

Our work involves:

- *the public sector of NSW*, which includes all NSW government departments, statutory authorities, local councils and councillors, judicial officers and Members of the NSW Parliament. The ICAC receives reports of corruption allegations, provides prevention and education assistance, and can investigate public sector agencies and individuals
- *private sector organisations and individuals* who, by interacting with the public sector, may fall within the ICAC's jurisdiction. The ICAC can receive corruption allegations from or about these organisations and individuals, and can investigate them. Corruption prevention and education assistance is also available
- *the people of NSW*, who can report instances of alleged corruption to the ICAC.

Giving information to the ICAC about corruption

You may write to, visit or phone the ICAC with information about possible corruption. Enquiries and reports should be addressed to the Assessment Section. We can provide guidance on how to supply the information and explain how the information will be used.

Obtaining advice and education assistance

Corruption prevention advice is available by phoning the ICAC or by requesting it in writing. Advice is freely available to all members of the NSW public service, and any individual or agency interacting with the public sector. Assistance is provided for individuals and for agencies interested in developing their corruption resistance. Initial enquiries can be directed to the ICAC by phone.

Publications and resources

All our publications are available free of charge on our website, www.icac.nsw.gov.au. To obtain printed copies, phone the ICAC. All other matters can be directed to the ICAC receptionist, who will direct your enquiry to the relevant area of the ICAC.

2000 ANNUAL REPORT 2001



Independent Commission Against Corruption

WHAT IS THE ICAC AND WHAT DO WE DO?

The Independent Commission Against Corruption (ICAC) is a NSW public sector organisation, created by the *Independent Commission Against Corruption Act 1988* (ICAC Act).

Although a public authority, it is independent of the government of the day, and is accountable to the people of New South Wales through the New South Wales Parliament.

In order to expose and minimise corruption within and affecting the NSW public sector, the ICAC:

- *learns about corrupt conduct* through analysis of complaints made by individuals and reports made by Chief Executive Officers of public authorities and research into the nature of corruption risk
- *investigates corrupt conduct* not just to make findings about individuals but to expose the circumstances that allowed the corruption to occur. Recommendations are made and guidance is given to prevent these circumstances recurring
- *builds corruption resistance* by making advice, information and training available to remedy potential or real problems and by working with the public sector where corruption risks are detected.

To ensure the proper and effective performance of these functions, the ICAC:

- *is accountable* to the people of NSW, through the Parliament, and meets statutory and other reporting requirements
- *manages, supports and develops its staff* in support of these activities.

The report is structured around the five key functions outlined above.

2000–2001 IN BRIEF

Below are the highlights for the year under review.

What we learned about corrupt conduct

- We received and assessed 1509 complaints. (See page 10.)
- Researched the nature of corruption risk in the application of new technology (eCorruption) and local government. (See page 16.)
- Commissioned research into the obstacles preventing community members of non-English speaking background from reporting corruption. (See page 11.)
- Ran seven regional forums on principal officer responsibility to report corruption in partnership with Local Government Managers Australia. One hundred and twenty-nine representatives from 59 rural/regional councils attended. (See page 15.)

What we achieved through investigating corrupt conduct

- Conducted hearings into ten matters. (See page 23.)
- We released six investigation reports. In these findings of corrupt conduct were made in respect of 37 individuals. (See page 25.)
- In these reports sixteen recommendations were made for systems reform. (See page 25.)

How we helped build corruption resistance

- We held an inaugural two-day conference on eCorruption attended by over 250 public sector managers. (See page 34.)
- We launched a corruption resistance strategy for local government based on research into local government corruption risk. (See page 36.)
- Conducted three Corruption Resistance Reviews. (See page 39.)
- Launched a Rural and Regional Outreach Program at Broken Hill in the Far West region. (See page 36.)
- Satisfied 416 advice requests. (See page 39.)

Our people and management

- We undertook two major reviews – a Functional Review of Commission operations and an Investigative Capacity Review. (See page 50.)
- Completed a Corporate Strategic Direction for 2001–2006 and developed a Corporate Operational Plans. (See page 51.)
- Initiated a Skills Audit. (See page 50.)
- Developed a new Information Management and Technology Strategic Plan. (See page 50.)
- Met the NSW government requirements for Electronic Services Delivery. (See page 55.)

REGULATION IN NSW – HOW THE ICAC FITS IN

There are a number of organisations that contribute to the regulatory framework in NSW.

- The ICAC is a standing commission of enquiry that focuses specifically on corrupt conduct. As well as investigating we are also charged with helping prevent public sector corruption and educating the community and the public sector.

Corrupt conduct can be any conduct by any person (whether or not a public official) that adversely affects, or could adversely affect, the honest or impartial exercise of official functions by a New South Wales public official or a New South Wales public authority. To be considered corrupt the conduct must also be serious. That is, it must, if proved, be of a type which could constitute or involve:

- a criminal offence, or
 - a disciplinary offence, or
 - reasonable grounds for dismissing, dispensing with the services of, or otherwise terminating the services of a public official, or
 - in the case of conduct of a Minister of the Crown or a Member of a House of Parliament, a substantial breach of an applicable code of conduct.
- The NSW Ombudsman is responsible for safeguarding the public interest by providing for the redress of justified complaints and promoting fairness, integrity and practical reforms in public administration. Its jurisdiction includes administrative review and investigation of complaints about police, freedom of information and allegations of child abuse. It has other responsibilities regarding protected disclosure advice, witness protection appeals and auditing of agency records for telecommunications interception and controlled operations.
 - The NSW Auditor-General provides advice to Parliament, Government and public sector agencies about public sector performance. It conducts audits under the *Public Finance and Audit Act 1983* and other NSW Acts and may conduct an audit of all or any of the particular activities of a public authority concerning efficiency, economy and compliance with relevant laws.
 - The Police Integrity Commission investigates complaints of serious misconduct against police officers.

HOW TO CONTACT THE ICAC

Address: 191 Cleveland Street (corner
George Street) Redfern NSW 2016

Postal: GPO Box 500 Sydney NSW 2001

Email: icac@icac.nsw.gov.au

DX: 557 Sydney

Phone: (02) 9318 5999
1800 463 909 (toll free)

Fax: (02) 9699 8067

Website: www.icac.nsw.gov.au

Business hours: 9am–5pm Monday to Friday

What you can expect from the ICAC

You can expect the ICAC will:

- maintain as its primary concern the protection of the public interest and the prevention of breaches of the public trust
- be tenacious in fighting corruption and maintaining its independence
- deliver services which are useful, practical, strategically targeted and appropriate to needs
- respond to customer needs in a way which maximises the impact of ICAC activities and makes the best use of resources
- carry out its duties impartially and with integrity
- meet the standards of ethical behaviour and accountability that the ICAC promotes in its dealings with other government organisations
- have regard for the impact of its work on organisations and individuals.

Feedback about service

The ICAC welcomes your input about the service you have received. Comments about your experience can help improve ICAC responsiveness. Comments may be made by phone or in writing to the manager of the area you dealt with or to the Executive Director, Corporate Services.

Complaints about ICAC staff

If you have a complaint about the conduct of ICAC staff, this should be made in writing or by phone to the Solicitor to the Commission. The ICAC treats such matters seriously. Depending on their seriousness, complaints may be either investigated by a member of senior management or a person from outside the ICAC. The investigation and any proposed action will usually be reviewed personally by the ICAC Commissioner. The investigation of any matters involving corrupt conduct will be reported to the Operations Review Committee.

Tabled in Parliament 29 October 2001

One thousand copies of this Annual Report were printed at a cost of \$12.68 per copy. 2500 summaries were produced at a cost of 60 cents per copy.

2000-2001 ANNUAL REPORT

Independent Commission Against Corruption

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The Hon. Dr Meredith Burgmann MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon. John Murray MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

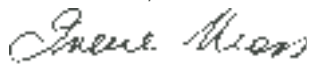
29 October 2001

Madam President
Mr Speaker

The ICAC's Annual Report for the year ended 30 June 2001 has been published in accordance with the *Independent Commission Against Corruption Act 1988*, and the *Annual Reports (Departments) Act 1985*.

In accordance with section 76 of the *Independent Commission Against Corruption Act*, I am pleased to furnish the Report to each of you for presentation to Parliament.

Yours faithfully



Irene Moss AO
Commissioner

COMMISSIONER'S OVERVIEW

Performance; risk management; accountability.

These were very much the themes for the focus and management of the Independent Commission Against Corruption (ICAC) during this past year. This year's Annual Report will report on these themes in more detail, but I wanted to take this opportunity to highlight some major issues that have arisen during 2000–2001.

Externally, we continued to deal with corruption risks in the public sector. This year, we also took the opportunity to focus internally, to ensure that we are in a position to anticipate and address the risks that may prevent us continuing and building on our successes.

During the year, the ICAC reported a number of investigations including *The Greyhounds Inquiry* and *Rebirthing of motor vehicles*, which followed lengthy investigations into corrupt conduct by public officials.

Significant investigative work was undertaken on a number of operations. This included substantial work on allegations of corrupt conduct arising from the collapse of the New South Wales (NSW) Grains Board. Much of the investigation took place during the reporting year, but public hearings commenced only in September 2001. Considerable investigative resources were also devoted to the investigation of allegations of corrupt conduct against officers of the National Parks and Wildlife Service. This matter necessitated special audit and oversight arrangements to take into account an allegation levelled at an unnamed officer of the ICAC, and involved public hearings from March 2001. More information regarding these matters is contained in the section on Investigations.

Not all ICAC investigations result in hearings and reports. The ICAC receives many allegations of serious and substantial corruption. A lot of work can be carried out on investigating a matter simply to determine whether or not there was corrupt conduct. In many cases, an investigation will result in no evidence of corrupt conduct. In this Annual Report, a number of investigations of this nature are described to convey an impression of the work undertaken by the ICAC that may not necessarily make its way into the public arena.

We also targeted corruption risks associated with such areas as new and emerging technologies (eCorruption), local government, and rural and regional NSW. We released a strategic assessment and convened a Symposium to discuss the implications of eCorruption risks for public sector managers. We carried out research and issued discussion papers on corruption risks in local government, procurement and contract administration, and governance in small communities. These will form the basis of guidelines in each of these areas. We also commenced a five-year program of activities as part of our Rural and Regional Outreach Strategy (RAROS).

Each of these initiatives will put the ICAC in a better position to provide public sector managers with practical advice for identifying and addressing corruption risks in their agencies.

Internally, this year was very much about taking stock of our capacity to tackle corruption, particularly in the area of investigations. The ICAC has to be better placed to anticipate and address corruption. We have been in operation since 1989 and have brought about much change in the public sector. My focus in the past year has been to determine whether we have responded to the need for change ourselves. Every major



function of the ICAC has been put under scrutiny during the past year to determine how well it was being performed, and how it might be performed better.

The risk with organisations such as the ICAC is that the strategies that succeeded in their initial years continue to be relied upon even though the operating environment changes. I believe the ICAC was at risk of falling into that trap. So my attention this past year has been directed to the management of the organisation to ensure that we continue to be well placed to address corruption risks.

I commissioned a functional review to assess how well we were meeting our statutory objectives. The review found that we had much to be proud of, but that we needed to change if we were to be well placed to tackle more sophisticated forms of corruption and concealment. A review of our investigative capacity and a number of internal reviews and audits supplemented this review, and provided us with insights into opportunities for improvement.

I believe we are heading towards a much-improved capacity to take on new and more sophisticated forms of corruption. Some of the matters under investigation at this time indicate both the need for this capacity, and the benefits that come from its deployment.

At the same time as enhancing the capacity of the ICAC, I have undertaken efforts to improve our ability to report and account for our performance.

During the year, I submitted draft performance indicators for the consideration of the Parliamentary Joint Committee on the ICAC (PJC), who have had a long-standing interest in this area. I was pleased to obtain their support for these

indicators. We will report against them in future years to give a picture of the impact the ICAC has on corruption in the NSW public sector.

In June 2001, I gave evidence to the PJC regarding the ICAC's jurisdiction. In our submission, and my evidence to the PJC, I emphasised that the ICAC's jurisdiction is limited to corrupt conduct, and circumstances that might give rise to corrupt conduct. ICAC does not stand for 'Independent Commission Against Controversy'. Nor is it a commission against – in the absence of corrupt conduct - mere misconduct, mismanagement or wrongdoing.

Like peer agencies in other jurisdictions, we find that we are often used to score points. Someone will refer a complaint to us, knowing that the referral will be regarded as a serious matter. Sometimes the complaint, even on the face of it, will not involve corrupt conduct. Often media outlets are made aware of the referral at the same time or soon afterwards. This then places us in the difficult position of having to give the complaint some priority even though it does not involve corruption, just so as to clear the air.

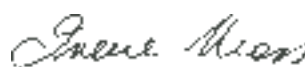
It has been the long-standing practice of my predecessors as ICAC's Commissioner to issue public advice before state and local government elections. On those occasions, we advise all candidates for public office that they should act properly and appropriately in making referrals to the ICAC. Similarly, investigations into allegations of corrupt conduct are rarely, if ever, assisted by premature publicity. It is highly inappropriate if publicity is given to a referral to the ICAC if the purpose is merely to gain attention or political advantage.

This is advice that should be followed all the year round, every year. To be the subject of an allegation of corrupt conduct is extremely serious – and

such accusations should not be made lightly. Just because particular conduct attracts comment or controversy, it is not necessarily a matter for the ICAC. Our focus is, and will continue to be, on corrupt conduct. This should be appreciated in considering whether a matter should be referred to the ICAC.

Overall, the past year has been divided between taking stock and anticipating future risks. As a result, we are much better placed at year's end to continue the fight against corruption in the NSW public sector. However, it will require continued effort on our part, as well as that of the public sector and the community.

I would like to take this opportunity to acknowledge and thank the Executive Management and staff of the ICAC for their effort and commitment in the past year. I would also like to acknowledge the support and assistance of the Operations Review Committee and the Parliamentary Joint Committee. I look forward to the year ahead.



Irene Moss AO
Commissioner

THE YEAR'S RESULTS

Performance against objectives

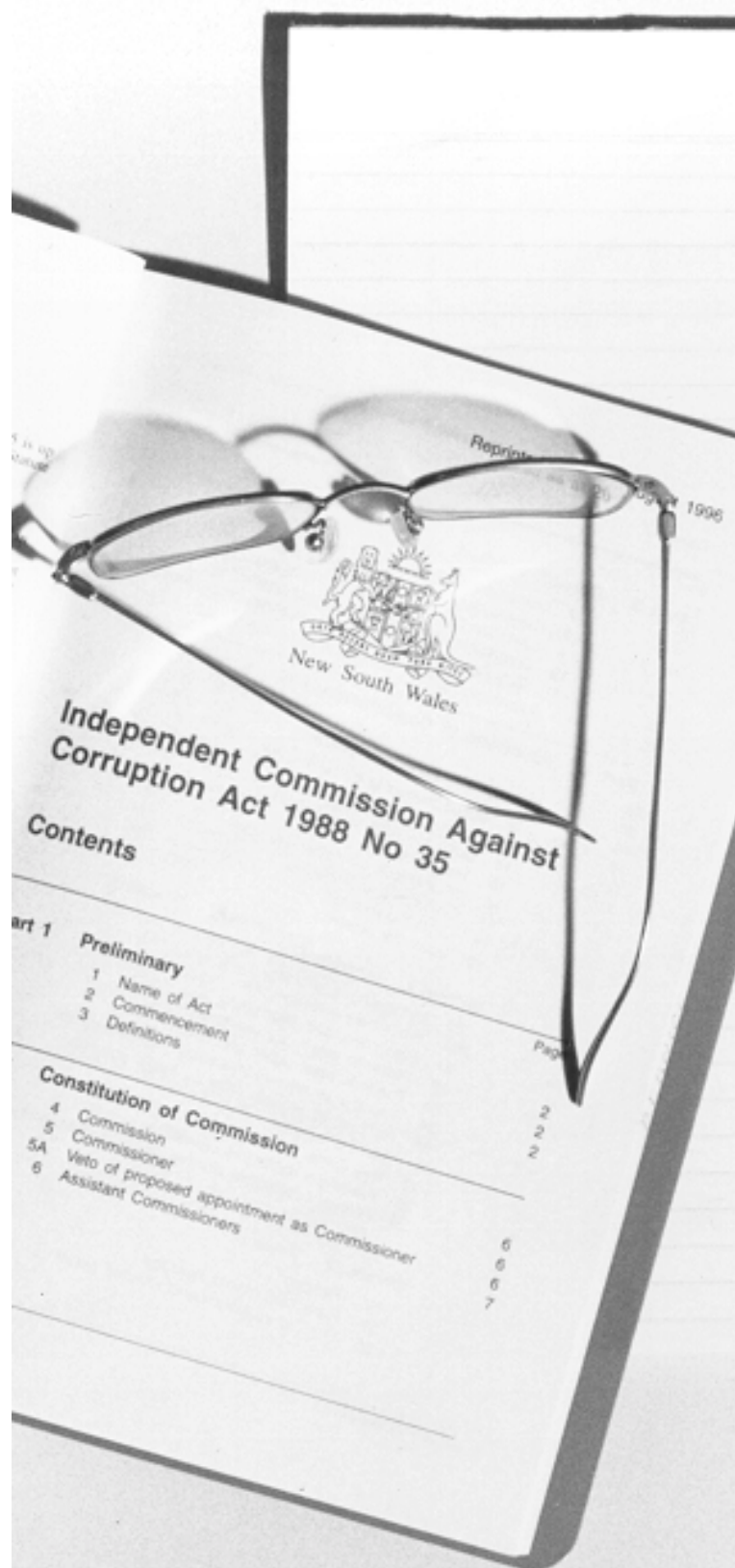
A strategic operational plan was developed for 2000–2001. Performance against this plan was monitored throughout the year by means of monthly performance reviews. Results are reported in the following performance table, with further detail being available in the report chapters:

- What we learned about corrupt conduct
- What we achieved through investigating corrupt conduct
- How we helped build corruption resistance
- Accountability
- Our people and management

During this year, we developed the Commission's Corporate Strategic Direction for 2001–2006. Each division (Investigations; Corruption Prevention, Education and Research; Legal; and Corporate Services) has subsequently developed operational plans for 2001–2004 to identify the activities they will be undertaking to deliver the Corporate Strategic Direction. We will report against components of these plans in future years.

As well as working on enhancements to the management and capacity of the ICAC, we have been working to improve our capacity to report and account for our performance.

Performance against the strategic operational plan for 2000–2001 is outlined overleaf.



Objectives	What we planned to do	What occurred	What we need to do to further improve
What we learned about corrupt conduct			
Provide the community with better information about the role of the ICAC to ensure that information provided relates to possible corruption in the NSW public sector.	Review complaint handling function.	Areas for improvement identified, and change management program commenced. (See page 9.)	The role and structure of the section that receives and assesses complaints will be redesigned.
	Improve quality of reports from members of the public.	Functional review and audits identified improvements were required before an external communication strategy could be undertaken. (See pages 9–12.)	Communication strategies will be planned to support redesigned function.
	Research the information needs of non-English speaking communities.	Research completed, and communication strategy developed. (See page 11.)	Implementation of communication strategy, including community forums.
Assist the public sector (including CEOs) in reporting corrupt conduct so as to improve the quality of information given to the Commission.	Improve section 11 reporting by heads of NSW public sector agencies.	A series of section 11 forums run. (See page 15.) Improved diligence in section 11 reporting noted. (see page 13.)	The Assessments area will be given responsibility for developing improved liaison relationships with public sector agencies.
	Improve ICAC communication about protected disclosures.	Participation in Protected Disclosures Implementation Steering Committee resulting in improved communication on protected disclosures issues, legislative amendments, and updated guidelines from NSW Ombudsman. (See page 13.)	Co-ordinated communication strategy involving all oversight agencies with responsibility for protected disclosures.
Make more strategic use of the information received with a view to maximising the impact of the ICAC's involvement in any given matter.	Research the nature of corruption risk in local government and in the public sector use of new technology (eCorruption)	Research into local government corruption risks completed, and report released. Research has been used to inform activities including procurement guidelines. (See page 17.) Strategic risk assessment completed. eCorruption research completed and report published. (See page 16.)	Research into corruption risk in state agencies will be undertaken.
What we achieved through investigations			
Select matters that correspond with identified risk areas.	Expose corruption in identified risk areas.	Hearings held on matters involving local government procurement and corruption involving new technology. (See pages 23–26.)	Development of strategic risk assessment capability to enhance investigation selection and planning.
	Undertake investigative capacity review.	Review completed and areas for improvement identified. (See page 21.) Implementation of recommended changes to direction and structures commenced. (See page 21.)	Ongoing implementation of recommendations regarding investigation planning and management, improved training and development, and enhanced risk assessment and management capacity.
Ensure investigations are effective.	Enhance co-ordination of investigations	Operations Management Committee met fortnightly to oversee management of investigations, and make decisions on direction and resources allocation. (See page 18.)	Further enhancements to OMC to be identified and implemented.
Work with the public sector to ensure the response to detected corruption is effective.	Research the impact of ICAC investigations on agencies.	Research completed. Recommendations considered, and implementation plan developed. (See page 28.)	Recommendations, including agency/witness liaison relationships, to be implemented.
	Monitor implementation of investigation report recommendations.	12 status reports published on ICAC website as 'Recos on the web'. 92 per cent of recommendations fully or partially implemented. (See page 30 and 79.)	Further reports to be published. Performance reporting on implementation and subsequent complaint numbers to occur.
How we helped build corruption resistance			
Promote awareness of corruption risks in the public sector	Develop corruption risk management strategy for new technology applications (eCorruption).	eCorruption Symposium held. Government commitment to whole of government approach to managing eCorruption risks announced (see page 34.)	Workshops on key risk issues to be convened. Guidelines on assessment and management of eCorruption risks to be produced.
	Implement a rural and regional outreach strategy.	Program of outreach activities launched and evaluated. Eighty per cent of public officials surveyed were aware of outreach visit, and sixty per cent said that they had a better understanding of corruption as a result of visit. (See page 36.)	Outreach program to be ongoing and extended.

Objectives	What we planned to do	What occurred	What we need to do to further improve
How we helped build corruption resistance (continued)			
	Develop corruption risk management strategies based on local government research.	Local Government strategy developed. Discussion paper on contracting and procurement released as part of process of developing guidelines. (See page 36.)	Further implement and evaluate Local Government Strategy.
Develop tools to help detect and minimise corruption risks.	Develop and implement a mechanism to review individual agency's corruption resistance.	Three Corruption Resistance Reviews conducted. 91 recommendations made. All recommendations accepted by agencies, with plans for implementation. (See page 39.)	Program will be extended and a 'DIY' kit developed for agencies to self-test their corruption resistance.
Respond to individual agencies' corruption issues in order to encourage agencies to seek early assistance.	Produce resources to help agencies identify and manage corruption risk.	Resources produced and provided in hard and electronic forms. Almost half of organisations surveyed had conducted or were planning to conduct ethical culture survey using ICAC materials. (See page 43.)	Evaluate resources and refine and enhance products as necessary.
Accountability			
Be responsive to the needs of the Parliamentary Joint Committee on the ICAC (PJC).	Account to the PJC by way of evidence, information and submissions.	Gave evidence and met with the PJC on five occasions regarding general management, jurisdiction, performance measures, police powers and local government. (See page 46.) Progress on issues including performance indicators, access to police powers, and local government jurisdiction. (See page 46.)	Ensure ongoing provision of information to the satisfaction of the PJC.
Support the Operations Review Committee (ORC)	Maintain and support the work of the ORC.	Conducted internal audit and review of procedures for providing information to ORC. (See pages 48.)	Reporting to ORC to be improved in line with recommendations of internal audit.
Our people and management			
Establish appropriate performance measurement and feedback mechanisms.	Assess and evaluate the capacity of the organisation to meet new challenges in anti-corruption activities.	Functional review, investigative capacity review and further internal reviews conducted. (See page 50.)	New structures and processes to be implemented in those areas identified for improvement.
	Develop co-ordinated corporate planning process.	New corporate strategic direction developed and operational plans developed. (See pages 5, 51.)	Direction and plans to be monitored and reviewed.
	Develop and implement new individual performance management system based on corporate objectives outlined in corporate planning process.	New performance management system developed and implementation commenced. (See page 51.)	System to be fully implemented.
	Develop performance indicators to report impact of the ICAC's investigation, corruption prevention and education activities.	Performance indicators developed in consultation with PJC, Audit Office and Ombudsman. (See page 46.) Indicators reviewed as part of the ICAC's overall organisation and planning reviews. (see page 51.)	Improve the ICAC's capacity to report against agreed performance indicators. Report against indicators in 2001–2002 Annual Report.
Maintain a co-operative, productive and safe work environment.	Improve the knowledge and skills of Commission officers through targeted training and development.	A Skills and Competencies Audit was initiated and planned for implementation in July/August 2001. (See page 50.)	Develop a co-ordinated and targeted training and staff development program to help establish a better skills mix.
Ensure resources, systems and procedures are, relevant and effective.	Develop a co-ordinated and strategic information technology and management capacity.	Prepared a new Information Management and Technology Strategic Plan. (See page 50.)	Ongoing implementation of plan, including upgrades and enhancements to corporate information systems.
	Progress electronic service delivery.	Government targets met. Website contains all ICAC public documents, electronic contact details and online complaint function. (See page 55.)	Explore further enhancements in electronic service delivery.



REVIEW OF OPERATIONS

—WHAT WE LEARNED ABOUT CORRUPTION

Our strategy

During the year we continued to examine ways of better using our complaint data and research to improve our understanding of corruption in the NSW public sector. The purpose of this is to:

- provide the community with better information about the role of the ICAC to ensure that complaints relate to possible corruption in the NSW public sector
- assist the public sector in reporting corruption to the ICAC
- make more strategic use of the information received with a view to maximising the impact of the ICAC's involvement in any given matter.

What we did

- Received and assessed complaints of corruption from the public, employees of NSW public sector agencies and heads of NSW public sector agencies.
- Reviewed the systems and procedures for receiving and initially processing information relating to allegations of corrupt conduct.
- Identified the need for improvement in complaint and report handling.
- Took steps to clarify complainant's expectations about what the ICAC can do in relation to information received.
- Communicated reporting requirements to chief executive officers of NSW public sector agencies and general managers of councils.
- Researched the nature of public sector corruption risk in local government and new and emerging technologies (eCorruption).

WHAT WE LEARNED ABOUT CORRUPTION

The ICAC receives information about alleged corrupt conduct in the NSW public sector from many different sources. This chapter explains what we learned about corruption by focusing on the three main sources:

- information from the general public and others
- information from public sector employees
- reports from principal officers of public agencies.

The ICAC has an intake and assessments area (Assessments) that receives, registers and undertakes a preliminary assessment of complaints and notifications about possible corrupt conduct. Matters are then referred to an Assessment Panel, consisting of senior ICAC officers, who decide on the appropriate course of action to be taken with each matter.

During 2000–2001, this area of our activity was subject to substantial internal scrutiny and review. This is an important area as it is the first point of contact with the ICAC for most people. There is also the opportunity to bring together information from the ICAC's holdings as well as undertake preliminary inquiries to determine the most appropriate way to handle the matter.

The ICAC's Functional Review and Investigative Capacity Review (for more information on these reviews, see page 52) each pointed out that greater use could be made of the Assessments area to add value to the work of the ICAC. The Functional Review identified opportunities for a focus on improved complaint handling.

Internal reviews of the handling of complaints have also identified opportunities for improved customer service. For instance, the practice of the ICAC in the past has been not to

provide reasons to complainants for declining to investigate a particular complaint. Partly, this was because the ICAC Act does not require the ICAC to provide reasons to complainants for its decisions, and partly, because on some occasions, to give reasons might compromise the security of other activities being undertaken by the ICAC. This has had the effect of leaving complainants uncertain of the value of passing information on to the ICAC.

While it still will not be possible to provide a complainant with reasons in every instance, we will now provide reasons where it is appropriate to do so. Greater resources will be allocated to the Assessments area to support these and other initiatives.

Internal reviews have also identified the need to develop and enhance relations with public sector agencies responsible for reporting corruption. This will be a major priority for the new Assessments section.

During the year, we also identified the need to be more strategic in the use of our information holdings. We have started to build a capacity within the organisation to use the information held and received by the ICAC to identify potential corruption risks, and undertake corruption investigation and prevention work as appropriate. We appreciate that we will always need to be in a position to respond to individual complaints and notifications, but there is also a need to make more efficient and effective use of our resources by way of initiating work on particular corruption risks.

During 2000–2001, we continued our outreach activities to promote the ICAC, and in particular, the nature and limits of its jurisdiction. The ICAC website, www.icac.nsw.gov.au, was re-designed and re-launched during the year. The website has information about the ICAC, and provides

guidance on making reports to the ICAC, as well as allowing users to lodge complaints over the internet.

The ICAC also undertook a range of outreach activities in rural and regional NSW with communication strategies tailored to meet the needs of these communities. We continued to provide information and training to chief executive officers and general managers on their obligations to report suspected corrupt conduct to the ICAC.

Profile of Matters Received

Table 1 on page 10 shows how many matters were received during 2000–2001 and how they were categorised.

Complaints from the public – Section 10 Complaints

Section 10 complaints come to the ICAC from two main sources: members of the public (including people doing business with the public sector), and public sector employees whose complaints do not meet the conditions of the Protected Disclosures Act (see 'Protected disclosures' on page 13).

Section 10 complaints made up the greatest number of matters received by the ICAC over the year (515 complaints with 1021 allegations).

The leading areas of public sector activity resulting in section 10 complaints were:

- building and development applications/rezoning (18.3 per cent)
- purchase of goods and services/tendering/contracting (10.4 per cent)

Table 1: Categories of matters raised

Category	1998– 1999	1999– 2000	2000– 2001
Section 10			
This is a complaint that may be raised by any person, such as a member of the general public, as provided for in section 10 of the ICAC Act.	677	574	515
Protected disclosure			
This is a complaint made by a public sector employee, but not all such complaints will be defined as protected disclosures, as they may not satisfy the criteria set down in the <i>Protected Disclosures Act 1994</i> .	232	138	130
Section 11			
This is a report from a principal officer of a public sector organisation, such as a chief executive officer of a state-level public authority or the general manager of a local council. These principal officers must, under section 11 of the ICAC Act, inform the ICAC of suspected corrupt conduct.	489	430	411
Information			
This is for matters which are not actual complaints about corrupt conduct, but do give information about a situation which may have the potential for corruption.	184	288	314
Dissemination			
This refers to information that is provided by government agencies other than NSW agencies, such as the Australian Federal Police, the National Crime Authority and the Commonwealth Ombudsman.	15	7	4
Referrals from Parliament			
This is where a matter is referred to the ICAC by the NSW Parliament, by resolution of both Houses.	0	0	0
Inquiry			
This is when information is sought from the ICAC, usually by a member of the public, about whether a particular situation might indicate corrupt conduct, or similar matters.	22	33	9
Own initiative			
This is a matter initiated by the ICAC itself, without a complaint or report being received. Such matters may be prompted, for example, by media reports.	1	3	11
Outside jurisdiction			
These matters either do not involve corrupt conduct or do not involve the NSW public sector. Where possible, people making complaints outside the ICAC's jurisdiction are referred to a government agency that can deal with their complaint.	131	136	115
Total	1751	1609	1509

- provision of consumer care (7.1 per cent)
- law enforcement – general (6.1 per cent)
- disposal of public assets (4.3 per cent).

As can be seen, nearly 30 per cent of the complaints received from the public concern allegations of corruption in land use decision-making by local government, or procurement generally. During 2000–2001, we issued a discussion paper on procurement issues in local government, *Taking the Con Out of Contracting*, with the view to developing guidelines for local councils to follow. Similar initiatives will take place in the forthcoming year with respect to development applications.

The ‘top five’ areas of alleged misconduct leading to complaints were:

- favouritism/nepotism (15.5 per cent)
- misuse of public resources (11.1 per cent)
- fabricating or falsifying information/fraud/forgery (10.4 per cent)
- harassment/victimisation/discrimination (9.1 per cent)
- failure to disclose conflict of interest (8.2 per cent).

Table 8 in Appendix 1 provides a full list of the issues raised in section 10 complaints to the ICAC.

Improving section 10 reporting for people whose first language is not English

During 2000–2001 we looked at ways of improving communication with community members and public officials whose first language is not

English. Both translated and English press releases were forwarded to ethnic press outlets and our multi-language brochures were made available on the ICAC website www.icac.nsw.gov.au. Copies of the releases were printed in 29 newspapers, covering most of the community languages of our multi-language brochures.

We are aware that we receive relatively few complaints from people from non-English speaking backgrounds (NESB), and almost none from people with poor English. As this may make individuals in these situations more vulnerable to corrupt public officials, we commissioned research from Cultural Partners Australia to gain a better understanding of the barriers to reporting by these groups.

Cultural Partners Australia (CPA) conducted in-depth interviews and discussions with community representatives and members from Arabic, Chinese and Korean speaking groups, and with representatives of the Croatian, Greek, Italian, Russian, Serbian, Turkish and Vietnamese communities. The interviews and discussions were held in the first language of the respondents. A report was provided to the ICAC in June 2001.

The research confirmed that people’s experience of corruption, law enforcement and regulatory agencies in their country of origin impacts on their behaviour and their knowledge of what is regarded as inappropriate or illegal behaviour in Australia. Their experience in their country of origin also impacts on their trust in government and bureaucracy, and produces a culture of not complaining or seeing no benefit from complaining about conduct.

With the exception of people from Hong Kong (which has had an Independent Commission Against Corruption since 1974), there was

little awareness of the NSW ICAC. There is a belief that corruption continues, but this is largely based on perception and anecdotes rather than personal experience. The personal experiences cited were isolated to certain areas, and did not extend across the whole NSW public sector.

Additional barriers to reporting corruption included fear of discrimination by government officials, fear of having to appear in court and being recognised by others in their community, concentrating on resettling in Australia, favourable comparison of their life in Australia with that in their country of origin, and lack of English proficiency.

The report identified a number of key areas to be addressed by the ICAC. It says that the ICAC and its role need to become better known, and the process of reporting needs to be made easier and more familiar. Trust, privacy and security were important issues for the respondents, and fears about how the ICAC can protect these interests were significant barriers to reporting corruption. Respondents said that they also needed to be confident that there would be a positive outcome to take what was seen as a risky step in reporting corruption. People also needed to be clearer about what is, and what is not acceptable behaviour in an Australian context, before being confident enough to report corrupt conduct.

The report also recommended that facilities for people to report in their own language needed to be promoted, but cautioned that using interpreters for telephone or face-to-face reporting is not always appropriate, especially in smaller communities, where people may know each other.

The report recommends an integrated communications campaign, promoting the ICAC’s role, making it clear that bribery and corruption are not acceptable, advising how to report corruption, and providing

reassurance that complaints are confidential and that it is safe to make a complaint.

In response to the report, we are reviewing how we receive complaints to take these concerns into account. We will also approach agencies that have substantial contact with new and recent arrivals to involve them in communicating the ICAC's role and functions. A series of community forums, involving community leaders and representatives, is also planned.

Complaints from government employees (protected disclosures)

Protected disclosures are matters raised by employees of government agencies about suspected corrupt conduct that meet certain requirements set out in the Protected Disclosures Act.

Although protected disclosures are covered by section 10 of the ICAC Act, and hence are 'section 10 complaints' (see above), they are treated as a special case for statistical purposes because they represent an important source of information about corrupt conduct for the ICAC, and need to be handled with due regard to the position of the complainant.

The number of protected disclosures received in 2000–2001 (130) was similar to the number received the previous year (138). In November 2000, the Parliamentary Joint Committee (PJC) asked about the decrease in the number of protected disclosures between 1998–1999 (232 protected disclosures) and 1999–2000 (138).

We then advised the PJC that there had been changes in classification of protected disclosures during that time. Not all matters raised by public sector employees can be treated as protected disclosures. This is because

the Protected Disclosures Act requires that for a complaint to be treated as a protected disclosure it must 'show or tend to show' corrupt conduct, whereas a complaint will be accepted as a section 10 complaint if it concerns or 'may' concern corrupt conduct.

Up to 1999–2000, however, blanket coverage of the Protected Disclosures Act was applied to any matter brought to our attention by a public official. This approach, whilst promoting the objectives of the legislation and encouraging public officials to report suspected corruption, also suggested protections to individuals that may have been unrealistic if complainants had to rely on them in court. Matters that cannot be treated as protected disclosures because they do not meet the legislative threshold tests are nevertheless assessed as a complaint made under section 10 of the ICAC Act.

Matters raised as protected disclosures tend to relate to harassment or victimisation of employees, failure to observe proper processes, or failure to act on allegations of wrongdoing.

The leading areas of public sector activity resulting in protected disclosures were:

- purchase of goods and services/tendering/contracting (10.7 per cent)
- staff matters – staff management (10.0 per cent)
- staff matters – recruitment (9.1 per cent)
- reporting corruption (7.2 per cent)
- staff matters – treatment of co-workers (7.2 per cent).

Some case study examples of protected disclosures received are shown opposite.

Protected Disclosure Case Studies

Family Business

A protected disclosure was received alleging that a council manager awarded contracts to his son-in-law and to friends, and obtained council materials for personal use. It was also alleged that the manager alerted his friends to the bids submitted by competitors.

The ICAC investigated the allegations, and found evidence that the manager had awarded contracts to his son-in-law and friends, at variance with council procurement policies. The manager was disciplined, and his authority to enter into contracts was reduced. Procurement policies were also changed to prevent similar instances recurring.

Rostering practices

A protected disclosure was received from a Visiting Medical Officer (VMO) of an Area Health Service who alleged that another VMO responsible for preparing rosters for clinical work was favouring a doctor in his private practice. The VMO's concerns were subsequently sorted out in discussions with the Area Health Service.

However, the ICAC asked for further advice from the Area Health Service on the preparation of rosters. The Area Health Service advised that the rosters were prepared by each of the clinical units, with each unit applying different criteria for rostering. The Service said that this was based on the different needs of each unit. We acknowledged the reasons for the differing practice between each unit, but advised that it was important that the basis on which rosters were prepared be set out in writing so that staff and VMOs were aware of the particular procedures being followed.

The areas of misconduct resulting in the majority of protected disclosures made to the ICAC were:

- favouritism/nepotism (18.5 per cent)
- misuse of public resources (15.4 per cent)
- harassment/victimisation/discrimination (13.5 per cent)
- fabricating or falsifying information/fraud/forgery (8.7 per cent)
- failure to take action on corruption (8.5 per cent)
- failure to disclose conflict of interest (8.2 per cent).

A full list of the issues raised in protected disclosures made to the ICAC during 2000–2001 is contained in Table 8 in Appendix 1.

How are we improving reporting of protected disclosures?

During 2000–2001, the ICAC published the findings of its second *Unravelling Corruption* survey of perceptions of workplace behaviours and attitudes to corruption reporting. A summary, *Corruption ... Who wants to know* was widely distributed. The full report is available on the ICAC website www.icac.nsw.gov.au.

The initial survey was done in 1993. The same questions were asked in 1999, allowing us to track changes in attitudes over six years. Comparing 1993 and 1999 reveals some significant changes as well as some important similarities. All of the changes are indicative of the NSW public sector becoming more corruption-resistant than it was six years ago. It was found that employees in 1999, compared to those in 1993, were even more likely to believe that it was worth reporting

corruption, because something can and will be done about it, and were more likely to believe that they knew where to report corruption.

The 1999 survey, however, also indicated that nearly 69 per cent of public sector employees still agreed with the statement, 'People who report corruption are likely to suffer for it'. While this was an improvement on the 1993 results, there is still a lot of work for agencies in creating organisational cultures in which employees feel safe to report corruption, and for the ICAC in assisting agencies to develop this culture.

In addition, we are helping state agencies and councils implement the provisions of the legislation through our participation in the Protected Disclosures Act Implementation Steering Committee. ICAC research had previously shown that public authorities and councils generally were unaware of the Act, its provisions and how to manage complaints and investigations effectively.

In this reporting period the Committee worked collaboratively to:

- establish and pilot a two-way e-mail information line to communicate useful information and act as an advice line for nominated protected disclosures co-ordinators in state agencies and local councils
- conduct a workshop for protected disclosures co-ordinators and councillors for the Better Management of Protected Disclosures, in Coffs Harbour on 3 November 2000
- secure agreement for an amendment to be made to the Act to remove ambiguities relating to coverage of state owned corporations

- review and endorse the NSW Ombudsman's fourth edition of the *Protected Disclosures Guidelines*
- support recommendations of the second review of the Act by the NSW Parliamentary Joint Committee on the Office of Ombudsman and Police Integrity Commission.

Improving reporting of protected disclosures forms part of our effort to improve reporting of section 10 complaints – the ICAC website, media, and outreach – as mentioned earlier.

The website also has specific information on protected disclosures.

Reports from principal officers of authorities (section 11 reports)

Principal officers, such as chief executive officers of state government agencies and general managers of local councils, are required by section 11 of the ICAC Act to report suspected corrupt conduct to the ICAC. These reports are known as 'section 11 reports'.

In 2000–2001, 411 section 11 reports (containing 718 allegations) were made. The majority of matters reported dealt with inappropriate procurement or misuse of public resources by staff of the agency.

The leading areas of public sector activity resulting in section 11 reports were:

- purchase of goods and services/tendering/contracting (10.6 per cent)
- use of public resources – cash (8.5 per cent)
- use of public resources – materials/equipment (7.1 per cent)

- provision of consumer care (6.4 per cent)
- use of information (6.1 per cent).

The leading categories of misconduct reported by principal officers were:

- misuse of public resources (27.7 per cent)
- fabricating or falsifying information/fraud/forgery (10.9 per cent)
- breach of policy/procedures (9.3 per cent)
- favouritism/nepotism (6.8 per cent)
- failure to disclose conflict of interest (6.8 per cent).

Table 8 in Appendix 1 reports the types of issues contained in these matters.

Some case study examples of section 11 reports are shown opposite.

In recent years we have worked to improve section 11 reporting and have provided guidelines and training to principal officers of public sector agencies. We appreciate the diligence with which some principal officers comply with these responsibilities, as well as the quality of the reports. The following case studies are some examples.

Section 11 reports about possible corrupt conduct in an agency are not only made by the principal officer of the agency concerned. They can be made by the principal officer of any other public sector agency that has reason to believe there is corrupt conduct. For instance, the Commissioner of Police will refer matters to us where there are issues of possible corrupt conduct arising from criminal investigations involving public sector agencies. (See *Failure to Notify* case study opposite.)

Section 11 Case Studies

Far from petty cash

In April 2001, the Managing Director of a public sector agency reported to the ICAC that an investigation into petty cash reimbursement claims submitted by a manager had been commenced after advice from another employee.

The Managing Director advised that between October 2000 and April 2001, petty cash reimbursement claims exceeding \$9,000 had been submitted by and paid to the manager. The Managing Director notified the ICAC soon after he was made aware of the allegations, and while the investigation was in progress. A copy of the investigation report was received in June 2001, indicating that over \$8,200 had been fraudulently claimed. The employee resigned, and the agency initiated action to recover the amount. The report also identified internal control issues that were to be raised with appropriate managers.

Cleaning up their act

In the course of investigating a worker's compensation matter, a public sector agency was made aware of allegations against a senior manager of sexual harassment, unauthorised use of departmental equipment and a personal conflict of interest in the awarding of a cleaning contract.

The agency's investigation revealed that there was sufficient evidence to support the allegations. The agency advised the ICAC of this by way of a section 11 report, providing details of the disciplinary inquiry to be commenced against the manager, as well as the steps taken to recover the departmental equipment, and the suspension of the cleaning contract awarded to the manager's wife. The agency also advised the ICAC that improved procedures had been introduced for the awarding of cleaning contracts.

Favouring family

The general manager of a council notified the ICAC of a series of contracts entered into between the council's Building Services Manager and his son, involving transactions of over \$40,000 over the period of twelve months. The contracts were largely in breach of the council's purchasing policy, and when quotes were sought there were suspicions that the Manager was alerting his son to the bids submitted by other tenderers.

An investigation was conducted by the internal auditor, and a series of systems recommendations were made to improve the manner in which quotes were sought and recorded, and contracts entered into.

The manager was disciplined, and his performance subject to monitoring, with random audits of contracts entered into subsequent to the investigation.

Failure to notify

Acting on advice received from two anonymous phone calls, a manager uncovered a quantity of child pornography stored in an officer's locker. Most of the material, contained in nearly 50 ring binder folders, had been downloaded from the internet while the officer was at work.

Local police were called in, and the matter investigated. The officer was charged with 'Possession of Child Pornography'. The Police Service notified the ICAC by way of a section 11 report, but no separate report appeared to have been received from the agency concerned. After receiving the report from the Police Service, we made inquiries of the agency, and asked to be provided with a full report regarding the agency's response.

Schedule reporting

Generally, instances of suspected corrupt conduct reported under section 11 are reported 'individually', however, some of the larger agencies have long-standing arrangements with us to report by schedule on a regular basis. Schedule reporting is intended for less serious matters.

In addition to the individual section 11 reports, in 2000–2001, 798 minor matters were reported under section 11 by schedule. A number of changes took place with respect to schedule reports in 2000–2001, including matters involving child abuse being diverted to the Ombudsman, as part of its child protection jurisdiction.

As part of the development and enhancement of links between the ICAC and public sector agencies, the Assessments section will be reviewing the liaison relationships between the ICAC and officers with responsibility for reporting corruption. This review will also consider potential improvements to schedule reporting.

Improving section 11 reporting

The quality of section 11 reporting depends on principal officers being aware of their obligations, and the ICAC's requirements in relation to what is reported. To assist principal officers, we have distributed guidelines on section 11 reports, and provided training to reinforce these guidelines.

During the year we held further information forums with senior public officials with a forum held in Sydney on 1 September 2000, with 20 people from 19 agencies attending.

From October 2000 until June 2001, forums were run in partnership with Local Government Managers Australia (LGMA) at seven regional branch meetings at:

- Singleton (Hunter and Central Coast)
- Canberra (Southern Tablelands)
- Dubbo (Orana)
- Inverell (North West)
- Narrandera (Riverina)
- Casino (Northern Rivers)
- Port Macquarie (Mid North Coast).

A modified version of the section 11 forum was also conducted in Broken Hill during a visit in June 2001. In total, 129 senior managers from 59 rural/regional councils attended the various training sessions.

Ninety-nine per cent rated it good or very good with 73 per cent rating it very good. Ninety-five per cent rated the forum helpful in terms of their work.

Strategic identification of corruption risks

In addition to receiving complaints and notifications about possible corrupt conduct, we have recently looked at opportunities for being more strategic in the way we identify corruption risks in the public sector. Details about the research we carried out in relation to corruption risks in the use of new technologies and local government follow.

eCorruption Risk Profile

The rapid introduction of eGovernment in NSW has brought with it abundant opportunities for eCorruption, that is, corruption involving the computer systems of a public sector organisation. The ICAC believed that this was an emerging corruption risk – but complaint data did not tend to show this. To determine the existence and nature of these risks, the ICAC undertook a preliminary strategic assessment.

The strategic assessment described a number of potential risks emerging from the use of new and emerging technologies in the NSW public sector. It also foreshadowed strategic, tactical and procedural considerations for investigation of eCorruption matters. A summary of the strategic assessment report was published and widely disseminated to enhance awareness of the potential risk in application of new technologies.

We then commissioned the Centre for Applied Philosophy and Public Ethics, Charles Sturt University, to carry out a study into eCorruption. The study looked at the extent of eGovernment in NSW, current eCorruption risk areas, and how they are perceived, understood and acted on by senior NSW public sector managers.

We are using the study to develop eCorruption risk management and awareness strategies. Information from the study helped to direct the ICAC's May 2001 Symposium, *The Need to Know: eCorruption and unmanaged risk*, which focused public sector attention on the growing eCorruption problem. The study is also being used to plan and direct a series of workshops in 2001–2002 on managing the corruption risks in specific eGovernment projects.

Methodology

The study comprised:

- a literature search and review
- forty-six informant interviews (senior managers, corruption investigators, fraud investigators, IT security and management specialists, policy makers, academics)
- two focus groups (senior managers and IT managers) and an Expert Workshop (with people from similar groups to the key informant interviews)
- a major survey of 1000 Senior Managers and IT Managers of State agencies and local councils.

The survey participant list was constructed from CEO and general manager responses to an ICAC request for contact details. Managers of local councils with a population of over 100,000 were contacted to participate in the eCorruption surveys. Representative samples were compiled for smaller local government areas. In all, there were approximately 1000 respondents out of 2000 surveyed. Participants were e-mailed an invitation linked to an online survey. Telephone interviews were conducted with 203 managers to verify the e-mail data.

Findings

A significant finding of the eCorruption study is that while public sector managers are aware of the increased threat of eCorruption, they aren't doing enough about it. The researchers found that eCorruption safeguards are generally inadequate in the NSW public sector, for example, firewalls are not regularly tested and there is a widespread disregard of password protection practices.

The research also showed that many chief executive officers and senior managers leave information technology security issues wholly to IT managers. There is a tendency to view eCorruption as a computer security problem needing a technological solution, rather than as a problem requiring a comprehensive risk management approach that addresses organisational, cultural and other dimensions.

Other key findings are:

- there are significant differences between cohorts of managers in relation to eCorruption. For example, IT managers are more concerned than senior management about inadequate computer security. Managers of large public sector organisations are more concerned about eCorruption than managers of small organisations
- a lack of high level technical knowledge and expertise in-house is described as a major problem in establishing and maintaining adequate security systems and in procuring IT consultant and contractor services
- large scale data warehousing is a major new opportunity for eCorruption since it involves an increase in information value created by data aggregation, and wider access to the information
- there is a need to develop and implement anti-corruption plans, including fraud control plans, which address both technical and behavioural issues
- public sector managers, (especially IT managers), tend to view eCorruption as essentially a computer security issue. Accordingly, technological solutions are proffered, rather than solutions which integrate IT security, legal and regulatory, organisational culture, ethics, and educative dimensions.

Sector analysis – local government profile

The ICAC receives more complaints about local government than any other aspect of the public sector in NSW. That's not to say that councils are necessarily more corrupt; just that there are many councils, they're often the public sector agencies closest to the community, and often make decisions on issues about which people feel strongly.

We are also conscious that some of the responsibilities of local government are perhaps more open to corruption risks. There is major expenditure in such areas as road construction and maintenance, or waste management, and significant cash collection across a range of council functions.

Many councils are also involved in economic development activities, and major infrastructure developments, such as cultural, sporting and entertainment facilities. The combination of significant expenditure and high community expectations and contact can produce corruption risks somewhat different to major state based public sector agencies.

To become better informed about the nature of corruption risk in local government we undertook research to identify:

- corruption risks
- existing corruption resistance strategies
- further prevention strategies
- any variations between levels of awareness of existing strategies.

Questionnaires were sent and interviews carried out with general managers, staff and elected officials. A similar questionnaire was sent to 300 council staff. Thirty councils were

selected to represent the range across NSW in terms of size and location and ten staff were randomly selected from each of these councils to participate in in-depth, structured interviews. General managers, elected officials including mayors, deputy mayors, councillors and staff including internal auditors, administrative and planning staff were interviewed.

The questionnaires and the interviews clearly indicated that partiality and vested interests in decisions about development applications and procurement were problem areas. Other major risk areas were the use of council resources and cash. These findings were consistent with our complaint profile.

General managers and staff tended to identify similar corruption risks. Both identified partiality in the development application approval process and procurement as major risk areas. They differed though in awareness levels. On the whole, significant proportions of staff were not aware of crucial policies and procedures that general managers maintained were in place.

The four main areas of corruption risk in local councils identified were:

- partiality, bribery or personal benefits and conflicts of interest when assessing and determining development applications and land rezoning, especially for councillors
- partiality, conflicts of interest and favouritism in procuring goods and services through tendering or contracting
- theft and misuse or misappropriation of council resources as well as favouritism in how resources were allocated

- theft and misuse in cash handling, exacerbating by lack of documentation, auditing and supervision.

Issues identified by councils in rural and regional areas were:

- the difficulty in separating social life and participation in community activities from work life
- remoteness from information and training
- small pools of qualified applicants for recruitment and qualified tenderers in tendering, contracting and general purchasing.

Councils in rural and regional NSW said that they needed more face-to-face visits from us, more information about us and corruption, training that was relevant to their needs and concise written material.

The research findings are published in full on the ICAC website www.icac.nsw.gov.au. This and further development of the ICAC's Local Government Strategy can be found by clicking on the local government icon on the website home page.



What happens to the information received from complaints, notifications and other sources?

Resources do not permit the ICAC to investigate every matter it receives. We therefore focus on allegations of serious and substantial corruption, or matters that involve systems issues capable of assisting a number of public sector agencies.

In addition, our corruption prevention activities are aimed at developing the capacity of public sector agencies to develop and implement strategies for dealing with and preventing corruption. Therefore, where appropriate, public sector managers and their organisations should be able to take responsibility for dealing with corrupt conduct. Our main role is to deal with matters the public sector cannot or should not deal with.

What happens when we receive information about corrupt conduct

Each matter we receive is assessed individually to determine the appropriate course of action. The ICAC Assessment Panel does this work.

Initial decisions – the Assessment Panel

The Assessment Panel consists of senior ICAC officers, including on most occasions, the Deputy Commissioner.

For each matter, the panel will consider questions such as ‘Is it within the ICAC’s jurisdiction?’ ‘Does it show a systematic weakness in the way a NSW government organisation or council works?’ and ‘How serious is it? – Does it have the potential to affect public safety, or does it involve large sums of money?’.

The panel will then make one of five decisions:

1. *Immediate referral or no action by the ICAC.* A significant number of matters are best referred to other investigating agencies, such as the Ombudsman’s Office, the Department of Local Government, the Health Care Complaints Commission. Some may be disciplinary matters that do not involve corruption, but still should be referred to the agency about which the matter was raised. Many other matters simply have nothing to do with corruption and do not warrant any action at all.
2. *Request an investigation and report by another agency.* If an allegation of corrupt conduct is made about an agency, the ICAC has the power to require that the agency conduct an internal investigation and then report back to the ICAC by a certain date. The ICAC will do this if it is appropriate for the agency to deal with the matter.
3. *Preliminary investigation by the ICAC.* If the ICAC feels that a matter is worth looking into itself, but may not warrant a formal investigation, it will conduct a preliminary investigation. This may lead to the matter not being pursued, referred to another agency, or becoming a formal ICAC investigation.
4. *Provide corruption prevention advice.* If the matter appears to involve systemic issues rather than allegations of specific corrupt conduct, enquiries may be undertaken in order to give advice about how to stop the problem happening again.
5. *Formal investigation by the ICAC.* For matters with potential to expose significant and/or systemic corrupt conduct, the ICAC may conduct a formal investigation

with a specific scope and purpose, which can involve using powers such as surveillance and hearings (both public and private).

Table 2 on the following page shows what the Assessment Panel decided on these matters compared to last year.

Ongoing management – the Operations Management Committee

If the Assessment Panel decides a matter warrants the ICAC’s attention, the matter will be passed to relevant ICAC staff for further examination. If a matter is likely to need substantial ICAC resources (for example, become a formal investigation or require research or significant preventative work) then it will be considered by the Operations Management Committee. This committee is comprised of the Commissioner, Deputy Commissioner, Executive Directors, and senior operational staff.

The Operations Management Committee’s role is to prioritise significant investigations and projects against existing commitments and resources, and to monitor the progress of investigations. It meets every two weeks to decide on recommendations for new investigations and to monitor the progress of current investigations.

Apart from making decisions on individual investigations, the Operations Management Committee makes decisions on significant projects. During the year, for example, it considered the Rural and Regional Outreach Strategy, and the corruption prevention, education and research activities underpinning the Local Government Strategy. The Operations Management Committee also keeps track on the progress of matters that are under investigation, including the provision of advice on direction and timeframes.

Table 2: Initial decisions by Assessment Panel in 2000–2001 compared with 1999–2000*

Action taken by the ICAC in response to matters received:	Total			
	1999–2000		2000–2001	
	Number	%	Number	%
Immediate referral or no action taken by the ICAC	863	76	762	73
Matters acted upon by the ICAC				
• Referred to Assessments for further inquiries	51		28	
• Referred to Corruption Prevention for further action	68		94	
• Referred to Investigations and/or Legal for further inquiries and/or investigation	161		165	
Total number of matters acted upon by the ICAC	280	24	287	27
Total number of matters	1143	100	1049	100

* The figures in this table, reporting the decisions made by the Assessment Panel, differs from other reported figures, as this table records decisions made during 1999–2000 and 2000 – 2001. Matters received during a given year – recorded elsewhere in the report – may not be considered by the Assessment Panel during the same reporting year, particularly those matters received in June of each reporting year. It also excludes matters classed as information or outside jurisdiction from the outset.

Finalising a matter – the Operations Review Committee

When the ICAC wishes to finalise any matter originating as a complaint from the public or a protected disclosure, it must seek the advice of the Operations Review Committee (ORC). The ORC may agree or disagree with the ICAC's recommendation and regularly requires further work to be done. In most cases during 2000–2001 the ORC accepted the recommendation that a matter be finalised, but in some cases it sought further information or requested that additional work be carried out on a matter. For more information on the ORC and its recommendations, see the *How we were accountable* chapter.

The Year Ahead

- The ICAC will focus on enhancing the capacity of the Assessment area to improve the intake and assessment of matters, and provide improved customer service including, where appropriate, the provision of reasons.
- A Strategic Risk Assessment Unit will be established, making greater use of the information received by the ICAC to provide a greater strategic focus to the ICAC's investigations.
- Research will continue on corruption risk activities to inform the investigative and corruption prevention work of the ICAC.
- Work will continue on developing the ICAC's information management systems to provide improved internal and external performance reporting.



REVIEW OF OPERATIONS —WHAT WE ACHIEVED THROUGH INVESTIGATIONS

Our strategy

We aim to minimise corruption by investigating and exposing it. To do this we:

- identify opportunities for improving the effectiveness of investigations in exposing corrupt conduct
- focus public hearings on allegations of serious and/or substantial corrupt conduct, or matters relating to identified high risk areas
- use investigations and hearings to explore what could be done to remedy any systemic weakness to help prevent a re-occurrence of the situation.

What we did

- Reviewed our investigative capacity to identify opportunities for improving and enhancing our ability to investigate more sophisticated forms of corruption and concealment.
- Selected matters for public hearing that were aligned with risks identified by research, for example contracting in local government and corruption arising from the use of new technologies.
- Monitored management of investigations and application of investigation resources through regular reporting to the Operations Management Committee.
- Factored corruption prevention capability into investigation teams.
- Included recommendations for systemic reform in investigation reports where appropriate.

WHAT WE ACHIEVED THROUGH INVESTIGATIONS

Investigations are, and will always be, a driving force in the work of the ICAC. They are the most visible aspect of our operations, and inform our work undertaken in corruption prevention and education.

The investigative capacity of the ICAC came under review during the year. The paradox for agencies like ICAC is that early success only encourages the corrupt to work harder at concealment and evasion. The purpose of the investigative capacity review was to determine what was needed to ensure our ongoing effectiveness in uncovering and exposing corruption. The review, conducted by the Special Crime and Internal Affairs command of the NSW Police Service, was completed in early 2001.

The Investigative Capacity Review identified the need for upgrades in our information management system, training and development in project and risk management techniques, and enhancements to our strategic intelligence capacity.

In response, we have commenced implementation of a revamped investigation planning process, taking risk assessment and management principles into account. The investigation planning process will call upon the skills and contributions of officers from throughout the ICAC.

The investigation planning process, and the investigation itself, will be monitored and supported by an Operations Advisor. The function of this role, which will be shared by the ICAC's chief investigators, is to provide a focus on strategic planning and quality assurance through the course of an investigation.

Our investigations will also be enhanced by the acquisition of new skills, through recruitment, training and development. Already, we have taken on a number of new financial investigators to provide us with a capacity to investigate matters involving fraud and/or complex financial transactions. Further

enhancement of our investigative capacity will occur in other areas, including computer forensics.

Our investigative work will also be greatly assisted by the establishment of the Strategic Risk Assessment Unit. The purpose of this unit will be to draw on and extend the ICAC's existing analytical capacity and to provide greater strategic focus and direction to the investigations undertaken. Investigators will be provided with an enhanced information and intelligence capacity to assist investigation planning and decision making.

These initiatives are aimed at enhancing our strategic intelligence systems and investigations so that we can anticipate and investigate corruption risks better. They will enable us to build on our investigative successes and to ensure we have an ongoing effective capacity to act against corrupt conduct.

Preliminary ICAC investigations

A significant amount of our work undertaken relates to preliminary investigations. A preliminary investigation is conducted to identify whether there is conduct that might need to be more fully investigated. Preliminary investigations are provided for under section 20A of the ICAC Act.

Many of these investigations do not lead to formal investigations or hearings because they find that the allegation or suspicion was incorrect. While this is a significant result for the agencies and individuals concerned, most of these investigations do not become public. Even though not formal investigations, preliminary investigations can, and often do, involve considerable work and resources.

Shown opposite are case studies of some preliminary investigations, conducted during the year, which did not become formal investigations.

Case Studies: Investigations that did not become formal investigations

Building blocs

The ICAC received a complaint that four councillors derived a direct financial benefit from voting in favour of development applications (DAs) and related matters before council. It was alleged that in return for support for the development application, the developers of these properties agreed to their sale through the real estate agencies owned or operated by the councillors.

In the initial stages of the investigation, the ICAC spent many weeks on preliminary research, reviewing development applications and conducting numerous background enquiries, including land title searches. The investigation culminated with the investigation team, consisting of three investigators, two assistant investigators, a corruption prevention officer and a support officer, working from rented premises in the area for a week to expedite the interviews of prospective witnesses.

Enquiries did not uncover any evidence of corrupt conduct on the part of councillors or staff at the council. The investigation revealed, however, that council was strongly divided between a group of councillors that could be described as more cautious in regard to development, and a 'pro-development' bloc, including the councillors who are also real estate agents. Long-standing and bitter political divisions between these two groups contributed to the complexity of the complaint.

Understandably, there was a perception on the part of some individuals that the dual role of

councillor and real estate agent inevitably creates conflicts of interest. The perception was exacerbated by the fact that there are four pro-development real estate agents on council, creating the impression of a 'bloc'. However, no specific instance of a councillor failing to appropriately declare or manage such interests was substantiated. On the contrary, all councillors appeared to be managing their business or professional interests in a thorough and appropriate manner given their responsibilities as public officials.

No systematic overturning of planners' recommendations on DAs by the real estate agent councillors, or in fact, by council at all, could be established. On the contrary, all parties (developers, councillors and planning staff) acknowledged that in the great majority of cases, council endorsed planners' recommendations on whether to grant approval, and that instances of council voting against such recommendations were rare. Even if it were established that a particular group often voted in accord to approve developments, this of itself would not constitute a corruption issue. Clearly, in any case, councillors are free to vote as they feel appropriate, and are not bound to follow planners' recommendations.

As the investigation continued, it became clear that there were a number of corruption risks in relation to council staff, due to a serious lack of training and a dearth of information provided for council staff concerning the ethical problems they may face in their work. Advice was offered to council in this regard and a procedures manual for planning staff is to be drafted.

Confidence trick

An allegation was received that an estranged couple paid a \$2,000 bribe to a Department of Housing officer to be given priority on a relocation list for separate housing for each partner. The ICAC interviewed the estranged wife and was told that a third party had promised that priority listing could be arranged through a Department manager for a \$1,000 bribe from each partner. The wife was subsequently provided with suitable accommodation, however the husband was still in the unit originally shared by the couple.

ICAC investigations established substantial contact between the husband and the third party, but no contact between the third party and the Department of Housing. The husband said that he had provided the third party with over \$20,000 for various ventures over the years, including bribes purportedly for Department of Housing officers. He had seen no return for any of the money handed over. The third party has since moved overseas. The evidence available to the ICAC indicated that the couple had been the subject of a con.

Waived off

The ICAC conducted a preliminary investigation into an allegation that a public official had deliberately submitted false statutory declarations to the Infringement Processing Bureau to get a parking infringement notice cancelled.

The parking infringement had occurred when the officer was travelling home in a work vehicle. When interviewed, the officer said that he had conducted some work on the way home, and provided a version of events consistent with the time of the offence provided on the infringement notice. Subsequent investigations had indicated that the time recorded on the notice was half an hour out. The officer then changed his version of events.

The ICAC obtained telephone records indicating two calls to the officer's wife during the time that he said he was working from the vehicle. Further inquiries indicated that the officer was off duty, purchasing take-away food at the time the parking offence occurred. Accordingly, he should have paid the fine personally, rather than have it waived at the request of the agency.

The inquiries established that there were inadequacies in the agency's processes for dealing with infringement notices issued to work vehicles. The internal reports merely required that the driver of the vehicle indicate that it was being used for official duty, without requiring any information about the time of the infringement. A letter is then generated as a matter of course seeking a waiver of the infringement. This left it open for the agency to request a waiver for fines incurred by officers using a work vehicle while attending to private matters. Corruption prevention follow-up work with the agency concerned was arranged.

Formal investigations

Throughout the year we conducted a number of formal investigations involving the use of the ICAC's powers. Only matters with the potential to expose significant and/or systemic corruption or which otherwise involve matters of significant public interest are selected for such investigation.

A formal investigation is given an operational title and the limits of the investigation are set out in a 'scope and purpose' document which must be approved by the ICAC Commissioner or Deputy Commissioner before it can proceed.

Some formal investigations during the year resulted in private and/or public hearings, while others did not. Case studies of some ICAC formal investigations appear on the next page.

Hearings and reports

Public and private hearings

The ICAC is an investigative agency – it is not a court or tribunal. Hearings are part of the investigative process. Their purpose is to assist our fact-finding functions. Hearings may be held in public, private or a combination of both. When considering whether to hold hearings in public or private, the ICAC must determine what is in the public interest. The public interest includes consideration of what will ultimately assist the investigation.

Hearings are conducted by the Commissioner, Deputy Commissioner or an Assistant Commissioner appointed for a particular investigation.

When a public hearing occurs, or an investigation originates from a

Parliamentary reference, we must provide a report to the Parliament. Reports may also be prepared about any other ICAC investigation.

Hearings were held in relation to ten investigations during 2000-2001, over 69 days including 20 days of public hearings.

Investigations with public hearings

Three matters that involved public hearings and attracted significant media coverage were investigations concerning:

- termination of John Kite's employment with the National Parks and Wildlife Service (NPWS)
- two contractors to Liverpool City Council, and
- conduct of a State Rail Authority technical specialist.

Hearings in the first investigation were not completed during the reporting period and will be the subject of a future ICAC report.

Hearings in the second investigation were completed during the reporting period. The report was published in July 2001.

Hearings in the third investigation were completed and a report published in April 2001. Details of this matter are set out in the section of this report dealing with reports.

Termination of John Kite's employment with the National Parks and Wildlife Service.

This investigation concerns:

1. the conduct of certain officers of the NPWS and others in relation to all aspects of the employment and termination of employment of John Kite by the NPWS

2. the circumstances surrounding the making of a statement, contained within a document purportedly written by an officer of the NPWS, to the effect that if John Kite made a complaint to the ICAC about the conduct of NPWS and some of its officers then 'we get our contact to deal with it', and
3. whether pursuant to the statement any ICAC officer acted other than in accordance with his or her official duties.

The alleged author of the document referred to in point 2 above denied its authenticity. However, the ICAC determined that it was in the public interest to fully investigate the matter.

The Hon. Jerrold Cripps QC was appointed to conduct the hearings. Given the allegation of possible corrupt conduct involving an ICAC officer, the Hon. John Slattery AO QC was engaged to oversee and audit the conduct of the investigation.

Liverpool City Council contractors

This investigation concerned the activities of two Liverpool City Council (LCC) contractors, Rethmann Environmental Services Australia Pty Ltd (Rethmann) and Casbee Pty Ltd (Casbee). The ICAC's investigation was actively assisted by LCC, which worked pro-actively to gather relevant evidence.

Rethmann had a contract to collect and dispose of domestic garbage waste in the LCC municipality. The investigation focussed on whether LCC was wrongly charged for the tipping of private commercial waste, whether Rethmann attempted to cover up its failure to provide new waste receptacles and whether a named LCC employee attempted to engage in improper activities in relation to the collection of waste.

As a result of the ICAC investigation and LCC's own work, LCC was able

to negotiate a settlement whereby Rethmann paid almost \$250,000 to LCC for excess garbage tipping fees and inquiry costs.

The ICAC also investigated allegations that Casbee deliberately failed to meet the contract specifications or, in some instances, did not actually carry out the work for which it was paid. A conflict of interest involving Casbee and an LCC contracted site inspector was also the subject of investigation.

Investigations that did not involve public hearings

During the year we formally investigated a number of matters that did not involve public hearings. Two case study examples of such matters are shown opposite.

One major matter concerned the investigation into allegations of a cover-up arising from an alleged indecent assault at Parliament House on 14–15 September 2000. The hearings were conducted in private. It was considered to be in the public interest to do so to ensure the integrity of the investigation, the continued anonymity of the woman involved in the alleged indecent assault, and later, because of the paucity of support for the allegations of a cover-up.

This matter was made the subject of a report to Parliament. The report was made public because the allegations of a cover-up were publicly known, as was the fact of the ICAC's investigations, and it was considered necessary that the ICAC publicly account for the findings made in this matter. Further detail about the report is provided in *Reports published during 2000–2001* on the following page.

Case Studies: Investigations that did not involve public hearings

Testing times

A formal investigation involving private hearings arose from allegations that two examiners with the RTA were accepting bribes to pass licence applicants from a particular driving school.

As part of the investigation, the pass/fail rates for each examiner at the particular registry was examined. Systems to facilitate this were established following the ICAC's investigation into corruption in driver licensing in the early 1990s. Initial reports failed to identify any noticeable discrepancies in pass/fail rates for the examiners under investigation. The ICAC suggested that the RTA examine the pass/fail rates for applicants from the particular driving school. This search revealed that the two examiners had passed nearly 85 and 95 per cent of applicants from the school respectively, where their colleagues passed between 35 and 60 per cent of applicants from the school.

Further investigations, including surveillance, gave additional credence to the allegations. Private hearings were conducted in March 2001, where both examiners admitted to receiving money from the proprietor of the driving school. As a result, information was passed on to the RTA to take disciplinary action against the examiners. The examiners have since been dismissed from the RTA, and the driving school's instructor's licence has been cancelled.

The failure of an approval process

The ICAC received a section 11 report from a public sector agency. The allegations in the report concerned a manager who had responsibility for the approval and certification of electrical equipment used in hazardous situations. Fees were charged by the agency for testing and certifying the equipment.

A number of irregularities had been identified in the way that the manager had carried out his duties. In a number of cases the proper procedures for testing had not been undertaken. There were also a number of cases in which approvals had been issued for a significantly lower cost than initially quoted.

Some of these approvals involved two related companies whose representative was alleged to have a close social relationship with the manager. Investigations were carried out to determine whether or not this relationship involved corrupt conduct, such as payments to the manager.

A private hearing was held in August 2000, at which the manager and the company representative gave evidence. Other investigations were also carried out. There was no evidence that corrupt payments were made to the manager although both witnesses acknowledged that they sometimes had lunch together. The manager admitted that he had breached procedures and cut corners in preparing approvals.

As the failure of the manager to properly conduct tests of the equipment had significant safety implications the agency engaged a number of experts to review the files. Certain approvals and certifications were withdrawn and action was initiated to resolve the issues that had been identified. The estimated cost of reviewing the files and repeating testing where necessary was over \$1 million. The agency has also initiated disciplinary proceedings against the manager.

Reports published during 2000-2001

In 2000–2001 we published six reports relating to completed investigations. For each report we also produced a report summary *Investigation Issues*. This is a recent initiative, intended to widely promote the relevance of the issues raised in the investigation. Investigation reports and *Investigation Issues* can be accessed on the ICAC website www.icac.nsw.gov.au

Greyhound racing

This report concerned our investigation into the conduct of officials of the Greyhound Racing Authority (GRA), the public authority that oversees greyhound racing in NSW.

In 1999, officials of the GRA reported to the CEO of the Authority their suspicions that the Chief Steward, Rodney Potter, was involved in corrupt conduct. The CEO reported the allegations to the ICAC, as required by section 11 of the ICAC Act. The ICAC commenced an investigation, which eventually involved video taped surveillance, telephone intercepts and listening devices.

The report found that Mr Potter provided assistance to certain dog owners and trainers in return for payments of money. He assisted by:

- supervising the draw to select the races, the winners of which would be drug tested. As officiating Steward, Potter was able to ensure that certain races were not selected, thereby allowing dogs owned or trained by those with whom he had a corrupt relationship to avoid being swabbed
- ensuring that certain urine samples which would have given a positive reading were removed

and replaced with clean samples or thrown away and recorded as 'leaked in transit'

- taking over or influencing inquiries following positive drug swabs which should have been conducted by other stewards
- providing a false greyhound registration certificate and other assistance so that a greyhound could be substituted for another in a race on 22 March 2000.

The investigation also established that a corruption prevention plan developed for the GRA was ignored for four years until the investigation took place. This failure greatly facilitated the corrupt conduct of Mr Potter and the consequent betrayal of public trust in the industry.

On the release of the report in August 2000, Commissioner Moss said that:

All NSW public sector agencies need to learn from this important case, in which the form but not the substance of an anti-corruption plan and its means of implementation existed. The documents were prepared, then ignored for four years, during which time several of the abuses warned of occurred.

In addition to Mr Potter, corrupt conduct findings were made against greyhound trainers Kenneth Edward Howe, Ronald Henry Gill, Rodney Bragg and Raymond Thomas King, and punter Andrea (Andy) Sarcasmo. No adverse findings were made against any other person. Recommendations were also made that the DPP give consideration to the prosecution of Mr Potter and five other individuals, primarily for bribery and corrupt commission offences.

Mr Potter was dismissed from his employment with the GRA. The GRA took disciplinary proceedings against five owners and trainers.

To minimise such abuses recurring, the report made 16 recommendations for improving the GRA's operations. These cover stewards' powers, registration, owner/trainer penalties, and drug testing. The ICAC has asked the GRA for a progress report on the implementation of the recommendations.

Rebirthing motor vehicles

In November 2000, we tabled *Rebirthing motor vehicles: Investigation into the conduct of staff of the Roads and Traffic Authority and others*.

This report deals with our investigation into the involvement of officials of the Roads and Traffic Authority (RTA) and others in the registration of stolen motor vehicles, involving the removal of identifying numbers from stolen cars to provide a false identity for registration and then sale – 'rebirthing'.

The evidence before the ICAC established that approximately 100 motor vehicles were knowingly rebirthed by five RTA Registry Service Officers (RSOs) and an acting manager of a Motor Registry. A number of motor vehicles were rebirthed by RSOs deceived as to the true nature of the fraudulent transaction.

The people involved in the deception included licensed Authorised Unregistered Vehicle Inspection Station (AUVIS) inspectors who fraudulently certified the identity of vehicles, knowing that the vehicles were stolen.

This report showed that the lack of a national system for recording vehicle identifiers, among other operational problems, created major corruption

opportunities. Twenty-nine people were found to have acted corruptly in the rebirthing of approximately \$1 million worth of prestige vehicles. The NSW Director of Public Prosecutions was asked to examine whether 28 of those people should face charges for such offences as bribery, forgery, fraud and perjury.

NSW police and RTA staff worked with ICAC officers during the investigation which had two main foci. One was manipulation of the RTA's main computer by a country motor registry manager. The other was targeting of specific ethnic staff at Sydney motor registries by criminals of the same nationality. These staff were influenced to ignore proper reporting procedures. Together they involved the rebirthing of about 100 cars between 1997 and 1999.

The ICAC was conscious that improvements for motor vehicle registration that enhance the integrity of the system should not create undue delay or inconvenience for those wanting to register their vehicle.

On the release of the report, recognising that improvements in NSW would be pointless without similar efforts in other states, Commissioner Moss called for the Premier and Minister for Transport to raise this matter at national forums. The Minister for Transport subsequently advised the ICAC that he had tabled the report at the November 2000 meeting of the Australian Transport Council. He said that he had stressed the need for a national strategy for registering written-off vehicles, and for all jurisdictions to take part in the driver and vehicle information exchange system.

The matter was also raised at the Standing Committee on Transport, and was the subject of correspondence from the Chief Executive of the RTA to all state and

territory registration and licensing Chief Executives. The Minister advised that two jurisdictions had requested assistance from the RTA in light of the issues raised by the ICAC report.

Matters arising from an alleged indecent assault at Parliament House on 14–15 September 2000

In November 2000, the Commissioner of Police made a section 11 reference to the ICAC, concerning allegations that the Speaker of the Legislative Assembly had improperly interfered with an investigation into an allegation of sexual assault against Mr Joe Tripodi MP, the Member for Fairfield. A report on this matter was tabled in December 2000.

This investigation did not aim to determine whether an indecent assault occurred. The focus of the ICAC's investigation was whether anyone acted to falsely concoct or withhold evidence or attempted to improperly persuade anyone not to report or otherwise seek investigation of the alleged assault - in effect, whether a cover-up occurred. The ICAC found that no one had acted in this manner. Accordingly, there were no findings that any person engaged in corrupt conduct.

Conduct of a technical specialist at State Rail Authority

In April 2001, the ICAC released *Corrupt networks: a report into the conduct of a technical specialist in the State Rail Authority*. This followed our investigation into the conduct of an information technology specialist with the State Rail Authority (SRA), David Andrew Thorndyke.

Mr Thorndyke was employed by the SRA in a division called the Data Network Management Group (DNMG). This group was responsible for advising on, and helping to implement, SRA projects involving the

use of digital technology. In effect, Mr Thorndyke was in the position of providing expert advice to other managers. He took advantage of this trust and responsibility to sell his own equipment to his manager at an inflated price, while disguising his own involvement in the sale.

Commissioner Moss found that Mr Thorndyke acted corruptly, when in 1998, he arranged for a friend, Brendan Soo, to sell a computer router owned by Mr Thorndyke to Mr Thorndyke's superior, Michael Philpott, at a 1,300 per cent price hike.

Findings were made in the report that Mr Thorndyke and Mr Soo engaged in corrupt conduct. A recommendation was made that the DPP give consideration to whether Mr Thorndyke should be prosecuted for certain criminal offences.

As a result of the ICAC investigation, Mr Thorndyke resigned from the SRA.

Although the report found some SRA procedures lacking, it was recognised that the SRA was now working with the ICAC to reduce corruption opportunities by improving internal audits, implementing a new assets database, and revamping the code of conduct.

Section 74 report on South Sydney Council and Section 74 report on Parliamentary travel

These investigation reports were tabled and released as appendices to the 1999-2000 Annual Report.

Requesting an agency to investigate and report back

Sometimes we receive serious allegations relating to corrupt conduct but decide they would be better pursued by another government agency – often the agency whose

officers are alleged to be involved in the matter.

The ICAC has the power, under section 53 of the ICAC Act, to refer such matters to the agency and have it conduct an investigation. We can also require a report on the matter be provided to the ICAC by a certain time under section 54 of the Act. Before referring a matter, we are required to consult with the agency and consider its views.

If we refer a matter but the investigation is not satisfactory, we must tell the agency and provide the opportunity for it to conduct further work. If the investigation is still incomplete or unsatisfactory, we may take over the investigation or take other action. Alternatively, we can give a report to the Minister for the authority, and perhaps to Parliament, setting out our recommendations and the grounds of dissatisfaction.

An example of a matter dealt with by means of section 53 referrals and section 54 reports is shown opposite.

Case Study: Matter dealt with by means of section 53 referral and section 54 report

IT Outsourcing

The ICAC received a number of lengthy and detailed complaints concerning the activities of certain governance and senior information technology (IT) personnel. These complaints alleged that:

- a private IT consultant, who had been working with the agency for some time, was in a relationship with the agency's IT director, and that the consultant participated in the selection process that selected the IT director
- the IT director awarded a number of consultancy assignments to the consultant without following proper tendering procedures.

These were referred to the agency for investigation. The investigation concluded that there was no evidence to support the first allegation, but did uncover evidence of the IT director failing to follow government tendering guidelines and failing to properly manage conflicts of interest. It was also clear that the consultant exerted a strong influence within the branch.

In March 2000, the ICAC received further information about the activities of these senior staff. This matter involved a large scale tender by the agency to outsource to the private sector its information technology service delivery functions. The allegations again involved serious conflicts of interests and extraordinary disregard for proper processes and decision-making structures that posed a

potentially significant financial risk to the organisation.

The ICAC raised these matters with the agency, which immediately halted the project and conducted an independent investigation. The investigation found that:

- there was confusion about use of the term market testing. Senior managers were under the impression that it had given approval for the IT outsourcing project to be further market tested or benchmarked and that the findings of this process would inform the ultimate decision to outsource the IT service. Instead, the consultant advanced directly to the tender stage and was instrumental in the production of the specification for tender
- the senior manager responsible for the process had, in attempting to gain approval to award a contract to an outsourced provider, significantly departed from the standard approval processes. The effect was to exclude the general manager from the decision making process and to mislead the agency's board.

In the meantime the newly appointed general manager immediately dealt with this matter and implemented a number of reforms. The two senior personnel were removed from their positions. In October 2000, the IT outsourcing process was terminated. This case highlights the increasing reliance by mainstream public sector managers upon expert IT advice. It also demonstrates the need for senior managers to exercise strong, informed leadership and to closely monitor the role of contractors within their organisations.

Improving agencies investigations and reports

Not all investigations and reports by other agencies are found to be satisfactory. This is often due to lack of knowledge and investigative expertise. Because of this, we have worked during the year to assist agencies improve the quality of investigations and reports.

Workshops

To improve the quality of investigations and reports we continued a program of interactive workshops.

Workshops were held for public officials who conduct investigations within their agencies. These were:

- generic workshop held in collaboration with the Institute of Public Administration of Australia (IPAA) (August 2000)
- Cabonne Shire Council in-house training session (May 2001)
- tailored presentation to NSW Aboriginal Land Council (June 2001)
- adapted presentation as part of our Rural and Regional Outreach (June 2001)

The workshops have proved helpful to participants. Marked increases in understanding have been recorded in evaluation reports for sessions covering natural justice, handling and assessing information and investigation planning. In the coming year we will again offer metropolitan and regional workshops.

National investigations conference

The ICAC, together with the Ombudsman and IPAA conducted the third National Investigations Symposium in November 2000. Over 180 delegates from NSW public

sector agencies and local councils, interstate, Commonwealth and international public authorities attended.

Delegates to the 2000 Symposium included experienced investigators involved in regulatory or administrative investigations, as well as managers and internal auditors involved in disciplinary and fact-finding investigations.

Themes were developed and speakers chosen from feedback received from delegates who attended the 1998 Symposium. They told us they wanted topics that would address the many roles of investigators—change agent, planner, manager and evaluator.

The 2000 conference explored how to improve investigations, with a focus on investigation techniques and skills, using technology, planning and managing investigations, and ethics and self-management. The topics cited by delegates as being most valuable were 'Ethics, trust and accountability', 'Problem solving and risk management' 'Use of formal powers' and 'The role of the media in investigations'.

The positive feedback received has ensured the planning of another Symposium for 2002.

Research on the impact of investigations

Research into the impact of ICAC investigations was completed during the year. Given that investigations are one of the main tools for exposing corruption and providing a catalyst for prevention, it is important that we know more about the effect they have on the workplaces where the corruption occurred, and on other organisations.

The research, which involved face-to-face interviews and focus groups found that:

- ICAC investigations have had a major and long lasting impact in each agency
- the key lasting major impact was that employees and managers accepted the need for tighter workplace controls, 'trackable' accountability and physical surveillance
- investigated agencies have dealt thoroughly and specifically with the corruption risks at the site where it occurred and across the management structure responsible for that work area
- managers and staff said they were constantly aware of the need for vigilance, following procedures, monitoring and improvement
- broader impacts of the investigations were evident in the agencies where the investigations occurred, and senior managers spoke about looking more broadly at their 'business' as a result of some of the investigation outcomes, but this knowledge and activity did not appear to filter down to supervisors and staff
- generally, people said they would report wrongdoing or corruption through their supervisor or line manager
- staff felt that, as a result of others' corrupt behaviour, management did not trust them, even though they had no part in it – a finding confirmed by many managers who said they no longer trusted the staff
- people expressed frustration with the lack of action against any private sector individuals who had been corrupt, particularly since the corrupt public servants had been dealt with severely, and in most cases had lost their jobs

- in one group of agencies people felt that, over time, the corrupt conduct would be likely to reoccur.

Conducting the research has had its own impact on the agencies, rekindling their memory of the corruption issues that were previously exposed and how they addressed them. It also provided a very real example of the ICAC's role, that it does revisit issues to explore the impact it has had and to see how agencies have fared subsequently.

When an investigation is being conducted, in some cases managers in those organisations need assistance with managing the broader environment in the workplace. Assistance with communications strategies, for example, was thought to be an area where managers were unsure, in terms of what they felt they could or should say to staff about the investigation.

In relation to hearings the research found:

- people called as a witness to an ICAC hearing feel their honesty and integrity has in some way been called into question, even when this was not the case
- ICAC investigations create a great deal of stress for people which lives long in their memories
- those who had been witnesses at ICAC hearings identified some basic information - the layout of the hearing room and who would be attending on the day - would have assisted them at the time.

Comment about investigation reports concerned:

- the length of time between the investigation and the publication of the report for two of the investigations used in this research

was considered to have had a negative impact on staff and management

- witnesses who had been called to appear at a hearing, but were not suspected of being corrupt, would welcome the inclusion of an 'innocent list' where those who were called to assist the investigation, but were not under suspicion of being corrupt are listed
- the impact of the ICAC investigation reports is mixed. Those that read them say they use them frequently as a point of reference for practical examples of problems and suggested solutions. However, a substantial number of 'related' and 'industry' organisations do not seem to take the time to read them, or unless their 'business' is exactly the same as that being investigated, they do not see the reports as particularly relevant.

The attendant publicity surrounding the investigation also had an impact:

- managers and staff working in the area that had been investigated felt they had been publicly shamed and tainted by the negative publicity and media attention at the time of the investigation
- the publicity surrounding the exposure of the corruption is itself a deterrent.

The results of the research point to areas where our performance can be improved and suggests avenues for providing more assistance and information to the community and people with whom we come into contact. The recommendations developed in the report are currently being considered for implementation.

Implementation of recommendations

Prosecutions and disciplinary action

The ICAC does not prosecute or discipline people as a result of its investigations, but we can recommend that consideration be given to either of these courses of action. The recommendations can then be considered by the Director of Public Prosecutions (DPP) for prosecutions or, in relation to disciplinary action, the agency in which the person is employed.

Section 74A(2) of the ICAC Act requires that each report to Parliament on an ICAC investigation include, in respect of each 'affected' person, a statement about whether or not the ICAC is of the opinion that consideration should be given to:

- prosecution of the person for a specified criminal offence
- taking of action against the person for a specified disciplinary offence
- taking of action against the person with a view to dismissing, dispensing of the services of, or otherwise terminating the services of the person.

An 'affected' person is someone against whom, in the ICAC's opinion, substantial allegations have been made during, or in connection with, an investigation.

Where recommendations are made that consideration be given to the prosecution of a person, we are responsible for preparing a brief of evidence and forwarding it to the DPP. It is a matter for the DPP to determine whether any prosecution action should be taken. If the DPP determines that such action should be taken, then ICAC officers will liaise with the DPP in relation to the

prosecution, and are responsible for undertaking any further investigatory work that may be required for the purpose of the prosecution.

Similarly, it is a matter for the relevant government agency to decide whether any disciplinary action should be taken against an 'affected' employee.

We monitor the outcome of recommendations we make for consideration of prosecution and disciplinary action. Appendix 2 sets out the details of prosecutions and disciplinary action taken in 2000 – 2001 arising out of ICAC investigations.

Recommendations affecting whole agencies

The conclusion of an investigation does not mark the end of our work with an agency. Depending on the nature of the recommendations, we may continue to have an interest in an agency and provide guidance and assistance to ensure their implementation. We are also interested in monitoring the implementation of recommendations for systemic reform.

Recos on the Web

This year we launched *Recos on the Web*, an initiative whereby reports describing the extent to which recommendations made in ICAC investigation reports have been implemented, are published on the ICAC's website www.icac.nsw.gov.au. A list of the reports is contained in Appendix 3 – Implementation of recommendations for reform arising from ICAC investigations.

The purpose of this initiative is to have agencies report on the implementation of the investigation report recommendations, and to make these reports available to the public. It is also intended that this encourage other agencies to consider

the continuing need for vigilance in reviewing and implementing corruption resistance strategies.

The review of the implementation of recommendations is ongoing and we will continue to regularly post reports on the website.

Implementation of recommendations concerning Aboriginal Land Councils

The ICAC's work with Aboriginal Land Councils (ALCs) commenced in 1995, when we began an investigation into allegations of corrupt conduct in ALCs. In carrying out this inquiry we wanted to:

- discover any corrupt conduct which might be occurring
- expose systems problems which create opportunities for corrupt conduct
- find sensitive, relevant, culturally acceptable and practical solutions which would be supported by the Aboriginal community
- help ALCs to adopt formal, culturally appropriate structures and mechanisms to reduce system failures
- assist ALCs to introduce culturally appropriate codes of conduct for elected members and salaried staff
- help ALCs to introduce appropriate financial practices to safeguard and optimise proper use of Aboriginal assets, including statutory investments.

Since that time we have maintained an interest in ALCs and the implementation of the investigation reports' recommendations. Six publications relating to the ALC inquiry were subsequently released.

Although the *Investigation into Aboriginal Land Councils in New South Wales - Implementation Progress Report* released in October 1999 identified a number of areas where progress in implementing the ICAC's recommendations was less than satisfactory, there have been subsequent efforts to improve the implementation of the recommendations.

The New South Wales Aboriginal Land Council (NSWALC) has begun taking steps to strengthen their relationships with Government, the Department of Aboriginal Affairs (DAA), the Audit Office, the NSW Ombudsman and the ICAC. They have made a very strong commitment to increased accountability and transparency, and to improving relations between the NSWALC and Local Aboriginal Land Councils (LALCs).

NSWALC's has made substantial progress in the implementation of the following recommendations:

- annualising councillors' expenses
- improving branch office support to LALCs
- in conjunction with the DAA, identifying a list of approved administrators and a list of approved investigators
- in conjunction with the Audit Office identifying a list of approved auditors to LALCs
- standardising budget and audit formats
- in partnership with the Western Sydney TAFE providing training to NSWALC and LALC staff.

In addition:

- twenty-five NSWALC staff and councillors have participated in an

ICAC Introduction to Internal Investigations course

- the NSWALC has volunteered to participate in a Corruption Resistance Review in the coming year
- a contractor has also been retained to ensure that the NSWALC is timely in implementing the recommendations that it is responsible for
- the DAA released the Review of the *Aboriginal Land Rights Act 1983 (NSW)* – Discussion Paper in May 2000. After considering submissions, substantial progress has been made on the proposed amendments to the Aboriginal Land Rights Act
- the Registrar, appointed under the Aboriginal Land Rights Act, has developed and implemented a training program to assist LALC members to gain a better understanding of ALC model rules. Amendments to model rules will be considered after the completion of the NSW Aboriginal Land Rights Act review.

The ICAC and litigation

The ICAC has been involved in four litigation matters during the reporting period.

ICAC & Ors ats McMurtie

In October 1999, Mark McMurtie commenced proceedings in the NSW Supreme Court against the ICAC and six other defendants. The principal allegations in the statement of claim related to a contractual dispute that Mr McMurtie had with the shire council. Mr McMurtie had previously complained to the ICAC and other agencies about this matter. The ICAC decided, on the advice of its

Operations Review Committee, not to investigate the matter.

An application was filed on behalf of the ICAC and two other defendants that the action be stayed, dismissed or struck out against them. A similar application was filed on behalf of three other defendants. On 18 August 2000, Master Harrison of the Supreme Court made orders striking out the proceedings against the six defendants.

The Plaintiff filed an amended statement of claim on 17 October 2000 with the leave of the Court. A further notice of motion was filed on behalf of the ICAC and two other defendants seeking to have that amended statement of claim dismissed or struck out as against them. On 1 March 2001, the Court made consent orders granting a verdict and judgement for those defendants with each party to bear its own costs in the proceedings.

ICAC & Ors ats Paramasivam

On 18 May 2000, the ICAC was served with an application under the *Human Rights and Equal Opportunity Commission Act 1986 (Cth)* alleging unlawful discrimination. Ms Paramasivam alleged that the ICAC had failed to investigate her allegation of corrupt conduct by reason of her race, colour or national or ethnic origin. The ICAC, the ICAC Commissioner, and each other member of the ICAC's Operations Review Committee are named as respondents. Ms Paramasivam was seeking 'an apology and the provisions of service on an equal basis'.

An application to summarily dismiss the complaint was made to the Federal Court by the ICAC and a number of other parties who were the subject of similar complaints to the Human Rights and Equal Opportunities Commission. Justice

Moore made orders on 25 October 2000 that Ms Paramasivam's complaints be dismissed. Leave to appeal against Justice Moore's decision was refused by the full bench of the Federal Court on 16 February 2001.

Ms Paramasivam's application for special leave to appeal to the High Court has yet to be determined.

Complaint under the Anti-Discrimination Act 1977 (NSW)

A former Special Constable employed by the NSW Police Service and rostered to perform duties at the ICAC has filed a complaint alleging that the ICAC discriminated against her on the ground of sex in relation to her employment.

The complainant is seeking to have the matter referred to the Administrative Decisions Tribunal for final determination.

ICAC ats Hagan

Patricia Agnes Hagan filed a Summons in the NSW Court of Appeal on 28 May 2001, seeking declaratory relief against a decision by the ICAC to discontinue, on the advice of the Operations Review Committee, the investigation of an allegation she had made concerning corrupt conduct by a public official. The matter was remitted, by consent, to the Common Law Division of the NSW Supreme Court on 25 June 2001, and an Amended Summons was filed.

Hagan seeks a declaration, principally, that the ICAC failed to observe procedural fairness in regard to the decision to discontinue the investigation.

The matter has not, at this stage, been set down for hearing.

Liaising with law enforcement and investigative agencies

We liaise with state and Commonwealth law enforcement agencies, and with investigative units inside NSW public sector agencies to facilitate our work. Through these relationships we obtain information and assistance. We also disseminate information to these agencies where appropriate. During the year the ICAC continued exchanges with the Queensland Criminal Justice Commission, WA Corruption Commission, NSW Police Service, and the NSW Crime Commission.

The ICAC has entered into memoranda of understanding with a number of agencies setting out relevant liaison and information exchange arrangements. An example of how the ICAC liaises with other investigative units is shown opposite.

The year ahead

In the coming year we will:

- investigate serious and/or substantial allegations of corrupt conduct
- identify opportunities for linking investigations with broad corruption risks identified through research and/or risk assessments
- develop an enhanced strategic risk assessment capacity to inform and support our investigations
- implement improved investigation planning and quality assurance processes
- develop and enhance strategic alliances to maximise exposure of systemic corruption.

Case Study: How the ICAC liaises with other investigative units

Liaison with investigative units – Department of Corrective Services

The Department of Corrective Services is a major public sector organisation, with particular corruption risks that result in the receipt of considerable information, allegations and complaints. The nature of corrections poses challenges for both the Department and the ICAC. Both organisations have recognised that a collaborative and co-ordinated approach is necessary to deal with corruption in corrective services.

High-level liaison meetings are held every two months to discuss matters of concern, and the approach to be taken with respect to matters considered suitable for joint work. These meetings allow both organisations to avoid duplication of effort, and facilitate joint operations to investigate allegations of corrupt conduct, and improve the exchange of information on matters as appropriate.

REVIEW OF OPERATIONS — HOW WE HELPED BUILD CORRUPTION RESISTANCE

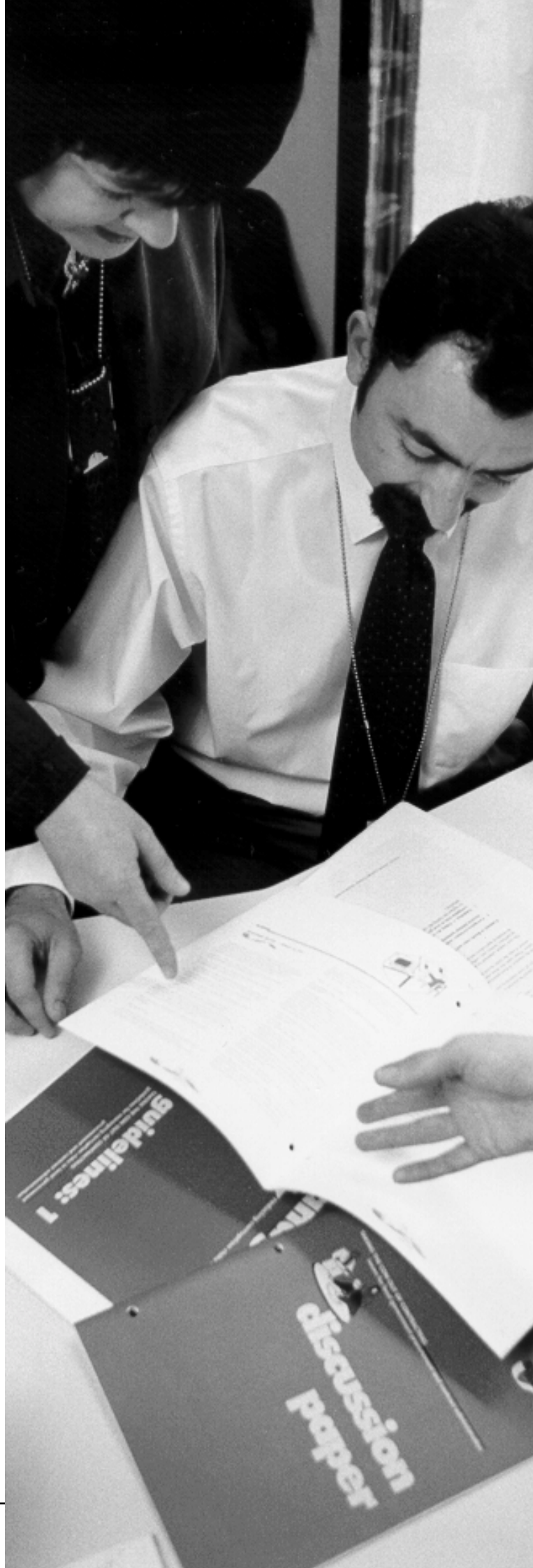
Our strategy

We aimed to help the public sector of NSW become more resistant to corruption by:

- promoting awareness of corruption risks and initiating strategies to help detect and minimise these risks
- identifying sectors where particular circumstances create particular risks and offering tailored guidance to address those risks
- providing an advice service to agencies.

What we did

- Researched corruption risks associated with new technologies and conducted the eCorruption Symposium to engage the public sector in developing solutions.
- Launched a Rural and Regional Outreach Strategy (RAROS).
- Launched the Local Government Strategy to respond to corruption risks identified in the local government risk profile research.
- Implemented a program of Corruption Resistance Reviews.
- Gave advice and guidance to agencies.
- Produced resources to assist agencies and councils identify and manage corruption risks.
- Delivered training and development to agencies.



HOW WE HELPED BUILD CORRUPTION RESISTANCE

Helping manage corruption risk

In the last year we adjusted our preventative approach from providing after-the-fact advice and assistance, to focussing much more on identifying and providing guidance on the management of corruption risks. The approach has led to the commencement of a number of significant projects.

Corruption risk associated with new technologies (eCorruption)

The rapid introduction of new technologies by the NSW public sector presents significant benefits to the community. However, as with all business and service systems, there is good reason to be aware of the corruption risks that are associated with government in cyberspace. The existence of the risk was confirmed when we undertook a preliminary risk assessment. (See page 16.)

Following from that risk assessment, this year we developed and implemented a strategy to help public sector managers respond to these new corruption risks.

First among the outputs was the release of a summary of the preliminary risk assessment report, titled *The need to know: eCorruption and unmanaged risk*.

The Centre for Applied Philosophy and Public Ethics (CAPPE) at Charles Sturt University was engaged to carry out research to provide baseline measures of emerging eCorruption and eCrime risks for public sector organisations. The research revealed that there is a basic awareness amongst NSW public sector managers of the threat of eCorruption, but that generally, safeguards are not adequate. The main areas of concern about eCorruption identified by the research are:

- databases and information misuse. Over 60 per cent of those surveyed said that they believed the risks of information misuse and fraud will increase. Large scale data warehousing represents a major new opportunity for eCorruption since it increases the value of information that is created by aggregating data, and there is much wider access to the aggregated information than there was likely to be to its individual components
- a lack of high level technical knowledge and expertise in-house is said by key informants to be a major problem in, first, establishing and maintaining adequate security systems, and second, in procuring and maintaining IT consultant and contractor services
- e-Procurement
- e-mail
- the internet.

The research concluded that whilst strategies to combat eCorruption need to continually evolve in the context of rapidly developing technology (and hence, risk areas are not static), strategies also need to build on existing institutional knowledge and anti-corruption mechanisms.

The ICAC hosted an eCorruption Symposium in May for public sector managers and specialists in audit, investigation and IT. Opened by the Premier, The Hon. Bob Carr MP, the symposium included presentations from senior officials including Robyn Kruk, Deputy Director-General, Premier's Department; Robert Wheeler, Executive Director, Office of Information Technology; Andrew Cappie-Wood, Director General, Department of Housing; Kate McKenzie, General Manager,

WorkCover NSW; David Roberts, Director State Records; and Paul Forward, Chief Executive, Roads and Traffic Authority. The Minister for Information Technology, The Hon. Kim Yeadon MP, opened day two.

The Symposium was a success, with over 250 delegates attending, with senior public sector managers being well represented. Evaluations showed that the symposium met most expectations for the majority of participants. Among many positive general comments, it was described as '*...of great value...this should be essential material for CEO's, business managers and many staff within government*'.

The research outcomes were presented at the Symposium and the results will be published in complete and summary versions in the next financial year. Information and publications are available on the ICAC website www.icac.nsw.gov.au by clicking on the eCorruption icon on the home page.

One of the most significant outcomes of the eCorruption Symposium and project was to take the first step towards embedding the management of eCorruption risk into central government policy and guidelines. At the Symposium, Robyn Kruk announced that the Chief Executive Officers E-Government Committee would be tasked with overseeing the implementation of eCorruption solutions for the whole of government.

During the year, we also dealt with a number of requests for advice in relation to concerns agencies had about eCorruption risks. Some examples of eCorruption enquiries received are shown opposite.



Case Studies: Examples of eCorruption enquiries received

Prevention is better than cure

The ICAC's advice is best used to avoid potential problems rather than to fix existing problems (although that also represents an important part of our work). An example of the purely preventative approach can be seen in the ICAC's assistance to a large NSW government department presently contemplating a high technology joint venture with a Europe-based company. There is a growing body of intelligence that some European criminal organisations establish or take over Information Technology (IT) companies (particularly internet service providers) in order to facilitate their illicit businesses and to guarantee protection of illicit communications.

A significant risk for any organisation, not in the least a government organisation, is to inadvertently partner with just such a corrupted IT service provider. In addition to jeopardising the good name of the NSW Government, venture capital could disappear into sophisticated money laundering channels and the services intended to be provided to the community of NSW could be put at risk.

To help manage the risk, the ICAC has been working closely with the department and the international law enforcement community to ascertain the bona fides and good character of key personnel in the proposed joint venture partner. While the risk of getting into bed with the wrong people can never be completely avoided, the ICAC has helped the department better manage that risk.

A movable risk?

A former IT support officer at an Area Health Service (AHS) manipulated the service's computer system to fraudulently obtain \$26,000 to which she was not entitled. The AHS dismissed the support officer after an internal audit.

The AHS reported the matter to the ICAC under section 11 and also to the local police. Enquiries with police revealed that their progress on the investigation was slow due to fraud being a low priority at Local Area Command level. They were also experiencing some difficulty obtaining records from the AHS and were apparently lacking in the necessary IT skills.

This matter is a classic eCorruption example of relocated corruption risk. A person responsible for IT training and support, with extensive access to IT systems, had defrauded a government agency of a considerable sum for personal gain. ICAC officers advised that the ICAC had the necessary skills for preparing a criminal brief of evidence in this matter and it fitted squarely within the overall ICAC eCorruption strategy. There was also scope for the ICAC to undertake eCorruption resistance work with the AHS.

IT operational support or supporting an IT operation?

The Vice-Chancellor of a NSW university advised the ICAC that an employee of the university's information technology division had sold goods and services worth over \$50,000 to the university through the employee's own company. Later the ICAC received a copy of the university's internal investigation into

the matter. The internal investigation report found that there was no evidence that the employee tried to keep secret his potential and actual conflicts of interest, that others were corruptly involved, or the university was defrauded. However, the report found that the employee's level of disclosure about his specific private engagement by the university was 'patchy'.

The matter was referred to the ICAC. ICAC officers advised that while the employee may have supplied acceptable goods for a fair price, his position provided him with a substantial advantage. He was exposed to the commercial opportunities directly, he was able to influence the procurement decision making and he was allowed access to information which may have helped him bid more competitively. Other IT goods suppliers could reasonably regard these advantages as unfair.

The ICAC recommended that the university create a more detailed and self-contained treatment of the subject of secondary employment for promulgation as a discrete HR policy and include relevant internal and external links relating to secondary employment in the web version of the university's Code of Conduct. It was also recommended that the human resource unit co-ordinate a common approach to receiving and dealing with applications for secondary employment to help ensure consistency of decision-making. The centralising of records would also mean secondary employment decisions are available for review when a staff member transfers within the university.

After receiving the advice the university responded that they 'were impressed with the Commission's approach' and would look to implement the Commission's recommendations.

Taking the corruption prevention message to rural and regional NSW

Just as rural and regional agencies and councils differ from their metropolitan counterparts in size, resourcing levels, and customer profile, they also differ in the nature of corruption risks. Until recently, most ICAC guidance was provided to meet the majority of detected need – a one-size-fits-all approach. The ICAC is now looking to identify sectors where particular circumstances create particular risks, and to offer tailored guidance. To assist rural and regional organisations understand and manage the risk, the ICAC has launched its Rural and Regional Outreach Strategy (RAROS).

Rural and regional visits

The central platform for the RAROS program is a series of rural and regional visits. The program, developed and launched this year, will be continued over the coming four years, ensuring that each region of the State will have been visited.

Each visit program will include:

- training for employees of state agencies and councils, and their managers about the role of the ICAC, risk management, managing internal reporting systems, reporting corrupt conduct and carrying out internal investigations
- providing opportunities for general managers of councils and regional heads of state agencies to meet individually with ICAC officers to discuss and clarify issues
- community awareness activities such as a community forum and the opportunity to provide complaints to the ICAC

- launches of Local Government Strategy initiatives
- undertaking Corruption Resistance Reviews with agencies.

The Broken Hill visit

The first RAROS visit was to the State's Western Region and was centred in Broken Hill in June. Evaluation showed that the impact of the visit was most strongly felt in public authorities, with 80 per cent of public officials surveyed being aware of the visit, and 60 per cent saying they had a better understanding of corruption as a result. Half had been able to attend at least one of the training sessions. The awareness of the visit in the wider community was lower (20 per cent) but awareness of the ICAC was high (90 per cent tended to be aware and hold positive impressions of it).

The visit resulted in the receipt of 12 complaints and received coverage on local press radio and TV.

Lord Howe Island

Included within the RAROS program was an examination of complaints made by residents of Lord Howe Island. The community, though small and isolated, inhabits an island that is the subject of much wider interest. The average incidence of complaints about conduct on the Island, 300 times that of state average, indicated some assistance in management of corruption risk was warranted.

ICAC enquiries and research led to the production of a discussion paper, *Trouble in Paradise?* which was released in June. The paper is concerned with conflict of interest, governance and, to a lesser extent, shipping. Feedback on the recommended strategies was received up till August 2001, and it is expected that the resulting guidelines will be available in October–November 2001.

Women on Wheels

The ICAC also participated in *Women on Wheels*, a Centenary of Federation program outreach project coordinated by the Department for Women (DFW) together with the Premier's Council for Women (PCW). The project combined outreach, consultation and information sessions and provided us with further opportunity to speak to rural and regional community members and public authorities in regional NSW.

Local Government Strategy

A large proportion of our complaints consistently concerns local government. This year the complaints and reports concerning local councils comprised almost 36 per cent of the total received. While this may be explained by the fact that the local government sector encompasses over 173 different organisations and that council decisions, many of which are discretionary, have a direct impact on individuals, we sought to explore more rigorously the nature of corruption risk in local government.

We also recognised that the corruption risks and probity issues that affect local government are not consistent across the sector, that there is diversity in the issues and in the possible responses that can be used to deal with them.

To this end the ICAC initiated a Local Government strategy to research and understand the nature of corruption risk in local government, and to provide advice and assistance that is tailored and relevant to the prevailing conditions in the sector.

The research firstly set out to identify the practices councils currently had in place to prevent corruption. Further research then was undertaken to help develop a profile of corruption risks. Principal among the identified potential corruption risks were:

- partiality, bribery and conflict of interest, especially by elected officials, in assessing development applications and rezoning
- partiality and personal interest in procurement, tendering and contracting
- misuse of council resources
- cash handling.

The research findings were published as a summary and distributed to councils throughout NSW. The summary and the full report were published on the ICAC website.

The availability of a comprehensive risk profile has enabled the development of projects that target the risks in local government with greater precision.

Procurement and contracting was the first to be addressed. In collaboration with the Department of Local Government and the NSW Ombudsman, we produced a discussion paper, *Taking the con out of contracting: Issues for local government procurement and contract administration*. The paper explored the measures adopted by councils that address the risks identified and assesses the feasibility of proposed recommendations. Feedback in response to the issues identified, applicable remedies, and views about proposed solutions was sought by 30 June 2001. The guidelines were published in September 2001.

During the year one ICAC investigation involving public hearings concerned local government procurement and contracting. The report on that investigation, *Garbage, Drains and Other Things*, was published in July 2001.

Some examples of assistance provided to local government are shown opposite.

Case Studies: Examples of assistance provided to local government

Planting the seeds...

The ICAC conducted an investigation into allegations of corruption in plant hire practices at a metropolitan council. Although the investigation established that corrupt conduct had not taken place, it revealed deficiencies in the council's heavy plant procurement practices.

ICAC officers were called upon to assist the council. They visited the council, interviewed staff and examined the procedures for the management of plant hire and related arrangements. A number of deficiencies existed in job costing and control functions, quality control and planning for and recording the use of private contractors. Problems with secondary employment management and the code of conduct were also identified. Working with council officers, the ICAC drew these deficiencies, many of which had already been identified by council staff, to the council's attention. Seventeen recommendations addressing project management, plant hire, staff and contractor relationships, staff training and certain work practices were presented for implementation by council.

The council accepted all the ICAC's recommendations and reported significant progress towards implementation in its first six-monthly report. The council now is in a much better position to manage and control its plant hire practices. It also operates in a significantly more corruption resistant environment. Council is of the view that, in implementing the ICAC's recommendations, it is moving in a very positive direction.

Fishy business

A Sydney metropolitan council proposed the sale of Crown Land to the current leaseholder, the owner of a popular seafood restaurant situated on the site. The proposal to sell the land directly to the leaseholder came shortly after the signing of a long-term lease and an investment of a substantial sum of money by the same leaseholder.

Two further allegations relating to the sale gave the ICAC cause for concern. One allegation was that the funds raised from the sale would be used to contribute to the construction of a jetty adjacent to the restaurant, which would probably benefit the restaurant. The other allegation was that the sale of Crown Land to the restaurant might have been a case of favouritism. It was alleged that the owner invited the councillors to sponsor a fundraising dinner and that such hospitality became a factor in the council's decision in his favour.

The ICAC intervened, concerned that if direct negotiations were employed, the best possible value for the site was less likely to be realised. The ICAC recommended that council pursue an open tender approach in selling the land and not sale by direct negotiation. Detailed advice on establishing and monitoring such an approach was provided to the council.

The advice was well received by the council. In February 2001, the general manager of the council wrote to ICAC saying that: '[your advice] has been a great help in confronting what has been a highly charged political issue. You have brought out a few aspects which even I did not fully appreciate!!! I'm prepared to admit that!!! The advice will help us to better manage the process'.

In May 2001, the council voted unanimously to abandon the proposed sale. The council also adopted a policy regarding future sale of land based on the ICAC's recommendations. In a letter from the council to the ICAC, the council's general manager expressed his appreciation for ICAC advice:

'I sincerely appreciate the advice you have provided to the Council to assist in its consideration of the proposal ... one of the very positive outcomes of [this advice] has been the adoption of a policy modelled largely on the ICAC's 1997 publication Direct Negotiations in Procurement and Disposals: Dealing Directly with Proponents. Our understanding and appreciation of the principles behind direct dealing have been considerably enhanced, and will greatly assist in similar situation in the future.'

It's hard to find good help

The ICAC received allegations that a rural councillor owned or was a senior manager in a labour firm, which supplied workers to the council. It was further alleged that there had been no tender for the supply of such labour, and that the councillor, council's human resources manager and general manager were in collusion to continue the arrangement.

The general manager of the council responded to the ICAC's enquiries confirming that a labour firm was used to provide the bulk of the council's casual staff and that the councillor in question was a manager of this firm. The interest in the labour firm was included in the councillor's pecuniary interest disclosure, but described him as a director not a manager. The general manager undertook to obtain a fresh pecuniary interest disclosure from all councillors.

Enquiries also revealed that the engagement of casual staff had not been tendered. The labour firm had approached the council with a proposal and the general manager had taken the decision 'to informally run with the councillor's firm for a trial period' in consultation with the human resources manager. The decision had been influenced by significant local factors – the local abattoir and mine had recently closed, jobs had been lost, and people in the town were short of work. However, in taking this course of action council's annual expenditure on casual staff had almost tripled.

The ICAC pointed out the risks in undertaking these 'informal' arrangements. Although the arrangements did not contravene the tendering regulations, they were well short of ideal and had created the perception that this process was rigged.

The council really should not have even considered the approach from the firm without there having been an expression of interest published. Further, it may have been prudent for the human resources manager to seek out labour hire rates from other labour firms in the area. Finally, the reasons for using the firm managed by a councillor should have been documented and authorised by the appropriate delegate, with all reasons for deciding on the use of the firm recorded.

These deficiencies have been discussed with the general manager who has agreed to ensure they are addressed in a new expression of interest.

Dangling the carrot

A metropolitan council received a proposal for redevelopment of a council-owned car park to include a multi-storey residential development and a library. This was a facility the council had long wanted to provide for its residents. The proposal also would have provided much needed revenue and services for the community.

However, the probity issues were considerable. Selling the land directly to people who made the proposals to the council might not have achieved best value for money. There may have been other proposals that would provide better return.

A meeting between councillors and senior staff of the ICAC explored the issue of directly negotiating with proponents and included discussion about:

- whether claims of intellectual property by proponents were sustainable
- methods of testing the market
- establishing and upholding council's planning priorities
- transparency and accountability
- reconciling expectations created by the National Competition Policy that councils operate according to business principles with the requirements of being a public authority.

Upon conclusion of the discussion, the ICAC suggested that the council establish criteria for the development of the site and that these be used as the basis for calling for expressions of interest. The council concluded by deciding not to go ahead with the development proposals in the form in which they were presented.

A little consultation can go a long way

The ICAC received a number of complaints from local council residents alleging that favouritism had been shown in the approval of a Development Application (DA). Residents had this perception because there had been almost no public notification of the DA and it had been approved very quickly.

The ICAC discovered that council only required that council officers provide notification to owners and occupiers who would be 'detrimentally affected' by a development. The policy gave wide discretion to council officers in determining who would be so affected.

The ICAC advised that advertising of DA's should be the general rule, not the exception. Advertising would have provided the opportunity for people to self identify as affected, object and have their objection dealt with. The ICAC also advised that a new policy should be developed in consultation with the community. The justification is that perceived conflict of interest or unfairness on council's part can be damaging to the proper conduct of council business.

Building corruption resistance: Corruption Resistance Reviews

A Corruption Resistance Review (CRR) is a tool we developed to help agencies identify areas in which they can improve corruption resistance. It is not intended as a pass/fail test. It measures what agencies have in place against the ideal, and suggests areas where an agency may aspire to improve.

The methodology can be applied in different ways. As a result of analysis of information received, the ICAC may approach an agency. Agencies may self nominate when they are of the view that such a review would assist their performance.

A CRR examines a range of generic features that our experience indicates are necessary in order to build a corruption resistant environment such as:

- risk management
- conduct guidance
- internal reporting
- human resource management
- complaint and grievance systems.

Areas of particular risk for specific agencies or industries were included in the program on a needs basis.

During the year three CRRs were conducted with the Registry of Births, Deaths and Marriages, University of Wollongong and Broken Hill City Council. Reports, each including a number of recommendations for improvements, were provided to the participating agencies. A total of ninety-one such recommendations were made.

All three agencies have accepted the recommendations and have developed plans for their implementation.

During the year the methodology was

developed and refined. We conducted the initial CRR with the Registry of Births, Deaths and Marriages through interviews with Registry staff. We also visited the Registry and its Newcastle Office to obtain further information. We based subsequent CRRs on a series of questionnaires that were completed by the agency and assessed by the ICAC.

In order to extend the reach of the CRR method, it is planned to develop with the Premiers Department a 'Do-it-yourself' (DIY) CRR that agencies can self-administer.

Providing assistance and advice services

Corruption prevention services such as provision of advice, publications and training are available from the ICAC. These are aimed at assisting agencies or individuals resolve corruption-related problems, or better still stop them from happening.

Providing advice and guidance

Providing a corruption advice service continues to be an important element of preventing corruption. In the 2000–2001 financial year, the ICAC provided advice on 416 matters – an increase of almost 20 per cent over the previous year's 349 matters. This includes responses to 285 telephone requests and 131 written matters. Written matters include referrals from the Assessments Panel.

Procurement and disposal continues to be the topic on which advice is most frequently sought. Twenty-six per cent of questions raised with the ICAC concerned this issue. Of these, the majority were concerned with tendering. Another prominent area was 'direct negotiations' – where an agency seeks not to go to tender, but to deal with only one potential supplier.

Conflict of interest was the subject of 12 per cent of enquiries. In relation to local government councillors, much of the advice centred on those that make decisions that appear to advantage one group at the expense of another. Also, in country areas, there is the danger of perceived conflict of interest for councillors due to family and community ties. The ICAC gave advice on how to deal with such issues.

Employment practices were raised in seven per cent of the enquiries. Guidance was sought on how to avoid the reality or perception of favouritism in recruitment, how to avoid conflict of interest in the procurement process, secondary employment, and dangers presented by post-separation employment.

Five per cent of enquiries concerned gifts and benefits. Although 2000 was the year of the Olympics, a time when gifts and benefits were considered to be a potential corruption risk, the percentage of gifts and benefits enquiries reduced slightly over the 1999–2000 figure (seven per cent). This may in part have been due to the issue of advice about the implications of accepting Olympic gifts and benefits.

The case studies that are set out opposite give the flavour of some of the advice work undertaken during the year. It should be noted that the advice work ranges from relatively straight forward matters that are resolved with a quick telephone call or written advice, through to complex commercial transactions often involving many millions of dollars, that involve ICAC officers providing information and briefings extending over several months. In some cases, some transactions take place over several years as agencies re-engineer their business processes, develop strategies and undertake lengthy and complex processes to achieve their desired outcomes.

Table 3 gives more detail on the matters we were asked to advise on during the year.

Table 3: Types of matter raised for advice 2000–2001 compared to 1999–2000

Issue	1999–2000	2000–2001
General ICAC information		33 (8%)
Procurement and disposal	104 (30%)	108 (26%)
Sponsorship	11 (3%)	18 (4.5%)
Misappropriation/misuse of public resources	15 (4%)	5 (1%)
Codes of conduct	15 (5%)	14 (4%)
Gifts and benefits	27 (7%)	22 (5%)
Protected disclosures	3 (1%)	18 (5%)
Government grants	4 (1%)	5 (1%)
Employment issues and practices	45 (13%)	30 (7%)
Election issues	5 (1%)	2 (0.5%)
Conflict of interest	52 (15%)	52 (12%)
Other	52 (15%)	89 (21%)
Maladministration	7 (2%)	5 (1%)
Public/private sector interface	9 (3%)	15 (4%)
Total	349(100%)	416 (100%)

We are keen to work with the public sector by providing corruption prevention advice that is timely, relevant and of the highest quality. For agencies to make the most of the advice function it is worth remembering that the ICAC does not 'signoff' on a transaction. To do so might put us in a conflict in the event that it receives a complaint about the matter. Rather, the ICAC can provide advice as to the procedures an agency might adopt to minimise risks. At the end of the day it is for the agency to satisfy itself about the probity of the transaction and to take responsibility for its decisions. We can add value to that process by providing a sounding board for an agency to expose its thinking to an independent third party.

Case Studies: Examples of advice work undertaken 2000–2001

Easy – but equitable?

A council currently has two contracts, both held by the same company; one of which is for collection of waste offshore and the other is for on-shore waste collection. Both contracts needed to be re-let in the next few years, however, one was due to expire a short time before the other. For reasons of efficiency and cost reduction, the council proposed to extend the life the earlier contract so that both could be re-let at the same time.

The ICAC advised that, in principle, access to government business should be made widely available to ensure equity in the process and to establish and obtain the best value for money. However, due to the clear benefits of extending the contract on this occasion it was open to council to enter into direct negotiations to extend the contract provided that it ensured, perhaps by advertising its intentions, that it would not be unreasonably denying any party access to council business.

After considering the circumstances and the advice of the ICAC, council decided to advertise for expressions of interest in order to be quite sure that it was not denying the equitable access opportunity to any party. If none were forthcoming, it would then proceed to extend the contract and announce that intention.

This case study shows that ICAC advice is just that – advice. All agencies are encouraged to seek the advice of the ICAC concerning probity and corruption resistance. But the ICAC's advice, together with other advice such as legal advice, needs to be considered by agencies when determining a course of action. The responsibility for the ultimate decision rests with the agency.

The woods for the trees

In 1989, a metropolitan council sold council land to a telecommunications company. After the sale, the council removed the trees from the land adjacent to the land that had been sold. This land was a reserve, but was not owned or dedicated to council. The company that owned the land took council to Court to sue for the loss it had suffered in having the trees removed. The Supreme Court (Equity Division) found in favour of the company and the company's solicitor presented council with a \$1.2 million dollars Heads of Damages claim.

The company's manager proposed that the transfer of a property and payment of legal fees amounting to \$245,000 would come very close to a reasonable settlement. Council was concerned about the probity issue of providing the company with property in exchange for the debt.

The ICAC provided council advice on the corruption risks associated with direct negotiations. ICAC officers explained that in this instance, direct negotiations might be justified because of the need to acquit council's debt. In terms of risk management, however, it was advised that it was important to resolve the matter finally and in the public interest. For this reason it was suggested that it might be preferable to consider settling the matter through court so that a definitive, open and accountable decision is made. Under the Local Government Act, for reasons of extenuating circumstances, it could be argued that the provision of other council land is acceptable.

Council appreciated the ICAC advice. Earlier this year the CEO wrote that:

'We found the advice both informative and reassuring of the issues and direction we should examine...it will assist us brief our councillors for their decisions.'

I do declare!

The ICAC received information that a Ministerial appointee to the board of a statutory authority had an undeclared interest which was in conflict with his public duty as a member of the board. The information indicated that the member was in a position to use confidential information given to the board to his employer's advantage.

The ICAC contacted the relevant Minister and asked that he have the matter investigated and advise the ICAC of the outcome. The Minister advised the ICAC that the member did in fact have such a position and that it had not been entered in the disclosure register. As it is of great importance that such interests always be openly disclosed, to support community confidence in the decisions of such bodies, the ICAC asked that the Minister consider the appropriateness of the member continuing on the board.

The Minister examined the full details of the case and, after considering the matter and the advice of the ICAC, decided it was appropriate for the member to continue on the board subject to his giving a number of undertakings concerning the use of confidential information and that he keep the register of interests up to date at all times.

Who runs the show?

A local showground is owned by the shire council, but run by community volunteers on the Showground Committee of Management (SCM). Because it is exercising the delegated functions of the council, the SCM is within the jurisdiction of the ICAC. In 1998, a building at the Showground burned down and council received insurance money to be used for construction of a new building. The SCM called tenders for the replacement building. The head of the SCM, who took part in the

decision on the tenderer, also acted as a subcontractor for the building. In choosing the successful tenderer, he had a conflict of interest.

The ICAC investigated the matter and discovered that members of the SCM were unaware of their responsibilities under the Local Government Act and council's Code of Conduct regarding conflict of interest. As a result there was a public perception that the tender decision had not been made on merit. The ICAC found no evidence of corruption, but suggested that the council remind committees such as the SCM that were subject to the legislation of their responsibilities. Pecuniary interests and the need for good record keeping were key areas to be addressed. The ICAC further suggested that council's Code of Conduct be revised along with its complaint handling and internal reporting systems.

As a result of this investigation, council has taken steps to provide relevant information to Committees of Management by way of meetings and a newsletter. Council has sought to separate routine management responsibilities from those 'involving sizeable construction projects' that will in future be handled by council. This is intended to reduce the likelihood of committee members awarding contract or sub-contract work to fellow committee members. The ICAC hopes that council will soon have the resources to revise its Code of Conduct, with input from stakeholders, and issue standing guidelines for on-going reference for committees.

Conflict options

A local council consulted the ICAC about proposed changes to its Code of Conduct. They proposed to prevent any councillor with a non-pecuniary conflict of interest from taking part in any council discussion

or decision-making, unless their withdrawal threatened a quorum.

The ICAC pointed out that, by requiring automatic withdrawal of an interested party, this could unduly affect the efficient running of council and deprive the community of effective representation. We pointed out that many apparent or real conflicts of interest could be minor or remote in nature and not pose any significant problem. Such matters might be adequately addressed by simple public disclosure. Providing for different arrangements if a quorum were threatened might leave meetings open to manipulation, discourage a declaration where it was required and allow a person with a substantial and significant conflict of interest to take part in the decision making process.

Married to the regulator

A professional officer in a department, with a number of discretionary regulatory functions, was married to a person employed in a senior position in a private company that was regulated by the department. The spouse participated in the profits of the company through annual productivity bonuses.

The department received a complaint from a competitor of the spouse's employer. The allegation was that their application for a commercial approval was being deliberately delayed. An ICAC investigation exonerated the department's employee but revealed that the competitor was aware of the conflict and as a consequence had not felt confident about the confidentiality of the commercially sensitive information which they were obliged to provide to the department. This apprehension was also evident in the wider industry.

In this case, although the employee was not suspected by the department of wrong doing, the industry's fears meant that it was necessary to move the employee to another position. The new position gave access to relatively little sensitive information.

It was still necessary for appropriate managerial action to be taken to ensure that the employee, and the industry, were fully aware of the need for holding such information in confidence. Close monitoring of work, regular reminders about confidentiality and the adopting of a need to know approach to information monitoring were some of the steps taken by the department.

Two Masters

Staff of a public hospital were engaging in secondary employment by providing their services to a private hospital in the vicinity of the public hospital. The staff had the approval of the relevant director of the public hospital.

However, the ICAC received a complaint to the effect that these staff were in fact carrying out work for the private hospital when they were being paid by the public hospital. An investigation found that there was no evidence to support the allegation. However, the way in which the matter had been handled had given the impression that a conflict of interest had arisen and been inappropriately dealt with by the staff. Put simply, the impression was that the staff concerned had put their own interest in the secondary employment ahead of their public duty.

The public hospital reviewed and strengthened its procedures for the management of applications for approval to engage in secondary employment as well as its arrangements for the continuous monitoring of the arrangements. Staff are reminded of the need for such approvals to be obtained and kept up to date.

This case illustrates how the perception of conflicts of interests not being handled with care can lead to a situation in which an agency is thought to be condoning questionable practices.

Self help advice on the Internet

In addition to individualised advice, the ICAC provided answers to common questions in the Preventing Corruption section of its website. The ICAC also began accepting and responding to queries by e-mail.

User testing has indicated that further development of the site is needed and this will be undertaken in the coming year.

Resources

The following resources were released during the year.

Corruption trouble-shooting: This resource provides guidance about identifying and addressing the issues that most frequently cause problems for agencies. It uses the results of eight years of empirical research to identify key corruption trouble areas and major lessons for organisations. Remedial actions are proposed and these actions link to resources from the ICAC and the NSW Ombudsman. A supporting poster was also produced.

First Four Steps: No leader of a public sector agency or local council wants to face a corruption scandal. Building organisational integrity is an effective way to avoid this happening. This quick guide explains what organisational integrity is, how it can benefit organisations and how managers can take four initial steps towards achieving greater corruption resistance.

Ethical Culture Survey Kit: This resource assists individual public sector agencies to better understand their organisational cultures and promote an ethical culture. Recipients of the kit were surveyed to assess the usefulness of the kit. 'What a bloody ripper! Thought that this is wonderful' was among the positive responses provided. Almost half of the

organisations contacted had either run the survey or were planning to run it.

Corruption ... Who wants to know?: This looks at how NSW public sector employees' social definitions of corruption and barriers to taking action about corruption have changed over time. The report, based on comparative research conducted in 1993 and 1999, shows that now public sector employees are more likely to:

- identify undesirable conduct as corrupt
- say they would report the behaviours within their organisation, and
- feel that something would be done if they reported the conduct.

The areas requiring more attention concerned:

- a lack of common understanding of what is meant by 'corrupt conduct'
- a need to inform employees about what they should do if they witness corruption
- the importance of training those who participate in selection procedures on how to identify and handle conflicts of interest and other ethical dilemmas
- despite improvement since 1993, two-thirds of employees still agreed with the statement, 'People who report corruption are likely to suffer for it'.

We are seeking to work co-operatively with the NSW public sector to respond to the above issues.

Corruption Matters is a tri-annual newspaper to alert public officials across NSW to key lessons learned

from ICAC activities, upcoming events, provide reference to guidance available by way of publication or website. Contributions from the Audit Office, the NSW Ombudsman and the Department of Local Government have been included. The themes of this year's issues have been:

- October/November 2000: leadership and its role in agencies
- March/April 2001: analysing corruption risks in your agency
- June/July 2001: local government.

CEO eBulletins were forwarded to general managers and CEOs on issues of importance including Olympic gifts and eCorruption.

Training

Training can be a very effective way of enhancing corruption resistance, provided its delivery is supported by systems and procedures and aligned with organisational strategy. Several training packages are available for in-house delivery by the ICAC. The ICAC also further assists agencies by developing and delivering tailored training sessions and workshops. A complete list of seminars and workshops and contributions made to conferences is included in Appendix 9.

ANU anti-corruption course

In May and June of 2001, we again collaborated with the Australian National University (ANU) to deliver a post-graduate course unit in *Corruption and Anti-Corruption*, which can count towards a Master Degree at the ANU's Asia Pacific School of Economics and Management. This is the fourth year of our participation in this successful, internationally recognised course.

The course attracts middle and senior managers from public sectors around

the world as well as the private sector, and deals with the subject of corruption in a unique combination of theoretical and practical approaches. Building on an understanding of various economic, political and sociological theories of corruption, the course examines in great detail a range of practical anti-corruption measures. Candidates come away from the course better equipped to control corruption at all levels from the immediate workplace, to organisational, national and international levels.

An innovation in 2001 was the establishment of a program of scholarships for NSW public officials to attend the course. The objective of the program is to have key NSW government employees come away from the course and apply the newly gained knowledge directly within their respective agencies and councils. As the group of graduates grows, we anticipate the emergence of a network of corruption aware senior managers who will have a pervasive effect on the overall ethical culture of the public sector.

In 2001, six places on the course were reserved exclusively for senior employees of the NSW state and local government sectors. Expressions of interest in the places were sought by way of public advertisement. The places were allocated to Dawne Clark of Rockdale City Council, Peter Connelly of the Premier's Department, Mike Doyle of Workcover, Rob McCarthy of the Roads and Traffic Authority, Andrew Scipione of the Police Service and Brad Scutella of the State Rail Authority. All these candidates completed the course successfully.

The year ahead

We will continue to develop our risk management approach to minimising corruption. Research is planned to assess the corruption risk of the public sector – mirroring and extending the research that was undertaken with local government this year. The information derived from this work will inform future strategy as well as provide baseline data against which our success can be measured.

- The eCorruption initiative will be further developed. The research findings will be published and a series of four workshops convened to develop guidelines on key risk areas.
- The Rural and Regional Outreach Strategy will be extended to the North Coast in November and the Hunter region in June. The range of activities will be expanded, and further opportunities to get in touch with the community will be developed.
- We will continue to roll out the Local Government Strategy. Discussion papers and

guidelines will be provided on development applications and use of resources. This is in addition to the contracting and procurement work which will be finalised in September.

- A further six Corruption Resistance Reviews will be conducted, with four aligned with rural and regional outreach visits. A 'Do-it-yourself' version will be developed to enable agencies to self-test their corruption resistance.
- We will continue to provide our advice service, but will look to improve reliability and responsiveness. An evaluation of the advice service is planned and should contribute to the climate of improvement. Feedback on all guideline information is now sought by way of fax-back sheet and information on this will be included in the next Annual Report.
- We also aim to make the ICAC website more useful to public officials in supporting their corruption resistance work.

REVIEW OF OPERATIONS —HOW WE ARE ACCOUNTABLE

Our strategy

We aimed to:

- be responsive to the needs of the Parliamentary Joint Committee on the ICAC (PJC)
- service the needs of the Operations Review Committee (ORC)
- meet statutory accountability requirements.

What we did

- Gave evidence to the PJC on two occasions, including a general meeting on the management of the ICAC, and a hearing arising from a review of the ICAC's jurisdiction.
- Provided information and met with the Chair and representatives of the PJC on three occasions regarding performance measures, police powers and local government.
- Maintained and supported the work of the ORC.
- Conducted internal reviews and audits of ORC reports and procedures.
- Ensured compliance with statutory requirements.



HOW WE ARE ACCOUNTABLE

To operate as Parliament intended, and to ensure community confidence is maintained, the ICAC is both independent and accountable.

The ICAC is independent in that our operations, including investigations, are not subject to the direction of politicians, bureaucrats, any political party, or the government. Unlike most other publicly funded organisations, we are not accountable to a Government Minister; rather we are accountable to the NSW Parliament through a Parliamentary Committee on the Independent Commission Against Corruption (the Parliamentary Joint Committee or PJC).

This independence is essential for public confidence that the ICAC is not biased or subject to the dictates of the government of the day. It also maintains the integrity of ICAC investigations and operations.

Under the ICAC Act and other legislation, we are given extensive powers (as outlined in Appendix 4), to perform our investigative functions.

Because of our independence and powers, accountability to the people of NSW – through the PJC, the Operations Review Committee (ORC), regular reporting, and a range of other accountability mechanisms – is important for the ICAC.

Parliamentary Joint Committee

The ICAC Act establishes the Parliamentary Joint Committee (PJC) as the main method of accountability to the NSW Parliament. The PJC is comprised of eleven members from both Houses of Parliament, and representatives from the Government, Opposition and Crossbench.

It monitors and reviews the ICAC's activities and reports, and can examine trends in corruption. It is prevented from investigating

particular conduct or reconsidering ICAC investigative decisions.

General meeting

An important feature of the PJC's role of holding the ICAC accountable is the General Meeting following the release of the Annual Report. On 27 November 2000, the Commissioner, and the ICAC's Executive Director of Investigations, Executive Director Corruption Prevention, Education and Research, and Executive Director, Corporate Services appeared before the PJC to give evidence on the ICAC's management and activities for 1999–2000.

Prior to the meeting, answers were given to an extensive series of questions on notice, relating to the management and administration of the ICAC, and its investigation, corruption prevention and education functions. The PJC was particularly interested in the ICAC's performance reporting, corruption prevention activities, investigative outcomes, the budget, and protected disclosures.

In its report on the hearing, the PJC said that the ICAC had provided 'a great deal of useful information about the activities and management of the Commission'.

Performance reporting

In May 2000, the PJC released its report 'Accounting for Extraordinary Powers', which included suggestions for improving our performance reporting. During 2000–2001, we undertook considerable work on our internal and external reporting.

The draft performance indicators were the subject of meetings and discussions with members of the PJC, including the Chair of the Committee, The Hon. John Hatzistergos MLC and committee member, Mr Michael Richardson MP, as well as representatives of the NSW

Ombudsman and the NSW Audit Office.

The ICAC will continue to work with the PJC on improving performance reporting.

Review of jurisdiction

To ensure that the ICAC's legislation continues to be relevant and appropriate, the PJC conducts regular reviews of the ICAC Act. In June 2000, the PJC released an issues paper as part of the second stage of its review of the ICAC's jurisdiction. A series of questions were posed on the definition of corrupt conduct, the extent of ICAC's jurisdiction and ICAC's ability to make findings.

During July 2000, the Commissioner expanded on these questions in speeches to the NSW Bar Association and National Press Club. A preliminary paper, setting out the ICAC's initial response to the Issues Paper, was submitted to the PJC at this time.

In February 2001, the PJC convened a meeting between representatives of the Department of Local Government, the NSW Local Government and Shires Association and the ICAC on the issue of extending the ICAC's jurisdiction over local government to include councillors where corrupt conduct was also a substantial breach of their council's code of conduct.

As a result of this meeting, the Department of Local Government and the ICAC have agreed to identify outstanding issues involving councillors that might fall outside the current jurisdiction. Consultation will take place with local government representatives before any final position is determined.

The PJC took evidence from the NSW Bar Association and the Police Integrity Commission in March 2001. The Commissioner and Deputy

Commissioner appeared before the PJC on 18 June 2001 to give evidence to the PJC on the jurisdiction question. A final submission was given to the Committee in anticipation of the meeting, covering the questions raised in the Issues Paper.

The major position put to the PJC at its hearing was that while the ICAC's experience might prompt discussion of alternative definitions of corrupt conduct, care needed to be taken to ensure that any change in this regard did not appear to weaken the State's resolve against corruption. We also argued that changes to our capacity to make findings would do little to alter media reporting or public perceptions of our activities, and said that we needed the capacity to report corrupt conduct in the clearest possible language.

The PJC is currently preparing a report on this matter.

Consideration of extended police powers

In February 2000, we put forward a series of proposals for legislative change to deal with issues arising from the exercise of the ICAC's powers. The most significant of these related to conferring extended police powers on suitably qualified ICAC investigators. We argued that this was necessary to respond appropriately in certain circumstances, and to perform routine administrative functions currently reserved to police officers. Evidence was given to the PJC on these issues in June 2000.

In November 2000, the PJC issued its report on the proposed powers submission. It gave conditional support to proposed changes in relation to listening devices and how the ICAC disposes of property seized in the course of an investigation. However, the PJC recommended against extending the police powers

of ICAC officers. Instead, it recommended a meeting between the Police Service and ICAC to discuss how better use could be made of NSW police officers.

In January 2001, a meeting was convened by the PJC involving Commissioner Ryan and other representatives of the Police Service, and Commissioner Moss and other representatives of the ICAC. This meeting resulted in an agreement that a pool of suitably qualified police officers would be put on call for use by the ICAC in operations. Following this meeting, further discussions have taken place with the Police Service on the detail of this arrangement.

Accountable for decisions to investigate – the Operations Review Committee

The Operations Review Committee (ORC) was established under the ICAC Act and its functions, membership and procedures are also specified in the Act. The ORC ensures the ICAC is accountable for decisions about whether or not it will investigate complaints made by members of the public.

The main role of the ORC is to advise the ICAC Commissioner whether the ICAC should discontinue or not commence the investigation of a complaint alleging corruption. The ORC must be consulted before an investigation into a complaint can be discontinued.

Whilst this is the ORC's statutory function, by agreement between the ORC and the ICAC, it has been given a broader role in investigation matters to:

- advise the Commissioner at least every three months whether the ICAC should continue an investigation

- advise the Commissioner whether the ICAC should discontinue an investigation conducted on its own initiative or on a report made to it
- advise the Commissioner on other matters the Commissioner may from time to time refer to the ORC
- bring to the attention of the Commissioner any matters relating to the operations of the ICAC which the ORC considers important.

The Commissioner has a statutory obligation to consult with the ORC on a regular basis, and at least once every three months. In practice, the Commissioner usually meets with the ORC every month except January.

During ORC meetings, members may reject, accept or modify recommendations made by ICAC officers and/or request further investigation into any matter reported to it.

ORC members

The ORC consists of eight members:

- Ms Irene Moss AO, the ICAC Commissioner, and Chair of the Committee
- Assistant Commissioner of the ICAC, nominated by the Commissioner
- Mr Peter Ryan QPM, the Commissioner of Police, New South Wales Police Service
- Mr Laurie Glanfield, Director General, Attorney General's Department, appointed by the Governor on the recommendation of the Attorney General, with the concurrence of the Commissioner and
- Four persons appointed by the Governor on the recommendation of the Minister with the

concurrence of the Commissioner, to represent community views:

- Ms Yvonne Grant, lawyer
- Reverend Harry Herbert, Executive Director, Uniting Care
- Ms Suzanne Jamieson, Lecturer, Department of Work & Organisational Studies, University of Sydney
- Ms Merrilyn Walton, Department of Medical Education, Faculty of Medicine, Sydney University.

ORC decisions during the year

In 2000–2001 the ORC met nine times and considered 664 matters. Of these the ORC:

- accepted the recommendation made in relation to 529 of the matters (80 per cent) without any alteration or comment
- made specific comment or alteration to the recommendation before accepting the report on 54 matters (8 per cent)
- did not accept the recommendation, but sought further information and required further reports to be prepared, for 16 matters (2 per cent)
- accepted reports on the status of 65 matters (10 per cent).

Compliance with duty to report

In order to ensure it complies with its duty to report to the ORC, the ICAC has regular internal reviews of reports and associated files.

Internal review

In response to a request for additional information from the ORC, an internal review of the preparation of

ORC reports was conducted in April 2001. The ORC expressed satisfaction with the additional information, and a number of new procedures to enhance the quality of information given to the ORC were implemented out of the review.

External audit

Reporting to the ORC was audited by independent auditors. The audit noted a number of areas for improvement, particularly in the area of timely reporting. The audit reflected issues identified in other internal reviews. We are committed to improving our reporting to the ORC and enhancing the accountability of our complaint handling processes.

ACCOUNTABLE THROUGH OTHER MECHANISMS

Investigation reports

Investigation reports on each investigation involving a public hearing or any matter referred from both Houses of Parliament must be presented to Parliament. Investigation reports specify any findings of corrupt conduct, and recommend changes to ensure that future corruption opportunities are minimised. As well, recommendations are made on whether consideration should be given to the prosecution of, or the taking of disciplinary or dismissal action against, individuals. These reports are public and help to inform the community about what we have done.

Inspection and reporting of certain powers

To ensure compliance with statutory requirements, the Ombudsman inspects ICAC records of telephone interceptions and controlled operations (see Appendix 4). The ICAC reports on its use of listening devices to the NSW Attorney General.

Requirements under the *Law Enforcement and National Security (Assumed Identities) Act 1998* are reported in the Annual Report at Appendix 4.

Legal scrutiny

The Supreme Court has both an inherent and statutory jurisdiction to receive appeals or applications in respect of the activities of administrative tribunals, such as the ICAC, to ensure they perform their functions according to law.

In public and private hearings, witnesses and affected persons can be legally represented. Any claim that the ICAC has wrongly used its powers can thus be challenged and resolved.

Other controls

We are bound by a number of other accountability controls:

- the ICAC Commissioner's appointment is a five-year non-renewable term
- we are accountable to NSW Treasury for funding and expenditure
- NSW privacy laws apply (operational matters are exempted)
- Freedom of information laws apply (operational matters are exempted).

The year ahead

- The PJC and the ORC will continue to be the major formal accountability mechanisms for the ICAC. The PJC has foreshadowed that the next stage of its legislative review will focus on the ICAC's investigative powers, including hearings.
- The ICAC will continue to look at ways of improving the reporting of information to the PJC and the ORC.

REVIEW OF OPERATIONS —OUR PEOPLE AND MANAGEMENT

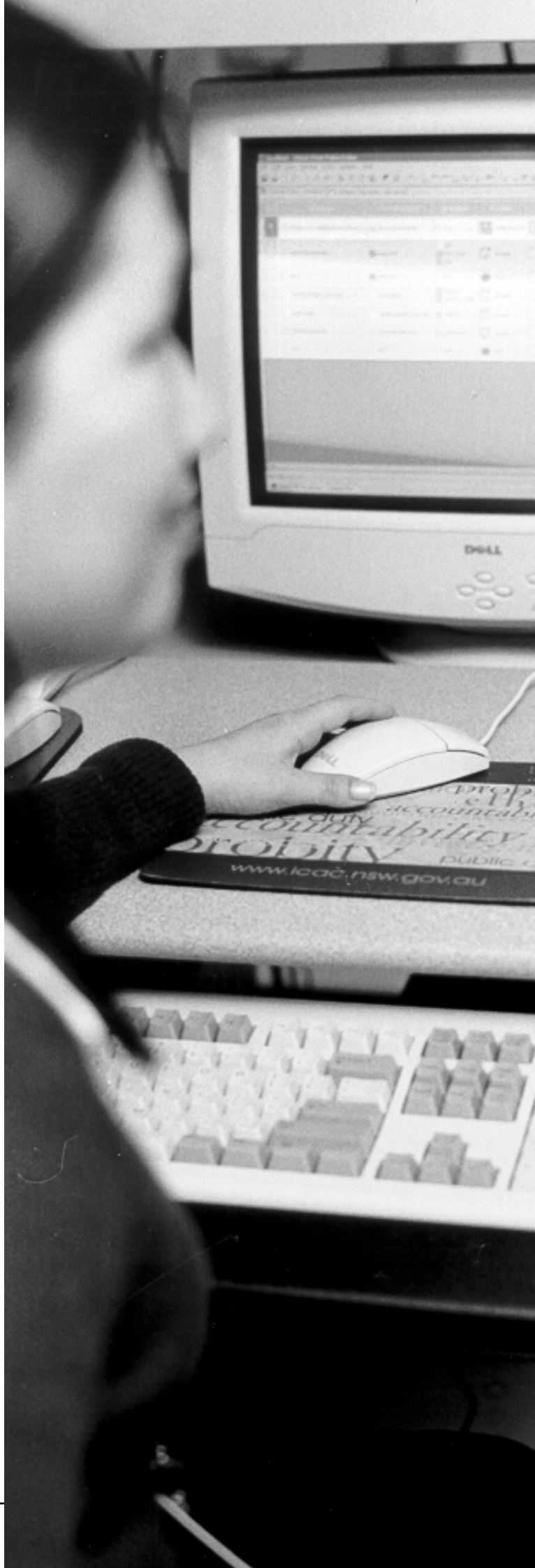
Our strategy

We aimed to support and develop our staff and ensure adherence with statutory requirements by:

- establishing and maintaining a co-operative and productive work environment
- establishing performance measurement and feedback mechanisms
- ensuring corporate resources, systems and procedures are up to date, relevant and administered effectively
- provide legal guidance and support for the ICAC's operation.

What we did

- Commissioned a functional review and investigative capacity review and began to implement their recommendations.
- Developed a Corporate Strategic and Operating Plan for 2000–2001.
- Developed a Corporate Strategic Direction for 2001–2006 with supporting Divisional Operational Plans for 2001–2004.
- Set in train the implementation of a skills and competencies audit.
- Developed a new information management and technology strategic plan.
- Implemented internal risk assessment and developed a risk management plan.
- Provided guidance on legal changes affecting the ICAC.



OUR PEOPLE AND MANAGEMENT

Who works for us

At 30 June 2001 we employed 122 staff under the *Independent Commission Against Corruption Act* of whom 5 were Senior Executive Service officers.

The ICAC is organised into an executive and four divisions (Investigations, Legal, Corruption Prevention, Education and Research, and Corporate Services). The staff in each of these divisions at 30 June 2001 is shown in the table below.

Table 4: Staff number by area of employment, at 30 June 2001

Area of employment	Number of staff at 30 June 2001
Executive	4
Investigations Division	53.17
Legal Division	11.0
Corruption Prevention, Education & Research Division	26.3
Corporate Services Division	27.4

More statistics concerning staff are shown in Appendix 7 – Equal Employment Opportunity Tables.

Major issues

An organisation like the ICAC, which functions in an ever-changing operational landscape, has to develop and maintain increasingly sophisticated means of identifying and investigating corrupt conduct. The structures, skills and techniques employed by an agency 12, 10 or even 5 years ago need to be

continually assessed and updated to meet the challenge of being the leading anti-corruption agency in the NSW public sector.

During 2000–2001, we undertook a number of internal reviews to ascertain the state of our structures and skills, and identify opportunities for improvement. In many respects, these reviews constituted a stocktake of our capacity to address corruption.

The reviews undertaken provided recommendations for improving the mix of skills within the organisation, enhancing co-ordination and performance of the ICAC's key functions, providing better support to those functions, and the acquisition of skills in forensic investigation, project and risk management, and strategic assessment.

Functional review

A functional review was commissioned in November last year to assess our capacity to meet new challenges in the area of anti-corruption. The review was conducted by Alan Cameron AM (previously Commonwealth Ombudsman and Chair, Australian Securities and Investment Commission (ASIC)), Bill Coad AM (formerly Deputy Chairman of the Trade Practices Commission; Regional Commissioner, ASIC; and Chair, Commonwealth Law Enforcement Review (1993-94)); and Phil Khoury (formerly Executive General Manager, ASIC).

The key recommendation of the review was that to be ready for these new challenges the ICAC should be more selective and strategic in the choice of work. It suggested that this would be assisted by the acquisition of new investigative techniques and skills, and more flexible structures, resourcing, staffing and technology systems.

Investigative capacity review

Our ability to take on more sophisticated corruption and concealment depends on the nature and extent of our investigative capacity. The Special Crimes and Internal Affairs Command of the NSW Police Service completed a review of this capacity in early 2001.

The investigative capacity review reinforced the message of the functional review that improvements needed to be made to our information management systems and intelligence capacity. Greater use needs to be made of risk management principles in investigation and project planning. The review also identified the need for enhanced training and development for investigators, and the targeted acquisition of new skills.

Skills and competencies audit

The functional review said that the first step in establishing a better skills mix in the ICAC was to obtain a snapshot of the existing skills set. During 2000–2001, we engaged Ernst and Young to conduct a skills and competencies audit. Much of the preparation work took place during this period, with the Audit conducted during July and August. The audit will provide a profile of staff skills and competencies, and will inform the development of a co-ordinated and targeted training and staff development program.

Information management and technology strategic plan

Our work needs to be supported and underpinned by a co-ordinated and strategic information technology and management capacity. During the year, the ICAC prepared a new Information Management and Technology (IM&T) Strategic Plan. This will direct management of the

information technology and management system for 2001-2006.

The strategic plan provides the direction for a series of projects that will improve our information management capacity. Our corporate information system will be upgraded to provide better case management, data and exhibit management, and internal performance reporting.

Review of procurement policies and procedures

A review of procurement policies was completed in the year under review, identifying opportunities for improvement in our procurement practices. In response, new procurement policies and procedures – as well as new financial, procurement and staffing delegations – have been developed and will be implemented in the coming year. A contracts database is being developed and a new position of contracts officer will be established. Organisation compliance with the newly established policy, procedures and delegations will be achieved through a range of new centralised controls.

Internal review of file handling and records management

An internal review of file handling and management was conducted during the year. As a result, new procedures for handling and monitoring our files have been developed. These include procedures for tracking matters and enhanced reporting to the Operations Management Committee. Further improvements to file handling will be developed along the lines of our continuing obligations under the *State Records Act 1998*.

Strategic Planning Process

To enhance our strategic focus, a structured planning process has been

introduced. The strategic and corporate planning process consists of:

- a Statement of Corporate Strategic Direction (for 2001–2006)
- a Corporate Operational Plan. This plan details the strategies and initiatives required by the organisation as a whole to deliver the Corporate Strategic Direction. The initial Corporate Operational Plan is for the three-year period 2001-2004. It will be reviewed and updated each year
- individual operational plans for each Division of the ICAC detailing the specific activities of each Division to deliver the Corporate Operational Plan
- regular performance reporting to the Commissioner, Deputy Commissioner and Executive Directors against the Corporate Strategic Direction and each plan.

Performance Management

During 2000–2001 we reviewed our staff performance management system and commenced implementation of a new program that directly links individual performance agreements to the achievement of the ICAC's strategic objectives reflected in its 2001–2004 Operational Plan. Full implementation will be complete by December 2001.

Industrial Relations

Negotiations with the PSA and staff representatives have been undertaken concerning a new ICAC Award.

Consistent with the Memorandum Of Understanding signed by the NSW Government and Public Sector Unions, a two per cent salary increase was paid with effect from 5 January 2001.

Complaints about the ICAC

Consistent with the aims and objectives of the Protected Disclosures Act, the ICAC has developed internal procedures for reporting and dealing with protected disclosures made by ICAC staff. We are committed to ensuring that those who make protected disclosures do not suffer detrimental action as a result of providing such information.

No protected disclosures were made by ICAC staff during 2000–2001.

In November 2000, the NSW Ombudsman provided two reports to the ICAC Commissioner, arising from protected disclosures referred to him in June 2000. The first report, dealing with the handling of matters previously referred to the Ombudsman, made no adverse findings against any individual, but drew attention to a number of systems and process issues for the ICAC. Implementation of the recommendations, including a review of the code of conduct, is ongoing. The second report, dealing with allegations concerning the reaction to a manager's departure from the ICAC, made no adverse findings against any ICAC officer, nor any recommendations.

Equal Employment Opportunity Management

The EEO Committee produced a revised EEO Management Plan for 2001–2004. The Plan sets out the following objectives for the next five years:

- a skilled workforce that recognises the diversity of the NSW community through:
 - women continuing to represent at least 50 per cent of full-time employees

- Aboriginal people and Torres Strait Islanders representing 2 per cent of full-time employees
- people with a disability who require work related adjustments representing 4 per cent of employees
- people whose first language is not English representing 18 per cent of employees
- employee diversity at all ICAC salary levels and in all occupations
- facilitate the increase in earnings of all EEO groups by ensuring that ICAC policies are free of bias and that developmental opportunities are allocated fairly and equitably
- employment separation of EEO group members proportionally no greater than their representation in the ICAC's workforce
- selection and appointment to ICAC positions based on merit
- a workplace, free from discrimination and harassment, with accessible and fair grievance procedures
- access to developmental opportunities for EEO groups to reflect their proportion in the ICAC's workforce.

A detailed implementation plan has been developed to ensure that we are on track to achieving these objectives.

The ICAC has commenced specific strategies for achieving these aims and these include:

- the implementation of flexible work practices and leave policies to ensure that we take account of family and religious responsibilities and the needs of people with disabilities
- the review of all draft advertisements to ensure that they are designed to encourage the widest pool of candidates
- provide developmental opportunities for specific groups through the implementation of the ICAC's higher duties, training and career development policies
- introduction of the Spokeswomen's Program to the ICAC.
- a brochure 'Bribery = Crime' was available in 11 community languages and placed on our website
- a directory of staff who speak languages other than English, was established and placed on the ICAC's intranet
- all managers and supervisors ensured the observance of holy days and essential religious duties as requested by staff
- a specific staff position (Manager Human Resources) was assigned formal responsibility for all ethnic affairs matters.

NSW Government Action Plan for Women

The ICAC's EEO Management Plan encompasses all activities in relation to women.

Disability plan

Although the ICAC is not required to develop a disability action plan under the *Disability Services Act 1993*, we have developed an initial draft plan and sought advice from the Department of Ageing, Disability and Homecare.

We are now preparing a full disability action plan consistent with the recommended disability policy framework, including the involvement of people with disabilities.

Ethnic Affairs Priorities Statement

During 2000–2001, the following outcomes were achieved:

- a major research study on the information needs of community groups
- three significant media releases were translated into 11 major languages and circulated to the ethnic media
- accredited interpreters were made available when required for the purpose of interviews and hearings

During 2001–2002 our key strategies will focus on:

- the development of further information, in a range of community languages, to be placed on our website
- the development of an implementation strategy focusing on meeting the information needs of community groups identified through the major research project completed in 2000–2001.

Occupational Health and Safety

A newly elected Occupational Health and Safety (OH&S) Committee met five times during 2000–2001. New committee members received training and four workplace inspections were carried out during the year.

During the year the committee initiated the following projects:

- incorporation of OH&S considerations in our contractual arrangements with contractors
- update of our signage
- commencement of a review of our workers compensation claims over the past five years

- installation of a duress alarm in the basement and development of procedures for its use.

During the year there were 13 work-related incidents of which seven became workers compensation claims accepted by the GIO. Total time lost arising from workers compensation absences during the year was 105 days.

Management and organisation

Budget

The majority of ICAC's revenue is in the form of an appropriation from the NSW Government's Consolidated Fund. The Government also provides for our long service leave and superannuation liabilities. A small amount of additional revenue is generated through presentations and training courses for public sector agencies, tertiary institutions and various overseas aid projects. See table opposite.

Executive management

At 30 September 2001, the Executive Team comprised:

- Irene Moss AO, Commissioner, BA, LLB (Sydney), LLM (Harvard)
- Kieran Pehm, Deputy Commissioner, BA, LLB (Sydney)
- Mal Brammer APM, Executive Director, Investigations, Associate Dip. Police Mgt (Macquarie)
- Grant Poulton, Executive Director, Corruption Prevention Education and Research, BA, LLB (Auckland), LLM (London), MPS (UNSW)
- Lynne Chester, Executive Director, Corporate Services, B.Comm (Melbourne), MPP (Sydney), FAICD, FICS

Table 5: Financial results 2000–2001 and budget for 2001–2002

Expenses	2000-2001 \$'000	2001-2002 \$'000
Operating Expenses		
Employee related	9,830	10,540
Other operating expenses	4,777	4,435
Maintenance	289	258
Depreciation & amortisation	552	530
Total Expenses	15,448	15,763
Less:		
Retained Revenue		
Sale of goods and services	27	35
Investment income	23	10
Other revenue	7	15
Total Retained Revenue	57	60
Loss on disposal of non-current assets	(25)	–
NET COST OF SERVICES	15,416	15,703
Government Contributions		
Recurrent appropriation	13,816	14,124
Capital appropriation	153	520
Acceptance by the Crown Entity of employee entitlements and other liabilities	1,037	1,050
Total Government Contributions	15,006	15,694
DEFICIT FOR THE YEAR	(410)	(9)

- John Pritchard, Solicitor to the Commission & Executive Director Legal, BA, LLB (UNSW), LLM (Sydney).

Statistics regarding the comparison of the number of executive positions with previous years and remuneration for executive officers level five and above is included in Appendix 6.

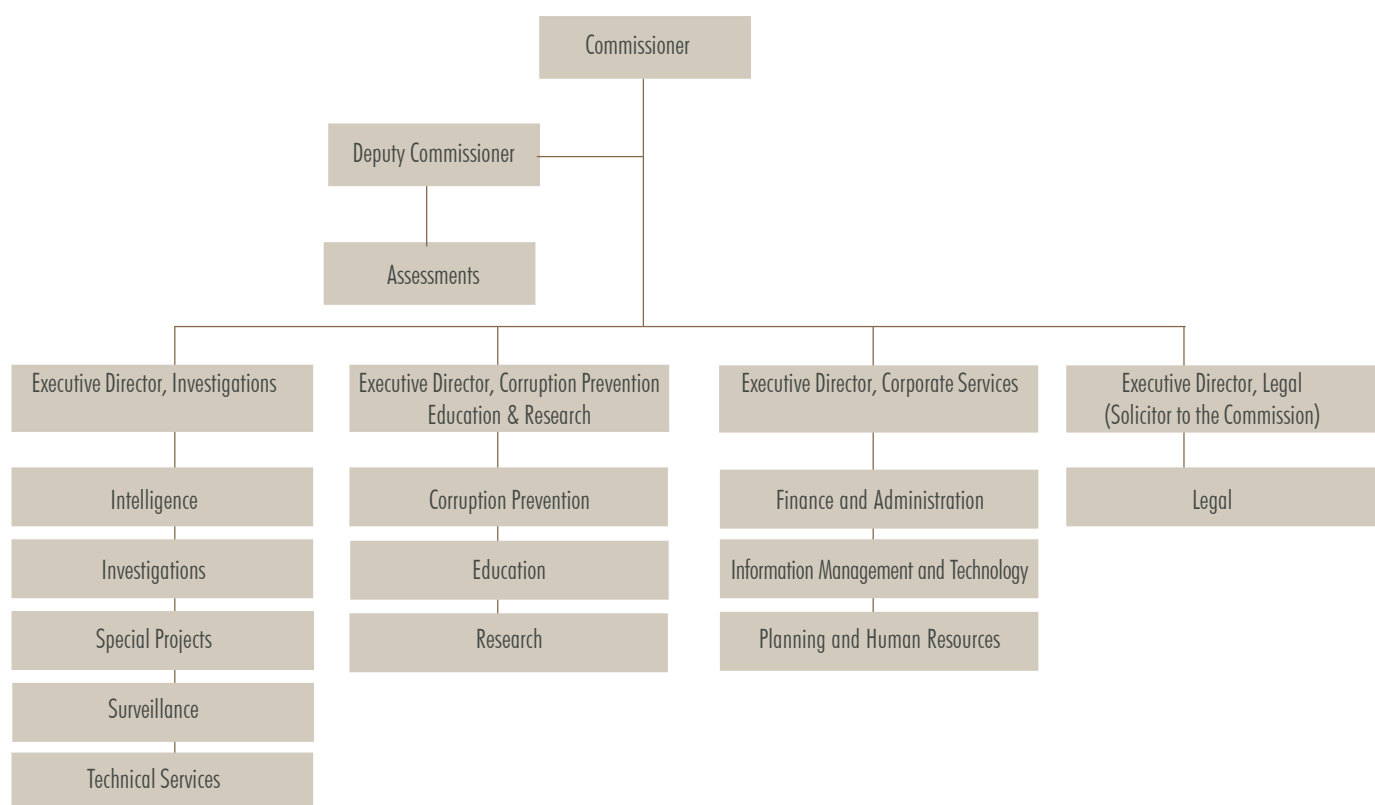
Appointment of Assistant Commissioners

The ICAC Act permits the Governor to appoint Assistant Commissioners,

with the Commissioner's concurrence, to assist the ICAC as the Commissioner requires.

On the recommendation of the Commissioner, the Governor approved the appointment of Kieran Pehm as Assistant Commissioner for the period 12 February 2001 to 11 February 2003 on a full-time basis. Mr Pehm acts as full-time Deputy Commissioner of the ICAC. This appointment was made to assist the Commissioner in the high level management of the ICAC, and in particular to:

Figure 1: Organisation chart as at 30 September 2001



- provide strategic oversight of all operational matters, particularly the ICAC's investigation activities
- deputise for the Commissioner and in appropriate cases exercise the ICAC's powers, including conducting hearings
- develop and manage the ICAC's external performance reporting and benchmarking.

During the year, the following Assistant Commissioners were appointed to conduct hearings in relation to particular investigations:

- Gregory Cusack QC – 20 November 2000 to 31 March 2001, who conducted hearings in the ICAC's investigation of two Liverpool City Council contractors
- The Hon. Jerrold Sydney Cripps QC – 20 November 2000 to 31 December 2001, who conducted hearings in the ICAC's investigation concerning the National Parks and Wildlife Service
- Nigel Cotman SC – 26 March 2001 to 31 December 2001,

who conducted private hearings in relation to an ICAC investigation.

Issues

Freedom of Information (FOI)

The Statement of Affairs and FOI data is provided in Appendix 5.

Privacy and personal information

The remaining provisions of the *Privacy and Personal Information Protection Act 1998* commenced operation on 1 July 2000.

This Act sets out a number of information protection principles for the protection of personal information and the protection of individual privacy. We are required to comply with the information protection principles in connection with the exercise of our administrative and educative functions, although we are otherwise exempt. The ICAC has reviewed the application of the information protection principles to its relevant functions covered by the Act and is satisfied we comply with each of the principles.

We have developed a Privacy Management Plan as required by the Act. During the course of the reporting period this plan was reviewed to ensure it remains up to date and relevant.

No reviews have been required or conducted pursuant to Part 5 of the Act.

During the course of the reporting period we responded to requests from the Privacy Commissioner to make submissions in relation to draft privacy codes of practice for research and inter-jurisdictional transfers.

Code of conduct

No changes were made to the code of conduct during the year, however a review of the code was initiated.

Major assets and acquisitions

Major assets held by the ICAC consist of leasehold improvements, computer equipment, and technical plant and equipment. We spent \$173,381 on capital equipment during the year. These funds were spent on an upgrade of the mail scanning equipment, development of our IT

remote access capability, and further development of our website.

Risk management & insurance activities

The ICAC developed a comprehensive risk management plan in December 2000. Successful delivery depends on a number of critical strategies such as a Business Continuity Plan, an OH&S Plan and a Disaster Recovery Plan. These strategies are being reviewed to ensure they address all identified and known risks.

The Internal Audit Bureau was engaged to conduct our 2000-2001 Internal Audit Program. A number of areas for improvement have been identified. All recommendations arising from the audit have been endorsed and an implementation plan has commenced.

Also a major review was undertaken during the year of our procurement policy and practices as well as delegations. A revised procurement policy and delegations manual will become effective in 2001-2002.

The NSW Treasury Managed Fund, through the GIO, provides insurance cover for our workers compensation, motor vehicles, public liability, property and miscellaneous items. Premiums payable for 2000-2001 were \$98,403 compared to \$87,762 in the previous year.

Electronic service delivery

The government's targets for electronic service delivery for 2000-2001 were met. In meeting the targets, our website now hosts all of the ICAC's public documents, provides an online complaint function, and enables electronic contact with the ICAC.

Energy management

The ICAC is committed to the NSW Government's objectives to reduce waste and greenhouse gas emissions, although the size of the organisation limits the opportunities for waste and energy reduction.

Contributions during the year to improving waste avoidance and recycling systems included:

- establishment of a recycling contract specifically for all cardboard, paper and other recyclable products
- adoption of electronic mail to reduce the number of internal hardcopy documents
- staff training in electronic records management

- on-line access to journals, periodicals, law reports and other publications
- provision of published ICAC reports on the ICAC's website
- implementation of a program to raise staff awareness of recycling requirements.

We have continued our practice of buying an energy mix of 10 per cent SEDA-accredited Greenpower and 90 per cent Hydropower, in an effort to reduce greenhouse emissions for electricity consumed by the organisation.

The following tables outline the energy consumption for the year.

Table 6: Energy consumption, 1995-2001

	1995-1996	1998-1999	1999-2000	2000-2001
MJ/person/year in the ICAC's premises, 191 Cleveland Street, Redfern	25,238	28,720	28,620	29,238
MJ/m ² /year in office area at 191 Cleveland Street, Redfern	1123	1190	1134	1188
MJ/km/year for ICAC fleet *(12.3 litres per 100km)	4.825	4.196	4.2*	5

Table 7: Energy consumption, Greenhouse gas equivalents (CO₂), 1995-2001

Year	Electricity	Fuel (Petrol)
1995-1996	978.7	69.9
1998-1999	985.54	59.8
1999-2000	947.58	38.07
2000-2001	908	36.96

Legal change

Legal changes affecting the ICAC

The ICAC regularly comments on proposals for new legislation and reviews of existing legislation that affect it. This can include participation in working parties comprising representatives of various law enforcement agencies and other agencies affected by the legislation.

There were no amendments to the ICAC Act during the reporting period.

ICAC Regulation 2000

The Independent Commission Against Corruption Regulation commenced on 1 August 2000. The object of this Regulation is to repeal and remake, without any changes in substance, the provisions of the Independent Commission Against Corruption Regulation 1995. The Regulation makes provision with respect to:

- a) the security checks to be made in relation to the staff of the ICAC and associated persons, and
- b) the disclosure by the staff of the ICAC and associated persons of their financial interests.

Telecommunications Interception

Commonwealth legislation provides for the interception of telecommunications. During the reporting year various Regulations were passed in relation to the contents of the forms of warrants to be granted under the *Telecommunications (Interception) Act 1979* (Cth). In particular the *Telecommunication (Interception) Amendment Regulations 2000* (1) and (2) prescribe the form of warrants. The Regulation commenced on 18 December 2000 and replaced the earlier Regulation, which had commenced on 12 July 2000. Certain amendments

were made to the wording of the warrants by the *Telecommunications (Interception) Amendment Regulations 2001* (1) which commenced on 10 May 2001.

Law Enforcement (Controlled Operations) Amendment Act 1999

This Act and the *Law Enforcement (Controlled Operations) Amendment Regulation 2000* both commenced operation on 1 December 2000. The Act amends the *Law Enforcement (Controlled Operations) Act 1997* to include provisions enabling urgent applications to be made and urgent authorities granted with respect to controlled operations. The time for which an authority may be granted or a variation made at any one time has been extended to six months. The functions of the ICAC Commissioner under this Act may now be delegated to an Assistant Commissioner.

The Regulation prescribes forms for an Authority to conduct a controlled operation and for a Variation to such an Authority.

The Regulation also includes provisions relating to a number of other matters including the circumstances in which an urgent application may be made and the records that are to be kept in relation to such an application.

Listening Devices Act 1984

The *Crimes Legislation Amendment Act 2000* commenced on 31 July 2000. It makes amendments to the *Listening Devices Act 1984* to enable warrants to be obtained for video cameras and tracking devices which incorporate a listening device.

Proposed changes affecting the ICAC

In addition to the proposed legislative changes suggested to the PJC discussed in the chapter on accountability, legislative amendments have been proposed in the following area:

Search Warrants Act

The Criminal Law Review Division of the Attorney General's Department is currently undertaking a review of the *Search Warrants Act 1985*. The ICAC made a submission in May 2001 in response to the Issues Paper distributed by the Attorney General's Department.

The year ahead

In the coming year we will:

- further implement the direction and enhancements recommended by the functional and investigative capacity reviews
- further implement the directions established in the Corporate Strategic Direction and Operational plans
- implement the new Information Management and Technology Strategic Plan
- complete the skills audit and develop training to respond to needs identified
- continue to provide guidance on legal changes affecting the ICAC

The nature of corruption and corrupt conduct has changed significantly since the inception of the ICAC in 1989. The wider law enforcement context against which the ICAC operates has also undergone drastic change resulting in extensive legislative responses touching on the work and functions of the ICAC. Some of these changes have already been referred to in this report. The year ahead promises a continuation of this process with proposals, for example, touching on surveillance activities, which are a necessary part of the ICAC's investigations. The ICAC will continue to play an active and constructive role in the process of developing and implementing these changes.

FINANCIAL STATEMENTS

The financial statements that follow consist of:

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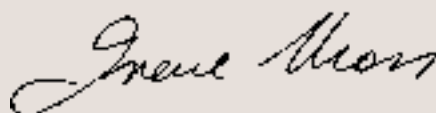


INDEPENDENT COMMISSION AGAINST CORRUPTION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2001

Pursuant to Section 45P of the Public Finance and Audit Act 1983, I state that:

- a. the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Financial Reporting Code for Budget Dependent Agencies, the applicable clauses of the Public Finance and Audit (General) Regulation 1995 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 which would render any particulars included in the financial statements to be misleading or inaccurate.



Irene Moss AO
Commissioner

17 August, 2001



BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

INDEPENDENT COMMISSION AGAINST CORRUPTION

To Members of the New South Wales Parliament and the Commissioner

Scope

I have audited the accounts of the Independent Commission Against Corruption for the year ended 30 June 2001. The Commissioner is responsible for the financial report consisting of the accompanying statement of financial position, statement of financial performance, statement of cash flows and summary of compliance with financial directives, together with the notes thereto, and information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and the Commissioner based on my audit as required by sections 34 and 451(1) of the *Public Finance and Audit Act 1983* (the Act). My responsibility does not extend to an assessment of the assumptions used in formulating budget figures disclosed in the financial report.

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Commission's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Independent Commission Against Corruption complies with section 451 of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Commission as at 30 June 2001, and the results of its operations and its cash flows for the year then ended.

R J Sené
Auditor-General

SYDNEY
21 August 2001

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Actual 2001 \$'000	Budget 2001 \$'000	Actual 2000 \$'000
Expenses				
Operating Expenses				
Employee related	2(a)	9,830	10,595	10,137
Other operating expenses	2(b)	4,777	4,091	4,411
Maintenance	2(c)	289	251	223
Depreciation and amortisation	2(d)	552	500	537
Total Expenses		15,448	15,437	15,308
Less:				
Retained Revenue				
Sale of goods and services	3(a)	27	20	151
Investment income	3(b)	23	6	9
Other revenue	3(c)	7	34	15
Total Retained Revenue		57	60	175
Loss on disposal of non-current assets	4	(25)	–	(52)
NET COST OF SERVICES	19	15,416	15,377	15,185
Government Contributions				
Recurrent appropriation	5	13,816	13,872	13,625
Capital appropriation	5	153	450	240
Acceptance by the Crown Entity of employee entitlements and other liabilities	6	1,037	1,005	1,039
Total Government Contributions		15,006	15,327	14,904
DEFICIT FOR THE YEAR FROM ORDINARY ACTIVITIES		(410)	(50)	(281)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		–	–	–
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	15	(410)	(50)	(281)

The accompanying notes form part of these statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2001

	Notes	Actual 2001 \$'000	Budget 2001 \$'000	Actual 2000 \$'000
ASSETS				
Current Assets				
Cash	8	50	107	6
Receivables	9	190	71	95
Other	10	49	127	127
Total Current Assets		289	305	228
Non-Current Assets				
Plant and Equipment	11	1,566	1,929	1,979
Total Non-Current Assets		1,566	1,929	1,979
Total Assets		1,855	2,234	2,207
LIABILITIES				
Current Liabilities				
Payables	12	549	115	138
Interest bearing liabilities	13	–	359	359
Employee entitlements and other provisions	14	1,019	1,079	1,029
Other	5	64	–	–
Total Current Liabilities		1,632	1,553	1,526
Non Current Liabilities				
Employee entitlements and other provisions	14	18	116	66
Total Liabilities		1,650	1,669	1,592
Net Assets		205	565	615
EQUITY				
Accumulated funds	15	205	565	615
Total Equity		205	565	615

The accompanying notes form part of these statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Actual 2001 \$'000	Budget 2001 \$'000	Actual 2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(9,549)	(9,813)	(9,732)
Other		(5,065)	(4,344)	(4,923)
Total Payments		(14,614)	(14,157)	(14,655)
Receipts				
Sale of goods and services		80	25	104
Interest received		15	6	14
Other		367	55	15
Total Receipts		462	86	133
Cash Flows From Government				
Recurrent appropriation	5	13,863	13,872	13,625
Capital appropriation	5	170	450	240
Cash reimbursements from the Crown Entity		670	300	489
Cash transfers to the Consolidated Fund		(4)	—	(4)
Net Cash Flows from Government		14,699	14,622	14,350
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	547	551	(172)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		9	—	1
Purchases of plant and equipment		(153)	(450)	(242)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(144)	(450)	(241)
NET INCREASE/(DECREASE) IN CASH				
Opening cash and cash equivalents		403	101	(413)
		(353)	6	60
CLOSING CASH AND CASH EQUIVALENTS	8	50	107	(353)

The accompanying notes form part of these statements

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES
FOR THE YEAR ENDED 30 JUNE 2001

	2001				2000			
	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
Original Budget Appropriation/ Expenditure								
• Appropriation Act	13,872	13,816	450	153	13,569	13,544	240	240
• Additional Appropriations	–	–	–	–	–	–	–	–
• S21 PF&AA – special appropriation	–	–	–	–	–	–	–	–
• S24 PF&AA – transfer of functions between departments	–	–	–	–	–	–	–	–
• S26 PF&AA – Commonwealth specific purpose payments	–	–	–	–	–	–	–	–
	13,872	13,816	450	153	13,569	13,544	240	240
Other Appropriations/ Expenditure								
• Treasurer's Advance	–	–	–	–	–	–	–	–
• Section 22 – expenditure for certain works and services	–	–	–	–	81	81	–	–
• Transfers from another agency (section 26 of the Appropriation Act)	–	–	–	–	–	–	–	–
	–	–	–	–	–	81	81	–
Total Appropriations	13,872		450		13,650		240	
Expenditure/Net Claim on Consolidated Fund (includes transfer payments)		13,816		153		13,625		240
Amount drawn down against Appropriation		13,863		170		13,625		240
Liability to Consolidated Fund		47		17		–		–

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 Consolidated Fund" represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Commission is constituted by the Independent Commission Against Corruption Act 1988. The main objective of the Commission is to minimise corrupt activities and enhance the integrity of government administration. These financial statements report on all the operating activities under the control of the Commission.

The reporting entity is consolidated as part of the NSW Total State Sector and as part of the NSW Public Accounts.

(b) Basis of Accounting

The Commission's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act 1983 and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

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

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

The accounting policies adopted are consistent with those of the previous year. Where applicable, previous years figures have been recast to facilitate comparison.

(c) Revenue Recognition

Revenue is recognised when the Commission has control of the good or right to receive, it is probable that the economic benefits will flow to the Commission and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations

Parliamentary appropriations are generally recognised as revenues when the Commission obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following year. As a result, unspent appropriations are now accounted for as liabilities rather than revenue.

The liability is disclosed in Note 5 as part of "Other current liabilities". This amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products and services including user charges. User charges are recognised as revenue when the Commission obtains control of the assets that result from them.

(iii) Investment income

Interest revenue is recognised as it accrues.

(d) Employee Entitlements

(i) Wages and Salaries, Annual Leave, Sick Leave and On Costs

Liabilities for wages and salaries and annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

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 entitlements 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 entitlements to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The Commission's liability for long service leave and 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 Entitlements and other Liabilities".

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rates at year end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

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 employee's superannuation contributions.

(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 experience.

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

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

- the amount of GST incurred by the agency 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 the item of expense; and
- Receivables and payables are stated with the amount of GST included.

(g) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(h) Plant and Equipment

Plant and equipment acquired with an expected life in excess of one year and with a value of \$5,000 or more are capitalised. Values are determined on an asset-by-asset basis, although items that form part of a network are aggregated as a single asset and depreciated if their total value exceeds \$5,000.

(i) Depreciation of Non-Current Physical Assets

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's leasehold improvements when constructed were projected to have a useful life of fifteen years or the unexpired period of the lease. The Commission's computer equipment, plant and equipment, when purchased, are projected to have a useful life of five years.

(j) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(k) 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.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. The Commission has no finance lease arrangements.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(l) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(m) Payables

These amounts represent liabilities for the goods and services provided to the Commission and other amounts, including interest. 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 a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (30 June 2000 - \$Nil).

(n) Reclassification of financial information

As a result of applying AAS1 "Statement of Financial Performance" and AAS36 "Statement of Financial Position", the format of the Statement of Financial Performance (previously referred to as the Operating Statement) and the Statement of Financial Position has been amended. As a result of applying these Accounting Standards, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

(o) 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, s21A, s24 and/or s 26 of the Public Finance and Audit Act 1983.

The budget amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on the carried forward actual amounts ie per the audited financial statements (rather than carried forward estimates).

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

2. EXPENSES

	2001 \$'000	2000 \$'000
(a) Employee related expenses comprise the following specific items:		
Salaries and wages (including Recreation Leave)	8,199	8,435
Superannuation	688	671
Long service leave	306	325
Workers Compensation Insurance	54	52
Payroll tax and fringe benefits tax	583	654
	<u>9,830</u>	<u>10,137</u>
(b) Other operating expenses		
Auditor's remuneration		
– audit or review of the financial reports	16	15
Bad and doubtful debts	2	3
Operating lease rental expense		
– minimum lease payments	1,435	1,509
Insurance	59	37
Cleaning	60	62
Electricity	73	80
Travelling, air fares and subsistence	145	155
Motor vehicles	100	119
Consultancies	267	48
External Legal fees	567	503
Transcript fees	65	71
Fees for services	792	358
Contract security services	288	394
Training	140	100
Advertising and publicity	125	68
Books and periodicals	92	85
Postal and telephone	195	224
Printing	111	126
Stores and specialised supplies	71	105
Minor computer software purchase	27	172
Other	147	177
	<u>4,777</u>	<u>4,411</u>
(c) Maintenance		
Repairs and maintenance	289	223
	<u>289</u>	<u>223</u>
(d) Depreciation and amortisation expense		
Depreciation		
Computer equipment	92	71
Plant and equipment	121	125
	<u>213</u>	<u>196</u>
Amortisation		
Leasehold improvements	339	341
	<u>552</u>	<u>537</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

3. REVENUES

	2001 \$'000	2000 \$'000
(a) Sale of goods and services		
Sale of transcripts	8	20
Presentation and Seminar Fees	19	131
	27	151
(b) Investment Income		
Interest	23	9
	23	9
(c) Other revenue		
Other	7	15
	7	15

4. LOSS ON DISPOSAL OF NON-CURRENT ASSETS

Loss on disposal of plant and equipment:		
Proceeds from disposal	9	1
Written down value of assets disposed	34	53
Loss on disposal of plant and equipment	(25)	(52)

5. APPROPRIATIONS

Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	13,863	13,625
Less: Liability to Consolidated Fund * (per Summary of Compliance)	47	–
	13,816	13,625
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	13,816	13,625
Transfer payments	–	–
Total	13,816	13,625
Capital appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	170	240
Less: Liability to Consolidated Fund * (per Summary of Compliance)	17	–
	153	240
Comprising:		
Capital appropriations (per Statement of Financial Performance)	153	240
Transfer payments	–	–
Total	153	240

* The liability to Consolidated Funds is recognised in the Statement of Financial Position as a Current Liability ("Other")

6. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

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

Superannuation	688	671
Long service leave	306	325
Payroll tax	43	43
	1,037	1,039

Notes to and forming part of the Financial Statements for the ended 30 June 2001

7. PROGRAM / ACTIVITIES OF THE COMMISSION

The Independent Commission Against Corruption operates under a single program for Treasury reporting purposes. For the 2000 - 2001 financial year this program was identified as 5.1.1 Investigation, Community Education and Prevention of Corruption.

Program Objective

To minimise corrupt activities and enhance the efficiency and integrity of government administration.

Program Description

Investigation of possible corrupt conduct, advice for public authorities on ways in which to prevent corrupt conduct and education of the community about the detrimental effects of corruption.

8. CURRENT ASSETS – CASH

	2001 \$'000	2000 \$'000
Cash at bank and on hand	50	6
	50	6

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and bank overdraft. 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 Treasury. The average interest rate during the period and the period end interest rate were 4.83 percent and 4.00 percent respectively. The respective rates for the year ended 30 June 2000 were 4.25 percent and 5.00 percent.

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

	2001 \$'000	2000 \$'000
Cash (per Statement of Financial Position)	50	6
Bank overdraft	–	(359)
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	50	(353)

9. CURRENT ASSETS – RECEIVABLES

Sale of goods and services	7	53
Other receivables	183	42
Less: Provision for doubtful debts	–	–
	190	95

There were \$2,370 (30 June 2000 - \$3,108) in bad debts written off this financial year. The credit risk is the carrying amount.

10. CURRENT ASSETS – OTHER

Prepayments	49	127
	49	127

11. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and Equipment		
At Cost	7,823	7,781
Accumulated Depreciation at Cost	(6,257)	(5,802)
	1,566	1,979

Notes to and forming part of the Financial Statements for year the ended 30 June 2001

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Leasehold Improvements \$'000	Computer Equipment \$'000	Plant & Equipment \$'000	Total \$'000
2001				
Carrying amount at start of year	1,245	359	375	1,979
Additions	–	129	44	173
Disposals	(6)	129	(28)	(34)
Depreciation expense	(339)	(92)	(121)	(552)
Carrying amount at end of year	900	396	270	1,566
2000				
Carrying amount at start of year	1,629	207	491	2,327
Additions	–	233	9	242
Disposals	(43)	(10)	–	(53)
Depreciation expense	(341)	(71)	(125)	(537)
Carrying amount at end of year	1,245	359	375	1,979

Included in the above figures are assets that have been fully depreciated comprising \$1,335,000 of plant and equipment (30 June 2000 - \$1,371,000) and \$403,000 of computer equipment (30 June 2000 - \$356,000). The Commission continues to derive service potential and economic benefit from these fully depreciated assets.

12. CURRENT LIABILITIES - PAYABLES

	2001 \$'000	2000 \$'000
Creditors	188	11
Accrued Expenses	361	127
	549	138

13. CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

Bank Overdraft	–	359
	–	359

The bank overdraft last financial year represented an overdrawn position in the general ledger. The actual cash balance of the Commission's bank account at the time was \$285,681.77. The Commission does not have any bank overdraft facility.

14. CURRENT / NON CURRENT LIABILITIES - EMPLOYEE ENTITLEMENTS AND OTHER PROVISIONS

	2001 \$'000	2000 \$'000
Current		
Recreation leave	634	614
Accrued salaries and wages	203	205
Payroll tax and fringe benefits tax payable	182	210
	1,019	1,029
Non Current		
Recreation leave	18	66
	1,037	1,095
Aggregate employee entitlements		

15. CHANGES IN EQUITY

Accumulated funds		
At 1 July	615	896
Changes in equity – other than transactions with owners as owners		
Deficit for the year	(410)	(281)
At 30 June	205	615

There were no transactions during the year with owners as owners.

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

16. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

There was no capital expenditure contracted for at balance date and not provided for (30 June 2000 - \$nil).

(b) Other Expenditure Commitments

There was \$22,000 (30 June 2000 - \$138,000) of aggregate other expenditure commitments contracted for at balance date and not provided for. This amount includes potential input tax credits of \$2,000 (30 June 2000 - \$10,000). All commitments are expected to be paid not later than one year.

(c) Operating Lease Commitments

	2001 \$'000	2000 \$'000
Future non-cancellable operating lease rental not provided for and payable:		
Not later than one year	1,012	1,321
Later than one year and not later than 5 years	2,579	3,350
Later than 5 years	—	—
Total (including GST)	3,591	4,671

The total "operating lease commitments" above includes potential input tax credits of \$326,000 (30 June 2000 - \$425,000) that are expected to be recoverable from the Australian Taxation Office.

The Operating lease commitments represent the five-year lease for the current premises and varying motor vehicle lease arrangements.

17. CONTINGENT LIABILITIES

There are no known significant contingent liabilities at the balance date (30 June 2000 - Nil).

18. BUDGET REVIEW

Net cost of services

There was no material variance between budgeted and actual net cost of services.

Assets and liabilities

Non current assets were \$363,000 less than budgeted because of the Commission deferring expenditure on a new records management system until next financial year

Current liabilities are \$79,000 higher than the budget. This is due to suppliers claims being received later than expected and the liability to Consolidated Fund for unspent cash appropriations.

Non current liabilities were \$98,000 less than expected largely due to a reduction in effective full time equivalent staff.

Cash flows

The variance in net cash flows from investing activities represents the deferral of planned capital expenditure.

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICE

	2001 \$'000	2000 \$'000
Net Cash Used on Operating Activities	547	(172)
Depreciation and amortisation	(552)	(537)
Acceptance by Crown Entity of employee entitlements and other liabilities	(1,037)	(1,039)
Decrease/(increase) in provision for employee entitlements	58	131
Increase/(decrease) in prepayments and other assets	17	79
Decrease/(increase) in creditors	(391)	270
Net gain/(loss) on sale of assets	(25)	(52)
Consolidated Fund Recurrent Allocation	(13,863)	(13,625)
Consolidated Fund Capital Allocation	(170)	(240)
Net Cost of Services	(15,416)	(15,185)

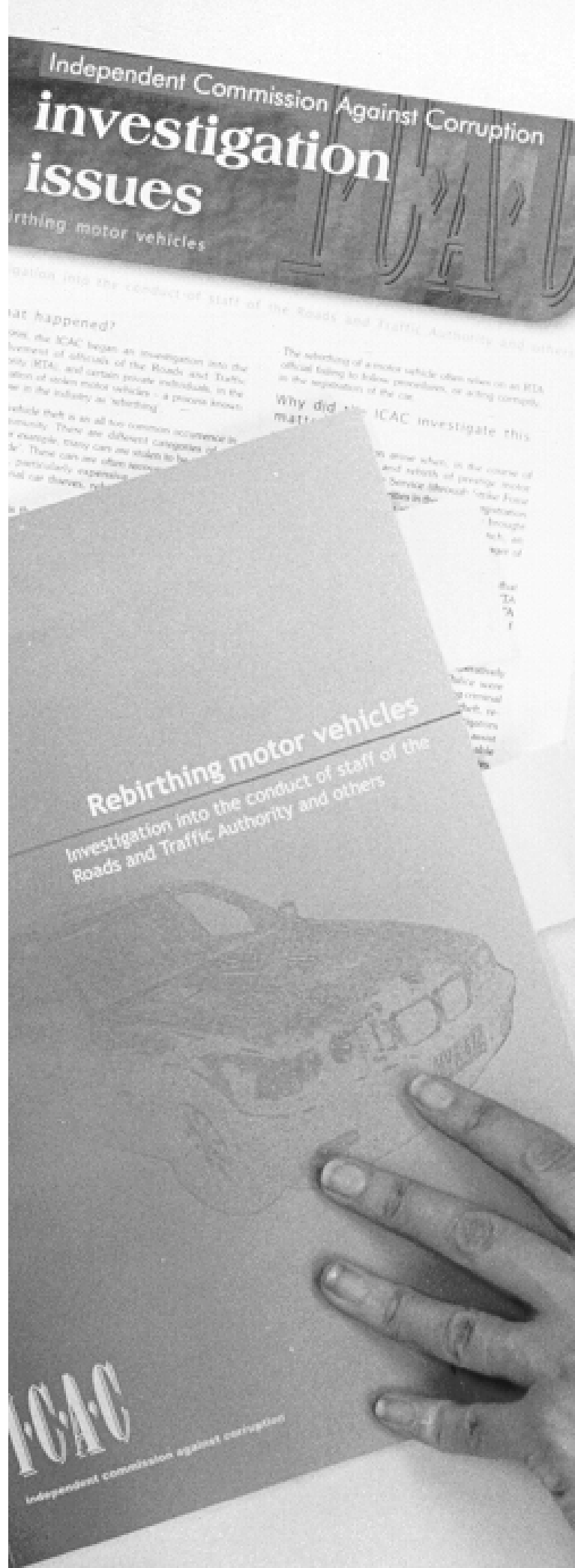
20. 2000 SYDNEY OLYMPIC GAMES AND PARALYMPIC GAMES FINANCIAL REPORTING

There were no Commission staff on initiatives directly relating, and specifically related, to the Games. Seventeen (17) full time equivalent staff were seconded to other agencies on initiatives directly and specifically related to the Games at a cost of \$48,000 to the Commission.

END OF AUDITED FINANCIAL STATEMENTS

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Appendix 1 — Complaints profile

Table 8: Allegations contained in complaints and notifications (section 10, section 11 and Protected Disclosures) received during 2000-2001.

	SECTION 10	PD	SECTION 11	Total	%
Misuse of public resources	112	49	199	360	17.5
Favouritism/nepotism	160	59	49	268	13.0
Fabricating or falsifying information/fraud/forgery	105	28	78	211	10.3
Harassment/victimisation/discrimination	93	43	30	166	8.0
Failure to disclose conflict of interest	84	26	49	159	7.7
Breach of policy/procedures	46	11	67	124	6.0
Bribery/gifts/secret commissions	77	12	33	122	5.9
Failure to take action on corruption	72	27	20	119	5.8
Improper use of information	35	12	39	86	4.2
Collusion	57	11	18	86	4.2
Failure to document systems/lack of internal documents/ lack of systems	44	5	32	81	3.9
Threats/extortion/blackmail/undue influence	24	8	20	52	2.5
Failure to advertise properly e.g. tenders, recruitment, development applications	29	8	13	50	2.4
Negligence	19	8	8	35	1.7
Perverting the course of justice/tampering with evidence	18	3	8	29	1.4
Other illegal behaviour	7	1	10	18	0.9
Assault	7	1	8	16	0.8
Sexual assault/sexual misconduct/sexual harassment	6	3	6	15	0.7
Traffic and/ or use of drugs and/or alcohol	4	0	7	11	0.5
Perjury	2	0	0	2	0.1
Other	11	2	9	22	1.1
Unspecified/not applicable	9	2	15	26	1.3
Total	1021	319	718	2058	100

Note: A single complaint or notification may contain more than one allegation of corrupt conduct, so the number of allegations will be more than the number of complaints and notifications received.

Table 9: Allegations of suspected corruption by type received 2001-2001 compared to 1999-2000

Type of suspected corruption	Total 2001-2001	%	1999-2000	%
Misuse of Public Resources	360	17.5	316	16.5
Favouritism/nepotism	268	13.0	216	11.3
Fabricating or falsifying information/fraud/forgery	211	10.3	183	9.6
Harassment/victimisation/discrimination	166	8.0	121	6.3
Failure to disclose conflict of interest	159	7.7	124	6.5
Breach of Policy/Procedures	124	6.0	130	6.8
Bribery/gifts/secret commissions	122	5.9	127	6.6
Failure to take action on corruption	119	5.8	123	6.4
Improper use of information	86	4.2	74	3.9
Collusion	86	4.2	63	3.3
Failure to document systems/lack of internal documents/lack of systems	81	3.9	41	2.1
Threats/extortion/blackmail/undue influence	52	2.5	68	3.6
Failure to advertise properly e.g. tenders, recruitment, development applications	50	2.4	65	3.4
Negligence	35	1.7	29	1.5
Perverting the course of justice/tampering with evidence	29	1.4	46	2.4
Other illegal behaviour	18	0.9	43	2.2
Assault	16	0.8	36	1.9
Sexual assault/sexual misconduct/sexual harassment	15	0.7	9	0.5
Traffic and/ or use of drugs and/or alcohol	11	0.5	17	0.9
Perjury	2	0.1	5	0.3
Other	22	1.1	54	2.8
Unspecified/not applicable	26	1.3	22	1.2
Total	2058	100	1912	100

Note: A single complaint or notification may contain more than one allegation of corrupt conduct, so the number of allegations will be more than the number of complaints and notifications received.

Table 10: Types of workplace activity described for complaints and notifications (section 10, section 11 and Protected Disclosures) received and all matters considered during 2000–2001.

Type of Workplace Activity	S.10	S.11	PD	All Matters Considered
Staff matters*	169	141	132	489
Use of public resources*	129	247	53	455
Building and Development Applications/Rezoning	187	43	20	294
Purchase of goods and services/tendering/contracting	106	76	34	232
Government services*	119	63	21	222
Law enforcement*	117	42	10	196
Use of information	40	45	10	108
Reporting corruption	31	16	23	81
Licensing/qualifications/certificates	29	15	8	67
Disposal of Public Assets	44	5	1	53
Elections	13	3	2	23
Other/unknown/unspecified	39	22	5	85
Total	1023	718	319	2303

* These consolidate a number of smaller categories.

Table 11: Types of workplace activity for all matters considered during 2000–2001 compared to 1999–2000

Type of Workplace Activity	Total 2001-2001	%	1999-2000	%
Staff matters*	489	21.2	402	18.3
Use of public resources*	455	19.8	384	17.5
Building and Development Applications/Rezoning	294	12.8	277	12.6
Purchase of goods and services/tendering/contracting	232	10.1	176	8.0
Government services*	222	9.6	256	11.7
Law enforcement*	196	8.5	285	13.0
Use of information	108	4.7	56	2.6
Reporting corruption	81	3.5	76	3.5
Licensing/qualifications/certificates	67	2.9	59	2.7
Disposal of Public Assets	53	2.3	38	1.7
Elections	23	1.0	26	1.2
Other/unknown/unspecified	85	3.7	167	7.6
Total	2303	100	2191	100

* These consolidate a number of smaller categories.

Appendix 2 — Prosecutions and disciplinary actions arising from ICAC investigations

Prosecution proceedings during 2000–2001

Investigation into Medina-Cruz Cleaning Services and State Rail Authority

Name: Kojic, Branislav
Nature of offences recommended: 1 x section 87 ICAC Act (false or misleading evidence)
Date of Action: 16 May 2001
Result: Set down for hearing on 17 & 18 September 2001

Investigation into Conduct of a Technical Specialist in the State Rail Authority

Name: Thorndyke, David Andrew
Nature of offences recommended: 6 x section 156 Crimes Act (larceny by a servant)
Date of Action: 17 July 2000
Result: Prosecution terminated on advice of DPP

Investigation into North Coast Land Development

Name: Cassell, Barry John
Nature of offences recommended: 4 x section 87 ICAC Act (false or misleading evidence)
Date of Action: 27 October 2000
Result: Sentenced to six months fixed term imprisonment, concurrent on all four counts.

Investigation into Conduct of Officers of Department of Corrective Services

Name: Attallah, Joseph
Nature of offences recommended: 5 x section 87 ICAC Act (false or misleading evidence)
Date of Action: 14 June 2001
Result: Court of Appeal upheld DPP appeal and remitted proceedings to Local Court for determination

Name: Cunningham, Johanna
Nature of offences recommended: 2 x section 87 ICAC Act (false or misleading evidence)
Date of Action: 26 June 2001
Result: Stood over to 26 July for plea or mention.

Investigation into Conduct of Brian Zouch (Operation Dilli)

Name: Merton, Leslie
Nature of offences recommended: Conspiracy to bribe
Date of Action: 21 July 2000
Result: Sentenced to 19 months imprisonment with non-parole period of 13 months. To be served as periodic detention. Pecuniary penalty order of \$135,100 imposed 8 September 2000. Merton appealed latter on 24 September 2000. Appeal to be set down for hearing.

Name: Zouch, Brian
Nature of offences recommended: Section 87 ICAC Act (false or misleading evidence) and conspiracy to bribe
Date of Action: 31 August 2000
Result: In relation to section 87 offence, sentenced to 6 months imprisonment, suspended on condition he enter into 6 month good behaviour bond.
In relation to conspiracy to bribe offence, sentenced to two years imprisonment, suspended on condition he enter into 2 year good behaviour bond. Pecuniary penalty order of \$135,100 imposed 8 September 2000.

Investigation into Greyhound Racing Authority

Name: Gill, Ronald Henry
Nature of offences recommended: Possessing unlicensed firearm, defacing a firearm, possessing prohibited drug and supply prohibited drug.
Date of Action: 14 May 2001
Result: Informations laid.

Investigation into Aboriginal Land Councils in New South Wales

Name: Green, Gary Raymond
Nature of offences recommended: 1 x section 80 ICAC Act (make false statement)
Date of Action: 30 April 2001
Result: Adjourned part heard to 9 August 2001

Name: Ishaq, Mohammed
Nature of offences recommended: 1 x section 87 ICAC Act (false or misleading evidence)
Date of Action: 26 March 2001
Result: Information laid

Disciplinary action proceedings during 2000–2001

Investigation into Conduct of Officers of the Greyhound Racing Authority

Name: Gill, Ron
Nature of Action: 5 x breach of Greyhound Racing Authority Rule 9(4)(a) (misconduct)
Date of Action:
Result: Charges to be determined

Name: Howe, Kenneth Edward
Nature of Action: 5 x breach of Greyhound Racing Authority Rule 9(4)(a) (misconduct)
Result: Charges not yet heard due to commencement of Supreme Court action that regulatory committee disqualify itself

Name: King, Raymond Thomas
Nature of Action: 4 x breach of Greyhound Racing Authority Rule 9(4)(a) misconduct
Result: Charges not yet heard due to commencement of Supreme Court action that regulatory committee disqualify itself

Investigation into Conduct of a Technical Specialist in the State Rail Authority

Name: Thorndyke, David Andrew
Nature of Action: Resignation
Date of Action: 11 March 2000

Investigation into the Conduct of Staff of the Roads and Traffic Authority and Others

Name: Watfa, Adel
Nature of Action: Fraudulently register vehicles; knowingly accept false identities; access and release of confidential information
Date of Action: 27 July 2000
Result: Dismissed from employment

Name:	Tandog, Purisima
Nature of Action:	Fraudulently register vehicles; accept corrupt rewards and illegally access computer data
Date of Action:	27 April 2000
Result:	Dismissed from employment
Name:	Lopez, Imelda
Nature of Action:	Fraudulently issue licences; register stolen vehicles; access and release confidential information
Date of Action:	5 June 2000
Result:	Dismissed from employment
Name:	J13
Nature of Action:	Fraudulently established customer identification and fraudulently register vehicles
Date of Action:	10 August 1999
Result:	Dismissed from employment
Name:	Henderson, David
Nature of Action:	Dismissed from employment Obtain corrupt reward; fraudulently register vehicles; release confidential information
Date of Action:	6 January 1999
Result:	Dismissed from employment
Name:	Khazma, Fida
Nature of Action:	Create false identities; fraudulently register vehicles; issue fraudulent licences
Date of Action:	20 July 2000
Result:	Dismissed from employment

Appendix 3 — Implementation of recommendations for reform arising from ICAC investigations

Table 12: Status reports published on ICAC website to 30 June 2001

REPORT	Number	Fully implemented	Part implemented	Not implemented/ no response/ other agency's issues
ABORIGINAL LAND COUNCILS—(a) Investigation into Aboriginal Land Councils in New South Wales—Corruption Prevention and Research Volume. April 1998—Implementation Report. Recommendations 1 to 26	26	2	9	15
DIRECTOR OF PUBLIC PROSECUTIONS, OFFICE OF— The Investigation into the circumstances surrounding the offering of no evidence by the NSW DPP on an All Grounds Appeal at the Lismore District Court on 25 May 1995 – June 1997	3	3	0	0
GAMING AND RACING, DEPARTMENT OF—The conduct of a Senior Inspector with the Department of Gaming and Racing. Corruption Prevention Initiatives: Department of Gaming and Racing. September 1998	1	0	1	0
HARNESS RACING AUTHORITY—Report on Investigation concerning the Chairman of Stewards of the Harness Racing Authority of NSW. August 1996	1	1	0	0
INTEGRAL ENERGY—Report on Investigation into the Disposal of Waste and Surplus Assets In Transgrid, Pacific Power and Integral Energy. June 1998	6	0	6	0
LIVERPOOL CITY COUNCIL—An investigation of the conduct of Sam Masri, Liverpool City Council. November 1999	20	14	6	0
PACIFIC POWER—Report on investigation into the Disposal of Waste and Surplus Assets In Transgrid, Pacific Power and Integral Energy. June 1998	11	7	4	0
PARLIAMENT, NSW—Investigation into Parliamentary and Electorate Travel: Analysis of administrative systems and recommendations for reform. December 1998	63	18	19	26
POLICE SERVICE, NSW—The charter of aircraft by the Police Air Wing. October 1996	6	6	0	0
PREMIERS DEPARTMENT—Integrity in Public Sector Recruitment: March, 1993	12	5	7	0
PREMIERS DEPARTMENT—The Public Employment Office. Evaluation of the position of Director-General, Department of Community Services. November 1996	6	6	0	0
RANDWICK CITY COUNCIL—Investigation into Randwick City Council. February 1995	9	5	3	1

STATE RAIL AUTHORITY—A Major Investigation into Corruption in the Former State Rail Authority of New South Wales: June, 1998 Corruption Prevention Initiatives: Rail Access Corporation	42	41	0	1
STATE RAIL AUTHORITY—A Major Investigation into Corruption in the Former State Rail Authority of New South Wales. Corruption Prevention Initiatives: June 1998	45	28	17	0
STATE TRANSIT AUTHORITY—Investigation into Sydney Ferries: Dishonest creation and use of 'live' tickets by former staff of Sydney Ferries at Manly Wharf from 1994 to 1997. October 1999	4	3	1	0
SYDNEY CITY COUNCIL—The conduct at Local Council Waste Depot Weighbridges at St Peters and elsewhere. June 1999	10	9	1	0
TOTAL	265	148 (56%)	74 (28%)	43 (16%)

* The NSW Parliament provided the advice on the implementation of recommendations from this report. At the time of reporting (30 June 2000) the Parliament advised that most of the recommendations not implemented would have to be the subject of determination by the Parliamentary Remuneration Tribunal. Further advice to the ICAC is that the Parliamentary Remuneration Tribunal has addressed all but five of these recommendations. Taking this advice into account, 92% of the recommendations reported have been fully or partially implemented.

Appendix 4 — Exercise of special powers

Power	1999–2000	2000–2001
Summonses to give evidence or produce documents or both at a hearing (section 35).	154	140
Warrant for arrest of a witness (section 36). (If a witness fails to appear the Commissioner may issue a warrant for the arrest of the witness.)	0	0
Order that prisoner appear before ICAC (section 39).	1	0
Search Warrant An authorised Justice or the Commissioner may, upon application by an ICAC officer, issue a search warrant if satisfied that reasonable grounds exist (section 40). A search warrant may be sought when an ICAC officer has a reasonable belief that there are on the premises, documents or other things which are associated with an ICAC investigation. The ICAC policy is to obtain search warrants only from authorised Justices unless there is an exceptional situation.	24	11
Notice for public authority/official to provide statement of information (section 21). (The ICAC can require a public authority or public official to provide a Statement of Information. Written notices are used when exercising this power.)	7	3
Notice requiring production of documents (section 22).	92	193
Notice authorising ICAC officer to enter premises occupied by public authority/official, inspect any document or thing and copy any document (section 23). (The Commissioner can authorise ICAC officers in writing to enter specific premises occupied by a public authority or public official, inspect any document or thing in the premises and copy any document.)	3	9
Listening device warrant. (The ICAC officers may apply to the Supreme Court for a warrant to use a listening device under the Listening Devices Act 1984)	16	2
Telephone interception warrant. (Telephone calls may be intercepted and recorded by the ICAC under provisions of the Telecommunications (Interception) Act 1979 provided a warrant is obtained from a Federal Judge or a nominated member of the Administrative Appeals Tribunal. The warrant must satisfy strict requirements under the Act and relate to classes of offences set out in the Act. Corruption was included as a separate category of offence in 1995.)	7	14
Controlled operation authorised. (Under the Law Enforcement (Controlled Operations) Act 1997 the Commissioner is able to authorise controlled operations. These are operations that may involve ICAC officers or others in engaging in activity which might be illegal if it were not for the approved controlled operation. An example is payment of a bribe to a public official in a 'sting' operation. There are strict requirements under the Act and certain types of activities may not be authorised.)	2	1
Acquisition and use of assumed identities. (The Law Enforcement and National Security (Assumed Identities) Act 1998 permits the acquisition and use of assumed identities by officers of certain agencies, including the ICAC. During the reporting period, two audits of the ICAC's records were conducted. During the relevant period, six assumed identity approvals were granted by the Commissioner and one was revoked. The general nature of duties undertaken related to covert operations conducted by the ICAC. The audits did not disclose any matter which might indicate fraudulent or other criminal behaviour.)	1	6

Appendix 5 — Freedom of Information

Statement of affairs

Each agency covered by the *Freedom of Information Act 1989* (FOI Act) is required by the FOI Act to publish an Annual Statement of Affairs.

The ICAC's administrative, research and educational roles are covered by the FOI Act, while its corruption prevention, complaint handling, investigative and report functions are exempt.

The ICAC is committed to public awareness and involvement in its activities. General inquiries by post, telephone, e-mail or visit are welcome. Where an enquiry cannot be satisfied through such contact, then formal application can be made to the Solicitor to the Commission who is the ICAC's FOI Officer.

ICAC contact details are shown at the front of this Annual Report.

Freedom of Information procedures

Arrangements can be made to obtain or to inspect copies of available documents at the ICAC by contacting the Solicitor to the Commission. Formal requests made under the FOI Act for access to documents held by the ICAC should be accompanied by a \$30.00 application fee, and be sent to the Solicitor to the Commission. Persons wishing to be considered for a reduction in fees should set out reasons with their applications. Those holding a current Health Care Card are eligible for a 50 per cent reduction.

Structure and functions

The ICAC's organisational structure is shown on page 55. The ICAC's functions are broadly to investigate allegations of corruption, to prevent corruption and to educate the public. They are described comprehensively in the body of this Annual Report.

Effect of functions on the public and arrangements for public participation

The public can participate directly in the ICAC's work by providing information to the ICAC about suspected corrupt conduct in or affecting the NSW Public Sector. This information can be provided by telephone, letter, e-mail or personal visit.

Four members of the public are appointed to the ICAC's Operations Review Committee. This has the role of ensuring that the ICAC properly deals with complaints received from the public.

Members of the public can attend and observe the ICAC's public hearings, which are advertised in metropolitan newspapers for Sydney hearings and metropolitan and regional or country newspapers for public hearings outside Sydney. Public hearings are also listed in the *Sydney Morning Herald* Law Listings.

Members of the public can obtain ICAC reports on investigations in hard copy and on website www.icac.nsw.gov.au and view most transcript and documentation evidence from public hearings. Anyone wishing to read such transcripts is welcome to contact the ICAC and make arrangements to visit the premises for this purpose.

The ICAC is accountable to the public through the Parliament, specifically through the Parliamentary Joint Committee on the ICAC. The functions and membership of this Committee are described in this Annual Report. Members of the public can make comments to the Committee about how the ICAC does its work and suggest changes. Members of the public can also make such comments directly to the ICAC by writing to the Commissioner.

Documents held by the ICAC

The following categories of ICAC documents are covered by the FOI Act:

- research reports
- administrative policy documents (such as personnel policies)
- general administration documents (such as accounts and staff records).

Members of the public may contact the Solicitor to the Commission to clarify which documents may be available under FOI legislation.

ICAC publications produced in 2000–2001 are listed in Appendix 8. They include investigation reports, corruption prevention reports, research reports and educational material. The ICAC also publishes brochures about the ICAC's activities and procedures.

Freedom of Information Requests for 2000–2001

The FOI requests received in 2000–2001 are summarised in the tables below.

Section A: Number of new FOI requests – information relating to numbers of new FOI requests received, those processed and those incomplete from the previous period.

FOI Requests	Personal	Other	Total
A1 New (including transferred in)	1	2	3
A2 Brought forward	0	1	1
A3 Total to be processed	1	3	4
A4 Completed	1	3	4
A5 Transferred out	0	0	0
A6 Withdrawn	0	0	0
A7 Total processed	1	3	4
A8 Unfinished (carried forward)	0	0	0

Section B: What happened to completed requests? – completed requests are those on Line A4 above

Result of FOI Request	Personal	Other
B1 Granted in full	0	0
B2 Granted in part	0	2
B3 Refused	1	1
B4 Deferred	0	0
B5 Completed	1	3

Section C: Ministerial Certificates – number issued during the period.

C1 Ministerial Certificates issued	0
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Section D: Formal consultations – number of requests requiring consultations (issued) and total number of formal consultations(s) for the period.

	Issued	Total
D1 Number of requests requiring formal consultation(s)	0	0

Section E: Amendment of personal records – number of requests for amendment processed during the period.

Result of Amendment Request	Total
E1 Result of amendment – agreed	0
E2 Result of amendment – refused	0
E3 Total	0

Section F: Notation of personal records – number of requests for notation processed during the period.

F3 Number of requests for notation	0
------------------------------------	---

Section G: FOI requests granted in part or refused – basis of disallowing access – Number of times each reason cited in relation to completed requests which were granted in part or refused.

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 {application incomplete, wrongly directed}	0	0
G2 Section 22 {deposit not paid}	0	0
G3 Section 25(1) (a1) {diversion of resources}	0	0
G4 Section 25(1) (a) {exempt}	1	3
G5 Section 25(1) (b), (c), (d) {otherwise available}	0	0
G6 Section 28(1) (b) {documents not held}	0	0
G7 Section 24(2) – deemed refused, over 21 days	0	0
G8 Section 31(4) {released to Medical Practitioner}	0	0
G9 Totals	1	3

Section H: Costs and fees of requests processed during the period.

	Assessed Costs	FOI Fees Received
H1 All completed requests	\$NIL	\$60

Section I: Discounts allowed – numbers of FOI requests processed during the period where discounts were allowed.

Type of Discount Allowed	Personal	Other
I1 Public interest	1	0
I2 Financial hardship – Pensioner / Child	0	1
I3 Financial hardship – Non profit organisation	0	0
I4 Totals	1	1
I5 Significant correction of personal records	0	0

Section J: Days to process – number of completed requests (A4) by calendar days (elapsed time) taken to process.

Elapsed Time	Personal	Other
J1 0 – 21 days	1	3
J2 22 – 35 days	0	0
J3 Over 35 days	0	0
J4 Totals	1	3

Section K: Processing time – number of completed requests (a4) by hours taken to process.

Processing Hours	Personal	Other
K1 0 – 10 hrs	1	3
K2 11 – 20 hrs	0	0
K3 21 – 40 hrs	0	0
K4 Over 40 hrs	0	0
K5 Totals	1	3

Section L: Reviews and appeals – number finalised during the period.

L1 Number of internal reviews finalised	1
L2 Number of Ombudsman reviews finalised	1
L3 Number of District Court appeals finalised	0

Details of Internal Review Results – in relation to internal reviews finalised during the period.

Bases of Internal Review	Personal		Other	
	Upheld	Varied	Upheld	Varied
Grounds on which internal review requested				
• L4 Access refused	0	0	0	0
• L5 Deferred	0	0	0	0
• L6 Exempt matter	0	0	0	0
• L7 Unreasonable charges	0	0	0	0
• L8 Charge unreasonably incurred	0	0	0	0
• L9 Amendment refused	0	0	0	0
L10 Totals	0	0	0	0

Comparison with 1999–2000

In 2000–2001 the ICAC received one FOI request concerning the personal affairs of the requestor, and two requests concerning other matters. One request concerning other matters was brought forward from the previous year. In 1999–2000 the ICAC received four FOI requests concerning the personal affairs of the requestor, and two requests concerning other matters.

Impact on the ICAC

The impact on the ICAC of these requests was minimal.

Appendix 6 – Senior Executive statistics

Table 13: Total Number of Executive Positions 2000–2001 compared to previous three years

SES Level	1997–1998	1998–1999	1999–2000	2000–2001
Commissioner	1	1	1	1
Level 8	—	—	—	—
Level 7	—	—	—	—
Level 6	—	—	—	—
Level 5	—	1	1	1
Level 4	—	—	—	—
Level 3	1	1	1	1
Level 2	1	1	1	1
Level 1	1	1	1	1
Total	4	5	5	5

Table 14: Number of Female Executive officers 2000–2001 compared to previous three years

Year	Number
2000–2001	2
1999–2000	2
1998–1999	1
1997–1998	1

Table 15: Executive remuneration, Executive Officers, Level 5 and above

Title	Name	Remuneration Package	Date appointed
Commissioner	Irene Moss	\$353,536	13 November 1999
Deputy Commissioner	Kieran Pehm (Level 5)	\$168,300	12 February 2001

The Commissioner's conditions of employment are contained in her instrument of appointment, made in November 1999. The total remuneration package (inclusive of superannuation contributions) is currently \$353,536. This package is based on 160% of remuneration of a NSW puisne judge. Increases to the Commissioner's remuneration are in line with those provided by decisions of the Statutory and Other Offices Remuneration Tribunal for puisne judges, normally effective from 1 October. No fringe benefits were paid for the relevant reporting period.

Appendix 7 – Equal Employment Opportunity Tables

Table 16: Staff numbers by level

LEVEL	Number									
	TOTAL STAFF	Respondents	Men	Women	Aboriginal people and Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment	
< \$26,802		0	0	0	0	0	0	0	0	
\$26,802 – \$35,202		0	0	0	0	0	0	0	0	
\$35,203 – \$39,354	4	4	1	3	0	2	2	1	1	
\$39,355 – \$49,799	34	34	5	29	0	4	3	2	1	
\$49,800 – \$64,400	36	36	19	17	0	9	7	2	1	
\$64,401 – \$80,499	40	38	27	13	1	11	8	1	0	
> \$80,499	12	12	7	5	0	4	1	3	1	
(non-SES)										
> \$80,499 (SES)	3	3	2	1	0	1	0	0	0	
TOTAL	129	127	61	68	1	31	21	9	4	

Table 17: Staff numbers by employment basis

EMPLOYMENT BASIS			Number							
		TOTAL STAFF	Respondents	Men	Women	Aboriginal people and Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
Permanent	Full-time	87	86	43	44	0	22	18	6	2
	Part-time	15	15	4	11	0	4	2	1	1
Temporary	Full-time	21	20	12	9	1	4	1	2	1
	Part-time	3	3	0	3	0	0	0	0	0
Contract	SES	3	3	2	1	0	1	0	0	0
	Non SES		0	0	0	0	0	0	0	0
Training Positions		0	0	0	0	0	0	0	0	
Retained Staff			0	0	0	0	0	0	0	0
Casual			0	0	0	0	0	0	0	0
TOTAL		129	127	61	68	1	31	21	9	4

Appendix 8 – ICAC publications 2000–2001

Investigation Reports

- April 2001 Corrupt Networks
Report into the conduct of a technical specialist in the State Rail Authority
- December 2000 Report on investigation into aspects connected with an alleged indecent assault at Parliament House on 14–15 September 2000
- November 2000 Rebirthing Motor Vehicles
Investigation into the conduct of staff of the Roads and Traffic Authority and others
- October 2000 Section 74 report on conduct of officers of South Sydney Council
- October 2000 Section 74 report on parliamentary travel
- August 2000 The Greyhound Report
Investigation into aspects of the greyhound racing industry

Corruption Prevention Reports

- June 2001 Trouble in Paradise? Governance issues in small communities–Lord Howe Island Discussion Paper
- May 2001 Taking the Con out of contracting: issues for local government procurement and contract administration – Discussion paper
- April 2001 The First Four Steps
Building organisational integrity
- February 2001 The need to know eCorruption and Unmanaged Risk.

Research Reports

- June 2001 Corruption Trouble-shooting: Lessons learnt from ICAC research about identifying and dealing with corruption hot spots
- June 2001 Corruption resistance strategies: researching risks in local government: research findings summary
- April 2001 Corruption...Who wants to know? Report summary of the ICAC's research survey Unravelling Corruption II
- September 2000 What is an ethical culture? Key issues to consider in building an ethical organisation. Summary Report

Electronic only version reports

- Corruption Resistance Strategies: Researching risks in local government. Research Findings June 2001
http://www.icac.nsw.gov.au/pub/summary_pub.cfm?ID=268
- Unravelling Corruption II – Exploring changes in the public sector Perspective 1993–1999. April 2001
http://www.icac.nsw.gov.au/pub/summary_pub.cfm?ID=248
- Exploiting emerging technology corruptly in the NSW public sector. April 2001
http://www.icac.nsw.gov.au/pub/summary_pub.cfm?ID=247

Annual Report

- October ICAC Annual Report 1999–2000
- October ICAC Annual Report 1999–2000 Summary

Corruption Matters

- Corruption Matters No 18 June/July 2001
- Corruption Matters No 17 March/April 2001
- Corruption Matters No 16 November 2000

Appendix 9 – Contributions to seminars, conferences and workshops

Training was delivered as part of established programs as follows:

Major events or conferences convened:

- The Need to Know: eCorruption and Unmanaged Risk Symposium (ICAC and IPAA) (May 2001)
- National Investigation Symposium (ICAC, NSW Ombudsman and IPAA) (November 2000)
- ANU corruption and anti-corruption course (June 2001)

Training offered within established programs during 2000–2001

- Broken Hill Rural and Regional Outreach (June 2001)
 - Launch of Rural and Regional Outreach
 - About ICAC, managing internal reporting systems and reporting corrupt conduct for Aboriginal Land Council staff
 - Corruption risk management
 - Managing internal reporting systems and reporting corrupt conduct
 - Community forum
- Forum about reporting corrupt conduct to the ICAC
 - Sydney forum for principal officers (September 2000)
 - NSW Department of Health – Senior Executive Forum (March 2001)
- Regional forum about reporting corrupt conduct to the ICAC in partnership with Local Government Managers Australia (LGMA)
 - Hunter and Central Coast LGMA branch meeting, Singleton (October 2000)
 - Southern Tablelands LGMA branch meeting, Canberra (February 2001)
 - Orana LGMA branch meeting, Dubbo (February 2001)
 - North West LGMA branch meeting, Inverell (March 2001)
 - Riverina LGMA branch meeting, Narrandera (May 2001)
 - Northern Rivers LGMA branch meeting, Casino (June 2001)
 - Mid North Coast LGMA, Port Macquarie (June 2001)
- Introduction to investigation techniques workshop
 - NSW Aboriginal Land Council (August 2000)
 - Cabonne Shire Council (May 2001)
 - IPAA convened course (August 2000)
- Protected disclosures workshop run jointly by ICAC, NSW Ombudsman and DLG
 - Coffs Harbour Council (November 2000)

Date	Topic	Organising body	Speaker
July 2000	Corruption prevention strategies for regulatory officers	NSW Agriculture	Catherine Boardman, Andrew Biro
July 2000	Ethics, diversity management and employment relations	Macquarie Graduate School of Management	Irene Moss, Commissioner
July 2000	High definition corruption: the challenges of clarifying corrupt conduct in the ICAC Act	Readers and Tutors Dinner Bar Council	Irene Moss, Commissioner
July 2000	Lessons from Liverpool	Westpool	Peter Gifford

Date	Topic	Organising body	Speaker
July 2000	The fourth and fifth estates: Accountability and the relationship	National Press Club Telstra Address (televised lunch)	Irene Moss, Commissioner
August 2000	Conflicts of interests	Wingecarribee Shire Council	David O'Sullivan
August 2000	Ethics & public duty	Institute of Municipal Managers	Peter Gifford
August 2000	Preventing, detecting and investigating fraud and corruption	Australian Institute of Criminology	Peter Gifford
October 2000	Sex, drugs & rock and roll	Gosford Chamber of Commerce and Industry	Peter Gifford
October 2000	The shock of the new: Corruption in the 21 st century	Barker Forum, Barker College	Irene Moss, Commissioner
November 2000	Codes of conduct	NSW Department of Corrective Services	David O'Sullivan
November 2000	Conflicts of interests	Planning Law and Practice Short Course, University of NSW	David O'Sullivan
November 2000	Managing corruption risks in regulatory work	NSW Health – Environmental Health Officers Workshop	Catherine Boardman
November 2000	The powers and the powerful: The challenges for anti-corruption bodies	Transparency International Australia	Irene Moss, Commissioner
December 2000	Lessons learnt: The Independent Commission Against Corruption 1989–2000	Constitutional and Legal Policy Institute, Open Society Institute, Hungary	Stephen Murray
December 2000	Reducing car theft: How low can we go?	Australia Institute of Criminology	Melissa Dryden
December 2000	Widening the net: Information management, emerging technology and eCorruption	Records Management Association of Australia	Irene Moss, Commissioner
March 2001	ICAC and the Glebe Morgue	Mortuary Science Certificate students	David O'Sullivan
March 2001	Minimising corruption in local councils – learning from the ICAC's work with local government	Australian Local Government Womens' Association – Annual Conference	Linda Pettersson
April 2001	Creating ethical environment	NSW Department of Health	David O'Sullivan
April 2001	The importance of ethical leadership	Rail Infrastructure Corporation	Vicki Klum
May 2001	Briefing session on role and functions of ICAC	Indonesian Judicial Training Program	Grant Poulton
May 2001	Building organisational culture	NSW Police Professional Standards Officers	David O'Sullivan
May 2001	Developing a code of conduct	Institute of Mercantile Agents	Linda Pettersson
May 2001	Probity issues in tendering and procurement	College of Investigative and Remedial Consulting Engineers of Australia	Grant Poulton
May 2001	Role of independent anti-corruption commissions	Global Forum on Fighting Corruption and Safeguarding Integrity	Grant Poulton
May 2001	Leadership	Executive Development Program Premier's Department	Irene Moss, Commissioner
May 2001	The role and function of the ICAC	NSW Audit Office induction	Yvonne Miles
June 2001	Codes of conduct	Waterways Authority Policy Advisory Group	David O'Sullivan
June 2001	The role and function of the ICAC	Fair Trading Tribunal Conference	Yvonne Miles

Appendix 10 – Participation in significant committees

AUSTRAC client liaison meetings

Liaison with financial transactions tracking agency. This meeting is held half-yearly and is organised by the Australian Transaction Reports and Analysis Centre. Representatives from the Commission and other agencies of Federal and State levels attend this meeting to discuss matters in relation to the Financial Transaction Reports Act.

Controlled Operations Review Working Party

Comprised of representatives of a number of law enforcement agencies. Ongoing role in identifying and recommending further legislative changes to facilitate the conduct of controlled operations and other covert operations.

Inter-Agency Fraud Committee

The Committee meets quarterly and is comprised of agencies, both state and federal, which conduct fraud or fraud-type investigations, e.g. Commercial Crime Agency of NSW Police, Australian Securities and Investment Commission, Australian Federal Police.

NSW Corruption Prevention Committee Inc

A committee of public sector officers to promote corruption prevention strategies through Corruption Prevention forums and by encouraging formal and informal networks of practitioners.

NSW Public Sector Ethics Working Party

This group chaired by the Premier's Department, meets to develop and recommend strategies to include ethics into the operation of the NSW public service.

Ombudsman's Liaison Network Group

This Committee was established to ensure appropriate liaison between similar oversight bodies.

Protected Disclosures Act Implementation Steering Committee

The Committee develops strategies to promote effective implementation of the Act.

Appendix 11 – Overseas travel by ICAC officers

Traveller	When	Countries Visited	Purpose	Cost
Stephen Shneider Linda Pettersson	12–19 November 2000	Hong Kong	Attend the first Hong Kong ICAC Symposium and hold discussions with Hong Kong ICAC	\$8842
Stephen Murray	7–9 December 2000	Hungary	Attend and present paper to Constitutional and Legal Policy Institute Conference on Government Anti-Corruption Agencies	All costs met by Constitutional and Legal Policy Institute, Hungary
Grant Poulton	27–31 May 2001	Netherlands	Attend and present paper to Global Forum on Fighting Corruption and Safeguarding Integrity.	\$107 (Travel and accommodation expenses met by the Dutch Ministry for Justice)

Appendix 12 – Overseas visitors to the ICAC

- Botswana – Operational Detectives from Botswana Police on study program with Charles Sturt University
- China – Delegation from Ministry of Supervision, People’s Republic of China – Building & Construction branch (AUSAid sponsored)
- China – delegation of Procuratorate of Excellent Chief-in-Case Procurator, Beijing
- China – Mr He Yong, Minister for Supervision & Deputy Secretary of CCP Central Commission for Discipline Inspection
- East Timor – Mr Mariano Lopez da Cruz, Director General, Office of Inspector General, East Timor
- East Timor – Office of Inspector General, East Timor – second visit with delegation of decision makers
- Hong Kong – Mrs Lillian Chan, Senior Corruption Prevention Officer, ICAC
- Korea – delegation from Audit and Inspection Bureau, Seoul Metropolitan Government, People’s Republic of Korea

Appendix 13 – Payment performance indicators

1. Accounts payable

	Current \$	30 days \$	60 days \$	90 days \$
1 st Quarter	133,576	21,542	—	—
2 nd Quarter	145,629	13,333	435	—
3 rd Quarter	140,099	50	—	—
4 th Quarter	137,867	38,273	—	—

2. Payments on time

	Accounts paid on time		Amount paid on time	Amount Paid \$
	Target %	Actual %		
1 st Quarter	95	92	1,243,653	1,410,348
2 nd Quarter	95	91	1,406,963	1,504,465
3 rd Quarter	95	82	1,659,363	1,784,286
4 th Quarter	95	93	2,067,340	2,222,931
Annual Average	95	90	6,377,319	6,922,030

Commentary

The Commission set targets of 95 per cent and problem level indicators of 90 per cent in relation to the prompt payment of accounts. As indicated above the Commission's performance regarding the prompt payment of accounts is lower than established targets but generally higher than the problem level indicator of 90 percent. The majority of late payments eventuated where suppliers only offered 7 day credit terms.

The Commission did not forfeit any discounts available and there was no interest charged on the payments not made on time.

Appendix 14 – Consultancies

In 2000–2001, the ICAC spent \$267,000 for consulting services. Consultants costing more than \$30,000 were:

- Deakin Consulting was engaged, at a cost of \$84,405 to:
 - Develop the ICAC’s 2001–2006 Information Management and Technology Strategic Plan; and
 - Conduct a review of the ICAC’s IT policies and procedures
- The Navigator Company Pty Ltd was engaged, at a cost of \$104,090, to undertake a review of the Commission’s functions
- The NSW Department of Public Works and Services was engaged, at a cost of \$43,545, to:
 - Assist in the development of tender specifications for air-conditioning maintenance and cleaning
 - Assist with the development of alternative office accommodation proposals.

In addition three further consultancies cost a total of \$35,000.

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