN

42 GENERAL NATURE OF MATTERS
REFERRED TO A PUBLIC AUTHORITY

CONTENTS

**LETTER
OF TRANSMITTAL** **The Honourable Vincent Tarzia MP
Speaker of the House of Assembly**

**The Honourable Andrew McLachlan CSC MLC
President of the Legislative Council**

In accordance with section 45 of the *Independent Commissioner Against Corruption Act 2012*, I present the fifth annual report of the Independent Commissioner Against Corruption (ICAC) and the Office for Public Integrity (OPI) for the year ended 30 June 2018.

Included is my report on the number and general nature of sanctions imposed under the *Police Complaints and Discipline Act 2016*, as required by section 31 of that Act.

Yours sincerely



The Honourable Bruce Lander QC
Independent Commissioner Against Corruption
28 September 2018

LETTERS
OF TRANSMITTAL

**The Honourable Vickie Chapman MP
Deputy Premier
Attorney-General**

**LETTER
OF TRANSMITTAL**

In accordance with section 12(1) of the *Public Sector Act 2009*, I present the fifth annual report of the Independent Commissioner Against Corruption (ICAC) and the Office for Public Integrity (OPI) for the year ended 30 June 2018.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bruce Lander". The signature is written in a cursive, flowing style.

The Honourable Bruce Lander QC
Independent Commissioner Against Corruption
28 September 2018

1

COMMISSIONER
& CEO REPORTS

**THE HONOURABLE
BRUCE LANDER QC**



**CORRUPTION
INVESTIGATIONS**

In my last report I discussed the need for an integrity agency to be able to operate both reactively (in the form of investigations) as well as proactively (in the form of education, research and prevention activities). Over the course of the reporting period my staff and I have continued to focus upon the investigation of corruption in public administration, but at the same time devote time, energy and expertise to all of the statutory functions given to the OPI and to my office.

Since my office opened we have commenced 250 corruption investigations. Twelve people have been convicted of 111 corruption offences and as at 30 June 2018 a further 17 people were before courts charged with 126 corruption offences. A further three matters were with the Office of the Director of Public Prosecutions (DPP) for consideration of charges in respect of three persons. During the reporting period my office commenced 31 new corruption investigations and continued 17 investigations from the previous financial year.

Corruption investigations are conducted in private.

One might consider that the number of prosecutions is quite low compared to the number of investigations undertaken. It is true that a relatively small percentage of investigations result in a prosecution. That is unsurprising.

An investigation will arise where an assessment has been made that information provided by way of a complaint or report (or by some other means upon which the OPI or I may decide to assess a matter on our own initiative) raises a potential issue of corruption in public administration. Often that information is incomplete. The very purpose of an investigation is to gather evidence in an effort to determine what actually happened. In other words, the purpose of an investigation is to find the truth. In many cases, an investigation reveals that the conduct alleged to have occurred did not in fact occur or occurred in circumstances that did not involve impropriety. In my opinion an investigation that reveals no wrongdoing is as successful an investigation as one that results in a prosecution. In the end, our investigations follow the facts rather than a preconceived outcome.

COMMISSIONER'S REPORT

If the investigation reveals that there is insufficient evidence to warrant further action, so be it. That is not to say that only those investigations that result in a prosecution have identified evidence of impropriety. Indeed, it is quite the contrary.

As I have stated previously, in some cases underlying maladministration is of such an extent that improper conduct cannot be prosecuted, or subject to disciplinary action because it has effectively been condoned by superiors. Poor practices, policies, procedures and record keeping often means that matters of impropriety, often involving the misuse of public money, cannot be dealt with appropriately because of the state of the evidence.

Investigations undertaken during this reporting period have reinforced my view that maladministration remains the biggest threat to public institutions in this state.

Maladministration infects numerous public institutions and results in significant and unnecessary loss of public money. Corruption and maladministration are inextricably linked. Maladministration, by way of poor practices, policies, procedures or poor oversight and management, creates the opportunities for corruption to occur.

It is why, quite rightly in my opinion, I am also empowered to investigate serious or systemic maladministration in public administration.

If a matter is assessed as raising a potential issue of misconduct or maladministration then the matter may be referred to the Ombudsman or a public authority, or if the matter raises potential issues of serious or systemic misconduct or maladministration then I may exercise the powers of the Ombudsman in dealing with the matter, subject to meeting certain legislative criteria.

The term serious or systemic is defined in the *Independent Commissioner Against Corruption Act 2012* (ICAC Act).

As the ICAC Act currently stands, if I decide to conduct an investigation into a potential issue of serious or systemic misconduct or maladministration I would do so by exercising the powers of the Ombudsman, which includes the powers given under the *Royal Commissions Act 1917*.

That investigation would have to be in private. Any report that was written could be made public.

MALADMINISTRATION INVESTIGATIONS

During the reporting period I commenced five investigations into a potential issue of serious or systemic misconduct or maladministration.

In May 2018 the government introduced the *Independent Commissioner Against Corruption (Investigation Powers) Amendment Bill 2018* (the Bill). The Bill, if passed in its original form, would remove the clumsy mechanism for conducting such investigations and would provide the Commissioner with the discretion to hold public hearings in respect of such investigations.

As at the end of the reporting period the Bill had not passed the Legislative Council.

The Bill was in a form that I largely support. I think it finds the right balance between affording the Commissioner with the powers necessary to conduct a proper investigation while providing adequate safeguards to protect the rights of persons the subject of an investigation.

Whether I conduct an investigation into potential corruption on the one hand, or potential misconduct or maladministration on the other, the purpose of the investigation is the same. That is, to collect evidence.

Evidence can be collected in a number of ways. Statements can be taken, documents can be seized and persons can be interviewed. Interviews can take the form of a question and answer process with an investigator, or by way of compulsory evidence obtained by examination.

There is of course an important difference between a corruption investigation and a misconduct or maladministration investigation. At the conclusion of a corruption investigation, the only decision I make is whether or not I think there is sufficient evidence to warrant referring the matter to the DPP for consideration of criminal charges. It is the DPP that decides whether or not a person will be charged.

The question of whether or not a person has engaged in a corruption offence is a matter for a court. I do not make findings in respect of corruption.

When a corruption matter is before the court, the investigation has already concluded. The prosecution will have disclosed the evidence to be relied upon to the defence. The prosecution and the defence will tender evidence to the court. The evidence will be tested by the parties by way of examination, cross examination and submissions about admissibility and weight. The court does not adduce evidence, nor does it investigate. It makes a determination as to whether or not the prosecution has proved beyond reasonable doubt that the accused has committed an offence, based upon the evidence tendered by the parties and tested through the court process. All of this routinely plays out in public because courts are generally open to the public.

When I investigate misconduct or maladministration there is no resultant court process, because there is no criminal offence. Rather, the purpose of such an investigation is to enable me to collect evidence in order to make findings and a decision. At present, I may publish a report of my findings and decision but the investigation I undertake must be in private. As I have said, I think that is undesirable. I have set out on numerous occasions, the last of which was in the *'Oakden: A Shameful Chapter in South Australia's History'* report (Oakden Report), the reasons why I hold that view.

I published the Oakden Report in February 2018 and drew attention to the clumsy legislative scheme which provided me with jurisdiction to investigate misconduct or maladministration: see Chapter 2 Oakden Report.

In that same report I mentioned that I have consistently expressed the view that the Commissioner should have the discretion to hold some investigations into serious or systemic misconduct or maladministration in public.

I gave my reasons for doing so in Chapter 2.9 of the Oakden Report.

Unlike a court, in a misconduct or maladministration investigation hearings are conducted in order to collect evidence relevant to the investigation. The evidence collected will often shape and focus the investigation because the progress of the investigation is directed by the evidence.

A hearing in a court serves a very different purpose to a hearing conducted in the course of an investigation.

During the course of an investigation, if the investigator is contemplating making a finding that might adversely affect the rights, interests or legitimate expectations of a person, the investigator must accord that person procedural fairness. The manner in which procedural fairness is accorded and when it is to be accorded is determined by well established principles and will depend upon the investigator's assessment of the information that is needed to be provided to the person who might be adversely affected, in order that that person may have an opportunity of persuading the investigator, either by way of evidence or submissions, to not make the contemplated adverse finding. A failure to accord procedural fairness can be challenged in the Supreme Court.

An investigation and court proceedings are like chalk and cheese. They have little or no similarity. In my opinion an investigation should not be constrained by court processes because those processes have no part to play in an investigation.

Since this reporting period ended I am aware that submissions have been made to Members of Parliament that the Bill ought to be amended to include obligations of 'disclosure' prior to a hearing conducted for an investigation, and the requirement for such a hearing to adhere to the rules of evidence reserved for a court. To prescribe such requirements would be to misapprehend the purpose of investigative hearings and to put the ICAC Act out of step with legislation of every other integrity agency in Australia that is empowered to conduct public hearings. The imposition of such requirements would have a significant deleterious effect on the utility of such hearings and I recommend that careful consideration be given to such amendments.

**EVALUATIONS
OF PRACTICES,
POLICIES AND
PROCEDURES**

One of the very important functions given to the Commissioner under the ICAC Act is to conduct evaluations of the practices, policies and procedures of inquiry agencies and public authorities. Such evaluations are conducted with a view to 'advancing comprehensive and effective systems for preventing and minimising corruption, misconduct and maladministration in public administration' (section 7(1)(d)).

I think this is an important function. Evaluations have the capacity to delve into the operations of an agency to identify good practice and to expose weaknesses and gaps.

During the reporting period I completed my evaluation of the practices, policies and procedures of the Public Trustee and I commenced my evaluation of the practices, policies and procedures of the regulatory arm of SafeWork SA.

I anticipate conducting more evaluations in the future as resources allow.

**USE OF
PRIVATE EMAIL**

In earlier reports I have addressed the misuse of private email accounts to transact government business.

In the 2013-14 Annual Report I said:

It has come to my attention that, in at least some government offices, personal email accounts might be used to convey official information between public officers, rather than through official government email facilities. This type of conduct appears to be mainly engaged in by some ministerial staffers.

It has been suggested that the reason for doing so is to avoid the requirement to disclose those emails where an application is made under the *Freedom of Information Act 1991* ('FOI Act').

If it is the case that public officers are engaging in this kind of conduct to avoid the consequences of the FOI Act, that conduct should cease immediately. It is a matter of concern that public officers would seek to circumvent a legislative scheme designed to enhance transparency in government decision making.

Such conduct might, at the least, amount to misconduct in public administration and be the subject of investigation and potential disciplinary action.

I am told that the FOI Act is often abused. If that is so that is a reason to address that Act. It is not a reason to frustrate the FOI Act. While it remains the law the spirit of the Act should be observed by all public officers.

Presumably those emails are not maintained in accordance with the *State Records Act 1997* ('SR Act') (where that Act applies). The conduct therefore might also amount to an offence against section 17 of the SR Act. An offence against that section by a public officer while acting in his or her capacity as a public officer would amount to corruption in public administration under the ICAC Act.

The vice to which I referred in the 2013-2014 Annual Report is if the personal email accounts are used for the purpose of avoiding the requirement to disclose those emails, where an application is made under the *Freedom of Information Act 1991*.

The further vice that I identified is of the possibility that if business related emails are not maintained in accordance with the *States Records Act 1997*, the conduct might amount to an offence under section 17 of that Act.

The use of personal email accounts by themselves is not misconduct or corruption. It would only amount to misconduct if it was used for the purpose of avoiding an application under the Freedom of Information legislation or amount to a criminal offence if the emails were not stored in accordance with the *State Records Act 1997*.

I remind all public officers of the inherent risks associated with the use of personal email accounts and the need to take particular care to ensure business related emails are managed in accordance with the *State Records Act 1997*.

**POLICE
COMPLAINTS
AND
DISCIPLINE ACT**

During the reporting period the OPI assumed responsibility for the oversight of complaints and reports about the conduct of police officers.

That function meant that there was a need for additional resources and persons in the OPI to carry out that function.

The *Police Complaints and Discipline Act 2016* (PCDA) is working tolerably well I think in part because of the spirit of cooperation between South Australia Police (SA Police) and the OPI.

In my opinion there will need to be some minor amendments to the PCDA to make it work better.

The PCDA contemplates that police will investigate complaints about police.

There is a school of thought that police should not have the power to investigate their own but that investigations into complaints and reports about police conduct should be carried out by an independent agency.

There is no other agency available to carry out investigations of that kind in South Australia except my agency. My agency does not have the resources to carry out all necessary investigations into police conduct. If it were thought necessary to have a separate agency to carry out police conduct investigations it would mean the creation of a new agency at a significant cost.

I think that police should be able to investigate police, provided they do so transparently and appropriately and subject to the oversight of an independent body, which is able to monitor the way in which an investigation is carried out and to ensure that the investigation has been carried out with integrity.

That is at the core of the design of the PCDA and as I have said it is working tolerably well.

That is not to say that all investigations undertaken by SA Police into complaints and reports about police conduct are dealt with satisfactorily. There have been a number of investigations and decisions made as a consequence of investigations upon which ICAC/OPI CEO Mr Michael Riches, senior OPI staff, or I, have expressed dissatisfaction.

The PCDA will only work well if SA Police recognises its obligations to investigate its own with the same sort of impartiality and professionalism as it investigates members of the public. The OPI and I will continue to work with SA Police in order to address what we consider shortfalls in current processes.

**MISCONDUCT
REGISTER**

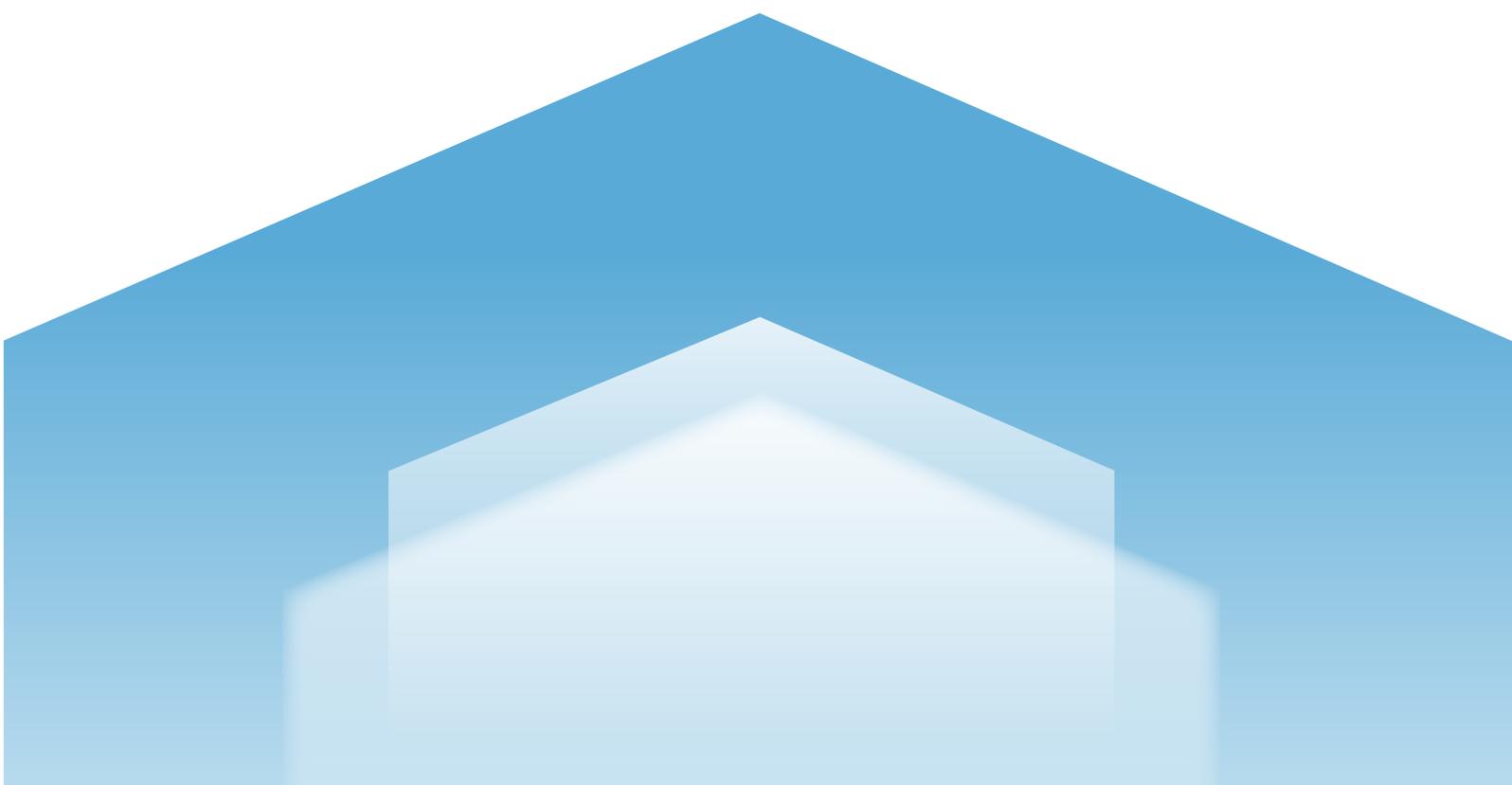
In earlier annual reports I have spoken of the need for the creation of a register that will identify all persons who have been dismissed for misconduct or other inappropriate conduct from positions in public administration or have resigned their position during the course of an investigation into that sort of conduct.

Since the reporting period has completed I have been advised by the Commissioner for Public Sector Employment, Ms Erma Ranieri, that such a register, which addresses all those in the public sector but not local government, will commence on 1 October 2018.

I am pleased this step has been taken. There remains a continuing need for such a register for those employed in local government.

My staff and staff of the OPI continue to operate with great dedication. It is a busy and demanding place to work and my staff routinely rise to the challenges put before them. I extend my thanks to every staff member for their hard work and commitment over the financial year.

ICAC / OPI STAFF





**MICHAEL
RICHES**

The ICAC and the OPI have now entered into their fifth year of operation. We continue to learn from our activities, we critically analyse our mistakes and we continually challenge what we do in an effort to find a better way.

During this financial year, legislative changes have impacted upon our operations. Of most significance was the introduction of the *Police Complaints and Discipline Act 2016* (PCDA) on 4 September 2017. The introduction of the PCDA saw the closure of the office of the Police Ombudsman and the transfer of responsibility for the independent oversight of police to the OPI. I acknowledge the significant body of work undertaken both within our organisation and within SA Police to give effect to the new legislative scheme.

A report will soon be prepared for Parliament addressing the first 12 months of operation of the PCDA and will include recommendations designed to further improve its operation.

As a consequence of the significant increase in workload imposed upon the OPI following the introduction of the PCDA a review and ultimate restructure of that office was undertaken. The restructure, which was completed in March 2018, has resulted in a more flexible workforce now largely comprised of staff who are trained and experienced in carrying out the full range of duties given to the OPI.

In September 2017 a submission was made to the then Government seeking funding for the engagement of additional resources to continue to deliver, or expand the delivery, of our core functions. Ultimately the then Government did not make a determination on that submission. A fresh submission was made to the new Government after the State Election. I am pleased that that submission was largely accepted. Work has now begun to ensure the additional resources are put to proper and effective use.

We continue to invest significant resources in our investigations activities.

Our corruption investigations are becoming more complex and resource intensive as the Commissioner engages in more investigations that require significant investment in covert strategies. Because we do not have all of the specialist resources necessary, we must rely upon the provision of

CEO'S REPORT

those resources from other agencies such as SA Police, who charge our organisation for access to those resources. This creates challenges in an environment where it is largely impossible to predict what information might next be received, the nature of investigations that might arise and the nature and extent of the specialist resources that might be required to support those investigations. We will continue to work with other agencies to best ensure the efficient and timely access to the resources necessary to carry out our work.

While the investigation of corruption in public administration is our primary object, the importance of other statutory functions given to the Commissioner and the OPI ought not be diminished. In my opinion the work undertaken by the organisation to prevent corruption, misconduct and maladministration is as important as its work in investigating it. Prevention activities such as evaluations of the practices, policies and procedures of inquiry agencies and public authorities; oversight of investigations carried out by public authorities in respect of potential misconduct or maladministration; debriefs provided to agencies following corruption investigations; research conducted into corruption, misconduct and maladministration risks; and face to face or online integrity education, also play a crucial role in achieving our vision of good governance, accountability, integrity and ethical decision making throughout public administration for the benefit of all South Australians.

More generally the ICAC and the OPI have experienced a busy year. As the statistics in this Annual Report will demonstrate, we have experienced a significant increase in the number of complaints and reports received and a consequential increase in the work required to ensure each of those complaints and reports are dealt with appropriately. I am pleased that, as a team, we have been able to adapt to those challenges and maintain (and in some cases improve) upon the benchmarks set for our performance in comparison to previous years.

I am proud of our workforce. During this financial year in particular every part of the organisation has operated under significant workload pressure. The Commissioner and I expect excellence. In the face of those demands our staff remain diligent, committed and passionate about their work. I am grateful to every staff member for their efforts.

I conclude by repeating what I said in last year's Annual Report.

As an independent integrity agency we operate in an environment of high expectation and extensive oversight. Our actions are often in the spotlight. We do not shy away from the expectations imposed upon us. We welcome scrutiny and we listen to criticism. We accept that many of our decisions will not please everyone and that different people have different views as to how an agency such as ours should operate. But fundamental to everything we do is our adherence to values of integrity, independence, impartiality, accountability, respect and excellence.



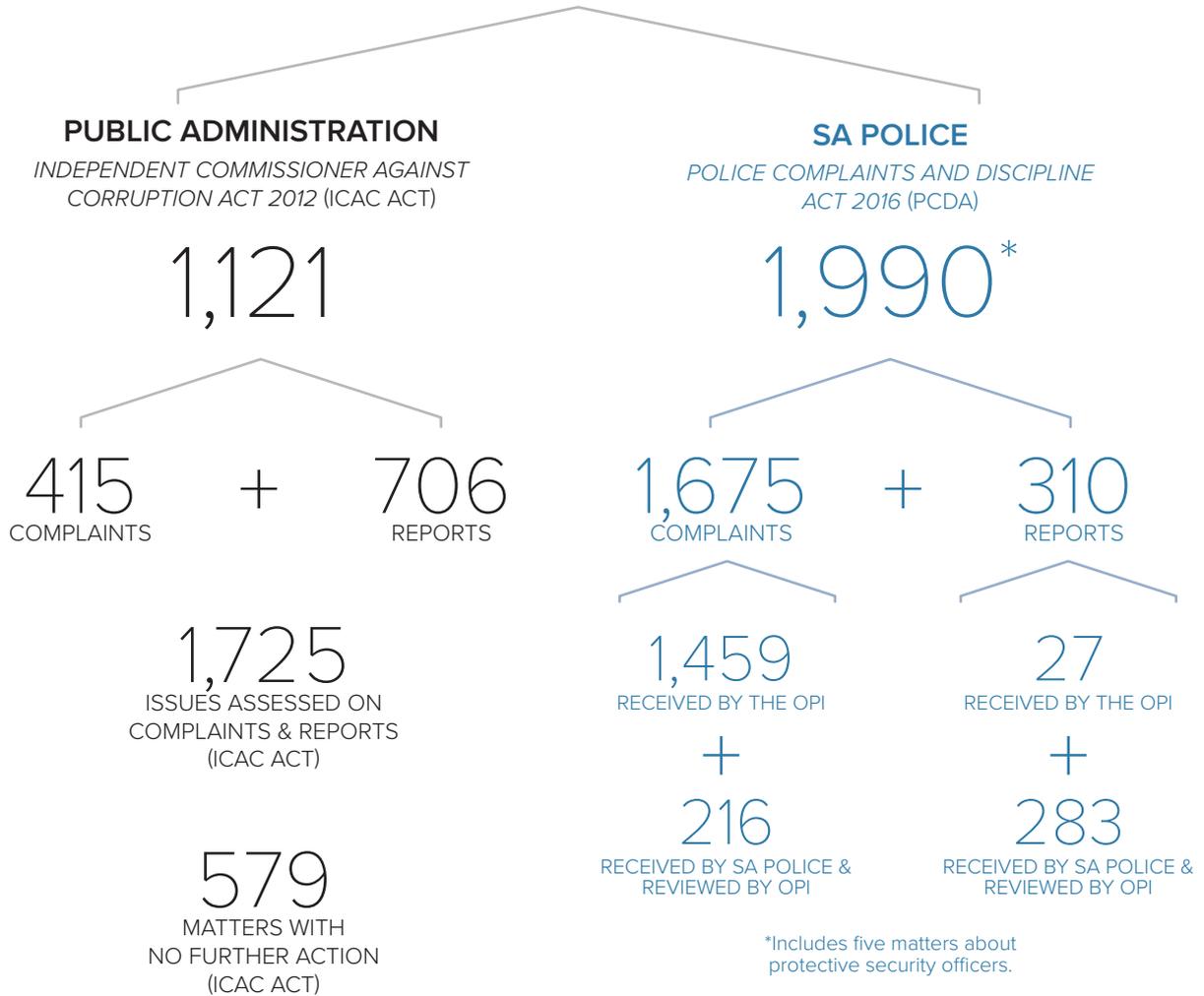
2



OUR
OPERATIONS

3,111

TOTAL COMPLAINTS & REPORTS



SNAPSHOT

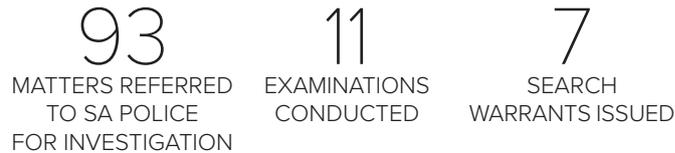
CORRUPTION

“Our investigations follow the facts rather than a preconceived outcome.”

COMMISSIONER



*INCLUDES ONE OWN INITIATIVE MATTER.



MISCONDUCT & MALADMINISTRATION

“Maladministration remains the biggest threat to public institutions in this state.”

COMMISSIONER



EDUCATION & COMMUNICATION



The Office for Public Integrity (OPI) has functions prescribed by section 17 of the *Independent Commissioner Against Corruption Act 2012* (ICAC Act) and, as of 4 September 2017, section 8 of the *Police Complaints and Discipline Act 2016* (PCDA).

Over the last financial year the OPI has seen a significant expansion of its statutory functions.

The expanded role, jurisdiction and legislative obligations prescribed by the PCDA have presented numerous challenges, including establishing new systems and infrastructure, recruiting and training new staff, negotiating arrangements with South Australia Police (SA Police) and addressing an increased workload.

The introduction of the PCDA required a significant effort by both the OPI and SA Police to ensure the new scheme operated efficiently and effectively. A small project team was established within ICAC to identify and implement the necessary systems, policies and procedures in order to discharge the new functions. Importantly, technological solutions between agencies were developed to both facilitate efficient information transfer and for the OPI to gain access to SA Police systems for oversight purposes. Staff with investigatory skills were recruited to ensure this oversight was appropriately performed.

For the first time, information about every complaint and report about police conduct is captured by an independent agency.

A key challenge has been a higher than anticipated workload. Under previous legislation, complaints and reports about police had to be submitted in writing. Under the PCDA such complaints and reports can be made orally. With the introduction of the PCDA in September 2017 the OPI experienced a 391% increase in telephone call volume (as compared to the previous financial year), a large proportion of which were for the purpose of making a complaint about police.

In 2017-18 the OPI directly received 2,607 complaints and reports concerning both the SA Police (under the PCDA) and South Australian public administration more broadly (under the ICAC Act). Including additional complaints and reports concerning SA Police received directly by SA Police, the OPI then assessed, or reviewed SA Police's assessment of, 3,111 complaints and reports. This is a significant increase in the number of complaints and reports received from the previous financial year (1,200).

The OPI received and responded to 1,147 general enquiries and 174 contacts in relation to matters outside the Commissioner's jurisdiction. This equates to a 306% and 294% increase respectively from the previous financial year.

Against these challenges, the OPI has maintained or exceeded key performance indicator targets through the efficient use of technology, maximising skills and flexibility within the workforce, and the dedication and commitment of its workforce.

As at 30 June 2018 the OPI comprised 17 staff: Director, Manager Assessments, Team Leader, Investigation Specialists, Senior Assessment Officers, Assessment Officers and Complaints Officers.

OPI STRUCTURE AND STAFFING

Upon the PCDA's commencement in September 2017 the OPI was separated into two teams. The Police Integrity Team was responsible for assessing, or overseeing the assessment, of complaints and reports about SA Police and for overseeing the investigation of police conduct. The Public Integrity Team was responsible for assessing and referring complaints and reports concerning all other areas of public administration. The two team structure was initially beneficial because it ensured that the introduction of the new police oversight scheme did not adversely impact on the OPI's existing functions.

After three months of operation a review was undertaken to determine the most efficient and effective structure that would permit the OPI to carry out all of its functions within its existing resource constraints.

The OPI was restructured into a single team and training was provided to staff in relation to the management of matters under both the ICAC Act and the PCDA. The new structure has provided more flexibility in how the OPI manages workload demands under the different Acts.

The OPI continues to support the Commissioner in his capacity as Judicial Conduct Commissioner by receiving and registering complaints about the conduct of South Australian judicial officers.

**DEALING WITH
MATTERS UNDER
THE ICAC ACT**

Section 17 of the ICAC Act provides that the OPI has the following functions:

- ▶ To receive and assess complaints about public administration from members of the public.
- ▶ To receive and assess reports about corruption, misconduct and maladministration in public administration from inquiry agencies, public authorities and public officers.
- ▶ To refer complaints and reports to inquiry agencies, public authorities and public officers in circumstances approved by the Commissioner, or make recommendations to the Commissioner in relation to complaints and reports.
- ▶ To give directions or guidance to public authorities in circumstances approved by the Commissioner.
- ▶ To perform any other functions assigned to the Office by the Commissioner.

The OPI is able to refer matters to inquiry agencies and public authorities in the following circumstances:

- ▶ Complaints and reports assessed as raising potential misconduct or maladministration that is not serious or systemic.
- ▶ Complaints and reports assessed as raising some other issue.

The OPI may issue directions to public authorities in relation to the referral of misconduct or maladministration matters.

The OPI may also determine not to take action in respect of a complaint or report.

The OPI makes a recommendation to the Commissioner in respect of complaints and reports that raise potential issues of corruption or serious or systemic misconduct or maladministration in public administration. In these circumstances the Commissioner, or the Commissioner's delegate, will determine the action to be taken.

**COMPLAINTS
AND REPORTS**

The OPI is largely the public face of the Commissioner's operations and is the starting point for all complaints and reports made under the ICAC Act. Complaints are received from members of the public and reports are generally made in accordance with reporting obligations imposed on public officers.

Complaints and reports are received in a variety of ways.

METHOD OF RECEIPT (ICAC Act)	2017-18	%
Website	677	60.4
Telephone Call	218	19.5
Email	97	8.7
Letter	80	7.1
In Person	34	3.0
Electronic transfer ¹	15	1.3
TOTAL	1,121	100.0

¹ Reports from the Ombudsman

Fifty two matters were received that were subsequently 'split' into matters to be dealt with under both the ICAC Act and the PCDA. These matters have been counted in complaint and report figures under each Act.

In 2017-18 the OPI received 1,121 new complaints and reports under the ICAC Act.

COMPLAINTS & REPORTS RECEIVED (ICAC Act)	2017-18	2016-17	2015-16	2014-15
Complaints	415 (37%)	428 (36%)	463 (44%)	453 (49%)
Reports	706 (63%)	772 (64%)	600 (56%)	474 (51%)
TOTAL	1,121	1,200	1,063	927

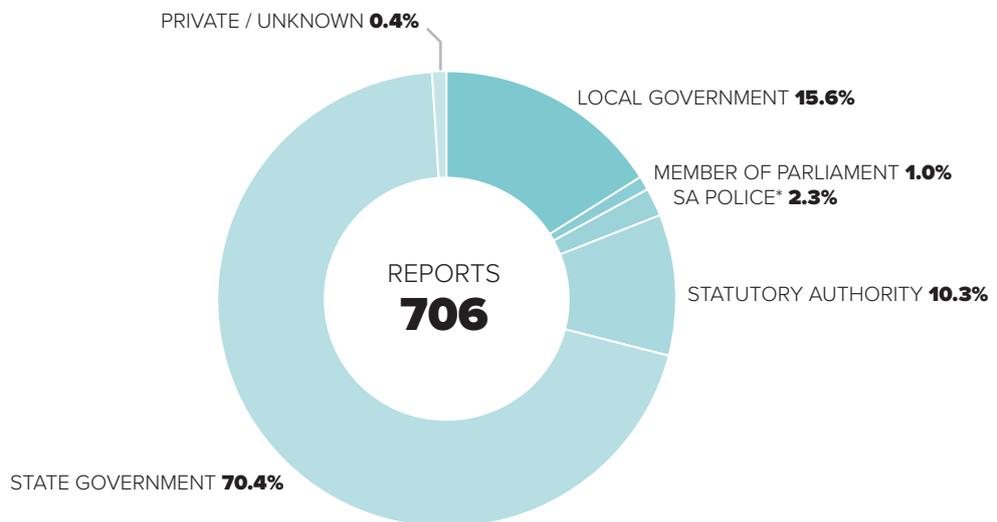
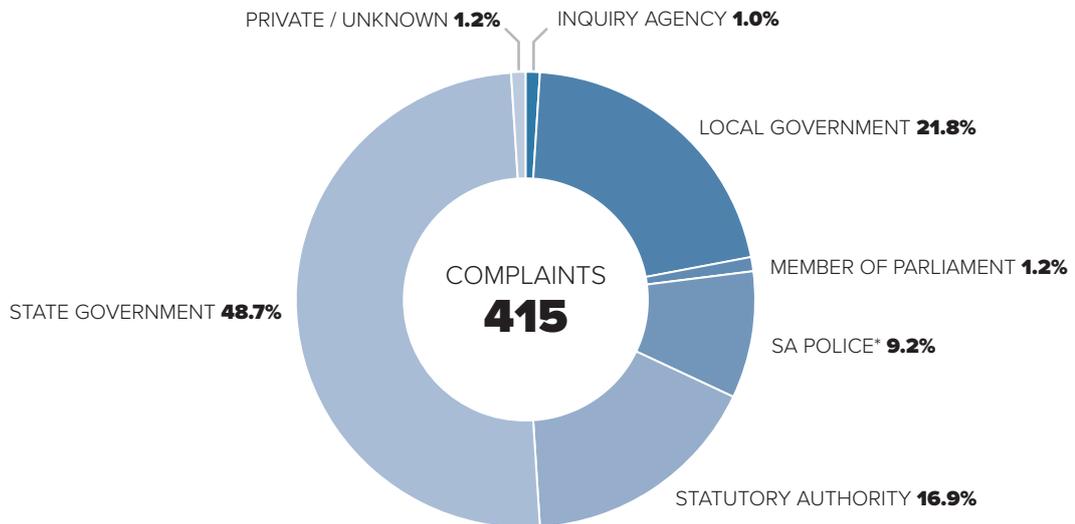
Of these 1,121 complaints and reports received under the ICAC Act, 55 were identified as duplicates (11 complaints and 44 reports); being the same issues raised in more than one complaint or report. The OPI ordinarily cross references duplicate complaints or reports and deals with them as a single matter.

One of the OPI's Key Performance Indicators is the registration and acknowledgement of complaints and reports within an average of two working days.

This financial year, complaints and reports were registered in an average of 20 hours.

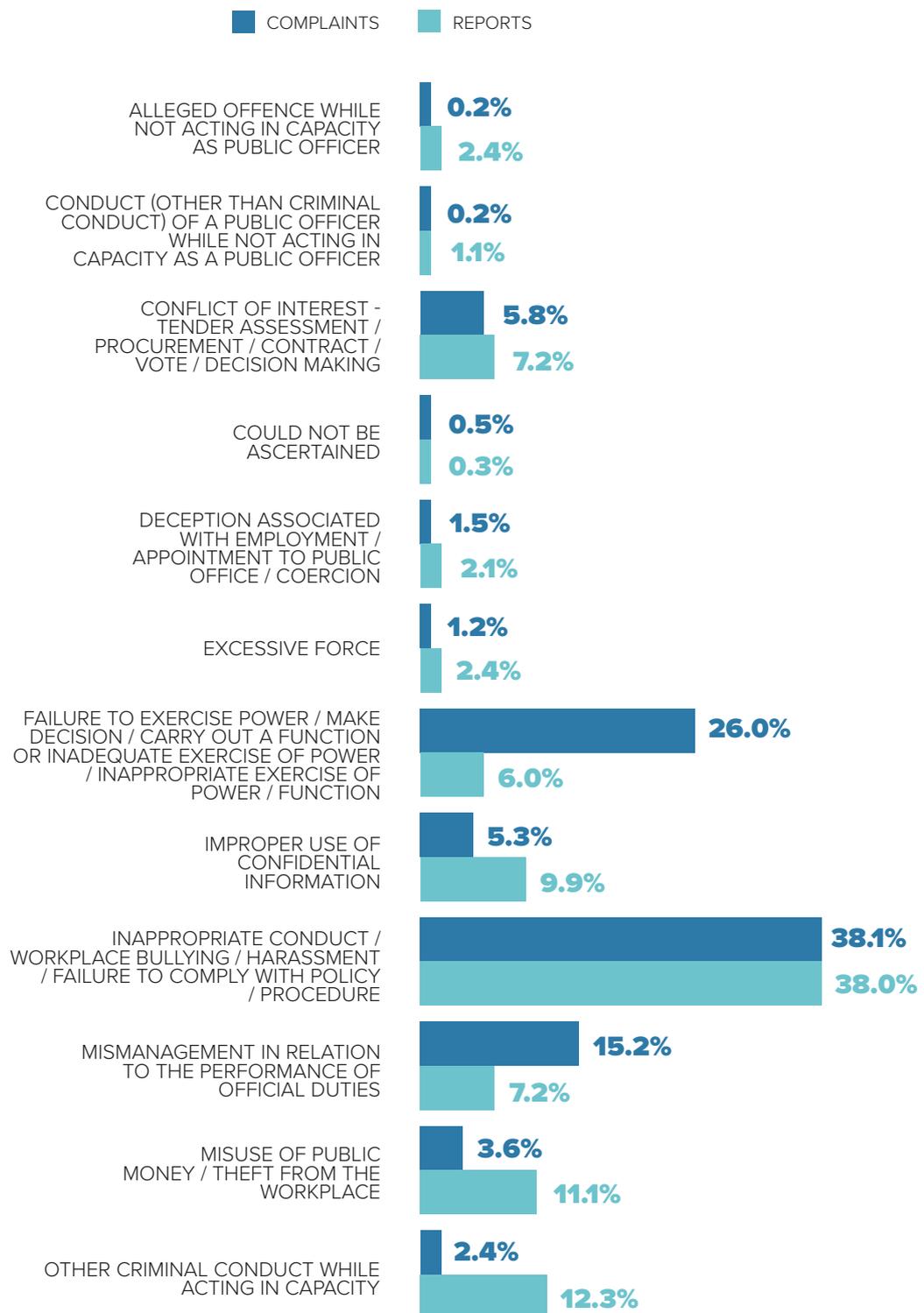
There was a 6.6% decrease in the total number of new complaints and reports received under the ICAC Act. The decrease is smaller than expected. Prior to 4 September 2017 all complaints and reports about SA Police received by the OPI were dealt with in accordance with the ICAC Act. Historically, complaints and reports about police have accounted for 20-30% of all complaints and reports received. With the implementation of the PCDA, the overall reduction in complaints and reports about public administration (ie other than police) was expected to be higher. This suggests a continuing upward trend in the number of complaints and reports about public administration as well as SA Police.

SUBJECT OF COMPLAINTS & REPORTS - ICAC ACT



* Received prior to 4 September 2017

GENERAL NATURE OF COMPLAINTS & REPORTS RECEIVED – ICAC ACT*



**This includes matters about SA Police received prior to 4 September 2017.*

RECONTACTS Where a person recontacts the OPI because they are dissatisfied with the decision made in relation to their complaint or report, those recontacts are ordinarily reviewed by the OPI and referred to the Commissioner for determination as to whether there is any basis to reconsider the matter.

This year the OPI received 167 recontacts in relation to 145 matters.

The Commissioner reviewed 119 of those recontacts in relation to 108 matters and determined to reopen two matters and to create two new matters. No further action was taken in relation to 115 of the recontacts reviewed. Other recontacts were dealt with by the OPI, with those requiring no further action.

ASSESSMENTS The OPI assessed 1,088 complaints and reports (1,017 received this financial year and 71 received in a previous year) comprising 1,725 separate issues (430 (40%) complaints and 658 (60%) reports).

As at 30 June 2018, 49 matters (12 complaints and 37 reports) received this financial year were still awaiting assessment.

The length of time taken to assess a matter depends on a range of factors including:

- ▶ the number and complexity of the issues raised
- ▶ the volume and clarity of the information provided
- ▶ whether further information is required from the complainant, reporter or an external agency and if so, the time taken to receive that information
- ▶ workload and staffing factors

The OPI strives to assess all complaints or reports in an average of 25 working days. This financial year complaints and reports were assessed, on average, in 15.3 working days for all assessments undertaken and 13.8 working days for those received and assessed in 2017-18. This is an improvement on last financial year's averages, when assessments took an average of 22.2 and 18.3 working days respectively.

The OPI determined how a complaint or report would be dealt with on 467 occasions (42.9% of all assessment decisions). All other complaints and reports were assessed by the OPI and referred to the Commissioner or his delegate for determination.

Where the OPI made a recommendation to the Commissioner or his delegate, 91% were accepted. This is consistent with the previous two years.

As at 30 June 2018, one report assessed during 2017-18 was awaiting the Commissioner's determination as to the action to be taken.

One matter was assessed on the Commissioner's own initiative and has progressed to a corruption investigation into a potential abuse of power for personal benefit/benefit of another.

OWN INITIATIVE

The Commissioner or the OPI may determine to take no further action when a complaint, report or own initiative matter is assessed as:

NO FURTHER ACTION

- ▶ trivial, vexatious or frivolous
- ▶ there being other good reason for taking no further action
- ▶ having been dealt with by an inquiry agency or public authority and where there is no good reason to re-examine the matter

In 2017-18, 579 complaints and reports were determined as requiring no further action.

NO FURTHER ACTION	2017-18	2016-17	2015-16	2014-15
Reports	244 (42%)	310 (47%)	201 (38%)	186 (35%)
Complaints	335 (58%)	350 (53%)	326 (62%)	342 (65%)
Own Initiative	-	1 (<1%)	-	-
TOTAL	579	661	527	528

No further action was taken in respect of 14 matters following feedback from a public authority about the proposed referral. Fifty three percent of all matters assessed resulted in no further action.

**POLICE
COMPLAINTS
AND
DISCIPLINE ACT**

On 4 September 2017, a new legislative scheme for complaints and reports about SA Police and the management of disciplinary processes within SA Police commenced. The PCDA saw the abolition of the office of the Police Ombudsman and the transfer of responsibility for independent oversight of police to the OPI.

The PCDA allows for the making of a complaint or report about SA Police to either SA Police or the OPI.

Where a complaint or report about police has been made directly to the OPI, the matter will be considered to determine whether the issues raised ought to be referred to the ICAC. All other complaints and reports are referred to the SA Police Internal Investigation Section (IIS). Complaints or reports received by other areas within SA Police are referred to the IIS.

The IIS assesses all complaints and reports and will notify the OPI of any matter assessed as raising a potential issue of corruption. The OPI, which has access to the SA Police complaints management system used to document assessments made by the IIS, will review all assessments undertaken by the IIS and is empowered to substitute its own assessment. The IIS is obliged to deal with the complaint or report in accordance with a substituted assessment.

A complaint or report about police can result in management resolution, formal investigation or no further action.

Where a formal investigation is undertaken by the IIS or at the direction of the IIS, the OPI will maintain oversight of that investigation and can give directions as to the conduct of that investigation.

Where a designated officer has been found to have breached disciplinary standards, sanctions can be imposed by the Commissioner of Police. Neither the ICAC nor the OPI has any role in making findings in relation to a breach of discipline nor the sanctions imposed.

Under the PCDA the OPI has the following functions:

- ▶ To oversee the assessment and investigation of complaints and reports relating to designated officers.
- ▶ To refer certain complaints and reports to the ICAC in accordance with the PCDA and the ICAC Act.
- ▶ To oversee the operation and enforcement of the PCDA.
- ▶ Other functions as assigned under the PCDA.

COMPLAINTS
AND REPORTS

Complaints and reports received under the PCDA are defined differently from the ICAC Act. The PCDA defines reports as being made by designated officers (ie police officers, police cadets and special constables) and complaints by anyone other than a designated officer.

The method of receipt for police complaints is shown in the table below.

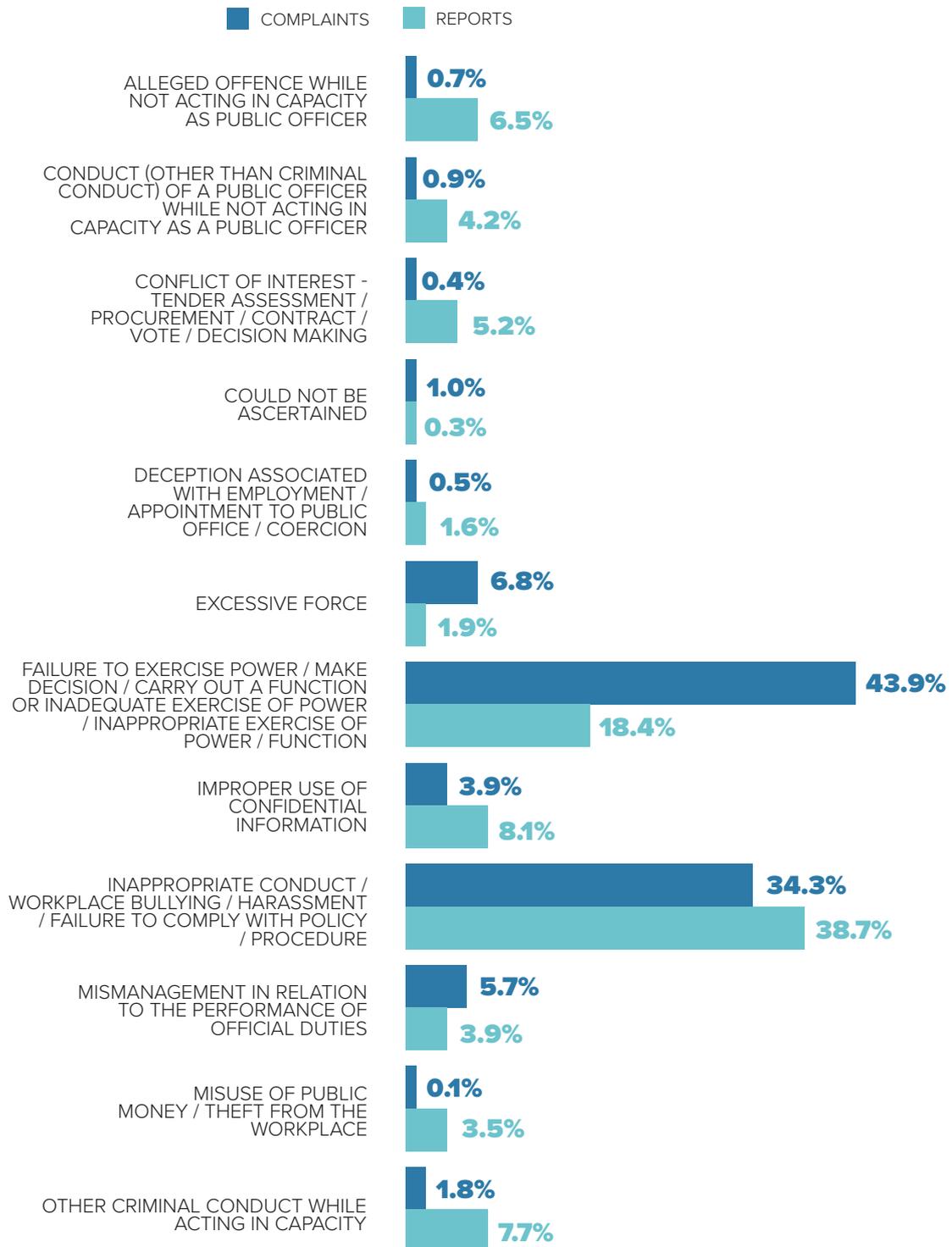
METHOD OF RECEIPT (PCDA)	2017-18	%
Website	395	19.8
Telephone Call	814	40.9
Email	115	5.8
Letter	133	6.7
In Person	29	1.5
Received by SA Police	504	25.3
TOTAL	1,990	100.0

Between 4 September 2017 and 30 June 2018 the OPI received or registered 1,990 complaints and reports under the PCDA: 1,486 matters received directly by the OPI and 504 matters received by the IIS. Eleven of those matters were later marked as duplicates. 91% of reports made under the PCDA were received directly by the IIS.

COMPLAINTS & REPORTS RECEIVED (PCDA)	Received by IIS	Received by OPI	Total
Complaints	216	1,459	1,675
Reports	283	27	310
Protective Security Officers ¹	5		5
TOTAL	504	1,486	1,990

¹Under the PCDA the OPI has oversight of matters relating to Protective Security Officers.

GENERAL NATURE OF COMPLAINTS & REPORTS RECEIVED – PCDA



* This excludes five Protective Security Officer matters which are not classified as either complaints or reports.

The OPI reviewed 1,943 complaints and reports assessed by the IIS pursuant to section 14 of the PCDA.

ASSESSMENT
REVIEW

COMPLAINTS & REPORTS REVIEWED (PCDA)	2017-18	%
Police Complaints	1,646	84.7
Police Reports	297	15.3
TOTAL	1,943	100.0

The OPI consulted with the IIS in respect of 121 complaints and reports and substituted its own assessment on 66 occasions.

The OPI referred 39 complaints and reports under section 29 of the PCDA to the ICAC for consideration.

Between 4 September 2017 and 30 June 2018, the OPI oversaw 428 conduct investigations undertaken by SA Police. Two hundred and seventy four investigations were the result of a new police complaint or report while 154 investigations were carried over from Police Ombudsman files.

INVESTIGATION
OVERSIGHT

When the PCDA commenced on 4 September 2017 the OPI took responsibility for 218 files from the Police Ombudsman and SA Police. These matters are excluded from data describing matters received by the OPI.

POLICE
OMBUDSMAN
FILES

One hundred and fifty four matters were or are the subject of investigation while a further 40 matters were dealt with by way of management resolution. Four matters were assessed as potential corruption and dealt with accordingly. No further action was taken in respect of 16 matters while a further four matters were being held pending the finalisation of associated court proceedings.

**INVESTIGATIONS
TEAM
STRUCTURE
AND STAFFING**

The Investigations Team comprises 27 staff and is the largest team in the ICAC/OPI. The Investigations Team comprises a Director, Team Leaders, Senior Investigators, Investigators, Digital Forensic Analysts, Forensic Accountants, Intelligence Analysts and support staff.

INVESTIGATIONS
INTO
CORRUPTION
IN PUBLIC
ADMINISTRATION

The primary object of the ICAC is to investigate corruption in public administration.

The ICAC Act defines corruption in public administration to include a range of criminal offences. A matter assessed as raising a potential issue of corruption in public administration can be investigated by the Commissioner, referred to SA Police or another law enforcement agency, or investigated jointly with another law enforcement agency.

Corruption investigations are by definition, criminal investigations. The purpose of such an investigation is to collect evidence and, where appropriate, to refer the evidence to the Office of the Director of Public Prosecutions (DPP) to consider whether a prosecution should be commenced. It is a matter for the DPP whether or not a person will be charged with a corruption offence and it is a matter for a court to determine whether a person has committed a corruption offence.

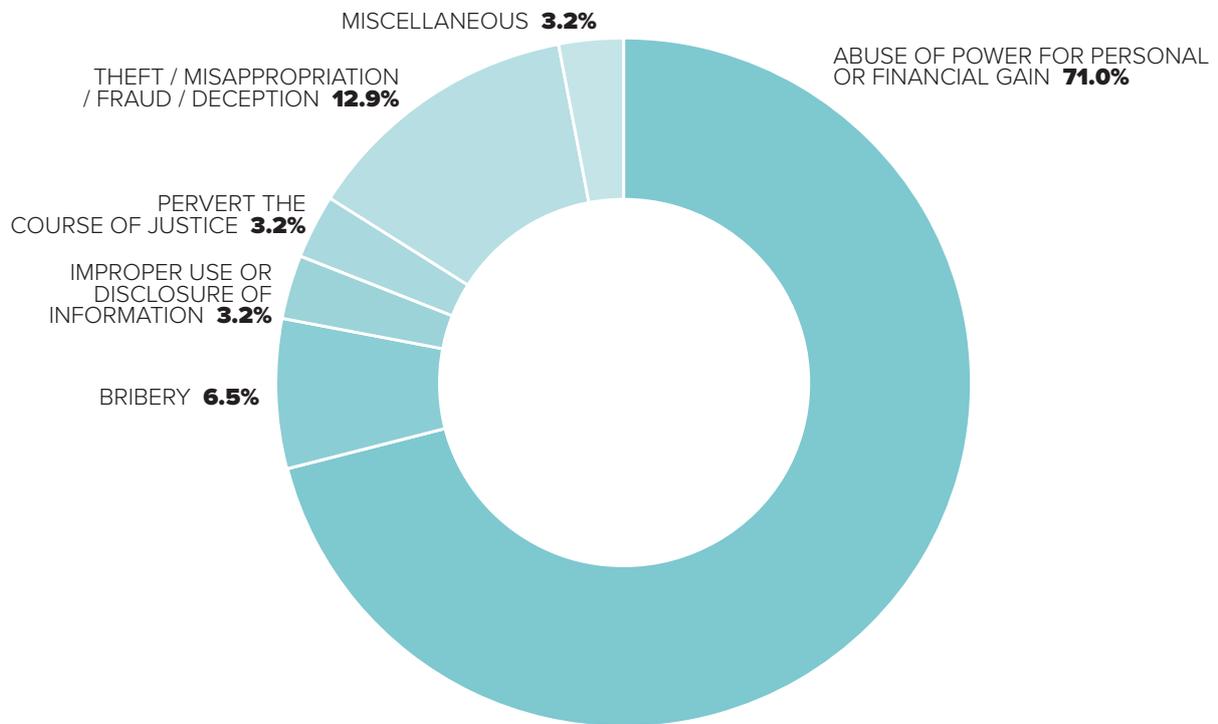
Corruption investigations conducted by the ICAC are often complex and involve substantial volumes of evidence. Unlike many investigations carried out by other law enforcement agencies, corruption investigations often require significant work in order to determine whether or not an offence has been committed.

During 2017-18 the ICAC commenced 31 new corruption investigations, including one investigation commenced as a result of a complaint or report received in the previous financial year. One investigation was conducted as a joint investigation with SA Police.

There were 17 investigations commenced in a previous year which were continued during 2017-18.

INVESTIGATIONS

GENERAL NATURE OF INVESTIGATIONS COMMENCED DURING THE FINANCIAL YEAR



EXERCISE
OF INVESTIGATIVE
POWERS

The ICAC Act and other state and federal legislation invests the Commissioner, examiners and investigators with a range of statutory powers for the purpose of conducting a corruption investigation. ICAC investigators who are police officers on secondment to the ICAC retain their police powers.

Investigative Powers	2017-18	2016-17	2015-16	2014-15
Warrants	7	30	22	19
Search (issued by Commissioner)	0	7	8	15
Search (issued by Supreme Court)	7	22	14	4
General Search Warrant (ICAC investigators who are on secondment from SA Police)	0	1	0	0
Examinations	11	20	6	5
Request to the Auditor-General for examination of accounts	0	0	0	0

**INVESTIGATION
OUTCOMES**

Upon a review of evidence collected during the course of an investigation the Commissioner will determine whether to refer a matter to the DPP for consideration of charges. The Commissioner may also refer the conduct of a public officer to a public authority for further investigation and potential disciplinary action.

Where the Commissioner considers there is insufficient evidence to refer the matter to the DPP, the Commissioner will either close the file or, where there may be evidence of misconduct or maladministration, the Commissioner will consider whether to refer the matter to an inquiry agency (ie the Ombudsman) or a public authority. In cases of potentially serious or systemic misconduct or maladministration, the Commissioner will consider whether to investigate the matter himself.

While corruption investigations are often complex and can be protracted, every effort is made to meet performance benchmarks. One of those benchmarks is the completion of 70% of all corruption investigations within 12 months of allocation of the file, and closure of the file. That benchmark was exceeded this year: 81.5% of all corruption investigations closed during 2017-18 were completed within 12 months of allocation.

During 2017-18:

- ▶ Eight investigations were referred to the DPP. The DPP determined to commence a prosecution in respect of four matters while a decision was made not to prosecute in one matter. As at 3 June 2018 three matters were awaiting determination by the DPP.
- ▶ Four persons were charged with corruption offences while six matters before the courts were finalised. Three matters were referred to a public authority for consideration of disciplinary action.
- ▶ Six persons previously the subject of an ICAC investigation and subsequent prosecution, were sentenced.

NAME	SENTENCING DATE	SENTENCE
Beaumont, Richard	5 July 2017	Pleaded guilty to 30 counts of aiding, abetting, counselling or procuring abuse of public office. Sentenced to three years, three months and 18 days imprisonment, with a non-parole period of 25 months.
Cray, Josephine	5 July 2017	Pleaded guilty to 30 counts of abuse of public office. Sentenced to three years, three months and 18 days imprisonment, with a non-parole period of 18 months.
Templeton, Frank	2 November 2017	Pleaded guilty to three counts of wilfully making a statutory declaration, knowing that declaration to be untrue in a material particular. Entered a \$500, 18 month good behaviour bond.

Bartels, Alana	23 January 2018	Pleaded guilty to one count of abuse of public office (additional charges were laid by SA Police). Sentenced to five years, six months and one week imprisonment. The sentence was appealed in the Supreme Court of South Australia (Court of Criminal Appeal). On 11 May 2018 this appeal was allowed and the applicant was resentenced to three years, 10 months imprisonment, with a non-parole period of 21 months.
Stretton, Sharon	5 April 2018	Pleaded guilty to one count of abuse of public office. Sentenced to four months imprisonment. This was suspended upon the defendant entering a \$1000, two year good behaviour bond.
Greenwood, Hayley	26 April 2018	On 18 May 2018 was convicted of one count of failing to act honestly and fined \$2,626.

After every investigation a comprehensive internal debrief is conducted to identify opportunities to improve investigation processes. A key benchmark is to conduct investigation debriefs within 20 days of completion of the investigation. During 2017-18, 95% of investigation debriefs met this benchmark (one matter was reviewed 35 days after completion due to unexpected emergency leave taken by the primary investigator).

Corruption investigations often highlight weaknesses in an agency's practices, policies and procedures. Where there is an opportunity to provide feedback and recommendations to the agency, the agency head is provided relevant information and, on occasion, a face to face debrief with ICAC investigators.

REFERRAL FOR INVESTIGATION

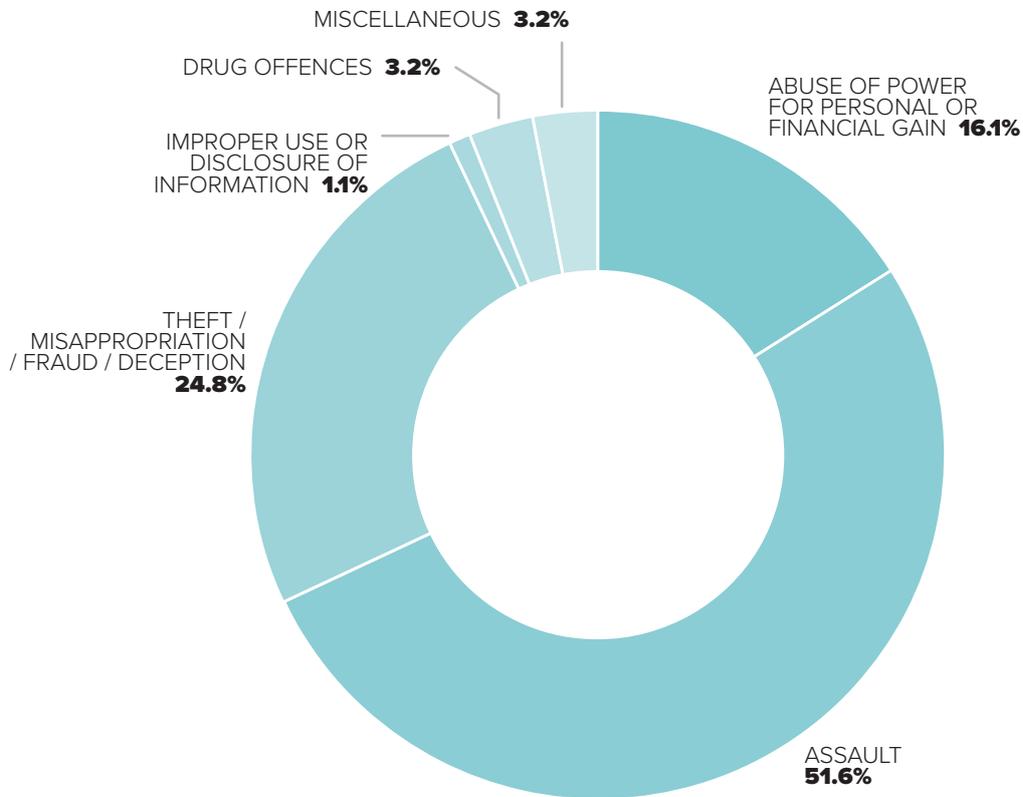
Most complaints and reports assessed as raising a potential issue of corruption are referred to SA Police, leaving the ICAC to focus on more complex, serious or significant matters.

During 2017-18 two complaints and 76 reports were referred to SA Police for investigation.

A further 15 matters received under the PCDA and assessed as potential corruption were referred to SA Police (four complaints and 11 reports) for investigation.

The ICAC has been advised by SA Police that during 2017-18, 31 prosecutions and 17 disciplinary investigations commenced following referral.

GENERAL NATURE OF COMPLAINTS & REPORTS REFERRED TO SA POLICE



Where a matter is assessed as raising a potential issue of misconduct or maladministration in public administration the Commissioner or the OPI may either:

- ▶ refer the matter to an inquiry agency
- ▶ refer the matter to a public authority

Where the Commissioner considers the potential issue of misconduct or maladministration is serious or systemic, and certain preconditions set out in the ICAC Act are met, the Commissioner may decide to investigate the matter himself.

In 2017-18 the OPI assessed 341 matters as raising a potential issue of misconduct or maladministration.

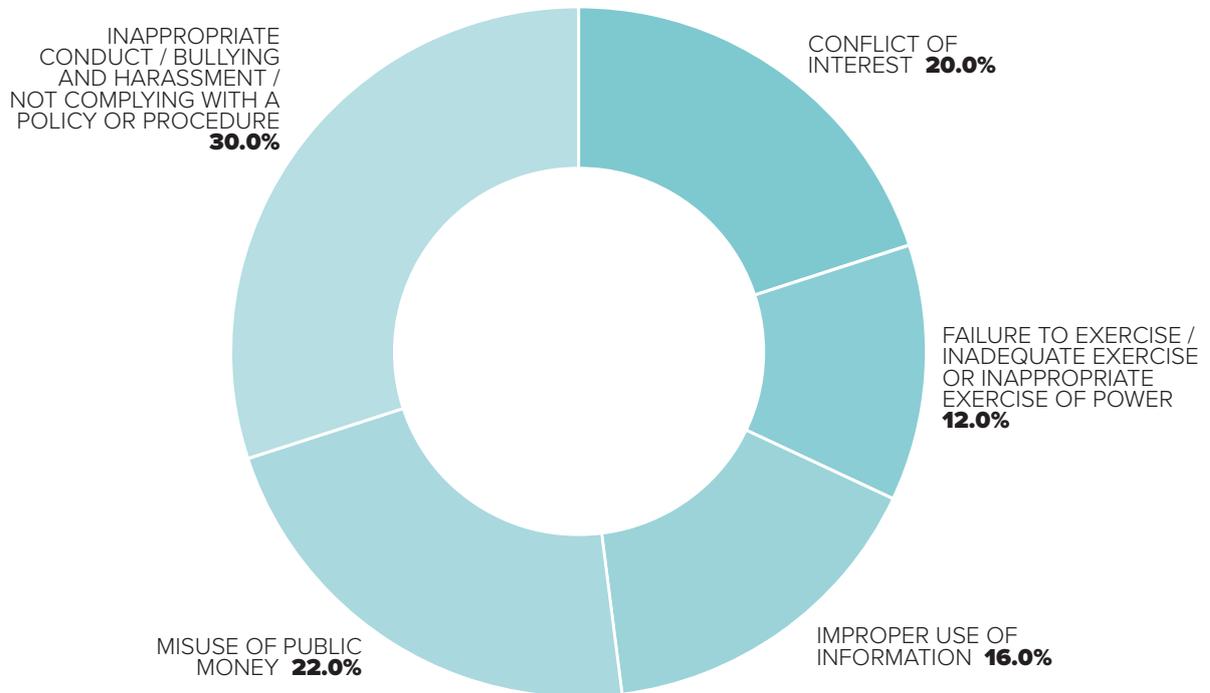
**REFERRAL
OF MATTERS
TO AN INQUIRY
AGENCY**

The ICAC Act defines an inquiry agency to be the South Australian Ombudsman, the Police Ombudsman (until the dissolution of that office in September 2017) or any other person declared by regulation to be an inquiry agency. No persons are currently declared by regulation to be an inquiry agency. Neither the Commissioner nor the OPI can issue an inquiry agency with directions or guidance in respect of a referral.

REFERRALS TO AN INQUIRY AGENCY	2017-18	2016-17
Referred to the Ombudsman	50	60
Complaints	11	13
Reports	39	47
Own initiative	0	0
Referred to the Police Ombudsman	1	30
Complaints	0	23
Reports	1	6
Own initiative	0	1
TOTAL	51	90

MISCONDUCT & MALADMINISTRATION

GENERAL NATURE OF MATTERS REFERRED TO THE OMBUDSMAN



GENERAL NATURE
OF MATTERS
REFERRED TO THE
POLICE OMBUDSMAN

FAILURE TO EXERCISE / INADEQUATE EXERCISE
OR INAPPROPRIATE EXERCISE OF POWER
1 MATTER REFERRED

**EXERCISE
THE POWERS
OF AN INQUIRY
AGENCY**

In certain circumstances (as prescribed by the ICAC Act), the Commissioner can determine to exercise the powers of an inquiry agency to investigate potential issues of serious or systemic misconduct or maladministration.

During the 2017-18 financial year, the Commissioner determined to exercise the powers of the South Australian Ombudsman on five occasions:

- ▶ An allegation of maladministration in relation to the financial practices employed by a senior public officer.
- ▶ An allegation of misconduct involving the exercise of statutory powers without authority.
- ▶ An allegation of maladministration in relation to the recruitment practices employed by a public authority and its public officers.
- ▶ Allegations of both misconduct and maladministration involving a public authority and its operating practices.
- ▶ An allegation of misconduct on the part of a number of public officers arising out of the provision of allegedly false and misleading information.

In addition, five other investigations into potential issues of serious or systemic misconduct or maladministration were carried over from previous years and each of these investigations were finalised in the 2017-18 financial year.

**INVESTIGATION
IN RELATION
TO OAKDEN
OLDER PERSONS
MENTAL HEALTH
SERVICE**

On 25 May 2017 the Commissioner announced that he would conduct an investigation into potential maladministration associated with the management and delivery of services at the Oakden Older Persons Mental Health Service. Terms of Reference were published on 30 May 2017, together with a public statement calling for information from members of the public.

As part of the investigation over 44,000 documents were received, more than 50 witnesses interviewed and 27 witnesses examined (resulting in almost 2,200 pages of transcript).

On 28 February 2018 the Commissioner published his investigation report *'Oakden: A Shameful Chapter in South Australia's History'* (the Oakden Report).

The report included 13 recommendations to assist in preventing similar situations from arising in the future. The Commissioner suggested that the recommendations be considered by all public officers. A copy of the Oakden Report can be downloaded from the ICAC website.

**REFERRAL
OF MATTERS
TO A PUBLIC
AUTHORITY**

A matter assessed as raising a potential issue of misconduct or maladministration may be referred to a public authority and the Commissioner or the OPI can issue directions or guidance in respect of the referral.

Factors considered by the Commissioner or the OPI in deciding whether to issue directions or guidance include:

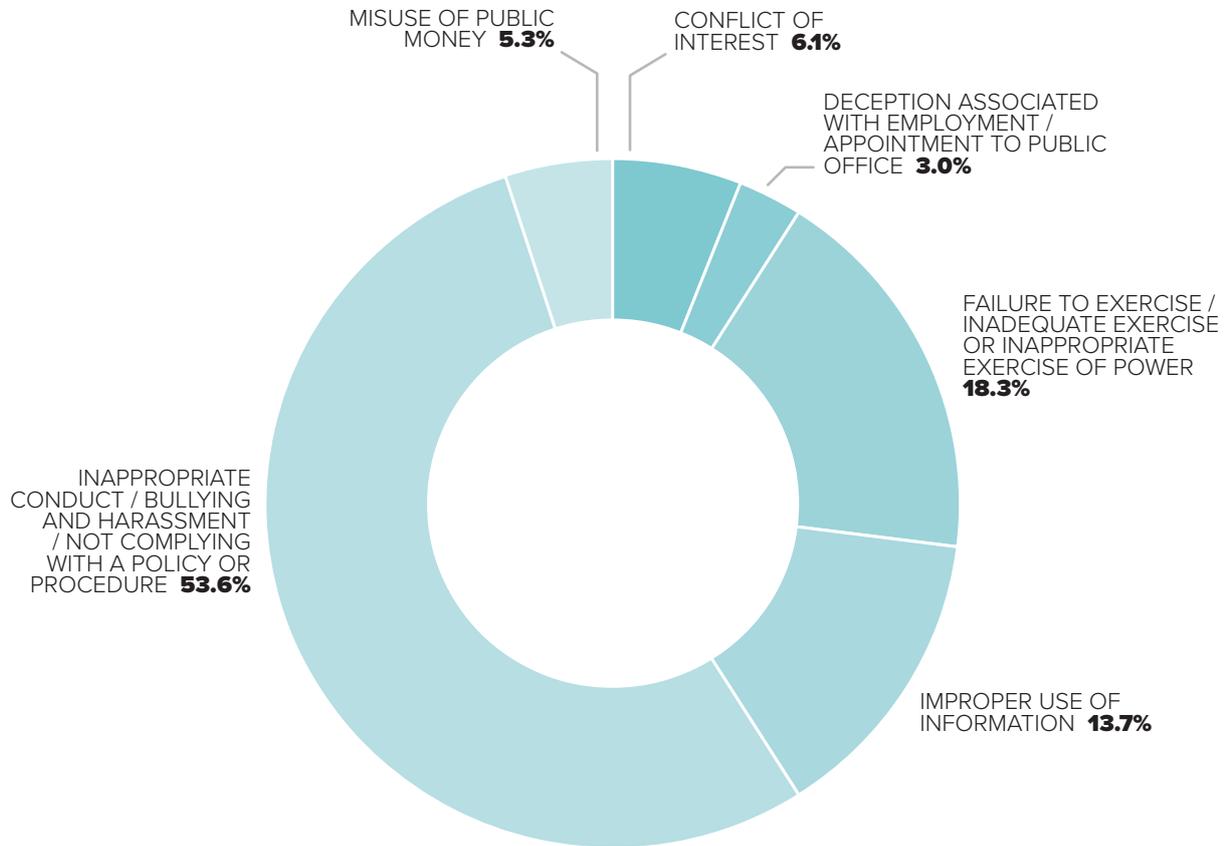
- ▶ whether the alleged conduct is considered serious or systemic
- ▶ whether there are questions as to the capability of the public authority to fully and properly conduct an investigation and take appropriate action
- ▶ whether the alleged conduct involves a public officer in a senior position or the alleged conduct involves a decision with significant consequences for an individual or the community at large
- ▶ where in all of the circumstances there are other good reasons to issue directions or guidance

During 2017-18 there were 263 referrals to a public authority. This compares with 347 referrals in 2016-17, 187 referrals in 2015-16 and 120 referrals in 2014-15.

REFERRALS TO A PUBLIC AUTHORITY	2017-18	2016-17
Complaints	27	51
Police Report	1	-
Reports	235	296
Own initiative	0	0
TOTAL	263	347

This financial year 160 matters were referred to a public authority with directions, including a direction that the public authority submit a report outlining the investigation conducted and any action taken as a result of the investigation. The remaining 103 matters were referred without any directions or guidance.

GENERAL NATURE OF MATTERS REFERRED TO A PUBLIC AUTHORITY



On occasion a complaint or report will raise issues that ought to be brought to the attention of an inquiry agency, public authority or public officer even though the complaint or report does not raise a potential issue of corruption, misconduct or maladministration. In such cases the Commissioner or the OPI can refer the issues accordingly. During 2017-18, 65 matters assessed as raising some other issue were referred to a public authority (43 complaints and 22 reports) while a further two matters (one complaint and one report) were referred to the Ombudsman.

**REFERRAL
OF SOME
OTHER ISSUE**

Where a referral to a public authority is accompanied by a direction to provide a report back to the Commissioner, the Commissioner or his delegate will review the report in order to be satisfied that action was duly and properly taken. As part of the review process, additional information or clarification may be sought from a public authority and feedback may be provided to the public authority in an effort to assist the authority to improve its processes.

**REVIEW
OF ACTION TAKEN
ON A REFERRAL**

If the Commissioner is not satisfied that a public authority has duly and properly taken action in respect of a referral, the ICAC Act provides a mechanism for the Commissioner to express that dissatisfaction: first with the public authority, then with the Minister responsible for the public authority and finally by way of a report to both Houses of Parliament.

This financial year 182 reports were received from public authorities in respect of the action taken on a referral. Some of these reports related to matters referred to public authorities in previous financial years. The Commissioner expressed his dissatisfaction to a public authority in relation to 15 referrals. Further work undertaken by the public authority was deemed satisfactory on five occasions, while the remaining 10 matters carried over into the new financial year. On one occasion the Commissioner expressed dissatisfaction to the Minister responsible for the relevant public authority, resulting in action taken by the public authority to resolve the identified deficiencies. No reports of dissatisfaction were made to Parliament.

The ICAC strives to meet its benchmark of reviewing reports from public authorities on action taken on a referral, in an average of 10 business days. During 2017-18, reviews were completed in an average of 13 business days. The longer than desired review timeframe is potentially a consequence of staff turnover and the need to induct and train new staff.

Section 31 of the PCDA provides that the ICAC must, before 30 September in each year, prepare a report on the number and general nature of sanctions imposed under the PCDA for breaches of discipline in the preceding financial year.

The requirement to prepare the report on sanctions does not extend to requiring the ICAC to provide an opinion as to the appropriateness of any sanction or consistency across sanctions.

The following table of sanctions has been provided by SA Police. The table is in two sections, showing under which Act sanctions were imposed. Sanctions that may be imposed by the Commissioner of Police are found in those regulations that were in force at the time the breach of the code of conduct occurred. *Police Regulations 1999* were in force between 5 August 1999 and 31 August 2014. *Police Regulations 2014* were in force between 1 September 2014 and 3 September 2017. *Police Regulations 2017* commenced on 4 September 2017.

1 JULY 2017 TO
3 SEPTEMBER 2017

SANCTIONS IMPOSED UNDER SECTION 40 POLICE ACT 1998		
Officer No.	Breach of the Code of Conduct	Sanctions imposed
1	Police Regulations 1999 Reg 13 Conduct Prejudicial – Good Order & Discipline Police Regulations 2014 Reg 14 Conduct Prejudicial – Reflects Adversely Reg 14 Conduct Prejudicial – Good Order & Discipline Reg 15 Performance of Orders / Duties – Failure to Carry Out Lawful Order	Fine
2	Police Regulations 2014 Reg 17 Proper Exercise of Authority – Abuse of Authority	Recorded Reprimand
3	Police Regulations 2014 Reg 17 Proper Exercise of Authority – Abuse of Authority	Recorded Reprimand
4	Police Regulations 2014 Reg 21 Confidentiality of Information – Improper Release / Access (8 counts)	Fine / Training and Education
5	Police Regulations 2014 Reg 18 Conduct Public / SAPOL – Oppressive, Offensive, Abusive	Unrecorded Reprimand
6	Police Regulations 2014 Criminal – Unlawfully on Premises Criminal – Disturb Public Peace Criminal – Aggravated Unlawful Threats Criminal – Fail to Properly Store Ammunition	Employment with SA Police terminated
7	Police Regulations 2014 Criminal – Traffic	Recorded Reprimand
8	Police Regulations 2014 Reg 21 Confidentiality of Information – Improper Release / Access (3 counts)	Fine / Recorded Reprimand

SANCTIONS IMPOSED UNDER THE PCDA

4 SEPTEMBER
2017 TO
30 JUNE 2018

SANCTIONS IMPOSED UNDER SECTION 26 POLICE COMPLAINTS AND DISCIPLINE ACT 2017		
Officer No.	Breach of the Code of Conduct	Sanctions imposed
9	Police Regulations 1999 Reg 16 Proper Exercise of Authority – Excessive Force Police Regulations 2014 Reg 17 Proper Exercise of Authority – Abuse of Authority	Fine / Recorded Reprimand
10	Police Regulations 1999 Reg 15 Negligence – Neglect of Duty	Fine / Recorded Reprimand
11	Police Regulations 1999 Reg 15 Negligence – Neglect of Duty	Fine / Training and Education
12	Police Regulations 1999 Reg 14 Performance of Orders / Duties – Failure to Carry Out Lawful Order Reg 15 Negligence – Neglect of Duty Police Regulations 2014 Reg 15 Performance of Orders / Duties – Failure to Carry Out Lawful Order Reg 16 Negligence – Neglect of Duty	Fine / Recorded Reprimand / Training and Education
13	Police Regulations 2014 Reg 14 Conduct Prejudicial – Reflects Adversely	Unrecorded Reprimand / Counselling
14	Police Regulations 2014 Reg 21 Confidentiality of Information – Improper Release / Access Reg 19 Conflict of Interest – Conflict of Interest	Fine / Recorded Reprimand
15	Police Regulations 2014 Reg 13 Honesty & Integrity – Honesty Reg 21 Confidentiality of Information – Improper Release / Access (2 counts) Reg 13 Honesty & Integrity – Integrity	Transfer
16	Police Regulations 2014 Reg 14 Conduct Prejudicial – Reflects Adversely	Fine / Recorded Reprimand
17	Police Regulations 2014 Reg 14 Conduct Prejudicial – Good Order & Discipline Reg 14 Conduct Prejudicial – Reflects Adversely	Reduction in Rank / Transfer / Fine
18	Police Regulations 2014 Criminal – Traffic	Fine / Recorded Reprimand
19	Police Regulations 2014 Criminal – Offence against Person	Unrecorded Reprimand

No breaches of the Code of Conduct, *Police Complaints and Discipline Regulations 2017* were reported.

One of the Commissioner's statutory functions is to prevent or minimise corruption, misconduct and maladministration in South Australian public administration through education.

The Commissioner's prevention function is served by a combination of education and communication activities and initiatives delivered to public officers and the South Australian community.

**PRESENTATIONS,
SEMINARS AND
WORKSHOPS**

EDUCATION SESSIONS	2017-18	2016-17	2015-16	2014-15
Education sessions delivered	66	87	76	96
Attendees	2,592	3,019	2,900	4,300

2017-18 saw 66 education sessions delivered to 2,592 public officers, exceeding our yearly goals of 60 education sessions reaching 2,000 public officers.

The Commissioner personally presented 15 sessions to 1,207 attendees.

ICAC and OPI staff, including ICAC investigators and lawyers, regularly give presentations or deliver workshops. Education events consistently receive excellent feedback.

“Presentation was excellent. It was succinct, covered the areas that needed discussing and got to the point. Delivered with humour and respect”

“Good to see the Commissioner explain his role, powers and processes followed”

**EDUCATION
RESOURCES**

The ICAC makes resources available to assist public officers, public authorities and members of the community to understand the importance of public integrity and oversight in public administration. Resources are accessible on the ICAC website and printed resources can be obtained from the Education and Communications team. Other resources include videos which are hosted on the ICAC Vimeo channel (accessible from the ICAC website) and an online induction program for public officers, which explains their reporting obligations together with information about integrity issues.

PREVENTION,
EDUCATION &
COMMUNICATION

This financial year, ICAC video resources were streamed on 58,666 occasions and 1,298 individuals registered for online training. Of the 246 who responded to a follow up survey regarding the online training, 93% said they would recommend the course.

“Great and engaging presentation! Keeps you interested, much better thought out than most Elearning”

The Commissioner and his staff make themselves available to engage with stakeholders as often as possible.

COMMUNICATIONS AND ENGAGEMENT

A range of other stakeholder engagement channels are used, most widely being the ICAC/OPI website.

WEBSITE	2017-18	2016-17	2015-16	2014-15
Website visitor	53,815	27,660	26,424	20,689
Webpages accessed	135,296	120,379	111,854	100,127

Section 48 of the ICAC Act prescribes material that must be available on the website. Where that material exists it is available.

To keep stakeholders informed of matters relevant to public integrity the ICAC published two newsletters this year.

The Commissioner typically does not comment on operational matters. However, if the Commissioner feels it is in the public interest to do so he has the discretion to release a public statement about a complaint, report, assessment or investigation (section 25 of the ICAC Act). News and announcements regarding non-operational matters are published by way of a media release.

PUBLIC STATEMENTS AND MEDIA RELEASES

There were nine public statements this financial year and five media releases. ICAC staff engaged with the media on 147 occasions.

RESEARCH During the financial year the ICAC recruited two staff with research expertise to support and compliment education and prevention initiatives.

**PUBLIC
INTEGRITY
SURVEY** In April 2018 the ICAC launched a survey of public officers across both local and state government in relation to perceptions of integrity in public administration. This was the second survey of its type administered by the ICAC (the previous survey being conducted in 2015).

The response to the survey exceeded initial expectations. A total of 12,656 responses were received, equating to a 65% increase from the 2015 survey.

Information provided in survey responses led to a number of fresh matters being considered by the OPI.

A public report on the survey findings will be released in October 2018.



One of the Commissioner's statutory functions is to evaluate the practices, policies and procedures of inquiry agencies and public authorities with a view to advancing comprehensive and effective systems for preventing or minimising corruption, misconduct and maladministration in public administration (section 7(d) ICAC Act).

The Commissioner may conduct an evaluation by way of a public inquiry (section 7(5)(a) ICAC Act).

In September 2017 the Commissioner's report on an evaluation of the practices, policies and procedures of the Public Trustee was tabled in Parliament. A copy of that report is available on the ICAC website.

In May 2018 the Commissioner announced he would conduct an evaluation of the practices, policies and procedures of the regulatory arm of SafeWork SA, which at the time was a business unit of the Attorney-General's Department (it has since been made a business unit of the Department of Treasury and Finance). That evaluation is underway and is expected to be completed in November 2018. The Commissioner is conducting this evaluation by way of a public inquiry and further information about the evaluation can be found on the ICAC website.

EVALUATIONS

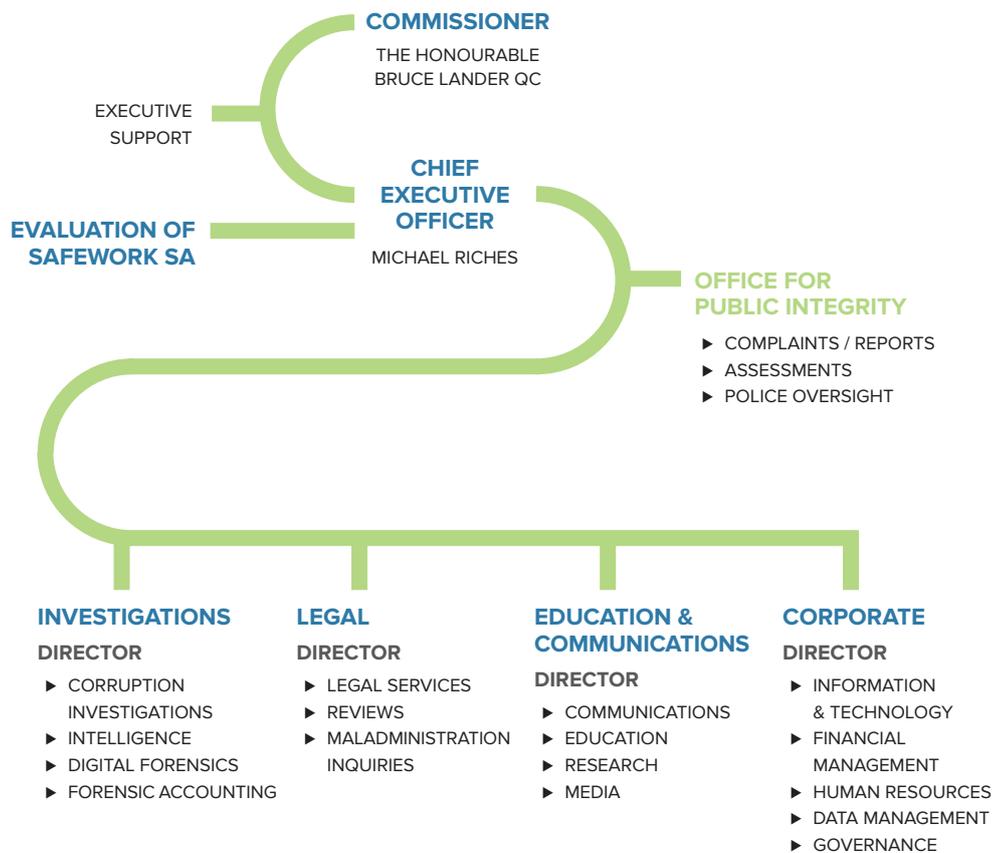
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OUR ORGANISATION

As at 30 June 2018 the ICAC and OPI comprised 63 employees (including casual employees). The addition of eight full-time equivalent employees to ICAC's FTE cap was the result of the OPI assuming responsibility for the independent oversight of complaints and reports about police and the abolition of the office of the Police Ombudsman.

Two employees from the Attorney-General's Department were seconded to assist the Commissioner with his evaluation into the practices, policies and procedures of the regulatory arm of SafeWork SA.

ORGANISATION CHART



OUR ORGANISATION

The Commissioner's 2017-2020 Strategic Plan, together with the ICAC Act and the PCDA, provide the framework for organisational priorities and activities. The Strategic Plan establishes five strategic priorities: excellence in operations; engagement and influence; capacity building; ethical and accountable workforce; and employer of choice. The priorities set out in the Strategic Plan underpin the activities prescribed in the yearly Corporate Plan established by the Chief Executive Officer. A copy of the ICAC/OPI Strategic Plan is available on the ICAC website.

**STRATEGIC
PLAN**

**ORGANISATIONAL
VALUES**



OUR
VALUES

**OVERSIGHT AND
ACCOUNTABILITY**

The Commissioner, his staff and staff of the OPI are subject to external oversight by the independent reviewer appointed under the ICAC Act.

The operations of the ICAC and the OPI, and the ICAC Act, is also subject of review by the Parliamentary Crime and Public Integrity Policy Committee. Other legislation provides for oversight of different aspects of the Commissioner's operations by the Commonwealth Ombudsman, the Commonwealth Department of Home Affairs, the South Australian Attorney-General and the Auditor-General.

The ICAC and OPI invests a great deal of time and effort in ensuring it meets its many and varied compliance responsibilities.

**INDEPENDENT
REVIEWER**

Schedule 4 of the ICAC Act provides for the appointment of an independent reviewer, responsible for an annual review of the exercise of powers, review of matters arising from relevant complaints and other reviews as contemplated by the schedule. The reviewer is required to present a report to the Attorney-General on or before 30 September each year setting out findings from an annual review of the exercise of powers.

The current independent reviewer is the Hon. Kevin Duggan AM QC.

In order to enable the independent reviewer to carry out his work, full and unfettered access is provided to all corporate systems and hardcopy material.

Any person can make a relevant complaint to the independent reviewer. A 'relevant complaint' is defined in Schedule 4 of the ICAC Act to be:

A complaint made in accordance with any requirements prescribed by the regulations relating to an abuse of power, impropriety or other misconduct on the part of the Commissioner or employees of the Commissioner or of the Office [for Public Integrity].

**PARLIAMENTARY
COMMITTEE**

The Crime and Public Integrity Policy Committee is established under section 15M of the *Parliamentary Committees Act 1991*. As at 30 June 2018 the members of the Committee were:

- ▶ The Hon. Dennis Hood MLC (appointed presiding member post 30 June 2018)
- ▶ The Hon. Tom Koutsantonis MP
- ▶ Mr Nick McBride MP
- ▶ Mr Fraser Ellis MP
- ▶ The Hon. Frank Pangallo MLC
- ▶ The Hon. Justin Hanson MLC

During this financial year the Commissioner appeared before the Committee on one occasion (30 October 2017).

The Commissioner must keep the Attorney-General informed of the general conduct of the functions of the Commissioner and the OPI and, if the Attorney-General requests, provide information relevant to the performance of the functions of the Commissioner and the OPI (but not information identifying or about a particular matter subject to assessment, investigation or referral under the ICAC Act).

The Commissioner is an interception agency for the purposes of the *Telecommunications (Interception and Access) Act 1979* (Cth) (TIAA). The Commissioner is obliged to make an annual report to the Commonwealth Attorney-General in respect of activities under the TIAA and is subject to review by the Commonwealth Ombudsman in respect of some activities under the TIAA (Chapter 4A).

In accordance with the *Telecommunications (Interception) Act 2012* (SA), the Commissioner's records relevant to activities under the TIAA are inspected every six months by the Hon. Kevin Duggan AM QC, who has been appointed as the review agency under that Act. The Commissioner is also required to provide an annual report to the South Australian Attorney-General regarding activity under the Commonwealth TIAA.

The Commissioner is also subject to statutory reporting obligations under the *Surveillance Devices Act 2016* (SA).

On 10 May 2018 the Attorney-General introduced into the House of Assembly a Bill entitled *Independent Commissioner Against Corruption (Investigative Powers) Amendment Bill 2018*. The Bill, if passed, would change the mechanism by which the Commissioner could conduct investigations in respect of alleged serious or systemic misconduct or maladministration and would include the power for the Commissioner to hold public hearings in respect of such investigations. As at 30 June 2018 the Bill was under consideration by the Legislative Council.

**TOTAL NUMBER
OF EMPLOYEES
(AS AT 30 JUNE
2018)**

TOTAL NUMBER OF EMPLOYEES ¹	2017-18	2016-17	2015-16	2014-15
Persons	63	55	51	41
FTEs	54.5	48.1	41.5	40.4

¹ While the Commissioner has been included in the above tally, he is not an employee of the ICAC.

Person figures include casual employees from 2015-16 onwards.

**RECRUITMENTS
AND
SEPARATIONS**

NUMBER OF PERSONS	2017-18	2016-17	2015-16	2014-15
Recruited to the agency	26	18	19	12
Separated from the agency	18	14	13	9

Figures include casual employees from 2015-16 onwards.

TURNOVER

EMPLOYEE TURNOVER	2017-18	2016-17	2015-16	2014-15
	30.5%	26.4%	28.3%	22.8%

Figures include casual employees from 2015-16 onwards.

**LEAVE
MANAGEMENT**

LEAVE TYPE	2017-18	2016-17	2015-16	2014-15
Sick leave	6.9 per FTE	4.5 per FTE	3.5 per FTE	3.7 per FTE
Family carer's leave	1.1 per FTE	0.8 per FTE	0.8 per FTE	0.9 per FTE
Special leave with pay	0.8 per FTE	1.1 per FTE	0.5 per FTE	0.8 per FTE

**EMPLOYMENT
OPPORTUNITY
PROGRAMS**

ICAC is an equal opportunity employer and people from diverse backgrounds are encouraged to apply for advertised employment vacancies. The Independent Commissioner Against Corruption is committed to gender, cultural and linguistic diversity, and encourages applicants from all backgrounds. ICAC's recruitment policy ensures the recruitment panel is as diverse as possible to ensure unbiased consideration of applicants.

Each applicant for a vacant position is invited to describe any special arrangements ICAC can provide to accommodate a person with a disability. The information is used to ensure a person with a disability can

WORKFORCE STATISTICS

be accommodated throughout the recruitment, placement, on-boarding and ongoing employment.

An integral part of ICAC's on-boarding process is for a qualified occupational therapist to undertake an assessment of the work required compared with an employee's stated abilities or any disability to ensure every possible adjustment, equipment or flexibility is provided.

The Commissioner's Performance and Potential Review Policy requires a line manager and an employee to undertake a formal documented performance and potential review discussion in November each year. In the following May, the line manager and employee review their documented discussion, in particular to check progress of the potential plan against the employee's goals.

**AGENCY
PERFORMANCE
MANAGEMENT
AND
DEVELOPMENT
SYSTEMS**

PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM	ASSESSMENT OF EFFECTIVENESS AND EFFICIENCY
Performance and Potential Review	100% of fully inducted employees have completed a performance and potential review in November 2017.
Performance and Potential Review Discussion	96% of fully inducted employees have completed a performance and potential review discussion during May 2018 ¹ .

¹ A small number of employees whose contracts were approaching expiry elected not to participate in the follow up discussion.

EXECUTIVE CLASSIFICATION	NUMBER OF EXECUTIVES AS AT 30 JUNE 2018	NUMBER OF EXECUTIVES ACTUAL REMUNERATION
CONAGD¹	1	1
SAES2	1	1
SAES1	2	2
INV4	1	1
INV3	3	2
LEC5	2	1
MAS3	1	1
AS07	0	1
TOTAL	11	10

**EXECUTIVE
CLASSIFICATION**

¹ While the Commissioner has been included in the above tally, he is not an employee of the ICAC.

Executive classification is based on a total value of salary package in excess of \$149,000 per annum.

CONSULTANTS

CONSULTANT	PURPOSE	VALUE (EX GST)
Consultants over \$10,000		\$47,754
CQR Consulting Australia Pty Ltd	Information technology security assessment	\$26,934
Mercer Consulting	Remuneration review	\$20,820
Consultants under \$10,000		\$24,975
David Mark Reimers	Information technology security implementation	\$3,115
Flight Safety	Maladministration investigation	\$4,800
Info-Osmosis	Records management process review	\$3,900
Info-Osmosis	Records management process report	\$1,300
Materne Pennino Hoare	Architectural advice	\$1,500
System Solutions Engineering	Protective security compliance review and report	\$7,360
Visual Analysis	Information technology advice	\$3,000
TOTAL		\$72,729

**CONTRACT
STAFF**

CONTRACT STAFF	PURPOSE	VALUE (EX GST)
Docs in the Box	Sentencing, boxing and listing	\$2,835
Docs in the Box	Maladministration investigation	\$900
Dunn Transcripts	Maladministration investigation	\$18,454.25
Dunn Transcripts	Corruption investigation	\$5,628.25
Dunn Transcripts	Corruption investigation	\$1,440
Dunn Transcripts	Corruption investigation	\$1,076
Dunn Transcripts	Corruption investigation	\$1,076
Info-Osmosis	Records management compliance audit	\$2,600
Randstad	Maladministration investigation	\$3,438.04
Randstad	Corruption investigation	\$2,723.20
Randstad	Maladministration investigation	\$1,208.42
TOTAL		\$41,379.16

LEGAL SERVICES	PURPOSE	VALUE (EX GST)
Cowell Clarke	Maladministration investigation ¹	\$398,495.60
Crown Solicitor's Office	Commercial contract preparation	\$2,178.90
Holly Stanley, Barrister	SafeWork SA evaluation	\$9,585.33
Mark Christopher Livesey QC	Legal advice	\$11,250
Mark Christopher Livesey QC	Corruption investigation	\$3,825
Mark Christopher Livesey QC	Maladministration investigation	\$3,375
Russell-Cooke Solicitors	Corruption investigation	\$3,347.62
Thomas Andrew Besanko	Maladministration investigation ¹	\$146,250
TOTAL		\$578,307.45

LEGAL SERVICES

¹During 2017-18, the Commissioner engaged external legal services to assist with an investigation into potential serious or systemic maladministration in public administration associated with the Oakden Older Persons Mental Health Service.

The Commissioner made no interest payments to small business suppliers for late payment of invoices during the reporting period.

LEARNING AND DEVELOPMENT	TOTAL COST	% OF TOTAL SALARY EXPENDITURE ¹
Total learning and development expenditure	\$44,285.96	0.58%

LEARNING AND DEVELOPMENT EXPENDITURE

¹Includes overtime paid, wages for casual employees and employee on costs.



**RESPONSIVE
CORRESPONDENCE**

Department of the Premier and Cabinet Circular 043 requires prompt responses to any correspondence which is not part of intra-governmental communication or an agency's typical work. Agencies are required to report on the time taken to respond to such correspondence. There has been no correspondence of the kind which requires a report under this Circular.

**PUBLIC
COMPLAINTS**

On 15 July 2017 the Hon. Kevin Duggan AM QC was proclaimed the independent reviewer under Schedule 4 of the ICAC Act. Complaints regarding ICAC/OPI, including public complaints and expressions of dissatisfaction with the service received, or the conduct of employees or contractors working for the organisation have been referred to Mr Duggan through the financial year.

**WORK HEALTH
AND SAFETY
AND RETURN
TO WORK
PROGRAMS**

There has been no requirement for a work health safety and/or return to work program during 2017-18 to address significant agency risks.

The Employee Assistance Program continued to provide support to employees and their immediate families with informal and strictly confidential short-term counselling services.

Additional programs aimed at supporting mental health included resilience training and mental health first aid training.

There has been one work health and safety incident requiring corrective action and the resulting injury required medical treatment during 2017-18. Last year there were no incidents.

Total gross workers compensation expenditure for the period was \$112.48 which was for medical treatment. Income support payment was made while the employee attended medical treatment.

**WORK HEALTH
AND SAFETY
AND RETURN
TO WORK
PERFORMANCE**

Number of occasions in which public interest information has been disclosed to a responsible officer of the agency under the <i>Whistleblowers Protection Act 1993</i>	0
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**WHISTLEBLOWERS
PROTECTION ACT**

There have been no occasions in the 2017-18 financial year in which public interest information has been disclosed to the responsible officer of the agency under the *Whistleblowers Protection Act 1993*.

Number of occasions where an instance of fraud was detected at ICAC/OPI	0
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**FRAUD INSTANCES
DETECTED**

There have been no occasions during 2017-18 where an instance of fraud has been detected at ICAC/OPI.



4

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Independent Commissioner Against Corruption Independent Commissioner Against Corruption

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Independent Commissioner Against Corruption for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Independent Commissioner Against Corruption as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Independent Commissioner Against Corruption, the Chief Executive Officer and the Director Corporate Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Independent Commissioner Against Corruption. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Independent Commissioner Against Corruption for the financial report

The Independent Commissioner Against Corruption is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Independent Commissioner Against Corruption
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Independent Commissioner Against Corruption about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

20 September 2018



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2018

Independent Commissioner Against Corruption
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the Independent Commissioner Against Corruption:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Independent Commissioner Against Corruption
- present a true and fair view of the financial position of the Independent Commissioner Against Corruption as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Independent Commissioner Against Corruption for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



The Hon. Bruce Lander QC
Independent Commissioner Against Corruption
14 September 2018



Michael Riches
Chief Executive Officer
14 September 2018



Vicki Tomlinson
Director Corporate Services
14 September 2018

Independent Commissioner Against Corruption
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits	3	7 695	6 751
Supplies and services	4	3 828	3 017
Depreciation and amortisation	5	1 260	1 063
Auditor's remuneration	6	35	32
Total expenses		12 818	10 863
Income			
Services received free of charge	7	63	-
Recoveries and other income	8	6	71
Total income		69	71
Net cost of providing services		12 749	10 792
Revenue			
Revenues from SA Government		13 908	10 078
Total net revenues from SA Government		13 908	10 078
Net result		1 159	(714)
Total comprehensive result		1 159	(714)

The net result and total comprehensive result are attributable to the SA Government as owner.

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

Independent Commissioner Against Corruption
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	9	5 493	3 154
Receivables	10	269	175
Total current assets		5 762	3 329
Non-current assets			
Property, plant and equipment	12	4 751	4 457
Intangible assets	13	604	656
Total non-current assets		5 355	5 113
Total assets		11 117	8 442
Current liabilities			
Payables	15	1 751	603
Employee benefits	16	1 014	872
Other liabilities	17	135	116
Total current liabilities		2 900	1 591
Non-current liabilities			
Payables	15	74	54
Employee benefits	16	814	587
Other liabilities	17	541	581
Total non-current liabilities		1 429	1 222
Total liabilities		4 329	2 813
Net assets		6 788	5 629
Equity			
Retained earnings		6 788	5 629
Total equity		6 788	5 629

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	18
Contingent assets and contingent liabilities	19

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

Independent Commissioner Against Corruption
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	<u>Retained earnings</u>	<u>Total equity</u>
		\$'000	\$'000
Balance at 30 June 2016		6 485	6 485
Net result for 2016-17		(714)	(714)
Error correction	13	(142)	(142)
Total comprehensive result for 2016-17		<u>(856)</u>	<u>(856)</u>
Balance at 30 June 2017		<u>5 629</u>	<u>5 629</u>
Net result for 2017-18		1 159	1 159
Total comprehensive result for 2017-18		<u>1 159</u>	<u>1 159</u>
Balance at 30 June 2018		<u><u>6 788</u></u>	<u><u>6 788</u></u>

All changes in equity are attributable to the SA Government as owner.

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

Independent Commissioner Against Corruption
Statement of Cash Flows
for the year ended 30 June 2018

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefits payments		(7 285)	(6 322)
Supplies and services		(3 787)	(3 231)
Cash used in operations		<u>(11 072)</u>	<u>(9 553)</u>
Cash inflows			
Recoveries		6	71
Cash generated from operations		<u>6</u>	<u>71</u>
Cash flows from SA Government			
Receipts from SA Government		13 908	10 078
Cash generated from SA Government		<u>13 908</u>	<u>10 078</u>
Net cash provided by / (used in) operating activities	21	<u>2 842</u>	<u>596</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(503)	(693)
Cash used in investing activities		<u>(503)</u>	<u>(693)</u>
Net cash provided by / (used in) investing activities		<u>(503)</u>	<u>(693)</u>
Net increase / (decrease) in cash and cash equivalents		<u>2 339</u>	<u>(97)</u>
Cash and cash equivalents at the beginning of the reporting period		3 154	3 251
Cash and cash equivalents at the end of the reporting period	9	<u>5 493</u>	<u>3 154</u>

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

Independent Commissioner Against Corruption Notes to and forming part of the financial statements for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The Independent Commissioner Against Corruption (the Commissioner) must, before 30 September in each year, prepare a report on the operations of the office of the Independent Commissioner Against Corruption (ICAC) and the Office for Public Integrity (OPI) as required by section 45 of the *Independent Commissioner Against Corruption Act 2012* (ICAC Act). The report encompasses the operations of the ICAC and the OPI.

1.2 Statement of compliance

The Commissioner has prepared the financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the PFAA.

As the Commissioner is a not-for-profit entity, Australian Accounting Standards that are applicable to not-for-profit entities have been applied. Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for these statements. Refer to note 23.

1.3 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Commissioner's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies that are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the PFAA.

The financial statements have been prepared based on a twelve month operating cycle and presented in Australian currency.

The Commissioner's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Significant accounting policies are set out in the notes.

Independent Commissioner Against Corruption **Notes to and forming part of the financial statements** *for the year ended 30 June 2018*

1 Basis of financial statements (continued)

1.3 Basis of preparation (continued)

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, the Commissioner has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

1.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

1.5 Taxation

The Commissioner is not subject to Income Tax. The Commissioner is liable for Payroll Tax, Fringe Benefits Tax and Goods and Services Tax (GST). GST collections and payments are carried out by the Attorney-General's Department (AGD) on behalf of the Commissioner. GST in relation to the Commissioner is reported in the AGD Controlled Financial Statements.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives of the Independent Commissioner Against Corruption (ICAC)

The ICAC Act established the ICAC and the OPI.

The primary objective of the Commissioner is to:

- (a) identify and investigate corruption in public administration; and
- (b) prevent or minimise corruption, misconduct and maladministration in public administration through referral of potential issues, education and evaluation of practices, policies and procedures.

The Commissioner has the following functions:

- (a) to identify corruption in public administration and to -
 - (i) investigate and refer it for prosecution; or
 - (ii) refer it to a law enforcement agency for investigation and prosecution;
- (b) to assist inquiry agencies and public authorities to identify and deal with misconduct and maladministration in public administration;
- (c) to refer complaints and reports to inquiry agencies, public authorities and public officers and to give directions or guidance to public authorities in dealing with misconduct and maladministration in public administration, as the Commissioner considers appropriate;
 - (ca) to identify serious or systemic misconduct or maladministration in public administration;
 - (cb) to exercise the powers of an inquiry agency in dealing with serious or systemic maladministration in public administration if satisfied that it is in the public interest to do so;
 - (cc) to exercise the powers of an inquiry agency in dealing with serious or systemic misconduct in public administration if the Commissioner is satisfied that the matter must be dealt with in connection with a matter the subject of an investigation of a kind referred to in paragraph (a)(i) or a matter being dealt with in accordance with paragraph (cb);
- (d) to evaluate the practices, policies and procedures of inquiry agencies and public authorities with a view to advancing comprehensive and effective systems for preventing or minimising corruption, misconduct and maladministration in public administration;
- (e) to conduct or facilitate the conduct of educational programs designed to prevent or minimise corruption, misconduct and maladministration in public administration;
- (f) to perform other functions conferred on the Commissioner by the ICAC Act or any other Act.

The OPI is responsible to the Commissioner for the performance of the following functions:

- (a) to receive and assess complaints about public administration from members of the public;
- (b) to receive and assess reports about corruption, misconduct and maladministration in public administration from inquiry agencies, public authorities and public officers;
- (c) to refer complaints and reports to inquiry agencies, public authorities and public officers in circumstances approved by the Commissioner or make recommendations to the Commissioner in relation to complaints and reports;
 - (ca) to give directions or guidance to public authorities in circumstances approved by the Commissioner;
- (d) to perform other functions assigned to the Office by the Commissioner.

The OPI has additional functions under the *Police Complaints and Discipline Act 2016 (PCD Act)*:

- (a) to oversee the assessment and investigation of complaints and reports relating to designated officers;
- (b) to oversee the operation and enforcement of the PCD Act;
- (c) to refer certain complaints and reports to the ICAC in accordance with the PCD Act and the ICAC Act ; and
- (d) such other functions assigned to the OPI under the PCD Act.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Employee benefits expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	6 012	5 216
Employment on-costs - superannuation*	634	555
Annual leave	535	459
Employment on-costs - other	367	320
Long service leave	151	183
Skills and experience retention leave	(4)	18
Total employee benefits expenses	7 695	6 751

References to employee(s) in these financial statements include the Commissioner, who is a statutory appointment.

There were no employees who received Targeted Voluntary Separation Packages during the reporting period.

*The superannuation employment on-cost charge represents the Commissioner's contributions to superannuation plans in respect of current services of current employees.

Key management personnel

Key management personnel of ICAC include the Commissioner, the Chief Executive Officer and six members of the management team who have responsibility for the strategic direction and management of the Commissioner's office and the OPI, including employees who acted in those positions from time to time during the period.

	2018	2017
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 654	1 481
Post-employment benefits	155	137
Other long-term employment benefits	-	23
Total compensation	1 809	1 641

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2018	2017
	Number	Number
\$147 001 to \$149 000*	N/A	1
\$149 001 to \$159 000	4	3
\$169 001 to \$179 000	2	-
\$179 001 to \$189 000	-	1
\$189 001 to \$199 000	1	1
\$209 001 to \$219 000	1	-
\$239 001 to \$249 000	-	1
\$299 001 to \$319 000	1	-
\$479 001 to \$489 000	-	1
\$489 001 to \$499 000	1	-
Total number of employees	10	8

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2016-17.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Employee benefits expenses (continued)

The table includes all employees (including the Commissioner) who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total actual remuneration received by these employees for the reporting period was \$2.175 million (2017: \$1.711 million).

4 Supplies and services

	2018	2017
	\$'000	\$'000
Information and communications technology	966	975
Operating lease minimum payments	765	634
Legal fees	578	64
Accommodation	401	343
Outsourced services	342	175
Repairs, maintenance and minor purchases	80	52
Consultancies	73	69
Employee related payments	69	86
Shared Services SA charges	66	42
Motor vehicle expenses	56	50
Telephone related expenses	53	45
Promotions and publications	50	61
Contract staff	41	126
Employee training	41	39
Tax and taxable payments	40	54
Office expenses	37	31
Internal audit fee	28	26
Website development	15	-
Other	127	145
Total supplies and services	3 828	3 017

Operating leases

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of benefits derived from the use of the leased assets.

Legal fees

During 2017-18 the Commissioner engaged specialist legal services to assist with an investigation into potential serious or systemic maladministration in public administration associated with the Oakden Older Person's Mental Health Service.

Consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
Below \$10 000	7	25	2	4
\$10 000 or above	2	48	3	65
Total paid / payable to the consultants engaged	9	73	5	69

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Depreciation and amortisation

	2018	2017
	\$'000	\$'000
Depreciation		
Plant and equipment	61	61
Information technology assets	505	471
Total depreciation	566	532
Amortisation		
Leasehold improvements	531	430
Intangible assets	163	101
Total amortisation	694	531
Total depreciation and amortisation	1 260	1 063

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Useful life

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Leasehold improvements	Life of lease
Plant and Equipment	5-10
Information Technology	3-10
Intangible Assets	3-5

Revision of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate. During the year, there was no change to accounting estimates.

6 Auditor's remuneration

	2018	2017
	\$'000	\$'000
Audit fees *	35	32
Total audit fees	35	32

* Audit fees paid/payable to the Auditor- General's Department relate to work performed under the *Public Finance and Audit Act*. No other services were provided by the Auditor-General's Department.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

7 Services received free of charge

	2018	2017
	\$'000	\$'000
Services received free of charge	63	-
Total services received free of charge	63	-

On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2017-18, SSSA is funded by a direct appropriation for the services provided by SSSA to general government sector agencies.

Under AASB 1004, *Contributions*, the contribution of services provided by SSSA to general government sector agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated. A corresponding expense is recognised in supplies and services – Shared Services SA charges (see Note 4).

8 Recoveries and other income

	2018	2017
	\$'000	\$'000
Sundry recoveries	6	71
Total recoveries and other income	6	71

Recoveries consist of recoveries from SA Government agencies and employee reimbursements.

9 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	5 493	3 154
Total cash and cash equivalents	5 493	3 154

Deposits with the Treasurer

Deposits with the Treasurer are non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

10 Receivables

	2018	2017
	\$'000	\$'000
Current		
GST receivable	139	40
Prepayments	130	135
Total current receivables	269	175
Total receivables	269	175

Categorisation of financial instruments and risk exposure information - refer to note 22.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

11 Non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

12 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	5 346	4 026
Accumulated amortisation	(1 904)	(1 374)
Total leasehold improvements	3 442	2 652
Plant and equipment		
Plant and equipment at cost (deemed fair value)	597	478
Accumulated depreciation	(262)	(201)
Total plant and equipment	335	277
Information Technology assets		
Information Technology assets at cost (deemed fair value)	2 527	2 429
Accumulated depreciation	(1 562)	(1 057)
Total information technology assets	965	1 372
Capital work in progress		
Capital work in progress at cost	9	156
Total capital work in progress	9	156
Total property, plant and equipment	4 751	4 457

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value or minimal value they are recorded at their fair value in the Statement of Financial Position.

All non-current tangible assets with a value of \$10,000 or greater are capitalised. Items with an acquisition cost less than \$10,000 are expensed in the year of acquisition.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Property, plant and equipment (continued)

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III *Asset Accounting Framework*. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2018.

Movement reconciliation of property, plant and equipment

<u>2018</u>	Leasehold Improvements	Plant & equipment	Information		Total
			Technology assets	Capital Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	2 652	277	1 372	156	4 457
Additions	-	119	-	1 272	1 391
Depreciation and amortisation	(531)	(61)	(505)	-	(1097)
Transfers to/(from) capital WIP	1 321	-	98	(1 419)	-
Carrying amount at the end of the period	3 442	335	965	9	4 751

<u>2017</u>	Leasehold Improvements	Plant & equipment	Information		Total
			Technology assets	Capital Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	3 042	282	1 595	120	5 039
Additions	40	17	169	154	380
Depreciation and amortisation	(430)	(61)	(471)	-	(962)
Transfers to/(from) capital WIP	-	39	79	(118)	-
Carrying amount at the end of the period	2 652	277	1 372	156	4 457

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13 Intangible assets

	2018	2017
	\$'000	\$'000
Externally acquired intangible assets		
Computer software and licences	867	597
Less accumulated amortisation	(263)	(101)
Total externally acquired intangible assets	604	496
Capital work in progress		
Capital work in progress at cost	-	160
Total capital work in progress	-	160
Total intangible assets	604	656

In 2016-17 capital work in progress included \$142 000 that should have been expensed. A prior period error correction has been made to restate intangibles work in progress and retained earnings.

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Commissioner has intangible assets only with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Impairment

There were no indications of impairment of intangible assets at 30 June 2018.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13 Intangible assets (continued)

Movement reconciliation of intangible assets

	Externally acquired	Capital Work in progress	Total
	\$'000	\$'000	\$'000
2018			
Carrying amount at the beginning of the period	496	160	656
Additions		111	111
Transfers from capital works in progress	271	(271)	-
Amortisation	(163)	-	(163)
Carrying amount at the end of the period	604	-	604
	Externally acquired	Capital Work in progress	Total
	\$'000	\$'000	\$'000
2017			
Carrying amount at the beginning of the period	-	408	408
Additions	221	128	349
Transfers from capital work in progress	376	(376)	-
Amortisation	(101)	-	(101)
Carrying amount at the end of the period	496	160	656

Independent Commissioner Against Corruption Notes to and forming part of the financial statements for the year ended 30 June 2018

14 Fair value measurement

Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Commissioner classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3 not traded in an active market and are derived from unobservable inputs.

In determining fair value, the Commissioner has taken into account the characteristic of the asset (for example, condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Commissioner's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Commissioner did not identify any factors to suggest an alternative use, fair value measurement is based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

Refer to note 12 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

The Commissioner does not recognise any financial assets or financial liabilities at fair value.

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Commissioner categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. The Commissioner has categorised all leasehold improvements, information technology assets and plant and equipment assets (refer to note 12) into level 3 for 2018 and 2017.

Reconciliation of fair value measurements - level 3

There have been no transfers into or out of fair value hierarchy levels during the reporting period.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	1 588	461
Accrued expenses	35	35
Employment on-costs [^]	128	107
Total current payables	1 751	603
Non-current		
Employment on-costs [^]	74	54
Total non-current payables	74	54
Total payables	1 825	657

Employment on-costs

[^]Employment on-costs include payroll tax and superannuation contributions. The Commissioner makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF), the proportion of long service leave taken as leave has changed from the 2017 rate 40% to 41% and the average factor for the calculation of employer superannuation on-cost is 9.9% (2017: 10.1%). These rates are used in the employment on-cost calculation. The net financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. Employment on-costs are settled when the respective employee benefit they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Categorisation of financial instruments and risk exposure information - Refer to note 22.

16 Employee benefits liability

	2018	2017
	\$'000	\$'000
Current		
Annual leave	532	421
Long service leave	305	289
Accrued salaries and wages	154	134
Skills and experience retention leave	23	28
Total current employee benefits	1 014	872
Non-current		
Long service leave	814	587
Total non-current employee benefits	814	587
Total employee benefits	1 828	1 459

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16 Employee benefits liability (continued)

Employee benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

Where the annual leave liability and the skills and experience retention leave liability are expected to be payable within twelve months, the liability has been measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The amounts for long service leave includes pre-retirement leave and amounts accrued for investigators seconded under a Memorandum of Administrative Arrangement between SA Police and the Commissioner. The Commissioner is required to reimburse SA Police an amount equivalent to long service leave accrued while an investigator is on secondment. The amount is due to SA Police when the seconded investigator ceases employment with the Commissioner. The amount accrued is therefore equivalent to the long service leave provision amount.

AASB 119 *Employee Benefits* contains the calculation methodology for the long service leave liability.

The actuarial assessment performed by the DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has remained unchanged at 2.5%

The net financial effect of the changes in actuarial assumptions in the current financial year is an increase in the long service leave liability of \$39 000 and employee benefit expense of \$39 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The current portion of the long service leave provision reflects management's expectation of leave to be taken within the next 12 months. It also includes the Commissioner's pre-retirement leave which cannot be deferred and is therefore considered unconditional.

Pre-retirement leave

The Commissioner is not entitled to long service leave, but is entitled to six months pre-retirement leave or payment in lieu thereof. This is included in long service leave liability.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

17 Other liabilities

	2018	2017
	\$'000	\$'000
Current		
Lease incentive	135	116
Total other current liabilities	135	116
Non-current		
Lease incentive	541	581
Total non-current other liabilities	541	581
Total other liabilities	676	697

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Commissioner has entered into operating leases. Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

All incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefits of lease incentives received by the Commissioner in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

18 Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Operating lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2018	2017
	\$'000	\$'000
Within one year	964	797
Later than one year but not longer than five years	4 231	3 497
Later than five years	-	958
Total operating lease commitments	5 195	5 252

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Other commitments

	2018	2017
	\$'000	\$'000
Within one year	206	361
Later than one year but not longer than five years	128	166
Total other commitments	334	527

Motor vehicles ⁽¹⁾	61	107
Software maintenance ⁽³⁾	181	178
Other ⁽²⁾	92	242
Total	334	527

⁽¹⁾ The provision of motor vehicles to executive officers or sections (that is, pool vehicles) are leased from the South Australian Government Financing Authority through their agent LeasePlan Australia. There are no purchase options available to the Commissioner.

⁽²⁾ Other commitments relate to purchase orders placed for goods and services before 30 June 2018 and contractual commitments.

⁽³⁾ Software maintenance commitments relate to maintenance and support services from contracts relating to software purchases. These contracts will expire within one to three years.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

19 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

In the ordinary course of operations, the Commissioner may become liable to pay costs or to receive costs arising from legal proceedings. As at 30 June 2018, it is not possible to reliably estimate the total court costs that may be receivable or payable in respect of one legal proceeding that is underway.

20 Related party transactions

The Independent Commissioner Against Corruption is independent and accountable to the SA Parliament.

Related parties of the Commissioner include all key management personnel and their close family members.

Significant transactions with government related entities

The Commissioner had no significant transactions with government related entities.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the Commissioner and other SA Government controlled entities are disclosed at note 25.

Transactions with key management personnel and other related parties

Compensation for key management personnel is disclosed at note 3. There are no other transactions or balances to disclose with key management personnel or related parties.

21 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	5 493	3 154
Balance as per the Statement of Cash Flows	5 493	3 154
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	2 842	596
Less revenues from SA Government	(13 908)	(10 078)
Add / (less) non-cash items		
Services received free of charge - expense	(63)	-
Services received free of charge - income	63	-
Depreciation and amortisation	(1 260)	(1 063)
Property plant and equipment assets in payables	999	178
Lease incentive amortisation	132	117
Movement in assets and liabilities		
Increase/(decrease) in receivables	94	61
(Increase)/decrease in payables	(1 279)	(218)
(Increase)/decrease in employee benefits	(369)	(385)
Net cost of providing services	(12 749)	(10 792)

Independent Commissioner Against Corruption Notes to and forming part of the financial statements for the year ended 30 June 2018

22 Financial risk management / financial instruments

Financial risk management

Risk management is managed by the Commissioner's corporate services section and the Commissioner's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Commissioner's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of financial instruments held. There have been no changes in risk exposure since the last reporting period.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective notes.

Category of financial asset and financial liabilities	Statement of Financial Position line item	Note	2018 Carrying amount / fair value \$'000	2017 Carrying amount / fair value \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	9	5 493	3 154
Receivables	Receivables ^{(1) (2)}	10	-	-
Total financial assets			5 493	3 154
Financial liabilities				
Financial liabilities at cost	Payables (1)	15	1 588	461
Total financial liabilities			1 588	461

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; audit fees payable to the Auditor-General's Department, etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 10 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair value

The Commissioner does not recognise any financial assets or financial liabilities at fair value. The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to their short term nature. Refer to notes 9 and 15.

Credit risk

The Commissioner is not exposed to any credit risk.

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

22 Financial risk management / financial instruments (continued)

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Commissioner does not hold any collateral as security for any of its financial assets. There is no evidence to indicate that financial assets are impaired.

Maturity analysis of financial assets and liabilities

All financial assets and financial liabilities are due to mature within twelve months.

Liquidity risk

Liquidity risk arises from the possibility that the Commissioner is unable to meet financial obligations as they fall due. The Commissioner is funded principally from appropriations by the SA Government. The Commissioner works with the DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

The continued existence of the Commissioner in the present form, and with the present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Commissioner's administration and programs. The Commissioner aims to settle undisputed accounts within 30 days from the date the invoice is first received. The Commissioner's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

The Commissioner currently holds no interest bearing financial instruments and is not exposed to interest rate risk.

23 Impact of standards and statements not yet implemented

The Commissioner did not voluntarily change any accounting policies during 2017-18.

Australian Accounting Standards and Interpretations that have recently been issued or amended but not yet effective, have not been adopted by the Commissioner for the period ending 30 June 2018.

AASB 16 Leases

AASB 16 *Leases* will apply for the first time for reporting periods beginning after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases. The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The Commissioner has not yet quantified the impact of applying AASB 16 *Leases* to his operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the notes to the financial statements.

Independent Commissioner Against Corruption Notes to and forming part of the financial statements for the year ended 30 June 2018

23 Impact of standards and statements not yet implemented (continued)

The Commissioner's current operating lease commitments note (see note 18) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The Commissioner has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

The Commissioner does not currently have any revenue contract with a material impact for the period after 1 July 2018 and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

All other Australian accounting standards and interpretations with future effective dates are either not applicable or have no material impact on the ICAC.

24 Events after the reporting period

There are no known events after balance date that affect these financial statements.

25 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. All transactions have been included.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	9	5 493	3 154	-	-	5 493	3 154
Receivables	10						
GST receivable		-	-	139	40	139	40
Prepayments		-	-	130	135	130	135
Total financial assets		5 493	3 154	269	175	5 762	3 329
Financial liabilities							
Payables - current	15						
Creditors		1 333	157	255	304	1,588	461
Accruals		35	35	-	-	35	35
Employee on costs		45	38	83	69	128	107
Payables - non-current	15						
Employee on costs		41	30	33	24	74	54
Total financial liabilities		1,454	260	371	397	1,825	657

Independent Commissioner Against Corruption
Notes to and forming part of the financial statements
for the year ended 30 June 2018

25 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits expenses	3	366	320	7 329	6 431	7 695	6 751
Supplies and services	4						
Accommodation		370	338	31	5	401	343
Operating lease minimum payments		765	634	-	-	765	634
Information and communications technology		101	98	865	877	966	975
Outsourced services		195	26	147	149	342	175
Contract staff		-	-	41	126	41	126
Employment related payments		-	-	69	86	69	86
Consultancies		-	-	73	69	73	69
Legal fees		2	7	576	57	578	64
Promotions and publications		-	-	50	61	50	61
Tax and taxable payments		40	54	-	-	40	54
Repairs, maintenance and minor purchases		-	-	80	52	80	52
Motor vehicle expenses		56	50	-	-	56	50
Telephone related expenses		46	38	7	7	53	45
Shared Services SA charges		66	42	-	-	66	42
Employee training		6	-	35	39	41	39
Office expenses		-	-	37	31	37	31
Website development		-	-	15	-	15	-
Internal audit fees		-	-	28	26	28	26
Other		33	51	94	94	127	145
Depreciation and amortisation	5	-	-	1 260	1 063	1 260	1,063
Auditor's remuneration	6	35	32	-	-	35	32
Total expenses		2 081	1 690	10 737	9 173	12 818	10 863
Income							
Recoveries and other income	8	-	-	6	71	6	71
Services received free of charge	7	63	-	-	-	63	-
Revenues from / payments to SA Government		13 908	10 078	-	-	13 908	10 078
Total income		13 971	10 078	6	71	13 977	10 149



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