

NSW Police Integrity Commission

Annual Report 2008–2009





ABN 22 870 745 340

The Hon Peter Primrose MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

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

Dear Mr President and Mr Speaker

In accordance with section 12 of the *Annual Reports (Departments) Act* 1985 and section 99 of the *Police Integrity Commission Act* 1996, the Commission hereby furnishes to you the Police Integrity Commission Annual Report for the year ended 30 June 2009.

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

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

Yours faithfully

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

J Pritchard
Commissioner

October 2009

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This Annual Report marks some fifteen years since the Royal Commission into the NSW Police was established and out of which came the proposal for the establishment of the Commission. The intervening period has seen a dramatic improvement in the ethical health of the New South Wales Police Force (NSWPF) due in part to the efforts of the Commission as it pursues its objective of maintaining public confidence in the integrity of the NSWPF and assisting the NSWPF's capacity to resist and prevent misconduct.

The year commenced with amendments to the *Police Integrity Commission Act* 1996 on 1 July 2008 extending the Commission's oversight jurisdiction to include the detection, investigation and prevention of misconduct by officers of the NSW Crime Commission (NSWCC). As required by those changes, this Report includes a separate section on information relating to the Commission's activities involving the NSWCC. Over the last year the Commission concluded an extensive review of the capacity of the NSWCC to identify and manage serious misconduct risks and prepared a report of that review which is referred to further in this Report. This extended jurisdiction required the Commission to adjust and modify its complaint assessment and investigation procedures from those applicable to a large organisation such as the NSWPF to a much smaller agency such as the NSWCC.

The Commission's primary focus remains on the NSWPF. Throughout the year, the Commission assessed 1157 complaints containing 2932 allegations of serious police misconduct. Throughout the year the Commission also worked on 40 full investigations and 68 preliminary investigations in relation to which it conducted 34 private hearings and one public hearing extending over four days of evidence.

The Commission presented its investigation report to Parliament in December 2008 relating to its Operation Pegasus and Luno investigations for which it held a public hearing in May 2008. Those investigations centred on allegations of misconduct by police officers relating to specific instances of roadside breath testing in rural centres in NSW. The Commission's Report for each investigation expressed opinions that police misconduct had occurred in relation to three officers and recommended consideration of prosecution action by the Office of the Director of Public Prosecutions (ODPP) against each of those officers for specified criminal offences.

As part of its objective in exposing serious police misconduct in February 2009 the Commission held a public hearing as part of its Operation Lantana investigation. This investigation examined allegations that two NSWPF officers had been involved in unlawfully seizing drugs and illegal tobacco and selling them for their own personal gain. Together with the use of its hearing powers, the Commission, working closely with the NSWPF, executed a number of search warrants and seized a large amount of assets alleged to be the proceeds of criminal activity. Prosecutions arising from information collected by the Commission's investigation have already been commenced against two former police officers and their civilian associate. The Commission has since presented its Report to Parliament on this investigation.

In addition to its detection and investigative functions, the Commission continued its important work in preventing serious police misconduct. The Commission works closely with the NSWPF to enlist its support for the work it undertakes in this area. The Commission published two misconduct prevention research papers. The first paper identified issues associated with developing an Early Intervention System (EIS) to identify police officers at risk of engaging in misconduct and to develop intervention strategies before that behaviour turns into something more serious. As part of its work in this area the Commission made a submission to the Parliamentary Joint Committee's EIS inquiry and gave evidence before the public hearing held as part of the inquiry. The Commission's second major prevention initiative considered the unauthorised disclosure of confidential information by NSWPF officers.

The study aimed to identify patterns of unauthorised disclosures to aid in prevention practices.

The Commission is invested with significant coercive powers and in the exercise of these powers and other aspects of its functions it is accountable to the Inspector of the Police Integrity Commission and its Parliamentary Joint Committee (PJC). In May 2009 the Commission's Executive appeared before the PJC to be examined on its Annual Report for 2007–08. These appearances represent an important accountability measure for the Commission.

The past year also saw an increased focus on the Commission's internal governance settings. In particular the Commission reviewed and stepped up its internal audit activities in light of major public sector wide initiatives in this important area of risk management. The Commission's Internal Audit and Risk Committee was reconfigured and met on three occasions to settle and carry out a dedicated audit plan involving audits of its complaint handling, human resources and payroll and computer control functions.

On the investigative front, the Commission implemented a new operational model designed to improve decision making and ensure that the Commission's limited resources are allocated in the most effective and efficient manner possible. The model, which draws on elements of the United Kingdom National Intelligence Model, is focused on identifying investigative priorities and the creation of a Research and Development team to undertake intelligence projects and target areas for specific attention.

In a difficult financial environment such as that which we have recently witnessed, the greatest resource that any organisation has is its own people. On that front I take this opportunity to thank the staff of the Commission for their continued dedication and commitment over the last reporting year and look forward to the continued challenges in the year ahead.



John Pritchard
Commissioner

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Key Directives

Our Vision

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

Our Mission

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

Our Values

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

Our Business

Our business is to:

- detect, investigate and expose serious police misconduct
- deter police from engaging in serious police misconduct
- oversight or review certain police activities
- make recommendations for reform in the NSWPF and by these actions prevent serious police misconduct and assure the community that there is vigilant oversight of police in New South Wales.

Our Charter

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

The Act sets out the principal functions and powers of the Commission in section 13. 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 NSW Crime Commission (NSWCC) officers (section 13 B).

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

Our Key Goals

During 2008–09 the Commission continued to achieve its Corporate Plan for 2007–2011, which identifies three key goals:

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

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

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

3 Overview

Key Achievements

Detecting serious misconduct

During 2008–09 the Commission assessed:

- 1157 complaints containing 2932 allegations of misconduct against current and former sworn NSWPF officers.
- 49 complaints containing 114 allegations of misconduct against current or former unsworn NSWPF officers.
- 29 complaints containing 59 allegations of misconduct against current or former NSWCC officers.

Deterring serious police misconduct through effective investigation

During 2008–09 the Commission worked on 68 preliminary investigations and 40 full investigations.

One prominent investigation, Operation Lantana, involved allegations that two NSWPF officers had been involved in a ‘drug-rip’, where they seized drugs and sold them for their own financial benefit. The Commission held a public hearing in February 2009 as a part of the investigation. At the end of 2008–09, 27 charges had been laid as a result of that investigation and more are expected.

Exposing serious police misconduct

In December 2008 the Commission presented a public report to Parliament on its Operation Pegasus and Operation Luno investigations, which considered issues of selective enforcement of traffic laws in circumstances where the alleged offender was known to NSWPF officers. Two criminal charges have been laid as a result of that investigation and more are expected.

Preventing serious police misconduct

In October 2008 the Commission published two misconduct prevention research papers on its website, www.pic.nsw.gov.au.

- The first research paper identified issues associated with developing an early intervention system (EIS) to identify NSWPF officers at risk of engaging in corruption or misconduct.
- The second research paper considered the unauthorised disclosure of confidential information by NSWPF officers. The study aimed to identify patterns of unauthorised disclosures to aid in prevention practices.

Managing change

During 2008–09 the Commission effectively managed its extended jurisdiction to include alleged misconduct by NSWCC officers by:

- refining complaint handling processes to manage complaints containing allegations of misconduct against NSWCC officers.
- implementing an integrated operational model to effectively investigate allegations of misconduct against NSWCC and NSWPF officers.
- concluding its review into NSWCC risk management practices.

Enhanced investigation management

During 2008–09 the Commission created a Tasking and Coordination Group (T&CG) to better identify investigative priorities and allocate resources and a Research and Development (R&D) team to undertake intelligence projects.

Continued Staff Development

The Commission remains committed to staff development. During 2008–09:

- All Commission staff attended training on discrimination, harassment and bullying and equal employment opportunity grievance handling.
- 26 staff attended seven different conferences on topics ranging from Security in Government to Anti-Money Laundering.
- 20 staff attended 18 specialised courses covering topics such as advanced surveillance training and call centre stress management.
- Tertiary funding was provided to 10 staff for ongoing study covering courses such as Master of Arts (Criminal Intelligence) and Postgraduate Diploma in Policing.

Achieving our Key Goals

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

The Commission achieves this key goal by:

- Implementing strategies to detect serious police misconduct.
- Deterring serious police misconduct through effective investigation.
- Exposure of 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 2008–09 the Commission:

- Made changes to its website, www.pic.nsw.gov.au, by providing information on its extended jurisdiction, which now includes investigating allegations of misconduct against NSWCC officers. It also amended its online complaint form to accept complaints involving allegations of misconduct against NSWCC officers.
- Delivered 11 presentations to stakeholders to raise awareness of the Commission's functions, share knowledge or promote its research.

- Assessed 1157 complaints against sworn police and 49 complaints against unsworn NSWPF officers, containing 2932 and 114 allegations respectively. 53 complaints were classified as protected disclosures under the *Protected Disclosures Act 1994*.
- Assessed 2932 allegations of serious police misconduct against NSWPF officers.
- Reviewed its capacity to collect intelligence and target its investigative resources, which resulted in the creation of a Research and Development team and development of dedicated intelligence products.

Table 1: Key performance indicators – Detecting serious police misconduct

Indicator	2008–09	2007–08	2006–07
% of staff directly involved in detecting suspected police misconduct	73	74	73
% of total NSWPF complaints that are non – referred ¹	39	52	43
% of investigations ² which arise from sources other than referred complaints	49	41	41

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

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

² In this table investigations refers to preliminary investigations and full investigations.

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

Deter serious misconduct through effective investigation

Strategies to ensure effective investigation include:

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

Achievements

During 2008–09 the Commission:

- Worked on 108 investigations. 68 preliminary investigations and 40 full investigations.
- Disseminated information to the NSWPF from 17 investigations to assist in the management of NSWPF officers.
- Recorded 47 preliminary investigation and 38 full investigation outcomes.
- Commenced prosecution action against nine persons involving 159 charges³ arising out of six investigations.
- Introduced a new operating model to better manage investigations, which consists of:
 - o a Tasking and Coordination Group to identify investigative priorities and allocate resources accordingly
 - o a Research and Development Team, to undertake intelligence projects and coordinate intelligence advice.

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

Table 2: Key performance indicators – deter serious police misconduct

Indicator	2008–09	2007–08	2006–07
% of full investigations that resulted in recommendations for consideration of managerial ⁴ action	7	6	0 ⁵
% of full investigations that resulted in recommendations for consideration of prosecution action	17	29	13
% of full investigations where information was disseminated to NSWPF and resulted in managerial ⁶ action	55	80	50
% of investigations referred to the ODPP that resulted in the commencement of prosecution action	86	75	100

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

⁴ In any Commission investigation, whether it culminates in a public report under section 96 of the Act or not, the Commission does not recommend that the NSWPF take particular managerial action against a NSWPF officer. The Commission simply disseminates information to the NSWPF to take such action as they consider appropriate. On occasion, the Commission may also express an opinion that specific consideration should be given to whether action under either or both section 173 or section 181D of the *Police Act* 1990 might be warranted. Where a public report is made, the Commission is required to express such an opinion in relation to 'affected persons' as defined in the Act. This table counts the number of times the Commission disseminated information to the NSWPF to consider further action, or to consider action under section 173 or section 181 of the *Police Act* 1990 particularly in a public report during 2008–09.

⁵ In 2006–07 the Commission released its Operation Banff Investigation Report, which did not express any opinions that police misconduct had occurred.

⁶ This indicator counts decisions made by the NSWPF to take action under section 173 or section 181 of the *Police Act* 1990 during 2008–09, which occurred as a result of an opinion expressed by the Commission or the dissemination of information by the Commission to the NSWPF.

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

Exposure of serious police misconduct

The Commission exposes serious police misconduct by:

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

Achievements

During 2008–09 the Commission:

- Held a public hearing in relation to the Operation Lantana investigation, which involved allegations that NSWPF seized illegal tobacco and prohibited drugs and sold the items for their own financial benefit.
- Held 34⁷ private hearings related to 10 investigations.
- Presented an investigation report to Parliament on its Operation Pegasus and Operation Luno investigations.
- Disseminated information to the NSWPF on 40 occasions to assist with criminal investigations.

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

Indicator	2008–09	2007–08	2006–07
% of hearing days that were public	11	7	9
Number of investigation reports presented to Parliament	1	2	1
% growth in internet traffic to access the Commission website	10	15	26

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

⁷ The average duration of a hearing is 2.25 hours.

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

The Commission achieves this key goal by meeting two objectives:

- Provides informed advice on improvements to NSWPF systems and practices.
- Regular consultation and feedback to the NSWPF to improve the quality of police investigations and accept reform recommendations.

Provide informed advice on improvements to NSWPF systems and practices

The Commission provides informed advice by:

- Undertaking research projects emphasising the prevention of suspected police misconduct, either as a single agency or jointly with others.
- Forming research networks with other agencies to improve knowledge of corruption prevention practices and identify emerging corruption issues.
- Drawing 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 2008–09 the Commission:

- Published research on Early Intervention Systems (EIS). The research identified issues associated with developing an EIS to identify NSWPF officers at risk of engaging in corruption or misconduct.
- Published research on the unauthorised disclosure of confidential information by NSWPF officers. The research identified patterns of unauthorised disclosures to aid in prevention practices.
- Continued its Project Marrella research project, which tests the perception that student NSWPF officers training in larger intakes are more likely to engage in misconduct.
- Continued its Project Odin research project, which involves the identification and management of problem NSWPF officers.
- Continued its Project Manta research project, which seeks to better understand the nature of the misconduct risks facing the NSWPF.
- Commenced a research project to determine whether NSWPF officers are complying with their obligation to declare conflicts of interest by declaring improper associations.

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

Indicator	2008–09	2007–08	2006–07
Number of recommendations to the NSWPF on systems and practices	14	1 ⁸	3
% of recommendations accepted	86	n/a ⁹	100

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

⁸ Recommendation in the Operation Mallard Investigation Report.

⁹ There has been no indication that the recommendation has been accepted.

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

Regular consultation and feedback to the NSWPF to improve the quality of police investigations and accept reform recommendations

The Commission works closely with the NSWPF to ensure effective corruption prevention systems and practices by:

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

Achievements

During 2008–09 the Commission:

- Oversighted 44 NSWPF investigations into complaints against NSWPF officers.
- Reviewed 90 NSWPF investigations containing allegations of misconduct against NSWPF officers.
- Monitored the implementation of recommendations made to the NSWPF in Operation Abelia, which considered the problem of illegal drug use by some NSWPF officers.
- Participated in a review of the NSWPF's complaint allocation risk assessment process.
- Worked with the NSWPF to identify strategies to prevent the unauthorised disclosure of confidential information by the NSWPF.

Table 5: Key performance indicators – Consultation and feedback

Indicator	2008–09	2007–08	2006–07
% of complaints received, which are oversighted ¹⁰	3.41	2.21	2.08
Number of consultations with senior NSWPF Officers	22	35 ¹¹	n/a
% of requests for advice, which are met	100	100	100

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

¹⁰ This indicator compares complaints oversighted in 2008–09 to complaints received in 2008–09. This indicator helps the Commission monitor whether it is oversighting similar proportions of NSWPF complaint investigations each year.

¹¹ 2007–08 was the first year information for this indicator was collected.

Plans for 2009-10

In 2009–10 the Commission will continue to achieve its Corporate Plan for 2007–2011 by undertaking the following key activities:

- Present an investigation report to Parliament on Operation Lantana.
- Where appropriate hold hearings to expose and deter serious police misconduct and promote community and stakeholder awareness of the nature of serious police misconduct.
- Complete prevention research projects Marrella and Odin.
- Complete the second Project Manta Report, which will focus on the way NSWPF commands manage misconduct risks.
- Work with other anti-corruption agencies to share knowledge and discuss issues common to anti-corruption organisations.
- Educate and provide advice to the community to raise awareness of the Commission and prevent serious police misconduct.
- Finalise changes to the Commission's Corporate Plan for 2007–2011 to reflect the Commission's extended jurisdiction, which now includes misconduct by NSWCC officers.
- Consider developing a complaints and investigations case management system.
- Ongoing implementation of an internal audit program to effectively manage risks in the Commission.

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. Section 13 B is also important because it requires the Commission to prevent, detect and investigate misconduct against NSWCC officers.

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

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

Identifying complaints of serious misconduct from the NSWPF complaints management system (c@ts.i)

The Commission has a specialised role in dealing with police misconduct. It is required by its legislation to focus its attention on the most serious forms of police misconduct. This means its processes must be geared towards identifying the most serious complaints that are most likely to achieve an investigative outcome. Each year, the Commission's complaint assessment officers sift through large volumes of complaints in an attempt to identify matters warranting investigation. During 2008–09, the Commission assessed 1206 complaints against NSWPF officers, only four of which went on to become full investigations.

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

The following points summarise the process used by the Commission to assess complaints from the NSWPF complaints system (c@ts.i).

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

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

Stage 3: Referral. Complaints that rate highly against the assessment criteria in Stage 2 are referred to the Tasking and Coordination Group (T&CG)¹². The T&CG makes a recommendation to the Commissioner on whether to initiate an investigation. In making these recommendations the T&CG considers issues such as the availability of resources and the likelihood of obtaining evidence of police misconduct or other misconduct.

¹² The T&CG coordinates input from a variety of Commission resources and provides advice to the Commissioner on potential investigations.

The following case studies provide an insight into the process and types of matters that the Commission investigates.

CASE STUDY 1 – Improper association

In January 2009 the Commission identified a complaint from the NSWPF complaints system that a NSWPF officer was frequently associating with a known criminal at a nightclub. The Commission pays close attention to complaints about NSWPF officers being involved in improper associations. It not only takes into consideration the adverse effects that may be caused by such associations, but also the potential for such relationships to be used for illegal or corrupt purposes. The harmful effects of associations between police and those involved in criminal activities can be severe. Among other things, investigations can be compromised, criminals can avoid detection and prosecution, and the safety of NSWPF officers and others put at risk.

In assessing this complaint, the Commission's complaint assessment officers compiled a profile of the NSWPF officer who was the subject of the complaint. Profiles, including criminal histories, summaries of criminal intelligence holdings and of other persons allegedly associating with the NSWPF officer were also prepared. In March 2009, the Commission initiated an investigation into this matter. The investigation is now in the process of being finalised and it is intended that relevant information be provided to NSWPF for consideration of managerial action in respect of an officer.

CASE STUDY 2 – Unauthorised release of confidential information

In May 2008 the Commission identified a complaint from the NSWPF complaints system that a junior NSWPF officer was making unauthorised disclosures of confidential information to members of Outlaw Motorcycle Gangs (OMCG). A particularly significant aspect of this complaint was that it was alleged that the information disclosed by the officer was being used by OMCG members to threaten witnesses in a murder trial.

Factors contributing to the seriousness of this complaint included the possibility that:

- further serious offences would be committed as a consequence of the misconduct, such as threats and possible harm to witnesses in a murder trial
- a court case could be compromised as a result of witnesses being intimidated
- the disclosure of information by the officer was indicative of a corrupt relationship with criminals, including those involved in organised crime
- the release of confidential information may be an ongoing pattern of misconduct on the part of the officer.

As part of the assessment process, a profile of the subject officer's complaint history was compiled and considered by the Commission's complaints assessment staff. A recommendation was subsequently made that the Investigations Unit consider investigating the matter. Following a preliminary investigation of the complaint, a full investigation was initiated in August 2008 and the Commission informed the NSWPF that as provided for under its Act it was taking over the complaint.

This investigation has since been concluded and relevant information concerning allegedly improper associations and harassment/intimidation of a complainant was disseminated to the NSWPF. The officer was suspended and subsequently resigned.

Complaint Oversight

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

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

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

CASE STUDY 3 – Oversight of a NSWPF investigation into improper associations

In September 2008, the Commission disseminated information to the NSWPF that a NSWPF officer may have been involved in improper associations as a result of his authorised secondary employment in the automotive industry. The Commission advised the NSWPF that its inquiries had revealed that one of the directors of the company, which employed the NSWPF officer, had been convicted of criminal offences, including assault, and was the subject of considerable criminal intelligence. Among other things, the Commission noted there was intelligence linking this individual to car re-birthing, OMCG-related activities, theft and break and enter offences.

As a result of this dissemination the NSWPF commenced an investigation, which was oversighted by the Commission. The NSWPF examined two issues, namely whether the officer in question:

1. was involved in an improper association as a result of his secondary employment; and
2. had failed to declare a conflict of interest arising from his secondary employment.

In February 2009, the NSWPF concluded its report on the investigation. That report indicated that the investigation found both issues not sustained. The NSWPF subsequently advised, in response to a query from the Commission, that the subject officer's Commander had:

- withdrawn approval for the subject officer to maintain his second job with the same employer, and;
- established a process whereby all secondary employment applications and renewals were subject to security vetting in a manner similar to applications for secondary employment in high-risk industries.

On the basis of this and other similar cases, the Commission advised the NSWPF that consideration should be given to developing an agency-wide policy to manage the risk of improper associations arising out of secondary employment.

CASE STUDY 4 – Oversight of a NSWPF Investigation into possible drug use, improper associations and improper use of official police identification

In October 2007, NSWPF officers attending a Darlinghurst nightclub to conduct a licensing inspection were informed by nightclub security staff that a group of males had entered the premises and informed security staff that they were NSWPF officers. Members of the group also produced police identification to gain entry to the nightclub. Inquiries later conducted by the NSWPF revealed that four members of this group were serving NSWPF officers.

The licensing police subsequently observed behaviour from some members of this group, which suggested that they were using illegal drugs. The licensing officers forced entry into two toilet cubicles and observed white powder being flushed down a toilet. They also found a resealable bag of white powder on the toilet floor. A person located within the vicinity of this bag was a serving NSWPF officer. Members of the group gave the licensing officers different versions about the origins of the bag of white powder.

The NSWPF subsequently initiated an investigation into the conduct of the four off-duty NSWPF officers who were in attendance at the nightclub, which was oversighted by the Commission.

The investigation examined three separate issues:

- the use of prohibited drugs by serving members of the NSWPF
- the improper association with former members of the NSWPF who are users of prohibited drugs
- the use of official NSWPF identification to gain entry to licensed premises.

The NSWPF concluded their investigation in June 2008. The subsequent investigation report indicated that there was not enough evidence to take action concerning alleged drug use, however, off-duty NSWPF officers did use their official identification to gain access to the nightclub premises.

In its review of the investigation report the Commission concluded that, on the whole, the NSWPF had conducted a thorough and transparent investigation. However, insufficient attention had been given to assessing the evidence related to the origin of the bag. In August 2008 the Commission wrote to the NSWPF asking them to clarify why the investigation failed to clarify inconsistencies related to the origin of the bag.

In November 2008, the NSWPF responded by stating that the issues raised by the Commission should have been explored in its original investigation. Prior to preparing its response, the NSWPF conducted additional interviews with the NSWPF officers, who were the subject of the original investigation. The NSWPF response also clarified that forensic tests had been conducted on the bag and that no evidence had been obtained linking any serving NSWPF officer to the bag. While the outcome of the investigation was unchanged, the Commission was satisfied that the matter had been appropriately investigated.

Complaints profile

During 2008–09, the Commission assessed 1206 complaints against sworn and unsworn NSWPF officers. Of these, 53 were classified as protected disclosures under the *Protected Disclosures Act* 1994. The Commission also received 726 telephone calls raising various complaint-related issues. Of the telephone calls received, 340 were assessed as complaints. In 2008–09, four investigations were initiated on the basis of complaints: three in relation to sworn NSWPF officers and one in relation to an unsworn NSWPF officer.

In 2008–09 the Commission oversighted 44 NSWPF investigations all of which related to sworn NSWPF officers. Ninety final investigation reports were reviewed for other purposes. Again, all these were in relation to sworn NSWPF officers.

The remaining complaints were either referred to the NSWPF with oversight arrangements to be determined by the Ombudsman (in the case of complaints against sworn officers), a decision was deferred by the Commission or no further action was required. The following table provides further information on complaints against sworn and unsworn NSWPF officers.

Table 6: Complaints assessed against sworn and unsworn NSWPF officers

Action	2008–09		2007–08		2006–07	
	Police	Unsworn	Police	Unsworn	Police	Unsworn
Complaints assessed	1157	49	1386	36	1208	25
Telephone calls:						
• Calls received ¹³	721	5	1114	1	1060	0
• Calls assessed ¹⁴	339	1	351	1	466	0
Full investigations arising from complaints	3	1	11	0	11	0
Complaints oversights concluded	44	0	31	1	25	0
Final reports reviewed (not oversighted)	90	0	69	1	39	1

Of the 1157 complaints assessed by the Commission in regard to sworn NSWPF officers, 449 were made direct to the Commission, 708 were extracted from c@ts.i or were otherwise referred by the NSWPF or the Ombudsman. Of the 49 complaints assessed in regard to unsworn NSWPF officers 3 were made direct to the Commission and 46 were referred by NSW Police or the Ombudsman.

¹³ The figure for 2008–09 does not include calls that were received and assessed as being outside of the Commission's jurisdiction or where an allegation was not made or related to the ongoing administration of a complaint.

¹⁴ Unlike previous years, from this year calls assessed are no longer included in the complaints assessed total unless treated in accordance with section 127 (5) of the *Police Act* 1990.

Introduction

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

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

During 2008–09 the Commission reviewed its investigation processes, which resulted in structural changes to the Investigations Unit directed to targeted use of its resources.

This chapter will provide information on investigative processes, report on those investigations that involved public hearings, and identify instances where information has been released to the public.

The investigations process

The Commission collects information from both public and confidential sources to assist in its investigations.

Public source information can be found in a variety of places including on the internet, in newspapers or in academic journals while closed source information can be found in confidential databases or through the confidential referral of information to the Commission.

After collection, information is assessed to determine whether it is suitable for further investigation or the matter not further pursued. Further information on this initial assessment process can be found in Chapter 4.

If the information meets the criteria in the initial assessment it is referred to the Commission's Tasking and Coordination Group (T&CG) which will determine whether the information should become a preliminary investigation. The T&CG may also recommend the closure of a matter or refer it to the Operations Advisory Group (OAG) to consider whether it should become a full investigation.

Preliminary investigations progress to become full investigations when the Commissioner forms the opinion that the information available is indicative of serious police misconduct and will progress if the Commission uses its statutory powers and devotes further resources to it. Prior to making this decision the Commissioner may consider the advice of both the T&CG and OAG.

After an investigation commences, the Commission's operational staff gather information by using a suite of investigative tools, where appropriate, including electronic surveillance and Commission hearings.

At the conclusion of an investigation, if a public hearing has been held, a report pursuant to section 96 of the Act must be prepared. Such a report may include assessments, opinions and recommendations, including recommendations that consideration be given to the prosecution of a person for a specified criminal offence or that consideration be given to the taking of specified disciplinary action.

Otherwise, at the conclusion of an investigation, the Commission might refer a report to the Office of the Director of Public Prosecutions (ODPP) recommending consideration be given to criminal charges, and or, material might be referred to the NSWPF for any managerial action it considers appropriate.

A new operating model

During 2008–09 the Commission introduced a new operating model, which consists of elements of the United Kingdom National Intelligence Model and similar models used by other Australian law enforcement agencies.

A key feature of the new operational model is it identifies where strategic, operational and tactical decisions should be made for investigations. The result is that investigations are analysed thoroughly and resources are allocated more efficiently.

The new operating model consists of:

- a T&CG (see below) that identifies investigative priorities and allocates resources.
- a Research and Development Team that undertakes intelligence projects and coordinates intelligence advice.

To complement this model the Commission also developed a suite of intelligence reports, which contribute to enhancing business activity reporting.

Tasking and Coordination Group (T&CG)

The T&CG is at the centre of the Commission's new operating model. It is made up of a group of operational level managers who meet on a weekly basis to make operational decisions, set priorities, allocate resources, review processes and provide advice to the OAG.

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

The T&CG has also allowed for a concentrated effort in finalising investigations which had been outstanding for some time. The T&CG will also ensure that a decision on whether or not to investigate a particular matter is considered therefore enabling more efficient use of its investigative resources.

Profile of investigations during 2008-09

During 2008–09 the Commission worked on 108 investigations, consisting of 68 preliminary investigations and 40 full investigations. A description of the types of allegations investigated during the reporting year is presented in the following table.

Table 7: Allegations investigated by the Commission during 2008-09

Primary allegations investigated ¹⁵	Preliminary investigations	Investigations
Pervert the course of justice	11	13
Soliciting or accepting bribes	11	10
Being involved in the manufacture, cultivation or supply of prohibited drugs	11	5
Assault causing serious injury	2	1
Complaint made against an officer who is of, or above, the rank of Superintendent	0	1
Improperly accessing/disclosing information	12	9
Improper associations	31	20
Improperly investigating or interfering with an investigation by another officer	22	4
Financial misconduct	4	7
Managerial/procedural issues	5	2
Reckless discharge of firearms	0	0
Use of prohibited drugs	3	1
Breach of procedural fairness	0	1 ¹⁶
Offence punishable, on conviction, by 5 years or more imprisonment	2	12

¹⁵ An investigation may contain more than one allegation.

¹⁶ Refers to an investigation into allegations of a breach of procedural fairness by the Commission arising out of the Operation Whistler investigation.

CASE STUDY 5 – Operation Oklahoma

Operation Oklahoma commenced in January 2008 as an investigation into allegations that a NSWPF officer was improperly associated with members of an OMCG and participated in unauthorised secondary employment outside of the NSWPF as a director of a company that appeared to be involved in fraudulently obtaining work contracts. The investigation focused on the conduct of NSWPF officers stationed in a local area command in rural NSW which was of particular interest to a wider prevention project the Commission was undertaking.

During this investigation the Commission gathered evidence that the NSWPF officer was involved in the importation and supply of anabolic steroids. Other evidence also indicated that the officer was involved in the illegal supply of prescribed drugs including to other serving NSWPF officers.

In June 2008 the Commission referred information to the Australian Customs and Border Protection Service (ACS) regarding the importation of steroids by the NSWPF officer. The Commission worked closely with ACS to execute a search warrant on the officer's residential premises, which resulted in the seizure of imported and domestically obtained steroids, among other items. The officer was suspended from duty and charged with offences under the *Customs Act 1901* at that time.

In September and December 2008 the Commission held private hearings to assist in this investigation.

Evidence gathered during Operation Oklahoma raised the following issues:

- breaches of the NSWPF Code of Conduct by several NSWPF officers
- the release of confidential NSWPF information
- the purchase, use and supply of anabolic steroids
- the abuse of prescribed restricted substances
- the giving of false or misleading evidence to the Commission by several NSWPF officers.

As a part of this investigation the Commission referred information to the NSW Independent Commission Against Corruption (ICAC) and the NSWPF for use in the management of four NSWPF officers and an unsworn NSWPF officer.

Action was also taken by the NSWPF who charged the officer with offences related to unauthorised possession of ammunition, forging and altering prescriptions and supplying prohibited drugs. One other NSWPF officer was also charged with offences related to the possession of steroids and forging and altering a prescription. Both officers pleaded guilty to a range of offences and were sentenced in June 2009.

The Commission has also submitted a brief of evidence to the Office of the Director of Public Prosecutions (ODPP) for consideration of prosecution against the NSWPF officer for the offence of pervert the course of justice and the giving of false or misleading information to the Commission. A second brief of evidence also recommended that consideration be given to charging one other NSWPF officer for the offence of giving false or misleading information to the Commission.

Commission Hearings

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

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

During 2008–09 the Commission conducted 34 private hearings and four public hearing days in relation to one investigation.

Operation Lantana

Operation Lantana commenced in late September 2008. The original allegations centred on two unnamed plain-clothes NSWPF officers attached to the detective's office of Liverpool Local Area Command. The allegations were that the two officers had intercepted vehicles carrying prohibited drugs and had seized these items on the pretext of having them analysed with a view to charging the driver at a later date. The persons from whom the drugs were seized were never charged and it was alleged that the officers later gave the drugs to a civilian associate who then sold the drugs and paid the officers a portion of the proceeds he had received.

Search warrants were executed on the Liverpool Local Area Command detective's office, the officers residences and a number of other addresses of interest.

A public hearing was conducted by the Commission in February 2009. A number of police officers and civilians gave evidence.

The public hearing heard evidence relating to these allegations as well as further allegations that two officers were involved in seizing illegal tobacco and cigarettes from a number of tobacconists and having the tobacconists pay the officers cash so as to have the investigation discontinued. The officers

would also arrange for the tobacco to be sold by a civilian associate and receive a portion of the sale proceeds.

The Commission's Report of its investigation will be presented to parliament in the second half of 2009.

As a result of information referred to the ODPP arising from the Commission's investigations both officers and a civilian associate have been charged with a number of criminal offences under the *Crimes Act 1900* and the *Police Integrity Commission Act 1996*. These matters are currently before the courts.

Action has also commenced in the Supreme Court of New South Wales to obtain orders relating to the confiscation of a number of motor vehicles and cash seized from the two officers.

The Commission's Report of its investigation will be presented to Parliament in the second half of 2009.

Investigation Reports

During 2008–09 the Commission presented one investigation report to Parliament.

Operations Pegasus and Luno

In its 2007–08 Annual Report the Commission reported on Operations Pegasus and Luno, being investigations into allegations that NSWPF officers engaged in serious police misconduct during incidents of roadside breath testing of persons in regional areas.

The Commission commenced these investigations because of a concern that some NSWPF officers may have adopted a practice of selective enforcement in circumstances where the alleged offender was known or connected to them. The investigations also raised issues of interest in the context of a wider prevention project the Commission has been undertaking.

As part of this investigation the Commission held a public hearing in May 2008. The hearing was conducted in two parts to reflect the two investigations.

Operation Pegasus

Operation Pegasus considered the events surrounding the roadside breath testing of an officer of the NSW Department of Corrective Services (DCS) working out of Moree Police Station.

The Commission took over an existing NSWPF investigation after information came to light that the DCS officer did not participate in a breath analysis sample (BAS) test after returning a positive roadside test. He was taken to the Moree Police Station and was released without charge.

In December 2008 the Commission presented its investigation Report to Parliament for Operation Pegasus. In its report the Commission expressed the opinion that one NSWPF officer from Moree Police Station engaged in police misconduct by:

- blowing into a BAS instrument therefore substituting a sample of his breath for the DCS officer who was known to him because of his employment at the Moree Police Station.
- falsifying paperwork to indicate that the DCS officer had provided a breath sample and registered a nil reading.

The Commission also formed the opinion that a second NSWPF officer engaged in police misconduct by falsifying paperwork to indicate that the DCS officer had provided a breath sample and registered a nil reading.

The purpose of the NSWPF officers' actions was to help the DCS officer avoid being charged with a drink driving related offence.

Briefs of evidence have been forwarded to the ODPP for consideration of prosecution of criminal charges. Information gathered during the investigation was also referred to the NSWPF for use in the management of both NSWPF officers.

Operation Luno

Operation Luno was an investigation into the events surrounding the roadside breath testing of a person who was detained after registering a high- range alcohol reading on a portable alcolizer after being pulled over by NSWPF officers in Orange, NSW. The person was known to the arresting officer as he was the son of a senior constable stationed at Orange Police Station.

Soon after returning to Orange Police Station the person was released without any charges being laid against him.

The Commission originally received advice from the NSWPF that they had commenced an investigation into the events surrounding the person's arrest however given the nature of the alleged offence the Commission took over this investigation.

In its investigation Report to Parliament in December 2008, the Commission expressed the opinion that the involved NSWPF officer engaged in police misconduct by:

- blowing into a BAS instrument therefore substituting a sample of his breath for the person.

A recommendation was made to the ODPP that consideration be given to prosecuting the NSWPF officer for the offence of pervert the course of justice. The ODPP advised that there was sufficient evidence to support proceedings which were commenced in September 2009.

Information gathered during the investigation was also referred to the NSWPF for use in the management of the NSWPF officer.

Other Commission Investigations

Operation Alford

In April 2008 the Commission commenced Operation Alford. This investigation arose out of Operation Whistler, which was the subject of a report to Parliament by the Commission in December 2005.

Following objections raised by the involved officers in December 2008 to the continuing of the Alford investigation, the Commission discontinued the investigation in January 2009.

The Commission will present a Report to Parliament later this year setting out the background to Operation Alford, the relevant events which occurred during the course of Operation Alford and the reasons for its discontinuance.

Operation Horseshoe

Last year the Commission reported on Operation Horseshoe, which is an investigation into whether any serving or former NSWPF officers made false statutory declarations or provided false information to avoid liability for traffic offences. The investigation phase of that operation has been completed. In November 2008 one NSWPF officer pleaded guilty to three offences under section 178BA of the *Crimes Act* 1900 and was convicted and sentenced. The officer has resigned from the NSWPF. In January 2009 the officer's wife pleaded guilty and was sentenced for the offence of giving false or misleading evidence to the Commission in the course of its investigation. The Commission is awaiting advice from the ODPP as to possible charges against another NSWPF officer and a civilian associate of that officer in relation to a series of incidents involving similar conduct.

CASE STUDY 6 – Operation Deakin

Operation Deakin commenced in September 2007 after the Australian Customs and Border Protection Service (ACS) referred information to the Commission that a NSWPF officer had departed Australia declaring that he was carrying a large amount of cash.

The investigation involved analysis of a large number of financial transactions to determine if the NSWPF officer was involved in fraud, money laundering and illegal immigration activity. These investigations revealed that the officer had declared large amounts of cash on a number of occasions when departing Australia.

As a part of this investigation, Commission officers worked closely with other law enforcement agencies including ACS, Department of Immigration, NSWPF and Victoria Police to simultaneously execute search warrants in New South Wales and Victoria in December 2008.

As a result of information collected during the investigation briefs of evidence are being compiled and when complete will be forwarded to the Commonwealth Director of Public Prosecutions for consideration of fraud, and immigration and passport-related offences.

Information obtained during this investigation has also been forwarded to the NSWPF who have commenced management action against the officer.

This investigation was a successful example of the extent to which the Commission works closely and jointly with other investigative agencies in pursuing its operational objectives.

Investigation Outcomes

The following table reports on 2008–09 investigation outcomes by referring to allegations considered by the Commission during its investigations.

Table 8: Preliminary Investigation Outcomes¹⁷ 2008-09

Preliminary investigation outcomes	2008-09
No further action	31
Investigations that progressed to become full investigations	13
Investigations that resulted in a dissemination of information to the NSWPF	2
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA) ¹⁸	2
Total	48

Table 9: Investigation Outcomes 2008-09

Investigation outcomes	2008-09
No further action	9
Investigations that resulted in a dissemination of information to the NSWPF	17
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	7
Investigations referred to the ODPP for consideration of prosecution action	5
Total	38

¹⁷ An investigation can contain more than one outcome.

¹⁸ Other LEAs include Australian Federal Police, Australian Tax Office, interstate Police Services, NSW Attorney- General, NSW Ombudsman.

Criminal Assets Recovery Act 1990

Under the *Criminal Assets Recovery Act 1990* (the CAR Act), the Commission may apply to the Supreme Court for orders to recover the proceeds derived from illegal activities and/or forfeit illegally acquired property and other assets to the state.

Two CAR Act proceedings were commenced in 2008–09, both of which remain on foot as at the end of the reporting period.

Additionally, proceedings against one former officer, Samuel John FOSTER, which arose from the Commission's Operation Alpine, and commenced in a previous reporting year (2005–06), were concluded in 2008–09. As a result, the amount of \$20,000 was ordered by the Court to be paid to NSW Treasury.

CASE STUDY 7 – Operation Vegas

Operation Vegas commenced in June 2008 as an investigation into allegations that certain NSWPF officers fabricated evidence when charging a person with a traffic offence.

During the investigation the Commission used electronic surveillance and held private hearings in December 2008.

Evidence gathered during Operation Vegas suggested that two NSWPF officers fabricated evidence by claiming that the alleged offender made an admission regarding a traffic offence. It appeared that NSWPF officers gave false or misleading evidence to the Commission about this during the Commission's private hearings.

Briefs of evidence have been forwarded to the ODPP for consideration of charges of pervert the course of justice and giving false or misleading evidence to the Commission.

The Commission also referred information gathered during Operation Vegas to the NSWPF to assist in a continuing investigation and management of the officers involved.

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 2008–09 the Commission approached the task of preventing misconduct within the NSWPF from the following five perspectives:

1. Examining strategies used by NSWPF commands to identify, communicate and manage integrity hazards and their associated misconduct risks
2. Strengthening the NSWPF approach to identifying and managing individual officers at risk of engaging in misconduct
3. Examining the relationship between an aspect of the NSWPF's selection and training of student officers and subsequent complaints of misconduct against them
4. Strengthening NSWPF systems to manage the misconduct risks associated with relationships between police and others
5. Improving other specific NSWPF systems and policies that are intended to prevent misconduct.

During 2008–09, the Commission also participated in misconduct prevention groups, programs, conferences and meetings, which are described at the end of this chapter.

Misconduct Prevention Advice

One of the main ways the Commission seeks to prevent misconduct is by providing informed advice on improvements to NSWPF systems and practices. Through its advice, the Commission endeavours to assist the NSWPF to design, strengthen and implement systems and practices that are effective and oriented towards achieving agency-wide misconduct prevention results. The circumstances in which misconduct prevention advice is provided to the NSWPF vary. Advice may be provided in connection with:

- a specific policy that is being developed by the NSWPF intended either directly or indirectly to prevent misconduct
- a policy deficiency identified by the Commission
- the implementation of a Commission misconduct prevention recommendation
- a NSWPF project (such as the project to develop an early intervention system)
- findings arising from a Commission project
- findings arising from the Commission overseeing a review of a NSWPF investigation.

In 2008–09 the Commission provided misconduct prevention advice to the NSWPF on 67 occasions and furnished 15 recommendations.

Identifying and managing integrity hazards and misconduct risks at command level

In 2007 the Commission commenced a project, codenamed Project Manta, to obtain a better understanding of the nature of the misconduct risks facing the NSWPF and how commands identify, communicate and manage their misconduct risks.

Just as Occupational Health and Safety strategies seek to minimise employee accidents and maximise employee safety by identifying and managing workplace hazards and associated risks, Project Manta seeks to inform strategies to minimise police misconduct by examining how NSWPF commands identify and manage those aspects of policing which may pose integrity hazards or vulnerabilities for misconduct, independent of the particular individuals who occupy the positions.

Unlike detecting and investigating misconduct, preventing police misconduct requires intervening before the misconduct occurs. Project Manta is based on the reasoning that:

- i. there are misconduct risks that arise from integrity hazards associated with the types of work the NSWPF undertakes, staffing profiles and other aspects of the policing environment which may increase the likelihood of officers engaging in some form of misconduct
- ii. misconduct risks can be identified prior to the misconduct occurring
- iii. identifying and managing integrity hazards and their associated misconduct risks, and assisting officers to recognise and respond appropriately when they encounter such misconduct risks are significant and practical steps that NSWPF commands can take to minimise future police misconduct.

During 2008–09, the Commission completed its analysis of the information obtained from a randomly selected sample of 25 NSWPF commands concerning: command demographics and staffing profile, how frequently different types of

work are undertaken, the nature of misconduct risks facing NSWPF officers, and command processes used to identify and communicate misconduct risks.

Given the large amount of information collected, two separate but related reports are being prepared as outputs from Project Manta. A draft of the first report, which focuses on the nature of the misconduct risks faced by individual commands together with the identification and communication of these misconduct risks, was prepared in late 2008. During 2009, the Commission consulted the NSWPF on the findings and draft recommendations in order to finalise its draft of this first report. The consultation process has involved:

- briefing the Commissioner of Police and other members of the Police Commissioner's Executive Team to provide these senior police with the key messages from the report and the opportunity to ask questions about the findings and draft recommendations
- conducting a workshop with a small number of Local Area Commanders and representatives of the Professional Standards Command to explore draft recommendations with key stakeholders prior to finalising the recommendations
- requesting written comments from NSWPF on the accuracy of Commission descriptions of NSWPF policies, practices and views about the Commission's stated implications arising from the findings.

At the end of 2008–09, the Commission was attempting to clarify the NSWPF position on several issues prior to finalising and publishing this first report from Project Manta.

Some of the draft recommendations made in the first Project Manta report concern providing clear and consistent messages to commands, while other draft recommendations concern types of assistance that could help commands identify and communicate their misconduct risks.

In broad terms, from the information collected in Project Manta, the Commission considers that

the NSWPF can further enhance the ability of commands to identify misconduct risks through:

- using complaints to look beyond the risks associated with individual officers in order to identify command misconduct vulnerabilities and their associated risks
- using a structured approach to risk identification to minimise the likelihood of overlooking significant misconduct risks
- developing a clear understanding of the specific nature of each misconduct risk and the group of officers to which it applies
- clarifying responsibilities for the misconduct risks identification process.

In terms of communicating misconduct risks in such a way as to equip NSWPF officers to recognise and then manage the potential misconduct risks they may face, the Commission considers that:

- misconduct risks should be expressed in such a way that the risks are specific to make them easier to recognise and manage
- command misconduct risks should be documented
- a corporate strategy and materials should be developed to assist commands to provide tailored information and support for NSWPF officers on how to recognise and respond to the specific misconduct risks they may face.

The second Project Manta report, to be finalised in late 2009, will focus on the way commands manage their misconduct risks and command-specific corruption prevention strategies.

Identifying and managing officers at risk of engaging in misconduct

In addition to enhancing systems addressing misconduct vulnerabilities at a broader level (such as those described in Project Manta), it is important to address misconduct risks at the individual level, where corruption and misconduct risks are realised

through NSWPF officer behaviour. Strengthening systems for identifying and managing individual officers at risk of engaging in misconduct is widely recognised as a critical part of any comprehensive misconduct prevention strategy in policing.

The Commission has been engaged in two major projects which consider the risks posed by individual NSWPF officers from differing perspectives. Project Odin is concerned with the identification and management of high risk officers who have established patterns of misconduct. By contrast, the Early Intervention System (EIS) Project focuses on the development of a system in the NSWPF to identify officers with emerging behavioural problems which, if left unchecked, could lead to misconduct in the future.

Identification and management of problem officers: Project Odin

In Project Odin the Commission examined the practice of identifying high-risk officers in the NSWPF. By the term 'high risk officer', the Commission means an officer who because of their history poses a risk of engaging in misconduct. Such an officer may have an abnormal complaint history or a history of sustained complaints for conduct issues. They are unlike other officers who, for instance, exhibit early signs of potential future misconduct or have a history of poor performance. The purpose of the project was to assess the effectiveness of the practice as a misconduct prevention strategy and 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.

As reported at the end of 2007–08, 20 Local Area Commands assisted with this project by providing information on how they had identified and managed high-risk officers. The Commission also obtained relevant policy documents from the

Commissioner of Police as well as data from the NSWPF intranet and the police complaints system – c@ts.i. At the end of 2007–08, an initial draft of the project report was nearing completion. In 2008–09, the Commission worked towards finalising its report on the project.

The findings of the project support the need for policy development within the NSWPF on the subject of high-risk officers. The project exposed inconsistencies in how the 20 participating Local Area Commands identified and managed high risk officers as well as in how they understood the meaning of the term. The project also exposed a lack of corporate guidance on the topic. This included the absence of a corporate policy, a corporate identification tool or any guidance on the management of high-risk officers.

The Commission consulted extensively with the NSWPF on these findings as well as the recommendations for change. The recommendations broadly seek to achieve the following:

- The creation of a policy on high-risk officers, which clarifies the corporate position on the practice of identifying high risk officers.
- For the purpose of such a policy, a definition of the term ‘high-risk officer’ which is confined to the risk of misconduct.
- The creation of a standard tool or process for use by commands to identify high-risk officers.
- The development of an intervention framework, which brings together and coordinates a range of policies that target the management of individual officer behaviours and allows commands to tailor interventions from a suite of policies.
- The development and promulgation of guidelines accompanying the high-risk officer policy and identification tool or process, which include an overview of the management options that are available to commands and recommends strategies for managing high-risk officers.

- The allocation of overall responsibility for the high risk officer policy, identification tool and management guidelines to a NSWPF command.

A draft of the Project Odin report was provided to the NSWPF for comment in September 2008. Interim written comments were provided by the NSWPF in November 2008. Following this, the NSWPF convened two workshops involving officers of different ranks to discuss and consider the accuracy of the report and opportunities for improving the recommendations. Officers from the Commission attended the second workshop, which was held in February 2009.

The consultation process concluded in March 2009. The Commission will finalise and publish its Project Odin report in 2009–10.

Project to develop an early intervention system

Early Intervention Systems (EIS) are risk management tools primarily designed to assist law enforcement agencies to identify problematic behaviour among their officers 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 protracted discussions between the relevant stakeholders, as reported in previous Commission Annual Reports, since 2006 there has been renewed interest in developing an EIS within the NSWPF.

As reported in the Commission’s 2007–08 Annual Report, in November 2007 the NSWPF Commissioner’s Executive Team endorsed a project to develop an EIS. The Commission has since been involved in the NSWPF EIS Project, both at a Steering Committee and Project Team level.

During 2008–09, the Commission made a significant contribution to the NSWPF EIS Project. In addition to providing informed advice at Steering Committee and Project Team levels,

the Commission has been heavily involved in research activities within and beyond the scope of the EIS Project. For example, in September, the Commission participated in a NSWPF workshop to facilitate the development of EIS indicators. The workshop was attended by representatives of the Commission, the Police Association of NSW, Victoria Police, the Centre of Excellence in Policing and Security, and individuals with varying roles within the NSWPF, including chaplains, professional standards managers, and education services personnel. In late 2008, the Commission released an online Research and Issues Paper on developing early intervention systems and suggested techniques for developing EIS indicators – the first issue of the Commission's new online corruption prevention publication series. Additionally, in 2008 the Commission provided research support to the NSWPF in relation to conducting a review of the available literature regarding early intervention systems in law enforcement agencies.

During 2008–09, the Commission contributed to an Inquiry conducted by the NSW Parliamentary Committee on the Office of the Ombudsman and the Police Integrity Commission into EIS's. The Commission made a formal submission to this inquiry, and presented evidence at a public hearing in November 2008. In its report on the Inquiry, released in March 2009, the Parliamentary Committee made several recommendations, including that the NSWPF should introduce an EIS as soon as possible. The report also made reference to the role of the Commission in assisting the NSWPF to develop its EIS, particularly in a research capacity. In their submissions and evidence to the inquiry, the Police Association of NSW and the NSW Ombudsman acknowledged the Commission's valuable contribution towards the development of the EIS within the NSWPF.

In May 2009, following the release of the Parliamentary Committee's report, the NSWPF reiterated its commitment to the operational delivery of the EIS and formally requested the Commission's continued support in achieving their objective.

As at the end of 2008–09, the Commission was awaiting the outcome of efforts by the NSWPF to apply for funding to develop the EIS database, a crucial component in the EIS.

Training for students of policing

For new recruits to the NSWPF, recruitment and training are the first steps to becoming a sworn officer. The recruitment process¹⁹ requires that applicants satisfy a number of criteria and pass a number of tests, such as fitness, literacy and psychological tests. Once the recruitment process has been completed, training occurs at the NSW Police College. Three separate groups or intakes of students are trained each year at the College and the number of students in each intake varies. For example, between the years 2001 and 2007, the number of students attested ranged from 111 to 801. The vast majority of intakes contained less than 400 students.

There is a common perception that students of policing who are trained in larger than usual intakes are more likely to engage in misconduct once they become police officers than those trained in smaller classes. There are several reasons why this could occur. For example, selection processes and/or the training given to students are likely to differ from the norm when class sizes are unusually large.

In November 2007, the Commission began a project codenamed Project Marrella, the broad objective of which is to test this perception. Specifically, Project Marrella aims to determine if students trained in large classes are more likely to engage in misconduct than those trained in smaller classes.

¹⁹ In this context, recruitment is being referred to as the process by which the NSWPF selects individuals to become students of policing. It is noted that students are not NSWPF employees and do not become so until attestation. It is also noted that those who successfully complete their studies are not guaranteed a job with the NSWPF.

Misconduct is by its nature a secretive activity and, therefore, very difficult to measure. Project Marrella used complaints against officers as a proxy for misconduct. There are many factors that can influence the likelihood of a NSWPF officer being the subject of a complaint. For example, it is possible that NSWPF officers working in a high-crime area could receive more complaints against them than officers working in an area with less crime, simply because officers working in high-crime areas have more contact with the public. Taking factors that have the potential to affect the likelihood of an officer receiving a complaint into consideration was therefore another important aspect of Project Marrella.

At the end of 2008–09, the Commission had collected and analysed data for Project Marrella. A Research and Issues Paper outlining the findings will be published on the Commission's website in late 2009.

Managing the risks associated with relationships between police and others

Employees of the NSWPF are expected to perform their duties fairly and impartially. A conflict of interest can occur if an employee's private interests have the potential to influence the performance of their professional duties. Improper associations are a type of conflict of interest for NSWPF employees. An improper association is defined by the NSWPF as an association between an employee and a person, group or organisation that is involved (or perceived to be involved) in an activity that is incompatible with the NSWPF's role to uphold the law. Typically, an improper association involves an association between a NSWPF employee and a person who is a known criminal, or is suspected or perceived to be involved in criminal activities.

The management of improper associations and the risks they pose is far from straightforward for police organisations. Improper associations invariably involve off-duty activities, family associations, personal friendships and business activities. Because some associations are unavoidable, they are difficult to regulate in a manner which is

appropriate to the working environment of NSWPF's employees.

In 2008–09, the Commission examined a number of issues associated with the NSWPF's systems to identify and manage relationships between police and others, including:

- I. the level of compliance by sworn officers with the NSWPF guidelines governing the identification and management of improper associations
- II. the level of compliance by sworn officers with NSWPF processes to identify conflicts of interest and other risks associated with the allocation and conduct of internal investigations
- III. the NSWPF approach to managing improper associations formed through secondary employment
- IV. the NSWPF approach to managing associations between senior police and elected representatives.

a. The improper associations of NSWPF officers: compliance with policy and guidelines

The key NSWPF policy document that governs the management of conflicts of interest that may arise from improper associations is the *Conflicts of Interest (Improper Associations) Policy and Guidelines*. This policy recognises that some personal associations have the capacity to compromise a NSWPF employee's integrity. Consequently, these associations can also affect the public perception of the integrity of the NSWPF. In October 2006 the NSWPF released a revised version of this policy which required all NSWPF employees (sworn and unsworn officers) to report to their commanders, managers or supervisors in writing if they have formed an association which may, under the terms of the policy, be deemed improper.

In December 2008 the Commission began a research project to determine the extent to which NSWPF officers are complying with the

Conflicts of Interest (Improper Associations) Policy and Guidelines with regards to declaring their improper associations. At the end of 2008–09 the Commission was in the process of finalising a Research and Issues Paper outlining the findings of the study, which is expected to be available on the Commission's website later in 2009. In 2009–10, the Commission will consult with the NSWPF on the most effective ways of implementing the strategies that the Commission has identified for strengthening the current NSWPF processes for preventing this form of misconduct.

b. Review of the Complaint Allocation Risk Assessment (CARA) process

During March 2007 a new system was introduced in the NSWPF for the assessment and management of conflicts of interest and other forms of bias in connection with internal investigations. This process, known as the Complaint Allocation Risk Assessment (CARA) process, is applied in two stages. In the first stage commands, aided by standard criteria, assess whether there are risks associated with retaining a complaint for investigation by an officer within the command. As part of this, commands consider whether there are conflicts of interest that might adversely affect the integrity of an investigation. The second stage of the process requires the officer allocated to investigating the complaint to assess whether there are any conflicts of interest or other risks that might preclude their involvement in the investigation.

In 2007–08 the Commission reported that it was reviewing a sample of 100 complaints drawn from local and specialist commands throughout the NSWPF. It noted the review was examining compliance with the CARA process, the quality of decision making by commands, and the extent to which conflict of interest and other risks had been satisfactorily identified, documented and subsequently managed by the NSWPF.

In 2008–09, a joint report on the outcome of the review was prepared by the Commission, the NSW Ombudsman's Office and the NSWPF. Amongst

other things, the review found that:

- the overall level of compliance with the CARA process of the complaints in the sample was satisfactory but that there was scope for improvement;
- in a large proportion of complaints, inadequate information was being provided by commands as to how risks were to be managed or why a particular risk treatment strategy had been adopted, and;
- the assessment tools were, in places, ambiguous and confusing, leading to some officers providing incomplete information as to whether or not there were risks present.

To address these findings, the review made five recommendations to improve compliance and the effective use of the CARA process. At the end of 2008–09, the Commission had not yet concluded its discussions with the NSWPF regarding the acceptance and implementation of the recommendations arising out of the review.

c. Identification of improper associations via review of secondary employment applications

In November 2007 the Commission commenced a project examining improper associations that may be identifiable through secondary employment applications. The Commission wrote to the six Regions and the State Crime Command requesting all current authorised secondary employment applications. The copies of the applications provided by the NSWPF were analysed revealing a small number of police officers who were engaged in secondary employment with persons who have criminal records or who are the subject of criminal intelligence reports. Under the NSWPF's current secondary employment policy and guidelines, a more detailed level of scrutiny by the NSWPF is only required in relation to applications in 'high-risk industries' such as security, liquor, commercial and private inquiry agents, gaming and racing and transport industries. Based on

the information obtained to date, there does not appear to be a process in place for identifying and managing the risks that arise from officers engaging in secondary employment with persons who have criminal records or who are the subject of criminal intelligence reports.

The Commission has raised these issues with the NSWPF Professional Standards Command and discussions have commenced as to how the current NSWPF systems might be strengthened.

d. Associations between the NSWPF and elected representatives

In August 2008 the Commission wrote to the NSWPF regarding some of the risks that may, in certain circumstances, arise from relationships between NSWPF officers and elected representatives. The Commission's interest in this issue stemmed from an investigation by the NSWPF that the Commission had oversighted from a previous year. The Commission provided advice to the NSWPF on the development of an internal policy as a means of managing this risk. Specifically, the Commission provided comment and input on the scope of the policy, record keeping protocols and the need to make officers aware of the consequences that may arise from inappropriate dealings with elected representatives. The draft NSWPF policy is currently under review by the Commission.

Improving specific misconduct prevention systems and policies

During 2008–09, the Commission has provided comments, advice and recommendations to the NSWPF as to how specific systems and policies, which are intended to prevent misconduct, could be improved or strengthened. Some examples of the areas in which advice and recommendations have been provided are described below.

Advice on minimising illegal drug use by NSWPF officers

In September 2005 the Commission provided a report to Parliament, codenamed Operation Abelia, concerning the problem of illegal drug use by some NSWPF officers and steps that could be taken to minimise it. Since its release, the Commission has worked to assist the NSWPF with the implementation of its 64 recommendations. In 2008–09 the Commission provided advice and feedback in relation to a range of issues relating to the outstanding recommendations, including:²⁰

- the NSWPF's draft Targeted Drug Testing Procedures
- a draft training package for commanders and other supervisors concerning detection and management of substance abuse
- possible training on the uses and limitations of drug testing for those who are responsible for determining whether NSWPF officers should be the subject of a targeted drug test
- materials to be produced to equip supervisors of all ranks so that they are made aware of the overlap and differences in responsibilities of the various policies of the NSWPF which are relevant in dealing with possible illicit drug use by officers
- the development of strategies to evaluate and report on the effects of the introduction of new procedures developed as a result of the Operation Abelia recommendations and the nature and level of awareness in connection with various policies of the NSWPF relating, either directly or indirectly, to drug use.

²⁰ See Chapter 7 for additional information on Operation Abelia and the Commission's work in assisting the NSWPF with the implementation of the recommendations made in the Operation Abelia report.

Strategies for minimising unauthorised disclosures of confidential information

The unauthorised disclosure of confidential information is a form of police misconduct that can have serious consequences for both the NSWPF and the community. In October 2007 the Commission began a project to better understand how and why unauthorised disclosures of confidential information occur in order to minimise this type of misconduct.

Data regarding the unauthorised disclosure of information were sourced from complaints about NSWPF officers received between 1 November 2006 and 30 June 2007. The most significant findings of the study indicated that there is confusion, misunderstanding and lack of awareness regarding confidential information and its use and dissemination within and outside the NSWPF. The results also revealed that some NSWPF officers deliberately seek information to release it. Other results highlighted the difficulties involved in finding evidence to determine whether or not a leak of information occurred, particularly with regard to allegations of leaks of information to known criminals or to allegations of tip-offs from NSWPF police officers.

Following the completion of this study, the Commission conducted a thorough search of the NSWPF's intranet to examine the ways in which policies, guidelines and other documents concerned with confidential information are presented and communicated by the NSWPF. Several specific issues were identified which could cause confusion or misunderstandings of policies and procedures.

The NSWPF and the NSW Ombudsman's office were consulted in July 2008 regarding the results of the study and the search of the NSWPF's intranet. The NSWPF agreed to make amendments to its policies and procedures and the way in which they are arranged and presented on its intranet so that:

- policies concerning the management and communication of confidential information with which NSWPF officers are expected to comply are clearly identified, referred to by their correct titles and easily accessible on the intranet;
- through the intranet and training, all NSWPF staff have access to, awareness of and an understanding of the policies regarding confidential information;
- there is a clear distinction between similar policy documents available on the intranet which relate to the management and communication of confidential information;
- the term 'confidential information' is clearly defined within the Code of Conduct and Ethics and other key policies relating to this issue and the use of terminology relating to the management and communication of confidential information is standardised, and;
- only updated versions of policy and training documents pertaining to the use and communication of confidential information are available on the intranet and the date of all documents is clearly displayed.

The NSWPF has also indicated that it would consider making changes to ensure that the language used to describe the consequences of failing to comply with its policies is clear thereby acting as a deterrent.

The results of the study and the agreement by the NSWPF were presented in a Research and Issues Paper published on the Commission's website in October 2008. At the end of 2008–09 the Commission was in the process of consulting with and advising the NSWPF on the best methods to minimise confusion and misunderstanding regarding the use and disclosure of confidential information.

The importance of engaging with stakeholders prior to making recommendations

The Commission must ensure that its recommendations to strengthen NSWPF systems and practices are independently derived and provided without ‘fear or favour’. But the development of misconduct prevention recommendations should not be understood as a process that occurs in isolation from the NSWPF. In most circumstances it is essential that the Commission obtain the input and views of the NSWPF before it finalises and publishes its recommendations. The consultation process provides the Commission with an opportunity to check the feasibility of its recommendations, identify ways in which they might be strengthened and verify the accuracy of the supporting information contained in its reports. During 2008–09, the Commission consulted the NSWPF on a broad range of recommendations and employed some innovative methods. For example:

- In July 2008, the Commission met with the NSWPF and the Ombudsman’s Office in connection with research it had conducted on the unauthorised release of confidential information. For this project the Commission employed a new approach in its consultation with the NSWPF, insofar as it sought to develop or settle a strategy for dealing with the problems identified, jointly agreed between the Commission and the NSWPF, for publication in the Commission’s paper. Rather than describing recommendations, the paper published by the Commission describes an agreed way for dealing with the problems identified in the study;
- In May 2009, the Commission convened a full-day workshop in connection with its Project Manta report concerning the identification and communication of command misconduct risks. The workshop was attended by representatives from the NSWPF including local area commanders and senior officers from the Professional Standards Command. Throughout the day the Commission systematically worked through the major findings and recommendations from the report, discussing the feasibility of what was being recommended and examining alternative strategies. The NSWPF provided the Commission with feedback on the accuracy of material in the draft Project Manta report which, at the end of 2008-09, was still being assessed and considered.

The importance of engagement with the NSWPF in connection with its recommendations is reflected in the Commission’s current Corporate Plan. A strategy identified to achieve the prevention goal of the Commission calls for the Commission to work with senior NSWPF officers with a view to securing a commitment to Commission recommendations. This is recognition that if the Commission is to be effective in the prevention of police misconduct, in most circumstances, it needs the cooperation and involvement of the NSWPF. While the Commission can make recommendations and provide advice to the NSWPF, it is the NSWPF that needs to implement them.

Police Corruption Education and Prevention Programs

Section 14 of the *Police Integrity Commission Act 1996* 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 2008–09 the Commission discharged this function by:

- Ensuring that it had the capacity to make recommendations concerning police corruption education and prevention programs in its reports to Parliament.
- 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.
- Working with other anti-corruption agencies to prevent misconduct in the NSWPF and NSWCC.
- Sharing knowledge by participating in corruption prevention and detection conferences and significant meetings.
- Supporting corruption prevention programs.

Corruption prevention presentations

During 2008–09 the Commission delivered a number of presentations to raise awareness of its functions and to promote its prevention research.

Four presentations were made to the NSWPF that discussed corruption prevention research:

- December 2008 – South-West Metropolitan Professional Standards Forum
- April 2009 – Professional Standards Forum

- May 2009 – Detective Inspectors' Development Course
- May 2009 – Western Region's Professional Standards Duty Officer and Executive Officer Forum

The Commission also delivered five presentations to the following groups:

- Students attending the Corruption and Anti-Corruption Program. The Commission's Principal Analyst presented a session on 'Measuring Corruption' to students of this course, which is run by the Australian National University Crawford School of Economics and Government in conjunction with the Independent Commission Against Corruption. The Commission funded scholarships for two NSWPF officers to attend this course.
- The Australian Federal Police (AFP). The Commission's Principal Analyst presented a session at its Interagency Integrity Investigators' Program (IIIP) on Operation Abelia, which combined research and investigations to identify areas where further intervention is most likely to assist in minimising illegal drug use by officers.

The Commissioner also participated in this course as a guest presenter. The course was held on two occasions in August 2008 and May 2009 at the AFP College in Canberra.

- Delegates attending the 7th National Investigations Symposium 2008. The Commissioner delivered a session on early intervention systems for police misconduct.
- The Australian Customs Integrity Forum. The Commission's Chief Investigator delivered a presentation to raise awareness of the functions of the Commission.
- Delegates attending the Public Sector Governance Conference. The Commissioner spoke on the topic 'How do agencies like the PIC make a difference?'

- The Commissioner continued his participation in the Independent Commission Against Corruption's (ICAC) Rural and Regional Outreach Program (RAROP) held in Western Sydney (Rooty Hill) in November 2008 and Far South Coast (Merimbula) in May 2009. RAROP is designed to raise understanding of corruption risks, provide practical corruption prevention information and give advice on how to report corrupt activities to regional areas. The Commissioner addressed a breakfast of community leaders, on both occasions explaining the work and functions of the Commission.

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.

Meeting key stakeholders

During 2008–09 the Commission met with:

- The NSWPF to discuss:
 - The development of NSWPF early identification and intervention systems.
 - A project related to the unauthorised disclosure of confidential information.
 - Complaints received by the NSWPF Professional Standards Command regarding NSWPF officers.
- An international delegation from the Vietnam Inspectorate Commission.
- Other state and federal government agencies including the:
 - NSW Ombudsman
 - NSW Independent Commission Against Corruption
 - Office of Police Integrity, Victoria
 - Crime and Misconduct Commission, Queensland

- Corruption and Crime Commission, Western Australia
- Australian Crime Commission
- Australian Federal Police
- Australian Customs Service
- Australian Commission for Law Enforcement Integrity

Promoting research

During 2008–09 the Commission provided information to key stakeholders on the following research:

- Early Intervention System Project

The Commission collaborated with the NSWPF, the Police Association of NSW, and the NSW Ombudsman's Office to develop an Early Intervention System (EIS) for the NSWPF. The Commission's role involved providing advice to the NSWPF at regular Project Team and Steering Committee meetings, as well as at special workshops to develop various elements of the EIS, including indicators and interventions. Within the Project Team, the Commission also provided research support to the NSWPF for discrete project tasks, such as a literature review.

- Unauthorised Release of Confidential Information

The NSW Ombudsman's Office was consulted regarding the findings of the study about unauthorised disclosure of confidential information between July and September 2008. The NSW Ombudsman's Office was also involved in making an agreement with the Commission and the NSWPF which outlined the issues that the NSWPF would address in relation to confidential information.

Significant committees and working groups

During 2008–09 Commission officers participated in a number of significant committees and working groups. Further information can be found in Appendix 6 of this Annual Report.

Integrity Reports

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

During 2008–09, the Commission provided 406 reports in response to requests received from the NSWPF regarding the integrity of officers nominated for appointment by way of promotion, compared with 578 in 2007–08.

The Commission also provided reports in response to 48 requests from the NSWPF regarding the integrity of officers for reasons other than that of consideration for promotion, and provided 42 responses to requests from other agencies considering current or former NSWPF officers for employment.

7 Tracking the Commission's Recommendations

Introduction

Under section 99(2)(c) of the *Police Integrity Commission Act 1996* (the Act), the Commission is required to include in each Annual Report an evaluation of the responses by the Commissioner of Police, or senior police executives, to the Commission's findings and recommendations. The purpose of this section is to provide an evaluation of the responses of the NSWPF to the Commission's recommendations.

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.

Tracking Recommendations

As indicated in Chapter 6, in October 2008, the Commission published a paper on its website entitled *Unauthorised Disclosure of Confidential Information by NSWPF Officers*. Before publishing this paper, the Commission and the NSWPF jointly agreed on a series of strategies to be implemented to address the problems and shortcomings identified through the Commission's research. The two agencies agreed on nine strategies, the details of which are provided in Chapter 6. In effect these strategies can be considered recommendations insofar as they are intended to achieve the same outcome – that is, changes to strengthen the misconduct prevention systems of the NSWPF.

Given that the NSWPF gave its agreement to these strategies prior to publication of the Commission's paper, the Commission considers that all recommendations have been accepted.

As at the end of 2008–09, the NSWPF was yet to implement these strategies. In 2009–10 the Commission will engage with the NSWPF to see that the agreed strategies are implemented or that alternative solutions are identified.

It is relevant to note that, in addition to the strategies agreed with the Commission, the Commission's paper noted that the NSWPF was

exploring some internal policy development options in relation to that part of the *Police Regulations 2000* that govern the use and management of confidential information. During 2008–09 the NSWPF has made some progress with regard to the development of its internal policies concerning the Police Regulations. It is noted that the Commission has provided comments and input with regard to this process.

Review of Complaint Allocation Risk Assessment (CARA) process

During 2008–09, a joint review of the NSWPF's Complaint Allocation Risk Assessment process was conducted by the Commission, the NSWPF and the Ombudsman's Office. Details of this review, and the five recommendations arising from it, are presented in Chapter 6. In April 2009, the NSWPF provided a response to the recommendations from the review. Three of the five recommendations were accepted.

Alternative strategies were proposed with regard to the remaining two. At the end of 2008–09 the Commission had yet to assess whether or not these alternatives were acceptable in terms of addressing the problems identified by the review. Consultation will occur with the NSWPF regarding this issue. Further advice will be provided in 2009–10.

Operation Abelia

During 2008–09 the Commission continued to monitor NSWPF progress in the implementation of Operation Abelia recommendations. As described in previous Annual Reports, Operation Abelia combined misconduct investigations and hearings with detailed national and international research to provide a better understanding of the nature of the problem of illegal drug use by some NSWPF officers and what can be done to minimise such illegal drug use. The Commission made 64 recommendations in its Operation Abelia report, which it presented to Parliament in September 2005.

A complete listing of the recommendations and the codes used to describe them can be found on pages s-31 to s-42 of the Commission's *Operation Abelia: Research and investigations into illegal drug use by some NSW Police officers. Volume 1: Summary Report*, which can be found on the Commission's website, www.pic.nsw.gov.au.

Overview of progress

The NSWPF accepted 54 of the Commission's 64 recommendations, either as drafted or with minor variations. Of these 54 recommendations, as at 30 June 2009:

- 42 had been implemented
- 11 had been partly implemented
- one recommendation was not able to be implemented because its implementation is dependent upon the prior implementation of other recommendations.

As reported previously, the NSWPF did not accept three of the Operation Abelia recommendations. Specifically, the NSWPF has not accepted that:

- it should continue to arrange assistance in the form of rehabilitation, counselling and/or relapse prevention for officers who come forward for help concerning their illegal drug use (Recommendation SR 1)
- it should conduct a 12-month trial of the use of drug testing based on the analysis of hair samples (Recommendation TDT 8)
- there is a need to resolve a perceived inconsistency between clause 54 of the *Police Regulation 2000* and police practice (Recommendation M 5).

As a consequence of not accepting these three recommendations, seven others (such as the recommendation that concerns promoting the assistance available for those who come forward for help regarding their illegal drug use (Recommendation SR 3) and the recommendation that concerns *reporting* the results of the 12-month

trial of hair testing (Recommendation TDT 11)) are no longer relevant.

Figure 1 identifies the implementation status of the Operation Abelia recommendations at the beginning of 2008–09. Figure 2 identifies the implementation status at the end of 2008–09. As can be seen from Figure 2, by 30 June 2009 two-thirds of the Commission's Operation Abelia recommendations had been implemented. The process of implementation had commenced for all except one of the remaining recommendations that had been accepted by the NSWPF. That recommendation was unable to be implemented at this time because it is dependent upon the prior implementation of other recommendations.

Figure 1: Operation Abelia recommendations - Beginning of 2008–09

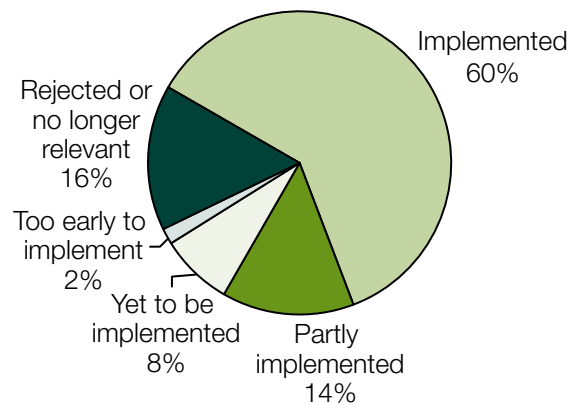
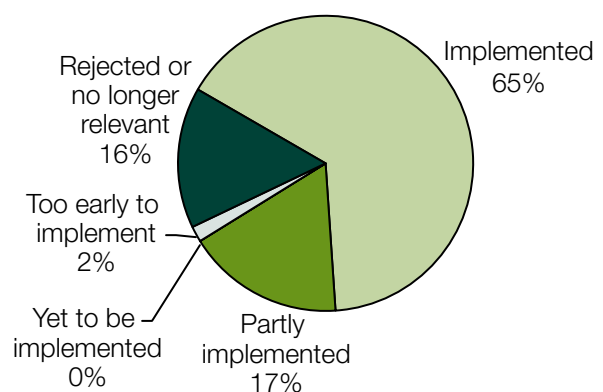


Figure 2: Operation Abelia recommendations - End of 2008–09



In July 2008, the Commission indicated to representatives of the NSWPF Safety Branch that it was keen to see the remaining Operation Abelia recommendations implemented before the end of June 2009. To that end, the Commission, with the agreement and support of the NSWPF Safety Branch, arranged for quarterly meetings to take place between representatives from the two agencies to more closely monitor progress in the implementation of these recommendations and attempt to resolve any issues that were impeding progress.

While the implementation of a few additional recommendations was finalised during 2008–09, progress towards implementation was made for some recommendations. For example, progress was made towards finalising the NSWPF Targeted Drug Testing Procedures, developing strategies to evaluate the effects of the introduction of new procedures and reporting on these evaluations.

The year ahead: 2009–10

As discussed in the Commission's 2007–08 Annual Report, despite the progress that has been, it is important to recognise that significant recommendations still remain to be implemented. Four of the recommendations yet to be implemented concern training or procedures associated with targeted drug testing, including:

- Training on the uses and limitations of drug testing for those who are responsible for determining whether officers should be the subject of a targeted drug test (Recommendation TDT 1) as well as the provision of training on the content and form of information to be recorded when they consider whether or not to conduct a targeted drug test (Recommendation TDT 6).
- Finalisation of revised Targeted Drug Testing Procedures (Recommendation TDT 2) and the associated finalisation of procedures and accountability systems in relation to recall-to-duty targeted drug testing prior to the introduction of such testing (Recommendation TDT 9).

Another of the recommendations yet to be implemented concerns equipping supervisors of all ranks to better understand the overlap and differences in the responsibilities assigned to them under the various NSWPF policies and procedures that are relevant either to early intervention (that is, minimising the likelihood of some circumstances that may trigger illegal drug use) or to possible responses when illegal drug use is suspected (Recommendation SS 1).

The Commission will continue to monitor NSWPF progress in its implementation of the remaining Operation Abelia recommendations.

Operation Mallard

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

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

The Commission has contacted the Ministry for Police to ascertain if consideration has been given to this recommendation. To date, a formal reply has not been received. The Commission will continue to monitor the NSWPF's response to this recommendation.

Introduction

On 1 July 2008 amendments to the *Police Integrity Commission Act 1996* (the Act) came into effect, which gave the Commission the additional function to investigate allegations of misconduct against New South Wales Crime Commission (NSWCC) officers. The amendments also require the Commission to separately report on NSWCC matters in its Annual Report, in accordance with section 99(2)(a) of the Act.

The purpose of this section is to report on the NSWCC matters. It will report on work undertaken by the Commission during 2008-09 to detect, prevent and investigate allegations of misconduct against 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 any matter that on reasonable grounds is suspected to involve, or which may involve, misconduct of a NSWCC officer to the Commission. The Commission also receives information regarding possible misconduct by NSWCC officers from other sources, including agencies from other jurisdictions.

During 2008-09 the Commission adopted its complaint handling procedures to ensure the proper receipt and management of complaints alleging misconduct by NSWCC officers. The Commission:

- Changed its online complaint lodgement form, which was amended to ensure the proper receipt of complaints containing allegations

of misconduct amongst NSWCC officers.

The online complaint form is located on the Commission's website, www.pic.nsw.gov.au.

- Developed a policy to manage the referral of matters to the NSWCC, in accordance with section 77 of the Act and the subsequent return of these matters under section 78 of the Act. A key feature of each referral is that appropriate consultation must take place between the Commission and the NSWCC prior to the referral of a matter.
- Adjusted the Commission's information management systems to assist with new record-keeping and reporting obligations.

Complaint Profile

During 2008-09 the Commission:

- Received 29 complaints containing allegations of misconduct against current and former NSWCC officers.
- Referred one matter to the NSWCC under section 77 of the Act.

Of the 29 complaints received, 59 allegations of misconduct were made against current and former NSWCC officers. Of these, 20 complaints were made direct to the Commission and nine were reported to the Commission by the NSWCC.

Allegation types included:

- Improper disclosure of information
- Misuse of authority for personal benefit
- Improper association
- Improper interference in an investigation.

Investigations

The Commission has adopted an integrated operational model to manage investigations involving allegations of misconduct against NSWCC officers.

The effect of the integrated operational model is:

- Investigations involving allegations of misconduct by NSWCC officers are managed in the same way as other investigations
- Operational resources are allocated to both NSWCC and NSWPF matters as the need arises.

Preventing Misconduct

Review into NSWCC misconduct risk management – Project Rhodium

In 2008–09 the Commission commenced a Project, codenamed Rhodium, to review the capacity of the NSWCC to identify and manage serious misconduct risks. Its purpose was to assess that capacity and make recommendations to strengthen that capacity, as appropriate. In undertaking the project it was not the intention of the Commission to consider specific instances of misconduct or focus on a single risk area. However, it was determined that any areas observed as presenting specific misconduct risks during the life of the project would be noted for more detailed consideration by the Commission in the future.

The broad focus of the project was in keeping with the terms of reference that formed the subject of a request made by the former Minister of Police, the Hon David Campbell MP, to the ICAC Commissioner, the Hon Jerrold Cripps QC, in June 2008 that the ICAC conduct a review of the:

systems applying within the NSW Crime Commission for the prevention of illegal activity within the Commission, particularly illegal activity arising from relationships between Commission staff and criminal informers.

Following the passage of legislation amending the Act to give the Commission jurisdiction for detecting, investigating and preventing misconduct by NSWCC officers it was agreed between the ICAC and the Commission that it would be more suitable for the Commission to undertake this review and the Minister concurred with this.

Project Rhodium accordingly commenced in July 2008. In carrying out the project the Commission had three primary objectives. These were to:

- Identify and assess the strategies that the NSWCC had in place to identify and manage serious misconduct risks
- Identify strengths and opportunities for improvement in how the NSWCC identified and managed serious misconduct risks, and make recommendations, if required
- Report to the Minister of Police as Chair of the NSWCC Management Committee about the capacity of the NSWCC to identify and manage serious misconduct risks.

The methods used by the Commission in carrying out the project included:

- appointing Mr. Peter Clark, SC, a highly experienced lawyer from Victoria, as an Assistant Commissioner of the Commission to coordinate the project
- conducting interviews with a range of persons, including members of the NSWCC Management Committee, executive officers, senior members of NSWCC staff, senior members of partner agencies and the nominees of professional associations whose members come into frequent contact with the NSWCC
- obtaining and reviewing policies and other relevant documents from the NSWCC concerning strategies to prevent misconduct
- undertaking a review of relevant literature and legislation
- obtaining and reviewing information from other

agencies including the ICAC and the NSWPF as well as the Police Ministry

- obtaining and reviewing complaints made against the NSWCC
- consulting with the NSWCC on the results of the project.

By the end of 2008–09 the Commission had completed work on Project Rhodium. The final report was provided to the Minister of Police in his capacity as Chair of the NSWCC Management Committee on 7 July 2009.

The report is in five parts. Part One develops a profile of the NSWCC and describes some of the main types of work it does and the misconduct risks that may be associated with that work. It also describes the approach of the NSWCC to the identification and management of misconduct risks.

Part Two describes and assesses the strategies the NSWCC has in place to manage some key work-related misconduct risks relating to such work as informant handling. Part Three looks at complaints handling in the context of understanding the approach taken by the NSWCC to the management of misconduct risk. Part Four examines issues of corporate governance generally. Finally, Part Five concludes with recommendations on how the capacity of the NSWCC to identify and manage misconduct risks can be improved.

In the Report the Commission identified opportunities for improvement across several areas of the NSWCC. Broadly, it found that improvements were required in respect of:

- risk management generally
- the identification and management of key work-related misconduct risks such as risks relating to such tasks as informant handling
- complaints management
- aspects of internal governance.

Introduction

This section contains information on legislative reviews and initiatives of significance to the Commission's functions.

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 2008–09.

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 subsection 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 2008–09 the Commission disseminated information on three 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 subsection 56(4)(c) among other things. The Practice Guidelines and an application form may be downloaded from the Commission's website.

Participation in the work of other Parliamentary Committees

The Commission made a submission to the inquiry by the Parliamentary Joint Committee (PJC) for the Independent Commission Against Corruption (ICAC) into legislative amendments to the *Independent Commission Against Corruption Act 1988*. As a part of its inquiry the Commissioner and Commission Solicitor appeared before the PJC's public hearing

held on 4 May 2009 to take evidence on the Commission's submission.

The Commission also appeared to give evidence before the public hearing of the Commonwealth Parliament's PJC for the Australian Commission for Law Enforcement Integrity on 18 November 2008 held as part of its inquiry into law enforcement integrity models. The Report of this inquiry was published in February 2009.

Law Reform

Surveillance Devices Act 2007

Courts and Crimes Legislation Amendment Act 2008

Courts and Crimes Legislation Further Amendment Act 2008

On 1 August 2008 the *Surveillance Devices Act 2007* came into force.

The *Courts and Crimes Legislation Amendment Act 2008* amended the *Surveillance Devices Act 2007* to provide exemptions for the use of optical surveillance devices in specified law enforcement operations. In relation to the Commission, the relevant law enforcement operation provided for is the recording of the execution of search warrants.

The *Courts and Crimes Legislation Further Amendment Act 2008* further amended the *Surveillance Devices Act 2007* to clarify that the power to enter premises to install a surveillance device under a warrant may extend to entry onto premises providing access to a vehicle, or objects within vehicles, under surveillance.

Criminal Procedure Act 1986 – Criminal Procedure Further Amendment (Public Officers) Regulation 2008

The regulation amended the *Criminal Procedure Regulation 2005* to prescribe officers of the

Commission as public officers for the purposes of commencing and conducting prosecutions in NSW courts.

Drug Misuse and Trafficking Amendment (Police Integrity Commission Exemption) Regulation 2008

This regulation amended the *Drug Misuse and Trafficking Regulation 2006* to exempt Commission officers authorised by the Commissioner for the Police Integrity Commission from the possession and supply provisions of the *Drug Misuse and Trafficking Act 1985* but only to the extent necessary to permit the officer to carry out their duties.

Government Information (Public Access) Act 2009

Government Information (Information Commissioner) Act 2009

Government Information (Public Access) (Consequential Amendments and Repeal) Bill 2009

On its commencement, the new legislation will put in place a framework based around the principles of proactive disclosure, a presumption in favour of public interest disclosure, and oversight by a new Information Commissioner. The right of an individual's privacy will continue to be protected.

The legislation recognises that the public interest in favour of disclosure may, in some cases, be outweighed by particular public interest considerations against disclosure.

The legislation also continues to ensure that the confidentiality required in respect of law enforcement and safety information and private information, among others, will be adequately protected by conclusively presuming that there is an overriding public interest against disclosure. There is a conclusive presumption that there is an overriding public interest against disclosure

of information prohibited by the *Police Integrity Commission Act 1996*.

Information in relation to the corruption prevention, complaint handling, investigative and reporting functions of the Commission, other than information that the Commission has consented to the disclosure of, is deemed to be excluded information under the new legislation. As a result, it is also conclusively presumed that there is an overriding public interest against disclosure of such information.

Law Enforcement (Powers and Responsibilities) Amendment (Search Powers) Act 2009

Law Enforcement (Powers and Responsibilities) Amendment (Search Powers) Regulation 2009

This Act and Regulation amends the *Law Enforcement (Powers and Responsibilities) Act 2002* to provide for a new class of search warrant – the covert search warrant – to assist in the investigation of serious criminal offences. These warrants authorise entering and searching specified premises without the occupier's knowledge, and permit subsequent notification to the occupier.

Covert search warrants are available only in connection with certain serious offences and can be issued only by a Supreme Court judge. Before a warrant can be granted, the issuing judge must be satisfied that it is necessary for the entry and search of the premises to be conducted without the knowledge of the occupier, and specifically give consideration to the nature and gravity of the searchable offence and the extent to which the privacy of any person not believed to be knowingly concerned in the commission of the offence is likely to be affected. Furthermore, while service of an occupier's notice can be delayed for up to six months at a time, service may be delayed beyond 18 months only in exceptional circumstances and cannot be delayed beyond three years in total.

The amending Act also provides new search warrant powers generally in relation to the examination of computers. Computers and similar devices may be removed from premises, which are the subject of a search warrant for up to seven working days, or longer on application, for examination. Accessing computers 'networked' to a computer at the search premises is also now permitted.

Statute Law (Miscellaneous Provisions) Act 2009

This Act amended the *Law Enforcement (Controlled Operations) Act 1997* to ensure mutual recognition of the Act by Queensland, by extending the protection of the Act to participants in a controlled operation who are unaware that an authority for an operation has been varied or cancelled.

Introduction

The Commission is accountable to a Parliamentary Joint 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 Inspector²¹ are to:

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

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

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

The Parliamentary Joint 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.

The Committee members are:

- Chair: Ms Angela D'Amore, MP, Member for Drummoyne (ALP) – Until 23 September 2008
- Chair: The Hon Kerry Hickey, MP, Member for Cessnock (ALP) – From 23 September 2008
- Deputy Chair: Mr Paul Pearce, MP, Member for Coogee (ALP)
- Mr Peter Draper, MP, Member for Tamworth (Ind)
- Mr Malcolm Kerr, MP, Member for Cronulla, (Lib)
- The Hon Lynda Voltz, MLC, (ALP)
- The Hon Charlie Lynn, MLC, (Lib)
- Ms Sylvia Hale, MLC, (The Greens)

Interaction between the Committee and the Police Integrity Commission

Staff from the Commission met with the Committee on two occasions in 2008–09.

On 19 November 2008, staff from the Commission attended a hearing and provided evidence to assist with an inquiry into Early Intervention Systems (EIS) to identify officers at risk of corruption in the NSWPF.

On 21 May 2009, staff from the Commission attended the eleventh general meeting with the Committee.

The meeting was held to review the Commission's 2007–08 Annual Report.

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

²¹ 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.

Members of the EG include:

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

John Renshaw, the Commission's Executive Officer is an advisor to the group. Secretariat support is provided by Gabrielle Wanner, Executive Assistant to the Commissioner.

Information Technology Governance Committee (ITGC)

The ITGC is a group that meets once each quarter to provide direction on information technology (IT) strategy, policy, projects and purchasing activity.

The ITGC comprises members of the EG with the addition of Bill Sharpe, Manager, Information, Communications and Technology, Digby Morrison, Manager, Records and Projects and Christina Anderson, Manager, Finance.

Budget Governance Committee (BGC)

The BGC is a group that meets quarterly to consider the Commission's budget and finances to approve purchasing decisions.

The BGC is comprised of the EG with the addition of Christina Anderson, Manager, Finance.

Operations Advisory Group (OAG)

The OAG provides strategic advice on investigations, and prevention and research projects

undertaken by the Commission. The group consist of the Commissioner, Director Operations, Director Prevention and Information and the Commission's Solicitor and meets every three weeks.

Tasking and Coordination Group (T&CG)

The T&CG is a group of 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 by the complaints assessment area.

Internal Audit and Risk Management Committee

The Internal Audit and Risk Management committee (IARC) assesses the Commission's business risks and monitors governance issues.

Members of the Commission's IARC include:

- Lance Favelle, Department of Community Services (Independent Chair)
- John Pritchard, Commissioner
- John Renshaw, Executive Officer

Technical advice is provided to the IARC by Rory O'Connor previously of Deloitte and now of O'Connor Marsden.

During 2008–09 the IARC met on three occasions. Internal audits were also undertaken of the Commission's complaint handling, computer controls and Human Resources and Payroll function.

In 2009–10 the IARC will oversee a number of audits and review its membership as a result of the resignation of the Chair, who has retired. The Commission has appointed a new Chair and will reconstitute the Committee in 2009–10 in accordance with NSW Treasury's *Internal Audit and Risk Management Policy for the NSW Public Sector*. The Commission will report further on this in 2009–10.

APPENDIX 1

Prescribed Annual Reporting Requirements (Statutory and Departmental)

A. Annual Report Act

Industrial Relations

In 2008–09 the Police Integrity Commission Division continued to operate as an employing entity under the provisions of the *Public Sector Employment Legislation Amendment Bill 2006*. Commission employees are deemed to be employees of the Crown under Chapter 1A of the *Public Sector Employment and Management Act 2002* (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 or five-year duration.

The Commission’s industrial relations environment remained stable throughout 2008–09 and there were no issues of significance impacting upon the Commission’s operations. The Commission did instigate a number of initiatives designed to satisfy the cost- saving requirements of the NSW Government over the next three financial years. The key initiative involved the implementation of a voluntary redundancy program to meet the impact of these savings requirements over the next three years.

The Commission adopted a transparent approach to the voluntary redundancy program and achieved its aim of reducing salary associated costs in a manner that was mutually acceptable and devoid of industrial unrest.

Number of Employees

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

Table 10: Employee numbers

	2006	2007	2008	2009
Statutory appointments	1	1	1	1
Executive appointments	2	3	3	3
Female Executive Appointments	0	1	1	1
Operational staff	74.8	75.6	76.2	74
Support staff	25	24	23.2	22.54
Total ²²	102.8	103.6	103.4	100.54

Staff Movement

Table 11: Staff Movement 2008–09

No. staff commenced employment	No. staff ceased employment
7	11

Exceptional Movements in Wages and Salaries

There were no exceptional movements in wages and salaries during 2008–09.

Executive Remuneration – Level 5 and above

The Commissioner for the Police Integrity Commission, John Pritchard, is appointed by the Governor pursuant to section 7 of the *Police Integrity Commission Act 1996* (the Act), and,

²² This total does not count female executive appointments because these figures have been captured under executive appointments.

pursuant to clause 9 of Schedule 1 of the Act, is not subject to the PSEMA.

The Commissioner's remuneration is set by the Statutory and Other Officers Remuneration Tribunal, which, for the reporting period, was \$389,830 pa. 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 2008–09 no persons were employed by the Commission in executive positions under the PSEMA.

With the exception of the Commissioner, all members of the Commission's Executive, whose names are shown in Chapter 10, were employed under a private contract, 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 2008–09 the Commissioner also appointed Ms Michelle O'Brien, Commission Solicitor, as an Assistant Commissioner for the periods 29 October 2008 to 4 November 2008, 3 April 2009 to 9 April 2009 and 19 June 2009 to 1 July 2009 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.

Pursuant to section 8(1) of the Act, the Commissioner also appointed Mr Brendan Butler, SC, as an Assistant Commissioner on 4 August 2008 specifically to coordinate the review of the management of misconduct risks of the NSWCC referred to in Chapter 8 of this Report (Project Rhodium).

Following his appointment as a Judge of the District Court and Chief Magistrate for Queensland on 11 September 2008, Mr Butler resigned his position as an Assistant Commissioner. The Commissioner subsequently appointed Mr Peter Clark, SC, as an Assistant Commissioner pursuant to section 8(1) of the Act to undertake that review and his appointment expired on 7 July 2009 when the Commission's report of the review was finalised and provided to the Minister for Police.

Personnel Policies

During 2008–09 the Commission had the following personnel policy achievements:

- A successful review of the Commission's Discrimination, Harassment and Bullying Policy. Details of this amended policy were provided to staff at a series of interactive training and information sessions in March and April 2009. These sessions were well received and clarified important issues relating to discrimination, harassment and bullying.
- The introduction of a Salary Sacrifice Policy that provided staff with access to a wide range of salary sacrifice options for the first time. Traditionally, sacrificing superannuation was the only salary sacrifice option for Commission staff. Under the new policy, staff are now able to consider motor vehicle, professional memberships, subscriptions and self-education expenses, and in-house child care as additional salary sacrifice options.



- The successful implementation of a new Performance Management System. The system is designed to bring consistency to the performance management process. Managers and staff worked closely together in the development of individual performance plans, objective measures of performance and identifying training and development opportunities. The initial formal annual performance reviews under the new policy commenced in July 2009. The successful implementation of the system will ensure that individual accountability is highlighted across the Commission and that staff take ownership of their individual job-related responsibilities.
- Minor adjustments were made to the Commission's existing Managing Sick Leave Policy and Family and Community Services Leave Policy to reflect the tighter NSW Government-wide procedures and guidelines. New procedures focusing on better management of sick leave absences introduced in January 2009 have had a positive impact in the first six months of their operation.

Training and Development

The Commission provided a range of Training and Development opportunities to staff during 2008–09. Training covered specialist areas including:

- Essentials for New Managers
- Access Data Systems Training
- Crime Compensation Proceedings
- Project Management
- Security in Government
- Government Accounting
- Anti Money Laundering
- Investigations

Generic training opportunities provided to staff during 2008–09 included:

- OHS
- Discrimination, Harassment and Bullying
- EEO Grievance Handling
- Call Centre Stress Management
- Microsoft Outlook
- First Aid

Support for tertiary related study was provided to nine staff 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 providing 26 staff with an opportunity to act in higher duties positions during the reporting period.

Occupational Health and Safety

During 2008–09, two workplace accidents/incidents were reported. Of the two accidents/incidents, one was a serious illness that incapacitated an employee during work time but was ultimately not work related. The Commission implemented a series of flexible work arrangements to facilitate the gradual return to work of a number of staff members who suffered debilitating and long-term illnesses of various natures during the reporting period. The success of the flexible work arrangements is measurable by the fact that all of the staff members eventually returned productively to their pre-illness duties.

During 2008–09, the Commission funded the training of 20 staff members who completed the Senior First Aid course and who are now nominated First Aid officers. An audit of the First Aid kits across the whole of the Commission was conducted and steps were taken to upgrade the contents of the kits. These were initiatives of the Occupational, Health and Safety (OH&S) Committee which met regularly and worked effectively throughout the reporting period.

The Commission also met its reporting responsibilities with respect to the requirements of the New South Wales Government's *Working Together: Public Sector OHS and Injury Management Strategy*. There were no OH&S related prosecutions under the *Occupational, Health and Safety Act 2000* during this reporting period.

Disability Action Plan

The Commission's Disability Action Plan reinforces a commitment to the NSW Government's Disability Policy Framework. In terms of the physical environment, clear and uninterrupted access to the premises is available to individuals with a disability. Formal communication policies and strategies ensure that people with a disability are not disadvantaged in having access to and actually accessing relevant information available through the Commission.

Staff who deal directly with the public are familiar with alternative methods of information dissemination depending on the specific needs of individual disabled people.

The Disability Action Plan also commits the Commission to ensuring that staff have access to relevant education and training in relation to awareness of disability-related issues within the workplace. Constant review of complaints procedures ensures that they remain relevant when dealing with people with disabilities. The Commission's Disability Action Plan is due to be reviewed in 2009–10.



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 14% of the Commission's female employees are currently employed on approved part-time working arrangements as a means of balancing work and home life responsibilities. 16.6% 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 66% of the Commission's female staff accessed Family & Community Service (FACS) leave entitlements on one or more occasions during the reporting period.</p>
Equitable access for women to educational and training development opportunities	<p>Nine of a total of 26 Higher Duty Allowance (HDA) staff development opportunities across the organisation were filled by women during 2008-09.</p> <p>Of the Commission's expenditure on external training and development programs for staff during 2008-09, a total of 30% was spent on female staff.</p>
Promote the position of women	<p>Women currently make up a total of 43% of the Commission's workforce. A total of 23% of the Commission's management level positions are held by women and 77% 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

During 2008–09 a business process and systems review was undertaken to identify improvement strategies to the different stages of work that comprise the Commission's complaints and investigations life cycle. This review identified a number of issues and potential opportunities concerning the current suite of IT applications that support the Commission's functions. The review culminated in a report recommending the acquisition of a Complaints and Investigations Case Management solution in order to address a number of gaps and to improve overall efficiency and effectiveness. Preliminary work has commenced to identify solution options and to determine a viable strategy.

Other significant items of work undertaken during 2008–09 include:

- The development and implementation of a first phase of an organisational performance reporting project covering the collection and reporting of information in relation to the assessment and management of complaints.
- The implementation of Commission website amendments to reflect the responsibilities now in place to oversight the NSWCC.
- The development of an application for the Commission's Investigations Unit that enables the capture and analysis of telephone subscriber and call charge records.
- The implementation of a new, more capable wide area network service to meet ongoing information access and exchange service arrangements that exist between the NSWPF, the NSW Ombudsman and Police Integrity Commission.
- The development and successful testing of a new Disaster Recovery (DR) solution covering the Commission's essential business systems. The new solution utilises a DR site hosted through a cooperative arrangement with another NSW Government organisation.
- The enhancement of access to a number of external applications, in cooperation with the Australian Crime Commission, the NSW Department of Corrective Services and the NSWPF.
- The commencement of significant enhancements to the Police Oversight Data Store (PODS) system in cooperation with the NSW Ombudsman and the NSWPF.

For 2009–10 plans are in place to take forward the Case Management System strategy and more broadly enhance levels of integration regarding the various components of the Commission's business systems suite. Additionally, the Commission will be taking forward its ICT Asset replacement strategies.

Major Works

The Commission did not undertake major works during 2008–09.

Delivery of Electronic Services

The Commission modified its website to enable on-line complaints to be lodged in relation to the NSWCC as well as in relation to the NSWPF.

During 2008–09, the Commission's website attracted 15,852 visitors – an average of 43 per day. This figure represents an increase of 10% from 2007–08.

Financial Services

Audits

The Audit Office of NSW was engaged to carry out an audit of the 2008–09 Financial Statements of both the Police Integrity Commission and the Police Integrity Commission Division. Copies of the Independent Audit Reports appear with the Financial Statements in Appendix 8.

Accounts Payable Policy

The Commission has set a benchmark for paying 85% of all accounts received within creditors'



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

The Commission was not required to pay interest to creditors due to late payment of accounts during 2008–09.

Table 12: Aged analysis at the end of each quarter 2008–09

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	69,707	38,608	121	528	0
Dec	137,366	52,844	3,716	0	0
Mar	185,117	45,102	14,142	0	0
Jun	30,733	65,624	14,142	0	0

Table 13: Accounts paid on time - Each quarter 2008–2009

Qtr	Total Accounts Target	Paid On Time Actual	Total Accounts Paid	Paid On Time
	%	%	\$	\$
Sep	85	88.41	6,374,382	6,265,392
Dec	85	89.8	6,970,024	6,879,892
Mar	85	85.5	6,193,524	6,091,299
Jun	85	87.8	7,914,876	7,806,919

Statutory Reporting

The Commission and Division Financial Statements for 2008–09 were prepared and submitted to the Audit Office of NSW within the required timeframe.

Consultants

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

During 2008–09, there was no single engagement equal to or more than \$30,000. The Commission engaged the services of three consultants, in the following areas:

Table 14: Consultants

Area of Consultancy	Amount (\$)
Management Services	9,394
Organisational Review	23,340
TOTAL	32,734

Land Disposal

The Commission does not hold any real property.

Insurance

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

The fund manager sets the premiums paid by the Commission in direct relation to the number of claims made by the agency during the previous year. The premium for workers compensation insurance was 27% lower than 2007–08 reflecting the low level of claims made by the Commission.

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

The Commission has a Corporate Credit Card Policy, which meets NSW Treasury guidelines and Treasurer's Direction 205.01. Card holders are required to observe the policy and submit a signed acquittal form each month.

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 2008–09.

Risk Management and Internal Control

The Internal Audit & Risk Management Committee is responsible for the management of risk and for auditing internal controls. For further information please refer to Chapter 10 of this Annual Report.

Energy Management Plan

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

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

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

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

Waste Management

In accordance with the NSW government's Waste Reduction and Purchasing Policy the Commission has a pro-active approach to its waste reduction and recycling measures.

The Commission purchases all white copy paper and printed content paper containing at least 80% recycled content.

Other measures to reduce generation of waste undertaken by the Commission are as follows:

- all paper, toner cartridges, and other items are recycled
- continuing the use of photocopiers and printers capable of double-sided copying
- using re-manufactured toner cartridges
- printing corporate and other stationery on recycled paper
- donation of unwanted goods to charities where possible
- all e-waste including old monitors, computer equipment and other technical equipment recycled by an endorsed recycling agency.

Major Assets

The Commission did not purchase or commit funds to new major assets during 2008–09.

Overseas Visits

The following Commission staff travelled overseas on official business during 2008–09.

Table 15: Overseas visits

Officer	Location	Purpose	Cost
Technical Surveillance	US	Attend NATIA Training Conference, examine and identify new techniques and equipment in the Technical Surveillance field	\$6,490

Assumed Identities

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

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

Table 16: Assumed Identities

Assumed Identities

Granted	Revoked	Varied
2	1	1

Two assumed identity applications were granted and allocated to the following duty types.

Granted Assumed Identities – (Duty Type)

Surveillance	Investigations	Administrative
1	1	0

Privacy Management

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

During 2008–09, no internal reviews were applied for or undertaken in relation to those Commission functions to which the PPIP Act applies.

APPENDIX 2

Statutory Annual Reporting Requirements (Police Integrity Commission Act 1996)

Table 17: Statutory Requirements

Relevant Section of the <i>Police Integrity Commission Act 1996</i>	Section of 2008–09 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 15
	Appendix 3 – Types of allegations assessed	Page 65
Section 99 (2) (b) a description of the types of matters investigated by the Commission	Chapter 5 – Investigating serious police misconduct	Page 22
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 44
Section 99 (2) (d) any recommendations for changes in the laws of the State, or for administrative action, that the Commission considers should be made as a result of the exercise of its functions	Chapter 7 – Tracking the Commission's recommendations (Operation Mallard)	Page 46
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 22
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 22
	Appendix 5 – prosecutions in 2008–09 arising from Commission investigations	Page 69
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 67
Section 99 (2) (h) a description of its activities during that year in relation to its education and advising functions	Chapter 6 – Preventing serious police misconduct	Page 41
Section 99 (2A) Any such information that relates to investigations or other matters involving Crime Commission officers must be kept separate from other matters in the report	Chapter 8 – The NSW Crime Commission	Page 47



APPENDIX 3

Types of Allegations²³ Assessed

Table 18: Allegations Assessed in 2008–09 against sworn NSWPF officers

Allegation Type	Number
Improper association	199
Unauthorised / improper disclosure of information	174
Failure to investigate	171
Misuse authority for personal benefit or the benefit of an associate	112
Attempting to pervert the course of justice	85
Improper interference in an investigation by another police officer	81
Offence punishable upon conviction by a maximum sentence of 5 years or more	73
Protection of person(s) involved in drugs	60
Lied during proceedings / in statement / on affidavit	59
False accusation	58
Dealing or supply	59
Fabrication of evidence (other than perjury or verballing)	42
Bribery	35
Tampering with or destroying	19
Theft / misappropriation (more than \$5000)	17
Sexual assault	16
Mislead the court	10
Withholding or suppression of evidence	9
Child sexual abuse or paedophilia	9
Cultivation or manufacture	6
Perjury	5
Make false statement (verballing)	5
Collusion between police witnesses	5
Inappropriate prosecution / misuse of prosecution power	3
Homicide	2
Prevented a witness from providing a statement or giving evidence	1
Forced confessions	1
Corrupted a witness	1
Complaints containing other allegations ²⁴	1615
Total	2932

²³ There may be a number of allegations contained in a single complaint.

²⁴ Less serious allegations including customer service issues. The number of complaints containing other allegations is significantly larger than reported in 2007–08 although in relation to a lower number of total complaints. Improvements in IT reporting systems have allowed the Commission to identify multiple minor allegations in complaints.

Table 19: Allegations assessed in 2008-09 against unsworn NSWPF officers

Allegation Type	Number
Misuse authority for personal benefit or the benefit of an associate	11
Unauthorised / improper disclosure of information	7
Offence punishable upon conviction by a maximum sentence of 5 years or more	2
Improper association	2
Failure to investigate	2
Dealing or supply	2
Cultivation or manufacture	1
Attempting to pervert the course of justice	1
Theft / misappropriation (more than \$5000)	0
Complaints containing other allegations	86
Total	114

APPENDIX 4

Statistical Data on Exercise of Commission Powers

The following table indicates the frequency with which the Commission exercised its various powers in 2008–09, compared with the two previous reporting years.

Table 20: Exercise of Commission Powers

Functions	2008–09	2007–08	2006–07
Under <i>Police Integrity Commission Act 1996</i>			
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	9	47	6
s 26 — Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	288	338	278
s 29 — Commission may authorise an officer of the Commission to enter and inspect premises etc	1	NIL	2
s 32 and s 33 — Hearing days:			
• public	4	3	4
• private	34	42	38
s 38 — Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	32	62	54
s 45(1) — Authorised justice may issue search warrant	11 ²⁵	NIL	1
s 45(2) — Commissioner may issue a search warrant	NIL	NIL	NIL
s 50 — Number of warrants obtained under <i>Listening Devices Act 1984</i> (Act repealed 31/07/08)	NIL	10	43
s 50 — Number of warrants obtained under <i>Surveillance Devices Act 2007</i> (Act commenced 01/08/08)	11	N/A	N/A
Under <i>Law Enforcement (Controlled Operations) Act 1997</i>			
Applications granted by Commission for authority to conduct controlled operations	1 ²⁶	NIL	2
Applications granted by Commissioner for variation of authority to conduct controlled operations	NIL	NIL	NIL

²⁵ 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.

²⁶ Due to a change in circumstances the authority was not ultimately acted upon.

Functions	2008–09	2007–08	2006–07
Under <i>Law Enforcement (Assumed Identities) Act 1998</i>			
Applications of assumed identity approvals granted	2	8	6
Applications of assumed identity approvals revoked	1	6	6
Under <i>Telecommunications (Interception) Act 1979</i>			
Warrants issued for the Interception of communications	115	91	40
Warrants issued for access to stored communications	0	3	n/a

APPENDIX 5

Prosecutions in 2008-09 arising from Commission Investigations

Table 21: Prosecutions

Name	Charge(s)	Status/Result
Rafiq AHMED*	1 x s 178BB <i>Crimes Act</i> 1900 Obtain financial advantage by making a false or misleading statement	4/2/09 Found guilty. 30/03/09 Sentenced in Downing Centre Local Court: no conviction recorded pursuant to s 10 of the <i>Crimes (Sentencing Procedure) Act</i> 1999 conditional upon the accused entering into a bond to be of good behaviour for a period of 12 months. AHMED has lodged an appeal which was mentioned in Sydney District Court on 2/07/09.
Richard AZAR	8 x s 178BA <i>Crimes Act</i> 1900 Obtain financial advantage by deception 13 x s 178BB <i>Crimes Act</i> 1900 Obtain financial advantage by making a false or misleading statement 6 x s 301(2) <i>Crimes Act</i> 1900 Make or use copies of false instruments	22/05/09 Pleas of guilty entered to: 5 x s 178BA <i>Crimes Act</i> 1900 Obtain benefit by deception and 5 x s 300(1) <i>Crimes Act</i> 1900 Making a false instrument. Listed for sentence in Sydney District Court on 28/08/09.
Nasser BATTAL	1 x s 249B <i>Crimes Act</i> 1900 Corruptly receive benefit 1 x s 178BA <i>Crimes Act</i> 1900 Obtain financial advantage by deception 1 x s 112(2) <i>Crimes Act</i> 1900 Whilst in company, break and enter a dwelling house and commit a serious indictable offence 1 x s 95 <i>Crimes Act</i> 1900 Robbery whilst in company (alternative to s 112(2)) 1 x s 111(2) Whilst in company enter a dwelling house with intent to commit a serious indictable offence (collective alternative) 5 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence	30/06/09 Mentioned at the Downing Centre Local Court. Adjourned to 4/08/09.
Barry BLANCHETTE*	1 x s 113(2) <i>Crimes Act</i> 1900 Aggravated break and enter with intent 1 x s 344A(1) & 95(1) <i>Crimes Act</i> 1900 Attempt aggravated steal from the person (alternative charge to s 113(2)) 1 x s 111(2) <i>Crimes Act</i> 1900 Aggravated enter dwelling with intent (also alternative charge to s 113(2))	28/04/09 Committed for trial on all charges. Matter mentioned on 17/07/09 and stood over by consent to 28/08/09 for mention.

Name	Charge(s)	Status/Result
Gregory BROWN	5 x s107 <i>Police Integrity Commission Act 1996</i> Give false evidence	<p>11/03/09 Plea of guilty entered to one count of giving false or misleading testimony. The remaining four counts were withdrawn by the DPP.</p> <p>On 19/06/09 BROWN was sentenced at Downing Centre Local Court by Chief Magistrate Henson to a custodial term of 8 months and 2 days, to expire on 20 February 2010 with a non-parole period of 4 months, to expire on 18 October 2009.</p> <p>On 19/06/09 BROWN lodged an appeal against the sentence. BROWN withdrew his appeal on 3/08/09.</p>
Clarence IRWIN*	<p>1 x s 328 <i>Crimes Act 1900</i> Perjury with intent to procure acquittal of person of serious indictable offence</p> <p>1 x Conspiracy to pervert the course of justice (common law offence)</p> <p>2 x s 107 <i>Police Integrity Commission Act 1996</i> Give false evidence</p>	<p>10/03/09 Guilty pleas entered on principal charge and 2 x give false evidence charges. On 23/06/09 IRWIN was sentenced in relation to 1 x Perjury to procure acquittal contrary to s 328 <i>Crimes Act 1900</i>. Sentenced to a custodial term of 2 years and 4 months, with a non-parole period of 16 months. Non-parole period to expire on 22/10/10, additional term to expire on 22/10/11.</p> <p>The charge of act with intent to pervert the course of justice was withdrawn.</p> <p>The 2 x s 107 <i>PIC Act</i> offences were taken into account on form 1 when sentenced on the principal charge.</p>
George KAHILA	<p>4 x s 107 <i>Police Integrity Commission Act 1996</i> Give false evidence</p> <p>20 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>20 x s 178BB <i>Crimes Act 1900</i> Obtain financial advantage by making a false or misleading statement</p> <p>1 x s 301(1) <i>Crimes Act 1900</i> Make false instrument</p> <p>3 x s 301(2) <i>Crimes Act 1900</i> Use copies of false instruments</p> <p>1 x s 307C <i>Crimes Act 1900</i> Making a false or misleading application</p> <p>1 x s 25A <i>Oaths Act 1900</i> Making a false declaration</p> <p>7 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>25 x s 178BB <i>Crimes Act 1900</i> Obtain financial advantage by making a false or misleading statement</p> <p>7 x s 301(2) <i>Crimes Act 1900</i> Use copy of false instrument</p>	<p>30/06/09 First mention. Adjourned to 4/08/09.</p>



Name	Charge(s)	Status/Result
Christopher LAYCOCK*	<p>6 x s 107 <i>Police Integrity Commission Act 1996</i> Give false or misleading evidence</p> <p>2 x s 112(2) <i>Crimes Act 1900</i> Aggravated break and enter and commit serious indictable offence</p> <p>2 x s 95(1) <i>Crimes Act 1900</i> Aggravated steal from the person (alternative to s 112(2) offences)</p> <p>2 x s 111(2) <i>Crimes Act 1900</i> Aggravated enter dwelling with intent</p> <p>1 x s 99(2) <i>Crimes Act 1900</i> Conspiracy to demand money with menaces</p> <p>1 x s 319 <i>Crimes Act 1900</i> Pervert the course of justice</p> <p>1 x s 113(2) <i>Crimes Act 1900</i> Aggravated break and enter with intent</p> <p>1 x 114(1)(d) <i>Crimes Act 1900</i> Remain in building with intent to commit indictable offence (alternative to s 113(2) offence)</p> <p>3 x s 249B(1) <i>Crimes Act 1900</i> Agent corruptly receive benefit</p> <p>1 x s 179BA <i>Crimes Act 1900</i> Obtain money by deception</p>	28/04/09 Committed for trial (on all charges except for conspiracy). Mentioned on 17/07/09 and stood over by consent to 28/08/09 for mention.
Vivian Rex LITTLE*	1 x s 91H <i>Crimes Act 1900</i> Possess child pornography	7/11/08 LITTLE was convicted on the charge of possession of child pornography. On 14/11/08 LITTLE was sentenced to a 2 year good behaviour bond, fined \$4000 and ordered to pay \$73 court costs. LITTLE lodged an appeal against his conviction in May 2009. On 5/08/09, LITTLE's appeal was dismissed in Sydney District Court.
LP1	<p>1 x s 249B <i>Crimes Act 1900</i> Corruptly receive benefit</p> <p>1 x s 178BA <i>Crimes Act 1900</i> Obtain financial advantage by deception</p> <p>1 x s 112(2) <i>Crimes Act 1900</i> Aggravated break and enter a dwelling house and commit a serious indictable offence</p> <p>1 x s 95 <i>Crimes Act 1900</i> Aggravated robbery (alternative to s 112(2))</p> <p>1 x s 111(2) <i>Crimes Act 1900</i> Aggravated enter a dwelling house with intent to commit a serious indictable offence (collective alternative)</p>	17/06/09 Mentioned at Downing Centre Local Court. Adjourned to 21/07/09 for further mention.

Name	Charge(s)	Status/Result
Ahmed MASRI	<p>1 x s 178BA <i>Crimes Act</i> 1900 Obtain benefit by deception</p> <p>1 x s 95(1) <i>Crimes Act</i> 1900 Aggravated robbery</p> <p>1 x s 111(2) <i>Crimes Act</i> 1900 Enter a dwelling house with intent to commit a serious indictable offence in circumstances of aggravation</p> <p>1 x s 112(2) <i>Crimes Act</i> 1900 Break and enter a dwelling house and commit a serious indictable offence in circumstances of aggravation</p>	30/06/09 Mentioned at Downing Centre Local Court. Matter adjourned to 4/08/09.
Emile MATTAR*	<p>1 x s 25(1)/26 <i>Drug Misuse and Trafficking Act</i> 1985 Conspiracy to supply prohibited drug</p> <p>1 x s 25(1) <i>Drug Misuse and Trafficking Act</i> 1985 Supply prohibited drug</p>	<p>5/12/08 Sentenced in Sydney District Court to 5 years imprisonment with a non-parole period of 3 years. To be eligible for release on parole on 27/05/11.</p> <p>MATTAR has lodged a notice of intention to appeal.</p>
Bernice McDONAGH	2 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence	18/06/09 Court Appearance Notices (CAN) served. Matter listed for first mention at Downing Centre Local Court on 12/08/09.
Kim NADAZDY*	1 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence	6/11/08 Mentioned at Downing Centre Local Court. Plea of guilty entered. On 30/01/09 Kim NADAZDY was sentenced to 7 months imprisonment on one count of give false/misleading evidence to the Commission, wholly suspended with court costs of \$73. No supervision was imposed.
Sandy NADAZDY*	<p>2 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice</p> <p>2 x s 178BA <i>Crimes Act</i> 1900 Obtain benefit by deception</p>	6/11/08 Plea of guilty was entered in relation to three counts of s178BA offence. The two pervert the course of justice charges were withdrawn. On 30/01/09 Sandy NADAZDY was sentenced and fined \$800 on each of two counts of obtaining money/benefit by deception, plus court costs of \$73. A conviction was recorded.
Paul NOLAN	<p>5 x s 178BB <i>Crimes Act</i> 1900 Obtain benefit by false or misleading statements</p> <p>4 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p>	6/07/09 First mention. Adjourned to 18/08/09 for further mention.
Adam PURCELL	<p>1 x s 319 <i>Crimes Act</i> 1900 Pervert the course of justice</p> <p>1 x s 315 <i>Crimes Act</i> 1900 Do act with intent to hinder investigation (alternative charge)</p> <p>2 x s 107 <i>Police Integrity Commission Act</i> 1996 Give false evidence</p> <p>4 x Misconduct in public office (common law offence)</p>	23/06/09 Committal set down as a special fixture for 8 days commencing 9/02/10.



Name	Charge(s)	Status/Result
Souma SAHYOUN*	1 x Conspiracy to pervert the course of justice (common law offence) 1 x s 107 <i>Police Integrity Commission Act 1996</i> Give false evidence	13/07/09 Found guilty by jury at Sydney District Court on both charges. SAHYOUN was remanded in custody, to appear for sentence on 28/08/09.
Ehab TAHA*	3 x s 328 <i>Crimes Act 1900</i> Perjury with intent to procure acquittal of person of serious indictable offence	20/10/08 Mentioned in Downing Centre Local Court. Charges withdrawn.
Christopher WALKER*	2 x s 112(2) <i>Crimes Act 1900</i> Aggravated break and enter and commit serious indictable offence 2 x s 95(1) <i>Crimes Act 1900</i> Aggravated steal from the person (alternative to s 112(2) charge) 3 x s 111(2) <i>Crimes Act 1900</i> Aggravated enter dwelling with intent (2nd count is an alternative to 2nd count of s 112(2)) 2 x s 249F(1) <i>Crimes Act 1900</i> Agent corruptly receive benefit 1 x s 178BA(1) <i>Crimes Act 1900</i> Obtain money by deception (alternative to s 249F(1) charge) 2 x s 113(2) <i>Crimes Act 1900</i> Aggravated break and enter with intent 1 x s 114(1)(d) <i>Crimes Act 1900</i> Remain in building with intent to commit indictable offence (alternative to s 113(2) charge) 1 x s 344A(1) & 95(1) <i>Crimes Act 1900</i> Attempt aggravated steal from the person (alternative to 2nd count of s 113(2)) 1 x s 61 <i>Crimes Act 1900</i> Common assault	28/04/09 Committed for trial on all charges. Mentioned on 17/07/09 and stood over by consent to 28/08/09.

* Denotes matters carried over from previous reporting period.

PROSECUTIONS BY NSW POLICE ON FOOT IN 2008-09
(evidence supplied in whole or in part by the Commission)

Name	Charge(s)	Status/Result
Clementine CUNEO*	<p>1 x s 474.17 <i>Criminal Code</i> 1995 (Oth) Using a carriage service to menace, harass or cause offence</p> <p>2 x s13 <i>Crimes (Domestic and Personal Violence) Act</i> 2007 Stalking or intimidation with intent to cause fear of physical or mental harm</p>	<p>20/07/09 1 x s13 <i>Crimes (Domestic and Personal Violence) Act</i> 2007 proved. The two remaining charges were withdrawn. CUNEO received a Section 9 good behaviour bond for 12 months.</p> <p>CUNEO appealed her conviction. On 7/08/09 in Orange District Court Judge Hosking dismissed CUNEO's appeal, confirming the conviction and sentence.</p>
Lorenzo FLAMMIA	1 x s 178BB(1) <i>Crimes Act</i> 1900 Obtain money etc by false/misleading statement	25/08/08 Sentenced at Penrith Local Court. Fined \$3000 and ordered to pay \$73 court costs. Also required to enter into a good behaviour bond for 18 months.
Elisa McCULLOCH	<p>2 x s 16 <i>Poisons and Therapeutic Goods Act</i> 1966 Possess/attempt to, anabolic or androgenic steroidal agent</p> <p>1 x s 15 <i>Drug Misuse and Trafficking Act</i> 1985 Forge or alter prescription which includes prohibited drug</p> <p>1 x s 19 <i>Drug Misuse and Trafficking Act</i> 1985 Aid/abet/counsel/incite/procure/solicit a Division 1 offence</p>	19/06/09 Matter heard in Armidale Local Court. The two charges of Possession of Steroids were withdrawn by the DPP. Elisa McCULLOCH entered a plea of guilty to the remaining charge of Forge or Alter (aid and abet) a Prescription. 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 was recorded.
Nathan McCULLOCH	<p>1 x s 10(1) <i>Poisons and Therapeutic Goods Act</i> 1966 Prohibition on supply certain substances by non-wholesaler</p> <p>2 x s 16(1) <i>Poisons and Therapeutic Goods Act</i> 1966 Possess/attempt to, anabolic or androgenic steroidal agent</p> <p>1 x s 65(3) <i>Firearms Act</i> 1996 Possess ammunition without holding licence/permit/authority</p> <p>1 x s 15 <i>Drug Misuse and Trafficking Act</i> 1985 Forge or alter prescription which includes prohibited drug</p> <p>2 x s 25(1) <i>Drug Misuse and Trafficking Act</i> 1985 Supply a prohibited drug</p> <p>2 x s 233(1)(b) <i>Customs Act</i> 1901 Import prohibited imports</p> <p>1 x s 149.1 <i>Criminal Code Act</i> 1995 Obstruction of Commonwealth official</p>	<p>19/06/09 One supply prohibited drug charge and the possession of ammunition charge were withdrawn by the DPP. McCULLOCH pleaded guilty to the remaining charges and was sentenced as follows:</p> <p>Supply Steroids: Fine \$500 and \$73 court cost; 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; Supply Prohibited Drug: Fine \$500 and \$73 court costs. Nathan McCULLOCH was placed on a Section 9 Bond to be of good behaviour for two years and to accept guidance from his treating psychiatrist.</p> <p>On the Commonwealth Offences: Importation of Steroids (s 233(1)(b) <i>Customs Act</i> 1901): Fined \$2000; 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 from his treating psychiatrist. 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
Mark SMITH*	3 x s107 <i>Police Integrity Commission Act 1996</i> Give false evidence	23/02/09 Trial in Sydney District Court adjourned to 28/09/09 for hearing to determine SMITH's fitness to stand trial.
Scott Russell WILLIAMS	1 x s 178BA <i>Crimes Act 1900</i> Obtain money by deception 1 x s 178BB <i>Crimes Act 1900</i> Make false instrument to obtain money 1 x s527C <i>Crimes Act 1900</i> Goods in personal custody suspected of being stolen	6/04/09 Tamworth Local Court. The charge of goods in personal custody was not proved. Both remaining charges were proved and WILLIAMS was fined \$800 and placed on a section 9 bond for 12 months.
Stephanie YOUNG*	1 x s 474.17 <i>Criminal Code Act 1995 (Cth)</i> Using a carriage service to menace, harass or cause offence 1 x s 13 <i>Crimes (Domestic and Personal Violence) Act 2007</i> Stalking or intimidation with intent to cause fear of physical or mental harm	20/07/09 1 x s13 <i>Crimes (Domestic and Personal Violence) Act 2007</i> proved. The remaining charge was withdrawn. YOUNG was convicted and sentenced to a Section 9 good behaviour bond for 6 months. YOUNG appealed her conviction. On 7/08/09 in Orange District Court Judge Hosking upheld YOUNG's appeal. YOUNG's conviction was quashed but the offence was found proved and YOUNG was placed on a Section 10 good behaviour bond for 12 months.

* Denotes matters carried over from previous reporting period.

APPENDIX 6

Significant Committees and Working Groups

Corruption Prevention Network

The Corruption Prevention Network (CPN) is a group of practitioners and interested parties operating as a self-help group to share information and experiences in dealing with the challenges of corruption prevention. 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 serves on the CPN organising committee as an ex-officio member.

In September 2008 several Commission officers attended the CPN annual one-day conference, which brought together participants from the state government, Commonwealth Government and the private sector to share corruption prevention strategies. The theme of this conference was 'Generating Sustainable Corruption Prevention'. The conference canvassed topics such as workplace ethics, applying probity in decision making, why corruption problems re-emerge and what to do about that.

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 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 investigative and law enforcement 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.

Australasian Integrity Testing Practitioners Working Group

The Commission's Chief Investigator is a member of the Australasian Integrity Testing Practitioners Working Group, which is a group of representatives from anti-corruption agencies in Australia and New Zealand who meet regularly to discuss best practice investigative techniques and to identify common training needs. This working group has been endorsed by the Australia New Zealand Police Advisory Agency (ANZPAA).

Graduate Certificate in Integrity Studies Steering Committee

The Commission's Chief Investigator is a member of this Steering Committee, which is developing 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 anti-corruption environment.

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 persons from the law enforcement community who meet to discuss law enforcement and national security issues related to communications activities.



APPENDIX 7

Freedom of Information Statement of Affairs

Structure and Functions of the Commission

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

Effect of Functions on Members of the Public

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

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

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

Nature of Documents Held by the Commission

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

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

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

Access to administrative policy and education documents and guides for recipients of Commission notices or witnesses may be obtained by contacting the Manager Records and Projects. All other inquiries may be directed to the FOI Coordinator. Copies of these policy documents are generally available free of charge but the Commission

reserves the right to charge for photocopies of more than 10 pages. Access may also be provided by way of inspection at the Commission's premises.

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

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

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

Statistics and Assessment of Statistical Report – 30 June 2009

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

The impact on the Commission of fulfilling its requirements under the FOI Act during 2008–09 has been negligible. No major issues have arisen during 2008–09 in connection with the Commission's compliance with FOI requirements.

APPENDIX 8

Financial Statements**Financial Statements 2008-09****Contents****POLICE INTEGRITY COMMISSION**

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POLICE INTEGRITY COMMISSION DIVISION

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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 report of Police Integrity Commission (the Commission), which comprises the balance sheets as at 30 June 2009, the operating statements, statements of recognised income and expense, cash flow statements, service group statements and summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission and the consolidated entity as at 30 June 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

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

The Commissioner's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. 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 report.



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

My opinion does *not* provide assurance:

- about the future viability of the Commission or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

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

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

Peter Barnes
Director, Financial Audit Services

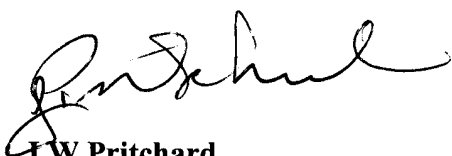
14 October 2009
SYDNEY

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 2009 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and Regulations, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, and the *Treasurer's Directions*
- (b) the statements exhibit a true and fair view of the financial position and transactions of the Commission, and
- (c) there are no circumstances that would render any particulars included in the consolidated financial statements to be misleading or inaccurate.



J W Pritchard
Commissioner
 13 October 2009

Operating Statements for the Year Ended 30 June 2009

		Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
	Notes	Actual	Actual	Actual	Budget	Actual
		2009	2008	2009	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES EXCLUDING LOSSES						
Operating Expenses						
Employee related	2(a)	39	60	13,675	13,405	12,944
Other operating expenses	2(b)	4,501	4,322	4,501	4,514	4,322
Personnel services	2(c)	12,939	12,385	--	--	--
Depreciation and amortisation	2(d)	1,544	1,313	1,544	1,403	1,313
Total expenses excluding losses		19,023	18,080	19,720	19,322	18,579
REVENUE						
Investment revenue	3(a)	74	109	74	88	109
Grants and contributions	3(b)	35	195	35	--	195
Other revenue	3(c)	58	1	58	--	1
Total revenue		167	305	167	88	305
Gain/(loss) on disposal	4	(20)	(109)	(20)	--	(109)
Net Cost of Services		25	18,876	17,884	19,573	19,234
GOVERNMENT CONTRIBUTIONS						
Recurrent appropriation	6	17,142	16,476	17,142	17,291	16,476
Capital appropriation	6	743	619	743	1,790	619
Acceptance by the Crown Entity of employee benefits and other liabilities	9	--	--	697	630	499
Total Government Contributions		17,885	17,095	18,582	19,711	17,594
(DEFICIT)/SURPLUS FOR THE YEAR		(991)	(789)	(991)	477	(789)

The accompanying notes form part of these financial statements

Statements of Recognised Income and Expense for the Year Ended 30 June 2009

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual	Actual	Actual	Budget	Actual
		2009	2008	2009	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		--	--	--	--	--
(Deficit)/surplus for the year		(991)	(789)	(991)	477	(789)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		(991)	(789)	(991)	477	(789)

The accompanying notes form part of these financial statements

Balance Sheets as at 30 June 2009

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual	Actual	Actual	Budget	Actual
		2009	2008	2009	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current Assets						
Cash and cash equivalents	12	1,277	1,090	1,467	1,441	1,283
Receivables	13	366	601	367	682	682
Total Current Assets		1,643	1,691	1,834	2,123	1,965
Non-Current Assets						
Plant and equipment	14	3,546	4,344	3,546	4,740	4,344
Intangible assets	15	164	187	164	178	187
Total Non-Current Assets		3,710	4,531	3,710	4,918	4,531
Total Assets		5,353	6,222	5,544	7,041	6,496
LIABILITIES						
Current Liabilities						
Payables	17	274	167	418	488	441
Provisions	19	1,139	1,076	1,186	1,097	1,076
Other	20	187	285	187	285	285
Total Current Liabilities		1,600	1,528	1,791	1,870	1,802
Non-Current Liabilities						
Provisions	19	538	488	538	488	488
Total Non-Current Liabilities		538	488	538	488	488
Total Liabilities		2,138	2,016	2,329	2,358	2,290
Net Assets		3,215	4,206	3,215	4,683	4,206
EQUITY						
Accumulated funds	21	3,215	4,206	3,215	4,683	4,206
Total Equity		3,215	4,206	3,215	4,683	4,206

The accompanying notes form part of these financial statements

Cash Flow Statements for the Year Ended 30 June 2009

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual	Actual	Actual	Budget	Actual
		2009	2008	2009	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(39)	(60)	(12,834)	(12,707)	(12,359)
Other		(4,755)	(4,805)	(4,783)	(5,100)	(4,591)
Personnel services		(12,835)	(12,348)	--	--	--
Total Payments		(17,629)	(17,213)	(17,617)	(17,807)	(16,950)
Receipts						
Interest received		102	115	103	92	115
Other		670	1,265	654	582	619
Total Receipts		772	1,380	757	674	734
Cash flows from Government						
Recurrent appropriation		17,329	16,761	17,329	17,291	16,761
Capital appropriation		743	619	743	1,790	619
Cash transfers to the Consolidated Fund		(285)	(725)	(285)	--	(725)
Net Cash Flows from Government		17,787	16,665	(17,787)	19,081	16,655
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	930	822	927	1,948	439

The accompanying notes form part of these financial statements

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual	Actual	Actual	Budget	Actual
		2009	2008	2009	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of plant & equipment		--	--		--	--
Purchases of plant & equipment		(702)	(566)	(702)	(1,790)	(566)
Purchases of Intangible Assets		(41)	(52)	(41)	--	(52)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(743)	(618)	(743)	(1,790)	(618)
NET INCREASE / (DECREASE) IN CASH		187	(204)	184	158	(179)
Opening cash and cash equivalents		1,090	886	1,283	1,283	1,462
CLOSING CASH AND CASH EQUIVALENTS	12	1,277	1,090	1,467	1,441	1,283

The accompanying notes form part of these financial statements

Service group statements* for the Year Ended 30 June 2009

	Service Group 1**		Service Group 2**		Service Group 3**	
	2009	2008***	2009	2008***	2009	2008***
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES & INCOME						
Expenses excluding losses						
Operating Expenses						
Employee related	11,945	--	987	--	743	--
Other operating expenses	4,058	--	260	--	183	--
Depreciation and amortisation	1,544	--	--	--	--	--
Total expenses excluding losses	17,547	--	1,247	--	926	--
Revenue						
Investment revenue	74	--	--	--	--	--
Grants and contributions	35	--	--	--	--	--
Other revenue	58	--	--	--	--	--
Total Revenue	167	--	--	--	--	--
Gain/(loss) on disposal	(20)	--	--	--	--	--
Net Cost of Services	17,400	--	1,247	--	926	--
Government contributions****	--	--	--	--	--	--
NET EXPENDITURE/(INCOME) FOR THE YEAR	17,400	--	1,247	--	926	--

	Program 1**		Not Attributable		Total	
	2009	2008***	2009	2008***	2009	2008***
EXPENSES & INCOME	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses						
Operating Expenses						
Employee related	--	12,944	--	--	13,675	12,944
Other operating expenses	--	4,322	--	--	4,501	4,322
Depreciation and amortisation	--	1,313	--	--	1,544	1,313
Total expenses excluding losses	--	18,579	--	--	19,720	18,579
Revenue						
Investment revenue	--	109	--	--	74	109
Grants and contributions	--	195	--	--	35	195
Other revenue	--	1	--	--	58	1
Total Revenue	--	305	--	--	167	305
Gain/(loss) on disposal	--	(109)	--	--	(20)	(109)
Net Cost of Services	--	18,383	--	--	19,573	18,383
Government contributions****	--	--	(18,582)	(17,594)	(18,582)	(17,594)
NET EXPENDITURE/(INCOME) FOR THE YEAR	--	18,383	(18,582)	(17,594)	(991)	(789)

Service group statements* for the Year Ended 30 June 2009 (cont)

	Service Group 1**		Service Group 2**		Service Group 3**	
	2009	2008***	2009	2008***	2009	2008***
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS & LIABILITIES						
Current assets						
Cash and cash equivalents	1,467	--	--	--	--	--
Receivables	367	--	--	--	--	--
Total current assets	1,834	--	--	--	--	--
Non-current assets						
Plant and equipment	3,546	--	--	--	--	--
Intangibles	164	--	--	--	--	--
Total non-current assets	3,710	--	--	--	--	--
TOTAL ASSETS	5,544	--	--	--	--	--
Current liabilities						
Payables	418	--	--	--	--	--
Provisions	1,186	--	--	--	--	--
Other	187	--	--	--	--	--
Total current liabilities	1,791	--	--	--	--	--
Non-current liabilities						
Provisions	538	--	--	--	--	--
Total non-current liabilities	538	--	--	--	--	--
TOTAL LIABILITIES	2,329	--	--	--	--	--
NET ASSETS	3,215	--	--	--	--	--

* NSW Budget Paper No. 3 has replaced program statements with service group statements. Service group statements focus on the key measures of service delivery performance.

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

*** Prior to the 2008/09 financial year the Commission had only one program shown above as program 1 for the 2008/09 financial year comparatives are not shown

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

	Program 1**		Not Attributable		Total	
	2009	2008***	2009	2008***	2009	2008***
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS & LIABILITIES						
Current assets						
Cash and cash equivalents	--	1,283	--	--	1,467	1,283
Receivables	--	682	--	--	367	682
Total current assets	--	1,965	--	--	1,834	1,965
Non-current assets						
Plant and equipment	--	4,344	--	--	3,546	4,344
Intangibles	--	187	--	--	164	187
Total non-current assets	--	4,531	--	--	3,710	4,531
TOTAL ASSETS	--	6,496	--	--	5,544	6,496
Current liabilities						
Payables	--	441	--	--	418	441
Provisions	--	1,076	--	--	1,186	1,076
Other	--	285	--	--	187	285
Total current liabilities	--	1,802	--	--	1,791	1,802
Non-current liabilities						
Provisions	--	488	--	--	538	488
Total non-current liabilities	--	488	--	--	538	538
TOTAL LIABILITIES	--	2,290	--	--	2,329	2,290
NET ASSETS	--	4,206	--	--	3,215	4,206

* NSW Budget Paper No. 3 has replaced program statements with service group statements. Service group statements focus on the key measures of service delivery performance.

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

*** Prior to the 2008/09 financial year the Commission had only one program shown above as program 1 for the 2008/09 financial year comparatives are not shown

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

Summary of Compliance with Financial Directives

	2009			
	Recurrent Appropriation	Expenditure/ Net claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE				
■ Appropriation Act	17,291	16,804	1,790	658
	17,291	16,804	1,790	658
OTHER APPROPRIATION/ EXPENDITURE				
■ Treasurer's Advance	699	338	85	85
■ Transfers from another agency (s31 of the Appropriation Act)	--	--	--	--
	--	--	--	--
	669	338	85	85
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,960	17,142	1,875	743
Amount drawn down against Appropriation		17,329		743
Liability to Consolidated Fund		187		--

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.

	2008			
	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	17,020	16,476	680	619
	17,020	16,476	680	619
OTHER APPROPRIATION/ EXPENDITURE				
■ Treasurer's Advance				
■ Transfers from another agency (s31 of the Appropriation Act)	--	--	--	--
	--	--	--	--
	--	--	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,020	16,476	680	619
Amount drawn down against Appropriation		16,761		619
Liability to Consolidated Fund		285		--

Summary of Compliance with Financial Directives for the Year Ended 30 June 2009 (cont)

Recurrent Appropriation

The Commission's recurrent appropriation of \$17.291m 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.

Capital Appropriation

The Commission expended \$743,091 of the \$1,790,000 approved capital appropriation.



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

01. Summary of Significant Accounting Policies

(a) Reporting entity

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

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

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

The consolidated financial statement for the year ended 30 June 2009 has been authorised for issue by the Commissioner for the Police Integrity Commission on 13 October 2009.

(b) Basis of preparation

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

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

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

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

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

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

(c) Statement of Compliance

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

(d) Administered activities

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

(e) Insurance

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

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

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

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

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

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

(g) Income recognition

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

(i) Parliamentary Appropriations and Contributions

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

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

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

(ii) Sale of Goods

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

(iii) Rendering of Services

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

(iv) Investment Revenue

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

(h) Assets**(i) Acquisition of assets**

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

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

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



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

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.

There has been no revaluation of any of the Commission's plant and equipment as they are mainly non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

(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 Balance Sheet.

(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

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

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 signed 4 October 2007, effective from the 5 July 2007. 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 \$150.00 over the lease period discounted by 3.45% (Government bond rate 30/6/09) 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 Operating Statement in the periods in which they are incurred.

(xii) *Intangible Assets*

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

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

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

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

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

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

(xiii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the 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 2008–09 or 2007–08.

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

A financial asset is derecognised when the contractual rights to the cash flows from



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

the financial assets expire; or if the agency transfers the financial asset:

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

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

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

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

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

(xvii) *Trust funds*

The Commission does not hold any trust funds.

(xviii) *Other Assets*

Other assets are recognised on a cost basis.

(i) *Liabilities*

(i) *Payables*

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

(ii) *Employee benefits and other provisions*

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that 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 3.45% 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

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

Benefits. This is based on the application of certain factors (specified in NSW TC 09/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

c. Other Provisions

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

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

(j) Equity 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.

(k) 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 operating statement and cash flow statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the balance sheet, 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).

(l) 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.

(m) 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 2009.



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

- | | |
|--|---|
| <ul style="list-style-type: none"> • AASB 127 Consolidated and Separate Financial Statements (July 2009) | <ul style="list-style-type: none"> • AASB 2009-5 Amendments to Australian Accounting Standards arising from the annual improvements project (applicable to annual reporting periods beginning on or after July 1, 2010). |
| <ul style="list-style-type: none"> • AASB 2007-10 Further amendments to Australian Accounting Standards arising from AASB 101. | |
| <ul style="list-style-type: none"> • AASB 2008-3 Amendments to Australian Accounting Standards (applicable to annual reporting periods beginning on or after July 1, 2009). | |
| <ul style="list-style-type: none"> • AASB 2008-6 Amendments to Australian Accounting Standards arising from the annual improvements project (applicable to annual reporting periods beginning on or after July 1, 2009). | |
| <ul style="list-style-type: none"> • AASB 2008-9 Amendments to AASB 1049 for consistency with AASB 101. | |
| <ul style="list-style-type: none"> • AASB 2008-11 Amendments to Australian Accounting Standards regarding business combinations within not-for-profit entities (applicable to annual reporting periods beginning on or after July 1, 2009). | |
| <ul style="list-style-type: none"> • AASB 2009-2 Amendments to Australian Accounting Standards regarding improving disclosures about financial instruments (applicable to annual reporting periods beginning on or after April 30, 2009) | |

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

02. Expenses Excluding Losses

	Police Integrity Commission		Consolidated	
(a) Employee related expenses	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Salaries and wages (including recreation leave)	--	--	11,221	10,675
Superannuation—defined benefit plans	--	--	110	117
Superannuation—defined contribution plans	--	--	881	836
Long service leave	--	--	580	375
Workers' compensation insurance	--	--	94	128
Payroll tax and fringe benefits tax	36	34	751	733
Other	3	26	38	80
	39	60	13,675	12,944

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

	Police Integrity Commission		Consolidated	
(b) Other operating expenses include the following:	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Administration charges	238	217	232	205
Books and periodicals	27	38	27	38
Auditor's remuneration—audit or review of financial information	31	36	37	48
Consultancies	33	14	33	14
Contractors	418	155	418	155
EDP expenses (including equipment leasing charges)	115	174	115	174
Maintenance *	370	328	370	328
Make good expense	50	25	50	25
Insurance	37	34	37	34
Rent and outgoings	1,645	1,571	1,645	1,571
Minor equipment	246	249	246	249
Motor vehicle costs (including leasing charges)	212	251	212	251
Advertising	24	38	24	38
Printing and stationery	47	58	47	58
Staff development	77	107	77	107
Travelling expenses	178	321	178	321
Telephones	185	198	185	198
Fees and searches	72	202	72	202
Other	496	306	496	306
	4,501	4,322	4,501	4,322
* Reconciliation - Total maintenance				
Maintenance expense - contracted labour and other (non-employee related), as above	370	328	370	328
Maintenance related employee expenses included in Note 2 (a)	--	--	--	--
Total maintenance expenses included in Note 2 (a) + 2 (b)	370	328	370	328

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

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(c) Personnel Services expenses				
Police Integrity Commission Division	12,939	12,385	--	--
(d) Depreciation and amortisation expense				
Depreciation				
Computer Equipment	688	585	688	585
Office Equipment	437	416	437	416
Office Furniture and Fitting	11	8	11	8
Amortisation				
Leasehold Improvements	344	266	344	266
Intangibles	64	38	64	38
	1,544	1,313	1,544	1,313

03. Revenue

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Investment revenue				
Interest	74	109	74	109
	74	109	74	109
(b) Grants and contributions				
Assets received free of charge	--	195	--	195
Commonwealth government*	35	--	35	--
	35	195	35	195
(c) Other Revenue				
Commission on salary deductions, conduct fees, fines	58	1	58	1
	58	1	58	1

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

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

04. Gain/(loss) on Disposal

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Proceeds from disposal	--	--	--	--
Written down value of assets disposed	(20)	(109)	(20)	(109)
Gain / (loss) on disposal	(20)	(109)	(20)	(109)

05. Conditions on Contributions

The Commission did not receive contributions during 2008–09 to which conditions were applied (2008: Nil).

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

06. Appropriations

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	17,329	16,761	17,329	16,761
Less: Liability to Consolidated Fund (per Summary of Compliance)	187	285	187	285
	17,142	16,476	17,142	16,476
Comprising:				
Recurrent appropriations (per Operating Statement)	17,142	16,476	17,142	16,476
Transfer payments	--	--	--	--
	17,142	16,476	17,142	16,476
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	743	619	743	619
Less: Liability to Consolidated Fund (per Summary of Compliance)	--	--	--	--
	743	619	743	619
Comprising:				
Capital appropriations (per Operating Statement)	743	619	743	619
Transfer payments	--	--	--	--
	743	619	743	619

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

07. Prior Period Errors

No prior period errors have been discovered in 2008-09 (2008: Nil).

08. Individually Significant Items

During 2008-09 there were no individually significant items (2008: Nil).

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

	Police Integrity Commission		Consolidated	
The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies:	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Superannuation – defined benefit	--	--	110	117
Long service leave	--	--	580	375
Payroll tax	--	--	7	7
	--	--	697	499

10. Transfer Payments

There were no transfer payments during the reporting period (2008:Nil).

11. Service Groups of the Agency

Service Group 1: *Investigations*

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

Service Group 2: *Research*

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

Service Group 3: *Complaints Management*

Objective: Management of relevant complaint processes and investigations.

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

12. Current Assets – Cash and Cash Equivalents

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank	1,265	1,078	1,455	1,271
Cash on hand	12	12	12	12
	1,277	1,090	1,467	1,283

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and cash at bank.
Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	1,277	1,090	1,467	1,283
Closing Cash and Cash Equivalents (per Cash Flow Statement)	1,277	1,090	1,467	1,283

\$215,254 (2008: \$351,000) of the above is classified as a restricted asset and disclosed at note 16.

13. Current Assets – Receivables

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Prepayments	219	324	219	420
Other debtors	147	164	148	262
Police Integrity Commission Division	--	113	--	--
	366	601	367	682

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

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

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

14. Non-Current Assets – Plant and Equipment

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

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

At 1 July 2008 - fair value

Gross carrying amount	6,200	5,416	3,512	15,128
Accumulated depreciation and impairment	(5,357)	(3,700)	(1,727)	(10,784)
Net Carrying Amount	843	1,716	1,785	4,344

At 30 June 2009 – fair value

Gross carrying amount	1,938	5,604	3,488	11,030
Accumulated depreciation and impairment	(1,116)	(4,115)	(2,253)	(7,484)
Net Carrying Amount	822	1,489	1,235	3,546

Reconciliation

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

Year ended 30 June 2009

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

At 1 July 2007 - fair value

Gross carrying amount	5,614	5,860	4,147	15,621
Accumulated depreciation and impairment	(5,091)	(4,131)	(1,764)	(10,986)
Net Carrying Amount	523	1,729	2,383	4,635

At 30 June 2008 – fair value

Gross carrying amount	6,200	5,416	3,512	15,128
Accumulated depreciation and impairment	(5,357)	(3,700)	(1,727)	(10,784)
Net Carrying Amount	843	1,716	1,785	4,344

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

	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 2008				
Net carrying amount at start of year	523	1,729	2,383	4,635
- Additions	123	316	127	566
- Free of cost	--	195	--	195
- Disposals	--	(100)	--	(100)
- Depreciation Expense	(112)	(424)	(585)	(1,121)
- Lease make good	309	--	--	309
- Other movements – WIP transferred to intangibles	--	--	(140)	(140)
Net carrying amount at end of year	843	1,716	1,785	4,344

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

15. Intangible Assets – Software

	Police Integrity Commission	Consolidated
	\$'000	\$'000
At 1 July 2008		
Cost (gross carrying amount)	4,066	4,066
Accumulated amortisation and impairment	(3,879)	(3,879)
Net Carrying Amount	187	187
At 30 June 2009		
Cost (gross carrying amount)	4,107	4,107
Accumulated amortisation and impairment	(3,943)	(3,943)
Net Carrying Amount	164	164

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

	Police Integrity Commission	Consolidated
	\$'000	\$'000
Year ended 30 June 2009		
Net carrying amount at start of year	187	187
Additions	41	41
Disposal	--	--
Amortisation (recognised in "depreciation and amortisation")	(64)	(64)
Net carrying amount at end of year	164	164
At 1 July 2007		
Cost (gross carrying amount)	4,009	4,009
Accumulated amortisation and impairment	(3,967)	(3,967)
Net Carrying Amount	42	42
At 30 June 2008		
Cost (gross carrying amount)	4,066	4,066
Accumulated amortisation and impairment	(3,879)	(3,879)
Net Carrying Amount	187	187
Year ended 30 June 2008		
Net carrying amount at start of year	42	42
Additions	52	52
Disposal	(9)	(9)
Amortisation (recognised in "depreciation and amortisation")	(38)	(38)
Other movements - disposals – amortisation	140	140
Net carrying amount at end of year	187	187

Computer softwares that are not an integral part of the related hardware are classified as intangibles assets 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 2009

16. Restricted Assets

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Police Oversight Data Store grant	28	66	28	66
Liability to consolidated fund	187	285	187	285
	215	351	215	351

During 2008-09 the Commission expended \$37,634 of the Police Oversight Data Store grant, the balance as at 30 June 2009 held in the Operating Account is \$28,254 (balance 2007-08 \$65,888).

17. Current Liabilities – Payables

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Accrued salaries, wages and on-costs	--	--	137	91
Redundancies	--	--	--	153
Creditors	274	167	281	197
	274	167	418	441

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

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

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

19. Current/Non-Current Liabilities – Provisions

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee benefits and related on-costs				
Recreation leave	--	--	876	819
Long service leave on-costs	--	--	248	196
Payroll tax and FBT provision	12	12	62	61
	12	12	1,186	1,076
Other provisions				
Provision for personnel services	1,127	1,064	--	--
Restoration costs	538	488	538	488
Total Provisions	1,677	1,564	1,724	1,564
Aggregate employee benefits and related on-costs				
Provisions – current	--	--	1,162	1,066
Provisions – non-current	--	--	12	10
Accrued salaries, wages and on-costs (Note 17)	--	--	137	244
	--	--	1,311	1,320

Under a new lease agreement effective 5 July 2007 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	Total
	\$'000	\$'000
2009		
Carrying amount at beginning of financial year	488	488
Additional provisions recognised	--	--
Unwinding / change in the discount rate	50	50
Carrying amount at end of financial year	538	538

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

20. Current Liabilities – Other

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Liability to the Consolidated Fund	187	285	187	285
	187	285	187	285

21. Changes in Equity

	Police Integrity Commission		Consolidated	
	Accumulated Funds		Accumulated Funds	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the financial year	4,206	4,995	4,206	4,995
<u>Changes in equity - transactions with owners as owners</u>				
Increase/decrease in net assets from equity transfers	--	--	--	--
<u>Total</u>	--	--	--	--
<u>Changes in equity - other than transactions with owners as owners</u>				
(Deficit)/surplus for the year	(991)	(789)	(991)	(789)
Increment/decrement on revaluation of plant and equipment	--	--	--	--
Other increases/(decreases)	--	--	--	--
<u>Total</u>	(991)	(789)	(991)	(789)
<u>Transfers within equity</u>				
Asset revaluation reserve balance transferred to accumulated funds on disposal of asset	--	--	--	--
<u>Total</u>	--	--	--	--
Balance at the end of the financial year	3,215	4,206	3,215	4,206

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

22. Commitments for Expenditure

	Police Integrity Commission		Consolidated	
	Accumulated Funds		Accumulated Funds	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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	--	4	--	4
Total (including GST)	--	4	--	4
(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	47	64	47	64
Total (including GST)	47	64	47	64
(c) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	1,584	1,630	1,584	1,630
Later than one year and not later than five years	100	1,752	100	1,752
Later than five years	--	--	--	--
Total (including GST)	1,684	3,382	1,684	3,382
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 2009 include input tax credits of \$157,345 (2007–08 \$313,702) that are expected to be recoverable from the Australian Taxation Office.

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

23. Contingent Liabilities and Contingent Assets

As at the reporting date, the Commission is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2008: Nil).

24. Budget Review

Net cost of services

The actual net cost of services was higher than budget by \$333,000 primarily due to the Commissions oversight responsibility increasing from July 1, 2008 to include oversight of the NSW Crime Commission: The additional costs associated with this increase were not included in the original budget.

Assets and liabilities

Total assets were lower than budget by \$1,497,000 primarily due to a decrease in receivables and under expenditure on non-current assets of \$1,132,000.

Cash flows

Closing cash was higher than budget by \$26,000. Net cash flows from operating and financing activities were below budget due to the Commission not expending its capital appropriation.

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

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

	Police Integrity Commission		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net cash used on operating activities	930	822	927	439
Cash Flows from Government Appropriations	(17,885)	(17,095)	(17,885)	(17,095)
Acceptance by Crown Entity of employee benefits and other liabilities	--	--	(697)	(499)
Depreciation and amortisation	(1,544)	(1,313)	(1,544)	(1,313)
Decrease/(increase) in provisions	(113)	(525)	(161)	(525)
Increase/(decrease) in prepayments and other assets	(235)	(761)	(315)	(146)
Decrease/(increase) in creditors	(9)	440	122	208
Assets received free of cost	--	195	--	195
Make good provision	--	462	--	462
Net gain/loss on sale of plant and equipment	(20)	(109)	(20)	(109)
Net cost of services	(18,876)	(17,884)	(19,573)	(18,383)

26. Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities undertaken by the Commission for the reporting period (2008: Nil).

27. Trust Funds

The Commission does not hold any trust funds (2008: Nil).

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

28. Administered Assets and Liabilities

The Commission does not hold any administered assets, nor does it hold any administered liabilities (2008: Nil).

29. Administered Revenue – Debts Written Off

The Commission does not hold any administered revenue (2008: Nil).

30. Administered Revenue – Schedule of Uncollected Amounts

The Commission does not administer any uncollected monies (2008: Nil).

31. Financial Instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statement.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by internal audit on a continuous basis.

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

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class			2009 \$'000	2008 \$'000
Cash and cash equivalents	12	N/A	1,467	1,283
Receivables ¹	13	Loans and receivables (at amortised cost)	56	262

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class			2009 \$'000	2008 \$'000
Payables ²	17	Financial liabilities measured at amortised cost	411	424

(ii) Credit Risk

Credit risk arises when there is a possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Credit risk associated with the Commission's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

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 2009

The Commission 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 (2009 \$37,460, 2008 \$66,666) and less than 3 months past due (2009 nil, 2008 nil) are not considered impaired and together these represent 66% 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 balance sheet.

	Total^{1,2} \$'000	Past due but not impaired^{1,2} \$'000	Considered impaired^{1,2} \$'000
2009			
< 3 months overdue	37	37	--
3 months – 6 months overdue	19	19	--
> 6 months overdue	--	--	--
2008			
< 3 months overdue	67	67	--
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 balance sheet.



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

Maturity analysis and interest rate exposure of financial liabilities

		Fixed Interest Rate Monthly					
	Average interest rate %	Variable interest rate \$'000	Less than 1 year \$'000	1 to 5 years \$'000	More than 5 bearing \$'000	Non interest \$'000	Total \$'000
2009							
Accrued salaries, wages and on-costs		--	--	--	--	137	137
Creditors		--	--	--	--	274	274
		--	--	--	--	411	411
2008							
Accrued salaries, wages and on-costs		--	--	--	--	239	239
Creditors		--	--	--	--	197	197
		--	--	--	--	436	436

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 balance sheet.

(iv) Market risk

a) Foreign Exchange

The Commission does not have an exposure to foreign exchange risk.

b) Price Risk

The Commission does not have an exposure to price risk.

c) 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 2009

Interest Rate Risk					
		-1%		+1%	
	Carrying Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2009					
Financial Assets					
Cash and cash equivalents	1,467	13	13	(13)	(13)
Receivables	148	1	1	(1)	(1)
2008					
Financial Assets					
Cash and cash equivalents	1,283	13	13	(13)	(13)
Receivables	262	3	3	(3)	(3)

(v) Fair Value

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

32. After Balance Date Events

There are no known after balance date events.

End of audited financial statements



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Police Integrity Commission Division (the Division), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Commissioner's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Division's preparation and fair presentation of the financial report 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 controls. 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 report.

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

My opinion does *not* provide assurance:

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

Independence

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

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



Peter Barnes
Director, Financial Audit Services

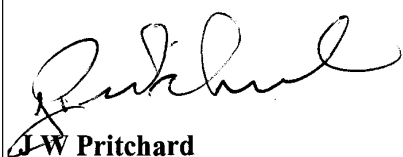
14 October 2009
SYDNEY

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 2009 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and Regulations, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, and the *Treasurer's Directions*
- (b) the statements exhibit a true and fair view of the financial position and transactions of the Division, and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



J W Pritchard
Commissioner
13 October 2009

Operating Statement for the Year Ended 30 June 2009

	Notes	2009	2008
		\$'000	\$'000
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Employee related	2(a)	13,637	12,884
Other operating expenses	2(b)	6	12
Total expenses excluding losses		13,643	12,896
REVENUE			
Personnel services		12,940	12,385
Other revenue		6	12
Total Revenue		12,946	12,397
Net Cost of Services	11	697	499
GOVERNMENT CONTRIBUTIONS			
Acceptance by the Crown Entity of employee benefits and other liabilities	3	697	499
Total Government Contributions		607	499
SURPLUS/(DEFICIT) FOR THE YEAR		--	--

The accompanying notes form part of these financial statements

Statement of Recognised Income and Expense for the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	--	--
Surplus / (Deficit) for the year	--	--
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	--	--

The accompanying notes form part of these financial statements

Balance Sheet as at 30 June 2009

	Notes	2009	2008
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	190	193
Receivables	5	1,128	1,233
Total Current Assets		1,318	1,426
Total Assets		1,318	1,426
LIABILITIES			
Current Liabilities			
Payables	6	144	362
Provisions	7	1,174	1,064
Total Current Liabilities		1,318	1,426
Total Liabilities		1,318	1,426
Net Assets			
		--	--
EQUITY			
Accumulated funds	9	--	--
Total Equity		--	--

The accompanying notes form part of these financial statements



Cash Flow Statement for the Year Ended 30 June 2009

	Notes	2009	2008
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(12,960)	(12,657)
Other		--	(6)
Total Payments		(12,960)	(12,663)
Receipts			
Payables		12,957	12,280
Total Receipts		12,957	12,280
NET CASH FLOWS FROM OPERATING ACTIVITIES		(3)	(383)
NET INCREASE/(DECREASE) IN CASH	11	(3)	(383)
Opening cash and cash equivalents	4	193	576
CLOSING CASH AND CASH EQUIVALENTS	4	190	193

The accompanying notes form part of these financial statements

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

01. Summary of Significant Accounting Policies

(a) Reporting entity

Police Integrity Commission 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 report for the year ended 30 June 2009 has been authorised for issue by the Commissioner for the Police Integrity Commission Division on 13 October 2009.

(b) Basis of preparation

The Division's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Regulation* and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Financial items are prepared in accordance with the historical cost convention. However,

certain provisions are measured at fair value.

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

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

(c) Statement of Compliance

These financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income Recognition

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

(i) Rendering of services

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

(e) Assets

(i) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.



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

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 operating statement.

(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 3.45% 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 09/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

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

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.

(applicable to annual reporting periods beginning on or after July 1, 2009).

- AASB 2008-9 Amendments to AASB 1049 for consistency with AASB 101.
- AASB 2008-11 Amendments to Australian Accounting Standards regarding business combinations within not-for-profit entities (applicable to annual reporting periods beginning on or after July 1, 2009).
- AASB 2009-2 Amendments to Australian Accounting Standards regarding improving disclosures about financial instruments (applicable to annual reporting periods beginning on or after April 30, 2009).
- AASB 2009-5 Amendments to Australian Accounting Standards arising from the annual improvements project (applicable to annual reporting periods beginning on or after July 1, 2010).

(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 2009.

- AASB 127 Consolidated and Separate Financial Statements (July 2009)
- AASB 2007-10 Further amendments to Australian Accounting Standards arising from AASB 101.
- AASB 2008-3 Amendments to Australian Accounting Standards (applicable to annual reporting periods beginning on or after July 1, 2009).
- AASB 2008-6 Amendments to Australian Accounting Standards arising from the annual improvements project

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

02. Expenses Excluding Losses

	2009	2008
	\$'000	\$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	11,221	10,675
Superannuation—defined benefit plans	110	117
Superannuation—defined contribution plans	881	836
Long Service Leave	580	375
Workers' compensation insurance	94	128
Payroll tax	715	700
Other	35	53
	13,636	12,884
(b) Other operating expenses include the following:		
Administration charges	--	--
Auditor's remuneration – audit review of financial information	6	12
	6	12

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

The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:

	\$'000	\$'000
Superannuation—defined benefit plans	110	117
Long Service Leave	580	375
Payroll tax on superannuation	6	7
	697	499

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

04. Current Assets – Cash and Cash Equivalents

	2009	2008
	\$'000	\$'000
Cash at bank	190	193
	190	193

05. Current Assets – Receivables

Prepayments	--	96
Personnel services	1,127	1,064
Other	1	73
	1,128	1,233

06. Current Liabilities – Payables

Accrued salaries and wages*	137	244
Creditor	7	7
Police Integrity Commission	--	111
	144	362

07. Current Liabilities – Provisions

Employee benefits and related on-costs		
Recreation leave	875	819
Long service leave on-cost*	248	196
Payroll tax	50	49
	1,173	1,064
Long service leave on-cost*		
Current payable within 12 months	236	186
Non-current payable after 12 months	12	10
	248	196



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

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 (2008: nil).

09. Equity

	2009	2008
	\$'000	\$'000
Accumulated funds	--	--

10. Commitments for Expenditure

As at the reporting date, the Division does not have any commitments (2008: nil).

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

Net cash used in operating activities	(3)	(383)
Acceptance by Crown Entity of employee benefits and other liabilities	(697)	(499)
Decrease/(increase) in provisions	(110)	(41)
Increase/(decrease) in prepayments and other assets	(105)	83
Decrease/(increase) in creditors	218	341
Net cost of services	(697)	(499)

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

12. 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 report.

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			2009 \$'000	2008 \$'000
Cash and cash equivalents	4	N/A	190	193
Receivables ¹	5	Loans and receivables (at amortised cost)	1,127	1,130

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class			2009 \$,000	2008 \$'000
Payables ²	6	Financial liabilities measured at amortised cost	135	351

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 2009

(ii) Credit Risk

Credit risk arises when there is a possibility of the Division's debtors defaulting on their contractual obligations, resulting in a financial loss to the Division. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Division, including cash and receivables. No collateral is held by the Division. The Division has not granted any financial guarantees.

Credit risk associated with the Division's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Division is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009 nil, 2008 \$69,206) and less than 3 months past due (2009 nil, 2008 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 balance sheet.

	Total^{1,2} \$'000	Past due but not impaired^{1,2} \$'000	Considered impaired^{1,2} \$'000
2009			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2008			
< 3 months overdue	69	--	--
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 balance sheet.

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

(iii) Liquidity risk

Liquidity risk is the risk that the Division will be unable to meet its payment obligations when they fall due. The Division continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Division does not have a bank overdraft facility.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Division's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (that are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year.

The table below summarises the maturity profile of the Division's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

		Fixed Interest Rate Monthly					
	Average interest rate %	Variable interest rate \$'000	Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years bearing \$'000	Non interest \$'000	Total \$'000
2009							
Accrued salaries, wages and on-costs		--	--	--	--	137	137
Creditors		--	--	--	--	7	7
		--	--	--	--	144	144
2008							
Accrued salaries, wages and on-costs		--	--	--	--	239	239
Creditors		--	--	--	--	118	118
		--	--	--	--	357	357



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

(iv) Market risk

a) Foreign Exchange

The Division does not have an exposure to foreign exchange risk.

b) Price Risk

The Division does not have an exposure to price risk.

c) Interest Rate Risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Division does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Division's exposure to interest rate risk is set out below.

Interest Rate Risk					
	Carrying	-1%		+1%	
	Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2009					
Financial Assets					
Cash and cash equivalents	190	2	2	(2)	(2)
2008					
Financial Assets					
Cash and cash equivalents	193	2	2	(2)	(2)

(v) Fair Value

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

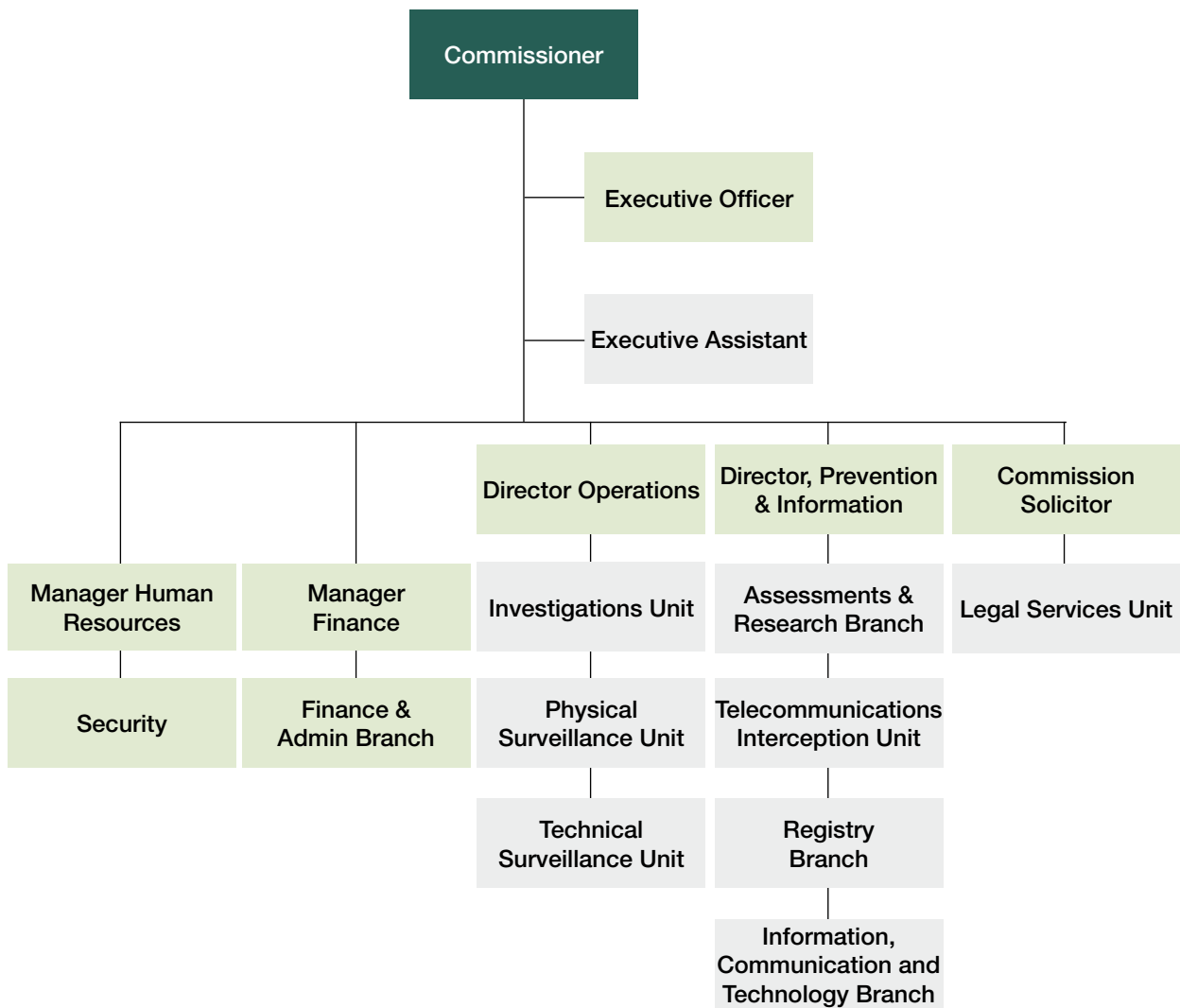
13. After Balance Date Events

There are no known after balance date events.

End of audited financial statements

APPENDIX 9

Organisational Structure



APPENDIX 10

Directory, Publications and Printing Requirements**Directory**

Address	Postal Address	Website
Level 3, 111 Elizabeth Street SYDNEY NSW 2000	GPO Box 3880 SYDNEY NSW 2001	www.pic.nsw.gov.au
Telephone Inquiries	Office Hours	
Telephone: (61 2) 9321 6700 Freecall: 1800 657 079 Facsimile: (61 2) 9321 6799	8.30am – 5.00pm	

Publications

The Commission's publications fall into the following categories:

- Reports to Parliament following an investigation which involved public hearings (section 96(2) of the *Police Integrity Commission Act 1996*)
- Special Reports to Parliament on any administrative or general policy matter relating to the functions of the Commission (section 98)
- Annual Reports
- Brochures concerning the making of a complaint in regard to serious police misconduct.

A full list of publications available to the public is posted on the Commission's website.

The following publications were released by the Commission during 2008–09:

Publication Name	Publication Date
Research and Issues Paper – Developing an Early Intervention System for Police Misconduct in a Law Enforcement Agency	August 2008
Research and Issues Paper – Unauthorised Disclosure of Confidential Information by NSW Police Officers	October 2008
Annual Report 2007–2008	October 2008
Report to Parliament, Operation Pegasus and Operation Luno	December 2008

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Annual Report 2008–2009

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