



Police Integrity Commission

Annual Report
2010–2011



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

ISBN 1 74003 169 5

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ABN 22 870 745 340

The Hon Don Harwin MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon Shelley Hancock MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr President and Madam 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 2011.

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 "Jerrid Cripps", is written over the typed name and title.

The Hon Jerrid Cripps QC
Acting Commissioner

31st October 2011

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1

Commissioner's Foreword

The reporting year of 2010 – 2011 has been a year of change and challenge for the Commission. In January 2011, the then Commissioner, Mr Pritchard, resigned and I began my appointment as Acting Commissioner. During this time the Commission has continued its primary functions of detecting, investigating and preventing serious police misconduct within the New South Wales Police Force, and has also carried out considerable work with respect to its newer function of overseeing the New South Wales Crime Commission.

Since January 2011 the Commission has had to deal with two matters of significance. The first related to public hearings in Operation Winjana and the second to adverse comments about the Commission made by the Inspector of the Police Integrity Commission and published on his website in circumstances, the Commission contends, that were not authorised and, in any event, were legally flawed.

It had been intended that the public hearing in Operation Winjana would commence in February 2011. The evidence did not commence until after 1 July 2011. There were two reasons for this. The Crime Commission commenced litigation in the Supreme Court challenging the Commission's entitlement to enquire into practices and procedures of the Crime Commission when dealing with certain aspects of its work pursuant to the *Criminal Assets Recovery Act 1990*. Unusually, in this litigation, the Crime Commission was represented by the NSW Office of the Crown Solicitor. I will return this issue shortly. In any case the litigation was unsuccessful and the public hearings were then scheduled to commence on 2 June 2011. By that time, however, the trial of former Crime Commission Assistant Director Mark Standen had commenced in the Supreme Court and the Commonwealth Director of Public Prosecutions wrote to the Commission requesting that it not take any action which might prejudice the trial of Mr Standen.

The allegations investigated by the Inspector arose out public hearings by the Commission in Operations Whistler, Rani and Mallard in 2005, 2006 and 2007. In his reports the Inspector included findings that the Commission had denied persons appearing before it natural justice and had conducted itself in a way that demonstrated apprehended, if not actual, bias. The reports were published on the Inspector's website and had significant implications for the Commission. They tended to reduce public confidence in the work of the Commission and they have caused members of the Police Force (if the views of their Association are to be accepted) to believe that they have been in the past and will be in the future exposed to "unbalanced and biased and grossly unfair conduct". The Commission disputed the Inspector's findings and his entitlements to put his reports on the website but, for reasons which will appear hereafter, was precluded from seeking the advice of the Crown Solicitor. Instead the Commission sought the views of a member of the independent bar, Mr Walker SC, whose advice supported the Commission's stance that the Inspector was not entitled to put these reports on his website without Parliamentary approval and that he was in error in concluding the Commission had denied procedural fairness or had acted in a way that demonstrated apprehended bias.

Returning to the litigation commenced by the Crime Commission, this Commission protested, without success, that it was inappropriate for the Crown Solicitor to act on behalf of the Crime Commission in its litigation against the Commission in the Supreme Court alleging excess of jurisdiction. I cannot recall any other occasion when the Crown Solicitor has acted for a government authority as plaintiff in litigation against another government authority and, in particular, where, as in the present case, the defendant in the proceedings is a government authority empowered and directed to oversee the conduct and activities of the plaintiff authority.

The Commission had, up until that time, taken the view that if there were a genuine dispute between the Commission as the overseeing body and the Crime Commission the appropriate course was to refer the matter to the Crown Solicitor for independent advice and to act upon that advice. By way of illustration in

2010 the Inspector had raised an issue concerning the entitlement of non-legally qualified persons to act as Counsel Assisting the Commission in hearings of the Commission; a contrary view having been taken by former Commissioner Pritchard. The matter went to the Crown Solicitor who advised the Inspector was correct and thereafter the Commission followed that advice.

The Commission finds it difficult to envisage circumstances where advice from the Crown Solicitor's office in its independent capacity would not be followed by the Commission, whether or not the advice was agreed to by the Commission; thereby avoiding expensive, unnecessary and undignified litigation in the Supreme Court.

But the consequence of the Crown Solicitor acting for the Crime Commission has meant that this Commission was forced to seek outside legal advice not only with respect to Operation Winjana but also with respect to its dispute with the Inspector.

Although disagreeing with them the Commission accepts that the views of the Inspector concerning the application of the doctrines of natural justice and apprehended bias were honestly held by him but it is the Commission's view (supported by the opinions of Mr Hastings QC and Mr Walker SC) that they are wrong.

During the year a question arose as to whether, and if so in what circumstances, the Inspector was authorised to publish reports without parliamentary approval. The Commission received advice from Mr Walker SC that the Inspector was not authorised to publish as he had. However, if there be any doubt about the question the Commissioner would urge the Parliament to clarify the matter by legislation.

In his recent Annual Report for 2010-2011 tabled in Parliament on 11 October 2011, the Inspector attached copies of his most recent complaint reports criticising the Commission's actions in Operations Whistler, Rani and Mallard. The Inspector also drew attention at page 18 of his Annual Report to the fact that in the previous reporting year, 2009-2010, the Commission held 28 private hearings but no public hearings. The Inspector was critical of the fact that there was no explanation in the Commission's Annual Report for 2009-2010 as to why there were no public hearings or reports to Parliament in that year.

The Commission may hold public hearings for the purpose of an investigation. In deciding whether to hold a hearing in public or in private the Commission must have regard to any matters that it considers to be related to the public interest. My decision to defer the public hearing in Operation Winjana until after the verdict in the Standen trial was such a decision related to a matter in the public interest. The Commission does not hold public hearings in accordance with a pre-determined quota. If, in any given year, the Commission considers that it is not appropriate to hold any public hearings for the purpose of an investigation it is entirely within the discretion of the Commission to do so.

The Commission has continued to produce high quality research and reports in a number of areas concerning corruption prevention, and police practices. During 2010-2011, the Commission published Project Manta 2, which focuses on preventing corruption and other forms of misconduct before it occurs, rather than waiting to deal with it after it has occurred. The Commission examined strategies for treating 10 categories of misconduct risk, and then sought to identify relevant treatment strategies described in corporate documentation available on the NSW Police Force 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 NSW Police Force commands to determine how and where to intervene to minimise their misconduct risks and monitor and review their misconduct treatment strategies. The Commission made 12 recommendations to NSW Police Force, and will be reporting on their implementation during the coming reporting period.

The Commission has also produced a number of research and issues papers dealing with a number of diverse areas from the execution of search warrants to minimising officers' illegal drug use in the five years since the publication of Operation Abelia. Another research and issues paper approaches corruption prevention as a parallel to occupational health and safety. Published in conjunction with this research and issues paper is a series of corruption prevention resources called prevention prompts which can be used by officers in the field to assist them in managing misconduct and corruption risks.

I would like to thank all members of the Commission for their work during the year.



31/10/11

The Hon Jerrold Cripps QC
Acting Commissioner

2

Key Directives

Our Vision

Public confidence in the integrity of the NSW Police Force (NSWPF) and NSW Crime Commission (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 NSW 2021 plan in the following areas: Goal 16 Prevent and Reduce the Level of Crime and Goal 18 Improve Community Confidence in the Criminal Justice System.

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.

Key Achievements

Detecting serious misconduct

During 2010–11 the Commission assessed:

- 1154 complaints of misconduct against current and former sworn NSWPF officers
- 40 complaints against current and former unsworn NSWPF officers
- 10 complaints containing 33 allegations of misconduct against current and former NSWCC officers.

Deterring serious police misconduct through effective investigation

During 2010-11 the Commission worked on 137 investigations, including 95 preliminary investigations and 42 full investigations. Of these, 71 investigations were completed and 66 were ongoing as at June 30 2011. See table 8 for further details.

Exposing serious police misconduct

During 2010 – 2011 five of the Commission's full investigations lead to referrals to the Office of the Director of Public Prosecutions for consideration for prosecution. Fifteen investigations resulted in information being disseminated to the NSW Police Force for their consideration and action, and four investigations resulted in information being disseminated to other law enforcement agencies. See Chapter 5 for further details.

Preventing serious police misconduct

During 2010-11 the Commission published the following:

- The second of two major reports on the identification, communication and management of misconduct risks at command level in the NSWPF.

- A Research & Issues Paper examining how well the NSWPF is managing the corruption risks associated with the execution of search warrants.
- A Research & Issues Paper on the lessons from occupational health and safety for preventing corruption.
- A Research & Issues Paper on the impact, five years on, of the PIC's recommendations with regard to Operation Abelia, which was concerned with illegal drugs.
- A series of corruption prevention resources to assist officers to identify, communicate and manage corruption risks.

Organisational learning and development

During 2010–11 the Commission:

- finalised 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 in NSW
- established a strategic priority setting model to develop a more informed understanding of the corruption environment in NSW, and to formulate an intelligence based model of target identification, assessment and investigation
- finalised the development of the Information Management & Technology Strategic Plan 2010-2013
- built on its achievements in the areas of internal audit, risk management and associated obligations regarding governance arrangements.

In addition, the Commission maintained its commitment to staff development. During 2010-11:

- 13 staff attended four different conferences including the National Investigations Symposium, the Government Solicitors CLE Conference, the International Serious and Organised Crime

Conference and the Australian Institute of Professional Intelligence Officers (AIPIO) Conference

- 46 staff attended specialised training courses covering such topics as Excelling at Managing People, Introduction to Project Management, Corruption Prevention for Procurement and Managing Digital Records
- 12 staff were provided with funding support for tertiary education for ongoing study in courses such as Bachelor of Criminology & Criminal Justice, Master of Leadership & Management and Master of Public Policy.

Achieving our Key Goals

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 2010–11 the Commission:

- Delivered 17 presentations to stakeholders to raise awareness of its functions and promote its research.
- Assessed 1154 complaints against sworn police officers and 40 against unsworn police officers.
- Finalised the development of the new strategic priority setting framework to ensure resources are applied in a manner which increases the Commission's understanding of the corruption threat in NSW.

Table 1: Key performance indicators – Detecting serious police misconduct

Indicator	2010–11	2009–10	2008–09
% of staff directly involved in detecting suspected police misconduct	76	70	73
% of total NSWPF complaints that are non – referred ¹	35	44.5	39
% of investigations ² which arise from sources other than referred complaints ¹	25	31	49

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

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 2010–11 the Commission:

- worked on 137 investigations, including 95 preliminary investigations and 42 full investigations²
- disseminated information to the NSWPF from 15 investigations to assist in the management of NSWPF officers
- recorded 57 preliminary investigation and 32 full investigation outcomes
- commenced prosecution action arising from five investigations
- established a strategic priority setting model and an intelligence based model for target identification, assessment and selection.

Table 2: Key performance indicators – Deter serious police misconduct

Indicator	2010-11	2009-10	2008-09
% of full investigations that resulted in recommendations for consideration of managerial action ³	0	0	7
% of full investigations that resulted in recommendations for consideration of prosecution action	19	55	17
% of full investigations where information was disseminated to NSWPF and resulted in managerial action ⁴	46.6	57	55
% of investigations referred to the ODPP that resulted in the commencement of prosecution action	67	80	86

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.

² Preliminary investigations that became full investigations, of which there were 10 this financial year, are counted in both figures.

³ 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 disseminates information to the NSWPF to take such action as they consider appropriate. Where a public report is made, the Commission is required to express 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 managerial action, or disseminate material to the ODPP for consideration of prosecution action.

⁴ This indicator counts decisions made by the NSWPF to take action under section 173 or section 181D of the Police Act 1990 during 2010–11 which occurred as a result of an opinion expressed by the Commission or the dissemination of information by the Commission to the NSWPF.

Exposure of serious police misconduct

The Commission exposes serious police misconduct through the following strategies:

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

Achievements

During 2010–11 the Commission:

- held 24 private hearings in relation to four investigations
- commenced public hearings for Operation Winjana
- disseminated information to the NSWPF on 15 occasions to assist with criminal investigations.

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

Indicator	2010–11	2009–10	2008–09
% of hearing days that were public	4.2	0	11
Number of Investigation Reports presented to Parliament	0	2	1
% growth in internet traffic to access the Commission website	36.6	38.6	10

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

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 2010–11 the Commission published:

- The second of two major reports on the identification, communication and management of misconduct risks at command level in the NSWPF
- A Research & Issues Paper examining how well the NSWPF is managing the corruption risks associated with the execution of search warrants
- A Research & Issues Paper on the lessons from occupational health and safety for preventing corruption
- A Research & Issues Paper on the impact, five years on, of the PIC's recommendations with regard to Operation Abelia, which was concerned with illegal drugs
- A series of corruption prevention resources to assist officers to identify, communicate and manage corruption risks.

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	2010–11	2009–10	2008–09
Number of recommendations to the NSWPF on systems and practices	20	23	14
% of recommendations accepted	92	91	86

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

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 2010–11 the Commission:

- oversighted 51 NSWPF investigations into complaints against sworn and/or unsworn officers
- reviewed 50⁵ NSWPF investigations containing an allegation of misconduct against a sworn or unsworn officer for purposes other than oversight
- monitored the implementation of recommendations made in Project Manta (Report 1) concerning the identification and communication of misconduct risks at command level
- provided advice to the NSWPF regarding the possible development of a corporate level corruption prevention plan
- engaged with the NSWPF on the review of the NSWPF Human Source Management Policy and Standing Operating Procedures.

Table 5: Key performance indicators – Consultation and feedback

Indicator	2010–11	2008–09	2008–09
% of complaints received, which were oversighted	4.3	4.43	3.41
Number of consultations with senior NSWPF Officers	12	13	22
% of requests for advice, which were 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.

⁵ 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.

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 2010–11 the Commission:

- assessed 10 complaints containing 33 allegations of misconduct against current and former NSWCC officers
- continued work on 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 on the NSWCC

Indicator	2010–11	2009–10	2008–09
% of complaints received by PIC related to suspected misconduct by NSWCC officers	0.8	2	n/a
% of PIC staff directly involved in detecting suspected misconduct by NSWCC Officers	14.2	1.5	n/a
% of Commission investigations related to the NSWCC	9.48	16.5	n/a
Number of recommendations to the NSWCC	Nil	13	n/a
% of recommendations accepted	n/a	100	n/a

Further information on the Commission's activities to implement effective strategies to detect serious police misconduct can be found in 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 2010-11 the following was achieved:

- The Commission's Occupational Health and Safety Policy was reviewed and updated.
- The Performance Management System continues to be an effective tool in creating increased accountability across the organisation and in identifying appropriate staff development opportunities.
- There was uniform compliance with OH&S and recruitment policies.
- A broad range of training and development opportunities were provided to staff.

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 2011-12

In 2011–12 the Commission will undertake the following key activities:

- develop a new corporate plan for 2012–2015
- assess the implementation of the new investigative model which commenced in the 2008/09 year
- support NSWPF in the implementation of recommendations from Project Manta 2, Project Ostara and in the development of corporate level misconduct prevention planning and in reviewing the NSW Police Force Gifts and Benefits Register
- complete 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
- complete the 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.

A detailed explanation of the process in which the Commission identifies complaints of serious misconduct in the NSWPF complaints management system can be found on page 19 of the Commission's 2009/10 Annual Report. A copy of that report can be found here:

<http://www.pic.nsw.gov.au/Report.aspx?ReportId=136>

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, 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.

Complaints profile

During 2010-11, the Commission assessed **1186**⁵ complaints against sworn and unsworn NSWPF officers. Of these, **24** were classified as protected disclosures under the *Protected Disclosures Act* 1994. The Commission also received **541** telephone calls raising various complaint-related issues. Of the telephone calls received, **345** were assessed as containing allegations of misconduct. In 2010-11, nine full investigations and **47** preliminary investigations were initiated on the basis of complaints, all of which were in relation to sworn officers.

In 2010-11 the Commission oversighted **51** NSWPF investigations.⁶ **50** 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.

⁵ Made up of 1154 complaints which included an allegation against a sworn officer and 40 complaints which included an allegation against an unsworn officer or both sworn and unsworn officers. The total complaints assessed (1186) is therefore less than the sum of these two figures.

⁶ In a number of these investigations the subject officer could not be identified as either a sworn or unsworn officer. The figures are therefore not broken down further.

Table 7: Complaints assessed against police and unsworn NSWPF officers

Action	2010–11		2009–10		2008–09	
	Police	Unsworn	Police	Unsworn	Police	Unsworn
Complaints assessed	1154	40	948	51	1157	49
Telephone calls:						
• Calls received ⁷	534	7	629	8	721	5
• Calls assessed ⁸	339	6	320	4	339	1
Full investigations arising from complaints	9	0	6	0	3	1
Complaints oversights concluded	51 ⁹		42	3	44	0
Final reports reviewed (not oversighted)	50 ¹⁰		99	4	90	0

Of the **1154** complaints assessed by the Commission in regard to sworn NSWPF officers, **414** were made direct to the Commission, **740** were extracted from c@ts.i or were otherwise referred by the NSWPF or the Ombudsman. Of the **40** complaints assessed in regard to unsworn NSWPF officers **9** were made direct to the Commission and **31** were referred by the NSWPF.

⁷ 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.

⁸ Calls assessed are not included in the complaints assessed total unless treated in accordance with section 127 (5) of the *Police Act* 1990.

⁹ In a number of these investigations the subject officer could not be identified as either a sworn or unsworn officer. The figures are therefore not broken down further

¹⁰ *ibid.*

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.

This chapter will provide an overview of some examples of Commission investigations, a profile of active investigations during 2010-11 and details of the Investigations Unit operating model.

Operation Shabti

Operation Shabti commenced in February 2011 as an investigation into allegations that NSWPF officers were involved in the supply of prohibited drugs to other NSWPF members. The investigation focused on junior officers attached to local area commands in the inner city areas of Sydney. These commands have previously been identified as posing risks due to the volume of licenced premises and night spots within them.

During this investigation the Commission gathered evidence that the primary NSWPF officer of interest maintained an improper relationship with a person linked to organised crime figures in Kings Cross. It was also established that numerous unauthorised computer accesses were being made by the primary NSWPF officer of interest.

In June 2011 the Commission held private hearings to assist in this investigation. Evidence gathered during operation Shabti revealed the following issues:

- the release of confidential NSWPF information
- the improper access of confidential NSWPF databases
- the failure to report identified serious offences to NSWPF
- drug use and supply by NSWPF officers
- the targeting of a junior officer by a person linked to organised crime figures.

Following on from Commission hearings in June 2011, the NSWPF suspended the primary officer of interest without pay. The officer subsequently resigned from the NSWPF, ceasing employment in August 2011.

The Commission has submitted briefs of evidence to the Office of the Director of Public Prosecutions (ODPP) for consideration of prosecution against the primary officer. To date the officer has been charged with giving false or misleading information to the Commission. Four additional serious charges have been referred and await ODPP advice.

The Commission has also submitted briefs of evidence to the ODPP for consideration of prosecution against two other NSWPF officers for three serious charges.

The Commission has submitted briefs of evidence to the ODPP for consideration of prosecution against three civilians for four serious offences.

It is anticipated that decisions relating to all of these matters will be subject of ODPP advice within the next reporting period.

Operation Cobalt

Operation Cobalt was an investigation that commenced in 2004 to examine allegations of an improper association between a Detective of the Burwood Local Area Command and known criminal identities. Public hearings were held in October and December 2004, concluding in January 2005. The hearings exposed numerous instances of the officer and his associates engaging in criminal activity, which was subject of a public report to Parliament in 2005.

Briefs were referred to the ODPP in 2005 and advice was received in 2007 recommending serious charges against the officer and a number of other persons. Several of the officer's co-accused have since entered pleas of guilty and been sentenced. On 20 July 2011 the officer pled guilty to the following charges:

2 x s 111(2) Crimes Act 1900 Entering dwelling house (aggravated offence)
 1 x s 308C Crimes Act 1900 Unauthorised access, modification or impairment with intent to commit serious indictable offence
 1 x 249B(1) Crimes Act 1900 Agent corruptly receive or solicit benefit
 1 x s 107 Police Integrity Commission Act 1996 False or misleading evidence

The officer is set to be sentenced on 11 November 2011. He was dismissed from NSWPF on 15 November 2004.

Operation Ischia

Operation Ischia is a Commission investigation into a number of serving and former NSWPF officers and relates to allegations of drug use, drug supply, release of confidential police information and issues relating to the NSWPF medical discharge system.

Forming part of this investigation was a Joint Agency Agreement with the Queensland Crime and Misconduct Commission relating to a number of suspected offences taking place in Queensland.

Commission hearings will be conducted in relation to this investigation and will be reported on in the next reporting period.

Operation Lantana

Operation Lantana is a Commission investigation that has spanned a number of reporting periods. The investigation commenced in late 2008 and targeted two then serving NSWPF officers suspected of stealing and selling prohibited drugs. During the investigation the officers were found to be stealing tobacco and cigarettes from tobacconists. The officers then sold the tobacco and cigarettes using civilian criminal associates involved in the illegal tobacco industry.

In February 2009 the Commission held public hearings for the purposes of Operation Lantana and presented a report to Parliament in October 2009 in which recommendations were made for the consideration of prosecution against numerous police officers and civilians.

A total of six persons were charged with criminal offences arising from this complex investigation. One of the former officers was sentenced to a minimum of 13 months imprisonment in February 2011. On 14 July 2011 a civilian criminal associate of the officers who was a member of the Comancheros Outlaw Motorcycle Cycle Gang (OMCG) was sentenced to 21 months imprisonment with a minimum non-parole period of 9 months for conspiring with the officers and another civilian to intercept a quantity of illegal tobacco and selling on the stolen tobacco to other criminal networks. He was also sentenced for giving false evidence at a Commission public hearing in February 2009.

A number of other charges arising from Lantana will be reported on during the next reporting period.

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.

At the time of reporting, based on advice received from the ODPP, one civilian associate has been charged with 7 counts of Give False or Misleading Evidence pursuant to s.107 of the *Police Integrity Commission Act, 1996*. The civilian associate is due to stand trial at the Sydney District Court on 16 April 2012.

The Commission is awaiting further advice from the ODPP, regarding possible charges against several serving and former NSWPF officers and their civilian associates.

The Commission is also preparing further briefs of evidence regarding serving and former NSWPF officers as well as their civilian associates which will be forwarded to the Commonwealth Director of Public Prosecutions (CDPP) for consideration of Commonwealth charges.

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 ODPP regarding fraudulent home loan applications submitted by the officer on behalf of others and himself.

Nine persons, including the former NSWPF officer, were charged with in excess of 260 charges. Six persons pled guilty, one was found guilty at trial and charges were withdrawn against the remaining two. 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 pled guilty to a number of fraud related charges and giving false evidence before the Commission. In January 2011 he was sentenced to 22 months imprisonment to be served by way of an Intensive Corrections Order.

For details of all prosecutions in 2010-2011 arising from Commission investigations see the table at Appendix 5 in this Report.

Profile of investigations during 2010-11

During 2010–11 the Commission worked on 137 investigations, consisting of 95 preliminary investigations¹¹ and 42 full investigations. Of these, 71 investigations were completed and 66 were ongoing as at June 30 2011. A description of the types of allegations investigated during the reporting year is presented in the following table.

Table 8: Commission Investigations – 2010–11¹²

Primary allegations investigated	Preliminary investigations	Full Investigations
Accesses to 'keep tabs' on person that officer or associate has a grievance against (including former spouse / partner)	2	1
Attempting to pervert the course of justice	6	7
Breach of Code of Conduct (not specified elsewhere)	6	2
Bribery	16	5
Child sexual abuse or paedophilia	0	1
Collusion between police witnesses	1	1
Convenience accesses - by officer about self or another party at that person's request	1	1
Covering up inappropriate conduct	3	3
Cultivation or manufacture	0	1
Curiosity accesses (involving breach of privacy)	2	1
Dealing or supply	7	4
Disobey reasonable direction	0	1
Drink driving offences	1	0
Explicit threats involving use of authority	1	1
Fabrication of evidence (other than perjury or verballing)	1	1
Fail to comply with operational procedures, standing orders or Commissioner's directives (not specified elsewhere)	1	0
Fail to comply with other statutory obligation	0	1
Fail to declare a conflict of interest	3	3
Fail to report offence	2	3
Fail to serve brief of evidence	1	0
Failure to investigate	1	1
Falsely claiming for duties not performed	1	0
Falsifying official records	0	1
Harassment	0	1
Illicit drug use	13	3

¹¹ Includes Research and Development Team Assessments

¹² Please note that each investigation in Table 8 may contain multiple allegation categories

Primary allegations investigated	Preliminary investigations	Full Investigations
Improper association	40	14
Improper disposal procedures	1	0
Improper interference in an investigation by another police officer	17	5
Improper treatment, including failure to provide necessities	0	1
Inadequate investigation / lack of impartiality	1	0
Inappropriate prosecution / misuse of prosecution power	1	0
Incivility / rudeness / verbal abuse (oral complaints of rudeness are a local management issue)	1	1
Lied during proceedings / in statement / on affidavit	1	3
Lying to investigator / supervisor conducting inquiries	2	2
Make false statement (verballing)	0	1
Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours)	15	10
Misuse of official vehicle	2	1
Misuse of other facilities / equipment	1	2
Neglect of duty / duty of care	3	2
Theft of official property	0	1
Theft of seized property	3	3
Offence punishable upon conviction by a maximum sentence of 5 years or more	5	10
Offence punishable upon conviction by a maximum sentence of not less than 3 years and not more than 5 years	2	1
Other summary offences	0	1
Possession (not misappropriation of seized drugs)	0	1
Protection of person(s) involved in drugs	14	4
Pushed / shoved / jostled / grabbed / manhandled / wrestled etc (soft empty hand)	3	1
Pushed to ground / slammed against a wall / punched / kicked / kneed / head butted / struck (hard empty hand)	1	2
Tampering with or destroying evidence	1	0
Theft from victim, client or other member of public	2	1
Threats / intimidation (not assault, excessive force)	3	1
Trade accesses - accessing information for sale / personal gain	1	2
Unauthorised / improper disclosure of information	29	8
Unauthorised secondary employment	3	3
Using authority in situation where conflict of interest exists	0	1
Victimisation / bullying	0	1
Total	221	126

Our Operating Model

In 2009 the Commission introduced a new operating model, which incorporates elements of the United Kingdom (UK) National Intelligence Model (NIM). The NIM is used in many law enforcement jurisdictions throughout the world to manage investigation activity and set priorities. The NIM identifies where strategic, operational and tactical decisions should be made for both intelligence and investigation matters.

The current operational model consists of:

- A Tasking and Coordination Group (T&CG) that manages and identifies investigative priorities and coordinates resource allocation.
- A Research and Development team that undertakes intelligence projects and provides advice on new targeting opportunities.
- A Case Management System (CMS) that captures all Commission information, intelligence and case decisions.

Tasking and Coordination Group (T&CG)

The T&CG is the operational level management group which is responsible for making operational decisions, setting priorities, allocating resources, and reviewing procedures. The T&CG also provides operational level, risk based advice to the Operations Advisory Group (OAG) on all operational taskings, including decisions to commence, reassign or close investigations.

Since its implementation, the T&CG has improved the way the investigations unit manages resource allocation and task management.

The Investigations Process

The Commission collects and analyses information from a diverse range of sources in order to inform its investigations. These sources of information include complaints and other information received from the public, open source information and sensitive source information including information from other law enforcement agencies and

telecommunications data.

Once information has been received, an initial assessment phase considers if the information presents a new investigative opportunity for the Commission and is referred to the T&CG for assessment. The T&CG conducts an operational assessment to determine if the information should be pursued further through an investigation by the Commission. This advice is then conveyed to the OAG which provides strategic oversight of the Commission's operations.

Following the commencement of an investigation, Commission officers apply a suite of investigative tools, including financial and intelligence analysis, together with electronic and technical surveillance measures. Information gathered through investigations can also generate new investigative opportunities. The use of Commission hearings in private and public may also be employed in order to obtain information and evidence relating to an investigation.

Investigation Outcomes¹³

The following table reports on the Commission's investigation outcomes for all active investigations during 2010-11.¹⁴

Table 9: Preliminary Investigation Outcomes¹⁵ 2010-11

investigation outcome	Total	%
Investigations that progressed to become full investigations	10	17.5%
Investigations that resulted in a dissemination of information to the NSWPF	1	1.8%
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	1	1.8%
Matter referred to current full investigation	3	5.3%
No further action	42	73.7%

Table 10: Full Investigation Outcomes 2010-11

Investigation outcomes	Total	%
Investigations referred to the ODPF for consideration of prosecution action	5	12.1%
Investigations that resulted in a dissemination of information to the NSWPF	15	36.5%
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	4	9.5%
No further action	8	19.5%

¹³ This year the Commission changed its statistical recording methodology from only counting outcomes from completed investigations, to count outcomes from all active investigations (open and completed). Disseminations counted in this section comprise the release of information under s70c and s18(3) of the *Police Integrity Commission Act 1996* and s67 and s68 of the *Telecommunications (Interception and Access) Act 1979 (Cth)*.

¹⁴ This includes all investigations worked on during the reporting period, including ongoing investigations as at June 30 2011 where an outcome is yet to be recorded.

¹⁵ An investigation can contain more than one outcome.

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 can summons persons to appear at hearings and can compel witnesses to answer questions.

During 2010-2011 the Commission conducted 24 private hearings and one public hearing in relation to four investigations. The public hearing was in relation to Operation Winjana. Details can be found at page 45.

At the conclusion of each investigation, a final assessment is made, which takes into account each possible outcome. These outcomes may include, but are not limited to the following:

- Referral to the Office of the Director of Public Prosecutions (ODPP), recommending consideration be given to criminal charges.
- Referral to NSWPF for any managerial action it considers appropriate.
- Dissemination of relevant information to another agency.
- In the case of an investigation where public hearings have been held, a report to Parliament under s96 of the Act.
- No further action.

Strategic Priority Setting

In early 2011 the Commission initiated the final phase of the new operating model; the establishment of a strategic priorities setting process. The aim of this business model is to develop a more informed understanding of the corruption environment in NSW, and to formulate an intelligence based model of target identification, assessment and investigation. By adopting a strategic approach to target selection the Commission will be able to better allocate resources to anti-corruption measures which offer the most deterrence value.

It is envisioned that the first iteration of the Commission's annual Strategic Priorities Statement will be produced in 2012.

Case Management System (CMS)

In December 2010 the Commission commenced development of a new Case Management System (CMS) to support its operational work and manage the Commission's complaints and investigation information. The CMS will allow the Commission to more efficiently manage operational information and tasks, as well as enabling more effective data analysis. The CMS will also centralise and automate much of the Commission's operational business activity reporting. The implementation of the CMS is expected to be completed by December 2011.

Dedicated Source Handling Unit (DSU)

During 2011, the Commissions Investigations Unit (IU) began operating a new specialist covert resource known as the Dedicated Source Handling Unit (DSU). This unit was set up in order to professionalise the use and management of Covert Human Intelligence Sources (CHIS) in the anti- corruption environment.

The Commission recognises that the handling and management of confidential CHIS's carries a degree of risk and needs to be managed confidentially in order to maintain trust and confidence surrounding those key persons who provide sensitive information the Commission.

The DSU Cycle within the National Intelligence Model (NIM)

The development of the DSU complements the United Kingdom (UK) National Intelligence Model (NIM), which is accepted as an efficient and dynamic intelligence working process within many law enforcement agencies throughout Australia. The DSU is a core 'asset' within the NIM structure and contributes to the Tasking and Coordination Group (T&CG) meeting, by providing independent and source led information. In many cases this information leads towards the generation of a preliminary or full investigation.

The DSU provides essential source information to the Commission and is seen by many law enforcement agencies to be best practice in this challenging area of operation.

6

Preventing Serious Police Misconduct

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 2010–11 the Commission approached the task of preventing misconduct within the NSWPF from the following 4 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. improving other specific NSWPF systems and policies that are intended to prevent misconduct.

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

In last year's Annual Report the Commission reported that it had commenced 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. This project was curtailed during the 2010-11 reporting year. The Commission formed the view that the resource investment required to complete it was not able to be justified in light of other corruption prevention priorities.

Consultation with the NSWPF forms a critical part of the PIC's corruption and misconduct prevention work. It is primary means by which the Commission

and the NSWPF can enter into a cooperative dialogue about the need for reform in the NSWPF. Last year the Commission indicated that it would report on the effectiveness of its consultation arrangements with the NSWPF in each Annual Report. In 2010-11, the Commission consulted with the NSWPF in relation with a range of prevention projects and recommendations. There were no major impediments or obstacles arising in 2010-11 with regard to the consultative arrangements with the NSWPF.

Corporate level corruption prevention planning: Project Sarras

In its 2009-10 Annual Report the Commission reported that it had canvassed with the NSWPF the notion of a corporate level corruption prevention plan. That report noted that, amongst other things, the NSWPF approach to corruption prevention was, in some respects, fragmented at the corporate level; that policies and systems are developed in isolation of each other; and that there is an absence of high-level guidance on corporate priorities and objectives on corruption and prevention.

The potential benefits of a corporate corruption prevention plan would be that:

- it would establish a framework for selecting and prioritising corruption and misconduct prevention projects in the NSWPF
- it would enable the Commissioners of the NSWPF and the PIC to 'buy into' and set direction for corruption
- 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 December 2010, Commission staff met with the Assistant Commissioner PSC and senior staff from that command and provided a detailed presentation as to how a corporate corruption prevention plan might operate within the NSWPF and integrate with existing systems and practices.

The Commission was unable to reach agreement with the NSWPF as to the approach to be adopted, with the NSWPF opposed to the inclusion of objectives and targets in a corporate corruption prevention plan. The Commission subsequently advised the NSWPF that it would prepare a Research and Issues Paper on the subject of corporate level corruption prevention planning in the NSWPF.

The Commission commenced drafting a Research and Issues Paper during the reporting year.

Identifying and managing officers at risk of engaging in misconduct

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.

In 2009-10, the NSWPF advised the Commission that it had deferred the development of the EIS due to a recurrent funding shortfall and indicated that

less expensive alternatives to the original proposed model would be sought.

Correspondence from the A/Deputy Commissioner (Specialist Operations) in July 2011 indicates that in October 2010, it submitted an amended business case to Treasury, having identified some significant savings from its original proposal. The NSWPF has advised that it is awaiting advice from Treasury as to its funding submission.

Identification and management of misconduct risks by commands

Command-based strategies to minimise police corruption (Project Manta Report 2)

Project Manta focuses on preventing corruption and other forms of misconduct before it occurs, rather than waiting to deal with it after it has occurred. In Project Manta, the Commission collected a large quantity of information from a random sample of 25 NSW Police Force commands to better understand the nature of the corruption risks they faced as well as the ways that they identify, communicate and determine strategies to manage these risks.

The first report from Project Manta, which described the nature of the significant misconduct risks faced by individual commands together with the identification and communication of these misconduct risks, was released in November 2009. By the end of the previous 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 NSW Police Force commands manage or treat their corruption and other serious misconduct risks.

In Project Manta Report 2, 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 (e.g. for overtime or 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 NSW Police Force 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 NSW Police Force commands to (i) determine how and where to intervene to minimise their misconduct risks and (ii) monitor and review their misconduct treatment strategies.

While many misconduct treatment strategies mentioned by commands reflect the strategies promoted in corporate documents, some commands went beyond the corporate guidance provided to tailor innovative practices to address their misconduct risks.

As foreshadowed in the Commission's 2009-2010 Annual Report, the Commission consulted with the NSW Police Force on the findings of this project, as well as the recommendations for change, prior to finalising and publishing this report. In August 2010 a consultative draft was forwarded to the NSW Police Force for comment. In September 2010 a meeting between Commission representatives was held with Professional Standards Command representatives to address questions that the Professional Standards Command had concerning the draft Project Manta Report 2. In October 2010 the Commission also visited a small number of commands and consulted with commanders, professional standards duty officers and executive officers of these commands to obtain their feedback concerning the clarity and feasibility of the draft recommendations and their views on whether there were better ways of addressing the identified issues prior to finalising the recommendations of Project Manta Report 2.

Project Manta Report 2 was released publicly in April 2011. An electronic copy of this second Project Manta report can be found on the Commission's website at <http://www.pic.nsw.gov.au/Report.aspx?ReportId=141>. In this report, the Commission has provided a detailed assessment of the processes that the NSW Police Force and individual commands use to manage misconduct risks and made 12 recommendations for improvement. In broad terms the Commission's recommendations concern:

- the types of guidance on how to determine appropriate misconduct risks treatment strategies that may assist commands
- providing commands with a range of methods that they can consider using to assist them to improve their strategies to treat their significant misconduct risks
- making corporate guidance easier to locate and access
- outlining issues to be addressed in new corporate corruption resistance documents
- providing resources to help commands manage specific misconduct risks
- developing a process to promote good strategies that are created by individual commands.

Preventing Corruption: Lessons from Occupational Health and Safety

Unlike detecting and investigating corruption, preventing corruption requires intervening before the corrupt conduct occurs. However, the best ways to intervene are not always clear. In Project Manta the Commission drew an analogy between Occupational Health and Safety (OHS) and corruption prevention. Following Project Manta, the Commission looked further at identifying ways in which OHS strategies can inform efforts to minimise corruption and other forms of serious misconduct.

To assist agencies in their efforts to become more corruption resistant in June 2011 the Commission

produced a Research and Issues Paper, entitled *Preventing Corruption: Lessons from Occupational Health and Safety*, that illustrates practical ways to determine how and where to best intervene to prevent or minimise corrupt conduct before it occurs. This paper identifies and describes the applications of the following ten lessons from OHS strategies for those who wish to prevent corruption and other forms of serious misconduct:

1. Identify integrity hazards as opportunities to intervene to minimise future corrupt conduct.
2. Take a systematic approach to identifying and managing integrity hazards and risks
3. Look beyond individual employees and link integrity hazards to the work undertaken or to the work environment.
4. Examine 'near misses' as a strategy to identify and understand integrity hazards and risks.
5. Consult workers to identify integrity hazards and risks.
6. Communicate the hazards and associated risks to enable employees to recognise and manage the hazards they face.
7. Tailor information and training to specific types of work .
8. Use induction training as one means to equip employees to recognise and manage the integrity hazards and risks specific to their work.
9. Incorporate a focus on protecting the employee.
10. Learn from experience to improve strategies to minimise corruption risks.

While not a panacea, the Commission does suggest that an approach based on OHS provides a useful way of thinking about and communicating how to prevent corrupt conduct. A copy of the paper can be found at:

<http://www.pic.nsw.gov.au/Report.aspx?ReportId=143>

At the end of the reporting period the Commission

was in the process of finalising a series of corruption prevention resources or 'Prevention Prompts' to supplement this paper that assist to identify workplace integrity hazards, to determine treatment strategies to minimise the associated corruption risks, and to communicate these workplace integrity hazards and their associated risks.

Improving NSWPF Systems and Policies

How well is the NSWPF managing the corruption risks associated with the execution of search warrants? Project Ostara

Investigations conducted by the Royal Commission into the NSW Police Service and subsequently the PIC have revealed instances of officers engaging in serious acts of corruption during the execution of search warrants. In Project Ostara the Commission examined documentation and other records for 98 search warrants executed by the NSWPF, the purpose of which was to assess how well the NSWPF is managing the corruption risks associated with this policing activity. The Commission's project focused on two key risks that may arise during the course of a search – namely the risk of drugs, cash or other items of value being stolen and evidence being planted. While the NSWPF uses a number of procedural steps to manage these risks, the main strategies used by that agency are the filming of searches by a video operator and the use of independent observers.

The results of the project, published in a Research & Issues Paper in May 2011, showed that in 14 per cent of cases sampled, the search warrant video was either of poor quality or the NSWPF was unable to provide the video recording to the Commission. The Commission also reported that in 12 per cent of cases, it was unable to verify whether or not an independent observer was present, mostly due to the absence of a search warrant video.

The Commission made eight recommendations

aimed at improving compliance with the policy. Amongst other things, the Commission recommended that the NSWPF provide clear guidance in relation to the filming of searches and strengthen and clarify record-keeping requirements. The Commission made no recommendation for a change to the practices of using independent observers and filming searches, having concluded that, when conducted in accordance with NSWPF procedure, these strategies provide a reasonable and appropriate means for managing corruption risks.

How well is the NSWPF managing the corruption risk associated with the use of human sources? Project Skadi

The use of human sources is 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 Project Skadi, the Commission examined how well the NSWPF is managing two key corruption risks arising from this policing activity, namely:

1. that the association between a human intelligence source and his or her police handler –
 - a. *is* improper (unbeknownst to the officer's managers) and that the officer is engaged in acts of corruption in conjunction with the source, or
 - b. *may* become improper, leading the officer to engage in acts of corruption in conjunction with the source,
2. that confidential police information identifying the human intelligence source may be deliberately leaked by a police officer for corrupt motives.

The Commission finalised its report prior to the end of the reporting year. At the time of writing, the Commission was planning to send it to the Commissioner of Police to seek a response to the report's findings.

How well is the NSWPF managing the misconduct risks arising from complaint investigations? Project Querrella

Conflicts of interest, or perceptions that conflicts exist, can compromise the integrity of NSWPF internal investigations. The primary means by which the NSW Police Force identifies and manages bias, conflicts of interest and other risks that can affect complaint investigations is the Complaint Allocation Risk Assessment (CARA) system, which was introduced in March 2007. Based on the principles of risk management, the CARA system is intended to enable commands to determine whether or not notifiable complaints should be managed locally or transferred to another command.

In December 2010 the Commission, in conjunction with the NSWPF and the Ombudsman's Office, conducted an audit of a sample of 100 NSWPF internal investigations. This was the second audit of this kind to be conducted by these three agencies, the first having been conducted in 2008.

Under the CARA system, if a command identifies a risk that has the potential to adversely affect the integrity of a complaint investigation but determines that it is not sufficient to merit the investigation being transferred to another command, it is required to record how the risk is to be managed. The 2010 audit found that compliance with this requirement was poor. In light of a similar finding in the 2008 audit, the PIC formed the view that this was an ongoing compliance problem in relation to this requirement.

On the basis of the results of the 2010 and 2008 audits, the PIC also concluded that internal quality control measures for CARA were lacking in the NSWPF. Further, that investigators in the Professional Standards Command had a poor track record of complying with the requirement that conflict of interest assessments be conducted prior to the commencement of investigations.

In July 2011, the Commission wrote to the Commissioner of Police seeking reasons as to why compliance in the NSWPF in relation to key aspects

of the CARA process had not improved following the 2008 audit. The Commission also requested that a plan, tailored to address the problems identified through the audits, be developed and, following consultation with the Commission and Ombudsman's Office, implemented in 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 2010-11 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 Groups

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 a council of elected volunteer public officials and

non-voting nominees from central and watchdog agencies. The Commission's Principal Analyst serves on the CPN council as an ex-officio member.

Corruption prevention presentations

During 2010–11 the Commission delivered 17 presentations to raise awareness of its functions and to promote its prevention research:

- Commission staff delivered 12 lectures to NSWPF internal investigations training courses, and two lectures to executive officers training courses, raising awareness amongst officers of the functions of the Commission.
- Commission staff attended a forum of Professional Standards Managers in August 2010 and provided an overview of PIC prevention projects.
- Commission staff attended a forum of Professional Standards Managers in February 2011 and gave a presentation on the points of similarity between occupational health and safety and corruption prevention.
- Commission staff delivered a lecture on the management of improper associations to students undertaking the Graduate Certificate in Integrity Studies at the University of Wollongong in December 2010.
- Commission staff delivered a presentation on 'Identification, communication & management of NSWPF work place misconduct risks' to participants in Graduate Certificate in Integrity at the University of Wollongong in March 2011.
- Commission staff delivered a lecture on corruption prevention to group of Indian Police Superintendents undertaking the Indian Police Service Senior Officer's Training, run by Charles Sturt University.

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 2010-11 the Commission met with:

- In July 2010 Commission staff gave a presentation to the Office of Police Integrity & Victoria Police representatives of the Victorian Police Reform Advisory Group.
- In July 2010 Commission staff provided feedback to the ARC Centre of Excellence in Policing and Security (CEPS) regarding its 'National Stocktake of Integrity Strategies.
- In September 2010 Commission staff met with staff from the Queensland Crime and Misconduct Commission regarding improper associations.
- In September 2010 Commission staff met with staff from the Australian Tax Office regarding complaint handling.
- In December 2010 Commission staff met with staff from the Integrity Commission in Tasmania.
- In December 2010 Commission staff provided information on research methods used by the PIC to the Kenya Anti-Corruption Commission.
- In January 2011 Commission staff met with staff from the Integrity Commission in Tasmania.
- In April 2011 Commission staff provided advice on questioning of applicants to join the police force on their prior drug use to the recruitment section of Queensland Police Service.
- In April 2011 Commission staff provided advice on non-prescribed use of steroids to representatives of the Queensland Crime and Misconduct Commission.
- In April 2011 Commission staff met with staff from the UK Independent Police Complaints Authority.
- In April and June 2011 Commission staff met with representatives from the Bhutanese Anti-Corruption Commission providing detailed advice on corruption detection and investigation capabilities, and the role and function of the Commission.
- In June 2011 Commission staff gave a presentation to the police team of the NSW Ombudsman on the 'Identification, communication & management of NSWPF work place misconduct risks'.
- In June 2011 Commission staff met with staff from the New Zealand Independent Police Complaints Authority.
- In June 2011 Commission staff met with staff from the Victorian Office of Police Integrity.

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. Results of prosecutions arising from Commission investigations can be found at Appendix 5.

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 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 labeled 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.

The report for Project Odin was released by the Commission in September 2009. It carried six recommendations for reform. In summary, those recommendations were for the NSWPF 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).

The NSWPF provided the Commission with an interim response to the recommendations in March 2009. A formal response was provided in August 2010. In both, it expressed support for all six recommendations, save two limbs of Recommendation 4, which the Commission did not press.

Following on from the previous year, in the first part of the reporting year the NSWPF progressed with a set of documents that it had first proposed to develop in response to the recommendations. That set of documents was composed of:

- a document headed 'Ongoing management of NSW police officers who have engaged in serious misconduct', itself containing a 'Policy' and 'Guidelines'
- an identification tool entitled 'Risk Assessment'
- a one-page chart headed 'Ongoing management of NSW police officers who have engaged in serious misconduct – policy and guidelines'.

The Commission had been consulted on the development of the documents and supported the approach.

In March 2011, the Commission was informed that the NSWPF intended to implement the Project Odin recommendations through its own project known as Project Lancaster. After consulting further with the Commission, the Commission agreed with the NSWPF that there was a degree of overlap between the previous proposal and Project Lancaster.

The Commission wrote to the NSWPF in April 2011 seeking agreement to make some inclusions in Project Lancaster to give full expression to the Project Odin recommendations and the previous agreement by the NSWPF to them. At the time of writing, the Commission had secured an agreement by the NSWPF to many of its suggestions. As at August 2011, the relevant Project Lancaster products that PSC developed were also being readied for final corporate endorsement within the NSWPF. Pending promulgation by NSWPF of those products, the Commission expected to conclude engagement on the issue.

Changes in policy and practice and future challenges concerning minimising officer illegal drug use: Five year monitoring of the implementation of Operation Abelia recommendations

Illegal drug use by police is a concern in many jurisdictions, both nationally and internationally. There is no evidence to suggest that this problem is greater for the NSW Police Force than for other policing agencies. In Operation Abelia, the PIC combined misconduct investigations and hearings with detailed national and international research to develop a better understanding of the nature of the problem of illegal drug use by some NSW police officers and what can be done to minimise such illegal drug use. The Commission presented its Operation Abelia report to the NSW Parliament on 30 September 2005. The Commission completed its monitoring of the implementation of the Operation Abelia recommendations in July 2010.

In April 2011 the PIC released a *Research and Issues Paper* (Number 6 in the Commission's online research paper series) entitled *Minimising officer*

illegal drug use: The impact of Operation Abelia in the five years since publication. This paper provides a brief outline of Operation Abelia and then describes the key outcomes arising from some of Operation Abelia's 64 recommendations. The Operation Abelia recommendations have led to a large number of changes in NSW Police Force policies and practices to minimise illegal drug use by police officers. Some examples include:

- the inclusion of questions about applicants' prior and current prohibited drug use on the application form to join the NSW Police Force to reinforce the message to potential applicants that illegal drug use is a matter of concern to the NSW Police Force and to discourage those who may be prone to using illegal drugs from applying to join the NSW Police Force
- more random (or no notice) drug tests being conducted to deter potential illegal drug use by increasing the perceived risk of being caught
- strengthening the NSW Police Force's capacity to detect officers' illegal drug use with the commencement of the *Police Amendment (Miscellaneous) Act 2006* which amends the *Police Act 1990* to enable testing for non-prescribed use of anabolic steroids and to authorise recall-to-duty targeted drug testing
- the endorsement of a revised Drug and Alcohol Policy which incorporates the effects of the legislative changes and separates messages about the use of illegal substances from messages about the abuse of legally acquired substances.

This paper also outlines future challenges for the NSW Police Force in this area. One challenge is to ensure that the NSW Police Force does not lose traction in relation to the strategies that it has already adopted to minimise the use of illegal drugs by some NSW police officers. Another challenge is for it to keep up-to-date with changes in the nature of the risk and changes in the tools available to manage the risk of illegal drug use by some officers.

A copy of the paper can be viewed at:
<http://www.pic.nsw.gov.au/ResearchAndIssuesPapers.aspx>

Project Manta Report 1: Identification and communication of command misconduct risks

In November 2009, the Commission released its first report from Project Manta which described the nature of the significant misconduct risks faced by individual commands together with the identification and communication of these misconduct risks. As was reported in the Commission's 2009-2010 Annual Report, the NSWPF supported each of the nine recommendations made in Project Manta Report 1 and by the end of the previous reporting period three of the nine recommendations (Recommendations 5, 6 and 7) had been implemented.

During the current reporting period a further three recommendations were implemented:

- **Recommendation 1** advocated 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 vulnerabilities and the associated corruption and serious police misconduct risks. This recommendation was implemented by the NSWPF amending its *Guidelines for Local Corruption Resistance Planning*.
- **Recommendation 2** proposed that the NSWPF clarify messages to commands by reviewing the many documents that previously provided guidance on: the 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. The NSWPF has implemented this recommendation by making the *Guidelines for Local Corruption Resistance Planning* the prime source of advice to commands by removing former corporate

documents from the intranet and by replacing the 'Corruption Resistance' information in its Compliance Manual with a link to the Professional Standards Command intranet page.

- **Recommendation 8** advocated that the NSWPF provides guidance to commands in relation to how and where to document:
 - all identified serious command misconduct risks as a tool to assist officers to recognise the misconduct risks they may face
 - command-level strategies for managing each misconduct risks as a tool for commands to use to detect and deter associated misconduct
 - officer-level strategies for managing each misconduct risk as a tool to assist officers to know how to respond to the risks that they may face.

This recommendation was implemented by the NSWPF amending its *Guidelines for Local Corruption Resistance Planning*.

At the end of the reporting period three recommendations from Project Manta Report 1 had yet to be implemented. Two of these recommendations (Recommendations 3 and 4) concern assisting commands to better understand their misconduct risks by having a central area within the NSWPF continuing to provide commands with information about their complaint trends. It also recommends extending that information to include trends in complaint allegations by station and 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 allegation. During the year under review, the NSWPF provided diverse advice as to how they might approach implementing these recommendations. In late June the Commission was informed that the NSWPF intends to produce a new information resource for commands to be called 'Misconduct Indicator Pack' and following the development of this new Misconduct Indicator Pack it intends to encourage

commands to complete the relevant contextual information on the NSWPF computer system.

The other recommendation which has yet to be implemented, (Recommendation 9), involves providing 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 command, their particular policing role such as licensing work, or a particular sector of the command. In addition to commands providing this information to officers in their current roles, the recommendation proposed that the NSWPF should develop a corporate strategy and material to assist commands to provide this information, guidance and support.

In May, the Commission was informed that the NSWPF Professional Standards Command will assume responsibility for both command-level tasks and corporate-level tasks associated with this recommendation. By the end of the reporting period, the NSWPF had commenced the process of developing information sheets on risk issues common to a number of commands to assist officers to recognise and manage integrity hazards and their associated corruption risks.

The Commission will continue to monitor the implementation of the three outstanding recommendations during 2011-2012.

Project Manta Report 2: Managing command misconduct risks

In April 2011, the Commission released its *Project Manta Report 2: Managing command misconduct risks* which focuses on how NSW Police Force commands manage their corruption risks. The Commission made 12 recommendations in this report. Overall, the NSWPF response to the report has been positive. In its correspondence at the end of May, the NSWPF advised that it supported 11 of the 12 recommendations in the form that they were made. The recommendations that have been supported include those that advocate:

- providing guidance to commands on how to develop effective corruption or misconduct risk treatment strategies (Recommendations 1, 2 3, 4 and 5)
- providing guidance to commands on how to monitor and review treatment strategies (Recommendation 6)
- requirements to include the nature of the corruption or misconduct risks that are the subject of the advice and clearly specify the treatment strategies to be employed and to adopt specific document control processes in all new corporate corruption resistance documents (Recommendation 8)
- developing processes to identify and promote good misconduct risk treatment strategies initiated and found useful by one or more commands (Recommendations 9 and 10)
- providing guidance to commands concerning the recognition and treatment of misconduct risks associated with two specific areas of policing: policing licensed premises (Recommendation 11) and officers working at a distance from supervisors and other officers (Recommendation 12)

The one recommendation that the NSWPF advised that it did not support in the form presented was Recommendation 7 which proposed:

That the NSW Police Force determines an appropriate means to assist commands to locate and access relevant policies and guidelines. Examples of ways in which this might be done include:

- a. *determining a structure to use as an index which can assist officers to locate and access relevant guidelines by topic (for example, the Compliance Manual, the Corruption Resistance Policy or the Police Handbook could form the basis of such an index)*

b. prioritising areas of corruption resistance guidance (such as that pertaining to misuse of confidential information, improper associates, exhibit handling) for review and consolidation of information so that the material provided for the use of commands and officers is more easily accessible.

In the work undertaken during Project Manta, the Commission observed that NSWPF corporately endorsed treatment strategies are not always easy to find. The Commission considers that any guidance provided to commands or officers should be easy to locate, otherwise it will be unlikely to be used. In making Recommendation 7, the Commission acknowledged that given the amount of information on the NSWPF intranet, which is the main location to place documents to be accessed by all members of the organisation, any restructure of the information on the intranet is likely to be a long-term task and undertaken in stages.

The NSWPF response to this recommendation was as follows:

NSW Police Force does not support the recommendation in the form presented.

The NSW Police Force will investigate opportunities for consolidation of guidance on corruption resistance. Due to the potential breadth of policies and guidelines that may be relevant to the 10 categories of misconduct risk identified in Chapter 4 of the Manta 2 report implementation presents significant challenges in terms of resources and practicality.

The NSW Police Force is unable at this time to commit to determining a particular means to achieve this end.

[Professional Standards Command] will commence discussions with internal stakeholders and will seek to identify opportunities to assist Commands in locating and accessing relevant guidance. The PIC will be informed of the progress of such enquiries.

In late June PIC representatives met with NSWPF Professional Standards Command representatives to discuss the recommendations and possible implementation strategies. The Commission will monitor the implementation of these recommendations during 2011-2012.

Unauthorised disclosure of confidential information

The unauthorised disclosure of confidential information by police officers can result in, amongst other things, investigations being compromised and officers and members of the community being put in danger. 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. Further, that official NSWPF guidance on the management and communication of the confidential information was difficult to locate on the NSWPF intranet, which is the main repository for NSWPF policies and guidelines.

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 strategies focused on ensuring that, amongst other things:

- the NSWPF intranet provides officers with clear guidance on their obligations with regard to the management of confidential information, including ensuring that relevant policies are clearly identified, easily accessible, referred to accurately and by their correct titles and that only current versions are displayed
- key terminology is defined and standardised
- through the NSWPF intranet and training, all NSWPF staff have access to and an awareness and understanding of policies regarding confidential information.

As reported in the PIC's 2009-10 Annual Report, the NSWPF forwarded correspondence to the Commission in February 2009 and December 2010, advising that these strategies would be implemented through various agency-wide projects initiated under the Ethical Health Strategy.

In correspondence received by the PIC in July 2011, the NSWPF advised that there has been considerable internal consultation undertaken in connection to these strategies. The NSWPF further indicated in this letter that it has developed a draft policy on the management of confidential information along with a draft communication plan for the policy.

However, the NSWPF has advised that it will not be in a position to implement the strategies contained in the Commission's Paper on the unauthorised release of confidential information until the second half of 2012. The NSWPF has informed the Commission that it will be adopting the Commonwealth Attorney General's *National Protective Security Framework*, which deals with the management and security of confidential information, aspects of which are not yet available. The NSWPF has indicated that for this reason, it will not be able to implement the strategies until the latter half of 2012.

However, that the NSWPF is adopting a new policy arrangement for the management of confidential information, which will not be fully implemented until the second half 2012, does not alter the need for officers to effectively manage confidential information prior to that time.

The risk of not providing clear and easily accessible guidance regarding the management and communication of confidential information is that officers will fail to understand what is required of them, thereby increasing the possibility of making an unauthorised disclosure of confidential information. For officers who deliberately leak confidential information, the absence of clear guidance on the management of confidential information provides a ready-made and plausible excuse for their misconduct.

In view of the fact that the Commission's paper was published in October 2008, the time taken to address the recommendations – some of which simply seek to ensure that up-to-date and relevant guidance is available to officers – suggest that it is not effectively managing the risk of unauthorised disclosure of confidential information.

Improper associations in the NSWPF: Review of compliance with policies and 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 this project aimed at improving compliance with the policy and record keeping. Amongst other things, the Commission recommended that the NSWPF:

- raise awareness about the requirement to declare improper associations and the consequences of failing to comply
- provide balanced and consistent messages to all NSWPF employees regarding the risks that can arise from improper associations
- ensure supervisors are aware of their obligations in managing this risk
- modify relevant NSWPF policies so that improper association declarations are transferred with officers when they move to different commands.

In August 2010, the Commission received correspondence from the NSWPF indicating that it supports all eight recommendations.

At the end of the reporting period, the NSWPF advised it was in the process of finalising a review of the Conflicts of Interest – Declarable Associations Policy which, it advises, will address a number of the Commission's recommendations. The Commission has been informed by the NSWPF that it will be provided with an opportunity to comment on the draft policy.

Correspondence received from in July 2011 states that as a means of meeting the Commission's recommendations the NSWPF:

- is considering a number of training and communication tools to raise awareness of the new policy, once it has been finalised
- has developed a corporate register of declarable associations, one of the intentions of which is to enable declarations to be transferred with an officer to allow management continuity.

Based on the advice provided by the NSWPF, it would appear that satisfactory progress is being made in the implementation of the Commission's recommendations.

The Commission will provide further information on the actions being taken by the NSWPF to implement these recommendations in its 2011-12 Annual Report.

Review of NSWPF Gifts and Benefits Policy

In 2010, the Commission conducted an investigation into allegations surrounding the circumstances in which a police officer had obtained passes to an entertainment event. In September 2010, the Commission provided a report to the NSWPF in connection with its investigation which recommended that the NSWPF consider reviewing the terms of its gifts and benefits policy, including the extent to which officers are aware of its provisions and requirements.

In July 2011, the NSWPF reported that action had been taken within PSC to review the policy and guidelines so as to ensure that the policy is sound

and that the requirements placed on officers are appropriate and able to be applied by all employees.

The NSWPF further advised that action is regularly taken by the PSC to remind employees of the existence of the policy and guidelines. It indicated that internal NSWPF media articles provide practical examples of the application of the policy and the information that must be retained within the gifts register.

The NSWPF has reported that the PSC will provide advice to all commanders to ensure that an appropriate register is maintained within their command and that employees are reminded of their obligations.

As at the time of writing, the policy and guidelines are still in draft form. The Commission has requested an opportunity to review and comment on the policy prior to its implementation.

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 2010-11 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 2010–11 the Commission:

- assessed 10 complaints containing 33 allegations of misconduct against current and former NSWCC officers

- referred no matters to the NSWCC under section 77 of the Act.

Of the 10 complaints, five were made direct to the Commission and five were reported to the Commission by the New South Wales Crime Commission or the NSW Police Force. Allegation types included:

- Misuse of authority for personal benefit
- Improper disclosure of information
- Improper association
- Fabrication of evidence.

Investigations

There were a total of 16 preliminary and 1 full investigation open for all, or part of 2010-11.

Table 11: NSW Crime Commission Preliminary Investigation Outcomes

Indicator	200–11	2009–10
No further action	5	3
Investigations that progressed to become full investigations	1	1
Investigations that resulted in a dissemination of information to the NSWCC	0	1
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0
Total	6	5

Table 12: NSW Crime Commission Investigation Outcomes

Indicator	2010–11	2009–10
No further action	0	1
Investigations that resulted in information being disseminated to the NSWCC	0	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	1	0
Investigations referred to the Office of the Director of Public Prosecutions for consideration of prosecution action	0	0
Total	1	1

Operation Winjana

Operation Winjana is an investigation into the conduct of certain members of staff of the NSW Crime Commission as well as the Crime Commission's practices and procedures in the conduct of certain actions under the *Criminal Assets Recovery Act 1990*.

Private hearings for Operation Winjana commenced in October 2010. The Commission determined to hold public hearings in February 2011. However the New South Wales Crime Commission and certain of its officers commenced legal proceedings in the Supreme Court to prevent the Police Integrity Commission conducting public hearings. The litigation was unsuccessful.

In the meantime the trial of Mark Standen, the former Assistant Director, Operations, of the NSW Crime Commission had commenced and the Police Integrity Commission was asked to avoid any actions that might jeopardise the trial.

After the Supreme Court dismissed the legal proceedings, public hearings for Operation Winjana began on 2 June 2011 but were stood over until the jury returned a verdict.

Following the verdict in the Standen trial in August 2011, the Commission resumed public hearings into Operation Winjana on Monday 5 September 2011. Details of Operation Winjana will be reported in next year's Annual Report.

Preventing Misconduct

Examining the misconduct risks of civil confiscation and the management of those risks by the New South Wales Crime Commission: Project Caesar

Project Caesar was commenced by the Commission in June 2009 to examine the misconduct risks of civil confiscation and the management of those risks by the NSW Crime Commission (NSWCC). The project is the second undertaken by the Commission with respect to the work of the NSWCC. The Commission's first project was its Review of the capacity of the NSWCC to identify and manage serious misconduct risks, which was finalised in July 2009. That Review was a broad based project, which looked at misconduct prevention across the agency. In carrying out that Review it was not the intention of the Commission to focus on any single issue. However, the Review did note areas of particular risk for future consideration. The handling of confiscation actions by the NSWCC under the *Criminal Assets Recovery Act 1990* formed one such area.

Project Caesar is also being undertaken by the Commission in light of, and in association with Operation Winjana.

Project Caesar is being undertaken by the Commission to:

- obtain a better understanding of the misconduct risks facing the NSWCC in exercising functions under the CAR Act; and
- provide recommendations for how those risks may be better managed, as required.

The Commission is using several methods to carry out the project. The methods include carrying out a textual analysis of NSWCC policy and procedural materials and review of relevant open-source literature, legislation and case law. The methods also involve examining materials and information that the Commission has obtained for the purpose of Operation Winjana.

The Commission made some progress in advancing the project in the year. At the end of the year, a draft version of a report had been finalised for internal review. At that stage, however, no decisions had been made as to the disposition of the report.

Tracking NSWCC recommendations

Review of the capacity of the New South Wales Crime Commission to identify and manage serious misconduct risks: Project Rhodium

As reported in previous years, 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 that review was to assess and, where appropriate, to make recommendations to improve that capacity.

The report of the Review was finalised and provided to the Minister for Police in July 2009 in his capacity as Chair of the Management Committee of the NSWCC. A copy of the report was also provided to the Commissioner of the NSWCC.

Further copies of the report were provided to the new Government in April 2011.

The Commission subsequently consulted with the Minister in August 2011 on what future work was required to be done by the Commission in respect of Project Rhodium. In that context, the Commission was advised that a Special Commission of Inquiry into the NSWCC had been formed and that this would deal specifically with the issues raised in Project Rhodium, consistent with the recommendations of this Commission.

This section contains information on legal matters of significance to the Commission's functions and recent decisions and 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 2010-11.

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 2010–11 the Commission disseminated information on ten 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 (Unexplained Wealth) Act 2010

This Act amended the provisions of the *Criminal Assets Recovery Act 2010* ("the CAR Act") to give the Supreme Court the capacity to issue "unexplained wealth orders." Under its Act, the Commission may commence proceedings under the CAR Act.

The amendments allow the Commission to apply to the Supreme Court for an “unexplained wealth” order forfeiting all or a part of a person’s property where there is reasonable suspicion a person has engaged in a serious crime-related activity, and that person cannot lawfully account for the sources of their wealth. A person can lawfully account for their wealth when they are able to satisfy the court, on the balance of the probabilities, that their wealth was lawfully obtained.

This Act makes a number of related amendments including allowing orders to be made regardless of the period in which the serious crime-related activity took place (previous action was limited where activity occurred in the past 6 years) and giving the court a general discretion to refuse to make an order, or to reduce the amount payable under the order, where it deems it is in the public interest to do so.

Law Enforcement and National Security (Assumed Identities) Act 2010

This Act replaced the *Law Enforcement and National Security (Assumed Identities) Act 1998* and provides for the issue and regulation of assumed identities by law enforcement agencies in NSW. Under the Act the Commissioner is able to issue authorities for officers of the Commission to obtain and use assumed identities.

Aside from a few minor departures this Act has adopted national model assumed identity laws endorsed by Standing Committee of Attorneys-General in 2004.

A significant objective of the model laws is the capacity for the mutual recognition of assumed identity authorities issued in New South Wales in “participating jurisdictions” which have a “corresponding law” in force. When the model laws are fully implemented across all jurisdictions the Commission will need to issue only one authority which will be recognised in all other “participating jurisdictions” under the model legislation as opposed to issuing a separate authority for each jurisdiction in which the assumed identity would be used.

Protected Disclosures Amendment (Public Interest Disclosures) Act 2010

This Act amends the *Protected Disclosures Act 1994* and renames it the *Public Interest Disclosures Act 1994*. The Act provides for the protection of public officials who disclose wrongdoing in the public sector in accordance with the procedures set out in the Act. As a public authority the Commission is subject to the Act. As an oversight agency of the NSW Police Force and the NSW Crime Commission the Commission is also a recipient of protected disclosures from officials of those agencies.

A significant change in the new Act is that a public official is entitled to protection so long as a disclosure is made with an honest belief on reasonable grounds that information shows or tends to show wrongdoing. The previous test required the information disclosed to actually show or tend to show wrongdoing.

The new Act requires the Commission to adopt an internal protected disclosures policy and requires it to report on its obligations under the Act in its annual report. The Commission’s report can be found at Appendix 8 of this Annual Report.

Customs (Prohibited Imports) Amendment Regulations 2010 (Cth)

This amendment changed the *Customs (Prohibited Imports) Regulations 2010 (Cth)* to enable officers of the Commission to access imported anti-personnel spray and associated goods.

Previously, although specified Commission officers were authorised by permit from the NSW Police Force to possess and use anti-personnel spray, import restrictions prevented the acquisition of such spray by the Commission. The amendment rectifies this anomaly.

Significant cases

***R v Vos* [2011] NSWCCA 172**

In *R v Vos* [2011] NSWCCA 172 the NSW Court of Criminal Appeal considered an appeal against a permanent stay of proceedings in the prosecution of the accused, a police officer, for a number of counts of knowingly give false or misleading evidence at a hearing of the Commission contrary to section 107 of its Act. The private hearing at which the accused gave evidence was held in December 2008.

The Commission officer who had been given leave to appear and ask questions at that hearing was not an Australian legal practitioner. The Inspector of the Police Integrity Commission raised a concern about the practice of non-legally qualified officers asking questions at Commission hearings. The Inspector told the Commission he did not believe such officers could be authorised to examine witnesses on behalf of the Commission. The Commission sought advice about the matter from the Crown Solicitor. The Crown Solicitor advised that the Act did not permit the Commission to authorise one of its officers who was not an Australia legal practitioner to appear on behalf of the Commission and examine or cross-examine witnesses in a Commission hearing. The Crown Solicitor further advised that this was unlikely to have any consequences in relation to prosecution of a witness for giving false evidence in such a hearing. A copy of the Crown Solicitor's advice was provided to the Inspector, the ODPP and the accused police officer, Vos.

The accused sought a permanent stay on the basis that, because of the unauthorised appointment, the hearing itself was a nullity and any evidence given by the accused at that hearing could not be tendered against him. The accused was successful in the District Court and the Crown appealed.

The Court of Criminal Appeal applied the decision of *Project Blue Sky & Ors v Australian Broadcasting Authority* (1998) 194 CLR 355, holding that the

question to be determined was whether there was a legislative intention to invalidate a hearing of the Commission where there had been non-compliance with the Act in the above manner.

The Court found that the powers under sections 12 and 37(2) of the Act were to assist the Commission in the furtherance of its investigative function when conducting a hearing and were not concerned with the constitution of the investigation or the validity of any hearing. Accordingly the fact that the sections had not been complied with did not make the hearing a nullity. The order for a permanent stay was quashed. The prosecution of the accused has resumed in the District Court.

The Commission has ceased the practice of authorising officers who are not legal practitioners to examine witnesses in hearings of the Commission.

Litigation between the NSW Crime Commission, two officers of that Commission and the PIC

***NSW Crime Commission v PIC; Giorgiutti & Spark v PIC* [2011] NSWSC 443**

In February 2011 proceedings were commenced against the Commission in the Supreme Court of NSW by the NSW Crime Commission ('NSWCC'). Shortly thereafter, separate proceedings were commenced by two individual officers of the NSWCC, jointly. Both matters were ultimately heard together.

In both matters the respective plaintiffs sought orders to prevent the Commission from holding public hearings for the purposes of its Operation Winjana investigation. The plaintiffs contended, *inter alia*, that the Commission had exceeded its jurisdiction and functions by seeking to examine, as part of the scope and purpose of the Operation Winjana public hearings, the "practices and procedures of the NSWCC in the conduct of actions under the *Criminal Assets Recovery Act 1990*" ('the second limb').

In rejecting the plaintiffs' application for those orders Justice Rothman held that it was within the power and jurisdiction of the Commission to examine the matters set out in the second limb of its investigation as they were sufficiently connected with misconduct of NSWCC officers.

Justice Rothman also held that two minor lines of enquiry in Operation Winjana were outside the stated scope and purpose of the investigation, namely, the practices of the NSWCC in relation to the re-engagement of officers previously retired from public service, and an allegedly false or misleading statement contained in a letter to Treasury drafted by the NSWCC concerning the taking of legal costs by the NSWCC in relation to confiscation actions.

NSW Crime Commission v PIC; Giorgiutti v PIC (No 2) [2011] NSWSC 476

Subsequent to the delivery of the above judgment by Justice Rothman, the NSWCC and one of its officers made application to re-open the judgment on the grounds that, given the Court concluded that two issues in Operation Winjana were outside the scope and purpose of the investigation, the Commission had taken into account irrelevant considerations in its determination to hold public hearings. It was the plaintiffs' submissions that this consequence was not dealt with in the original judgment.

The Court agreed that this consequence of its original conclusions had not been adequately dealt with in the first judgment and, hence, gave a further judgment addressing the issue.

Justice Rothman held that "it [was] unlikely that these two areas of misconduct substantially affected the determination to conduct proceedings in public, but they may have." On that basis His Honour quashed the original decision to hold hearings in public and remitted the matter back to the Acting Commissioner for reconsideration.

Second public hearing decision by the Acting Commissioner

On 24 May 2011 Acting Commissioner Cripps QC re-determined that it was in the public interest for hearings in Operation Winjana to be held in public. This re-determination was made without taking into account the two matters which were deemed to be outside the scope and purpose of the investigation by Justice Rothman.

XX v Attorney-General of New South Wales [2011] NSWSC 658

Following the re-determination to hold hearings in public by Acting Commissioner Cripps QC an officer of the NSWCC (code named XX by the Court) applied to the Court for orders quashing that decision on the grounds of, *inter alia*, a reasonable apprehension of bias and actual pre-judgment of the issues. An order was also sought restraining Acting Commissioner Cripps QC from any further involvement in the inquiry.

Justice Rothman rejected the application and held that the Acting Commissioner's re-determination to hold hearings in public did not disclose either bias or prejudgment. The other orders sought by the plaintiff were also rejected by Justice Rothman.

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 Inspector¹⁶ 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 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. The Inspector published numerous reports concerning complaints against the Commission.

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 2011, the Committee members were:

- Chair: The Hon. Catherine Cusack MLC (Lib)
- Deputy Chair: Mr Lee Evans MP (Lib)
- Mr Kevin Anderson MP (Lib)
- The Hon. Paul Lynch MP (ALP)
- Mr Ryan Park MP (ALP)
- The Hon. Sarah Mitchell MLC (Nat)
- The Hon. Adam Searle MLC (ALP).

Interaction between the Committee and the Commission

The Commissioner and senior officers from the Commission met with the Committee once during 2010–11.

On 10 August 2010, the Commissioner and a senior officer attended a hearing and provided evidence to assist with an inquiry into improper associations in the New South Wales Police Force.

Information about this hearing including the Committee's report can be found at the Parliamentary website: <http://www.parliament.nsw.gov.au>.

¹⁶ 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:

- Jerrold Cripps, A/Commissioner (Chair)
- Andy Nattress, Director, Operations
- Allan Kearney, Director, Prevention & Information
- Michelle O'Brien, Commission Solicitor
- Pru Sheaves, Executive Officer.

Regular advisors to the EG include:

- the Manager, Finance
- the Manager, Information Communications and Technology (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 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 former Executive Officer, John Renshaw, who was appointed as the Chief Audit Executive until July 2010, then Pru Sheaves, Executive Officer who was appointed Chief Audit Executive in December 2010. Technical support was also provided by Rory O'Connor of O'Connor Marsden.

The Commission's Internal Audit and Risk Committee met on six occasions during 2010-2011, and considered assurance reports in relation the management of firearms and prohibited weapons and employee security vetting as well as reviewing the Commission's financial statements.

APPENDIX 1

Prescribed Annual Reporting Requirements

Industrial Relations

In 2010-11 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 2010-11 and there were no issues of significance impacting upon the Commission’s operations. The Commission has completed a restructuring program within its Operations Division in an effort to position itself to maximise its operational effectiveness in the pursuit of serious corruption and misconduct in the NSWPF. The restructuring program involved reallocating resources to better meet the demands of a changing corruption landscape and has resulted in a significant strengthening of specialist resources within the Operations Division.

Staff Movement

Staff Movement 2010-2011

No. staff commenced employment	No. staff ceased employment
17	10

Exceptional Movements in Wages and Salaries

There were no exceptional movements in wages and salaries during the 2010-11 year.

Executive remuneration – Level 5 and above

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

Number of Employees

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

	2008	2009	2010	2011
Statutory appointments	1	1	1	1
Executive appointments	3	3	3	3
Female Executive Appointments	1	1	1	1
Operational staff	76.2	74	73.74	79.94
Support staff	23.2	22.54	21.69	21.69
Total ²²	103.4	100.54	99.43	105.63

In this reporting period Commissioner John Pritchard held the position until his resignation on 21st January 2011. His remuneration was set by the Statutory and Other Officers Remuneration Tribunal, which, for the reporting period, was \$417,585pa.

Following the resignation of John Pritchard, The Hon Jerrold Cripps QC was appointed as Acting Commissioner pursuant to Clause 2(1) of Schedule 1 of the *Police Integrity Commission Act 1996*. The Acting Commissioner is remunerated at a rate of \$2,000 per day.

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 2010-11 the Commissioner also appointed Ms Michelle O'Brien, Commission Solicitor, as an Assistant Commissioner for the periods 17 September 2010 to 26 September 2010, 23 November 2010 to 26 November 2010 and 23 December 2010 to 9 January 2011 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 Hon Jerrold Cripps QC was appointed as an Assistant Commissioner from 27 September 2010 in connection with Operation Winjana.

Personnel policies

During 2010-11 the Commission had the following personnel policy achievements:

- The Commission reviewed and updated its Occupational Health and Safety Policy. The final document is now ready for Executive Management approval.
- The Commission's new Purchasing Leave Policy that is based on the guidelines and procedures put forward by the Department of Premier and Cabinet was utilised for the first time during this reporting period. It has provided an alternate flexible working arrangement option for staff.
- The Performance Management System continues to be an effective tool in creating increased accountability across the organisation and in identifying appropriate staff development opportunities.
- The Commission's focus on better management of sick leave absences continued throughout 2010-11.

Plans are in place to review a large number of human resource related policies in the next reporting period. These reviews will be part of a broader initiative to review, modernise and create greater consistency in the presentation of Commission policy documents.

Training and development

The Commission provided a broad range of Training and Development opportunities to staff throughout the 2010-11 reporting period. Training covered specialist areas including:

- Investigations Interviewing Management
- Firearms & Prohibited Weapons Certification
- Computer Forensics Training
- VMWare Vsphere Design training
- Public Sector Fraud & Corruption seminar
- Project Management



- Is It Safe to Open training
- Corruption Prevention for Procurement
- Managing Digital Records
- Criminal Intelligence Database training
- Computer Forensics.

Generic training opportunities provided to staff throughout 2010-11 included:

- Essentials for New Managers
- TAFE Certificate III
- Advanced Resuscitation
- Microsoft Systems
- First Aid.

Support for tertiary related study was provided to a total of twelve 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 27 staff members were provided with an opportunity to act in higher duties positions in 2010-11.

Occupational Health and Safety

During the reporting period, four workplace accidents/incidents were reported. None of these accidents/incidents resulted in time-loss from work and all four employees have now returned to their pre-injury duties. A recurrence of an injury reported in the 2009-10 year did occur and has resulted in 21 working days lost to a workers compensation injury in this reporting period.

The Commission's health awareness program in partnership with Corporate Bodies International continued throughout the reporting period.

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

Through its Disability Action Plan the Commission reinforces its commitment to the government's Disability Policy Framework. The Commission's physical environment ensures that 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 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 persons with disabilities.

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 the procedures 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 18% of the Commission's female employees are currently employed on approved part-time and other special working arrangements as a means of balancing work and home life responsibilities. 9.30% 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 16% of the Commission's female staff accessed Family and Community Service Leave (FACS) leave entitlements on one or more occasions during the reporting period.</p>
Equitable access for women to educational and training development opportunities	<p>7 of a total of 27 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 27.90% was spent on female staff.</p>
Promote the position of women	<p>Women currently make up a total of 41.65% of the Commission's workforce. A total of 25% of the Commission's management level positions are held by women and 84.09% of the Commission's female staff are remunerated at the equivalent of NSW Public Sector Grade 5 or above.</p>

Information Communication and Technology Management

Following a successful proof-of-concept project a decision was taken in May 2009 to develop a Complaints and Investigations Case Management System (CMS). A phased project plan was adopted to manage the necessary resource commitments and to ensure the successful transition to new business processes. Over the 2010-2011 financial year Releases 1 (implemented in December 2010) and 2 (implemented in April 2011) were delivered addressing a significant proportion of the Commission's core requirements. The remaining core functional elements of the new CMS will be delivered with Releases 3 (scheduled for August 2010 delivery) and 4 (scheduled for November 2010).

Other significant items of work undertaken during 2010–11 include:

- The replacement of the Commission's desktop and portable PC assets and the development and implementation of a new workstation operating environment that utilises Microsoft Windows 7 and Microsoft Office 2010 software.
- The migration from Microsoft Exchange 2003 to the new Exchange 2010 messaging platform.

- The upgrade of both the Sun Financial Management System and the CHRIS HR and Payroll System. The Commission had previously been operating very dated versions of these software products and needed to upgrade in order to retain ongoing vendor support and maintenance services.
- The acquisition and implementation of a Video Conferencing solution to support Commission Hearings and to enhance operational communications.
- Further enhancements to the Commission's reporting environment to assist with the management of organisational performance improvement and the production of annual reporting information.
- The determination of enterprise server and storage platform requirements and the completion of a Request For Quotes process which resulted in the purchase of new server, storage and operating software products.

Over 2011–12, as well as completing the delivery of the core functionality planned for the Case Management System, the Commission will implement its new enterprise server and storage



solution. The server and storage project will involve a virtualisation of almost all of the existing physical server environments and an upgrade to Microsoft Windows Server 2008 R2 operating software. Additionally the Commission's business systems will be upgraded to utilise the Microsoft SQL Server 2008 R2 database suite. These changes will ensure the necessary capacity, performance and maintainability of the enterprise platforms over the next 5+ years.

Over the next 12 months the Commission will also make significant advances in regards to its capability to utilise information, some of which is sourced from external systems. This will be done using a range of analysis methods, utilising software tools such as the Analyst's Notebook suite and the Microsoft Business Intelligence suite.

Major Works

The Commission did not undertake major works during 2010–11.

Delivery of Electronic Services

During 2010–11, the Commission's website attracted 21,320 visitors – an average of 59 per day. This figure is approximately 2% below the level of visitor access that was recorded over the 2009–10 period.

Audits

The Audit Office of NSW was engaged to carry out an audit of the 2010–11 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 9.

The Commission and Division Financial Statements for 2010–11 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. Overall premium costs for the reporting period were similar to those of the previous year.

Risk Management and Internal Control

The Internal Audit Committee is responsible for the management of risk and for auditing internal controls. For further information please refer to the "Internal Audit Committee" section in Chapter 9, Governance and Accountability.

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 17 October 2011, the Acting Commissioner, Mr Jerrold Cripps QC, 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 2010-2011 Financial Year for the Police Integrity Commission

I, Jerrold Cripps QC, Acting 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, Jerrold Cripps QC, Acting 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:

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



Jerrold Cripps QC
Acting Commissioner

Date: 17/10/11



Accounts Payable Policy

The Commission has set a benchmark for paying 90% 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 the 2010–11 financial year.

Table 13: Aged analysis at the end of each quarter 2010–11

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	87,590	6,391	0	0	0
Dec	36,196	7,273	0	288	0
Mar	52,652	7,642	0	0	0
Jun	55,436	2,252	0	0	0

Table 14: Accounts paid on time within each quarter 2010–2011

Qtr	Total Accounts Target	Paid On Time Actual	Total Accounts Paid	Paid On Time*
	%	%	\$	\$
Sep	90	92.31	2,441,452	2,484,489
Dec	90	93.78	2,669,081	2,681,018
Mar	90	91.39	2,897,882	2,929,869
Jun	90	94.47	3,233,567	3,365,585

The table above does not include direct salary payments to staff, but includes some employee

related payments such as payments to superannuation funds and tax obligations.

Land Disposal

The Commission does not hold any real property.

Consultants

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

During the year, there was no single engagement equal to or more than \$30,000. The Commission engaged the services of one consultant in the following area.

Table 15: Consultants

Area of Consultancy	Amount (\$)
Management Services	4,485
TOTAL	4,485

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

For operational requirements to be met efficiently eligible staff are issued with corporate credit cards allowing 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 officer.

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 the year.

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.

A high emphasis is placed on the energy ratings of all electrical items purchased with over 90% of office equipment having a sleep mode allowing the equipment to shut down when not used within a set time.

Lighting in all main areas work on timers and sensor lighting has been placed in the lobby and other less frequently used areas.

Air-conditioning is run on timers and the systems operation monitored for efficiency. Running times are reduced during the cooler months of the year and over weekends and public holidays when office accommodation is vacant.

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 contains at least 80% recycled content.
- 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 implemented eliminating the need for multiple office machines and saving energy and running costs.
- Staff are encouraged to recycle with all floors having paper recycling bins and co-mingled containers for plastic, glass and aluminum.
- Redundant office equipment, computer equipment and furniture is donated or recycled by an endorsed recycling centre.
- Waste reduction measures during 2010/11 resulted in a reduction in paper usage of 6% and 1.4 tons of e-waste (office equipment) sent to a recycling centre.

Major Assets

The Commission did not purchase or commit funds to new major assets during 2010–11.

Overseas Visits

The following Commission staff undertook overseas travel on official business during 2010–11.

Table 20: Overseas visits

Officer	Location	Purpose	Cost
Manager PSU	Holland	Attendance at the International Surveillance Group Seminar. This travel was funded in part externally.	\$3,089
Commissioner & Director Operations	New Zealand	Attendance at the 2nd Australian & New Zealand Police Integrity Leadership Forum.	\$2,961

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 2010–11, 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 16: 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 63
Section 99 (2) (b) a description of the types of matters investigated by the Commission	Chapter 5 – Investigating serious police misconduct	Page 21
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 37
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	Page 37
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 21
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 21
	Appendix 5 – prosecutions in 2009–10 arising from Commission investigations	Page 66
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 65
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 30
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 44



APPENDIX 3

Types of Allegations¹⁷ Assessed

Table 17: Allegations Assessed in 2010–11 against sworn NSWPF officers

Allegation Type	Number
Improper association	158
Unauthorised / improper disclosure of information	170
Failure to investigate**	183
Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours)**	132
Attempting to pervert the course of justice	86
Improper interference in an investigation by another police officer**	74
Offence punishable upon conviction by a maximum sentence of 5 years or more**	74
Protection of person(s) involved in drugs**	70
Lied during proceedings / in statement / on affidavit	71
False accusation	66
Dealing or supply**	59
Fabrication of evidence (other than perjury or verballing)	32
Bribery**	45
Tampering with or destroying	15
Theft / misappropriation (more than \$5000)	0
Sexual assault**	18
Mislead the court**	9
Withholding or suppression of evidence	9
Child sexual abuse or paedophilia**	16
Cultivation or manufacture**	7
Perjury	6
Make false statement (verballing)	6
Collusion between police witnesses	6
Inappropriate prosecution / misuse of prosecution power**	8
Homicide**	4
Prevented a witness from providing a statement or giving evidence	0
Forced confessions	2
Corrupted a witness	0
Other allegations ¹⁸	1686
Total	3007

¹⁷ There may be a number of allegations contained in a single complaint.

¹⁸ Less serious allegations including customer service issues.

Table 18: Allegations assessed in 2010-11 against unsworn NSWPF officers

Allegation Type	Number
Misuse email / internet	1
Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours)**	2
Unauthorised / improper disclosure of information	3
Offence punishable upon conviction by a maximum sentence of 5 years or more**	5
Improper association	0
Failure to investigate	2
Dealing or supply	0
Cultivation or manufacture	0
Attempting to pervert the course of justice	1
Theft / misappropriation (more than \$5000)	0
Other allegations	79
Total	93



APPENDIX 4

Statistical Data on Exercise of Commission Powers

The following table indicates the frequency with which the Commission exercised its various powers in 2010–11, compared with the two previous reporting years.

Table 19: Exercise of Commission's Powers

Functions	2010–11	2009–10	2008–09
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	NIL	10	9
s 26 — Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	154	219	288
s 29 — Commission may authorise an officer of the Commission to enter and inspect premises etc	NIL	NIL	1
s 32 and s 33 — Hearing days:			
• public	1	NIL	4
• private	24	28	34
s 38 — Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	21	21	32
s 45(1) — Authorised justice may issue search warrant	0	1	11 ¹⁹
s 45(2) — Commissioner may issue a search warrant	0	NIL	NIL
s 50 — Number of warrants obtained under <i>Surveillance Devices Act 2007</i>	5	7	11
Under Law Enforcement (Controlled Operations) Act 1997			
Applications granted by Commission for authority to conduct controlled operations	4	1	1 ²⁰
Applications granted by Commissioner for variation of authority to conduct controlled operations	3	2	NIL
Under Law Enforcement and National Security (Assumed Identities) Act 2010²¹			
Approval granted by Commissioner for acquisition and use of an assumed identity	13	7	2
Applications granted for variation of assumed identity	24	N/A ²²	N/A
Applications granted for cancellations of assumed identity	2	8	1
Under Telecommunications (Interception & Access) Act 1979			
Warrants issued for the Interception of communications	55	48	115
Warrants issued for access to stored communications	8	0	0

¹⁹ 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.

²⁰ Due to a change in circumstances the authority was not ultimately acted upon.

²¹ The Act changed during the reporting period from the *Law Enforcement (Assumed Identities) Act 1998*

²² Due to the change in Act for reporting period, these figures were not previously provided

APPENDIX 5

Prosecutions in 2010-11 arising from Commission Investigations

Table 20: Prosecutions by Police Integrity Commission

Name	Charge(s)	Status/Result
John AYOUB	<p>8 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>20 x s 178BA <i>Crimes Act 1900</i> Obtaining money etc by deception</p> <p>20 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements</p> <p>1 x s 301(1) <i>Crimes Act 1900</i> Making copies of false instruments</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> False or misleading documents</p> <p>1 x s 25A <i>Oaths Act 1900</i> False declaration for material benefit</p>	<p>16/11/2010: Pleas of guilty entered to the following:</p> <p>4 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements</p> <p>1 x s 301(1) <i>Crimes Act 1900</i> Making copies of false instruments</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>30/11/2010: Sentenced as follows:</p> <p>4 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements – no conviction recorded pursuant to s 10 of the <i>Crimes (Sentencing Procedure) Act 1999</i> conditional upon the accused entering into a bond to be of good behaviour for a period of 18 months</p> <p>1 x s 301(1) <i>Crimes Act 1900</i> Making copies of false instruments – no conviction recorded pursuant to s 10 of the <i>Crimes (Sentencing Procedure) Act 1999</i> conditional upon the accused entering into a bond to be of good behaviour for a period of 18 months</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence - conviction recorded, bond to be of good behaviour for a period of 18 months</p>
Julie AYOUB	<p>7 x s 107 <i>Police Integrity Commission Act 1996</i> 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 money etc by false or misleading statements</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> False or misleading documents</p> <p>1 x s 25A <i>Oaths Act 1900</i> False declaration for material benefit</p>	<p>23/11/10: Pleas of guilty entered to the following:</p> <p>4 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>07/12/2010: Sentenced as follows:</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence – bond to be of good behaviour for a period of 15 months, \$79 court costs</p> <p>4 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements – 120 hours of community service</p>



Name	Charge(s)	Status/Result
Montaze BAROUDI	1 x conspiracy to rob armed with an offensive instrument (firearm) - common law offence 1 x conspiracy to obtain property by false pretences - common law offence	12/04/2011: Plea of guilty entered to the following: 1 x conspiracy to obtain property by false pretences - common law offence Sentencing adjourned to 29/08/2011.
Nasser BATTAL	1 x s 249B <i>Crimes Act</i> 1900 Corrupt commissions or rewards 1 x s 178BA <i>Crimes Act</i> 1900 Obtaining money etc by deception 1 x s 112(2) <i>Crimes Act</i> 1900 Breaking etc into any house etc and committing serious indictable offence (aggravated offence) 1 x s 95 <i>Crimes Act</i> 1900 Robbery in circumstances of aggravation (alternative to s 112(2)) 1 x s 111(2) <i>Crimes Act</i> 1900 Entering dwelling house (aggravated offence) (collective alternative) 5 x 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence On 9/10/09 BATTAL was served with a CAN concerning the following offences: 1 x s 200(1) <i>Police Act</i> 1990 Police Officer receiving or soliciting a bribe 1 x s 249B <i>Crimes Act</i> 1900 Corrupt commissions or rewards 1 x s 117 <i>Crimes Act</i> 1900 Larceny 1 x s 178BA <i>Crimes Act</i> 1900 Obtaining money etc by deception 2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence 2 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness 1 x s 7(1) <i>Firearms Act</i> 1996 Unauthorised possession or use of prohibited firearms or pistols 1 x s 36 <i>Firearms Act</i> 1996 Unregistered firearms 1 x s 39 <i>Firearms Act</i> 1996 Not keep firearm safely 4 x s 65 (3) <i>Firearms Act</i> 1996 Possess ammunition without license or permit	30/03/2011: Committed for trial on 29 charges, and withdrawal of the following charge: 1 x s 95 <i>Crimes Act</i> 1900 Robbery in circumstances of aggravation 22/07/2011: Pleas of guilty entered to the following PIC and NSWPF charges: 2 x s 249B <i>Crimes Act</i> 1900 Corrupt commissions or rewards 1 x s 179 <i>Crimes Act</i> 1900 False pretences etc 1 x x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness 1 x conspiracy to obtain property by false pretences (common law offence) 1 x s 7(1) <i>Firearms Act</i> 1996 Unauthorised possession or use of prohibited firearms or pistols 26/07/11: The following charges were handed up on the Form 1 schedule: 1 x s 193B(3) <i>Crimes Act</i> 1900 Money Laundering 1 x s 117 <i>Crimes Act</i> 1900 Larceny 1 x s 65 (3) <i>Firearms Act</i> 1996 Possess ammunition without license or permit 2 x s 7(1) <i>Firearms Act</i> 1996 Unauthorised possession or use of prohibited firearms or pistols 1 x s 39 <i>Firearms Act</i> 1996 Not keep firearm safely 1 x s 36 <i>Firearms Act</i> 1996 Unregistered firearms 1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence 1 x s 29(1)(b)(i) <i>Australian Passports Act</i> 2005 (Cth) Make false statement in relation to an Australian Passport Application 1 x s 16(1) <i>Poisons and Therapeutic Goods Act</i> 2005 Possess restricted substance Listed for sentencing on 23/09/2011.

Name	Charge(s)	Status/Result
Nasser BATTAL	<p>3 x s 7(1) <i>Weapons Prohibition Act</i> 1998 Unauthorised possession or use of prohibited weapon</p> <p>On 8/07/10 BATTAL was served with a CAN concerning the following offences:</p> <p>1 x s 193B(3) <i>Crimes Act 1900</i> 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>	
Nabil BATTAL	<p>1 x s 31(1) <i>Financial Transactions Reports Act 1988</i> (Cth) Conducting transactions so as to avoid reporting requirements</p> <p>1 x s193B(3) <i>Crimes Act 1900</i> Money laundering</p>	<p>Committed for trial commencing 26/09/2011.</p> <p>27/9/11 found not guilty in Sydney District Court</p>
Barry BLANCHETTE	<p>1 x s 113(2) <i>Crimes Act 1900</i> Breaking etc into any house etc with intent to commit serious indictable offence (aggravated offence)</p> <p>1 x s 344A(1) and s 95 <i>Crimes Act 1900</i> Robbery in circumstances of aggravation (alternative to s 113(2))</p> <p>1 x s 111(2) <i>Crimes Act 1900</i> Entering dwelling house (aggravated offence) (also an alternative to s 113(2))</p>	<p>01/08/2011: The Mental Health Review Tribunal determined that the accused will not become fit within the next 12 months. Charges to be withdrawn.</p>
James BOADEN	<p>1 x s 319 <i>Crimes Act 1990</i> General offence of perverting the course of justice</p>	<p>18/10/2010: Plea of guilty entered to the following:</p> <p>1 x s 336(2) <i>Crimes Act 1990</i> False entry on public register</p> <p>8/11/2010: Sentenced at Moree Local Court: \$1,000 fine, \$79 Court costs all payable within 28 days, and a bond pursuant to s 9 <i>Crimes (Sentencing Procedure) Act 1999</i> to be of good behaviour for 2 years.</p>
Mark CHRISTIE	<p>1 x s 319 <i>Crimes Act 1990</i> General offence of perverting the course of justice</p>	<p>09/02/2010: Plea of guilty entered to the following charge:</p> <p>1 x s 319 <i>Crimes Act 1990</i> General offence of perverting the course of justice</p> <p>06/08/10: Sentenced as follows:</p> <p>1 x s 319 <i>Crimes Act 1990</i> General offence of perverting the course of justice - bond pursuant to s 9 <i>Crimes (Sentencing Procedure) Act 1999</i> to be of good behaviour for a period of 2 years.</p>



Name	Charge(s)	Status/Result
Joseph ELIAS	2 x s 178BA <i>Crimes Act</i> 1900 Obtaining money etc by deception 3 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements	23/11/10: Matter withdrawn on advice from the Director.
Nemer ELIAS	2 x s 178BA <i>Crimes Act</i> 1900 Obtaining money etc by deception 4 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements	14/12/10: Found guilty and sentenced in relation to the following charges: 2 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements - convictions recorded on each charge, bond to be of good behaviour for a period of 18 months and \$70 court costs. 18/05/2011: District Court dismisses the appeal of the conviction. 02/08/2011: To be mentioned in the Court of Criminal Appeal on 2/11/2011.
Anton ELTAKCHI	3 x s 178BA <i>Crimes Act</i> 1900 Obtaining money etc by deception 14 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements 4 x s 301(2) <i>Crimes Act</i> 1900 Use copies of false instruments On 19/11/10 ELTAKCHI was served with a CAN concerning the following offences: 4 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements	25/11/10: Pleas of guilty entered to the following charges: 3 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements 20/12/10: Sentenced to a bond pursuant to s 10 <i>Crimes</i> <i>(Sentencing Procedure) Act</i> 1999 to be of good behaviour for a period of 18 months.
Brett FOWLER	1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence	Listed for mention on 30/08/2011.
Mark GANLEY	1 x s 53 <i>Police Integrity Commission Act</i> 1996 Publication of evidence given a private hearing	18/05/2011: The s 53(1) PIC Act charge dismissed on basis that GANLEY's disclosure of 'topics covered' in the PIC hearings did not amount to 'publishing evidence'.
Peter GREALISH	6 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements	20/05/2011: Committal hearing waived. 19/08/2011: Adjourned to 16/09/2011 for arraignment and filing of indictment.

Name	Charge(s)	Status/Result
George KAHILA	<p>4 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>20 x s 178BA <i>Crimes Act 1900</i> Obtaining money etc by deception</p> <p>20 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements</p> <p>1 s 301(1) <i>Crimes Act 1900</i> Making copies of false instruments</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> False or misleading documents</p> <p>1 x s 25A <i>Oaths Act 1900</i> False declaration for material benefit</p> <p>7 x s 178BA <i>Crimes Act 1900</i> Obtaining money etc by deception</p> <p>25 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements</p> <p>7 s 301(2) <i>Crimes Act 1900</i> Use copies of false instruments</p>	<p>Pleas of guilty were entered to the following charges:</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> Give false or misleading evidence</p> <p>3 x s 301(2) <i>Crimes Act 1900</i> Use copy of false instrument</p> <p>11 x s 178BB <i>Crimes Act 1900</i> Obtaining financial advantage by false / misleading statement</p> <p>The following charges were handed up on the Form 1 schedule:</p> <p>3 x s 178BB <i>Crimes Act 1900</i> Obtaining financial advantage by false / misleading statement</p> <p>20/01/11: Sentenced in District Court as follows:</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> Give false or misleading evidence – Convicted and sentenced to 6 months imprisonment.</p> <p>14 x s 178BB <i>Crimes Act 1900</i> Obtain financial advantage by making a false or misleading statement – Convicted and sentenced on all counts to 14 months imprisonment</p> <p>3 x s 301(2) <i>Crimes Act 1900</i> Use copy of false instrument – Convicted and sentenced to 20 months imprisonment</p> <p>All to commence on 2/2/11 and run concurrently. KAHILA to serve sentences concurrently by way of Intensive Corrections Order.</p>
Tony KHOURY	<p>4 x s 178BB <i>Crimes Act 1900</i> Obtaining money etc by false or misleading statements</p>	<p>19/10/10: Matter withdrawn.</p>
Con KOSTAKIDIS	<p>3 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p>	<p>23/02/10: Pleas of guilty entered to the following charges:</p> <p>3 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>15/07/2010: Sentenced as follows:</p> <p>3 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence – bond to be of good behaviour for a period of 2 years.</p>

Name	Charge(s)	Status/Result
Christopher LAYCOCK	<p>6 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>2 x s 112(2) <i>Crimes Act 1900</i> Breaking etc into any house etc and committing serious indictable offence (aggravated offence)</p> <p>2 x s 95 <i>Crimes Act 1900</i> Robbery in circumstances of aggravation (alternative to s 112(2))</p> <p>2 x s 111(2) <i>Crimes Act 1900</i> Entering dwelling house (aggravated offence)</p> <p>1 x s 99(2) <i>Crimes Act 1900</i> Demanding property with intent to steal (in company)</p> <p>1 x s 319 <i>Crimes Act 1990</i> General offence of perverting the course of justice</p> <p>1 x s 113(2) <i>Crimes Act 1900</i> Breaking etc into any house etc with intent to commit serious indictable offence (aggravated offence)</p> <p>1 x 114(1)(d) <i>Crimes Act 1900</i> Enter or remain in building etc with intent to commit indictable offence (alternative to s 113(2))</p> <p>3 x s 249B(1) <i>Crimes Act 1900</i> Agent corruptly receive or solicit benefit</p> <p>1 x s 179BA <i>Crimes Act 1900</i> Obtain money by deception</p>	<p>20/07/11: Pleas of guilty entered to the following charges:</p> <p>2 x s 111(2) <i>Crimes Act 1900</i> Entering dwelling house (aggravated offence)</p> <p>1 x s 308C <i>Crimes Act 1900</i> Unauthorised access, modification or impairment with intent to commit serious indictable offence</p> <p>1 x 249B(1) <i>Crimes Act 1900</i> Agent corruptly receive or solicit benefit</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>The following charges were handed up on the Form 1 schedule:</p> <p>1 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>1 x s 188 <i>Crimes Act 1900</i> Receiving stolen property where stealing a serious indictable offence</p> <p>2 x s 107 <i>Police Integrity Commission Act 1996</i> Give false or misleading evidence</p> <p>05/08/2011: Adjourned for mention 09/09/2011.</p>

Name	Charge(s)	Status/Result
LP1	<p>1 x s 249B <i>Crimes Act</i> 1900 Corrupt commissions or rewards</p> <p>1 x s 178BA <i>Crimes Act</i> 1900 Obtaining money etc by deception</p> <p>1 x s 112(2) <i>Crimes Act</i> 1900 Breaking etc into any house etc and committing serious indictable offence (aggravated offence)</p> <p>1 x s 95 <i>Crimes Act</i> 1900 Robbery in circumstances of aggravation (alternative to s 112(2))</p> <p>1 x s 111(2) <i>Crimes Act</i> 1900 Entering dwelling house (aggravated 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 Robbery with arms etc and wounding</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc</p> <p>On 4/11/2010, LP1 was served with a CAN concerning the following offence:</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc</p>	<p>9/11/2010: Pleas of guilty entered to the following charges:</p> <p>1 x s 249B <i>Crimes Act</i> 1900 Corrupt commissions or rewards</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc</p> <p>1 x conspiracy to obtain property by false pretences - common law offence</p> <p>The following charge was withdrawn:</p> <p>1 x 178BA <i>Crimes Act</i> 1900 Obtain financial advantage by deception</p> <p>21/02/2011 - Sentenced as follows:</p> <p>1 x s 249B <i>Crimes Act</i> 1900 Corruptly receive benefit - imprisonment of 3 years 6 months discounted to 1 year 9 months, commencing 21/02/2001, with non-parole period of 10 months.</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc - imprisonment of 2 years 6 months discounted to 1 year 3 months, commencing 21/02/2011, with a non-parole period of 7 months (concurrent with the first count)</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc - imprisonment of 2 years 6 months, discounted to 1 year 3 months, commencing 21/08/2011, with a non-parole period of 7 months</p>
Ahmed MASRI	<p>1 x s 178BA <i>Crimes Act</i> 1900 Obtain benefit by deception</p> <p>1 x s 95 <i>Crimes Act</i> 1900 Robbery in circumstances of aggravation</p> <p>1 x s 111(2) <i>Crimes Act</i> 1900 Entering dwelling house (aggravated offence)</p> <p>1 x s 112(2) <i>Crimes Act</i> 1900 Breaking etc into any house etc and committing serious indictable offence (aggravated offence)</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>2 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness</p> <p>On 16/11/2010, MASRI was served with a CAN concerning the following charge:</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc</p>	<p>29/03/2011: Pleas of guilty entered to the following charges:</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc</p> <p>1 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness</p> <p>The following charge was handed up on the Form 1 schedule:</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>Listed for sentencing on 23/09/2011.</p>



Name	Charge(s)	Status/Result
Nathan McCULLOCH	<p>1 x s 319 <i>Crimes Act</i> 1990 General offence of perverting the course of justice</p> <p>2 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness</p> <p>5 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>1 x s 52(3) <i>Police Integrity Commission Act</i> 1996 Make a publication in contravention of a direction</p>	<p>21/09/10: Pleas of guilty entered to the following charges:</p> <p>1 x s 319 <i>Crimes Act</i> 1990 General offence of perverting the course of justice</p> <p>1 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>The following charges were withdrawn:</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>The following charges were handed up on the Form 1 schedule:</p> <p>1 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>1 x s 52(3) <i>Police Integrity Commission Act</i> 1996 Make a publication in contravention of a direction</p> <p>16/06/2011: Sentenced by Acting Judge G Graham as follows:</p> <p>1 x s 319 <i>Crimes Act</i> 1990 General offence of perverting the course of justice - imprisonment for 1 year 9 months, suspended</p> <p>1 x s 109(a) <i>Police Integrity Commission Act</i> 1996 Procuring false testimony by witness – imprisonment for 1 year 3 months, suspended</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence – imprisonment for 1 year 3 months, suspended.</p> <p>Sentences are to be served concurrently, commencing from 18/03/2011 and McCULLOCH is to be of good character during the period and comply with conditions set by Probation and Parole.</p>
Bernice McDONAGH	<p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p>	<p>09/04/2010 McDONAGH was found guilty of the following charges:</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>17/06/2010: Sentenced to 8 months' imprisonment, which was suspended on condition that she entered a good behaviour bond. McDONAGH lodged an appeal against her conviction.</p> <p>8/12/2010: District Court dismissed the appeal and upheld the convictions.</p>

Name	Charge(s)	Status/Result
Terry ROWLINGS	<p>1 x s 319 <i>Crimes Act</i> 1900 General offence of perverting the course of justice</p> <p>1 x s 317 <i>Crimes Act</i> 1900 Tampering etc with evidence</p> <p>3 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p>	<p>06/05/2010: Pleas of guilty entered to the following charges:</p> <p>1 x s 317 <i>Crimes Act</i> 1900 Tampering etc with evidence</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>The following charge was handed up on the Form 1 schedule:</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p> <p>The following charge was withdrawn:</p> <p>1 x s 319 <i>Crimes Act</i> 1990 General offence of perverting the course of justice</p> <p>13/08/10: Sentenced by Magistrate Favretto as follows:</p> <p>1 x s 317 <i>Crimes Act</i> 1900 Tampering etc with evidence - 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>
Mick SALEH aka HIJAZI	<p>1 x s 98 <i>Crimes Act</i> 1900 Robbery with arms etc and wounding</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p>	<p>3/02/11: Pleas of guilty entered to the following charges:</p> <p>1 x s 179 <i>Crimes Act</i> 1900 False pretences etc</p> <p>The following charges were handed up on the Form 1 schedule:</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence</p> <p>14/07/11: Sentenced to 21 months imprisonment commencing 14/07/11, with a non-parole period of 9 months.</p>
Mark SIMS	<p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence</p>	<p>29/03/2011: Plea of guilty entered to the following charge:</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence</p> <p>10/05/2011: Sentenced as follows:</p> <p>1 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false or misleading evidence - conviction recorded and a bond pursuant to s 9 of the <i>Crimes (Sentencing Procedure) Act</i> 1999 to be of good behaviour for a period of 2 years, and \$79 court costs.</p>



Name	Charge(s)	Status/Result
Phillip SMITH	1 x s 319 <i>Crimes Act</i> 1900 General offence of perverting the course of justice	20/09/10: Plea of guilty entered to the following charge: 1 x s 319 <i>Crimes Act</i> 1990 General offence of perverting the course of justice 14/04/2011: Sentenced as follows: 1 x s 319 <i>Crimes Act</i> 1990 General offence of perverting the course of justice - imprisonment of 15 months, suspended from 14/04/2011 on condition that SMITH enter into a 15 month bond, pursuant to s 12 <i>Crimes (Sentencing Procedure) Act</i> 1999: that SMITH be of good behaviour, appear before the court if required at any time during the Bond, to report to the NSW Probation & Parole Service before 20/04/2011 and accept supervision and guidance of same.
Ali Kamran Zaidi SYED	1 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements 1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence	08/06/2011: Plea of guilty entered to the following charge: 1 x s 178BB <i>Crimes Act</i> 1900 Obtaining money etc by false or misleading statements The following charge was withdrawn: 1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence Listed for mention on 14 September 2011.
Scott TRACEY	7 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence	04/08/2011: Mention. Matter adjourned until 29/08/2011.
Stuart VOS	1 x s 319 <i>Crimes Act</i> 1900 General offence of perverting the course of justice 2 x s 317 <i>Crimes Act</i> 1900 Tampering etc with evidence 10 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence	05/08/2011: Related decision of the NSW Criminal Court of Appeal handed down: <i>R v Vos</i> [2011] NSWCCA 172. (see the case summary at p49) 19/08/2011: Adjourned to 02/09/2011 for the setting of a trial date.
Terri WHITTON	2 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence	10/11/2010: Plea of guilty entered to the following charge: 1 x s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence 11/03/2011: Sentenced as follows: s 107 <i>Police Integrity Commission Act</i> 1996 False or misleading evidence - 150 hours community service.

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

Name	Charge(s)	Status/Result
Nasser BATTAL	<p>2 x s 527C <i>Crimes Act 1900</i> Persons unlawfully in possession of property</p> <p>1 x s 29(1)(b)(i) <i>Australian Passports Act 2005 (Cth)</i> Make false statement in relation to an Australian Passport Application</p> <p>1 x s 16(1) <i>Poisons and Therapeutic Goods Act 2005</i> Possess restricted substance</p> <p>1 x s 7(1) <i>Weapons Prohibition Act 1998</i> Unauthorised possession or use of prohibited weapon</p>	<p>22/07/2011: Pleas of guilty entered to the following NSWPF and PIC charges:</p> <p>2 x s 249B <i>Crimes Act 1900</i> Corrupt commissions or rewards</p> <p>1 x s 179 <i>Crimes Act 1900</i> False pretences etc</p> <p>1 x s 109(a) <i>Police Integrity Commission Act 1996</i> Procuring false testimony by witness</p> <p>1 x conspiracy to obtain property by false pretences (common law offence)</p> <p>1 x s 7(1) <i>Firearms Act 1996</i> Unauthorised possession or use of prohibited firearms or pistols</p> <p>26/07/11: The following charges were handed up on the Form 1 schedule:</p> <p>1 x s 193B(3) <i>Crimes Act 1900</i> Money Laundering</p> <p>1 x s 117 <i>Crimes Act 1900</i> Larceny</p> <p>1 x s 65 (3) <i>Firearms Act 1996</i> Possess ammunition without license or permit</p> <p>2 x s 7(1) <i>Firearms Act 1996</i> Unauthorised possession or use of prohibited firearms or pistols</p> <p>1 x s 39 <i>Firearms Act 1996</i> Not keep firearm safely</p> <p>1 x s 36 <i>Firearms Act 1996</i> Unregistered firearms</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>1 x s 29(1)(b)(i) <i>Australian Passports Act 2005 (Cth)</i> Make false statement in relation to an Australian Passport Application</p> <p>1 x s 16(1) <i>Poisons and Therapeutic Goods Act 2005</i> Possess restricted substance</p> <p>Listed for sentencing on 23/09/2011.</p>



Name	Charge(s)	Status/Result
Elisa McCULLOCH	<p>2 x s 16 <i>Poisons and Therapeutic Goods Act 1966</i> Possess/attempt to, anabolic or androgenic steroidal agent</p> <p>1 x s 15 <i>Drug Misuse and Trafficking Act 1985</i> Forge or alter prescription which includes prohibited drug</p> <p>1 x s 19 <i>Drug Misuse and Trafficking Act 1985</i> Aid/abet/counsel/incite/procure/solicit division 1 offence</p>	<p>19/06/09: 2 x s16 <i>Poisons and Therapeutic Goods Act 1966</i> withdrawn by DPP.</p> <p>Plea of Guilty to 1 x s15 Forge or alter prescription.</p> <p>19/06/09 - the two charges of Possession of Steroids, were withdrawn by the DPP. The remaining charge of Forge or Alter (aid and abet) Prescription (DMTA), McCULLOCH pleaded guilty. McCULLOCH received a Section 10 (1) (b) bond, of 12 months, to be of good behaviour, with a condition of continued guidance of treating psychologist – no conviction recorded.</p> <p>18/03/2011: Acting Judge G GRAHAM referred McCULLOCH to Probation & Parole for assessment of suitability for an Intensive Corrections Order (applicable where custodial sentence would be less than 2 years; here GRAHAM calculated 21 months) re three charges to which McCULLOCH pleaded guilty (Pervert Course of Justice; Attempt Procure False Evidence by a Witness; Give False or Misleading Evidence at a Hearing of the Commission). Other charges taken into account on Form 1. Adjourned to 12/05/2011 for final sentencing.</p>
Nathan McCULLOCH	<p>1 x s 10(1) <i>Poisons and Therapeutic Goods Act 1966</i> Prohibition on supply certain substances by non-wholesaler</p> <p>2 x s 16(1) <i>Poisons and Therapeutic Goods Act 1966</i> Possess/attempt to, anabolic or androgenic steroidal agent</p> <p>1 x s 65(3) <i>Firearms Act 1996</i> Possess ammunition w/o holding licence/permit/authority</p> <p>1 x s 15 <i>Drug Misuse and Trafficking Act 1985</i> Forge or alter prescription which includes prohibited drug</p> <p>2 x s 25(1) <i>Drug Misuse and Trafficking Act 1985</i> Supply a prohibited drug</p> <p>2 x s 233(1)(b) <i>Customs Act 1901</i> Import prohibited imports</p> <p>1 x s149.1 <i>Criminal Code Act 1995</i> Obstruct Commonwealth official</p>	<p>4/05/09 - pled guilty to all charges except possess ammunition w/o holding licence/permit/authority (s65(3) <i>Firearms Act 1996</i>) and x 2 Supply prohibited drug (s25(1) <i>Drugs Misuse and Trafficking Act 1985</i>). Listed at Armidale Local Court on 19/06/09 (unsure as to whether it will be for trial or mention).</p> <p>19/06/09 - one Supply Prohibited Drug (DMTA) and the Possession of Ammunition charge was withdrawn by the DPP. The remaining charges Nathan McCULLOCH pleaded guilty. Sentence submissions were held prior to the luncheon adjournment. The Magistrate, Mr Michael HOLMES remanded McCULLOCH into Corrective Services custody over the luncheon adjournment. At 2.30pm McCULLOCH was sentenced for the following matters:</p> <p>Supply Steroids: Fine \$500 and \$73 court cost</p> <p>Possession of Steroids (2 counts): on each count Fine \$500 and \$73 court cost</p> <p>Forge and Alter prescription: Fine \$500 and \$73 court cost</p> <p>Supply Prohibited Drug: Fine \$500 and \$73 court cost along with each state offence he was placed on a Section 9 Bond to be of good behaviour for two years and to accept guidance of his treating psychiatrist.</p> <p>On the Commonwealth Offences, Importation of Steroids – Fined \$2000</p> <p>Hinder Commonwealth Investigation - Section 19 B (1) recognisance without conviction of \$200 cash to be of good behaviour for 2 years and continue to accept guidance of his treating psychiatrist. Commonwealth Customs made application for costs, a reduced cost application was granted by the court in the sum of \$10,000.</p>

Name	Charge(s)	Status/Result
Stephen SHERRY	2 x s91D <i>Crimes Act 1900</i> - Promoting act of child prostitution	12/08/2011: Charges withdrawn/dismissed.
Mark SMITH	3 x s 107 <i>Police Integrity Commission Act 1996</i>	<p>29/07/2011: The District Court held a Special Hearing in relation to Mark SMITH and he was found to have committed the offences charged, namely:</p> <p>3 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence</p> <p>13/10/2011: The District Court nominated limiting terms of:</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence (count 1) – 1 year</p> <p>2 x s 107 <i>Police Integrity Commission Act 1996</i> False or misleading evidence (counts 2 and 3) – 1 year 6 months (to be served concurrently and cumulative to the first count)</p> <p>SMITH was granted bail and the matter was referred to the Mental Health Review Tribunal in accordance with s 24 of the <i>Mental Health (Forensic Provisions) Act 1990</i>. The matter has been adjourned to the Parramatta District Court on 12/12/2011 for mention, to monitor SMITH's progress pending the determination of the Tribunal.</p>



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

Annual Report under the Government Information (Public Access) Act 2009

The Government Information (Public Access) Act 2009

The Government Information (Public Access) Act 2009 ('the GIPA Act') came into force on 1 July 2010 and replaced the Freedom of Information Act 1989.

Under the GIPA Act there are four ways that the Commission may make information available to the public:

- the mandatory release of "Open Access Information"
- the proactive release of information for which there is no overriding public interest against disclosure;
- the informal release of information in response to an informal request for which there is no overriding public interest against disclosure in; and
- the formal release of information in response to an access application for which there is no overriding public interest against disclosure.

This is in addition to the disclosure process that exists under section 56(4)(c) of the Police Integrity Commission Act 1996 ('the PIC Act').

Schedule 2 of the GIPA Act provides that information which relates to the PIC's "corruption prevention, complaint handling, investigative and reporting functions" is "excluded information" and cannot be made the subject of an access application.

It is also conclusively presumed by Schedule 1 of the GIPA Act that there is an overriding public interest against disclosing information the disclosure of which would be prohibited by the PIC Act.

Information which falls within the above two categories is not publicly disclosed by the Commission except under limited circumstances.

The impact on the Commission of fulfilling its requirements under the GIPA Act during 2010–11 has been negligible. No major issues have arisen during 2010–11 in connection with the Commission's compliance with GIPA requirements.

Access Applications received by the Commission in the reporting period

The Commission received two access applications during the reporting year (including withdrawn applications but not including invalid applications).

No applications for the disclosure of information for which there is conclusive presumption of overriding public interest against disclosure were refused wholly or in part.

There has been one internal review and no reviews by the Information Commissioner or the Administrative Decisions Tribunal in respect of GIPA applications finalised in this reporting period.

Proactive release of information

The Commission has undertaken a review under section 7(3) of the *Government Information (Public Access) Act 2009*.

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.
- VIII. Media Policy

Obtaining access to and seeking amendment of the Commission's records

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

Right to Information Officer
Police Integrity Commission
GPO Box 3880
SYDNEY NSW 2001

Facsimile: (02) 9321 6799

Telephone inquiries may be made between 8.30 am and 4:00 pm on (02) 9321 6700.

Further information is also able to be obtained from our website www.pic.nsw.gov.au under the "Right to Information" link.

Table A: Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	2	-	-	-	-	-	-	-
Members of Parliament	-	-	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	-	-	-	-	-	-
Members of the public (other)	-	-	-	-	-	-	-	-

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	-	-	-	-	-	-	-	-
Access applications (other than personal information applications)	2	-	-	-	-	-	-	-
Access applications that are partly personal information applications and partly other	-	-	-	-	-	-	-	-

Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	-
Application is for excluded information of the agency (section 43 of the Act)	5
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	5
Invalid applications that subsequently became valid applications	1

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

	Number of times consideration used*
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	-
Excluded information	1
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful
Responsible and effective government	-
Law enforcement and security	-
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	2
Decided after 35 days (by agreement with applicant)	-
Not decided within time (deemed refusal)	-
Total	2
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	1	-	1
Review by Information Commissioner	-	-	-
Internal review following recommendation under section 93 of Act	-	-	-
Review by ADT	-	-	-
Total	1	-	1

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	-

APPENDIX 8

Financial Statements



Financial Statements 2010-11

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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 the Police Integrity Commission (the Commission), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity, as at 30 June 2011, and of the financial performance for the year then ended in accordance with Australian Accounting Standards
- 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 2010

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 financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 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 control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial statements.

I believe 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 the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. 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 Coulogeorgiou
Director, Financial Audit Services

14 October 2011
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 2011 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 financial performance 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.

The Hon Jerrold Cripps QC
Acting Commissioner

13/1/11

Statements of comprehensive income for the Year Ended 30 June 2011

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual	Actual	Actual	Budget	Actual
		2011 \$'000	2010 \$'000	2011 \$'000	2011 \$'000	2010 \$'000
EXPENSES EXCLUDING LOSSES						
Operating Expenses						
Employee related	2(a)	507	42	13,229	14,012	13,054
Other operating expenses	2(b)	4,243	4,424	4,243	4,752	4,401
Personnel services	2(c)	12,186	12,340	--	--	--
Depreciation and amortisation	2(d)	1,320	1,474	1,320	1,481	1,474
Total expenses excluding losses		18,256	18,280	18,792	20,245	18,929
REVENUE						
Investment revenue	3(a)	89	62	89	80	62
Other revenue	3(b)	8	4	8	--	4
Total revenue		97	66	97	80	66
Gain/(loss) on disposal	4	3	(368)	3	--	(368)
Net Cost of Services	22	18,156	18,582	18,692	20,165	19,231
GOVERNMENT CONTRIBUTIONS						
Recurrent appropriation	5	16,947	16,786	16,947	17,961	16,786
Capital appropriation	5	1,166	1,087	1,166	1,790	1,087
Acceptance by the Crown Entity of employee benefits and other liabilities	8	--	--	536	664	649
Total Government Contributions		18,113	17,873	18,649	20,415	18,522
(DEFICIT)/SURPLUS FOR THE YEAR		(43)	(709)	(43)	250	(709)
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		(43)	(523)	(43)	250	(523)

The accompanying notes form part of these financial statements



Statements of financial position as at 30 June 2011

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual	Actual	Actual	Budget	Actual
		2011 \$'000	2010 \$'000	2011 \$'000	2011 \$'000	2010 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	10	1,401	1,474	1,587	1,758	1,686
Receivables	11	461	413	461	326	416
Total Current Assets		1,862	1,887	2,048	2,084	2,102
Non-Current Assets						
Plant and equipment	12	2,616	3,024	2,616	3,401	3,024
Intangible assets	13	367	110	367	42	110
Total Non-Current Assets		2,983	3,134	2,983	3,443	3,134
Total Assets		4,845	5,021	5,031	5,527	5,236
LIABILITIES						
Current Liabilities						
Payables	15	205	153	443	424	368
Provisions	17	1,150	1,165	1,098	1,100	1,165
Other	18	164	361	164	361	361
Total Current Liabilities		1,519	1,679	1,705	1,885	1,894
Non-Current Liabilities						
Provisions	17	677	650	677	700	650
Total Non-Current Liabilities		677	650	677	700	650
Total Liabilities		2,196	2,329	2,382	2,585	2,544
Net Assets		2,649	2,692	2,649	2,942	2,692
EQUITY						
Reserves		186	186	186	186	186
Accumulated funds		2,463	2,506	2,463	2,756	2,506
Total Equity		2,649	2,692	2,649	2,942	2,692

The accompanying notes form part of these financial statements

Statements of changes in equity for the year ended 30 June 2011

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 2010	2,506	186	2,692	2,506	186	2,692
Surplus/(deficit) for the year	(43)	--	(43)	(43)	--	(43)
Other comprehensive income:						
Net increase/(decrease) in property, plant and equipment	--	--	--	--	--	--
Total other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the year	(43)	--	(43)	(43)	--	(43)
Balance as at 30 June 2011	2,463	186	2,649	2,463	186	2,649
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

The accompanying notes form part of these financial statements



Statements of cash flows

for the year ended 30 June 2011

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual 2011 \$'000	Actual 2010 \$'000	Actual 2011 \$'000	Budget 2011 \$'000	Actual 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(507)	(42)	(12,707)	(13,410)	(12,377)
Other		(4,715)	(4,964)	(4,745)	(5,179)	(4,918)
Personnel services		(12,201)	(12,313)	--	--	--
Total Payments		(17,423)	(17,319)	(17,452)	(18,589)	(17,295)
Receipts						
Interest received		79	51	79	92	51
Other		521	498	524	608	496
Total Receipts		600	549	603	700	547
Cash Flows from Government						
Recurrent appropriation		17,111	17,147	17,111	17,961	17,147
Capital appropriation		1,166	1,087	1,166	1,790	1,087
Cash transfers to the Consolidated Fund		(361)	(187)	(361)	--	(187)
Net Cash Flows from Government		17,916	18,047	17,916	19,751	18,047
NEW CASH FLOWS FROM OPERATING ACTIVITIES	22	1,093	1,277	1,067	1,862	1,299
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of plant & equipment		--	7	--	--	7
Purchases of plant & equipment		(806)	(1,073)	(806)	(1,790)	(1,073)
Purchases of intangible assets		(360)	(14)	(360)	--	(14)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,166)	(1,080)	(1,166)	(1,790)	(1,080)
NET INCREASE / (DECREASE) IN CASH						
Opening cash and cash equivalents		1,474	1,277	1,686	1,686	1,467
CLOSING CASH AND CASH EQUIVALENTS	10	1,401	1,474	1,587	1,758	1,686

The accompanying notes form part of these financial statements

Summary of Compliance with Financial Directives

	2011			
	Recurrent Appropriation	Expenditure/ Net claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE				
■ Appropriation Act	17,961	16,947	1,790	1,166
	17,961	16,947	1,790	1,166
OTHER APPROPRIATION/ EXPENDITURE				
■ Treasurer's Advance	--	--	--	--
■ Additional appropriations	--	--	--	--
	--	--	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,961	16,947	1,790	1,166
Amount drawn down against Appropriation		17,111		1,166
Liability to Consolidated Fund		164		--

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.



	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				
■ Appropriation Act	17,780	16,786	1,790	1,087
	17,780	16,786	1,790	1,087
OTHER APPROPRIATION/ EXPENDITURE				
■ Treasurer's Advance	--	--	--	--
■ 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		--

Summary of Compliance with Financial Directives for the year ended 30 June 2011 (cont)

Recurrent Appropriation

The Commission's recurrent appropriation of \$17.961m 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 \$17.111m of the approved recurrent appropriation.

Capital Appropriation

The Commission expended \$1.166m of the \$1.790m approved capital appropriation.



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

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 statements 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 statutory body established under the Police Integrity Commission Act 1996. 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 statements for the year ended 30 June 2011 has been authorised for issue by the Commissioner for the Police Integrity Commission on 13th October, 2011.

(b) Basis of preparation

The Commission's financial statements are general purpose financial statements which have 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.

The financial statements have been prepared in accordance with the historical cost convention.

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 2011

(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 18 as part of 'Current Liabilities–Other'. The amount will be repaid and the liability will be extinguished next financial year.

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.



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

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

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.

As the Commission does not own land, building or infrastructure assets, management does not believe that the revaluation of physical non-current assets every five years is warranted, unless it becomes aware of any material difference in the carrying amount of any class of assets. The majority of Commission assets are short lived and

their costs approximate their fair value. The Commission holds an asset for make good of leased accommodation the value of which was revalued in 2010 in line with the requirements of the current lease.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(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
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 4.75% (Government bond rate 30/6/11) 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.



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

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 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 2010–11 or 2009–10.

(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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(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 4.75% 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 11/06) 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



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

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.

(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.

From July 1, 2010 the Commission has only one program as such a program statement showing comparative figures is not included as figures would be the same as those disclosed in the comprehensive income and financial position statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(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 2011.

- AASB 9 & AASB 2010-7 Amendments to Australian Accounting Standards regarding financial instruments (applicable to annual reporting periods beginning on or after Jan 1, 2013).
- AASB 2009-14 Amendments to Australian Accounting Standards arising from interpretation – Prepayments of a Minimum Funding Requirement (effective 2011/12).
- 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 2010-6 Amendments to Australian Accounting Standards regarding disclosures on transfers of financial assets (applicable to annual reporting periods beginning on or after July 1, 2011).
- AASB 2010-10 Further amendments to Australian Accounting Standards regarding removal of fixed dates for first-time adopters (AASB 2009-11 & AASB 2010-7) (applicable to annual reporting periods beginning on or after Jan 1, 2013).



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

02. Expenses Excluding Losses

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)*	429	--	10,966	10,645
Superannuation–defined benefit plans	--	--	94	91
Superannuation–defined contribution plans	--	--	890	879
Long service leave	--	--	438	554
Workers' compensation insurance	--	--	88	123
Payroll tax and fringe benefits tax	78	42	723	729
Other	--	--	30	33
	507	42	13,229	13,054

* Salaries and wages shown under the Police Integrity Commission relate to the employment of the Commissioner. In the prior years these were disclosed in the financial statements of the Division and consolidated into these accounts.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(b) Other operating expenses include the following:				
Administration charges	384	405	384	377
Books and periodicals	30	31	30	31
Auditor's remuneration—audit of the financial statements	37	31	37	36
Consultancies	4	67	4	67
Contractors	150	140	150	140
External legal counsel	318	98	318	98
Minor computer expenses	113	111	113	111
Maintenance *	390	362	390	362
Make good expense	27	111	27	111
Insurance	23	32	23	32
Rent and outgoings (minimum lease payments)	1,791	1,754	1,791	1,754
Minor equipment	93	192	93	192
Motor vehicle costs (including leasing charges)	144	191	144	191
Advertising	16	1	16	1
Printing and stationery	33	47	33	47
Staff development	88	106	88	106
Travelling expenses	153	167	153	167
Telephones	96	173	96	173
Fees and searches	88	57	88	57
Other	265	348	265	348
	4,243	4,424	4,243	4,401

* Reconciliation - Total maintenance

Maintenance expense - contracted labour and other (non-employee related), as above	390	362	390	362
Maintenance related employee expenses included in Note 2 (a)	--	--	--	--
Total maintenance expenses included in Note 2 (a) + 2 (b)	390	362	390	362



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(c) Personnel Services expenses				
Police Integrity Commission Division	12,186	12,340	--	--
(d) Depreciation and amortisation expense				
Depreciation				
Computer Equipment	527	633	527	633
Office Equipment and Furniture	406	371	406	371
Amortisation				
Leasehold Improvements	284	402	284	402
Intangibles	103	68	103	68
	1,320	1,474	1,320	1,474

03. Revenue

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Investment revenue				
Interest	89	62	89	62
	89	62	89	62
(b) Other Revenue				
Commission on salary deductions, conduct fees, fines	1	4	1	4
Sale of minor equipment	7	--	7	--
	8	4	8	4

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

04. Gain/(loss) on Disposal

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Proceeds from disposal	10	7	10	7
Written down value of assets disposed	(7)	(375)	(7)	(375)
Gain / (loss) on disposal	3	(368)	3	(368)



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

05. Appropriations

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	17,111	17,147	17,111	17,147
Less: Liability to Consolidated Fund (per Summary of Compliance)	164	361	164	361
	16,947	16,786	16,947	16,786
Comprising:				
Recurrent appropriations (per Statement of Comprehensive Income)	16,947	16,786	16,947	16,786
Transfer payments	--	--	--	--
	16,947	16,786	16,947	16,786
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	1,166	1,087	1,166	1,087
	1,166	1,087	1,166	1,087
Comprising:				
Capital appropriations (per Statement of Comprehensive Income)	1,166	1,087	1,166	1,087
	1,166	1,087	1,166	1,087

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

06. Prior Period Errors

No prior period errors have been discovered in 2010-11 (2010: Nil).

07. Individually Significant Items

During 2010-11 there were no individually significant items (2010: Nil).

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

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies:				
Superannuation – defined benefit	--	--	94	91
Long service leave	--	--	437	553
Payroll tax	--	--	5	5
	--	--	536	649

09. Service Group of the Commission

Service Group 1: *Investigations, research and complaint management*

Objective: To detect, investigate and prevent serious and other misconduct by NSW Police and officers of the NSW Crime Commission.



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

10. Current Assets – Cash and Cash Equivalents

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at bank	1,389	1,462	1,575	1,674
Cash on hand	12	12	12	12
	1,401	1,474	1,587	1,686

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)	1,401	1,474	1,587	1,686
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	1,401	1,474	1,587	1,686

\$172,447 (2010: \$369,000) of the above is classified as a restricted asset and disclosed at note 14.

11. Current Assets – Receivables

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Prepayments	285	239	285	239
Other debtors	176	174	176	177
	461	413	461	416

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

12. 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 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
At 30 June 2011 – fair value				
Gross carrying amount	2,177	4,927	4,106	11,210
Accumulated depreciation and impairment	(1,653)	(3,798)	(3,143)	(8,594)
Net Carrying Amount	524	1,129	963	2,616
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 2011				
Net carrying amount at start of year	808	1,255	961	3,024
- Additions	--	282	534	816
- Disposals	--	(2)	(5)	(7)
- Depreciation Expense	(284)	(406)	(527)	(1,217)
Net carrying amount at end of year	524	1,129	963	2,616
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



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	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 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

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.

13. Non-Current Intangible Assets – Software

	Police Integrity Commission \$'000	Consolidated \$'000
At 1 July 2010		
Cost (gross carrying amount)	4,079	4,079
Accumulated amortisation and impairment	(3,969)	(3,969)
Net Carrying Amount	110	110
At 30 June 2011		
Cost (gross carrying amount)	4,357	4,357
Accumulated amortisation and impairment	(3,990)	(3,990)
Net Carrying Amount	367	367

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	Police Integrity Commission	Consolidated
	\$'000	\$'000
Year ended 30 June 2011		
Net carrying amount at start of year	110	110
Additions	360	360
Disposal	--	--
Amortisation (recognised in "depreciation and amortisation")	(103)	(103)
Net carrying amount at end of year	367	367
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 1 July 2010		
Cost (gross carrying amount)	4,079	4,079
Accumulated amortisation and impairment	(3,969)	(3,969)
Net Carrying Amount	110	110
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

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 2011

14. Restricted Assets

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Police Oversight Data Store grant	8	8	8	8
Liability to consolidated fund	164	361	164	361
	172	369	172	369

Expenditure during 2010-11 from the Police Oversight Data Store grant was nil, the balance as at 30 June 2011 held in the Operating Account is \$8,447 (balance 2009-10 \$8,447).

15. Current Liabilities – Payables

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Accrued salaries, wages and on-costs	--	--	238	185
Creditors	205	153	205	183
	205	153	443	368

16. Current / Non-Current Liabilities – Borrowings

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 2011

17. Current/Non-Current Liabilities – Provisions

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Employee benefits and related on-costs				
Recreation leave	--	--	766	821
Long service leave on-costs	--	--	290	285
Payroll tax and FBT provision	--	13	42	59
	--	13	1,098	1,165
Other provisions				
Provision for personnel services	1,150	1,152	--	--
Restoration costs	677	650	677	650
Total Provisions	1,827	1,815	1,775	1,815
Aggregate employee benefits and related on-costs				
Provisions – current	--	--	1,083	1,151
Provisions – non-current	--	--	15	14
Accrued salaries, wages and on-costs (Note 15)	--	--	238	185
	--	--	1,336	1,350

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	650	538
Additional provisions recognised	--	94
Unwinding / change in the discount rate	27	18
Carrying amount at end of financial year	677	650



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

18. Current Liabilities – Other

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Liability to the Consolidated Fund	164	361	164	361
	164	361	164	361

19. Commitments for Expenditure

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'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	356	65	356	65
Total (including GST)	356	65	356	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	35	29	35	29
Total (including GST)	35	29	35	29
c) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	1,642	1,710	1,642	1,710
Later than one year and not later than five years	1,683	3,198	1,683	3,198
Later than five years	--	--	--	--
Total (including GST)	3,325	4,908	3,325	4,908

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 2011 include input tax credits of \$337,815 (2009–10 \$454,752) that are expected to be recoverable from the Australian Taxation Office.

20. Contingent Liabilities and Contingent Assets

As at the reporting date, the Commission is not aware of any contingent liabilities that will materially affect its financial position (2010: Nil). A contingent asset of approximately \$40,000 may be realised in the 2011/12 financial year. This will be payable if an insurance claim which has yet to be submitted is accepted by our insurer. There are no other contingent assets that will materially affect the financial position (2010: Nil).

21. Budget Review

Net cost of services

The total net cost of services was approximately 7% lower than budgeted with expenditure below budget across all areas. Employee related costs were lower than budget by \$783k due to delayed filling of vacant positions in the first 6 months of the year following a structural review of operational areas in June of 2010. All vacancies were filled by June 2011 as such employee related expenses for the 2011/12 year should be close to budget. The decrease in other operating expenses can be attributed to a number of factors including the actual accommodation increase for 2010/11 being lower than that originally advised by State Property, and a substantial reduction in motor vehicle lease costs following a change in policy which now sees the Commission purchase operational vehicles rather than lease.

Assets and liabilities

Cash assets held at year end were lower than budget as the Commission did not draw down its full recurrent allocation from Treasury. Non-current assets are lower than that budgeted as the Commission did not fully expend its capital allocation of \$1.780m. Intangibles are higher than budget due to upgrades in both the finance and HR systems and development of a case management system.



Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Total liabilities were slightly lower than expected.

Cash flows

Closing cash was lower than budget due the Commission not drawing down its full allocation from Treasury as the approved level of funding was not required and as such the Commission did not hold surplus funds at year end.

22. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

	Police Integrity Commission		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Net cash used on operating activities	1,093	1,277	1,067	1,299
Cash Flows from Government Appropriations	(18,113)	(17,873)	(18,113)	(17,781)
Acceptance by Crown Entity of employee benefits and other liabilities	--	--	(536)	(649)
Depreciation and amortisation	(1,320)	(1,474)	(1,320)	(1,474)
Decrease/(increase) in provisions	(11)	(138)	40	(90)
Increase/(decrease) in prepayments and other assets	47	47	45	49
Decrease/(increase) in creditors	145	(53)	122	(217)
Net gain/loss on sale of plant and equipment	3	(368)	3	(368)
Net cost of services	(18,156)	(18,582)	(18,692)	(19,231)

23. Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities undertaken by the Commission for the reporting period (2010: Nil).

26. Trust Funds

The Commission does not hold any trust funds (2010: Nil).

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

25. Administered Assets and Liabilities

The Commission does not hold any administered assets, nor does it hold any administered liabilities (2010: Nil).

26. Administered Revenue – Debts Written Off

The Commission does not hold any administered revenue (2010: Nil).

27. Administered Revenue – Schedule of Uncollected Amounts

The Commission does not administer any uncollected monies (2010: Nil).

28. 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 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 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 2011

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class			2011 \$'000	2010 \$'000
Cash and cash equivalents	10	N/A	1,587	1,686
Receivables ¹		Loans and receivables (at amortised cost)	58	57

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class			2011 \$'000	2010 \$'000
Payables ²	15	Financial liabilities measured at amotised cost	430	358

(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. Collectability 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 2011

of debtors. Based on past experience, debtors that are not past due (2011 \$58,262, 2010 \$56,705) and less than 3 months past due (2011 nil, 2010 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
2011			
< 3 months overdue	58	58	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2010			
< 3 months overdue	57	57	--
3 months – 6 months overdue	--	--	--
> 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 2011

Maturity analysis and interest rate exposure of financial liabilities

	Fixed Interest Rate Monthly						Total \$'000
	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	
2011							
Accrued salaries, wages and on-costs	--	--	--	--	--	238	238
Creditors	--	--	--	--	--	205	205
	--	--	--	--	--	443	443
2010							
Accrued salaries, wages and on-costs	--	--	--	--	--	185	185
Creditors	--	--	--	--	--	183	183
	--	--	--	--	--	368	368

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 2010. 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 2011

Interest Rate Risk					
		-1%		+1%	
	Carrying Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2011					
Financial Assets					
Cash and cash equivalents	1,587	(16)	(16)	16	16
Receivables	177	(2)	(2)	2	2
Financial liabilities					
Payables	443	(4)	(4)	4	4
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

(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.

29. 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 comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2011, and its financial performance for the year then ended in accordance with Australian Accounting Standards
- 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 2010.

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 that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 control relevant to the Division'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 Division's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial statements.

I believe 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 control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. 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 Cotelogeorgiou
Director, Financial Audit Services

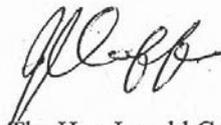
14 October 2011
SYDNEY

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 2011 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 financial performance of the Division, and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

 13/10/11

The Hon Jerrold Cripps QC
Acting Commissioner

Statements of comprehensive income for the Year Ended 30 June 2011

	Notes	2011 \$'000s	2010 \$'000s
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Employee related	2(a)	12,721	13,013
Other operating expenses	2(b)	--	5
Total expenses excluding losses		12,721	13,018
REVENUE			
Personnel services		12,185	12,340
Other revenue		--	28
Total revenue		12,185	12,368
Net Cost of Services	10	536	650
GOVERNMENT CONTRIBUTIONS			
Acceptance by the Crown Entity of employee benefits and other liabilities	3	536	650
Total Government Contributions		536	650
(DEFICIT)/SURPLUS FOR THE YEAR		--	--
Other comprehensive income		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		--	--

The accompanying notes form part of these financial statements



Statements of financial position as at 30 June 2011

	Notes	2011 \$'000s	2010 \$'000s
ASSETS			
Current Assets			
Cash and cash equivalents	4	186	212
Receivables	5	1,150	1,155
Total Current Assets		<u>1,336</u>	<u>1,367</u>
Total Assets		<u>1,336</u>	<u>1,367</u>
LIABILITIES			
Current Liabilities			
Payables	6	238	216
Provisions	7	1,098	1,151
Total Current Liabilities		<u>1,336</u>	<u>1,367</u>
Total Liabilities		<u>1,336</u>	<u>1,367</u>
Net Assets		<u><u>--</u></u>	<u><u>--</u></u>
EQUITY			
Accumulated funds		--	--
Total equity		<u><u>--</u></u>	<u><u>--</u></u>

The accompanying notes form part of these financial statements

Statements of changes in equity for the year ended 30 June 2011

	2011 \$'000s	2010 \$'000s
Balance at 1 July 2010	--	--
Surplus / (Deficit) for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2011	--	--
Balance at 1 July 2009	--	--
Surplus / (Deficit) for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2010	--	--

The accompanying notes form part of these financial statements



Statements of cash flows for the year ended 30 June 2010

	Notes	2011 \$'000s	2010 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(12,216)	(12,319)
Total Payments		(12,216)	(12,319)
Receipts			
Personnel Services		12,190	12,341
Total Receipts		12,190	12,341
NET CASH FLOWS FROM OPERATING ACTIVITIES			
		(26)	22
Net increase/(decrease) in cash	10	(26)	22
Opening cash and cash equivalents	4	212	190
Total cash at 30 June 2011	4	186	212

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 2011 has been authorised for issue by the Commissioner for the Police Integrity Commission Division on 13th October, 2011.

(b) Basis of preparation

The Division's financial statements are general purpose financial statements which have 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

The consolidated and parent entity 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



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

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.

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 4.75% 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 11/06) 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.

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

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, 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 2011.

- AASB 9 & AASB 2010-7 Amendments to Australian Accounting Standards regarding financial instruments (applicable to annual reporting periods beginning on or after Jan 1, 2013).
- 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 2010-6 Amendments to Australian Accounting Standards regarding disclosures on transfers of financial assets (applicable to annual reporting periods beginning on or after July 1, 2011).



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

02. Expenses Excluding Losses

	2011 \$'000s	2010 \$'000s
(a) Employee related expenses		
Salaries and wages (including recreation leave)	10,537	10,645
Superannuation–defined benefit plans	93	91
Superannuation–defined contribution plans	890	879
Long Service Leave	438	554
Workers' compensation insurance	88	123
Payroll tax	645	688
Other	30	33
	12,721	13,013
(b) Other operating expenses including the following:		
Auditor's remuneration – audit of the financial statements	--	5
	--	5

For the 2010/11 financial year the audit fee for auditing the Division is included in the PIC audit fee. The estimated cost to audit the Division is \$5,000.

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

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:

	2011 \$'000s	2010 \$'000s
Superannuation–defined benefit plans	93	91
Long Service Leave	438	554
Payroll tax on superannuation	5	5
	536	650

04. Current Assets – Cash and Cash Equivalents

	2011 \$'000s	2010 \$'000s
Cash at bank	186	212
	186	212

05. Current Assets – Receivables

	2011 \$'000s	2010 \$'000s
Personnel services	1,150	1,152
Other	--	3
	1,150	1,155



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

06. Current Liabilities – Payables

	2011 \$'000s	2010 \$'000s
Accrued salaries and wages	238	185
Creditor	--	31
	238	216

07. Current/Non-Current Liabilities – Provisions

	2011 \$'000s	2010 \$'000s
Employee benefits and related on-costs		
Recreation leave	766	821
Long service leave on-cost*	290	285
Payroll tax	42	45
	1,098	1,151
 *Long service leave on-cost		
Current payable within 12 months	275	271
Non-current payable after 12 months	15	14
	290	285

The full value of recreation leave is classified as current and is expected to be taken within 12 months.

The Commission proactively manages recreation leave with all staff encouraged to take their full entitlement each year.

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 (2010: nil).

09. Commitments for Expenditure

As at the reporting date, the Division does not have any commitments (2010: nil).

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

10. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

	2011 \$'000s	2010 \$'000s
Net cash used in operating activities	(26)	22
Acceptance by Crown Entity of employee benefits and other liabilities	(536)	(650)
Decrease/(increase) in provisions	53	23
Increase/(decrease) in prepayments and other assets	(5)	27
Decrease/(increase) in creditors	(22)	(72)
Net cost of services	(536)	(650)

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 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 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:			2011 \$'000	2010 \$'000
Cash and cash equivalents	4	N/A	186	212
Receivables ¹	5	Loans and receivables (at amortised cost)	1,150	1,152

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2011 \$'000	2010 \$'000
Payables ²	6	Financial liabilities– Measured at amortised cost	226	206

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. Collectability 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 (2011 nil, 2010 nil) and less than 3 months past due (2011 nil, 2010 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
2011			
<3 months overdue	--	--	--
3 months - 6 months overdue	--	--	--
>6 months overdue	--	--	--
2010			
<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.

	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
2011							
Accrued salaries, wages and on-costs	--	--	--	--	--	238	238
Creditors	--	--	--	--	--	--	--
						238	238
2010							
Accrued salaries, wages and on-costs	--	--	--	--	--	185	185
Creditors	--	--	--	--	--	31	31
						216	216

(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 2010. The analysis assumes that all other variables remain constant.



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

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.

	Carrying Amount %	Interest rate risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2011					
Financial assets					
Cash and cash equivalents	186	(2)	(2)	2	2
Receivables	1,150	--	--	--	--
Financial assets					
Payables	226	--	--	--	--
2010					
Financial assets					
Cash and cash equivalents	212	(2)	(2)	2	2
Receivables	1,152	--	--	--	--
Financial liabilities					
Payables	206	--	--	--	--

(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.

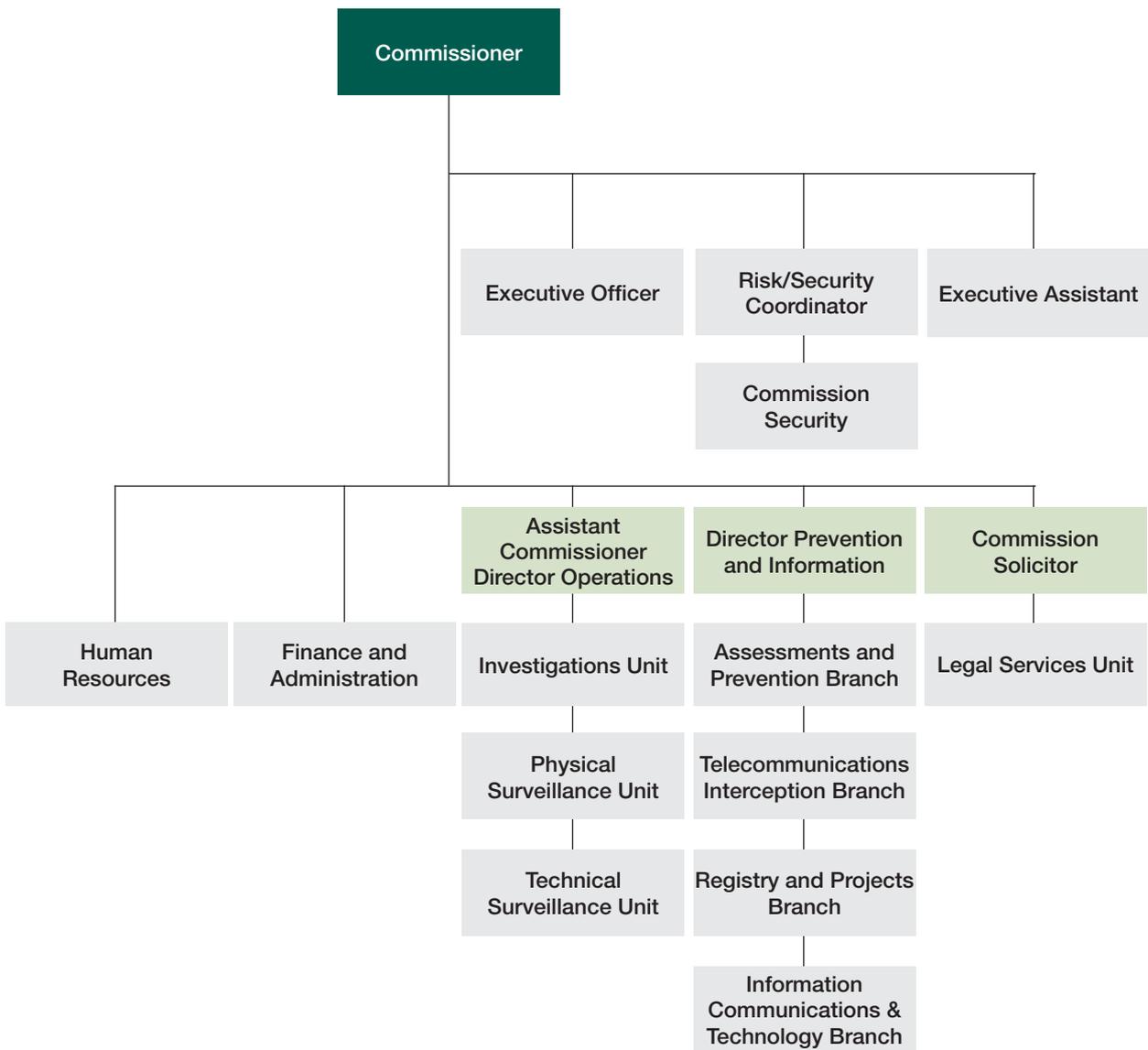
12. After Balance Date Events

There are no known after balance date events.

End of audited financial statements

APPENDIX 10

Organisational Structure





APPENDIX 11

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	8.30am – 5.00pm	
Freecall:	1800 657 079		
Facsimile:	(61 2) 9321 6799		

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
- Research and Prevention Reports
- Research and Issues Papers
- Prevention Resources
- 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 2010–11:

Publication Name	Publication Date
Notation to the Mallard Report re the publication of certain telephone intercept material	February 2011
Notation to the Mallard Report re decision of DPP not to prosecute PIC	February 2011
Notation to the Rani Report re Reports by the Inspector of the PIC	March 2011
Project Manta 2: Managing Command Misconduct Risks	April 2011
Minimising officer illegal drug use: The impact of Operation Abelia in the five years since publication	April 2011
Corruption risks associated with the execution of search warrants	May 2011
Preventing corruption: Lessons from Occupational Health and Safety	June 2011
Prevention Prompts 1: Identifying and understanding workplace integrity hazards	June 2011



Publication Name	Publication Date
Prevention Prompts 2: Determining how to best manage workplace integrity hazards	June 2011
Prevention Prompts 3: Equipping employees to recognise and manage their integrity hazards	June 2011

Annual Report Costs

Total External Costs: \$15,123 (including design and printing costs)

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Police Integrity Commission

Annual Report
2010–2011

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