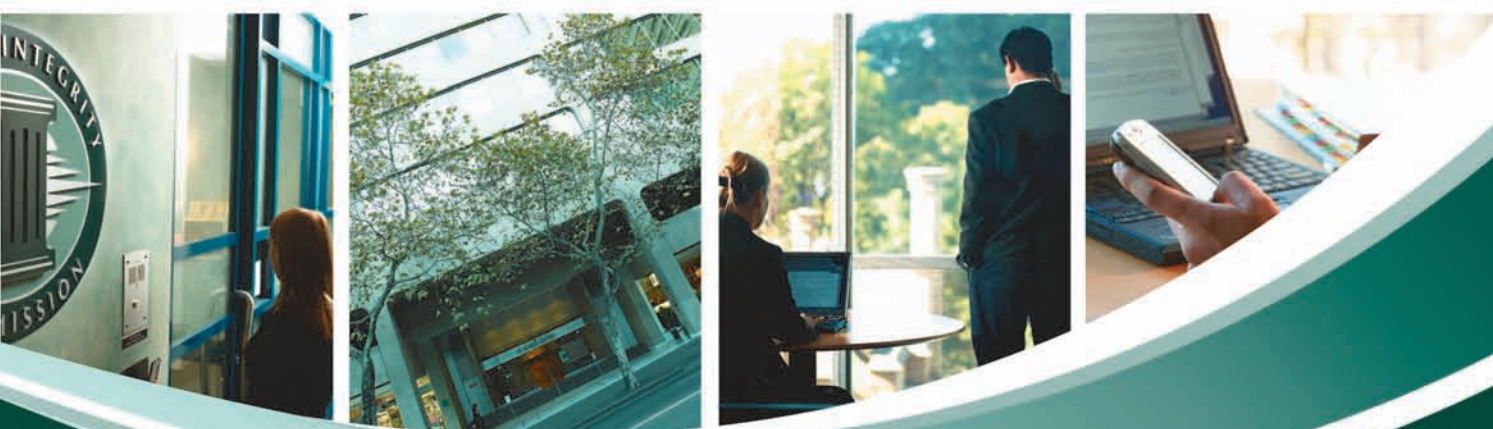




Police Integrity Commission

Annual Report
2009–2010



Police Integrity Commission
Level 3, 111 Elizabeth Street Sydney NSW 2000
www.pic.nsw.gov.au

ISBN 1 74003 160 1

© State of New South Wales through the Police Integrity Commission, 2010. You may copy, distribute, display, download and otherwise freely deal with this work for any purpose, provided that you attribute the Police Integrity Commission as the owner. However, you must obtain permission if you wish to (1) charge others for access to the work (other than at cost), (2) include the work in advertising or a product for sale or (3) modify the work.



ABN 22 870 745 340

The Hon Amanda Fazio MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon Richard Torbay MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr President and Mr Speaker

In accordance with section 12 of the *Annual Reports (Departments) Act* 1985 and section 99 of the *Police Integrity Commission Act* 1996, the Commission hereby furnishes to you the Police Integrity Commission Annual Report for the year ended 30 June 2010.

This Annual Report has been prepared in accordance with the requirements of the *Annual Reports (Departments) Act* 1985 and the *Police Integrity Commission Act* 1996.

I draw your attention to section 103(2) of the *Police Integrity Commission Act* 1996, pursuant to which I recommend that this Annual Report be made public forthwith.

Yours faithfully

A handwritten signature in black ink, appearing to read "J Pritchard".

J Pritchard
Commissioner

October 2010

Table of Contents

1. Commissioner's Foreword	4
2. Key Directives	7
Our Vision	7
Our Mission	7
Our Values	7
Our Business	7
Our Charter	7
Our Key Goals	7
3. Overview	8
Key Achievements	8
Achieving Key Goal 1	10
Achieving Key Goal 2	13
Achieving Key Goal 3	15
Achieving Key Goal 4	16
Plans for 2010–11	17
4. Assessing Information and Complaints	18
Introduction	18
Complaint oversight	20
Complaints profile	23
5. Investigating Serious Police Misconduct	25
Introduction	25
Profile of investigations during 2009–10	26
Commission hearings	27
Other Commission investigations	27
Investigation outcomes	28
6. Preventing Serious Police Misconduct	29
Introduction	29
Corporate level corruption prevention planning: Project Sarra	29
Identification and management of misconduct risks by commands	33
Identifying & managing officers at risk of engaging in misconduct	35
Training for students of policing: Project Marrella	38
Managing risks associated with relationships between police and others	39
Improving systems and policies to prevent misconduct	40
Police Corruption Education and Prevention Programs	41
Corruption prevention presentations	41
Working with other agencies	42
Integrity reports	42

7. Tracking the Commission's Recommendations	43
Introduction	43
Misconduct prevention recommendations	43
Recommendations for managerial action	49
8. The NSW Crime Commission	51
Introduction	51
Assessing information and complaints	51
Investigations	51
Preventing misconduct	52
9. Legal Matters	54
Introduction	54
Witness protection	54
Response to subpoenas	54
Section 56(4) Disseminations	54
Law reform	54
10. Governance and Accountability	56
Introduction	56
The Inspector, Police Integrity Commission	56
The Parliamentary Committee	56
Internal governance	57
11. Appendices	
Appendix 1 – Prescribed annual reporting requirements	58
Appendix 2 – Statutory annual reporting requirements	70
Appendix 3 – Types of allegations assessed	71
Appendix 4 – Statistical data on exercise of Commission powers	73
Appendix 5 – Prosecutions in 2009-10 arising from Commission investigations	74
Appendix 6 – Significant committees and working groups	85
Appendix 7 – Freedom of information statement of affairs	86
Appendix 8 – Financial Statements	88
Appendix 9 – Organisational Structure	148
Appendix 10 – Directory, publications and printing requirements	149

1

Commissioner's Foreword

The reporting year 2009-2010 saw the Commission continue to focus on its primary functions of detecting, investigating and preventing serious police misconduct within the New South Wales Police Force (NSWPF).

While previously noting the generally improved ethical state of the NSWPF since the Police Royal Commission of the mid 1990s the fact remains that in a police force of over sixteen thousand sworn officers spread across various and diverse specialist and regional commands covering an area double the combined geographical size of England, Scotland and Wales, opportunities to engage in misconduct will always be present. And the practical corollary is that misconduct does and will continue to occur. This is so despite the best efforts of all those concerned in identifying and minimising these opportunities including the Commission and NSWPF itself. This reality combined with other inherently unique aspects of the role of policing, such as the state sanctioned use of force and the exercise of invasive powers means that throughout Australia today, independent external oversight of the activities of policing agencies in whatever shape or form is embedded within Australian public policy.

The bulk of the Commission's energies remain directed at detecting and investigating serious police misconduct within the NSWPF. Throughout the year, the Commission assessed a total of 948 complaints containing 2772 allegations of misconduct against current and former NSWPF officers. There were also 51 complaints containing 151 allegations of misconduct against current or former administrative officers (or unsworn officers) employed by the NSWPF. In relation to the NSW Crime Commission (NSWCC) the Commission assessed 21 complaints containing 52 allegations of misconduct against current and former NSWCC officers. Throughout the year the Commission also worked on 86 preliminary investigations and 20 full investigations in relation to which it conducted 28 private hearings.

While the total number of allegations and complaints assessed has declined from the previous year the complexity of the allegations and the volume of material submitted in support has tended to increase. This in turn often requires allocation of more resources to effectively assess and investigate the allegations so as to resolve the overall complaint. The total number of investigations the Commission actually undertakes after assessment of these complaints has remained relatively stable. It is also important to bear in mind that these figures do not represent the total number of complaints alleging police misconduct but only those that are of such seriousness as to warrant assessment and further action by the Commission, given its focus on serious police misconduct. Moreover, the last reporting year saw an increase in both the number of persons prosecuted and the total number of charges arising from the Commission's investigations. The full details of these prosecutions are referred to in Appendix 5 of the Report.

In October 2009 the Commission presented its Report to Parliament for Operation Lantana. This investigation examined allegations that two NSWPF officers had been involved in unlawfully seizing drugs and illegal tobacco and selling them for their own personal gain. Together with the use of its hearing powers, the Commission worked closely with the NSWPF and seized a large amount of assets alleged to be the proceeds of criminal activity. The two police officers the focus of the investigation have since been dismissed from the NSWPF and prosecutions for a large number of offences have also been commenced against the officers and a civilian associate.

In December 2009 the Commission also presented its Report to Parliament for Operation Alford. Operation Alford addressed breaches by the Commission of the requirement to accord procedural fairness in expressing certain adverse comments and opinions about four NSWPF officers in the Commission's Operation Whistler Report which was presented to Parliament in December 2005. The Alford investigation

arose following two reports by the Inspector of the Police Integrity Commission in December 2007 and March 2008 upholding complaints raised by one of the NSWPF officers.

In this respect, the Commission acknowledges the important function that the office of the Inspector plays in overseeing the activities of the Commission and ensuring accountability for those activities given the significant coercive powers invested in it. This role is complemented by the Parliamentary Committee on the Office of the Ombudsman and the Police Integrity Commission (the Committee) which in the past year conducted an inquiry into the Handling of Complaints Against the Commission. As part of this inquiry the Commission appeared before the Committee's public hearing and provided a written submission. The Committee published the Report of its Inquiry in April 2010 recommending that should the Inspector make adverse comment in regard to the Commission and the Commission disagree with the Inspector's position the Commission's response to that adverse comment be reproduced in full in the Inspector's complaint report. The Commission's Executive also appeared before the Commission in November 2009 to be examined on its Annual Report for 2008-09.

Consistent with its function of preventing serious police misconduct, in the reporting year the Commission undertook a number of important initiatives in the area of prevention.

Project Manta looked at the identification and management of misconduct risks within individual commands by examining how NSWPF commands identify, communicate and manage those aspects of policing which may pose integrity hazards or vulnerabilities for misconduct, independent of the particular individuals who occupy the positions. This project involves adapting an occupational health and safety approach to minimising police misconduct. The Commission's first report was released in November 2009 and examined the nature of the misconduct risks faced by individual commands and the identification and communication of these misconduct risks. A draft of the second report concerning the ways that NSWPF commands manage or treat their corruption and other serious misconduct risks has now been prepared and a draft provided to the NSWPF for comment and further consultation on its recommendations.

In Project Odin the Commission examined the practice of identifying and managing high risk officers in the NSWPF. The project was undertaken with the assistance of 20 local area commands which each provided the Commission with information on the high risk officers identified and managed at the command. The Commission finalised and published its Project Odin report in September 2009 and copies were provided to the NSWPF as well as a range of other stakeholders. The Commission's evaluation of the NSWPF's response to these reports is referred to in Chapter 7 of this Annual Report.

In May 2010 the Commission issued a Research and Issues Paper on improper associations of NSWPF officers. The aim of this research was to assess the extent to which NSWPF officers are complying with the NSWPF Conflicts of Interest (Improper Associations) Policy and Guidelines. This research topic was closely aligned to the high number of complaints the Commission assesses alleging improper access or disclosure of confidential NSWPF information. Arising from the Commission's paper and related recommendations the Committee commenced an inquiry into the issue and held a public hearing before which the Commission appeared to give evidence. The Committee is likely to release its inquiry Report before the end of the year.

Emphasising its important function in preventing police misconduct the Commission has undertaken a number of other important initiatives in this area including work towards developing in conjunction with the NSWPF an overarching high level corporate corruption and misconduct prevention plan. The idea behind

this project is to address what the Commission considers to be the fragmented approach by the NSWPF to developing and maintaining specific corporate and prevention policies and systems. Work on developing the plan is in its early stages and the Commission is confident that the NSWPF will see the merit in adopting a plan of this kind. The Commission will report on further progress in next year's Annual Report.

One important initiative on the prevention front that has not progressed as swiftly as the Commission would have desired is the development and implementation of an Early Intervention System (EIS). The Commission has reported previously on the history of this project and the demonstrated worthwhile contribution an EIS could make in identifying problematic behaviour before it turns into something more serious and damaging. Funding for the development of an EIS by the NSWPF continues to be a stumbling block and the NSWPF has advised the Commission it is examining less expensive alternatives to the original proposed model. This is a disappointing development in progressing the EIS and the Commission will continue to closely monitor progress on this front.

On the internal front, the Commission moved to implement the next stage of its new operational model designed to improve decision making and ensure that the Commission's limited resources are allocated in the most effective and efficient manner possible. This will enhance the Commission's efforts in detecting primary sources of information suggesting serious police misconduct and assist in allocating its investigative resources accordingly.

In conclusion, as Commissioner I express my appreciation and gratitude for the fine work of the staff of the Commission. Dealing with police corruption and misconduct is a difficult and often thankless pursuit. It is nonetheless a vital and necessary part of our community and the officers of Commission are entitled to feel proud of their achievements.



John Pritchard
Commissioner

2 | Key Directives

During 2009-10 the Police Integrity Commission (the Commission) reviewed the Corporate Plan and a number of changes were made in order to reflect the extension of the Commission's jurisdiction to include oversight of the NSW Crime Commission (NSWCC).

Our Vision

Public confidence in the integrity of the NSW Police Force (NSWPF) and NSWCC.

Our Mission

Contribute to the integrity of the NSWPF and NSWCC by detecting, investigating and preventing serious police misconduct and other misconduct.

Our Values

Integrity, Independence, Fairness, Accountability, Impartiality, Continuous Improvement.

Our Business

Our business is to:

- detect, investigate and expose serious police and other misconduct
- deter serious police and other misconduct
- oversight or review certain police and NSWCC activities
- make recommendations for reform in the NSWPF and NSWCC

and by these actions prevent serious police and other misconduct and assure the community that there is vigilant oversight of NSWPF and NSWCC.

Our Charter

The Commission was established upon the recommendation of the Royal Commission into the New South Wales Police Service. The Commission is a statutory corporation constituted under the *Police Integrity Commission Act 1996* (the Act).

The principal functions of the Commission are set out in section 13 of the Act. The principal functions of the Commission are to prevent, detect and investigate serious police misconduct and manage or oversee other agencies in the detection and investigation of serious police misconduct and other police misconduct.

Other functions of the Commission described in the Act include preventing, detecting and investigating misconduct in relation to NSWPF administrative officers (section 13A) and NSWCC officers (section 13B).

The Commission can also make recommendations concerning police education programs (section 14) and assemble evidence and information (section 15).

Our Key Goals

The Commission's key goals are outlined in the Corporate Plan for 2007–2011:

Key Goal 1: Reduce incidence of serious police misconduct in the NSWPF.

Key Goal 2: Prevent serious police misconduct by supporting improvements to NSWPF systems and practices.

Key Goal 3: Reduce incidence of and prevent misconduct in the NSW Crime Commission.

Key Goal 4: Promote a culture of learning and development in the Commission.

The Corporate Plan contributes to the NSW Government's State Plan priorities R1: *reduced rates of crime, particularly violent crime*, and, F4: *embedding the principle of prevention and early intervention into government service delivery in NSW*.

The Commission reports on its progress in achieving its key goals in Chapter 3 of this Annual Report. For further detailed information on achievements in respect of key goals, please refer to the in-depth chapters that follow.

3 | Overview

Key Achievements

Detecting serious misconduct

During 2009–10 the Commission assessed:

- 948 complaints containing 2772 allegations of misconduct against current and former sworn NSWPF officers
- 51 complaints containing 151 allegations of misconduct against current or former unsworn NSWPF officers
- 21 complaints containing 52 allegations of misconduct against current and former NSWCC officers.

Deterring serious police misconduct through effective investigation

During 2009–10 the Commission worked on 86 preliminary investigations and 20 full investigations.

One investigation, Operation Starwood, investigated allegations that serving and former NSWPF officers had been involved in a fraudulent income tax scheme, the unlawful release of confidential information, the unlawful supply of prescription medication, forming associations with criminals for a criminal purpose and providing false and misleading information to a court. The Commission is awaiting advice from Office of the Director of Public Prosecutions (ODPP) regarding possible charges.

Operation Emerald, investigated allegations of organised mortgage fraud involving a then serving NSWPF officer involved in mortgage broking. Six persons have been charged with 142 charges bringing the total number of persons charged in the investigation to nine.

Exposing serious police misconduct

In October 2009 the Commission presented a public report to Parliament on Operation Lantana, which involved the investigation of allegations that NSWPF officers seized illegal tobacco and

prohibited drugs and sold the items for their own financial benefit. A total of 21 charges have been laid in respect of three persons, including two former NSWPF officers. A further matter remains under consideration by the ODPP.

Preventing serious police misconduct

During 2009–10 the Commission published the following:

- a Research & Issues Paper on the extent to which sworn officers are complying with NSWPF improper associations policies and guidelines
- a Research & Issues Paper on the subject of off duty misconduct by sworn NSWPF officers
- a Research & Issues Paper which examined the validity of the view that the quality of training of police recruits, particularly ethics training, suffers in the case of larger intakes
- the first of two Prevention Reports on the identification, communication and management of misconduct risks at command level in the NSWPF
- a major Prevention Report on the identification and management of high risk officers in the NSWPF.

A copy of public reports or papers published by the Commission can be obtained from the Commission's website: www.pic.nsw.gov.au.

Organisational learning and development

During 2009–10 the Commission:

- commenced implementation of improved strategic planning processes including the development of a new strategic priority setting framework to ensure resources are applied in a manner which increases the Commission's understanding of the corruption threat
- reviewed the operation of the Tasking & Coordination Group with improvements noted in

internal communications and the allocation of operational resources

- completed the implementation of a new performance management system
- substantially progressed the development of the Information Management & Technology Strategic Plan 2010-2013
- achieved compliance with the core requirements of Treasury policy on internal audit, risk management and associated obligations regarding governance arrangements.

In addition, the Commission maintained its commitment to staff development.

During 2009–10:

- 8 staff attended three different conferences on topics ranging from Security in Government to Intelligence Management.
- 58 staff attended specialised training courses covering such topics as Protected Disclosures, Investigation Interviewing, Open Source Research and Personnel Security.
- 9 staff were provided with funding support for tertiary education for ongoing study in courses such as Master of Arts (Investigations Management) and Bachelor of Legal and Justice Studies.

Achieving Key Goal 1: Reduce incidence of serious police misconduct in the NSWPF

The Commission's objectives which underpin the achievement of this key goal are:

- Effective strategies to detect serious police misconduct.
- Deter serious police misconduct through effective investigation.
- Expose serious police misconduct.

Effective strategies to detect serious police misconduct

The Commission detects serious police misconduct by the following strategies:

- Ensure that the public/other agencies are aware of available avenues to contact the Commission with information in relation to serious police misconduct.
- Critically assess information in relation to suspected serious police misconduct.
- Develop intelligence in relation to targeting serious police misconduct risks.
- Use of objective criteria to assess intelligence to determine further action.

Achievements

During 2009–10 the Commission:

- delivered 22 presentations to stakeholders to raise awareness of the Commission's functions, share knowledge or promote its research
- assessed 948 complaints against sworn police and 51 complaints against unsworn NSWPF officers, containing 2772 and 151 allegations respectively. 54 complaints were classified as protected disclosures under the *Protected Disclosures Act 1994*

- improved strategic planning processes including the development of a new strategic priority setting framework to ensure resources are applied in a manner which increases the Commission's understanding of the corruption threat.

Table 1: Key performance indicators – Detecting serious police misconduct

Indicator	2009–10	2008–09	2007–08
% of staff directly involved in detecting suspected police misconduct	70	73	74
% of total NSWPF complaints that are non – referred ¹	44.5	39	52
% of investigations ² which arise from sources other than referred complaints	31	49	41

Further information on the Commission's activities to implement effective strategies to detect serious police misconduct can be found in Chapter 4 and Chapter 5.

¹ A non-referred complaint is a complaint received by the Commission from sources other than the NSWPF or NSW Ombudsman.

² In this indicator 'investigations' refers to preliminary investigations and full investigations.

Achieving Key Goal 1: Reduce incidence of serious police misconduct in the NSWPF

Deter serious misconduct through effective investigation

Strategies to ensure effective investigation include:

- Efficiently manage resources and processes to investigate suspected police misconduct.
- Make recommendations for consideration of disciplinary action and prosecution as a result of investigations.
- Oversight NSWPF's response to recommendations for disciplinary action.

Achievements

During 2009–10 the Commission:

- worked on 106 investigations, comprised of 86 preliminary investigations and 20 full investigations
- disseminated information to the NSWPF from 7 investigations to assist in the management of NSWPF officers
- recorded 65 preliminary investigation and 20 full investigation outcomes
- commenced prosecution action against 16 individuals involving 198 charges³ arising out of 7 investigations
- reviewed the operation of the Tasking & Coordination Group and noted improvements in internal communications and the allocation of operational resources.

³ There may be more than one charge for each offence type.

Table 2: Key performance indicators – Deter serious police misconduct

Indicator	2009-10	2008-09	2007-08
% of full investigations that resulted in recommendations for consideration of managerial ⁴ action	0	7	6
% of full investigations that resulted in recommendations for consideration of prosecution action	55	17	29
% of full investigations where information was disseminated to NSWPF and resulted in managerial ⁵ action	57	55	80
% of investigations referred to the ODP that resulted in the commencement of prosecution action	80	86	75

Further information on the Commission's activities to deter serious misconduct through effective investigation can be found in Chapter 5.

⁴ In any Commission investigation, whether it culminates in a public report under section 96 of the Act or not, the Commission does not recommend that the NSWPF take particular managerial action against a NSWPF officer. The Commission simply disseminates information to the NSWPF to take such action as they consider appropriate. On occasion, the Commission may also express an opinion that specific consideration should be given to whether action under either or both section 173 or section 181D of the *Police Act* 1990 might be warranted. Where a public report is made, the Commission is required to express such an opinion in relation to 'affected persons' as defined in the Act. This table counts the number of times the Commission disseminated information to the NSWPF to consider further action, or to consider action under section 173 or section 181D of the *Police Act* 1990 particularly in a public report during 2009–10.

⁵ This indicator counts decisions made by the NSWPF to take action under section 173 or section 181D of the *Police Act* 1990 during 2009–10, which occurred as a result of an opinion expressed by the Commission or the dissemination of information by the Commission to the NSWPF.

Achieving Key Goal 1: Reduce incidence of serious police misconduct in the NSWPF

Exposure of serious police misconduct

The Commission exposes serious police misconduct through the following strategies:

- Conduct public hearings as appropriate into serious police misconduct.
- Prepare reports following public hearings into serious police misconduct and make those reports available to Parliament.
- Make recommendations for consideration of changes to policies/practices, criminal charges and disciplinary action arising from investigations.

Achievements

During 2009–10 the Commission:

- held 28⁶ private hearings relating to 6 investigations
- presented Investigation Reports to Parliament on the Operation Lantana and Operation Alford investigations
- disseminated information to the NSWPF on 16 occasions to assist with criminal investigations
- noted a substantial growth (38.6%) in internet traffic visiting the Commission's website possibly indicating increased exposure of the work of the Commission.

Table 3: Key performance indicators – Exposure of serious police misconduct

Indicator	2009–10	2008–09	2007–08
% of hearing days that were public	0	11	7
Number of Investigation Reports presented to Parliament	2	1	2
% growth in internet traffic to access the Commission website	38.6	10	15

Further information on the Commission's activities to expose serious misconduct can be found in Chapter 5.

⁶ The average duration of a hearing is 2.25 hours.

Achieving Key Goal 2: Prevent serious police misconduct by supporting improvements to NSWPF systems and practices

The Commission's objectives which underpin the achievement of this key goal are:

- Provide informed advice on improvements to NSWPF systems and practices.
- Regular consultation and feedback to the NSWPF on improving the quality of police investigations and securing commitment to reform recommendations and advice.

Provide informed advice on improvements to NSWPF systems and practices

The Commission provides informed advice through application of the following strategies:

- Undertake research projects emphasising the prevention of suspected police misconduct, either as a single agency or jointly with others.
- Form research networks with other agencies to improve knowledge of corruption prevention practices and identify emerging corruption issues.
- Draw on the results of investigations and research to develop knowledge that will help the Commission develop advice in relation to preventing serious police misconduct.
- Where appropriate using investigations and hearings to examine policies and practices that may have contributed to serious police misconduct.
- Making recommendations in investigations and projects to improve systems and practices.

Achievements

During 2009–10 the Commission published:

- a Research & Issues Paper on the extent to which sworn officers of the NSWPF are complying with NSWPF policies and guidelines regarding improper associations

- a Research & Issues Paper on the subject of off duty misconduct by sworn NSWPF officers
- a Research & Issues Paper examining the validity of the view that the quality of training of police recruits, particularly ethics training, suffers in the case of larger intakes
- the first of two Prevention Reports on the identification, communication and management of misconduct risks at command level in the NSWPF
- a major Prevention Report on the identification and management of high risk officers in the NSWPF.

The Commission also continued its work on:

- the second of two Prevention Reports on the identification, communication and management of misconduct risks at command level in the NSWPF; and
- research projects examining misconduct risks associated with the execution of search warrants and the use of human sources, and, examining the risk factors for serious police misconduct.

A copy of each paper or report published by the Commission can be obtained from the Commission's website: www.pic.nsw.gov.au.

Table 4: Key performance indicators – Informed advice to the NSWPF

Indicator	2009–10	2008–09	2007–08
Number of recommendations to the NSWPF on systems and practices	23	14	1 ⁷
% of recommendations accepted	91	86	n/a ⁸

Further information on the Commission's activities to provide informed advice to the NSWPF can be found in Chapter 6.

⁷ Recommendation in the Operation Mallard Investigation Report.

⁸ There has been no indication that the recommendation has been accepted.

Achieving Key Goal 2: Prevent serious police misconduct by supporting improvements to NSWPF systems and practices

Regular consultation and feedback to the NSWPF to improve the quality of police investigations and securing commitment to reform recommendations and advice

The Commission achieves this goal through the following strategies:

- Oversight selected investigations and recommend improvements where deficiencies are identified.
- Work with senior NSWPF officers with a view to securing a commitment to Commission recommendations.
- Provide advice to the NSWPF in relation to internal systems for managing and monitoring misconduct risk.

Achievements

During 2009–10 the Commission:

- oversighted 50 NSWPF investigations into complaints against sworn and unsworn officers
- reviewed 113 NSWPF investigations containing an allegation of misconduct against a sworn or unsworn officer
- monitored the implementation of recommendations made to the NSWPF in Operation Abelia, which examined the problem of illegal drug use by some NSWPF officers
- provided advice to the NSWPF regarding the possible development of a corporate level corruption prevention plan
- engaged with the NSWPF on the recommendations from the Project Manta

Report 1 and strategies introduced by the NSWPF to identify and manage the corruption risk at command level

- engaged with the NSWPF on the recommendations contained in the Commission's report on Project Odin regarding the identification and management of high risk officers.

Table 5: Key performance indicators – Consultation and feedback

Indicator	2009–10	2008–09	2007–08
% of complaints received, which are oversighted	4.43	3.41	2.21
Number of consultations with senior NSWPF Officers	13	22	35
% of requests for advice, which are met	100	100	100

Further information on the Commission's activities to consult and provide feedback to the NSWPF can be found in Chapter 4 and Chapter 7.

Achieving Key Goal 3: Reduce the incidence of and prevent misconduct in the NSWCC

Progress towards this key goal is underpinned by Commission efforts in respect of the following objective.

Effectively detect, investigate and prevent misconduct in the NSWCC

The Commission achieves this objective through the following strategies:

- Ensure that the public / other agencies are aware of available avenues to contact the Commission with information in relation to misconduct.
- Critically assess information related to suspected misconduct by NSWCC officers.
- Efficiently manage resources and processes to investigate misconduct by NSWCC officers.
- Provide informed recommendations and advice on improvements to NSWCC systems and practices.

Achievements

During 2009–10 the Commission:

- assessed 21 complaints containing 52 allegations of misconduct against current and former NSWCC officers. Referred one matter to the NSWCC under section 77 of the Act
- worked on 14 investigations comprised of 10 preliminary and 4 full investigations
- recorded 5 preliminary investigation and 1 full investigation outcomes
- delivered the Project Rhodium Report on the capacity of the NSWCC to identify and manage serious misconduct risks to the Minister for Police as Chair of the Management Committee of the NSWCC
- commenced Project Caesar which examines

NSWCC misconduct risks in dealing with matters under the *Criminal Assets Recovery Act* 1990 (NSW).

Table 6: Key performance indicators – Detecting serious police misconduct

Indicator	2009–10	2008–09	2007–08
% of complaints related to suspected misconduct by NSWCC officers	2	n/a ⁹	n/a
% of staff directly involved in detecting suspected misconduct by NSWCC Officers	1.5	n/a	n/a
% of Commission investigations related to the NSWCC	16.5	n/a	n/a
Number of recommendations to the NSWCC	13	n/a	n/a
% of recommendations accepted	100 ¹⁰	n/a	n/a

Further information on the Commission's activities to implement effective strategies to detect serious police misconduct can be found in Chapter 8.

⁹ This is the first year in which the Commission is reporting against these measures.

¹⁰ Response to 7 recommendations, and part of another, received. Response indicates acceptance. For further detail see Chapter 8.

Achieving Key Goal 4: Promote a culture of learning and development in the Commission

The Commission's objectives which underpin the achievement of this key goal are:

- Continued accountability and efficiency.
- A safe, fair, equitable and productive working environment.

Continued accountability and efficiency

The Commission achieves this through the following strategies:

- Further development of planning processes by aligning individual and business performance with the corporate plan.
- Maintaining effective records and financial management systems.

A safe, fair, equitable and productive working environment

The Commission achieves this through the following strategies:

- Continued commitment to safe and fair practices in the Commission.
- Implementation and maintenance of a training and development plan.
- Encouraging our development as an organisation through the sharing of knowledge.

Achievements

Performance in respect of each of these strategies is measured through the successful implementation and/or maintenance of a number of key organisational systems and processes.

During 2009-10 the following was achieved:

- Individual performance planning was fully implemented across the organisation.
- Implementation of structured performance measurement for all business units – commenced in the previous year – was completed.
- There was uniform compliance with OH&S and recruitment policies.
- Implementation of a health awareness program, in partnership with an external service provider, was completed.
- The staff training and development plan was reviewed and updated.

Further information on the Commission's activities around organisational learning and development can be found throughout this report, in particular, in Appendix 1.

Plans for 2010-11

In 2010–11 the Commission will continue to achieve its Corporate Plan for 2007–2011 outcomes by undertaking the following key activities:

- implement the final stages of the new investigative model commenced in the 2008/09 year
- support NSWPF in the implementation of recommendations from Projects Odin and Manta 1, and the Improper Associations Research & Issues Paper, and in the development of corporate level misconduct prevention planning
- complete the second Project Manta Report, which will focus on the way NSWPF commands manage misconduct risks, and Project Caesar, which considers the misconduct risks in the civil confiscation processes and their management by NSWCC
- work with other anti-corruption agencies to share knowledge and discuss issues common to anti-corruption organisations
- educate and provide advice to the community to raise awareness of the Commission and prevent serious police misconduct
- complete development of a complaints and investigations case management system
- further implement the internal audit program to effectively support the management of risks in the Commission.

4

Assessing Information and Complaints

Introduction

Section 13 of the *Police Integrity Commission Act* 1996 (the Act) states that a principal function of the Commission is to detect police misconduct. Similarly, section 13A of the Act indicates that one of the 'other functions' of the Commission is the detection of misconduct by administrative or non-sworn employees of the NSWPF.

The Commission discharges these functions through a number of processes including the assessment of information and complaints regarding misconduct – the subject of this chapter of the Annual Report. The Commission's assessment process is linked to the Corporate Plan for 2007–2011 through its key goal of reducing the incidence of serious police misconduct in the NSWPF.

Complaints come to the Commission in a variety of ways. Complaints may be:

- extracted from the NSWPF complaints management system (c@ts.i), in the case of complaints against sworn NSWPF officers
- made directly to the Commission by a complainant or someone acting on their behalf, such as a legal representative, or a Member of Parliament
- initiated by the Commission as a result of its investigations or research intelligence and analysis
- referred to the Commission by other agencies, including the NSWPF.

Identifying complaints of serious misconduct from the NSWPF complaints management system

The Commission has a specialised role in dealing with police misconduct. It is required by its legislation to focus its attention on the most serious forms of police misconduct. This means its processes must be geared towards identifying the most serious complaints, and those that merit allocation of investigation resources. Each year, the Commission's complaint assessment officers assess large volumes of complaints in an attempt to identify matters warranting investigation. During 2009–10, the Commission assessed **985**¹¹ complaints against NSWPF officers, nine of which went on to become full investigations and **36** went on to become preliminary investigations.

The Commission's complaint assessment process is best thought of as a series of filters. A large volume of complaints is inducted into the process, with successive filtration or assessment stages reducing the number of matters until only a very small number of complaints is considered for investigation. The Commission applies these assessment stages in a timely manner given that delays can, amongst other things, lead to the loss of investigative opportunities. There is also sufficient flexibility built into the process to allow complaints requiring urgent attention to be fast-tracked through the assessment stages. The following points summarise the process used by the Commission to assess complaints from the NSWPF complaints system (c@ts.i).

Stage 1: Scanning and preliminary assessment. The Commission scans the c@ts.i for new complaints of serious police misconduct a number of times each week. As a guide to identifying those matters that may require the attention and resources of the Commission, a set of criteria is applied to all new c@ts.i complaints. Amongst other things, these criteria include serious offences commonly linked with acts of serious police misconduct.

Stage 2: Assessment. The criteria used to assess complaints in this stage of the process include: the relative seriousness of the misconduct; the credibility of the complainant or the source of information; whether or not the misconduct is likely to be indicative of a wider or systemic problem; and the extent to which the independence or the special powers and resources of the Commission are needed to resolve the allegations.

Stage 3: Referral. Complaints that rate highly against the assessment criteria in Stage 2 are referred to the Tasking and Coordination Group (T&CG). The T&CG makes a recommendation to the Commissioner on whether to initiate an investigation. In making these recommendations the T&CG considers issues such as the availability of resources and the likelihood of obtaining evidence of police misconduct or other misconduct.

¹¹ This figure does not represent the total number of complaints alleging police misconduct – only those that are made direct to the Commission, and those that have been selected from the total as sufficiently serious in nature to merit further assessment by the Commission.

Complaint oversight

The Commission may oversight the handling of complaints against sworn and unsworn NSWPF officers. The Commission generally oversights complaints by reviewing a final NSWPF investigation report. However, the Commission can request regular status reports and review material available on the complaints management system as the investigation progresses. Indications of questionable decision making or a poor standard of resourcing may provoke more regular review. The Commission's oversight may also include reviewing decisions made by the NSWPF not to investigate a complaint or to resolve a complaint by other means such as conciliation.

When the Commission reviews a final NSWPF investigation report it either accepts the recommendations or makes further inquiries. These inquiries may be satisfied with additional information, or may lead to further investigation or management or administrative action. Oversight is concluded when the Commission advises the NSWPF that it is satisfied with the investigation and/or the subsequent response to matters raised.

Additionally, the Commission also reviews a number of complaint investigation reports, independent of the oversight process, for a variety of reasons. For example, the Commission may have an interest in collecting data about specific types of misconduct, or commands or police officer duty types.

CASE STUDY 1 – Planting evidence during execution of search warrant

In August 2006, the Commission identified a complaint from c@ts.i which contained an allegation that a police officer had planted evidence during the execution of a search warrant. The search was carried out as part of a highly publicised and large-scale police operation. The Commission decided to oversight the police investigation into this matter in view of the seriousness of the allegation and the potential for it to arouse public interest.

In most circumstances, the Commission conducts its oversighting reviews upon receipt of the final investigation reports. On this occasion, however, the Commission considered it necessary to monitor the investigation and engage with the NSWPF while it was in progress.

The first issue raised with the NSWPF by the Commission related to the timeliness of the NSWPF management of this complaint. Over three months elapsed between the receipt of the information by the NSWPF and it being recorded on c@ts.i. Inquiries by the PIC revealed that, notwithstanding the fact that the allegation was of a serious criminal nature, the NSWPF had failed to recognise the matter as a complaint and register it on c@ts.i.

A second issue of concern to emerge during the Commission's oversight of this matter related to a decision by the NSWPF to close its internal investigation pending the outcome of court matter in which the complainant was defending criminal charges. The reason offered by the NSWPF was that the court case would provide the complainant with an opportunity to voice his allegation against the officer, as it was relevant to the offence for which he was charged. The Commission queried this decision and noted that a small number of relevant and reasonable inquiries could be undertaken by the NSWPF to assist in resolving the allegation. As a result, the NSWPF re-opened the investigation and initiated inquiries consistent with those proposed by the Commission.

CASE STUDY 1 – continued

In 2009-10, the NSWPF completed its investigation and reported to the Commission that, on the basis of its inquiries, there was no evidence to support the allegation made against the officer. The Commission completed its oversight of this matter in the same year and endorsed the findings of the NSWPF.

While there was no police misconduct found in relation to this matter, in the Commission's view, the two issues outlined above had the potential to undermine the effectiveness of the investigation. These issues, moreover, have broad relevance to the management of all police complaints and internal investigations. Delays in the registration of a complaint by the NSWPF can have a number of serious consequences, including the following:

- evidence and investigative opportunities relevant to the allegations can be lost
- possible linkages to Commission investigations and intelligence can go undetected (in view of the fact that the Commission regularly reviews all new police complaints to assess points of connection with the Commission's information holdings)
- officers whose conduct may pose a risk to the NSWPF and the community can continue to operate undetected, possibly resulting in them engaging in further acts of corruption or misconduct.

Secondly, reliance on the outcome of matters before the courts as a means of resolving a complaint of police misconduct, while legitimate in some circumstances, can be problematic for the following reasons:

- At times, the matters considered by the courts do not deal with the specific allegations and issues raised in the complaint.
- A complainant may, for good reason, choose not to air their allegations during the course of a court matter.
- There may be inquiries that can be conducted by the NSWPF that can assist in resolving the complaint that do not depend on the court process and can contribute to the complaint being resolved in a more expeditious manner.

CASE STUDY 2 – Alleged assault

In August 2008, the Commission identified a complaint from c@ts.i containing allegations that, in responding to a violent incident at licensed premises, police had assaulted a member of the public, intimidated another member of the public into deleting photographs of the alleged police assault taken on a mobile phone and had subsequently attempted to cover up the incident. The allegations against police, which were directed against multiple officers, were reported in the media.

The Commission decided to oversight this matter in view of the seriousness of the allegations; the number of officers the subject of the complaint; and the potential for the matter to attract public interest. The Commission's interest was also aroused by the claim that the actions of officers had been videoed on a mobile phone. According to the member of the public, a police officer told her that it was illegal to take the photographs of officers whilst performing their duty and without their permission. The member of the public stated that she felt intimidated and deleted the photographs in question.

On receipt of the NSWPF final report of its investigations into the allegations, the Commission conducted its oversighting review. The matter was complex and difficult due to the number of officers involved and the series of actions taken by officers, all of which required review. The Commission concluded that the NSWPF investigation was effective and timely. Based on the documentation received and reviewed by the Commission, notwithstanding its complexity, all avenues of investigation in this matter were fully explored.

The NSWPF Legal Services Branch provided advice in connection with the investigation of this complaint to the effect that the filming or photographing of police in the performance of their duties is not illegal. The officer was under the mistaken belief that officers needed to provide permission to be photographed or recorded whilst in the performance of their duty and as no one had provided this consent to the member of the public she was required to delete the images.

It is likely that the videoing of police actions by members of the public will continue, if not become more commonplace. Portable cameras, phones and other devices capable of taking video and still photographs are becoming more prevalent and the quality of the images they record continues to improve. Media outlets also continue to encourage members of the community to video or photograph newsworthy incidents and events and submit the images online.

While accepting that the videoing of officers in the performance of their duties may not be illegal, it does not necessarily follow that photographs and video taken by members of the public in support of their complaints against police will be in all circumstances reliable and capable of being used in complaint investigations. Photographic images are capable of being manipulated and edited, the results of which could be used to support false claims against officers. That said, however, the NSWPF will need to remain open to considering video and photographic images in complaints and other internal investigations as this material could prove vital in resolving the allegations.

Complaints profile

During 2009-10, the Commission assessed 985 complaints against sworn and unsworn NSWPF officers. Of these, 54 were classified as protected disclosures under the *Protected Disclosures Act* 1994. The Commission also received 637 telephone calls raising various complaint-related issues. Of the telephone calls received, 324 were assessed as complaints. In 2009-10, nine full investigations and 36 preliminary investigations were initiated on the basis of complaints, all of which were in relation to sworn officers.

In 2009-10 the Commission oversighted 50 NSWPF investigations, 42 in relation to sworn officers and three in relation to unsworn officers.¹² One hundred and thirteen final investigation reports were reviewed for other purposes. The remaining complaints were either referred to the NSWPF with oversight arrangements to be determined by the Ombudsman (in the case of complaints against sworn officers), a decision was deferred by the Commission or no further action was required. The following table provides further information on complaints against sworn and unsworn NSWPF officers.

Table 7: Complaints assessed against police and unsworn NSWPF officers

Action	2009-10		2008-09		2007-08	
	Police	Unsworn	Police	Unsworn	Police	Unsworn
Complaints assessed	948	51	1157	49	1386	36
Telephone calls:						
• Calls received ¹³	629	8	721	5	1114	1
• Calls assessed ¹⁴	320	4	339	1	351	1
Full investigations arising from complaints	6	0	3	1	11	0
Complaints oversights concluded	42	3	44	0	31	1
Final reports reviewed (not oversighted)	99	4	90	0	69	1

Of the 948 complaints assessed by the Commission in regard to sworn NSWPF officers, 422 were made direct to the Commission, 522 were extracted from c@ts.i or were otherwise referred by the NSWPF or the Ombudsman. Of the 51 complaints assessed in regard to unsworn NSWPF officers 11 were made direct to the Commission and 40 were referred by the NSWPF.

¹² A small number of officers in investigations oversighted by the Commission were not able to be identified. It is therefore not clear whether they were sworn or unsworn.

¹³ This figure does not include calls that were received and assessed as being outside of the Commission's jurisdiction or where an allegation was not made or related to the ongoing administration of a complaint.

¹⁴ Calls assessed are not included in the complaints assessed total unless treated in accordance with section 127 (5) of the *Police Act* 1990.

FLUCTUATIONS IN COMPLAINT NUMBERS

Numbers of complaints received and assessed by the Commission can fluctuate from year to year. In 2009-10, the Commission assessed fewer complaints against sworn officers than in 2008-09. Last year, the PIC assessed 1157 complaints against sworn officers compared with 948 for the 2009-10 period.

An analysis of complaints received by the Commission during 2009-10 reveals that for a period of eight months, the number of complaints being received by the Commission was considerably lower than the same eight month period in the 2008-09 reporting year. Between July 2009 and February 2010, the average monthly number of complaints against sworn officers received by the Commission was 88 whereas for the same period in 2008-09, the monthly average was 122.

The Commission has not been able to identify a reason for this lull. It does appear, however, that it may have come to an end. Since March 2010, the monthly average of complaints being received by the Commission has risen to 120.

5

Investigating Serious Police Misconduct

Introduction

A principle function of the Commission is to investigate serious police misconduct as identified in section 13 of the *Police Integrity Commission Act 1996* (the Act).

The Commission's investigation function also contributes to the Corporate Plan for 2007–2011 by reducing the incidence of serious police misconduct in the NSWPF.

During 2009-10 the Commission continued to refine its operating model developed in the previous reporting period. This resulted in more effective and efficient case categorisation and prioritisation, streamlining the investigative process.

In the 2009-10 reporting period the Commission focussed on improving strategic planning processes including the development of a new strategic priority setting framework to ensure that resources are applied in a manner which increases the Commission's understanding of the corruption threat. Implementation of these changes is expected to be completed in 2011.

The Tasking and Coordination Group (T&CG) function has been reviewed during the reporting period. The post implementation review has shown that the T&CG continues to be the central operational tasking meeting for the Commission. The T&CG has improved internal communications and led to more effective allocation of operational resources.

Profile of investigations during 2009-10

During 2009–10 the Commission worked on 106 investigations, consisting of 86 preliminary investigations and 20 full investigations. A description of the types of allegations investigated during the reporting year is presented in the following table.

Table 8: Commission Investigations – 2009–10¹⁵

Primary allegations investigated	Preliminary investigations	Investigations
Corruption / misuse of office ¹⁶	84	19
Improperly accessing / disclosing information	29	7
Inadequate / improper investigation ¹⁷	16	4
Excessive use of force (including assault)	6	1
Evidence related offences / misconduct ¹⁸	17	3
Drug related offences / misconduct ¹⁹	15	1
Prosecution related inadequacies / misconduct ²⁰	4	0
Untruthfulness / lying / dishonesty ²¹	4	1
Property / exhibits / theft ²²	6	5
Misconduct ²³	4	4
Complaint against an officer who is of, or above, the rank of Superintendent	0	1
Offence punishable, on conviction, by 5 years or more imprisonment	3	1
Service delivery ²⁴	10	1
Breach of procedural fairness	0	1
Drink driving offences	1	0
Other summary offences	3	1
Child sexual abuse or paedophilia	0	1

¹⁵ Please note that each investigation in Table 8 may contain multiple allegation categories

¹⁶ Includes Bribery; Failure to declare a conflict of interest; Giving favours/bias with no or little perceived personal benefit; Improper association; Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours); Protection of person(s) involved in drugs.

¹⁷ Includes Failure to investigate; Improper interference in an investigation by another police officer; Lack of impartiality; Unnecessary or improper use of arrest.

¹⁸ Includes Attempting to pervert the course of justice; Collusion between police witnesses; Fabrication of evidence; False accusations; Lying during proceedings; in statement; on affidavit.

¹⁹ Includes Drug dealing or supply; Illicit drug use; Possession.

²⁰ Includes Inappropriate prosecution / misuse of prosecution power; Refusal to charge / prosecute / initiate proceedings; Act contrary to order of the court.

²¹ Includes Covering up inappropriate conduct; False charges; Falsifying official records.

²² Includes Theft / misappropriation seized property (value exceeds \$5000); Theft from victim, client or other member of public; Unauthorised seizing of assets.

²³ Includes Improper use of discretion; Unauthorised secondary employment; Failure to report suspected / alleged misconduct.

²⁴ Includes Failure to comply with operational procedures, standing orders or Commissioner's directives; Disobey reasonable direction; Breach of Code of Conduct; Incivility / rudeness / verbal abuse; Threats / intimidation; Victimisation / bullying.

Commission Hearings

The Commission holds hearings as part of its investigation process. The decision to hold a hearing in private or public is made by the Commissioner who must have regard to the public interest when making this decision.

The Commission summonses persons to appear at hearings and can compel witnesses to answer questions.

During 2009-10 the Commission conducted 28 private hearings.

Operation Starwood

Operation Starwood is an investigation of serving and former NSWPF officers to determine whether they had been involved in a fraudulent income tax scheme, the unlawful release of confidential information, the illegal supply of prescription medication, forming improper associations with criminal entities for a criminal purpose and providing misleading or false information to a court.

The Commission is awaiting advice from the Office of the Director of Public Prosecutions regarding possible charges against several serving NSWPF officers and their civilian associates.

The Commission is also preparing further briefs of evidence regarding serving NSWPF officers and their civilian associates which will also be forwarded to the Office of the Director of Public Prosecutions for consideration of charges.

Other Commission Investigations

Operation Lantana

Operation Lantana commenced in late 2008. This investigation targeted two (then) serving NSWPF officers who were suspected of stealing and selling prohibited drugs. During the investigation it was discovered the officers were stealing tobacco and cigarettes from tobacconists and then using civilian associates to sell them in return for a portion of the proceeds.

Public hearings were held in February 2009 and following the hearings both officers were dismissed from the NSWPF pursuant to the provisions of section 181D of the *Police Act* 1990. The Commission presented a Report to Parliament in October 2009.

A number of advisory briefs were forwarded to the Office of the Director of Public Prosecutions in relation to the two NSWPF officers and their civilian associates.

At the time of reporting, based on the Director's recommendations, five persons including the two former NSWPF officers have been charged with a total of 50 offences.

The Commission has also restrained cash and assets which were seized at the time search warrants were executed by Commission officers on the premises of the two former officers. Proceedings for forfeiture of that cash and those assets under the *Criminal Assets Recovery Act* 1990 have been commenced in the Supreme Court of New South Wales.

Operation Emerald

Operation Emerald is a Commission investigation that has spanned a number of reporting periods. This operation targeted organised mortgage fraud involving a (then) serving NSWPF officer who was involved in mortgage broking. A number of briefs of evidence were forwarded to the Office of the Director of Public Prosecutions regarding fraudulent home loan applications submitted by the officer on behalf of others and himself.

In this reporting period based on the Director's recommendations six persons were charged with a total of 142 charges bringing the total number of persons charged in this operation to nine. To date one person has pleaded guilty and was sentenced to a suspended term of 12 months imprisonment and a 12 month good behaviour bond.

The former NSWPF officer has also pleaded guilty to various fraud related charges and is to be sentenced in September 2010. The remaining matters are currently before the courts.

Investigation Outcomes

The following table reports on the Commission's investigation outcomes for 2009-10.

Table 9: Preliminary Investigation Outcomes²⁵ 2009-10

Preliminary investigation outcomes	2009-10
No further action	52
Investigations that progressed to become full investigations	5
Investigations that resulted in a dissemination of information to the NSWPF	5
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA) ²⁶	3
Total	65

Table 10: Investigation Outcomes 2009-10

Investigation outcomes	2009-10
No further action	5
Investigations that resulted in information being disseminated to the NSWPF	7
Investigations that resulted in information being disseminated to other LEAs	4
Investigations referred to the Office of the Director of Public Prosecutions for consideration of prosecution action	4
Total	20

²⁵ An investigation can contain more than one outcome.

²⁶ Other LEAs include Australian Federal Police, Australian Tax Office, interstate Police Services, NSW Attorney-General, NSW Ombudsman.

Introduction

Section 13 of the *Police Integrity Commission Act* 1996 (the Act) states that one of the principal functions of the Commission is to prevent serious police misconduct. The Commission's prevention function is linked to the Commission's key goal of preventing serious police misconduct by supporting improvements to NSWPF systems and practices.

During 2009–10 the Commission approached the task of preventing misconduct within the NSWPF from the following 6 perspectives:

1. seeking engagement with the NSWPF to develop a corporate level corruption and misconduct prevention plan
2. examining strategies used by NSWPF commands to identify, communicate and manage integrity hazards and their associated misconduct risks
3. strengthening the NSWPF approach to identifying and managing individual officers at risk of engaging in misconduct
4. examining the relationship between an aspect of the NSWPF's selection and training of students of policing and subsequent complaints of misconduct against them
5. strengthening NSWPF systems to manage the misconduct risks associated with relationships between police and others
6. improving other specific NSWPF systems and policies that are intended to prevent misconduct.

The Commission also participated in misconduct prevention groups, programs, conferences and meetings in the reporting year, which are described at the end of this chapter.

Corporate level corruption prevention planning: Project Sarras

One of the challenges any large policing agency faces is to ensure that its approach to corporate level corruption and misconduct prevention is underpinned by high-level objectives and direction on priorities. In the NSWPF, a series of different units and commands are each responsible for developing and maintaining specific corporate corruption prevention policies and systems: the source (ie informant) management policy is maintained and administered by the Operational Information Agency; the Drug and Alcohol Policy is 'owned' by Safety Command; while the Secondary Employment Policy is the responsibility of the Human Resources Branch. The experience of the Commission is that the approach of the NSWPF is fragmented. For the most part, policies and systems are developed in isolation of each other and there is an absence of high-level guidance on corporate priorities and objectives on corruption and prevention.

In May and August 2009, the Commission wrote to the NSWPF canvassing the notion of a corporate level corruption prevention plan. The Commission suggested that, under this approach, each specific activity undertaken by the NSWPF intended to prevent corruption or misconduct – be it a system, a policy or a program – could be linked in with one of the plan's objectives and measured against a performance indicator. The Commission suggested that, amongst other things, the potential benefits of this arrangement would be that:

- it would establish a framework for selecting and prioritising corruption and misconduct prevention projects in NSWPF
- it would enable the Commissioners of the NSWPF and the Commission to 'buy into' and set direction for corruption and misconduct prevention at a strategic level

- it would provide some unifying principles and objectives for all corruption and misconduct prevention policies and systems so that they are all working towards the same overarching goals
- it could provide a basis for identifying gaps and shortcomings in the corporate approach to corruption and misconduct prevention.

In March 2010, the Commission and the NSWPF Professional Standards Command (PSC) commenced the process towards drafting a joint

discussion paper on the topic of corporate level corruption prevention planning for the consideration of the Executives of both organisations. In May 2010, the NSWPF advised that it had forwarded advice to the Commissioner of Police on this topic. At the time of writing, further work on the development of a joint PIC/PSC discussion paper regarding corporate level corruption prevention planning was in abeyance pending advice from PSC as to decision of the Commissioner of Police on its briefing note.

Consultation with NSWPF

The Commission consults closely with the NSWPF in relation to the recommendations and conclusions arising from its corruption and misconduct prevention projects. Prior to publication of a report or paper, the Commission provides a draft version to the NSWPF and invites comments with regard to the Commission's conclusions; the viability of the recommendations; whether any alternative strategies are likely to be more effective than those proposed in the recommendations; and whether there are ways in which the recommendations could be strengthened. Following publication, the Commission seeks written advice from the NSWPF as to whether or not it formally supports the recommendations and the steps it proposes to take to implement the recommendations it supports. In the lead up to implementation, the Commission also seeks to work closely with the NSWPF by providing advice on various things, such as draft policy documents.

Consultation with the NSWPF is a critical part of the Commission's corruption and misconduct prevention work. It forms the primary means by which the Commission and NSWPF can enter into cooperative dialogue about the need for reform. The Commission considers that such dialogue was intended by the Parliament. In view of the fact that the NSWPF is under no compulsion to accept the recommendations of the Commission (an arrangement the Commission supports), it is through consultation that the Commission can seek to secure commitment to its recommendations for strengthening the NSWPF's corruption prevention systems and processes. It is through consultation that the Commission can also seek to improve its recommendations; test the validity and accuracy of its conclusions; and build support in the NSWPF for the misconduct prevention strategies contained in its reports. In last year's Annual Report, the Commission acknowledged the importance of consultation with the NSWPF and noted the steps that were taken to secure the advice and feedback of the NSWPF.

On some occasions in 2009-10, however, the consultation process has run into hurdles causing delays and other setbacks in some major Commission misconduct prevention projects. Two examples are provided below as a means of illustrating these problems.

Consultation with NSWPF (continued)

Responsiveness. At times, the NSWPF was very slow to respond to the Commission, most notably in providing formal advice in connection with the recommendations from the Project Odin report. As indicated elsewhere in this chapter, Project Odin was a Commission project concerned with the management of high risk officers in the NSWPF. In October 2009, the Commission wrote to the NSWPF, following the publication of the report, seeking a response to the report's recommendations. A response was not received until August 2010, some ten months later. In the interim, the Commission wrote to the NSWPF twice seeking a response and raised the issue on a number of occasions in liaison meetings. The delay in providing a response was made all the more perplexing considering that a draft version of the report, which was much the same as that finally published, had been furnished to the NSWPF in October 2008 – twelve months prior to publication – for consultation purposes.

Notwithstanding these delays, the Commission acknowledges that effective strategies to implement the Odin recommendations were prepared at officer level during the reporting year in readiness for a corporate decision. This work was done on the assumption that a corporate decision would be made to adopt the Odin recommendations.

Engagement. For the consultation process to effectively assist the strengthening of NSWPF corruption prevention systems and processes, it is important for communication between the NSWPF and the Commission to be reciprocal. The Commission accepts that, on occasion, there may be disagreement with the NSWPF regarding key misconduct prevention issues, not just in relation to specific recommendations. However, the Commission expects the NSWPF to engage in open and constructive discussion to resolve any such differences, particularly when there is a mutual interest in the prevention work being undertaken by both the Commission and the NSWPF. In 2009-10, there was a seeming reluctance on the part of the NSWPF to engage with the Commission on key issues pertaining to Commission projects. Project Manta is a case in point. Project Manta concerns corruption and misconduct risk management at command level in the NSWPF and in November 2009 the Commission released the first report on this project. Following this, the Commission wrote to the Commissioner of Police on 7 December seeking a formal response to the report's recommendations. However, on 14 December 2009, the NSWPF informed the Commission it was intending to issue guidelines on command level corruption prevention planning on 1 January 2010. Both Project Manta and the NSWPF's draft guidelines were concerned with management of corruption and misconduct risks at command level.

Notwithstanding the fact the Commission had, over a number of months, consulted extensively with the NSWPF concerning Project Manta Report 1 while it was still in draft form, the Commission had not been made aware that the NSWPF was developing and preparing to roll out guidelines on this subject. After making a request to the NSWPF, the Commission was provided with a copy of the draft guidelines in late December 2009 and, on reviewing them, formed the view that they were flawed. The Commission wrote to PSC suggesting the NSWPF defer the roll out of the guidelines until later in January 2010, allowing the Commission time to meet with PSC staff and explain its concerns. NSWPF did not acknowledge or respond to the Commission's correspondence and rolled out its guidelines on 1 January 2010.

Consultation with NSWPF (continued)

Engagement between the two agencies on corruption prevention issues allows for both organisations to share knowledge and expertise in developing or strengthening corruption prevention strategies. Through Project Manta, as noted elsewhere in this chapter, the Commission had invested considerable time and resources in developing its expertise and knowledge of command-level corruption prevention planning. The decision by the NSWPF to develop and implement an agency-wide system for command level corruption risk management without seeking the involvement of the Commission – particularly given the Commission's interest and expertise in the area, and NSWPF's detailed involvement in, and knowledge of the Commission's research project – was counterproductive and peremptory. A best practice approach to policy development would suggest that, at the very least, current and available research and the views of relevant stakeholders should be taken into account before moving to an implementation phase.

Nonetheless, recently, there have been some signs of improvement in the preparedness of the NSWPF to engage with the Commission. At the request of the Commission, the NSWPF has reviewed its guidelines and has accepted changes proposed by the Commission.

Current status and the way forward. The Commission is committed to a consultative approach and will continue to seek to work closely, and collaboratively, with the NSWPF in relation to its corruption and misconduct prevention recommendations. It expects this commitment to be reciprocated by the NSWPF in a consistent manner across the agency. This is not an unreasonable expectation. The past experience of the Commission is that the NSWPF is capable of working closely and effectively with the Commission on corruption and misconduct prevention matters. In some areas of the NSWPF, and on some Commission prevention projects, this cooperative spirit is still in evidence. However, a consistent approach of this kind across the agency would be more productive. These issues have been raised with NSWPF and will continue to be the subject of further discussion with a view to supporting an ongoing and effective engagement. In light of the recent positive signs noted above, the Commission believes that consistent, productive engagement is achievable.

The Commission will continue to report in each Annual Report on the effectiveness of the consultation arrangements between itself and the NSWPF.

Identification and management of misconduct risks by commands

One of the Commission's principal functions is to prevent police corruption and other forms of police misconduct. Unlike detecting and investigating misconduct, preventing police misconduct requires intervening before the misconduct occurs.

Consistent with this, in 2007 the Commission commenced a project, codenamed Project Manta, which focuses on preventing corruption and other forms of serious police misconduct before it occurs, rather than waiting to deal with it after it has occurred. In Project Manta the Commission seeks to adapt an Occupational Health and Safety approach to minimise police misconduct.

Occupational Health and Safety strategies seek to minimise employee accidents and maximise employee safety by identifying and managing workplace hazards and associated risks. Similarly, Project Manta seeks to inform strategies to minimise police misconduct by examining how NSWPF commands identify, communicate and manage those aspects of policing which may pose integrity hazards or vulnerabilities for misconduct, independent of the particular individuals who occupy the positions. Such integrity hazards or command vulnerabilities and their associated risks (referred to as 'misconduct risks') may arise from the types of work police undertake, staffing profiles and other aspects of the policing environment which may increase the likelihood of some officers engaging in misconduct.

The Commission wrote to commanders from a randomly selected sample of 25 NSWPF commands to seek their responses to questions about their command and its staffing profile, how frequently different types of work are undertaken, the misconduct risks facing their officers and the processes that their command uses to identify, communicate and manage misconduct risks. All commands in the sample responded to the Commission's requests for information. Responses from commanders were supplemented by a review

of relevant corporate and command documents, analyses of complaints, information from command intranet sites and a review of published literature on policing, misconduct, corruption prevention and risk management. More than 290 documents were provided by the 25 commands, in addition to responses to the specific questions asked. Given the large amount of information collected, two separate but related reports have been prepared.

Report 1: Identification and communication of command misconduct risks

The first report, Project Manta Report 1: Identification and Communication of Command Misconduct Risks, which was released in November 2009, examined the nature of the misconduct risks faced by individual commands and the identification and communication of these misconduct risks. Amongst other things, this first report considered how differences in policing environments and types of work undertaken might affect the misconduct risks to which commands may be susceptible. It examined strategies that may assist commands identify their most important misconduct risks and communicate these risks to assist officers to recognise these risks and respond appropriately.

Amongst other aims, Project Manta sought to identify examples of good practice within individual commands that could be disseminated to other commands. Project Manta Report 1 incorporated descriptions of a range of examples of such practices including:

- the methods some commands have devised to specifically identify the misconduct risks associated with different units within the command such as stations, work units or teams
- the use of short surveys by some commands asking staff, for example, to list the top three misconduct areas and for their suggestions for improving the command's corruption resistance strategy
- the use of structured methods to provide

community feedback such as contacting managers of licensed premises concerning interactions with police or obtaining information from victims of specific offences about police response to their incident

- tailoring corruption resistance plans or providing different plans for groups of officers undertaking particular types of duties – one command had a separate plan for a high risk area; another had separate plans for supervisors and for junior officers

- describing issues that are specific to particular stations as part of the induction material it provides to new officers.

The Commission made nine recommendations in this report. Some of these recommendations concern the NSWPF providing clear and consistent messages to commands, while other recommendations concern types of assistance that the NSWPF could provide to help commands identify and communicate their misconduct risks. These recommendations are discussed further in Chapter 7.

Presentation on Project Manta to Victoria Police Forum

The Commission was invited to talk about Project Manta at the Victoria Police Reform Advisory Group (PRAG) Forum. PRAG was established by the Office of Police Integrity to inform it about the major issues confronting Victoria Police officers, direct strategies for preventing police corruption and misconduct, and supply Victoria Police officers with a means to actively contribute to the reform of their workplace.

The attendees at the Forum, which was held in mid-July 2010, were predominantly operational Victoria Police officers, most of whom were at the rank of Sergeant and Senior Sergeant, although there were also a few Senior Constables and Inspectors in the group. These officers came from a variety of locations including rural areas, city stations, and criminal investigation units.

The response to Project Manta at this Forum was positive. Attendees at the Forum provided feedback that they found the analogy drawn in Project Manta between Occupational Health and Safety Strategies and Misconduct Prevention Strategies to be a useful one. They adapted the information from Project Manta and corruption resistance plans to develop tools for use within their commands (or police service areas as they are known in Victoria), which they referred to as 'Integrity Protection Plans'. Some of the officers at this Forum talked about going back to their police service areas and establishing Ethical Risk Registers and Integrity Protection Plans.

Report 2: Managing command misconduct risks

By the end of the reporting period a draft of the second report had been prepared and was being reviewed. This second report, Project Manta Report 2: Managing Command Misconduct Risks, concerns the ways that NSWPF commands manage or treat their corruption and other serious misconduct risks.

In this report the Commission examined strategies for treating 10 categories of misconduct risk: misuse of information; theft of money/exhibits/property; relationships with community members; misuse of resources; making false claims, rotting overtime, inappropriate travel; isolation of officers; dealing with licensed premises; off-duty behaviour; search warrants; and source (or informant) management. For each of these categories of misconduct risk, the Commission sought to identify relevant treatment strategies described in corporate documentation available on the NSWPF intranet as well as strategies that commands advise that they use to manage these categories of misconduct risk. The Commission also examined the processes used by NSWPF commands to (i) determine how and where to intervene to minimise their misconduct risks and (ii) monitor and review their misconduct treatment strategies.

In August 2010 a consultative draft of Project Manta Report 2 was forwarded to the NSWPF for comment. The Commission will consult with the NSWPF on this draft report before publishing it.

Identifying & managing officers at risk of engaging in misconduct

Project to develop an Early Intervention System

Early Intervention Systems (EIS) are risk management tools which assist law enforcement agencies to identify problematic employee behaviour which, if left unchecked, could potentially lead to serious misconduct. Since January 2003, the Commission, along with the NSW Ombudsman's Office and the Police Association of NSW, has been involved in providing advice to the NSWPF on the development of an EIS. After an initial unsuccessful attempt to develop an EIS, a formal project was initiated by the NSWPF in 2008 to progress the development of an EIS. The Commission has been involved in assisting and providing advice to the NSWPF with the current EIS project since its inception, including the release of an online Research & Issues Paper in late 2008.

As reported in the Commission's 2008-09 Annual Report, during 2008-09, the Commission contributed to an Inquiry conducted by the NSW Parliamentary Committee on the Office of the Ombudsman and the Police Integrity Commission (the Committee) into early intervention systems. The Commission made a formal submission to this inquiry, and presented evidence at a public hearing in November 2008. In its report on the Inquiry, released in March 2009, the Committee made several recommendations, including that the NSWPF should introduce an EIS as soon as possible. Following the release of this report, the NSWPF was involved in a process of seeking funding to develop the EIS database, a crucial component in the EIS.

At time of writing, the NSWPF had informed the Commission that a decision had been taken by the NSWPF Commissioner's Executive Team (CET) to defer development of the EIS due to a recurrent funding shortfall and that less expensive alternatives

to the original proposed model were to be sought. The NSWPF has invited the Commission to assist in identifying alternatives to an EIS. The Commission will consider whether it is able to provide assistance with regard to this request.

Identifying and managing high risk officers in the NSW Police Force: Project Odin

In Project Odin the Commission examined the practice of identifying and managing high-risk officers in the NSWPF. The Commission had observed over time that NSWPF commands had identified and labelled officers as high risk. Project Odin was undertaken to assess the effectiveness of the practice as a misconduct prevention strategy and to provide the NSWPF with advice on:

- how best to define the term ‘high risk officer’
- how best to identify high risk officers
- how best to manage officers who are identified as such.

By the term high risk officer, the Commission means an officer who because of their history poses a demonstrated risk of engaging in misconduct. Such an officer may have an abnormal complaint history or a history of sustained complaints for conduct issues which have resulted in management action.

Project Odin was undertaken with the assistance of 20 local area commands, which each provided the Commission with information on how high risk officers were identified and managed at the command. The Commission also obtained relevant policy documents and advice from the Commissioner of Police and data from the NSWPF intranet and police complaints management system – c@ts.i.

As reported previously, the conclusions of the project support the need for policy development within the NSWPF on the subject of high-risk officers. The project exposed inconsistencies in how the 20 participating Local Area Commands identified and managed high risk officers as well as in how they understood the meaning of the term.

The project also exposed a lack of corporate guidance on the topic. This included the absence of a corporate policy, a corporate identification tool or any guidance on the management of high-risk officers.

Project Odin contains six recommendations for reform. Taken together, their purpose is to bring consistency to the practices associated with identifying and managing high-risk officers and to focus attention on identifying and managing officers who are at risk for conduct issues.

The recommendations call for:

- the creation of corporate policy which focuses on conduct risks and, amongst other things, includes a definition of the term ‘high risk officers’ which focuses attention on the risk of misconduct (Recommendations 1 & 2)
- the development of an intervention framework, which brings together and coordinates a range of policies that target the management of individual officer behaviours and allows commands to tailor interventions from a suite of policies (Recommendation 3)
- the development and promulgation of a standard identification tool or process, which also focuses on conduct issues (Recommendation 4)
- the development and promulgation of guidelines accompanying the high-risk officer policy and identification tool or process, which include an overview of the management options that are available to commands and recommends strategies for managing high-risk officers (Recommendation 5)
- the allocation of overall responsibility for the policy, guidelines and assessment tool to a NSWPF command (Recommendation 6).

The Commission consulted extensively with the NSWPF on the conclusions of the project and its recommendations for reform. The consultation process included a review of the report by NSWPF and the attendance of Commission staff at one of two internal NSWPF workshops which had been

convened to discuss the report. The workshops were attended by a combined total of 91 senior ranking officers. The consultation process concluded in March 2009.

The Commission finalised and published its Project Odin report in September 2009. Copies were provided to the NSWPF and distributed more widely to a range of stakeholders. A response to the Odin recommendations was received in August 2010. An evaluation of the NSWPF response can be found in Chapter 7.

The general response of the NSWPF to Project Odin has been positive. Representatives of the NSWPF have expressed consensus on the need to address the issues identified by the project. The Commission also notes support from outside of the NSWPF. In particular, the Commission notes that the report was mentioned, in a positive light, in public hearings by the Independent Commission Against Corruption (ICAC) as part of its Operation Cicero, an investigation into whether a DCS correctional officer and others supplied contraband to inmates.²⁷

Identifying risk factors for serious management action: Project Surrey

The existence of corruption and misconduct in law enforcement agencies can lead to severe negative consequences for the agency as well as for the community which that agency serves. The costs of failing to adequately prevent serious police misconduct range from increased financial costs, due to diverting agency resources to complaint investigation and management, to decreased public confidence in the agency, which may also be associated with an increased antagonism displayed in citizen-police encounters. It is therefore important to prevent serious police misconduct to avoid the significant costs associated with allowing serious police misconduct to develop and thrive.

In 2009 the Commission began a research project to identify risk factors for serious police misconduct

in the NSWPF. The aim of the study was to identify the risk factors using quantitative methods such as logistic regression analyses. Data regarding complaints, demographic information and work-related information such as leave were retrieved from NSWPF electronic databases. Complaints data were used to identify instances of serious misconduct that resulted in serious management action, such as removal from the NSWPF under section 181D of the *Police Act* 1990. Numerous predictor variables were developed using the available data, encompassing several categories of information, including: demographic information, such as gender; complaints information, such as the number of complaints made against an officer; sick leave information, such as whether the officer had ever taken hurt on duty (HOD) leave; and performance information, such as the number of promotions received.

The analyses for Project Surrey are currently being finalised. The Commission anticipates that an online Research & Issues Paper detailing the conclusions of Project Surrey will be released within the 2010-11 reporting year.

Off duty misconduct among NSWPF officers

All employees of the NSWPF are expected to uphold a high level of professionalism and integrity whilst on duty and off duty. The NSWPF Code of Conduct and Ethics clearly outlines the expectation of the NSWPF that its employees 'comply with the law whether on or off duty'. Several other NSWPF documents communicate the NSWPF's expectations with regards to the off duty conduct of its employees. When police officers engage in misconduct whilst off duty, this may potentially bring the police force into disrepute and adversely affect the public image of the organisation. It may also have a detrimental effect on a police officer's career, depending on the nature of the misconduct.

²⁷ Examination of Commissioner R Woodham on 30 April 2010.

Little is known of the types of misconduct that some police officers engage in whilst off duty. For this reason, the Commission conducted a research project to obtain information regarding the frequency and characteristics of complaints of off duty misconduct by NSWPF officers. The study aimed to be a first step in understanding this type of misconduct.

Complaints against NSWPF officers regarding off duty misconduct in a three month period in 2009 were examined. From a total of 973 complaints, 125 described an incident that occurred whilst the officer was off duty (i.e. one in eight complaints). This number could be as high as 169 complaints of the total of 973 complaints (i.e. one in six complaints) because many of the complaints in which the duty status of officers was not specified involved activities that are likely to be undertaken whilst off duty, such as improper associations and protecting drug dealers.

The characteristics of officers alleged to have engaged in off duty misconduct were also examined. A total of 136 officers were the subjects of complaints relating to alleged off duty misconduct. Probationary constables and officers aged between 21 and 25 years were found to have received a disproportionately high number of complaints against them – that is, a higher percentage of complaints relative to the prevalence of these officer groupings within the NSWPF. The conclusions also showed that three quarters of complaints relating to alleged off duty behaviour considered in the study related to incidents that occurred in the same local area command in which the subject officer was employed.

The research project led to the publication of a Research & Issues Paper in March 2010, the fourth in the Commission's online paper series.

Training for students of policing: Project Marrella

There exists a perception in law enforcement agencies that police trainees trained in larger classes are at a greater risk of engaging in misconduct than those trained in smaller classes. One possible reason for this is the notion that the quality of training, particularly ethics training, may suffer in the case of larger intakes (i.e. larger class sizes). As reported in the Commission's 2008-09 Annual Report, the Commission began work on a research project, codenamed Project Marrella, to test the validity of this perception. Project Marrella identified the percentages of officers who were the subject of complaints in each intake and compared the larger and smaller intakes to determine if there was a greater likelihood of officers engaging in misconduct if they were trained in larger versus smaller intakes.

The conclusions from Project Marrella were published on the Commission's website in October 2009 in the form of a Research & Issues Paper. The results showed that there was no difference in the likelihood of police trainees receiving complaints whether they were trained in larger or smaller intakes. Thus, the perception that being trained in a larger intake could influence the risk of engaging in misconduct is not valid in the NSWPF when complaints are used as a proxy for misconduct. It is possible that the perception arises as there are simply more probationary constables in Commands resulting from larger intakes, even though the proportion of officers who receive a complaint of misconduct is no different from smaller intakes. The Commission concluded that the NSWPF does not need to modify its current recruitment or training practices with regards to class sizes.

Managing risks associated with relationships between police and others

The key NSWPF policy document that governs the management of conflicts of interest that may arise from improper associations is Conflicts of Interest (Improper Associations) Policy and Guidelines. An improper association is defined by the NSWPF as an association between an employee and a person, group or organisation that is involved (or perceived to be involved) in activities incompatible with the NSWPF's role to uphold the law. In other words, an improper association is an association between a NSWPF employee and a known criminal or a person suspected of being involved in criminal activities. According to the Policy and Guidelines, all police officers (as well as unsworn staff) are required to report to their commanders, managers or supervisors in writing if they have formed an association which may be deemed improper. This is known as an improper association declaration.

In May 2010, the Commission issued a Research & Issues Paper on improper associations of NSW police officers. The aim of this paper was to assess the extent to which police officers in the NSWPF are complying with the NSWPF Conflicts of Interest (Improper Associations) Policy and Guidelines.

Amongst other things, the results of the Commission's research showed:

- that the NSWPF policy is clear, communicates a reasonable expectation that officers declare associations and outlines the consequences of failing to comply with the policy
- a poor level of compliance with the policy requirement to make written declarations of improper association
- an absence of a facility to centrally record and store relevant information on improper associations
- evidence suggesting that officers who had sustained complaints for improper association were not, as a matter of course, being asked about their awareness of the policy during internal investigations into the complaints.

The Commission made eight recommendations in connection with its project aimed at improving compliance with the policy and record keeping. Amongst other things, the Commission recommended that the NSWPF raise awareness and provide balanced messages to officers about their obligations and responsibilities. Information on the NSWPF response to the Commission's recommendations can be found in Chapter 7.

Improving systems and policies to prevent misconduct

Corruption risks associated with the use of human sources

The use of human sources is well recognised by the NSWPF as a valuable tool to assist in the detection, investigation and prosecution of crime. In many instances, human sources provide first-hand knowledge of criminal activity. However, relationships between police officers and sources are fraught with risks, including risks of corruption and misconduct.

In September 2009 the Commission commenced a research project, codenamed Project Skadi, examining a number of issues associated with the NSWPF's systems to manage relationships between police and human sources, including:

- the level of compliance by sworn officers with aspects of the NSWPF policies and procedures governing the use of human sources
- whether there are opportunities for the misconduct prevention aspects of the policies and procedures to be strengthened.

At the end of the 2009-10 reporting period, the Commission had completed its collection and analysis of information for Project Skadi. In 2010-11 the Commission will consult with the NSWPF as to the conclusions from its research. A Research & Issues Paper outlining its conclusions will be published on the Commission's website at the completion of the consultative process with the NSWPF.

Advice to the NSWPF regarding the management of human sources

In April 2010 the Commission was invited by the NSWPF to participate in a review of its confidential source management policy, which was published in December 2004. The Commission participated in several working group meetings and exchanged correspondence with the NSWPF regarding suggested changes to the policy. The Commission's

role throughout the review process was to assist the policy review working group by providing informed, independent advice. In fulfilling its role, the Commission drew on previous work it conducted in relation to human source management, for instance prior advice provided to the NSWPF, as reported in the Commission's 2007-08 Annual Report.

Among the several amendments to the policy were a change in the descriptive term used to describe human sources (previously known as 'confidential sources'); a clearer description of who should be registered as a human source by NSWPF officers; and the inclusion of information regarding the risks involved in managing human sources.

At the end of the 2009-10 reporting year, the working group had concluded its review and the NSWPF was in the process of finalising its human source management policy for publication and implementation by the end of July 2010.

Corruption risks associated with the use of search warrants

Officers of the NSWPF are authorised to execute search warrants under the *Law Enforcement (Powers and Responsibilities) Act 2002*. Previous investigations undertaken by the Commission have demonstrated that there are a range of corruption and misconduct risks associated with the execution of search warrants. The main risks appear to be in connection with the theft of cash, drugs and other goods uncovered during searches. Evidence obtained during Operation Florida demonstrated that corrupt police officers would assess the subject of the search warrant and the circumstances of the search to determine whether there was any prospect of stealing items during the course of the search. The decision as to whether the search recipient was susceptible to theft apparently depended on the individual circumstances of the search, the officers present, whether cash was located at the scene and the likelihood of complaint.

In March 2009 the Commission began a research project to determine the extent to which NSWPF

officers are complying with the law and their own search warrant policies and procedures. In 2010–11 the Commission will consult with the NSWPF as to the conclusions from its research. A Research & Issues Paper outlining its conclusions will be published on the Commission's website at the completion of the consultative process with the NSWPF.

Police Corruption Education and Prevention Programs

Section 14 of the Act refers to the Commission's obligation to make recommendations on corruption education programs and to provide advice on how to eliminate police misconduct. These obligations are closely linked with the Commission's principal function to prevent police misconduct.

During 2009–10 the Commission discharged this function by:

- raising awareness of the Commission's functions by delivering presentations to the NSWPF and other key stakeholders
- promoting its prevention research by briefing key stakeholders and making its research widely available
- sharing knowledge by participating in corruption prevention and detection conferences and significant meetings
- supporting corruption prevention programs.

Corruption prevention presentations

During 2009–10 the Commission delivered 22 presentations to raise awareness of its functions and to promote its prevention research.

- Commission staff delivered 13 lectures to NSWPF internal investigations training courses, and one lecture to an executive officers training course, raising awareness amongst officers of the functions of the Commission.
- Commission staff attended a forum of

Professional Standards Managers in November 2009 and, amongst other things, provided a presentation on Project Odin.

- Commission staff attended a Professional Standards Duty Officer and Executive Officer training day in October 2009 and gave a presentation on Project Odin.
- Commission staff attended a NSWPF Detective Inspectors' Development Course in August 2009 and provided a presentation on Project Manta.
- Commission staff delivered a presentation on early intervention systems and the unauthorised disclosure of confidential information at the Police Integrity Agency Research Forum on 27 July 2009 in Brisbane.
- A Commission staff member delivered a presentation on Project Surrey at the Australian and New Zealand Society of Criminology (ANZSOC) conference in Perth on 16 November 2009.
- A Commission staff member delivered a presentation on the unauthorised disclosure of confidential information at the South West Metro Standards Forum in December 2009.

In addition the Commissioner continued his participation in the Independent Commission Against Corruption's (ICAC) Rural and Regional Outreach Program (RAROP) held in Kiama in November 2009 and Orange in May 2010. RAROP is designed to raise understanding of corruption risks, provide practical corruption prevention information and give advice on how to report corrupt activities to regional areas. The Commissioner addressed a breakfast of community leaders, on both occasions explaining the work and functions of the Commission. The Commissioner also took the opportunity to meet with NSWPF Local Area Commanders.

The Commissioner also presented on the work of the Commission and the relationship with NSWPF at the Professional Standards Duty Officers Conference on 28 April 2010.

Working with other agencies

The Commission meets regularly with key stakeholders in its oversight capacity, to promote its research or to contribute to significant committees. During 2009-10 the Commission met with:

- the NSWPF to discuss a range of matters including misconduct risk management, corporate level misconduct prevention, the management of high risk officers, and, a range of NSWPF policies and guidelines the focus of which includes misconduct prevention
- an international delegation of senior South Korean public officials in charge of integrity and inspection from various government agencies, including the Prime Minister's Office, Ministry of Justice, Ministry of Labour and Seoul Metropolitan Government
- a delegation from the National Police Commission of Indonesia and the Treasurer-General of the Africa National Congress, South Africa
- other state and federal government agencies including the:
 - NSW Ombudsman
 - Queensland Crime and Misconduct Commission
 - Queensland Police Service
 - Victorian Public Sector Standards Commissioner.

In addition the Commissioner and the Director, Operations attended the inaugural meeting of the Australian & New Zealand Police Integrity Leadership Forum organised by Michael Strong, Director, Victoria Office of Police Integrity, in Melbourne on 29-30 April 2010. This group brings together the heads and senior officers of those bodies responsible for overseeing police throughout the various Australian jurisdictions as well as the Independent Police Conduct Authority of New Zealand. At this inaugural meeting it was

agreed to formalise the group under the name of the Australian & New Zealand Police Integrity Leadership Forum. The next meeting is planned for November 2010 in Wellington, New Zealand.

Integrity Reports

Prior to appointing a person to a NSWPF executive or non-executive position, the Commissioner of Police is required to make inquiries concerning the integrity of the person with the Commission. The Commission is required to furnish an integrity report on the basis of the information available to it and without the need for any special investigation or inquiry. The Commissioner of Police may inquire as to the integrity of a person proposed for appointment to a NSWPF non-executive administrative position. The Commission is authorised, but not required to furnish a report in relation to such an enquiry. In all cases, the Commissioner of Police is required to have regard to the contents of any report provided by the Commission, as well as any other information that comes to the Commissioner's attention as to the person's integrity.

During 2009–10, the Commission provided 434 reports in response to requests received from the NSWPF regarding the integrity of officers nominated for appointment by way of promotion, compared with 406 in 2008–09.

The Commission also provided reports in response to 68 requests from the NSWPF regarding the integrity of officers for reasons other than that of consideration for promotion, and provided 76 responses to requests from other agencies considering current or former NSWPF officers for employment.

7

Tracking the Commission's Recommendations

Introduction

Under section 99(2)(c) of the *Police Integrity Commission Act 1996* (the Act), the Commission is required to include in each Annual Report an evaluation of the responses by the Commissioner of Police, or senior police executives, to the Commission's conclusions and recommendations. In addition section 99(2)(f) of the Act requires the Commission to report on "the extent to which its investigations have resulted in ... disciplinary action or the making of an order under section 173 or 181D of the *Police Act 1990*...etc". The purpose of this Chapter is to report the evaluation of NSWPF responses to the Commission's misconduct prevention recommendations and recommendations for managerial action arising from investigations.

Misconduct prevention recommendations

Misconduct prevention recommendations are the principal means by which the Commission seeks to improve systems and practices in the NSWPF, to reduce opportunities for misconduct, improve transparency and accountability and otherwise deter officers from engaging in acts of misconduct.

Identifying and managing high risk officers in the NSWPF: Project Odin

In its report on Project Odin, the Commission made six recommendations for reform regarding the identification and management of high risk officers in the NSWPF. Briefly, these recommendations were to:

- develop a high risk officer policy (Recommendation 1)
- ensure that the focus of the policy was on officers with demonstrated conduct issues (Recommendation 2)
- develop an intervention framework (Recommendation 3)
- develop an identification tool (Recommendation 4)

- develop relevant guidelines for managing high-risk officers (Recommendation 5)
- allocate responsibility for the policy, tool and guidelines to a NSWPF command (Recommendation 6).

A response to the recommendations was requested from the Commissioner of Police in October 2009.

While a formal response was not received in the reporting year, an informal response was provided to the Commission by the NSWPF Professional Standards Command in March 2010. That response indicated support for Recommendations 1, 2, 4, 5 and 6, save two limbs of Recommendation 4; and partial support for Recommendation 3. A formal response was furnished to the Commission in August 2010. That response indicated full support for all Recommendations, save two limbs of Recommendation 4.

During the reporting year, PSC progressed with the development of a policy, assessment tool and guidelines for the 'Ongoing management of NSW Police Officers who have engaged in serious misconduct'. This was done in consultation with the Commission.

At the time of writing, the resources were in draft form and required some work to bring them fully into line with the expectations of the Commission. However, the Commission notes that the resources are on track to implementing the Odin recommendations. Relevantly, they are focused on officers with current and established conduct risks and include:

- a definition of an alternative term to high risk officers
- a statement of what the NSWPF hope to achieve corporately by identifying and managing these officers
- a statement that the policy is intended to establish a consistent and agency wide approach
- a statement that commands will be responsible for identifying and managing the relevant officer

as well as for administering the policy at the local level

- a statement that commands will be required to comply with the policy and be audited on compliance as part of existing command audit processes
- a documented assessment tool that, amongst other things, includes criteria of demonstrated conduct issues
- guidelines that, amongst other things, provide advice to commands on how to manage officers with demonstrated serious conduct issues.

The Commission is advised by the NSWPF that further work will be done to develop the resources, which should be finalised by December 2010.

Consultation will continue to occur with the NSWPF regarding the implementation of the Project Odin recommendations. Further advice will be provided in 2010–11.

Identification and communication of misconduct risks by individual commands: Project Manta Report 1

In Project Manta, the Commission sought to adapt an Occupational Health and Safety approach to minimising police misconduct. *Project Manta Report 1: Identification and Communication of Command Misconduct Risks*, which was released in November 2009, examined the nature of the misconduct risks faced by individual commands that may arise from the types of work police undertake, staffing profiles and other aspects of the policing environment, independent of the particular individuals who occupy the positions and the identification and communication of these misconduct risks. The Commission made nine recommendations in this report.

In early December 2009, the Commission wrote to the NSW Commissioner of Police to seek a response to the nine recommendations made in Project Manta Report 1. In reply to this letter in January 2010, the NSWPF advised that it supported each of the nine recommendations, with

six recommendations being supported without reservation, two recommendations supported in principle and one recommendation being partly supported.

At the end of the reporting period three of the Project Manta Report 1 recommendations (Recommendations 5, 6 and 7) had been implemented and the implementation of two other recommendations (Recommendations 1 and 8) was nearing completion. The nine recommendations made in Project Manta Report 1 and the status of their implementation are discussed below.

Providing a structured process

Two of the Commission's recommendations pertained to providing a structured process for identifying command misconduct risks. The first of the Commission's recommendations was that 'commands use a corporately endorsed, structured process to look beyond the misconduct risks posed by individual officers to identify and document all significant command integrity vulnerabilities and the associated corruption and serious police misconduct risks'.

The NSWPF sought to do this through the introduction of two documents in January: a *Corruption Resistance Policy* and *Guidelines for Local Corruption Resistance Planning*. The Commission believes that these documents require amendment in order to implement this recommendation. The NSWPF had originally proposed to review these documents in early 2012. However, following a request by the Commission, the NSWPF subsequently agreed to review in mid-2010 and amend them in light of the Commission's concerns. After the Guidelines have been amended, the Commission will consider that Recommendation 1 has been implemented.

In its Recommendation 5, the Commission proposed that the NSWPF incorporates and promotes the use of a standardised structured process as part of the risk identification phase of the command corruption resistance planning process to reduce the danger of commands

overlooking significant misconduct risks. The Commission provided a prototype '*Command Misconduct Risk Identification Guide*' to assist with this. A version of this Risk Identification Guide has been incorporated in the NSWPF *Guidelines for Local Corruption Resistance Planning*. The Commission considers that this recommendation has been implemented.

Consolidating and clarifying guidance to commands

At the time of preparing Project Manta Report 1, there were many documents available on the NSWPF intranet that provided guidance or direction to commands in relation to identifying and communicating command misconduct risks. However, determining which documents were the most relevant was not always easy. Two of the Commission's recommendations involved consolidating, clarifying and providing consistent advice to commands across the relevant NSWPF corporate policies, procedures and guidelines. One of these recommendations (Recommendation 6) proposed consolidating, clarifying and providing consistent advice about the sources of information that they should use when identifying their corruption and serious police misconduct risks. This recommendation has been implemented. The other (Recommendation 2), which had yet to be implemented as at July 2010, proposed that the NSWPF review all documents that provide guidance on: responsibilities of different position holders and teams regarding identifying trends in complaint issues and using complaints to identify and minimise command corruption and serious police misconduct risks and the role of complaint management and the Complaints Management Team (if any) in identifying and minimising command corruption and serious police misconduct risks.

Assisting commands to better understand their misconduct risks

Amongst other things, the Occupational Health and Safety literature describes the importance of collecting information to understand safety risks

such as by investigating accidents, incidents or 'near misses' to find out what went wrong, why it happened and, if a control measure was in place, why it failed. Three of the recommendations made in Project Manta 1 (Recommendations 3, 4 and 7), sought to assist commands to better understand and specify their misconduct risks. In Recommendation 7 the Commission proposed that as part of the risk identification stage of the corruption resistance planning process, commands answer a standard set of four questions for each of the command misconduct vulnerability areas so that they identify:

- *What is the broad risk area?* (For example: 'unauthorised release of confidential information', 'improper associations', 'lack of supervision' or 'conflict of interest'.)
- *What is it that may put an officer at risk?* (For example, it may be the complexity of a policy that puts the officer at risk, the opportunity for theft or frustrations with a process.)
- *At risk of what - what type of misconduct might officers engage in?* (Some examples include taking short cuts, theft, show bias in applying the law, unauthorised release of confidential information.)
- *What types of officers or roles might face the risk?* (For example, is it a risk that may be encountered by all officers in the command or only those undertaking a particular type of police work such as detectives, or officers working in a particular location or only those with a particular length of service?)

The Commission considers that the NSWPF has implemented Recommendation 7 through the advice that it provides in its *Guidelines for Local Corruption Resistance Planning*.

On the other hand, Recommendation 3 (which concerns having a central area within the NSWPF continuing to provide commands with information about their complaint trends and extending that information to include trends in complaint allegations by station or other useful sub-units of

the command) and Recommendation 4 (which involves the extending the information to commands to include an analysis of the available contextual information such as duty type, location of the alleged incident and officer's activity at the time of the alleged misconduct) have yet to be implemented.

Documenting command misconduct risks, command-level strategies and officer-level strategies

Just as the Occupational Health and Safety literature emphasises the importance of employees being made aware of every potential hazard and trained to perform every aspect of their work safely and efficiently, it is the Commission's view that all serious misconduct risks that need to be managed by the command and how staff should respond to these risks should be documented as a resource for all command staff (Recommendation 8).

The NSWPF initially advised that it sees that this recommendation has been implemented though the provision of its *Corruption Resistance Policy* and its *Guidelines for Local Corruption Resistance Planning*. While the Commission considers that the information in the Guidelines represents some progress towards implementing this recommendation, it considers that additional work is required. The NSWPF has agreed to incorporate these changes as part of its review of the Guidelines.

Tailoring guidance and support for officers to the risks they face

Officers undertaking different types of police work (such as detective work, licensing or highway patrol work) or working in different locations (such as large versus small stations within the one command) are likely to face different integrity hazards and associated misconduct risks. Just as Occupational Health and Safety guidelines highlight the need to tailor the communication to the type of work being undertaken by the employee and require that employees must be made aware of the specific risks in their jobs and the specific steps that should be followed to guard against an accident or injury,

the Commission recommended (in Recommendation 9) that:

in addition to informing officers about organisation-wide misconduct risks areas (such as misuse of information) commands provide tailored information, guidance and support to officers concerning the nature of misconduct risks and how to manage the risks that may be specific to:

- *their particular command*
- *their particular policing role such as licensing work*
- *a particular sector within a command.*

Such information should be provided to officers in their current roles. When officers transfer to a new command or change to a different type of police work or a different location within the same command, the new misconduct risks that they may face and how to appropriately respond to these risks should be documented for them, explained and discussed with them.

Furthermore the NSWPF should develop a corporate strategy and material to assist commands provide this information, guidance and support.

Based on the NSWPF's initial response to this recommendation, the Commission considers that there may have been some misunderstanding of its intent. At the time of writing discussion is occurring between the Commission and NSWPF about the intent of this recommendation.

Illegal drug use by some police officers: Operation Abelia

The Commission is pleased to report that it has now completed its monitoring of the implementation of the 64 recommendations that it made in its Operation Abelia report, which it presented to Parliament in September 2005. Operation Abelia combined misconduct investigations and hearings with detailed national and international research to

provide a better understanding of the nature of the problem of illegal drug use by some NSWPF officers and what can be done to minimise such illegal drug use.

As described in previous Annual Reports, the NSWPF accepted 54 of the Commission's 64 recommendations, either as drafted or with minor variations. Of these 54 recommendations, at 30 June 2010, 53 recommendations had been implemented. It is currently too early for the remaining recommendation (Recommendation RDT 11) to have been implemented. That recommendation proposes that at the end of the five-year trial of increased random drug testing, the NSWPF reassesses the level of random drug testing required, based on the results of surveys conducted and other relevant information obtained. The NSWPF has incorporated such a review of the effectiveness of its random drug testing as part of the Strategic Plan of the Safety Command.

The key change to NSWPF systems and practices that occurred during the reporting period as a result of the Operation Abelia recommendations was the introduction in November of 'recall-to-duty targeted drug testing'. This provision, which enables an off-duty officer to be recalled to duty for the purposes of a targeted drug test, was introduced following the finalisation of associated procedures and accountability systems. The purpose of recall-to-duty targeted drug testing is both to increase the NSWPF capacity to detect off duty prohibited drug use by its officers as well as to deter off-duty illegal drug use.

During the reporting period the NSWPF also produced a range of training material in response to the Operation Abelia recommendations. This has included the development of:

- a presentation concerning the uses and limitations of drug testing for those who are responsible for determining whether officers should be the subject of a targeted drug test and the procedures and accountability systems in relation to recall-to-duty targeted drug testing

- a brochure to assist supervisors and managers to better understand the overlap and differences in the responsibilities assigned to them under the various NSWPF policies and procedures that are relevant to managing the health and wellbeing of employees and dealing with illegal drug use
- an 'e-learning module' on the Detection and Management of Substance Misuse.

The NSWPF has also sought to evaluate some of its initiatives in this area by examining:

- officer understanding of relevant messages in the revised Code of Conduct and Ethics and the Drug and Alcohol Policy
- officer awareness that the NSWPF conducts random drug testing and whether officers believe that they are likely to be drug tested
- the effectiveness of its communication strategies to equip officers with the skills to recognise and manage situations that may put their integrity at risk and compromise them in their role as a police officers.

Review of Complaint Allocation Risk Assessment (CARA) process

In last year's Annual Report, the Commission reported that it had conducted a joint review with the Ombudsman's Office and the NSWPF of the Complaint Allocation Risk Assessment (CARA) process. CARA is a tool used within the NSWPF to assess and manage conflicts of interest and other forms of bias that may impact on an internal investigation.

The Commission in its 2008-09 Annual Report noted that the NSWPF had accepted three of the five recommendations arising from the CARA review. These recommendations related to:

- publicising within the NSWPF the results of the review
- strengthening the process for reviewing and verifying declarations by senior officers as to

whether or not they are aware of a personal conflict of interest

- establishing an arrangement whereby similar reviews would be carried out in the future.

The remaining two recommendations related to improving the level of compliance within the NSWPF to the requirements of CARA. While accepting the recommendations in principle, the NSWPF proposed alternative means by which compliance could be improved. In 2009-10, the Commission responded to the NSWPF agreeing with these alternative strategies and noting their effectiveness could be evaluated in future reviews.

The Commission is proposing to conduct a further review in 2010-11 and will explore the possibility of doing so in conjunction with the NSWPF and Ombudsman's Office.

Improper associations in the NSWPF: Review of compliance with policies & guidelines

In May 2010, the Commission published a Research & Issues Paper on improper associations of NSW police officers. The aim of the project was to determine the extent to which police officers in the NSWPF are complying with the NSWPF Conflicts of Interest (Improper Associations) Policy and Guidelines.

The Commission made eight recommendations in connection with its project aimed at improving compliance with the policy and record keeping. Amongst other things, the Commission recommended that the NSWPF raise awareness and provide balanced messages to officers about their obligations and responsibilities.

In August 2010, the Commission received correspondence from the NSWPF indicating that it supports all eight recommendations. The Commission will report on the actions being taken by the NSWPF to implement these recommendations in its next Annual Report.

Unauthorised disclosure of confidential information in the NSWPF

In October 2008, the Commission published a Research & Issues Paper on the unauthorised disclosure of confidential information in the NSWPF. The most significant conclusions of the study indicated that there is confusion, misunderstanding and lack of awareness regarding confidential information and its use and dissemination within and outside the NSWPF. The results also revealed that some NSWPF officers deliberately seek information to release it. Other results highlighted the difficulties involved in finding evidence to determine whether or not a leak of information occurred, particularly with regard to allegations of leaks of information to known criminals or to allegations of tip-offs from NSWPF police officers.

The paper presented nine strategies for strengthening the NSWPF's systems and processes for managing confidential information and raising awareness with officers about their obligations in this area. The NSWPF forwarded correspondence to the Commission in December 2009 and February 2010 and indicating that these strategies would be implemented through various agency-wide projects being undertaken as part of the NSWPF Ethical Health Strategy. The aim of the Ethical Health Strategy is to ensure that ethics are considered in all aspects of policing, making ethical behaviour practices and decisions part of daily routine. The Strategy seeks to:

- identify and examine methods the NSWPF currently uses to advance ethics
- explore other ways of enhancing ethics within the NSWPF.

The Commission is satisfied that the approach proposed by the NSWPF will address the strategies presented in its Research & Issues Paper.

In July 2010, the Commission requested an update as to the implementation of these strategies. A response was received in August 2010 and, as at the time of writing, was being evaluated by the

Commission. The Commission will provide further information on the actions being taken by the NSWPF to implement these recommendations in its next Annual Report.

Operation Mallard

In December 2007 the Commission presented its Operation Mallard report to Parliament. In this report the Commission recommended that:

"consideration be given to the enactment of a provision in New South Wales that creates a statutory offence of the unauthorised release of confidential police information which would cover the situations disclosed during the course of the investigation."

The Commission has contacted the Ministry for Police a number of times to ascertain if consideration has been given to this recommendation but is still awaiting a formal response.

Recommendations for managerial action

This section concerns those recommendations made in the Commission's section 96(2) investigation reports that consideration should be given to the taking of action against a police officer pursuant to sections 97(2)(b), (c) or (d), or 97(4) of the Act.

Operation Whistler

In December 2005 the Commission furnished its Report to Parliament on Operation Whistler. The Whistler Report included recommendations that consideration be given to non-reviewable action pursuant to section 173(1) of the *Police Act* 1990 in relation to 4 officers (Amanda Deissel, Melinda Jennings, Julie Philpott and Christopher Kelly), reviewable action pursuant to section 173(2) of the *Police Act* 1990 in relation to one officer (Timothy Briggs) and removal under section 181D or reviewable action pursuant to section 173(2) of the *Police Act* 1990 in relation to two officers (Thomas Murphy and Christopher Jackson).

Following two complaints made to the Inspector of the Police Integrity Commission by one of the officers (Timothy Briggs), which were upheld, the Commission reviewed the opinions published in the Whistler Report concerning the "affected persons". It became apparent that due to the failure by the Commission to give notice to certain of the affected persons that particular allegations and opinions concerning them would be published in the Whistler Report, there was a breach by the Commission of its duty to accord procedural fairness to those witnesses and accordingly some of the opinions and recommendations which appeared in the report should not have appeared. The Commission notified the affected persons and the NSWPF of this error in January 2008. The affected persons were Timothy Briggs, Amanda Deissel, Christopher Jackson and Julie Philpott.

Acting on legal advice as to how best respond to this situation, an investigation codenamed Operation Alford was commenced by the Commission in April 2008 to investigate the allegations in question but this investigation was subsequently discontinued by the Commission (see discussion of Operation Alford below).

In the Commission's view, the instances where the Commission failed in its duty to accord procedural fairness in the Whistler Report did not render all of the opinions and recommendations in the Whistler Report invalid.

The officers in respect of whom invalid recommendations for managerial action appeared were as follows:

- Timothy Briggs: the recommendation in paragraph 9.14 of the Whistler Report that consideration should be given to the taking of action against Briggs pursuant to section 173 of the *Police Act* 1990 should not have appeared.
- Amanda Deissel: the recommendation in paragraph 9.17 of the Whistler Report that consideration should be given to the taking of non-reviewable action against Deissel pursuant to section 173(1) of the *Police Act* 1990 should not have appeared.

- Julie Philpott: the recommendation in paragraph 9.59 of the Whistler Report that consideration should be given to the taking of non-reviewable action against Philpott pursuant to section 173(1) of the *Police Act* 1990 should not have appeared.

The officers whose recommendations for managerial action weren't in the Commission's view, affected by a breach of procedural fairness were:

- Melinda Jennings: non-reviewable action in the form of counselling has taken place.
- Christopher Kelly: non-reviewable action in the form of counselling has taken place.
- Christopher Jackson: proceedings were commenced in the Wagga Wagga Local Court on charges of Maliciously Inflict Grievous Bodily Harm or in the alternative Assault Occasioning Actual Bodily Harm. Jackson was discharged on both charges in the Wagga Wagga Local Court on 9 May 2008. No action has been taken against Jackson pursuant to the *Police Act* 1990.
- Thomas Murphy: action was commenced under section 181D of the *Police Act* 1990 but this was discontinued when he was discharged medically unfit effective 15 May 2008.

Operation Alford

As noted above, Operation Alford was commenced by the Commission in April 2008 to investigate allegations which arose in Operation Whistler but which were the subject of opinions and recommendations published in the Whistler Report in breach of the Commission's duty to accord procedural fairness. In December 2008 submissions were made to the Commission on behalf of the affected persons in Operation Alford that the Commission's further investigation of the allegations should not proceed.

In January 2009 the Commission discontinued Operation Alford and in December 2009 presented a Report to Parliament in relation to that investigation. The Report made reference to the opinions and recommendations which appeared in the Whistler

Report in breach of the Commission's duty to accord procedural fairness. The offending parts of the Operation Whistler Report which contained recommendations for managerial action are listed in the preceding section of this chapter. No new opinions or recommendations for managerial action under the *Police Act* 1990 were included in the Alford Report.

Operation Rani

In December 2007 the Commission presented its Report to Parliament in Operation Rani. The Rani Report recommended that consideration be given to removal under section 181D or reviewable action pursuant to section 173(2) of the *Police Act* 1990 in relation to two officers, Paul Jacob and Ritchie Sim. The NSWPF subsequently advised the Commission that after conducting its own investigation into the matters discussed in the Rani Report it had decided to take no action in relation to either officer.

Operation Mallard

As noted earlier in this report, in December 2007 the Commission presented its Report to Parliament in Operation Mallard.

The Report recommended that consideration be given to removal under section 181D or reviewable action pursuant to section 173(2) of the *Police Act* 1990 in relation to two officers, Adam Purcell and Alison Brazel. Purcell was discharged medically unfit on 31 July 2008. Brazel was discharged medically unfit on 16 July 2010.

Operation Lantana

The Commission presented its Report to Parliament in Operation Lantana in October 2009. The Report noted that two officers, Nasser Battal and LP1 had already been removed pursuant to section 181D of the *Police Act* 1990 as a result of the matters examined in the investigation and accordingly no further recommendations for action under the *Police Act* 1990 were required. Prosecution action against both former officers is ongoing. See Table of Prosecutions at Appendix 5 to this report.

Introduction

Section 13B of the *Police Integrity Commission Act 1996* (the Act) provides that one of the other functions of the Commission is the prevention, detection and investigation of misconduct by NSWCC officers. The Commission discharges these functions through a number of processes including the assessment of information and complaints alleging misconduct, and the conduct of investigations and research.

Under section 99(2)(a) of the Act the Commission is required to separately report on NSWCC matters in its Annual Report. The purpose of this section is to report on work undertaken by the Commission during 2009-10 to detect, prevent and investigate misconduct by NSWCC officers.

Assessing Information and Complaints

Complaint Process

Information regarding the possible misconduct of NSWCC officers can come to the Commission in a variety of ways. Under section 75C of the Act, a complaint can be made by an individual member of the community. In addition, section 75D provides that it is the duty of the NSWCC Commissioner, the Commissioner of Police and principal officers of other NSW public authorities to report to the Commission any matter that on reasonable grounds is suspected to involve, or which may involve, misconduct of a NSWCC officer. The Commission also receives information involving possible misconduct by NSWCC officers from other sources, including agencies from other jurisdictions.

Complaint Profile

During 2009-10 the Commission:

- assessed 21 complaints containing 52 allegations of misconduct against current and former NSWCC officers

- referred 1 matter to the NSWCC under section 77 of the Act.

Of the 21 complaints, 13 were made direct to the Commission, seven were reported to the Commission by the NSWCC and one was generated internally by the Commission. Allegation types included:

- improper disclosure of information
- improper association
- misuse of authority for personal benefit

Investigations

There were a total of 10 preliminary and 4 full investigations open for all, or part of 2009-10.

Table 11: Preliminary investigation outcomes 2009-10

Preliminary investigation outcomes	2009-10
No further action	3
Investigations that progressed to become full investigations	1
Investigations that resulted in a dissemination of information to the NSWCC	1
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0
Total	5

Table 12: Investigation outcomes 2009-10

Investigation outcomes	2009-10
No further action	0
Investigations that resulted in information being disseminated to the NSWCC	1
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0
Investigations referred to the Office of the Director of Public Prosecutions for consideration of prosecution action	0
Total	1

Preventing Misconduct

Project Rhodium: Review of the capacity of the NSWCC to identify and manage serious misconduct risks

At the request of the Minister for Police, in his capacity as Chair of the Management Committee of NSWCC, one of the first tasks the Commission undertook when given responsibility for the oversight of the NSWCC was a broadly focused strategic review of the capacity of the NSWCC to identify and manage serious misconduct risks. The purpose of Project Rhodium was to assess, and where appropriate to make recommendations to improve that capacity.

The Commission adopted several methods to carry out the project. Amongst other things, it appointed an Assistant Commissioner to coordinate the project; conducted interviews with relevant stakeholders (including senior officers of NSWCC); reviewed NSWCC policy materials and complaints data; and consulted with the NSWCC.

The Project Rhodium report covers a large span of issues relating to misconduct risks at the NSWCC. Relevantly, it provides a profile of the NSWCC, the work it does and the misconduct risks associated with that work; describes the approach of the NSWCC to risk management and its strategies for managing some key work-related misconduct risks; examines complaints handling practices; and discusses issues relating to corporate governance and organisational integrity.

The report contains 13 recommendations for reform, relating to:

- informant handling (Recommendation 1)
- search and seizure procedures (Recommendation 2)
- exhibit handling (Recommendation 3)
- complaints handling (Recommendations 4 & 5)
- the role of the NSWCC Internal Audit Committee (Recommendation 6)

- confidential information (Recommendation 7)
- risk management (Recommendation 8)
- the role of senior managers in managing misconduct risks (Recommendation 9)
- the content of advice provided by the NSWCC to the Management Committee (Recommendations 10 & 11)
- task force arrangements (Recommendation 12)
- the desirability of undertaking a wider review of the NSWCC and NSWCC Act (Recommendation 13).

The breadth of the recommendations reflected the purpose of the project as well as the conclusions of the Commission. Such conclusions as may be reported, given the sensitivity of the report, are as follows:

- The capacity of the NSWCC to identify and manage misconduct risks in respect of several of its areas of work needed to be improved. One area where misconduct risk management could be improved was informant handling, particularly in respect of supervision. Information security was another area, which exhibited risks in terms of policy compliance and information leaks.
- The risk management infrastructure of the NSWCC needed to be strengthened. The role of its Internal Audit Committee in particular needed to be bolstered to make it a driver of misconduct prevention and to ensure that its work practices were made more systematic.
- The ability of senior managers to identify and manage serious misconduct risks in their areas of responsibility also needed development.
- The accountability of the NSWCC to the Management Committee that oversees its work was impeded by an absence of critical information.
- Working with task forces created its own risks at the NSWCC in circumstances where the lines of command became blurred for some officers. This was a particular problem for some co-located NSWPF officers who had worked for many years at the premises of the NSWCC.

- Finally, the Commission formed the view that, besides specific problems with policy, the capacity of the NSWCC to identify and manage serious misconduct risk was impeded by larger structural and cultural problems. Some of these may have been born during the 20 years in which it conducted its work with no direct oversight.

Following consultation with the Commissioner of NSWCC, the Commission finalised the Project Rhodium report in July 2009. Copies were provided to the Minister of Police and to the Commissioner of the NSWCC.

Project Caesar

The Commission continued some of the work it had started in Project Rhodium in a new project named Caesar. This project, commenced in June 2009 and developed in response to the misconduct risks that the Commission observed arose out the work of the NSWCC in the area of assets confiscation. The Commission will continue work on this project over the next reporting year and will consult with the NSWCC as part of that work. The projected outcome of the project will be to prevent serious misconduct in the NSWCC.

Tracking NSWCC recommendations

The Commission made 13 recommendations for reform in Project Rhodium.

A response to the recommendations was provided to the Commission by the Minister of Police in May 2010 in his capacity as Chair of the Management Committee of the NSWCC. The advice to the Commission was that the project report and recommendations had been considered by the Committee in March 2010 and that, as a result of the discussions held, the Committee issued a Direction and Guidelines to the Commissioner of the NSWCC.

The subject of the Direction and Guidelines relate to the 'internal management' of the NSWCC. Relevantly, they direct the Commissioner of the NSWCC to undertake reviews by 31 December 2010

in respect of the management policies, practices and procedures of the NSWCC relating to:

- human source management
- search and seizure procedures
- complaints handling
- the Internal Audit Committee
- confidential information
- risk management.

In undertaking the reviews, the Commissioner of the NSWCC is required to identify best practice and have regard to specific matters set forth in Guidelines issued with the Direction. The matters set forth in the Guidelines correspond, with one omission, to recommendations 1-8 of the Project Rhodium report. The omission is in respect of one part of recommendation 7. This part concerned the conduct of an audit of information systems by the NSWCC Internal Audit Committee.

Following further consultations between the Commission and the Minister, a response by the Minister in respect to the outstanding part of recommendation 7 and to recommendations 9-13 is expected but has not been received at the time of reporting.

A status update was also sought from the NSWCC in June 2010 in respect of the reviews being undertaken. At the end of the financial year, the NSWCC indicated that all necessary reviews had commenced against the background of the Commission's report and recommendations. The NSWCC anticipated being in a position to complete most reviews by the end of the calendar year. Some interim measures had also been adopted. In addition, the NSWCC indicated that its work on updating risk management would continue beyond December 2010.

As yet, the Commission is not in a position to evaluate whether its recommendations have been implemented by the NSWCC. The Commission will be able to advise further once it receives and assesses any new or updated policy documents from the NSWCC. Further advice will be provided in 2010-11.

Introduction

This section contains information on legal provisions of significance to the Commission's functions and recent legislative developments.

Witness Protection

Persons assisting the Commission in its investigations, whether members of the general public or serving NSWPF officers, are an important resource in the detection and investigation of serious police misconduct.

To ensure this invaluable resource is protected, the Commission may make arrangements to ensure the safety of these persons from intimidation and harassment which might arise as a result of their assistance. This may range from the making of non-publication directions to, where necessary, consulting with specialist witness protection agencies to better ensure the safety and well-being of its witnesses and other persons who have been of assistance. The Commission made use of both mechanisms during 2009–10.

Response to Subpoenas

From time to time, the Commission is served with subpoenas requiring the production in Court of documents, or divulging of information acquired in the exercise of its functions.

Officers of the Commission cannot be required to produce documents, or divulge or communicate any matter which they have obtained in the exercise of functions under the *Police Integrity Commission Act 1996* (the Act), subject to certain limited exceptions. Those exceptions are for the purposes of a prosecution, disciplinary proceedings or proceedings under Division 1A or 1C of Part 9 of the *Police Act 1990* arising out of an investigation conducted by the Commission in the exercise of its functions.

Where the Commission is served with a subpoena falling outside these limited exceptions, the issuing party is invited instead to make an application to the Commissioner to exercise his or her discretion to

release information pursuant to section 56(4)(c) of the Act. Under that section, the Commissioner has a broad discretion to otherwise authorise the release of documents or information held by the Commission if satisfied that it is necessary to do so in the public interest.

Section 56(4) Disseminations

The Act imposes strict obligations of secrecy upon officers of the Commission in relation to information acquired in the exercise of their functions under the Act.

Generally, the disclosure of information other than for the purposes of the Act, purposes connected with prosecution or disciplinary proceedings arising from a Commission investigation, or law enforcement and investigative purposes falls to be dealt with under section 56(4)(c) of the Act.

Under this provision, the Commissioner may direct that otherwise confidential information held by the Commission can be released, but only if he or she certifies it to be necessary in the public interest to do so.

During 2009–10 the Commission disseminated information on four occasions under section 56(4) of the Act.

The Commission has published comprehensive guidelines as part of its Practice Guidelines dealing with applications for the release of information under section 56(4)(c) among other things. The Practice Guidelines and an application form may be downloaded from the Commission's website.

Law Reform

Criminal Assets Recovery Amendment Act 2009

This Act amended the provisions of the *Criminal Assets Recovery Act 1990* (the CAR Act) relating to applications for restraining orders under that Act. Under its Act, the Commission may commence proceedings under the CAR Act.

The principal amendments provide that the Supreme Court may, if it thinks fit, require notice of an application for restraining orders to any person with an interest in the application, and that such a person is entitled to appear and adduce evidence at a subsequent hearing. Such evidence may then be considered by the court in determining the application. The amendments were in response to the decision of the High Court in *International Finance Trust Company Ltd v New South Wales Crime Commission* (2009) 240 CLR 319.

Similar amendments were made to the *Confiscation of Proceeds of Crime Act* 1989.

Government Information (Public Access) Act 2009

The *Government Information (Public Access) Act* 2009 (the GIPA Act) establishes a new framework for the disclosure of government information based on the principles of proactive disclosure and a presumption in favour of public interest disclosure unless there is an overriding public interest against disclosure. The GIPA Act commenced on 1 July 2010 and was foreshadowed in the Commission's last Annual Report.

Under the GIPA Act, there is an overriding public interest against disclosure of information relating to the corruption prevention, complaint handling, investigative and reporting functions of the Commission, and the disclosure of information prohibited by the *Police Integrity Commission Act* 1996.

Statute Law (Miscellaneous Provisions) Act 2009

This Act amended the *Law Enforcement (Controlled Operations) Act* 1997 to provide for a defence in criminal or disciplinary proceedings where an authority to conduct the controlled operation was varied and a defendant was not aware of the variation and his or her conduct would have been authorised under the original authority.

The protection extends to participants in cross-border controlled operations authorised under a corresponding law.

Crimes Legislation Amendment (Serious and Organised Crime) Act 2010 (Cth)

This Act implemented a number of changes as part of the Commonwealth response to enhance its legislation for the purpose of combating organised crime.

A significant part of the reforms was to enhance police powers to investigate organised crime by implementing model laws for controlled operations, assumed identities and witness identity protection. The passing of model laws at the Commonwealth level and in corresponding State and Territory jurisdictions would enable police to work across jurisdictions with greater ease.

Telecommunications (Interception and Access) Amendment Act 2010 (Cth)

This Act amended the *Telecommunications (Interception and Access) Act* 1979 (Cth) in a number of different respects. Of particular relevance, the principal Act was amended to specify that a 'permitted purpose' in relation to the Commission extended to its functions in relation to the NSWCC and civilian members of the NSWPF.

As a result, information intercepted in the course of investigating a serious offence will be able to be used for the purposes of investigating conduct relating to administrative officers of the NSWPF and officers of the NSWCC.

This was necessary as the principal act does not permit the use and disclosure of intercepted information for any purposes other than those expressly set out in the Act.

Introduction

The Commission is accountable to a Parliamentary Committee and the Inspector of the Police Integrity Commission. It also maintains a number of internal governance committees to operate effectively.

The Inspector, Police Integrity Commission

The Hon P J Moss QC was appointed as the Inspector of the Police Integrity Commission (the Inspector) on 22 November 2006.

The principal functions of the Inspector²⁸ are to:

- audit the operations of the Commission for the purpose of monitoring compliance with the law of the State
- deal with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission
- assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

The Inspector met regularly during the year with the Commissioner and the Commission Solicitor. The Inspector continued to have independent access to all records of the Commission, other than a small quantity of certain material obtained by telecommunications interception.

Further information in relation to the Inspector can be found by accessing his website at <http://www.inspectorpic.nsw.gov.au/>.

The Parliamentary Committee

The functions of the Committee on the Office of the Ombudsman and the Police Integrity Commission (the Committee), as they relate to the Commission, are set out in section 95 of the *Police Integrity Commission Act 1996*.

The Committee is made up of seven members: three members of, and appointed by, the Legislative Council; and four members of, and appointed by, the Legislative Assembly.

As of 30 June 2010, the Committee members were:

- Chair: The Hon Kerry Hickey, MP (ALP, LA Member)
- Deputy Chair: Mr Paul Pearce, MP (ALP, LA Member)
- Mr Peter Draper, MP (Ind, LA Member)
- Mr Malcolm Kerr, MP (Lib, LA Member)
- The Hon. Luke Foley (ALP, LC Member)
- Ms Sylvia Hale (The Greens, LC Member)
- The Hon. Charlie Lynn (Lib, LC Member).

Interaction between the Committee and the Commission

The Commissioner and senior officers from the Commission met with the Committee on two occasions in 2009–10.

On 19 October 2009, the Commissioner and a senior officer attended a hearing and provided evidence to assist with an inquiry into the handling of complaints against the Commission.

On 30 November 2009, the Commissioner and senior officers from the Commission attended the twelfth general meeting with the Committee. The meeting was held to review the Commission's 2008–09 Annual Report with much of the discussion focussing on the Commission's Projects Odin and Manta, and in regard to the then proposed NSWPF Early Intervention System.

Information on both hearings, including the Commission's responses to questions on notice and its submission on EIS, can be found at the Parliamentary website: <http://www.parliament.nsw.gov.au>.

²⁸ Subsection 89 (1) of the *Police Integrity Commission Act 1996*.

Internal Governance

The Commission has a number of internal governance committees to monitor its day to day functions. The internal governance committees include:

Executive Group (EG)

The EG meets monthly to discuss matters relevant to the management and functioning of the Commission. The roles of the former Information Technology Governance Committee and the Budget Governance Committee were incorporated into the role of the EG during the reporting period.

Members of the EG include:

- John Pritchard, Commissioner (Chair)
- Andy Nattress, Director Operations
- Allan Kearney, Director Prevention & Information
- Michelle O'Brien, Commission Solicitor
- John Renshaw, Executive Officer

Regular advisors to the EG include:

- the Manager, Finance
- the Manager, IC&T
- the Manager, Records and Projects
- the Manager, Human Resources.

Operations Advisory Group (OAG)

The OAG provides strategic direction to investigations, and prevention and research projects undertaken by the Commission. The group consists of the Commissioner, Director Operations, Director Prevention & Information and the Commission Solicitor. The OAG met every three to four weeks during the reporting period.

Tasking and Coordination Group (T&CG)

The T&CG is a group of key operational level managers who meet on a weekly basis to make operational decisions, set priorities, allocate resources, review processes and provide advice to the Operations Advisory Group (OAG).

The T&CG also assesses investigation and intelligence project proposals, and matters referred to it in the complaints assessment process.

Internal Audit and Risk Committee

The Commission implemented a new internal audit and risk management program in line with NSW Treasury policy *tpp 09-05 Internal Audit and Risk Management Policy for the NSW Public Sector*.

The policy required the Commission to create a new Internal Audit and Risk Management Committee with the majority of members being independent. The Commission's Committee consists of three members, an independent chair, independent member and a member appointed from within the Commission. The independent members were selected from candidates approved by the NSW Premiers Department under their Prequalification Scheme for Audit and Risk Committees.

The Members of the Commission's Committee are:

- Jon Isaacs (Independent Chair)
- Carolyn Walsh (Independent Member)
- Allan Kearney (Non-Independent Member).

The Committee was supported by the Commission's Executive Officer, John Renshaw, who was appointed as the Chief Audit Executive. Technical Support was also provided by Rory O'Connor of O'Connor Marsden.

During 2009-10 the Committee created a Charter based on the model provided in the policy. The main responsibilities of the Committee include providing assurance that the Commission has proper enterprise risk management processes, effective internal controls, to provide external accountability by reviewing financial statements and to ensure that the internal audit function is effective.

During 2009-10 the Committee met on three occasions and an internal audit was undertaken in the Operations Unit. Further, two assurance reviews considered the Commission's records management system and evidence management practices.

APPENDIX 1

Prescribed Annual Reporting Requirements

Industrial Relations

In 2009-10 reporting period the Police Integrity Commission Division continued to operate as an employing entity under the provisions of the *Public Sector Employment and Management Act 2002* (PSEMA). Commission employees are deemed to be employees of the Crown under Chapter 1A of the PSEMA. As a “Special Employment Division” under the PSEMA, the Commission continued to employ staff on the basis of individual Employment Agreements usually of a three (3) year duration.

The Commission’s industrial relations environment remained stable throughout 2009-10 and there were no issues of significance impacting upon the Commission’s operations. The Commission has commenced a restructuring program within its Operations Division designed to position the Commission to maximise its operational effectiveness in the pursuit of serious corruption and misconduct in the NSWPF and the NSWCC. The restructuring program will involve reallocating existing resources to better meet the demands of a changing corruption landscape.

As indicated in the table outlining staff movement figures below, the Commission is increasingly reliant on natural attrition to create opportunities to redesign and restructure individual positions in order to lend greater support to the operational aspects of the Commission’s responsibilities. This approach has proven successful and because of this it is not expected that the restructuring program will lead to any industrial relations issues in the next year.

Number of Employees

Table 13: Number of officers and employees by category & comparison to prior three years

	2007	2008	2009	2010
Statutory appointments	1	1	1	1
Executive appointments	3	3	3	3
Female Executive Appointments	1	1	1	1
Operational staff	75.6	76.2	74	73.74
Support staff	24	23.2	22.54	21.69
Total ²²	103.6	103.4	100.54	99.43

Equal Employment Opportunity

The Commission maintains its commitment to achieving and preserving the key principles of Equal Employment Opportunity (EEO) in the NSW Public Sector. The Commission also continued its commitment towards maintaining a family friendly workplace by looking favourably upon requests designed to create a fairer balance between the workplace responsibilities of employees and those of their home life.

A total of 20% of the Commission’s employees are currently employed on approved part-time and other special working arrangements as a means of balancing their work and home life responsibilities. 17.5% of the Commission’s female employees were granted extended periods of leave without pay throughout the reporting period for various reasons relating to their personal circumstances. Well established policies and procedures are in place at the Commission to ensure that staff who are seeking a better work/life balance are given the opportunity to do so by accessing a variety of flexible work practices. This applies to women returning from maternity related leave as well as staff with other personal responsibilities and obligations. Staff are increasingly being granted the option of working from home in appropriate

circumstances when their personal circumstances give rise to problems with attending the workplace.

The Commission's Code of Conduct and all other policy documents including those relating to recruitment and selection, training and development and bullying and harassment are underpinned by EEO principles. The Commission also adopts organisational communication strategies which are designed to ensure that those staff members that are covered by various flexible working arrangements,

including part-time employment and extended periods of leave without pay, are not disadvantaged when it comes to staying informed about issues of importance relating to the Commission.

Although the Commission is fully committed to EEO principles, the small size of the Commission, combined with the specialised nature of the work undertaken by the Commission, provides for an environment in which it is not always operationally viable to meet public sector wide EEO quotas.

Trends in the representation of EEO Groups

Table 14: Representation 2009-10 as % of total staff²⁹

EEO Group	Bench-mark or Target	2007	2008	2009	2010
Women	50	40	45	43	41
Aboriginal People & Torres Strait Islanders	2.6	2	1.9	1	1.0
People whose first language was not English	19	11	10	12	12
People with a Disability	12	9	7	9	7
People with a disability requiring work-related adjustment	7	0.9	0.9	2	1.1

Trends in the distribution of EEO Groups

Table 15: Distribution Index 2009-10 as % of total staff³⁰

EEO Group	Bench-mark or Target	2007	2008	2009	2010
Women	100	88	88	86	87
Aboriginal People & Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a	n/a
People with a Disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

²⁹ Staff numbers are at 30 June. Excludes casual staff.

³⁰ A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels. Values more than 100 indicate that the EEO group is less concentrated at lower salary levels. The Distribution Index is calculated by Workforce Information, NSW Department of Premier & Cabinet but not where EEO group or non-EEO group numbers are less than 20.

Staff Movement

Table 16: Staff Movement 2009–10

No. staff commenced employment	No. staff ceased employment
8	14

Exceptional Movements in Wages and Salaries

There were no exceptional movements in wages and salaries during the 2009-10 year.

Executive Remuneration – Level 5 and above

The Commissioner for the Police Integrity Commission, John Pritchard, is appointed by the Governor pursuant to section 7 of the *Police Integrity Commission Act 1996* (the Act), and, pursuant to clause 9 of Schedule 1 of the Act, is not subject to the *Public Sector Employment and Management Act 2002*.

The Commissioner's remuneration is set by the Statutory and Other Officers Remuneration Tribunal, which, for the reporting period, was \$401,525pa. As the holder of an independent public office, the Commissioner is not subject to an annual performance review, and is responsible to Parliament in the performance of the functions of the office.

During the reporting year no persons were employed by the Commission in Senior Executive Service positions under the *Public Sector Employment and Management Act 2002*.

With the exception of the Commissioner, all members of the Commission's Executive, whose names are shown in Chapter 10 of this Report, were employed under individual employment contracts, the terms of which provide for regular performance assessment.

Assistant Commissioners

Pursuant to section 8 of the Act the Commissioner has continued the appointment of Mr Andy Nattress, Director, Operations, as an Assistant Commissioner.

Pursuant to Section 11 of the Act Mr Nattress has delegated to him certain functions and powers in his capacity as an Assistant Commissioner such as is appropriate and desirable for the performance of his duty, other than those functions referred to in section 11(5) of the Act, and any other such functions as may be prescribed by the regulations for the purpose of section 9 of the Act. That appointment and associated delegation continues in order to assist the Commissioner with the discharge of the Commission's functions and exercise of powers.

During 2009-10 the Commissioner also appointed Ms Michelle O'Brien, Commission Solicitor, as an Assistant Commissioner for the periods 28 July 2009 to 31 July 2009, 11 September 2009 to 16 September 2009, 9 June 2010 to 11 June 2010 and 21 June 2010 to 25 June 2010 and had delegated to her those functions referred to in section 11(4) of the Act which may be delegated only to an Assistant Commissioner who has special legal qualifications. These delegations were to cater for periods of leave by the Commissioner and other absences.

The appointment of Peter Clark SC as an Assistant Commissioner concluded on 8 July 2009 when the Project Rhodium Report (referred to in Chapter 8 of this Annual Report) was presented to the Minister for Police.

Personnel Policies

During 2009–10 the Commission had the following personnel policy achievements:

- A key achievement in the reporting period was completing a major overhaul of the Commission's Workers Compensation and Rehabilitation Policy. The Policy was updated and modernised to ensure that it remains



relevant and that the responsibilities and obligations of both the Commission and its employees in relation to Workers Compensation and Rehabilitation are clear to all.

- The Commission has begun the process of reviewing its Occupational Health and Safety Policy. An initial draft reviewed policy is in the process of being finalised. The revision of the Policy is being driven by the Occupational Health and Safety Committee in collaboration with management. It is envisaged that the revised policy will be finalised in early 2010-11 following consultation with the staff.
- The Commission introduced a Purchasing Leave Policy based on the guidelines and procedures put forward by the Department of Premier and Cabinet. This policy creates the potential for further flexibility in the workplace for those individuals that are seeking a greater balance between their personal and professional lives. The policy has already been utilised and a number of staff members have expressed their interest in pursuing this avenue in the future.

The Commission is also reaping the benefits of the full implementation of policies that were initially developed in 2008-09.

- The initial formal annual performance reviews under the new Performance Management System commenced in July 2009. The successful implementation of the system continues with a view to creating increased accountability across the organisation and an objective basis linking individual performance plans to training and development opportunities.
- A number of staff members have also taken advantage of the new Salary Sacrifice Policy throughout the 2009-10 year. Salary sacrificing for the leasing of motor vehicles has, as expected, proven to be the most popular option.
- The Commission's focus on better management of sick leave absences continued throughout 2009-10 has had a positive impact in the first six months of their operation.

Training and Development

The Commission provided a broad range of Training and Development opportunities to staff throughout the 2009-10 reporting period. Training covered specialist areas including:

- Introduction to Security/Risk Management
- Introduction to Personnel Security
- Systems Administrator Training
- Strategic View of Communication Technology
- Government Information Act seminar
- Project Management
- Investigative Interviewing Techniques
- Officer Safety Protection training
- Surveillance Driver training
- Management of Protected Disclosures
- Computer Forensics.

Generic training opportunities provided to staff throughout 2009-10 included:

- Excelling at Managing People
- Performance Management
- Train the Trainer
- Telecommunications Technology
- Microsoft Systems
- First Aid.

Support for tertiary related study was provided to a total of nine staff members continuing the Commission's commitment to enhancing performance through career development and the pursuit of higher academic qualifications. The Commission's commitment to providing quality career development opportunities to its staff was further highlighted by the fact that 18 staff members were provided with an opportunity to act in higher duties positions in 2009-10.

Occupational Health and Safety

During the reporting period, five (5) workplace accidents/incidents were reported. Two (2) of these accidents/incidents resulted in time-loss from work.

Both employees have now returned to their pre-injury duties.

The Commission implemented a health awareness program for its staff in the latter part of the 2009/10 year teaming up with Corporate Bodies International. The program will involve health awareness seminars and specific projects to raise the awareness of staff on a range of health related issues. As an initial project, forty-two (42) of the Commission's staff members undertook voluntary individual health assessments during the year. It is pleasing to note that in excess of 75% of the Commission's staff members that undertook the individual health assessments, were placed in the low risk categories resulting from their overall assessment scores.

The OH&S Committee met regularly and worked effectively throughout the reporting period. There were no OH&S related prosecutions under the *Occupational Health and Safety Act 2000* during this reporting period.

Disability Action Plan

The Commission's Disability Action Plan was reviewed and updated in the 2009-10 year. The Disability Action Plan reinforces the Commission's commitment to the government's Disability Policy Framework. In terms of the physical environment, clear and uninterrupted access to the premises is available to individuals with a disability. Formal communication policies and strategies ensure that people with a disability are not disadvantaged in having access to and actually accessing relevant information available through the Commission. Staff who deal directly with the public are familiar with alternative methods of information dissemination depending on the specific needs of individual disabled people.

The Commission also ensures that staff have access to relevant education and training in relation to awareness of disability related issues within the workplace, where required. Ongoing review of complaints procedures ensures that they remain relevant when dealing with people with disabilities.

NSW Action Plan for Women

The NSW Government's Action Plan for Women is based on the principles of equity, access, rights and participation opportunities providing a framework within which women, particularly those with the least access to social and economic resources, may obtain appropriate assistance. The main objective of the Action Plan is to provide the basis upon which women have the opportunity to achieve full economic and social participation in NSW society.

The Commission commits itself to this government initiative by promoting and implementing policies, procedures and practices within the workplace that provide women with equal access to opportunities which are able to enhance their economic and social status.



Objective	Results / Plans
An equitable and balanced workplace responsive to all aspects of women's lives	<p>A total of 20% of the Commission's female employees are currently employed on approved part-time working arrangements as a means of balancing work and home life responsibilities. 17.5% of the Commission's female employees were granted extended periods of leave without pay throughout the reporting period for various reasons relating to their personal circumstances.</p> <p>Well established policies and procedures are in place at the Commission to ensure that women who are seeking a better work/life balance are given the opportunity to do so by accessing a variety of flexible work practices. This applies to women returning from maternity related leave as well as those with other personal responsibilities and obligations.</p> <p>A total of 15% of the Commission's female staff accessed Family and Community Service (FACS) leave entitlements on one or more occasions during the reporting period.</p>
Equitable access for women to educational and training development opportunities	<p>Five of a total of 18 higher duties, staff development opportunities across the organisation were filled by women during this reporting period.</p> <p>Of the Commission's expenditure on external training and development programs for staff during the reporting period, a total of 26.19% was spent on female staff.</p>
Promote the position of women	<p>Women currently make up a total of 40.23% of the Commission's workforce. A total of 21.42% of the Commission's management level positions are held by women and 87.50% of the Commission's female staff are remunerated at the equivalent of NSW Public Sector Grade 5 or above.</p>

Multicultural Policies and Services Plan

The Commission recognises and promotes the principles of multiculturalism through its Multiculturalism Policies and Services Plan. It is committed to the ongoing support of this plan both within and outside of the workplace in order to ensure that the full range of services provided by the Commission are available to, understood and embraced by all ethnic groups. The Commission's Executive team are committed to the Multiculturalism Policies and Services Plan and the Commission's corporate plan recognises that the Commission operates within a culturally diverse environment.

Within the workplace, the focus of the Commission's Multiculturalism Policies and Services Plan is to

ensure that all staff, and particularly those that have contact with the public, understand the issues associated with multiculturalism within a government agency. Individually and collectively, the Commission and its staff recognise the obligations associated with promoting the work of the Commission to different ethnic groups. All Commission staff are provided with access to the Multiculturalism Policies and Services Plan and multiculturalism awareness information and training is made available to staff as deemed necessary and appropriate. The Commission's commitment to the multicultural needs of its own staff has been underlined by the provision of private office space as a prayer room for members of staff who have specific private cultural requirements that need to be addressed. In arranging

recent individual health assessments for its staff, the Commission was also asked to address a culturally sensitive issue which was done to the satisfaction of the individual concerned.

The Commission also continues to use interpreters and translators from a variety of ethnic backgrounds where necessary to assist in dealing with people and information arising from operational matters. A number of Commission staff also provide assistance with interpreting services from time to time. Processes and procedures in place for the taking of complaints and general inquiries promote the use of the telephone interpreter service as a means of assisting people from non-English speaking backgrounds to engage with the Commission.

External to the workplace, the Commission does not generally offer direct services to the general public beyond its existence as the relevant agency through

which complaints about serious misconduct relating to the NSWPF and the NSWCC can be reported. The focus of the Commission's Multiculturalism Policies and Services Plan is to strengthen communication channels to groups of a non-English speaking background. Information brochures covering the role and functions of the Commission have, in the past, been produced in Arabic, Turkish and Vietnamese to meet identified demands in these communities. These brochures give details about what people can complain about to the Commission, how to make a complaint and what happens to the complaint, as well as providing ways in which an individual can find out more about the Commission. Conflicting priorities have restricted the Commission's efforts in this area in the immediate past however, a renewed focus towards this goal of enhancing communication channels to people of non-English speaking background will be concentrated upon in the future.

Initiative	Strategies/Tasks	Timeline	Outcomes
Improved access for people from non-English speaking backgrounds (NESB) to services and materials provided by the Commission	1. Brochures, written materials and other information services to be made available to people from NESB in multi-lingual formats	1. Ongoing as appropriate	1. To reach as many key ethnic groups as possible in order to increase community awareness of the services that the Commission provides
	2. Provide access to interpreter services as required for witnesses and complainants from NESB backgrounds	2. Ongoing	2. To provide appropriate support to people accessing Commission services, or, appearing before the Commission
	3. Target information campaigns to Ethnic community groups that have not previously been subject to the Commission's formal attention	3. 2010-2011 year	3. Distribute information brochures and other written materials, and, where appropriate conduct information sessions to raise community awareness of the Commission's role in relevant ethnic groups
Improving staff awareness of issues of multicultural sensitivity	1. Maintain effective communication channels for the dissemination of policies, procedures and other information relating to multicultural issues	1. Ongoing	1. To ensure staff are appropriately updated on all relevant issues relating to multicultural awareness
	2. Provide access to appropriate counselling and training services to raise awareness of multicultural issues and their impact on the workplace	2. Ongoing	2. Staff trained to an appropriate level to handle issues relating to multicultural awareness in the workplace



Information Communication and Technology Management

Following the completion of a business process and systems review undertaken last year, which identified a number of unmet information management needs, a decision was taken to implement a Complaints and Investigations Case Management system. Over the 2009-10 financial year solution options were assessed resulting in a strategy to utilise a commercially available platform as the basis for a new Case Management application. A project is now underway that will deliver the first release of the Case Management system by the end of the 2010 calendar year.

Other significant items of work undertaken during 2009-10 include:

- the completion of a review and revision of the Commission's Information Communications and Technology (ICT) Governance framework that has enhanced decision making and capital budget management by improving the level of participation of senior business staff and removing communication barriers
- the commencement of work on the development of a new ICT Strategic Plan. The target is to complete the plan by September 2010
- the development and implementation of the second phase of an organisational performance reporting project covering the collection and reporting of information in relation to major investigations undertaken by the Commission
- the completion and delivery of significant enhancements to the Police Oversight Data Store (PODS) system in cooperation with NSW Ombudsman and the NSWPF
- the determination of a desktop and office automation upgrade strategy and the subsequent acquisition of new PC hardware and the building of a standard operating environment based on Windows 7, Office 2010 and Exchange 2010
- the upgrade of the Commission web proxy and internet screening and management services and the deployment of end-point security software to secure and better manage the use of portable storage devices
- the completion of a set of Disaster Recovery Plan tests and quality enhancements to disaster recovery procedures documentation.

Over 2010-11 the major goal is to implement the new Case Management System and move on to the definition and completion of a series of projects that will progressively deliver the Intelligence Management framework that is currently in the planning stage. Additionally the Commission will determine further components of its ICT assets refresh program, including determination of the enterprise server and storage strategy and major upgrades to its electronic evidence collections environment.

Major Works

The Commission did not undertake major works during 2009-10.

Delivery of Electronic Services

During 2009-10, the Commission's website attracted 21764 visitors – an average of 59.6 per day. This figure represents an increase of 38.6% from 2008-09.

Audits

The Audit Office of NSW was engaged to carry out an audit of the 2009–10 Financial Statements of both the Police Integrity Commission and the Police Integrity Commission Division. Copies of the Independent Audit Reports appear with the Financial Statements in Appendix 8.

The Commission and Division Financial Statements for 2009–10 were prepared and submitted to the Audit Office of NSW within the required timeframe.

Insurance

The Commission's insurance coverage is provided by the NSW Treasury Managed Fund, a self insurance scheme administered by GIO (covering property, public liability and motor vehicle) and by Allianz (covering workers compensation).

The fund manager sets the premiums paid by the Commission in direct relation to the number of claims made by the agency during the previous year. The deposit premium for general insurance was 10% lower than 2008–09 year reflecting the low level of claims made by the Commission.

Internal Audit and Risk Management Statement


The Commission is required to attest compliance with NSW Treasury policy tpp 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*, and, with the independence and governance requirements of Treasury Circular TC 09/08. On 22 July 2010, the Commissioner, Mr John Pritchard, formally attested that the Commission is compliant with the core requirements of both documents. A copy of the attestation follows.

Internal Audit and Risk Management Attestation for the 2009-2010 Financial Year for the Police Integrity Commission

I, John Pritchard, Commissioner, Police Integrity Commission am of the opinion that the Police Integrity Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of the Police Integrity Commission to understand, manage and satisfactorily control risk exposures.

I, John Pritchard, Commissioner, Police Integrity Commission am of the opinion that the Audit and Risk Committee for the Police Integrity Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Jon Isaacs, independent Chair, term 3 years
- Carolyn Walsh, independent Member, term 3 years
- Allan Kearney, non-independent Member, term 3 years


John Pritchard
Commissioner

Date: 22 July 2010



Accounts Payable Policy

The Commission has set a benchmark for paying 85% of all accounts received within creditors' trading terms. This benchmark was achieved in all quarters. The majority of delays in paying invoices outside our creditors' payment terms are as a result of invoicing for goods not yet delivered, or for incorrect goods in which case the Commission withholds payment until it is satisfied that the goods and/or services have been received as contracted.

The Commission was not required to pay interest to creditors due to late payment of accounts during 2009–10.

Table 17: Aged analysis at the end of each quarter 2009–10

Qtr	Current (ie within due date)	Less than 30 days over- due	Between 30 & 60 days over- due	Between 60 & 90 days over- due	More than 90 days over- due
	\$	\$	\$	\$	\$
Sep	1,196	0	0	28,791	0
Dec	78,201	36,866	0	0	0
Mar	80,181	28,153	127	1	0
Jun	177,269	5,061	0	260	0

Table 18: Accounts paid on time - Each quarter 2009–2010

Qtr	Total Accounts Target	Paid On Time Actual	Total Accounts Paid	Paid On Time*
	%	%	\$	\$
Sep	85	92.82	6,831,613	6,808,200
Dec	85	93.02	3,925,639	3,866,327
Mar	85	89.16	3,712,311	3,576,586
Jun	85	94.00	4,772,246	4,716,325

Consultants

The Commission engages consultants to provide expert opinion or carry out specialised work where there is no in-house expertise.

During 2009–10, the Commission engaged four consultants in the categories noted in the following table.

Table 14: Consultants

Area of Consultancy	Amount (\$)
Management Services	20,368
Audit/Compliance	1,200
System Development	45,190
TOTAL	66,758

Disclosure of Controlled Entities

Enactment of the *Public Sector Employment Legislation Amendment Act 2006* on 17 March 2006 resulted in the establishment of the Police Integrity Commission Division and the Office of the Police Integrity Commission.

The Police Integrity Commission Division is a special purpose entity; its only function is to provide staff to the Commission.

The Office of Police Integrity Commission is regarded as the employer for fringe benefits tax purposes. No Financial Statements have been prepared for the Office.

Credit Card Certification

To enable operational requirements to be met eligible staff are issued with corporate credit cards to facilitate minor purchases and emergency travel when needed.

The Commission monitors the use of all cards issued. Staff are required to adhere to the

Commission's policy which meets NSW Treasury guidelines, Premier's Memoranda and Treasurer's Directions. Card holders must supply documented evidence of all expenditure approved by a delegated manager.

It is certified that credit card usage by Commission officers has been in accordance with the appropriate government policies, Premier's Memoranda and Treasurer's Directions, and meets best practice guidelines. There were no known instances of misuse of credit cards during 2009–10.

Energy Management Plan

The Commission is committed to sustainable energy management principles and to achieving savings in energy use.

Consistent with NSW Government requirements, the Commission has an ongoing contract with its energy supplier to provide 6% green power.

Wherever possible the Commission purchases energy-efficient office equipment and has installed timers where appropriate to assist in reducing overall energy consumption.

Air-conditioning is run on timers and the system's operation is monitored for efficiency. Running times are reduced during the cooler months of the year.

Waste Management

In accordance with the Government's Waste Reduction and Purchasing Policy the Commission continues to implement measures which enable increased use of recycled material and better management of waste reduction.

Measures currently in place include:

- White paper containing 80% recycled content is used by the Commission.
- All corporate printed paper products are sourced using recycled content.
- All waste paper, cardboard and empty toner cartridges are recycled.

- Multi-function office devices have been purchased and implemented eliminating the need for multiple devices and saving on electricity and running costs.
- Staff are encouraged to recycle. All floors have paper recycling bins and commingled containers for plastic, glass and aluminium.
- In all instances old office equipment, computer equipment and furniture is donated or sent to recycling centres such as Sims Metal Recycling.

Waste reduction measures during 2009–10 resulted in a reduction in paper purchase of 6%, and 2.02 tons of e-waste (office equipment) sent to Sims Metal for recycling.

Major Assets

The Commission neither owned nor acquired any major assets³¹ during 2009–10.

Overseas Visits

The following Commission staff travelled overseas on official business during 2009–10.

Table 20: Overseas visits

Officer	Location	Purpose	Cost
Manager PSU	Sth Africa	Attendance at the International Surveillance Group Seminar. This travel was funded in part externally.	\$3,102
Investigators (2)	Asia	Operational requirements as part of an ongoing investigation.	\$5,442

³¹ The Commission's assets and acquisitions are typically minor in nature.

Assumed Identities

The Law Enforcement and National Security (Assumed Identities) Act 1998 provides for the acquisition and use of assumed identities by officers of law enforcement agencies such as the Commission, on authorisation by its chief executive officer. An authorisation permits an officer to use an assumed identity in the course of carrying out official duties.

Section 12 of the above act requires that an agency report in its Annual Report details relating to assumed identity approvals granted, varied or revoked for the relevant reporting period. The results of the most recent audit of assumed identity records must also be reported in so far as they disclose any fraudulent or other criminal behaviour. The audit did not disclose any fraudulent or other criminal behaviour.

The following table indicates the numbers of assumed identities granted, revoked or varied during the year together with the general nature of the duties of the officers involved.

Table 21: Assumed Identities

	Granted	Revoked	Varied
Surveillance	4	2	0
Investigations	2	6	0
Administration	1	0	0
Total	7	8	0

Privacy Management

The information protection principles of the *Privacy and Personal Information Protection Act 1998* (the PPIP Act) apply in connection with the exercise of the administrative and educative functions of the Commission only. The investigative and complaint handling functions of the Commission are exempt from the operation of the PPIP Act information protection principles.

During 2009–10, no internal reviews were applied for or undertaken in relation to those Commission functions to which the PPIP Act applies.

APPENDIX 2

PIC Act Statutory Annual Reporting Compliance Checklist

Table 22: Statutory Requirements

Relevant Section of the <i>Police Integrity Commission Act 1996</i>	Section of 2009–10 Annual Report	Page Number
Section 99 (2) (a) description of the types of matters that were referred to the Commission	Chapter 4 – Assessing information and complaints	Page 18
	Appendix 3 – Types of allegations assessed	Page 71
Section 99 (2) (b) a description of the types of matters investigated by the Commission	Chapter 5 – Investigating serious police misconduct	Page 25
Section 99 (2) (c) an evaluation of the response of the Commissioner of Police, relevant members of the Police Service Senior Executive Service and other relevant authorities to the findings and recommendations of the Commission	Chapter 7 – Tracking the Commission's recommendations	Page 43
Section 99 (2) (d) any recommendations for changes in the laws of the State, or for administrative action, that the Commission considers should be made as a result of the exercise of its functions	Chapter 7 – Tracking the Commission's recommendations (Operation Mallard)	Page 49
Section 99 (2) (e) the general nature and extent of any information furnished under this Act by the Commission during the year to a law enforcement agency	Chapter 5 – Investigating serious police misconduct	Page 25
Section 99 (2) (f) the extent to which its investigations have resulted in prosecutions or disciplinary action in that year	Chapter 5 – Investigating serious police misconduct	Page 25
	Appendix 5 – prosecutions in 2009–10 arising from Commission investigations	Page 74
Section 99 (2) (g) the number of search warrants issued by authorised justices and the Commissioner respectively under this Act in that year	Appendix 4 – Statistical Data on exercise of Commission powers	Page 73
Section 99 (2) (h) a description of its activities during that year in relation to its education and advising functions	Chapter 6 – Preventing serious police misconduct	Page 41
Section 99 (2A) Any such information that relates to investigations or other matters involving Crime Commission officers must be kept separate from other matters in the report	Chapter 8 – The NSW Crime Commission	Page 51

APPENDIX 3

Types of Allegations³² Assessed

Table 23: Allegations Assessed in 2009–10 against sworn NSWPF officers

Allegation Type	Number
Improper association	172
Unauthorised / improper disclosure of information	153
Failure to investigate	179
Misuse authority for personal benefit or the benefit of an associate	117
Attempting to pervert the course of justice	83
Improper interference in an investigation by another police officer	76
Offence punishable upon conviction by a maximum sentence of 5 years or more	59
Protection of person(s) involved in drugs	72
Lied during proceedings / in statement / on affidavit	65
False accusation	49
Dealing or supply	22
Fabrication of evidence (other than perjury or verballing)	34
Bribery	33
Tampering with or destroying evidence	9
Theft / misappropriation (more than \$5000)	0
Sexual assault	16
Mislead the court	6
Withholding or suppression of evidence	8
Child sexual abuse or paedophilia	9
Cultivation or manufacture	2
Perjury	2
Make false statement (verballing)	2
Collusion between police witnesses	8
Inappropriate prosecution / misuse of prosecution power	6
Homicide	1
Prevented a witness from providing a statement or giving evidence	1
Forced confessions	0
Corrupted a witness	2
Other allegations ³³	1586
Total	2772

³² There may be a number of allegations contained in a single complaint.³³ Less serious allegations including customer service issues.

Table 24: Allegations assessed in 2009-10 against unsworn NSWPF officers

Allegation Type	Number
Misuse email / internet	11
Misuse authority for personal benefit or the benefit of an associate	9
Unauthorised / improper disclosure of information	6
Offence punishable upon conviction by a maximum sentence of 5 years or more	1
Improper association	4
Failure to investigate	5
Dealing or supply	0
Cultivation or manufacture	0
Attempting to pervert the course of justice	1
Theft / misappropriation (more than \$5000)	0
Other allegations	114
Total	151

APPENDIX 4

Statistical Data on Exercise of Commission Powers

The following table indicates the frequency with which the Commission exercised its various powers in 2009–10, compared with the two previous reporting years.

Table 25: Exercise of Commission's Powers

Functions	2009–10	2008–09	2007–08
Under Police Integrity Commission Act 1996			
s 17 — Establishment of task forces within the state	NIL	NIL	NIL
s 25 — Requiring public authority or public official to produce a statement of information	0	9	47
s 26 — Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	219	288	338
s 29 — Commission may authorise an officer of the Commission to enter and inspect premises etc	NIL	1	NIL
s 32 and s 33 — Hearing days:			
• public	NIL	4	3
• private	28	34	42
s 38 — Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	21	32	62
s 45(1) — Authorised justice may issue search warrant	1	11 ³⁴	NIL
s 45(2) — Commissioner may issue a search warrant	NIL	NIL	NIL
s 50 — Number of warrants obtained under <i>Surveillance Devices Act 2007</i>	7	11	n/a
Under Law Enforcement (Controlled Operations) Act 1997			
Applications granted by Commission for authority to conduct controlled operations	1	1 ³⁵	NIL
Applications granted by Commissioner for variation of authority to conduct controlled operations	2	NIL	NIL
Under Law Enforcement (Assumed Identities) Act 1998			
Applications of assumed identity approvals granted	7	2	8
Applications of assumed identity approvals revoked	8	1	6
Under Telecommunications (Interception & Access) Act 1979			
Warrants issued for the Interception of communications	48	115	91
Warrants issued for access to stored communications	0	0	3

³⁴ There were also a further seven inter-state search warrants issued in relation to the Operation Deakin investigation for which the applicant was not a Commission officer.

³⁵ Due to a change in circumstances the authority was not ultimately acted upon.

APPENDIX 5

Prosecutions in 2009-10 arising from Commission Investigations

Table 26: Prosecutions by Police Integrity Commission

Name	Charge(s)	Status/Result
Rafiq AHMED*	1 x s 178BB <i>Crimes Act</i> 1900 Obtain financial advantage by making a false or misleading statement	4/2/09 Found guilty. 30/03/09 Sentenced in Downing Centre Local Court: no conviction recorded pursuant to s 10 of the <i>Crimes (Sentencing Procedure) Act</i> 1999 conditional upon the accused entering into a bond to be of good behaviour for a period of 12 months. AHMED has lodged an appeal. 5/02/10 AHMED's appeal was upheld and his bond was quashed.
John AYOUB	8 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence 20 x s 178BA <i>Crimes Act</i> 1900 Obtaining a financial advantage by deception 20 x s 178BB <i>Crimes Act</i> 1900 Obtaining a financial advantage by making a false or misleading statement 1 x s 301(1) <i>Crimes Act</i> 1900 Make false instruments 3 x s 301(2) <i>Crimes Act</i> 1900 Use copies of false instruments 1 x s 307C <i>Crimes Act</i> 1900 Making a false or misleading application 1 x s 25A <i>Oaths Act</i> 1900 Making a false declaration	On 23/07/09 John AYOUB was served with a Court Attendance Notice (CAN) concerning a total of 54 offences. 25/06/10 Last mentioned at Downing Centre Local Court. Adjourned to 26/08/10.

Name	Charge(s)	Status/Result
Julie AYOUB	<p>7 x s 107 <i>Police Integrity Commission Act 1996</i> Give false or misleading evidence</p> <p>20 x s 178BA <i>Crimes Act 1900</i> Obtaining a financial advantage by deception</p> <p>20 x s 178BB <i>Crimes Act 1900</i> Obtaining a financial advantage by making a false or misleading statement</p> <p>2 x s 301(2) <i>Crimes Act 1900</i> Use copies of false instruments</p> <p>1 x s 307C <i>Crimes Act 1900</i> Making a false or misleading application</p> <p>1 x s 25A <i>Oaths Act 1900</i> Making a false declaration</p>	<p>On 23/07/09 Julie AYOUB was served with a CAN concerning a total of 51 offences.</p> <p>25/06/10 Last mentioned at Downing Centre Local Court. Adjourned to 26/08/10.</p>
Richard AZAR*	<p>8 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>13 x s 178BB <i>Crimes Act 1900</i> Obtain financial advantage by making a false or misleading statement</p> <p>6 x s 301(2) <i>Crimes Act 1900</i> Make or use copies of false instruments</p>	<p>22/05/09 Pleas of guilty entered to: 5 x s 178BA <i>Crimes Act 1900</i> Obtain benefit by deception and 5 x s 300(1) <i>Crimes Act 1900</i> Making a false instrument. The remaining charges were withdrawn.</p> <p>4/09/09 - DCJ Woods sentenced AZAR in relation to the above charges to 12 months' imprisonment suspended on condition of AZAR entering a 12 month good behaviour bond.</p>

Name	Charge(s)	Status/Result
Nasser BATTAL*	<p>1 x s 249B <i>Crimes Act</i> 1900 Corruptly receive benefit</p> <p>1 x s 178BA <i>Crimes Act</i> 1900 Obtain financial advantage by deception</p> <p>1 x s 112(2) <i>Crimes Act</i> 1900 Whilst in company, break and enter a dwelling house and commit a serious indictable offence</p> <p>1 x s 95 <i>Crimes Act</i> 1900 Robbery whilst in company (alternative to s 112(2))</p> <p>1 x s 111(2) Whilst in company enter a dwelling house with intent to commit a serious indictable offence (collective alternative)</p> <p>5 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p> <p>On 9/10/09 BATTAL was served with a CAN concerning the following offences:</p> <p>1 x s 200(1) <i>Police Act</i> 1990 Police Officer soliciting a bribe</p> <p>1 x s 249B(1) <i>Crimes Act</i> 1900 Corruptly receive a Benefit</p> <p>1 x s 117 <i>Crimes Act</i> 1900 Larceny</p> <p>1 x s 178BA <i>Crimes Act</i> 1900 Obtain money by deception</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p> <p>2 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Attempt to procure false testimony by a witness</p> <p>1 x s 7(1) <i>Firearms Act</i> 1996 Possess unauthorised pistol</p> <p>1 x s 36 <i>Firearms Act</i> 1996 Possess unregistered pistol</p> <p>1 x s 39 <i>Firearms Act</i> 1996 Not keep firearm safely</p> <p>4 x s 65 (3) <i>Firearms Act</i> 1996 Possess ammunition without license</p> <p>3 x s 7(1) <i>Weapons Prohibition Act</i> 1998 Possess prohibited weapon without permit</p> <p>On 8/07/20 BATTAL was served with a CAN concerning the following offences:</p> <p>1 x s 193B(3) <i>Crimes Act</i> 1900 Money laundering</p> <p>1 x conspiracy to rob armed with a dangerous weapon (common law offence)</p> <p>1 x conspiracy to obtain property by false pretences (common law offence)</p>	<p>Committal set down for 22/09/10 - 24/09/10.</p> <p>17/08/10 Last mentioned. Adjourned to 19/10/10</p>

Name	Charge(s)	Status/Result
Barry BLANCHETTE*	<p>1 x s 113(2) <i>Crimes Act</i> 1900 Aggravated break and enter with intent</p> <p>1 x s 344A(1) & 95(1) <i>Crimes Act</i> 1900 Attempt aggravated steal from the person (alternative charge to s 113(2))</p> <p>1 x s111(2) <i>Crimes Act</i> 1900 Aggravated enter dwelling with intent (also alternative charge to s. 113(2))</p>	<p>28/04/09 Committed for trial on all charges.</p> <p>25/06/10 Last mentioned. Adjourned to 27/08/10 for further mention.</p>
James BOADEN	1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice	28/07/10 Last mentioned at Moree Local Court. Adjourned to 25/08/10.
Mark CHRISTIE	1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice	<p>9/02/10 Plea of guilty entered.</p> <p>On 6/08/10 CHRISTIE was sentenced to bond pursuant to s 9 <i>Crimes (Sentencing Procedure) Act</i> 1999 to be of good behaviour for a period of 2 years.</p>
Joseph ELIAS	<p>2 x s 178BA <i>Crimes Act</i> 1900 Obtaining a financial advantage by deception</p> <p>3 x s 178BB <i>Crimes Act</i> 1900 Obtaining a financial advantage by making a false or misleading statement</p>	25/06/09 Last mentioned at Downing Centre Local Court. Adjourned to 26/08/10.
Nemer ELIAS	<p>2 x s 178BA <i>Crimes Act</i> 1900 Obtaining a financial advantage by deception</p> <p>4 x s 178BB <i>Crimes Act</i> 1900 Obtaining a financial advantage by making a false or misleading statement</p>	25/06/10 Last mentioned at Downing Centre Local Court. Adjourned to 26/08/10.
Anton ELTAKCHI	<p>3 x s 178BA <i>Crimes Act</i> 1900 Obtaining a financial advantage by deception</p> <p>14 x s 178BB <i>Crimes Act</i> 1900 Obtaining a financial advantage by making a false or misleading statement</p> <p>4 x s 301(2) <i>Crimes Act</i> 1900 Use copies of false instruments</p>	25/06/10 Last mentioned at Downing Centre Local Court. Adjourned to 26/08/10.

Name	Charge(s)	Status/Result
George KAHILA*	<p>4 x s 107 <i>Police Integrity Commission Act 1996</i> Give false evidence</p> <p>20 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>20 x s 178BB <i>Crimes Act 1900</i> Obtain financial advantage by making a false or misleading statement</p> <p>1 x s 301(1) <i>Crimes Act 1900</i> Make false instrument</p> <p>3 x s 301(2) <i>Crimes Act 1900</i> Use copies of false instruments</p> <p>1 x s 307C <i>Crimes Act 1900</i> Making a false or misleading application</p> <p>1 x s 25A <i>Oaths Act 1900</i> Making a false declaration</p> <p>7 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>25 x s 178BB <i>Crimes Act 1900</i> Obtain financial advantage by making a false or misleading statement</p> <p>7 x s 301(2) <i>Crimes Act 1900</i> Use copy of false instrument</p>	<p>KAHILA pleaded guilty to the following charges:</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> Give false evidence</p> <p>3 x s 301(2) <i>Crimes Act 1900</i> Use copy of false instrument</p> <p>2 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>9 x s 178BB <i>Crimes Act 1900</i> Obtaining financial advantage by false / misleading statement</p> <p>Listed for sentencing on 10/09/10.</p>
Tony KHOURY	<p>4 x s 178BB <i>Crimes Act 1900</i> Obtain financial advantage by false or misleading statement</p>	<p>25/06/10 Last mentioned at Downing Centre Local Court. Adjourned to 26/08/10.</p>
Con KOSTAKIDIS	<p>3 x s 107 <i>Police Integrity Commission Act 1996</i> Give false evidence</p>	<p>23/02/10 Guilty plea entered to 3 x s107 <i>Police Integrity Commission Act 1996</i> Give false evidence.</p> <p>On 15/07/2010 Chief Magistrate Henson sentenced KOSTAKIDIS on 3 counts of Give False Evidence (s 107 PIC Act) to a 2 year good behaviour bond.</p>

Name	Charge(s)	Status/Result
Christopher LAYCOCK*	<p>6 x s 107 <i>Police Integrity Commission Act 1996</i> Give false or misleading evidence</p> <p>2 x s 112(2) <i>Crimes Act 1900</i> Aggravated break and enter and commit serious indictable offence</p> <p>2 x s 95(1) <i>Crimes Act 1900</i> Aggravated steal from the person (alternative to s 112(2) offences)</p> <p>2 x s 111(2) <i>Crimes Act 1900</i> Aggravated enter dwelling with intent</p> <p>1 x s 99(2) <i>Crimes Act 1900</i> Conspiracy to demand money with menaces</p> <p>1 x s 319 <i>Crimes Act 1900</i> Pervert the course of justice</p> <p>1 x s 113(2) <i>Crimes Act 1900</i> Aggravated break and enter with intent</p> <p>1 x 114(1)(d) <i>Crimes Act 1900</i> Remain in building with intent to commit indictable offence (alternative to s. 113(2) offence)</p> <p>3 x s 249B(1) <i>Crimes Act 1900</i> Agent corruptly receive benefit</p> <p>1 x s 179BA <i>Crimes Act 1900</i> Obtain money by deception</p>	28/04/09 Committed for trial (on all charges except for conspiracy). Mentioned on 2/06/10 and adjourned to 20/08/10.

Name	Charge(s)	Status/Result
LP1*	<p>1 x s 249B <i>Crimes Act</i> 1900 Corruptly receive benefit</p> <p>1 x s 178BA <i>Crimes Act</i> 1900 Obtain financial advantage by deception</p> <p>1 x s 112(2) <i>Crimes Act</i> 1900 Aggravated break and enter a dwelling house and commit a serious indictable offence</p> <p>1 x s 95 <i>Crimes Act</i> 1900 Aggravated robbery (alternative to s 112(2))</p> <p>1 x s 111(2) <i>Crimes Act</i> 1900 Aggravated enter a dwelling house with intent to commit a serious indictable offence (collective alternative)</p> <p>On 9/07/10, LP1 was served with a CAN concerning the following offences:</p> <p>1 x s 98 <i>Crimes Act</i> 1900 Conspiracy to rob armed with a dangerous weapon</p> <p>1 x s 179 <i>Crimes Act</i> 1900 Conspiracy to obtain property by false pretences</p>	All matters listed for mention on 28/09/10.
Ahmed MASRI*	<p>1 x s 178BA <i>Crimes Act</i> 1900 Obtain benefit by deception</p> <p>1 x s 95(1) <i>Crimes Act</i> 1900 Aggravated robbery</p> <p>1 x s 111(2) <i>Crimes Act</i> 1900 Enter a dwelling house with intent to commit a serious indictable offence in circumstances of aggravation</p> <p>1 x s 112(2) <i>Crimes Act</i> 1900 Break and enter a dwelling house and commit a serious indictable offence in circumstances of aggravation</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p> <p>2 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Attempt to procure false testimony by a witness</p>	29/07/10 Listed for call-over on 31/08/10 with committal hearing set down for 4 days on 22/09/10 - 27/09/10.

Name	Charge(s)	Status/Result
Nathan McCULLOCH	<p>1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice</p> <p>2 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procure false testimony by a witness</p> <p>5 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence</p> <p>1 x s 52(3) <i>Police Integrity Commission Act</i> 1996 Make a publication in contravention of an order</p>	Last mentioned 5/08/10. Adjourned for further mention on 21/09/10.
Bernice McDONAGH*	2 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence	<p>Matter heard on 3/03/10 - 4/03/10. Judgment was reserved to 9/04/10. On 9/04/10 McDONAGH was found guilty on two counts of giving false evidence: s 107 <i>PIC Act</i> 1996. McDONAGH was sentenced on 17/06/10 by Magistrate Bradd to 8 months' imprisonment, which was suspended on condition that she entered a good behaviour bond.</p> <p>McDONAGH lodged an appeal against her conviction.</p> <p>29/07/10 Call-over of appeal. Stood over to 9/09/10 for a second call-over and to set a hearing date.</p>
Paul NOLAN*	<p>5 x s 178BB <i>Crimes Act</i> 1900 Obtain benefit by false or misleading statements</p> <p>4 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p>	Matter heard on 22/03/10 - 29/03/10. On 24/03/10 NOLAN was found guilty on two counts of giving false evidence: s 107 <i>PIC Act</i> 1996. NOLAN was sentenced to 7 months' imprisonment, which was suspended provided he entered into a good behaviour bond.
Adam PURCELL*	<p>1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice</p> <p>1 x s 315 <i>Crimes Act</i> 1900 Do act with intent to hinder investigation (alternative charge)</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p> <p>4 x Misconduct in public office</p>	<p>On 9/02/10, PURCELL entered a plea of guilty to the following charges:</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence</p> <p>1 x Misconduct in public office.</p> <p>All other charges were withdrawn.</p> <p>On 2/06/10, Judge Berman in the Sydney District Court sentenced PURCELL as follows:</p> <p>1 x misconduct in public office: \$2,000 fine</p> <p>1 x s107 <i>PIC Act</i> 1996: 200 hours community service</p>

Name	Charge(s)	Status/Result
Terry ROWLINGS	<p>1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice</p> <p>1 x s 317 <i>Crimes Act</i> 1900 Tampering with evidence</p> <p>3 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence</p>	<p>On 6/05/10 ROWLINGS entered a guilty plea to the following charges:</p> <p>1 x Fabricate false evidence with intent to mislead judicial tribunal</p> <p>2 x Give false/misleading evidence at hearing before Commission</p> <p>1 x Give false/misleading evidence at hearing before Commission to be dealt with on a Form 1 schedule.</p> <p>The charge of Pervert the course of justice was withdrawn and dismissed.</p> <p>On 22/06/10 the sentencing of ROWLINGS was adjourned to 30/07/10.</p> <p>On 13/08/10 ROWLINGS was sentenced by Magistrate Favretto as follows:</p> <p>1 x s 317 <i>Crimes Act</i> 1900: 12 months' imprisonment, to be discounted by one third to 8 months</p> <p>3 x s 107 <i>Police Integrity Commission Act</i> 1996: 16 months' imprisonment for each offence, to be discounted by one third to 11 months' each.</p> <p>The terms of imprisonment were suspended on the condition that ROWLINGS be of good behaviour for 8 months in relation to the s 317 sentence, and for 11 months in relation to each of the s 107 offences; that ROWLINGS accept the supervision of the probation service and that he continue to receive counselling.</p>
Souma SAHYOUN*	<p>1 x Conspiracy to pervert the course of justice (common law offence)</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p>	<p>13/07/09 Found guilty by jury at Sydney District Court on both charges.</p> <p>On 18/09/09, SAHYOUN was sentenced by Judge Freeman in the Sydney District Court as follows:</p> <p>* Procure Clarence Irwin to make false statement with intent to pervert the course of justice - sentenced to 3 years' imprisonment, with non-parole period of 20 months and additional term of 16 months</p> <p>* Procure Clarence Irwin to give false evidence with intent to secure acquittal of Ehab Taha - sentenced to 3 years' imprisonment, with non-parole period of 20 months and additional term of 16 months.</p> <p>Both sentences are to be served concurrently. Sentence backdated to 13/07/09, which is when SAHYOUN was remanded into custody pending sentence.</p>
Phillip SMITH	<p>1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice</p>	<p>28/07/10 Last mentioned at Moree Local Court. Adjourned to 25/08/10.</p>

Name	Charge(s)	Status/Result
Stuart VOS	<p>1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice</p> <p>2 x s 317 <i>Crimes Act</i> 1900 Tampering with evidence</p> <p>10 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence</p>	<p>28/07/10: Section 91 hearing on witnesses to be called in committal hearing. Magistrate determined that the court would not be assisted by the evidence of the witnesses. Committal hearing waived. VOS committed for trial on 6/08/10 at Sydney District Court.</p> <p>6/08/10: Mention. Adjourned to 20/08/10 for arraignment.</p>
Christopher WALKER*	<p>2 x s 112(2) <i>Crimes Act</i> 1900 Aggravated break and enter and commit serious indictable offence</p> <p>2 x s 95(1) <i>Crimes Act</i> 1900 Aggravated steal from the person (alternative to s 112(2) charge)</p> <p>3 x s 111(2) <i>Crimes Act</i> 1900 Aggravated enter dwelling with intent (2nd count is an alternative to 2nd count of s 112(2))</p> <p>2 x s 249F(1) <i>Crimes Act</i> 1900 Agent corruptly receive benefit</p> <p>1 x s 178BA(1) <i>Crimes Act</i> 1900 Obtain money by deception (alternative to s 249F(1) charge)</p> <p>2 x s 113(2) <i>Crimes Act</i> 1900 Aggravated break and enter with intent</p> <p>1 x s 114(1)(d) <i>Crimes Act</i> 1900 Remain in building with intent to commit indictable offence (alternative to s 113(2) charge)</p> <p>1 x s 344A(1) & 95(1) <i>Crimes Act</i> 1900 Attempt aggravated steal from the person (alternative to 2nd count of s 113(2))</p> <p>1 x s 61 <i>Crimes Act</i> 1900 Common assault</p>	<p>On 16/12/09 WALKER entered a plea of guilty to the following charges:</p> <p>1 x s 249F(1) <i>Crimes Act</i> 1900 Agent corruptly receive benefit, and 1 x s 178BA <i>Crimes Act</i> 1900 Obtain benefit by deception.</p> <p>On 24/05/10 Judge Finnane sentenced WALKER to a non-parole period of 18 months' imprisonment cumulative on both counts but stayed the execution of the sentence until an assessment could be made as to WALKER's suitability for home detention.</p> <p>On 16/08/10 it was determined that a sentence of 18 months' home detention was suitable and WALKER was sentenced accordingly.</p>
Terri WHITTON	<p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence</p>	<p>13/07/10 Last mention of matter. Set down for hearing on 10-11 November 2010.</p>

* Denotes matters carried over from previous reporting period.

**Table 27: Prosecutions by NSW Police
(evidence supplied in whole or in part by the Commission)**

Name	Charge(s)	Status/Result
Karl BOYLING	1 x s 10(1) <i>Drug Misuse and Trafficking Act 1985</i> Possess prohibited drug	12/11/09 BOYLING entered a guilty plea and was fined \$800.
Mick SALEH	2 x s 16(1) <i>Poisons and Therapeutic Goods Act 1966</i> Possess restricted substance 2 x s 7(1) <i>Firearms Act 1996</i> Possess unauthorised prohibited firearm 2 x s 39(1)(a) <i>Firearms Act 1996</i> Not keep firearm safely 1 x s 7(1) <i>Weapons Prohibition Act 1998</i> Possess prohibited weapon	11/09/09: SALEH pleaded guilty to Possess Restricted Substance. The firearms charges were withdrawn after a review of the evidence and submissions from defence. SALEH was sentenced to a 2 year good behaviour bond.
Joseph MANNAH	1 x s 25A(1) <i>Drug Misuse and Trafficking Act 1985</i> Supply prohibited drug on ongoing basis 1 x s 193C(1) <i>Crimes Act 1900</i> Deal with property suspected of being the proceeds of crime 2 x s 25 <i>Drug Misuse and Trafficking Act 1985</i> Supply prohibited drug	16/06/10 Charges were dismissed.
Mark SMITH*	3 x s107 <i>Police Integrity Commission Act 1996</i> Give false evidence	15/03/10 Matter was heard before Judge Charteris in the Downing Centre District Court. SMITH was found unfit to be tried. The matter is to be referred to the Mental Health Review Tribunal and will be mentioned again on 15/09/10 before Judge Charteris.

* Denotes matters carried over from previous reporting period.



APPENDIX 6

Significant Committees and Working Groups

Corruption Prevention Network

The Corruption Prevention Network (CPN) is a collective of practitioners and interested parties operating as a self-help group to share information and experiences in dealing with the challenges of corruption prevention. While initially the CPN was comprised of NSW state and local government fraud and corruption prevention practitioners, it now welcomes the participation of anybody who is interested in preventing fraud and corruption, regardless of the sector where they work or their geographical location. The CPN operates through an organising committee of elected volunteer public officials and non-voting nominees from central and watchdog agencies. The Commission's Principal Analyst participates in the CPN as an ex-officio member.

Interception Consultative Committee

Commission officers attended regular meetings of the Interception Consultative Committee (ICC), which is a group of representatives from various agencies authorised as telecommunication interception agencies under the *Telecommunications (Interception and Access) Act 1979* (TIA Act). Primarily driven by the Commonwealth Attorney General's Department, which is responsible for administering the TIA Act, the ICC meets to discuss the various issues associated with the lawful interception of telecommunications for law enforcement and national security purposes.

Justice Sector Information Exchange Coordinating Committee

The Commission's Manager, Information, Communications and Technology is a member of the Justice Sector Information Exchange Coordinating Committee (JSIECC), which coordinates inter-agency work concerning the JusticeLink and Joined-Up-Justice projects sponsored by the NSW Attorney General's Department.

National Australasian Integrity Testing Committee – hosted by Commission

The Commission's Manager of Investigations and Intelligence and Deputy Manager, Investigations are members of the Australasian Integrity Testing Practitioner's Committee, which is aligned under the Australia New Zealand Police Advisory Agency (ANZPAA). This committee is made up of both Anti-corruption agencies, together with State and Federal police. The aim of the committee is to share best practice and report to ANZPAA on integrity trends, training and matters relating to Integrity and professional standards issues.

On 22nd April 2010, the Commission and NSWPF Professional Standards Command hosted the annual conference in Sydney.

Graduate Certificate in Integrity Studies Steering Committee

The Commission's Director Prevention & Information is a member of this Steering Committee, which has developed a Graduate Certificate in Integrity Studies, in association with Wollongong University. The certificate will provide students with an opportunity to obtain a better understanding of the anti-corruption environment and the necessary skills to work successfully in the area.

Communications Peer Network

The Commission's Executive Officer is a member of the Communications Peer Network, which is a group of communication and media specialists from the various anti-corruption agencies in Australia who meet annually to discuss contemporary media issues.

Communications Security and Enforcement Roundtable

Commission officers attended the Communications Security and Enforcement Roundtable (CSER), which is a forum consisting of officers from the law enforcement and national security communities who meet to discuss relevant communications issues.

APPENDIX 7

Freedom of Information Statement of Affairs

Structure and Functions of the Commission

The Commission is a statutory corporation established under the *Police Integrity Commission Act 1996* (the Act), the principal function of which is to detect, investigate and prevent serious police misconduct and other police misconduct. Detailed descriptions of the Commission's structure, functions, objectives and performance measures are contained elsewhere in this Annual Report.

Effect of Functions on Members of the Public

While not providing services directly to members of the public, the Commission can have an impact on members of the public when dealing with complaints of misconduct and corrupt conduct against members of the NSWPF and the NSWCC. The Commission exercises powers to investigate misconduct and corrupt conduct which may affect members of the public. For example, the Commission may issue a notice requiring a member of the public to produce documents to assist with an investigation.

Participation by Members of the Public in Policy Formulation and Exercise of Functions

The Commission is exempt from the operation of the *Freedom of Information Act 1989* (the FOI Act) in relation to its corruption prevention, complaint handling, investigative and report functions. In relation to its non-exempt functions, the Commission tends to adopt policies and practices adopted by the NSW Public Service. In these circumstances, the Commission has not found it necessary to involve members of the public in policy formulation or the exercise of statutory functions.

Nature of Documents Held by the Commission

The following policy documents are accessible through the Commission website www.pic.nsw.gov.au or are available for inspection:

- I. Corporate Plan for 2007–2011
- II. Guidelines that have been issued to better acquaint persons, in particular legal practitioners, with the nature of the Commission's functions and powers, their usual exercise by the Commission, and its practice and procedure with particular reference to obtaining, handling and releasing information. Among others things, the guidelines explain the Commission's approach to various provisions of the Act
- III. Practice Notes for Commission Hearings, primarily directed to legal practitioners acting for persons involved in a Commission hearing
- IV. Guides for recipients of Commission Notices and witnesses
- V. Code of Conduct (November 2007) and related policies
- VI. Information Package for Job Applicants including EEO, Ethnic Affairs Priorities Statements (EAPS) and OH&S requirements
- VII. Investigation Reports.

Obtaining Access to and Seeking Amendment of the Commission's Records

Access to administrative policy and education documents and guides for recipients of Commission notices or witnesses may be obtained by contacting the Manager Records and Projects. All other inquiries may be directed to the FOI Coordinator. Copies of these policy documents are generally available free of charge but the Commission reserves the right to charge for photocopies of more than 10 pages. Access may also be provided by way of inspection at the Commission's premises.

In the first instance the contact person for obtaining access to documents is as follows:

Manager – Records and Projects
FOI Coordinator
Police Integrity Commission
GPO Box 3880
SYDNEY NSW 2001
Facsimile: (02) 9321 6799

Telephone inquiries may be made between 8.30am and 5.00pm on (02) 9321 6700.

Statistics and Assessment of Statistical Report – 30 June 2010

There were no requests under the FOI Act determined or still under consideration in the reporting period. The Commission has had no requests for amendment or notation of personal records. There have been no internal reviews, Ombudsman reviews or District Court appeals in respect of FOI requests finalised from an earlier period or in the reporting period.

The impact on the Commission of fulfilling its requirements under the FOI Act during 2009–10 has been negligible. No major issues have arisen during 2009–10 in connection with the Commission's compliance with FOI requirements.

APPENDIX 8

Financial Statements



Financial Statements 2009-10

Contents

POLICE INTEGRITY COMMISSION

Statement by Department Head	91
Statements of Comprehensive Income	92
Statements of Financial Position	93
Statements of Changes in Equity	94
Statements of Cash Flows	95
Service Group Statements	96
Summary of Compliance with Financial Directives	100
Summary of Significant Accounting Policies	103
Notes to the Financial Statements	103

POLICE INTEGRITY COMMISSION DIVISION

Statement by Department Head	132
Statement of Comprehensive Income	133
Statement of Financial Position	134
Statement of Changes in Equity	135
Statement of Cash Flows	136
Summary of Significant Accounting Policies	137
Notes to the Financial Statements	137



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Police Integrity Commission (the Commission), which comprises the statements of financial position as at 30 June 2010, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Commission and the consolidated entity. The consolidated entity comprises of the Police Integrity Commission and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Commission as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

My opinion should be read in conjunction with the rest of this report.

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Commissioner's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commissioner's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commission, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Commission or consolidated entity
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

21 September 2010
SYDNEY

Police Integrity Commission

Statement by Department Head

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, and based on information provided to me by the Commission, I have formed the opinion that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2010 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010*, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, and the *Treasurer's Directions*
- (b) the statements exhibit a true and fair view of the financial position and transactions of the Commission, and
- (c) there are no circumstances that would render any particulars included in the consolidated financial statements to be misleading or inaccurate.

J.W Pritchard
Commissioner
17 September 2010

Statements of comprehensive income for the Year Ended 30 June 2010

		Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
	Notes	Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES EXCLUDING LOSSES						
Operating Expenses						
Employee related	2(a)	42	39	13,054	13,720	13,675
Other operating expenses	2(b)	4,424	4,501	4,401	4,770	4,501
Personnel services	2(c)	12,340	12,939	--	--	--
Depreciation and amortisation	2(d)	1,474	1,544	1,474	1,568	1,544
Total expenses excluding losses		18,280	19,023	18,929	20,058	19,720
REVENUE						
Investment revenue	3(a)	62	74	62	90	74
Grants and contributions	3(b)	--	35	--	--	35
Other revenue	3(c)	4	58	4	--	58
Total revenue		66	167	66	90	167
Gain/(loss) on disposal	4	(368)	(20)	(368)	--	(20)
Net Cost of Services	24	18,582	18,876	19,231	19,968	19,573
GOVERNMENT CONTRIBUTIONS						
Recurrent appropriation	6	16,786	17,142	16,786	17,780	17,142
Capital appropriation	6	1,087	743	1,087	1,790	743
Acceptance by the Crown Entity of employee benefits and other liabilities	9	--	--	649	649	697
Total Government Contributions		17,873	17,885	18,522	20,219	18,582
(DEFICIT)/SURPLUS FOR THE YEAR		(709)	(991)	(709)	251	(991)
Other comprehensive income						
Net increase in asset revaluation reserve		186	--	186	--	--
Other comprehensive income for the year		186	--	186	--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(523)	(991)	(523)	251	(991)

The accompanying notes form part of these financial statements

Statements of financial position as at 30 June 2010

		Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
	Notes	Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current Assets						
Cash and cash equivalents	12	1,474	1,277	1,686	1,377	1,467
Receivables	13	413	366	416	452	367
Total Current Assets		1,887	1,643	2,102	1,829	1,834
Non-Current Assets						
Plant and equipment	14	3,024	3,546	3,024	3,823	3,546
Intangible assets	15	110	164	110	109	164
Total Non-Current Assets		3,134	3,710	3,134	3,932	3,710
Total Assets		5,021	5,353	5,236	5,761	5,544
LIABILITIES						
Current Liabilities						
Payables	17	153	274	368	403	418
Provisions	19	1,165	1,139	1,165	1,168	1,186
Other	20	361	187	361	187	187
Total Current Liabilities		1,679	1,600	1,894	1,758	1,791
Non-Current Liabilities						
Provisions	19	650	538	650	538	538
Total Non-Current Liabilities		650	538	650	538	538
Total Liabilities		2,329	2,138	2,544	2,296	2,329
Net Assets		2,692	3,215	2,692	3,465	3,215
EQUITY						
Reserves		186	--	186	--	--
Accumulated funds		2,506	3,215	2,506	3,465	3,215
Total Equity		2,692	3,215	2,692	3,465	3,215

The accompanying notes form part of these financial statements

Statements of changes in equity for the year ended 30 June 2010

	Notes	Parent Entity (Police Integrity Commission)			Economic Entity (Consolidated)		
		Accum- ulated Funds	Asset Revalu- ation Surplus	Total	Accum- ulated Funds	Asset Revalu- ation Surplus	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2009		3,215	--	3,215	3,215	--	3,215
Surplus/(deficit) for the year		(709)	--	(709)	(709)	--	(709)
Other comprehensive income:							
Net increase/(decrease) in property, plant and equipment		--	186	186	--	186	186
Total other comprehensive income		--	186	186	--	186	186
Total comprehensive income for the year		(709)	186	(523)	(709)	186	(523)
Balance as at 30 June 2010		2,506	186	2,692	2,506	186	2,692
Balance as at 1 July 2008		4,206	--	4,206	4,206	--	4,206
Surplus/(deficit) for the year		(991)	--	(991)	(991)	--	(991)
Other comprehensive income:							
Net increase/(decrease) in property, plant and equipment		--	--	--	--	--	--
Changes in restoration liability		--	--	--	--	--	--
Total other comprehensive income		--	--	--	--	--	--
Total comprehensive income for the year		3,215	--	3,215	3,215	--	3,215
Balance as at 30 June 2009		3,215	--	3,215	3,215	--	3,215

The accompanying notes form part of these financial statements

Statements of cash flows

for the year ended 30 June 2010

		Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
	Notes	Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(42)	(39)	(12,377)	(13,085)	(12,834)
Other		(4,964)	(4,755)	(4,918)	(5,458)	(4,783)
Personnel services		(12,313)	(12,835)	--	--	--
Total Payments		(17,319)	(17,629)	(17,295)	(18,543)	(17,617)
Receipts						
Interest received		51	102	51	85	103
Other		498	670	496	588	654
Total Receipts		549	772	547	673	757
Cash Flows from Government						
Recurrent appropriation		17,147	17,329	17,147	17,780	17,329
Capital appropriation		1,087	743	1,087	1,790	743
Cash transfers to the Consolidated Fund		(187)	(285)	(187)	--	(285)
Net Cash Flows from Government		18,047	17,787	18,047	19,570	17,787
NEW CASH FLOWS FROM OPERATING ACTIVITIES	24	1,277	930	1,299	1,700	927
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of plant & equipment		7	--	7	--	--
Purchases of plant & equipment		(1,073)	(702)	(1,073)	(1,790)	(702)
Purchases of intangible assets		(14)	(41)	(14)	--	(41)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,080)	(743)	(1,080)	(1,790)	(743)
NET INCREASE / (DECREASE) IN CASH						
Opening cash and cash equivalents		1,277	1,090	1,467	1,467	1,283
CLOSING CASH AND CASH EQUIVALENTS	12	1,474	1,277	1,686	1,377	1,467

The accompanying notes form part of these financial statements

Service group statements for the year ended 30 June 2010

	Service Group 1*		Service Group 2*		Service Group 3*	
	2010	2009	2010	2009	2010	2009
EXPENSES & INCOME	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses						
Operating Expenses						
Employee related	11,381	11,945	955	987	718	743
Other operating expenses	3,988	4,058	232	260	181	183
Depreciation and amortisation	1,474	1,544	--	--	--	--
Total expenses excluding losses	16,843	17,547	1,187	1,247	899	926
Revenue						
Investment revenue	62	74	--	--	--	--
Grants and contributions	--	35	--	--	--	--
Other revenue	4	58	--	--	--	--
Total Revenue	66	167	--	--	--	--
Gain/(loss) on disposal	(368)	(20)	--	--	--	--
Net Cost of Services	17,145	17,400	1,187	1,247	899	926
Government contributions**	--	--	--	--	--	--
(DEFICIT) / SURPLUS FOR THE YEAR	17,145	17,400	1,187	1,247	899	926
Other comprehensive income						
Increase in asset revaluation reserve	186	--	--	--	--	--
Total other comprehensive income	186	--	--	--	--	--
TOTAL COMPREHENSIVE INCOME	16,959	17,400	1,187	1,247	899	926

* The names and purpose of each service group is summarised at note 11.

** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the 'Not Attributable' column.



	Not Attributable		Total	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
EXPENSES & INCOME				
Expenses excluding losses				
Operating Expenses				
Employee related	--	--	13,054	13,675
Other operating expenses	--	--	4,401	4,501
Depreciation and amortisation	--	--	1,474	1,544
Total expenses excluding losses	--	--	18,929	19,720
Revenue				
Investment revenue	--	--	62	74
Grants and contributions	--	--	--	35
Other revenue	--	--	4	58
Total Revenue	--	--	66	167
Gain/(loss) on disposal	--	--	(368)	(20)
Net Cost of Services	--	--	19,231	19,573
Government contributions**	(18,522)	(18,582)	(18,522)	(18,582)
(DEFICIT) / SURPLUS FOR THE YEAR	(18,522)	(18,582)	(709)	(991)
Other comprehensive income				
Increase in asset revaluation reserve	--	--	186	--
Total other comprehensive income	--	--	186	--
TOTAL COMPREHENSIVE INCOME	(18,522)	(18,582)	(523)	(991)

* The names and purpose of each service group is summarised at note 11.

** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the 'Not Attributable' column.

Service group statements

for the year ended 30 June 2010 (cont)

	Service Group 1*		Service Group 2*		Service Group 3*	
	2010	2009	2010	2009	2010	2009
ASSETS & LIABILITIES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	1,686	1,467	--	--	--	--
Receivables	416	367	--	--	--	--
Total current assets	2,102	1,834	--	--	--	--
Non-current assets						
Plant and equipment	3,024	3,546	--	--	--	--
Intangibles	110	164	--	--	--	--
Total non-current assets	3,134	3,710	--	--	--	--
TOTAL ASSETS	5,236	5,544	--	--	--	--
Current liabilities						
Payables	368	418	--	--	--	--
Provisions	1,165	1,186	--	--	--	--
Other	361	187	--	--	--	--
Total current liabilities	1,894	1,791	--	--	--	--
Non-current liabilities						
Provisions	650	538	--	--	--	--
Total non-current liabilities	650	538	--	--	--	--
TOTAL LIABILITIES	2,544	2,329	--	--	--	--
NET ASSETS	2,692	3,215	--	--	--	--

* The names and purpose of each service group is summarised at note 11.

** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the 'Not Attributable' column.

	Not Attributable		Total	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
ASSETS & LIABILITIES				
Current assets				
Cash and cash equivalents	--	--	1,686	1,467
Receivables	--	--	416	367
Total current assets	--	--	2,102	1,834
Non-current assets				
Plant and equipment	--	--	3,024	3,546
Intangibles	--	--	110	164
Total non-current assets	--	--	3,134	3,710
TOTAL ASSETS	--	--	5,236	5,544
Current liabilities				
Payables	--	--	368	418
Provisions	--	--	1,165	1,186
Other	--	--	361	187
Total current liabilities	--	--	1,894	1,791
Non-current liabilities				
Provisions	--	--	650	538
Total non-current liabilities	--	--	650	538
TOTAL LIABILITIES	--	--	2,544	2,329
NET ASSETS	--	--	2,692	3,215

* The names and purpose of each service group is summarised at note 11.

** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the 'Not Attributable' column.

Summary of Compliance with Financial Directives

	2010			
	Recurrent Appropriation	Expenditure/ Net claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE				
④ Appropriation Act	17,780	16,786	1,790	1,087
	17,780	16,786	1,790	1,087
OTHER APPROPRIATION/ EXPENDITURE				
④ Treasurer's Advance	--	--	--	--
④ Additional appropriations	--	--	--	--
	--	--	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,780	16,786	1,790	1,087
Amount drawn down against Appropriation		17,147		1,087
Liability to Consolidated Fund		361		--

The accompanying notes form part of these financial statements

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

The liability to the Consolidated Fund represents the difference between the amount drawn down against Appropriation and the total expenditure/net claim on consolidated fund.

	2009			
	Recurrent Appropriation	Expenditure/ Net claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE				
④ Appropriation Act	17,291	16,804	1,790	658
	17,291	16,804	1,790	658
OTHER APPROPRIATION/ EXPENDITURE				
④ Treasurer's Advance	699	338	85	85
④ Additional appropriations	--	--	--	--
	669	338	85	85
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,960	17,142	1,875	743
Amount drawn down against Appropriation		17,329		743
Liability to Consolidated Fund		187		--

Summary of Compliance with Financial Directives for the year ended 30 June 2010 (cont)

Recurrent Appropriation

The Commission's recurrent appropriation of \$17.780m was not fully drawn down as the agency did not employ the full number of staff expected during the year, and was able to make additional savings on other operating expenses. The Commission drew down \$17.147m of the approved recurrent appropriation.

Capital Appropriation

The Commission expended \$1,086,714 of the \$1,790,000 approved capital appropriation.



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

01. Summary of Significant Accounting Policies

(a) Reporting entity

The Police Integrity Commission (the Commission), as a reporting entity, comprises all of the entities under its control, namely: Police Integrity Commission Division and Office of the Police Integrity Commission.

In the process of preparing the consolidated financial report for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The Police Integrity Commission is a NSW Government department. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The consolidated financial statement for the year ended 30 June 2010 has been authorised for issue by the Commissioner for the Police Integrity Commission on 17 September 2010.

(b) Basis of preparation

The Commission's financial statements are a general purpose financial statement which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act* 1983 and Regulation and

- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Plant and equipment are measured at historical cost, as a surrogate for fair value. Other financial items are prepared in accordance with the historical cost convention. However, certain provisions are measured at fair value.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered activities

The Commission does not administer activities on behalf of the Crown Entity.

(e) Insurance

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

(f) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

- (i) Parliamentary Appropriations and Contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the Commission obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Unspent appropriations are accounted for as liabilities rather than income, as the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund.

The liability is disclosed in Note 20 as part of 'Current Liabilities–Other'. The amount will be repaid and the liability will be extinguished next financial year.

- (ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the assets.

- (iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

- (iv) Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(h) Assets

- (i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisition of assets controlled by the Commission. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment is effectively discounted at an asset-specific rate.

(ii) *Capitalisation thresholds*

Plant and equipment and intangible assets costing \$5,000 and above individually, or forming part of a network costing more than \$5,000, are capitalised.

(iii) *Revaluation of plant and equipment*

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Commission holds an asset for make good of leased accommodation the value of which has been revalued in line with requirements of the new lease effective 5 July 2010. There has been no revaluation of any other of the Commission's plant and equipment as they are mainly non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus / deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

(iv) *Impairment of plant and equipment*

As a not-for-profit entity with no cash generating units, the Commission is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less cost to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) *Assets not able to be reliably measured*

The Commission does not hold any assets that have not been recognised in the statement of financial position.

(vi) *Depreciation of plant and equipment*

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

The Commission has adopted the following depreciation rates for the reporting period:

Computer equipment	4 years
Intangible computer software	4 years

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

Office machines	7 years
Other plant and equipment	3, 4 & 7 years
Leasehold improvements	the initial period of the lease

(vii) *Major Inspection Costs*

The Commission did not incur major inspection costs during the year.

(viii) *Restoration Costs*

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(ix) *Maintenance*

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(x) *Critical Accounting Estimates*

Make good provision – provision is made for the anticipated costs of future restoration of leased premises as required under the terms of agreement effective from the 5 July 2010. The provision includes future cost estimates associated with dismantling and reinstatement of the leased premises to original condition. The calculation is based on a square metre rate of \$200.00 over the lease period discounted by 4.575% (Government bond rate 30/6/10) as required under AASB 137 *Provisions, Contingent Liabilities & Contingent Assets*.

(xi) *Leased Assets*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease. Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(xii) *Intangible Assets*

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Commission's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets are amortised using the straight-line method over a period of 4 years.

Intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Commission is effectively exempted from impairment testing (refer paragraph (h(iv))).

(xiii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the operating statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xiv) *Investments*

The Commission held no investments during 2009–10 or 2008–09.

(xv) *De-recognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Commission has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Commission's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xvi) *Non-current assets (or disposal groups) held for sale*

The Commission has no non-current assets (or disposal groups) held for sale.

(xvii) *Trust funds*

The Commission does not hold any trust funds.

(xviii) *Other Assets*

Other assets are recognised on a cost basis.

(i) *Liabilities*

(i) *Payables*

These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) *Employee benefits and other provisions*

a. *Salaries and Wages, Annual Leave, Sick Leave and On-costs*

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds of 4.565% are used to discount long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

b. Long Service Leave and Superannuation

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 10/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

c. Other Provisions

Other provisions exist when the Commission has a present legal, or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(j) Equity and reserves

(i) Accumulated Funds

The category accumulated funds includes all current and prior period retained funds.

- (ii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve and foreign currency translation reserve).

(iii) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Commission's policy on the revaluation of plant and equipment as discussed in note 1(h)(iii).

(k) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure and transfers of program/functions and parts thereof between NSW public sector agencies are designated or required by Accounting Standards to be treated as contribution by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

(l) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act* 1983.

The budgeted amounts in the statement of comprehensive income and statement of cash flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the statement of financial position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than carried forward estimates).

(m) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(n) New Australian Accounting Standards issued but not yet effective

The Commission is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2010.

- AASB 9 & AASB 2009-11 Amendments to Australian Accounting Standards regarding financial instruments (applicable to annual reporting periods beginning on or after Jan 1, 2013).
- AASB 2009-9 Amendments to Australian

Accounting Standards regarding first time adoption (applicable to annual reporting periods beginning on or after July 1, 2010).

- AASB 124 & AASB 2009-12 Amendments to Australian Accounting Standards regarding related party transactions (applicable to annual reporting periods beginning on or after Jan 1, 2011)
- AASB 2009-13 Amendments to Australian Accounting Standards arising from interpretation 19 (AASB 1) (applicable to annual reporting periods beginning on or after July 1, 2010).
- AASB 2010-1 Regarding AASB 7 comparatives for first time adopters.
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable to annual reporting periods beginning on or after July 1, 2013).
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the annual improvements project (applicable to annual reporting periods beginning on or after July 1, 2010).
- AASB 2010-4 Further amendments to Australian Accounting Standards arising from the annual improvements project (applicable to annual reporting periods beginning on or after Jan 1, 2011).

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

02. Expenses Excluding Losses

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	--	--	10,645	11,221
Superannuation—defined benefit plans	--	--	91	110
Superannuation—defined contribution plans	--	--	879	881
Long service leave	--	--	554	580
Workers' compensation insurance	--	--	123	94
Payroll tax and fringe benefits tax	42	36	729	751
Other	--	3	33	38
	42	39	13,054	13,675

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(b) Other operating expenses include the following:				
Administration charges	405	238	377	232
Books and periodicals	31	27	31	27
Auditor's remuneration—audit of the financial statements	31	31	36	37
Consultancies	67	33	67	33
Contractors	238	418	238	418
EDP expenses (including equipment leasing charges)	111	115	111	115
Maintenance *	362	370	362	370
Make good expense	111	50	111	50
Insurance	32	37	32	37
Rent and outgoings	1,754	1,645	1,754	1,645
Minor equipment	192	246	192	246
Motor vehicle costs (including leasing charges)	191	212	191	212
Advertising	1	24	1	24
Printing and stationery	47	47	47	47
Staff development	106	77	106	77
Travelling expenses	167	178	167	178
Telephones	173	185	173	185
Fees and searches	57	72	57	72
Other	348	496	348	496
	4,424	4,501	4,401	4,501
* Reconciliation - Total maintenance				
Maintenance expense - contracted labour and other (non-employee related), as above	362	370	362	370
Maintenance related employee expenses included in Note 2 (a)	--	--	--	--
Total maintenance expenses included in Note 2 (a) + 2 (b)	362	370	362	370

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(c) Personnel Services expenses				
Police Integrity Commission Division	12,340	12,939	--	--
(d) Depreciation and amortisation expense				
Depreciation				
Computer Equipment	633	688	633	688
Office Equipment	361	437	361	437
Office Furniture and Fitting	10	11	10	11
Amortisation				
Leasehold Improvements	402	344	402	344
Intangibles	68	64	68	64
	1,474	1,544	1,474	1,544

03. Revenue

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Investment revenue				
Interest	62	74	62	74
	62	74	62	74
(b) Grants and contributions				
Commonwealth government*	--	35	--	35
	--	35	--	35
(c) Other Revenue				
Commission on salary deductions, conduct fees, fines	4	58	4	58
	4	58	4	58

* Funding from the Commonwealth Government was provided in 2008-09 under the Australian Defence Force Reserves Employer Support Payment Scheme as a result of a Commission officer being required to undertake extended army reserve duties.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

04. Gain/(loss) on Disposal

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Proceeds from disposal	7	--	7	--
Written down value of assets disposed	(375)	(20)	(375)	(20)
Gain / (loss) on disposal	(368)	(20)	(368)	(20)

05. Conditions on Contributions

The Commission did not receive contributions during 2009–10 to which conditions were applied (2009: Nil).

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

06. Appropriations

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	17,147	17,329	17,147	17,329
Less: Liability to Consolidated Fund (per Summary of Compliance)	361	187	361	187
	16,786	17,142	16,786	17,142
Comprising:				
Recurrent appropriations (per Statement of Comprehensive Income)	16,786	17,142	16,786	17,142
Transfer payments	--	--	--	--
	16,786	17,142	16,786	17,142
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	1,087	743	1,087	743
Less: Liability to Consolidated Fund (per Summary of Compliance)	--	--	--	--
	1,087	743	1,087	743
Comprising:				
Capital appropriations (per Statement of Comprehensive Income)	1,087	743	1,087	743
Transfer payments	--	--	--	--
	1,087	743	1,087	743

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

07. Prior Period Errors

No prior period errors have been discovered in 2009-10 (2009: Nil).

08. Individually Significant Items

During 2009-10 there were no individually significant items (2009: Nil).

09. Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

	Police Integrity Commission		Consolidated	
The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies:	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Superannuation – defined benefit	--	--	91	110
Long service leave	--	--	553	580
Payroll tax	--	--	5	7
	--	--	649	697

10. Transfer Payments

There were no transfer payments during the reporting period (2009:Nil).

11. Service Groups of the Agency

Service Group 1: *Investigations*

Objective: To effectively contribute to the State response in combating serious misconduct.

Service Group 2: *Research*

Objective: Undertake research and provide recommendations for reform to improve practice.

Service Group 3: *Complaints Management*

Objective: Management of relevant complaint processes and investigations.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

12. Current Assets – Cash and Cash Equivalents

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at bank	1,462	1,265	1,674	1,455
Cash on hand	12	12	12	12
	1,474	1,277	1,686	1,467
For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and cash at bank. Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
Cash and cash equivalents (per Statement of Financial Position)	1,474	1,277	1,686	1,467
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	1,474	1,277	1,686	1,467

\$369,000 (2009: \$215,254) of the above is classified as a restricted asset and disclosed at note 16.

13. Current Assets – Receivables

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Prepayments	239	219	239	219
Other debtors	174	147	177	148
	413	366	416	367

No allowance for impairment has been raised as all amounts are considered to be collectable.

Prepayments made by the Commission have been classified as receivables in compliance with AASB 101.75(b).

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

14. Non-Current Assets – Plant and Equipment

Entity and consolidated figures are not shown separately as the Police Integrity Commission Division does not hold assets.

	Leasehold Improve- ments \$'000	Plant & Equipment \$'000	Infra- structure Systems \$'000	Total \$'000
At 1 July 2009 - fair value				
Gross carrying amount	1,938	5,604	3,488	11,030
Accumulated depreciation and impairment	(1,116)	(4,115)	(2,253)	(7,484)
Net Carrying Amount	822	1,489	1,235	3,546
At 30 June 2010 – fair value				
Gross carrying amount	2,267	5,329	3,816	11,412
Accumulated depreciation and impairment	(1,459)	(4,074)	(2,855)	(8,388)
Net Carrying Amount	808	1,255	961	3,024
Reconciliation				
A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below.				
Year ended 30 June 2010				
Net carrying amount at start of year	822	1,489	1,235	3,546
- Additions	202	511	360	1,073
- Disposals	--	(374)	(1)	(375)
- Depreciation Expense	(402)	(371)	(633)	(1,406)
- Net revaluation increment less revaluation decrement	186	--	--	186
Net carrying amount at end of year	808	1,255	961	3,024
At 1 July 2008 - fair value				
Gross carrying amount	6,200	5,416	3,512	15,128
Accumulated depreciation and impairment	(5,357)	(3,700)	(1,727)	(10,784)
Net Carrying Amount	843	1,716	1,785	4,344
At 30 June 2009 – fair value				
Gross carrying amount	1,938	5,604	3,488	11,030
Accumulated depreciation and impairment	(1,116)	(4,115)	(2,253)	(7,484)
Net Carrying Amount	822	1,489	1,235	3,546

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

Leasehold Improve- ments \$'000	Plant & Equipment \$'000	Infra- structure Systems \$'000	Total \$'000
--	--------------------------------	--	-----------------

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below.

Year ended 30 June 2009

Net carrying amount at start of year	843	1,716	1,785	4,344
- Additions	323	234	145	702
- Disposals	--	(19)	(1)	(20)
- Depreciation Expense	(344)	(448)	(688)	(1,480)
- Other movements – Prior year adjustment	--	6	(6)	--
Net carrying amount at end of year	822	1,489	1,235	3,546

There has been no revaluation of physical non-current assets during the reporting period. The Commission considers that the written down value of assets approximates the fair value of these assets.

15. Intangible Assets – Software

Police Integrity Commission	Consolidated
\$'000	\$'000

At 1 July 2009

Cost (gross carrying amount)	4,107	4,107
Accumulated amortisation and impairment	(3,943)	(3,943)
Net Carrying Amount	164	164

At 30 June 2010

Cost (gross carrying amount)	4,079	4,079
Accumulated amortisation and impairment	(3,969)	(3,969)
Net Carrying Amount	110	110

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

	Police Integrity Commission	Consolidated
	\$'000	\$'000
Year ended 30 June 2010		
Net carrying amount at start of year	164	164
Additions	14	14
Disposal	--	--
Amortisation (recognised in "depreciation and amortisation")	(68)	(68)
Net carrying amount at end of year	110	110
At 1 July 2008		
Cost (gross carrying amount)	4,066	4,066
Accumulated amortisation and impairment	(3,879)	(3,879)
Net Carrying Amount	187	187
At 30 June 2009		
Cost (gross carrying amount)	4,107	4,107
Accumulated amortisation and impairment	(3,943)	(3,943)
Net Carrying Amount	164	164
Year ended 30 June 2009		
Net carrying amount at start of year	187	187
Additions	41	41
Disposal	--	--
Amortisation (recognised in "depreciation and amortisation")	(64)	(64)
Net carrying amount at end of year	164	164

Computer software that is not an integral part of the related hardware is classified as an intangible asset to conform with AASB 138 *Intangible Assets*.

Intangible assets include a gross value of \$2.8m Police Oversight Data Store (PODS) Project of the Police Complaints Case Management System (PCCM) funded by way of grant from the then NSW Premier's Department.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

16. Restricted Assets

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Police Oversight Data Store grant	8	28	8	28
Liability to consolidated fund	361	187	361	187
	369	215	369	215

During 2009-10 the Commission expended \$19,807 of the Police Oversight Data Store grant, the balance as at 30 June 2010 held in the Operating Account is \$8,447 (balance 2008-09 \$28,254).

17. Current Liabilities – Payables

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Accrued salaries, wages and on-costs	--	--	185	137
Creditors	153	274	183	281
	153	274	368	418

18. Current / Non-Current Liabilities – Interest Bearing Liabilities

The Commission does not have any current or non-current interest bearing liabilities.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

19. Current/Non-Current Liabilities – Provisions

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Employee benefits and related on-costs				
Recreation leave	--	--	821	876
Long service leave on-costs	--	--	285	248
Payroll tax and FBT provision	13	12	59	62
	13	12	1,165	1,186
Other provisions				
Provision for personnel services	1,152	1,127	--	--
Restoration costs	650	538	650	538
Total Provisions	1,815	1,677	1,815	1,724
Aggregate employee benefits and related on-costs				
Provisions – current	--	--	1,151	1,162
Provisions – non-current	--	--	14	12
Accrued salaries, wages and on-costs (Note 17)	--	--	185	137
	--	--	1,350	1,311

Under a new lease agreement effective 5 July 2010 the Commission is required to reinstate the leased premises to the condition they were in as at the date the premises was first leased.

Movements in provisions (other than employee benefits)

Restoration Costs

Carrying amount at beginning of financial year	538	488
Additional provisions recognised	94	--
Unwinding / change in the discount rate	18	50
Carrying amount at end of financial year	650	538

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

20. Current Liabilities – Other

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Liability to the Consolidated Fund	361	187	361	187
	361	187	361	187

21. Commitments for Expenditure

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000

a) Capital Commitments

Aggregate capital expenditure for the acquisition of computer software and hardware, office equipment and leasehold improvements, contracted for at balance date and not provided for:

Not later than one year	65	--	65	--
Total (including GST)	65	--	65	--

b) Other Expenditure Commitments

Aggregate other expenditure for the acquisition of external training and minor equipment, contracted for at balance date and not provided for:

Not later than one year	29	47	29	47
Total (including GST)	29	47	29	47

c) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,710	1,584	1,710	1,584
Later than one year and not later than five years	3,198	100	3,198	100
Later than five years	--	--	--	--
Total (including GST)	4,908	1,684	4,908	1,684

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

These operating lease commitments relate to the Commission's rental of property and motor vehicle fleet, and are not recognised in the financial statements as liabilities

(d) Finance Lease Commitments

The Commission has no finance lease commitments.

(e) GST on Commitments

The total commitments for 2010 include input tax credits of \$454,752 (2008–09 \$157,345) that are expected to be recoverable from the Australian Taxation Office.

22. Contingent Liabilities and Contingent Assets

As at the reporting date, the Commission is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2009: Nil).

23. Budget Review

Net cost of services

The actual net cost of services was lower than budget by \$737,000. This variance can be attributed to a number of vacant positions not being filled while a structural review was undertaken as well as savings in other operating expenditure namely legal counsel fees of approximately \$150,000. Recruitment to fill vacant positions will commence in July 2010.

Assets and liabilities

Total assets were lower than budget by \$525,000 primarily due to a decrease in expenditure on non-current assets of \$730,000, while cash assets held increased by \$219,000.

Total liabilities increased due to lower than expected expenditure on operating expenses resulting in an increase in the liability to Consolidated Fund of \$174,000.

Cash flows

Closing cash was higher than budget by \$309,000. Net cash flows from operating and financing activities were below budget due to the Commission not expending its full recurrent or capital appropriations.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

24. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

	Police Integrity Commission		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Net cash used on operating activities	1,277	930	1,299	927
Cash Flows from Government Appropriations	(17,873)	(17,885)	(17,781)	(17,885)
Acceptance by Crown Entity of employee benefits and other liabilities	--	--	(649)	(697)
Depreciation and amortisation	(1,474)	(1,544)	(1,474)	(1,544)
Decrease/(increase) in provisions	(138)	(113)	(90)	(161)
Increase/(decrease) in prepayments and other assets	47	(235)	49	(315)
Decrease/(increase) in creditors	(53)	(9)	(217)	122
Net gain/loss on sale of plant and equipment	(368)	(20)	(368)	(20)
Net cost of services	(18,582)	(18,876)	(19,231)	(19,573)

25. Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities undertaken by the Commission for the reporting period (2009: Nil).

26. Trust Funds

The Commission does not hold any trust funds (2009: Nil).



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

27. Administered Assets and Liabilities

The Commission does not hold any administered assets, nor does it hold any administered liabilities (2009: Nil).

28. Administered Revenue – Debts Written Off

The Commission does not hold any administered revenue (2009: Nil).

29. Administered Revenue – Schedule of Uncollected Amounts

The Commission does not administer any uncollected monies (2009: Nil).

30. Financial Instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statement.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by internal audit on a continuous basis.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class			2010 \$'000	2009 \$'000
Cash and cash equivalents	12	N/A	1,686	1,467
Receivables ¹	13	Loans and receivables (at amortised cost)	57	56

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class			2010 \$'000	2009 \$'000
Payables ²	17	Financial liabilities measured at amortised cost	358	411

(ii) Credit Risk

Credit risk arises when there is a possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Credit risk associated with the Commission's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

of debtors. Based on past experience, debtors that are not past due (2010 \$56,705, 2009 \$37,460) and less than 3 months past due (2010 nil, 2009 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total^{1,2} \$'000	Past due but not impaired^{1,2} \$'000	Considered impaired^{1,2} \$'000
2010			
< 3 months overdue	57	57	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2009			
< 3 months overdue	37	37	--
3 months – 6 months overdue	19	19	--
> 6 months overdue	--	--	--

(iii) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Commission does not have a bank overdraft facility.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year.

¹ Each column in the table reports 'gross receivables'.

² The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

Maturity analysis and interest rate exposure of financial liabilities

		Fixed Interest Rate Monthly					
	Average interest rate %	Variable interest rate \$'000	Less than 1 year \$'000	1 to 5 years \$'000	More than 5 bearing \$'000	Non interest \$'000	Total \$'000
2010							
Accrued salaries, wages and on-costs		--	--	--	--	185	185
Creditors		--	--	--	--	183	183
		--	--	--	--	368	368
2009							
Accrued salaries, wages and on-costs		--	--	--	--	137	137
Creditors		--	--	--	--	274	274
		--	--	--	--	411	411

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the statement of financial position.

(iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission's exposure to market risk is primarily through interest rate risk. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2009. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Commission's exposure to interest rate risk is set out below.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

Interest Rate Risk					
	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2010					
Financial Assets					
Cash and cash equivalents	1,686	(17)	(17)	17	17
Receivables	177	(2)	(2)	2	2
Financial liabilities					
Payables	368	(4)	(4)	4	4
2009					
Financial Assets					
Cash and cash equivalents	1,467	(15)	(15)	15	15
Receivables	148	(1)	(1)	1	1
Financial liabilities					
Payables	411	(4)	(4)	4	4

(v) Fair Value

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

32. After Balance Date Events

There are no known after balance date events.

End of audited financial statements



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Police Integrity Commission Division (the Division), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Division as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

My opinion should be read in conjunction with the rest of this report.

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Commissioner's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commissioner's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Division, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

Peter Barnes
Director, Financial Audit Services

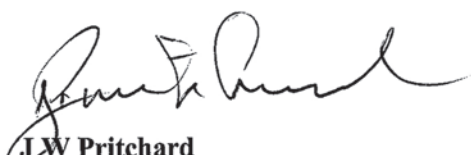
21 September 2010
SYDNEY

Police Integrity Commission Division

Statement by Department Head

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, and based on information provided to me by the Division, I have formed the opinion that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2010 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010*, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, and the *Treasurer's Directions*
- (b) the statements exhibit a true and fair view of the financial position and transactions of the Division, and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



J.W. Pritchard
Commissioner
 17 September 2010

Statement of comprehensive income for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Employee related	2(a)	13,013	13,637
Other operating expenses	2(b)	5	6
Total expenses excluding losses		13,018	13,643
REVENUE			
Personnel services		12,340	12,940
Other revenue		28	6
Total Revenue		12,368	12,946
Net Cost of Services	10	650	697
GOVERNMENT CONTRIBUTIONS			
Acceptance by the Crown Entity of employee benefits and other liabilities	3	650	697
Total Government Contributions		650	697
SURPLUS/(DEFICIT) FOR THE YEAR			
		--	--
Other comprehensive income		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		--	--

The accompanying notes form part of these financial statements

Statement of financial position as at 30 June 2010

	Notes	2010	2009
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	212	190
Receivables	5	1,155	1,128
Total Current Assets		1,367	1,318
Total Assets		1,367	1,318
LIABILITIES			
Current Liabilities			
Payables	6	216	144
Provisions	7	1,151	1,174
Total Current Liabilities		1,367	1,318
Total Liabilities		1,367	1,318
Net Assets		--	--
EQUITY			
Accumulated funds		--	--
Total Equity		--	--

The accompanying notes form part of these financial statements

Statement of changes in equity for the year ended 30 June 2010

	2010	2009
	\$'000	\$'000
Balance at 1 July 2009	--	--
Surplus / (Deficit) for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2010	--	--
Balance at 1 July 2008	--	--
Surplus / (Deficit) for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2009	--	--

The accompanying notes form part of these financial statements

Statement of cash flows

for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(12,319)	(12,960)
Other		--	--
Total Payments		(12,319)	(12,960)
Receipts			
Personnel services		12,341	12,957
Total Receipts		12,341	12,957
NET CASH FLOWS FROM OPERATING ACTIVITIES		22	(3)
NET (DECREASE)INCREASE) IN CASH	10	22	(3)
Opening cash and cash equivalents	4	190	193
CLOSING CASH AND CASH EQUIVALENTS	4	212	190

The accompanying notes form part of these financial statements



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

01. Summary of Significant Accounting Policies

(a) Reporting entity

Police Integrity Commission Division (the Division) is a Division of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at 111 Elizabeth Street Sydney NSW 2000.

Police Integrity Commission Division's objective is to provide personnel services to the Police Integrity Commission.

The financial statements for the year ended 30 June 2010 has been authorised for issue by the Commissioner for the Police Integrity Commission Division on 17 September 2010.

(b) Basis of preparation

The Division's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Regulation* and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Financial items are prepared in accordance with the historical cost convention. However,

certain provisions are measured at fair value.

Judgments, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

These financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(e) Assets

(i) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the operating statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the statement of comprehensive income.

(f) *Liabilities*

(i) *Payables*

Payables include accrued wages, salaries, and related on costs (such as payroll tax, tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short-term payable with no stated interest rate is measured at of the original invoice amount where discounting is immaterial.

(ii) *Employee benefits and other provisions*

a. *Salaries and Wages, Annual Leave, Sick Leave and On-costs*

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on

government bonds of 4.565% are used to discount long term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

b. *Long Service Leave and Superannuation*

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 10/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

c. Other Provisions

Other provisions exist when the Commission has a present legal, equitable or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(g) *New Australian Accounting Standards issued but not yet effective*

The Commission is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2010.

- | | |
|---|--|
| <ul style="list-style-type: none"> • AASB 9 & AASB 2009-11 Amendments to Australian Accounting Standards regarding financial instruments (applicable to annual reporting periods beginning on or after Jan 1, 2013). • AASB 2009-9 Amendments to Australian Accounting Standards regarding first time adoption (applicable to annual reporting periods beginning on or after July 1, 2010). | <ul style="list-style-type: none"> • AASB 124 & AASB 2009-12 Amendments to Australian Accounting Standards regarding related party transactions (applicable to annual reporting periods beginning on or after Jan 1, 2011) • AASB 2009-13 Amendments to Australian Accounting Standards arising from interpretation 19 (AASB 1) (applicable to annual reporting periods beginning on or after July 1, 2010). • AASB 2010-1 Regarding AASB 7 comparatives for first time adopters (applicable to annual reporting periods beginning on or after July 1, 2010). • AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable to annual reporting periods beginning on or after July 1, 2013). • AASB 2010-3 Amendments to Australian Accounting Standards arising from the annual improvements project (applicable to annual reporting periods beginning on or after July 1, 2010). • AASB 2010-4 Further amendments to Australian Accounting Standards arising from the annual improvements project (applicable to annual reporting periods beginning on or after Jan 1, 2011). |
|---|--|

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

02. Expenses Excluding Losses

	2010	2009
	\$'000	\$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	10,645	11,221
Superannuation—defined benefit plans	91	110
Superannuation—defined contribution plans	879	881
Long Service Leave	554	580
Workers' compensation insurance	123	94
Payroll tax	688	715
Other	33	36
	13,013	13,637
(b) Other operating expenses include the following:		
Administration charges	--	--
Auditor's remuneration – audit review of financial information	5	6
	5	12

03. Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:

	\$'000	\$'000
Superannuation—defined benefit plans	91	110
Long Service Leave	554	580
Payroll tax on superannuation	5	6
	650	697

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

04. Current Assets – Cash and Cash Equivalents

	2010	2009
	\$'000	\$'000
Cash at bank	212	190
	212	190

05. Current Assets – Receivables

Prepayments	--	--
Personnel services	1,152	1,127
Other	3	1
	1,155	1,128

06. Current Liabilities – Payables

Accrued salaries and wages	185	137
Creditor	31	7
Police Integrity Commission	--	--
	216	144

07. Current Liabilities – Provisions

Employee benefits and related on-costs

Recreation leave	821	876
Long service leave on-cost*	285	248
Payroll tax	45	50
	1,151	1,174

*Long service leave on-cost

Current payable within 12 months	271	236
Non-current payable after 12 months	14	12
	285	248

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

08. Contingent Liabilities and Contingent Assets

As at the reporting date, the Division is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2009: nil).

09. Commitments for Expenditure

As at the reporting date, the Division does not have any commitments (2009: nil).

10. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

Net cash used in operating activities	22	(3)
Acceptance by Crown Entity of employee benefits and other liabilities	(650)	(697)
Decrease/(increase) in provisions	23	(110)
Increase/(decrease) in prepayments and other assets	27	(105)
Decrease/(increase) in creditors	(72)	218
Net cost of services	(650)	(697)

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

11. Financial Instruments

The Division's principal financial instruments are outlined below. These financial instruments arise directly from the Division's operations or are required to finance the Division's operations. The Division does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Division's main risks arising from financial instruments are outlined below, together with the Division's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Division, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by internal audit on a continuous basis.

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class			2010 \$'000	2009 \$'000
Cash and cash equivalents	4	N/A	212	190
Receivables ¹	5	Loans and receivables (at amortised cost)	1,152	1,127

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class			2010 \$,000	2009 \$'000
Payables ²	6	Financial liabilities measured at amotised cost	206	135

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

(ii) Credit Risk

Credit risk arises when there is a possibility of the Division's debtors defaulting on their contractual obligations, resulting in a financial loss to the Division. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Division, including cash and receivables. No collateral is held by the Division. The Division has not granted any financial guarantees.

Credit risk associated with the Division's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Division is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2010 nil, 2009 nil) and less than 3 months past due (2010 nil, 2009 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total ^{1, 2} \$'000	Past due but not impaired^{1, 2} \$'000	Considered impaired^{1, 2} \$'000
2010			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2009			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--

¹ Each column in the table reports 'gross receivables'.

² The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

(iii) Liquidity risk

Liquidity risk is the risk that the Division will be unable to meet its payment obligations when they fall due. The Division continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Division does not have a bank overdraft facility.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Division's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (that are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year.

The table below summarises the maturity profile of the Division's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

		Fixed Interest Rate Monthly					
	Average interest rate %	Variable interest rate \$'000	Less than 1 year \$'000	1 to 5 years \$'000	More than 5 bearing \$'000	Non interest \$'000	Total \$'000
2010							
Accrued salaries, wages and on-costs		--	--	--	--	185	185
Creditors		--	--	--	--	31	31
		--	--	--	--	216	216
2009							
Accrued salaries, wages and on-costs		--	--	--	--	137	137
Creditors		--	--	--	--	7	7
		--	--	--	--	144	144

Notes to and forming part of the Financial Statements for the year ended 30 June 2010

(iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Divisions exposure to market risk is primarily through interest rate risk. The Division has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Division operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2009. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Division does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Division's exposure to interest rate risk is set out below.

Interest Rate Risk					
	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2010					
Financial Assets					
Cash and cash equivalents	212	(2)	(2)	2	2
Receivables	1,152	--	--	--	--
Financial liabilities					
Payables	206	--	--	--	--
2009					
Financial Assets					
Cash and cash equivalents	193	(2)	(2)	2	2
Receivables	1,127	--	--	--	--
Financial liabilities					
Payables	135	--	--	--	--



Notes to and forming part of the Financial Statements for the year ended 30 June 2010

(v) Fair Value

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

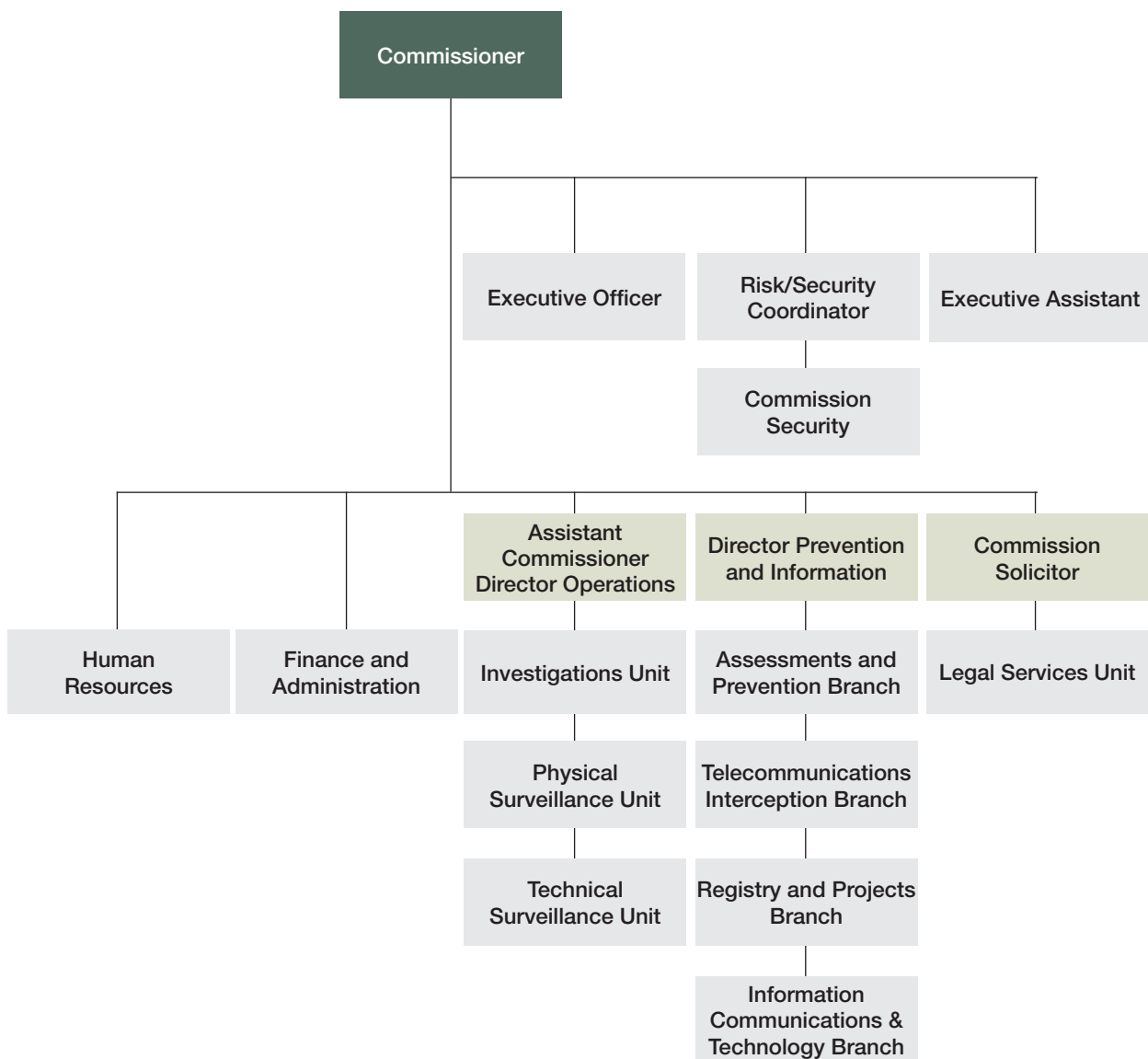
12. After Balance Date Events

There are no known after balance date events.

End of audited financial statements

APPENDIX 9

Organisational Structure



APPENDIX 10

Directory, Publications and Printing Requirements**Directory**

Address	Postal Address	Website
Level 3, 111 Elizabeth Street SYDNEY NSW 2000	GPO Box 3880 SYDNEY NSW 2001	www.pic.nsw.gov.au
Telephone Inquiries	Office Hours	
Telephone: (61 2) 9321 6700 Freecall: 1800 657 079 Facsimile: (61 2) 9321 6799	8.30am – 5.00pm	

Publications

The Commission's publications fall into the following categories:

- Reports to Parliament following an investigation which involved public hearings (section 96(2) of the *Police Integrity Commission Act 1996*)
- Special Reports to Parliament on any administrative or general policy matter relating to the functions of the Commission (section 98)
- Annual Reports
- Brochures concerning the making of a complaint in regard to serious police misconduct.

A full list of publications available to the public is posted on the Commission's website.

The following publications were released by the Commission during 2009–10:

Publication Name	Publication Date
Research & Prevention Report: Project Odin – Identifying and Managing High Risk Officers in the NSW Police Force	September 2009
Investigation Report: Operation Lantana	October 2009
Research & Issues Paper: Project Marrella - Misconduct and the Size of Student Intake	October 2009
Annual Report 2008–2009	October 2009
Research & Prevention Report: Project Manta – Preventing Corruption in the NSW Police Force	November 2009
Investigation Report: Operation Alford	December 2009
Research & Issues Paper: Characteristics of Complaints about Misconduct by Off Duty NSW Police Officers	March 2010
Research & Issues Paper: Improper Associations – A Review of Compliance with Policies and Guidelines	May 2010

Annual Report Costs

Total External Costs: \$15,008 (including design and printing costs)

A

Abelia, Operation, 46–47
 accountability, 5, 16
 accounts payable policy, 67
 achievements
 key, 8–9
 key goals, 10–16
 action plan for women, 62–63
 address, 149
 Ahmed, Rafiq, 74
 Alford, Operation, 4, 49–50
 allegations of misconduct
 assessment, 71–72
 assault, 22
 investigations, 26
 statistics, 4, 8
 types of, 71–72
 annual report
 compliance checklist (*Police Integrity Commission Act 1996*), 70
 costs, 149
 prescribed requirements, 58–69
 assault, alleged
 case study, 22
 assessing information see complaints
 assets
 confiscation, 53
 seized, 4
 Assistant Commissioners, 60
 assumed identities, 69
 audits, 66
 independent auditors' reports, 89–90, 130–131
 Australasian Integrity Testing Practitioners Working Group, 85
 Australia New Zealand Police Advisory Agency (ANZPAA), 85
 Ayoub, John, 74
 Ayoub, Julie, 75
 Azar, Richard, 75

B

Battal, Nasser, 50, 76
 Blanchette, Barry, 77
 Boaden, James, 77
 Boyling, Karl, 84
 Brazel, Alison, 50
 Briggs, Timothy, 49
 budget review, 123
 business, 7

C

Caesar, Project, 17, 53
 c@ts.i (NSWPF complaints management system)
 case studies, 20, 22
 extraction of complaints, 23
 identifying serious misconduct, 19
 charges see prosecutions
 charter, 7
 Christie, Mark, 77
 civil confiscation processes, 17
 Code of Conduct (PIC), 59, 86
 Commissioner, see also Assistant Commissioners
 financial statement, 91
 foreword, 4–6
 remuneration, 60
 committees and working groups, 85
 communications, internal, 9
 Communications Peer Network, 85
 Communications Security and Enforcement Roundtable, 85
 community awareness, 17
 Complaint Allocation Risk Assessment (CARA)
 review of process, 47–48
 complaints activity (PIC)
 assessment, 18–24
 case management system, 17
 case studies, 20–22
 improper confidential information access & disclosure, 5
 fluctuations in numbers, 24
 NSWPF complaints management system, 19; see also c@ts.i
 oversight of NSWPF investigations, 20
 profile, 23
 referred to NSWPF, 23
 statistics, 4, 8, 19, 23
 complaints against Commission, 5
 Complaints and Investigations Case Management System, 65
 complaints by police officers, 5
 confidential information see also disseminations
 Research & Issues Paper, 48–49
 unauthorised disclosure, 5, 8, 27, 48
Confiscation of Proceeds of Crime Act 1989, 55
 confiscation processes, 17, 53
 conflicts of interest; see also improper associations
 NSWPF policy & guidelines, 5, 39
 consultants, 67
 controlled entities, 67
 Corporate Plan 2007–2011, 7, 17, 18, 25, 86
 Corruption Prevention Network (CPN), 85
 corruption prevention systems and practices
 corporate level plan, 5–6, 17, 29, 29–30
 education programs, 41
 working with other agencies, 17, 42

credit card certification, 67–68
 Crime Commission see New South Wales Crime Commission
Crimes Act 1900
 prosecutions, 74–84
Crimes Legislation Amendment (Serious and Organised Crime) Act 2010, 54–55
 criminal assets see proceeds of crime
Criminal Assets Recovery Amendment Act 2009, 55
 criminal associations see improper associations
Criminal Procedure Further Amendment (Public Officers) Regulation 2008

D

decision making, 6
 Deissel, Amanda, 49
 delivery of electronic services see website
 detecting serious misconduct
 achievements, 8, 10
 assessment of complaints see complaints
 deterring serious police misconduct
 achievements, 8, 11
 directives, 7
 directory, 149
 disability action plan, 62
 disaster recovery plan, 65
 disseminations under s 56(4), 54
Drug Misuse and Trafficking Act 1985
 prosecutions, 84
 drugs
 illegal use by police officers, 46–47
 unlawfully seized, 4, 8, 27

E

early intervention system (EIS), 6, 35–36
 funding, 6, 35
 education see police education
 efficiency, 16
 electronic services see website
 Elias, Joseph & Nemer, 77
 Eltakchi, Anton, 77
 Emerald, Operation, 8, 27
 employees see staff
 energy management plan, 68
 equal employment opportunity, 58–59
 ethics (NSWPF), 4
 training recruits, 8
 evidence, planting
 case study, 20–21
 evidence & information, assembling, 7
 Executive Group (EG), 57
 remuneration, 60

exposing serious police misconduct
 achievements, 8, 12

F

false & misleading information
 to court, 8, 27
 financial statements, 88–147
 audit, 66
 Police Integrity Commission, 88–129
 Police Integrity Commission Division, 130–147
Firearms Act 1996
 prosecutions, 76, 84
 fraud, 8, 27
 freedom of information, 86–87
Freedom of Information Act 1989, 86–87
 functions, 4, 7, 25, 29, 51

G

goals see key goals
 governance, 56–57
 internal, 9, 57
Government Information (Public Access) Act 2009, 55
 Graduate Certificate in Integrity Studies Steering Committee, 85

H

hearings, 4–5, 27
 high risk officers, 5, 8, 29, 35–38, 43–44
 home loan fraud, 8, 27
 human resources see staff
 human sources
 advice regarding management, 40
 corruption risks, 40

I

improper associations,
 compliance with policies & guidelines, 48
 Operation Starwood, 8, 27
 Research and Issues Paper, 5, 8, 17, 48
 risk management, 29, 39
 income tax
 fraudulent scheme, 8, 27
 industrial relations, 58
 information assessment see complaints
 information, communication and technology (ICT)
 management, 65
 Information Management & technology Strategic Plan
 (2010–2013), 9
 information sources
 detecting primary sources, 6
 informed advice on improvements to NSWPF

systems & practices
 achievements, 13
 inquiries, 5
 Inspector, Police Integrity Commission, 56
 reports, 5, 49
 insurance, 66
 integrity reports, 42
 Interception Consultative Committee, 85
 internal audit, 9, 17
 statement, 66
 Internal Audit and Risk Committee, 57
 internal governance, 9, 57
International Finance Trust Co Ltd v NSWCC, 55
 investigations, 25–28; see also police investigations
 achievements, 8
 allegations investigated, 26
 case management system, 17
 full, 4, 8, 19, 23, 26, 28, 51
 hearings see hearings
 operating model, 17, 25
 outcomes, 28, 51
 persons assisting, 54
 preliminary, 4, 8, 19, 23, 26, 28, 51
 profile, 26
 prosecutions resulting from see prosecutions
 reports see Parliament
 statistics, 4, 26

J

Jackson, Christopher, 49–50
 Jacob, Paul, 50
 Jennings, Melinda, 49–50
 Justice Sector Information Exchange
 Coordinating Committee, 85

K

Kahila, George, 78
 Kelly, Christopher, 49–50
 key directives, 7
 key goals, 7
 prevent serious police misconduct (Key Goal 2), 13–14, 29;
 see also preventing serious police misconduct
 promote culture of learning and development (Key Goal 3), 15
 reduce incidence of serious police misconduct in NSWPF
 (Key Goal 1), 10–12
 key performance indicators, 10–15
 Khoury, Tony, 78
 Kostakidis, Con, 78

L

Lantana, Operation, 4, 8, 27, 50
Law Enforcement and National Security (Assumed Identities) Act
 1998, 69
Law Enforcement (Assumed Identities) Act 1997
 statistical data on exercise of powers, 73
Law Enforcement (Controlled Operations) Act 1997
 statistical data on exercise of powers, 73
Law Enforcement (Powers and Responsibilities) Act 2002, 40
 law reform, 54–55
 Laycock, Christopher, 79
 learning & development, organisational, 8–9
 legal matters, 54–55
 loan fraud, 8, 27
 local area commands, 5
 LP1, 50, 80

M

major assets, 68
 major works, 65
 Mallard, Operation, 49
 managerial action (NSWPF)
 recommendations for, 49–50
 Mannah, Joseph, 84
 Manta, Project, 5, 17, 31–35
 Masri, Ahmed, 80
 McCulloch, Nathan, 81
 McDonagh, Bernice, 81
 misconduct risks
 civil confiscation processes, 17
 command level identification & management, 5, 8, 29,
 33–35, 44–46
 NSWCC management, 53
 mission, 7
 mortgage fraud, 8, 27
 multicultural policies & services plan, 63–64
 Murphy, Thomas, 49–50

N

National Australasian Integrity Testing Committee, 85
 New South Wales Crime Commission (NSWCC), 51–53
 assessing information and complaints, 4, 51
 complaint process, 51
 complaint profile, 51
 investigations, 51
 misconduct by officers, 15
 oversight of, 7
 preventing misconduct, 52–53
 tracking recommendations, 53
 Nolan, Paul, 81

O

Oaths Act 1900

prosecutions, 74, 78

objectives, 10

occupational health & safety, 61–62

Occupational Health and Safety Act 2000, 62

Odin, Project, 5, 17, 31, 36–37, 43–44

off duty misconduct, 8, 37–38

Office of the Director of Public Prosecutions (ODPP), 8, 27, 51

Office of the Police Integrity Commission

establishment, 67

Ombudsman (NSW), 23, 65

Operation Abelia, 46–47

Operation Alford, 4, 49–50

Operation Emerald, 8, 27

Operation Lantana, 4, 8, 27, 50

Operation Mallard, 49

Operation Rani, 50

Operation Starwood, 8, 27

Operation Whistler, 4, 49–50

operational model, 6

operational resources, 9

Operations Advisory Group (OAG), 57

organisational learning and development

achievements, 8–9

organisational structure, 148

overseas visits, 68

overview, 8–17

P

Parliament, reports to, 8, 49–50

Parliamentary Committee, 5, 56

interaction with Commission, 56

performance indicators, 10–15

performance management, 9, 61

personnel policies, 60–61

Philpott, Julie, 49–50

plans for 2010–11, 17

Poisons and Therapeutic Goods Act 1996

prosecutions, 84

Police Act 1990, 43

prosecutions, 76

police corruption see corruption

police education; see also corruption

ethics, 8

subsequent complaints against students, 7, 29, 38

Police Integrity Commission Act 1996

annual reporting requirements, 70

Commissioner's appointment, 60

corruption education programs, 41

disclosure of information, 55

disseminations under s 56(4),

oversight of NSW Crime Commission, 51

Parliamentary Committee, 56

preventing serious police misconduct, 29

prosecutions, 74–76, 78–84

response to subpoenas, 54

statistical data on exercise of powers, 73

statutory corporation, 86

tracking recommendations, 43

Police Integrity Commission Division,

establishment, 67

financial statement, 66, 130–147

police investigations

case studies, 20–22

consultation and feedback to improve quality, 14

police misconduct see serious police misconduct

police officers

complaints by, 5

dismissed, 4

Police Oversight Data Store (PODS) system, 65

police responses to recommendations, 43–50, 53

police training see police education

powers

statistical data on exercise of Commission powers, 73

preliminary investigations see investigations

prescription medication

unlawful supply, 8, 27

preventing misconduct (NSWCC), 52–53

preventing serious police misconduct 5, 29–42;

see also misconduct risks

achievements, 8

consultations with NSWPF, 30–32

NSWPF systems & policies, 29, 40–41

reports, 8

tracking recommendations, 43–49

privacy management, 69

Privacy and Personal Information Protection Act 1998, 69

private hearings, 4, 27

procedural fairness, 4, 49–50

proceeds of crime, 4, 27

prohibited drugs see drugs

Project Caesar, 17, 53

Project Manta, 5, 17, 31–35

Project Odin, 5, 17, 31, 36–37, 43–44

Project Rhodium, 52–53, 60

Project Sarras, 29–30

Project Skadi, 40

Project Surrey, 37

prosecutions arising from Commission investigations, 4

by NSW Police, 84

by PIC, 74–83
 charges, 4, 27, 74–84
 possible charges, 8, 27, 51
Protected Disclosures Act 1994
 statistical data on exercise of powers, 23
 public hearings, 5, 27
Public Sector Employment and Management Act 2002, 58, 60
Public Sector Employment Legislation Amendment Act 2006, 67
 publications, 149
 Purcell, Adam, 50, 81

R

Rani, Operation, 50
 recommendations
 Commission's charter, 7
 managerial action, 49–50
 police responses to, 43
 tracking, 43–50, 53
 recruitment *see* police education
 reports
 investigations, 8, 49–50
 research projects, 5
 Research and Issues Papers
 confidential information disclosure, 48
 improper associations, 5, 8, 17
 search warrants, 41
 resource allocation, 6, 25
 Rhodium, Project, 52–53, 60
 risk management, 9, 17; *see also* misconduct risks
 statement, 66
 Rowlings, Terry, 82
 Royal Commission, 4

S

Sahyoun, Souma, 82
 salary sacrifice, 61
 Saleh, Mick, 84
 Sarras, Project, 29–30
 search warrants
 case study, 20–21
 corruption risks, 40–41
 serious police misconduct
 allegations *see* allegations of misconduct
 detection *see* detecting serious misconduct
 deterrence through effective investigation *see* deterring serious
 police misconduct; investigations
 exposure *see* exposing serious police misconduct
 investigating *see* investigations
 PIC functions, 4
 preventing *see* preventing serious police misconduct

risks *see* misconduct risks
 service groups, 96–99, 115
 sick leave, 61
 Sim, Ritchie, 50
 Skadi, Project, 40
 Smith, Mark, 84
 Smith, Phillip, 82
 staff
 Code of Conduct, 59
 Commissioner's appreciation, 6
 credit card certification, 67–68
 disability action plan, 62
 equal employment opportunity, 58–59
 exceptional movements in wages & salaries, 60
 executive remuneration, 60
 movement, 60
 multicultural policies & services plan, 63–64
 number of employees, 58
 occupational health & safety, 61–62
 performance management, 9, 61
 personnel policies, 60–61
 purchasing leave policy, 61
 salary sacrifice policy, 61
 sick leave, 61
 training & development, 9, 61; *see also* organisational learning
 & development
 women's action plan, 62–63
 workers compensation & rehabilitation, 60–61
 stakeholders, reports to, 5
 Starwood, Operation, 8, 27
 State Plan priorities, 7
 statistical data
 exercise of Commission's powers, 73
Statute Law (Miscellaneous Provisions) Act 2009, 55
 strategic planning, 8, 25
 strategic priority setting framework, 8, 25
 subpoenas, response to, 54
 Surrey, Project, 37
Surveillance Devices Act 2007, 54–55
 systems & practices (NSWPF) *see* informed advice on
 improvements to NSWPF systems & practices

T

Tasking and Coordination Group (T&CG), 8–9, 19, 25, 57
Telecommunications (Interception and Access) Act 1979, 55, 85
 statistical data on exercise of powers, 73
Telecommunications (Interception and Access) Amendment Act 2010, 55
 tobacco, illegal, 4, 8, 27
 tracking recommendations *see* recommendations

training see police education

Treasury policies, 9

U

unauthorised disclosures see confidential information

unsworn officers (NSWPF), 4

allegations assessed, 72

V

values, 7

Victoria Police, 34

videos of police actions, 22

vision, 7

Vos, Stuart, 83

W

Walker, Christopher, 83

waste management, 68

Weapons Prohibition Act 1998

prosecutions, 76, 84

website (PIC), 65, 149

Whistler, Operation, 4, 49–50

Whitton, Terri, 83

witness protection, 54

women, action plan for, 62–63

workers compensation & rehabilitation, 60–61

working environment, 16

working groups see committees



Police Integrity Commission

Annual Report
2009–2010

Address:

Level 3, 111 Elizabeth Street
Sydney NSW 2000

Postal Address:

GPO Box 3880
Sydney NSW 2001

Website:

www.pic.nsw.gov.au

Telephone Inquiries:

Telephone: (612) 9321 6700
Freecall: 1800 657 079
Facsimile: (612) 9321 6799

Office Hours:

8:30am - 5:00pm



detect
Investigate
& prevent