

ANNUAL REPORT **2014–2015**

ESSENTIAL TO ENSURING
TRUST IN GOVERNMENT



The objectives of the Integrity Commission are to

- > improve the standard of conduct, propriety and ethics in public authorities in Tasmania;
- > enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with; and
- > enhance the quality of, and commitment to, ethical conduct by adopting a strong, educative, preventative and advisory role.

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This report and further information about the Commission can be found on the website

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President
Legislative Council
Parliament House
HOBART TAS

Speaker
House of Assembly
Parliament House
HOBART TAS

Dear Mr President
Dear Madam Speaker

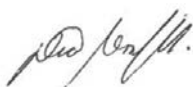
Annual Report for 1 July 2014 to 30 June 2015

The Integrity Commission Annual Report is presented to Parliament in accordance with the *Integrity Commission Act 2009*, sections 11 (1) and 11 (2). The report covers the Commission's activities and financial statements from 1 July 2014 to 30 June 2015.

Yours sincerely



Aziz Gregory Melick AO SC
Chief Commissioner
On behalf of the Board



Diane Merryfull
Chief Executive Officer

October 2015

Copy to Attorney-General

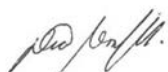
Hon Dr Vanessa Goodwin
Attorney-General
Minister for Justice
Parliament House
HOBART TAS

Dear Attorney-General

Annual Report for the year ended 30 June 2015

In accordance with section 36 of the *State Service Act 2000* and section 27 of the *Financial Management and Audit Act 1990*, I am pleased to present the Integrity Commission Annual Report for the financial year ended 30 June 2015.

Yours sincerely



Chief Executive Officer

October 2015

Contents

Message from the Chief Executive Officer	1
The Integrity Commission at a glance	3
Our role	3
How we work	3
Governance	4
Our budget	5
Our people	5
Organisation Chart as at 30 June 2015	6
The Board of the Integrity Commission	7
Board members	7
Report from the Board 2014–15	9
Reporting	10
Reporting against Tasmanian Budget initiatives	10
The Commission's achievements of its strategic goals	10
Goal 1 – Improved standard of propriety and ethics in public authorities	12
Goal 2 – Enhanced public confidence that misconduct will be appropriately investigated and dealt with	24
Goal 3 – A best practice agency that is valued by the community	40
Other reporting	48
Superannuation certificate	50
Financial report	52
Statement of certification	53
Financial statements	54
Notes to statements	58
Independent Auditor's Report	75
Appendix	77

Message from the Chief Executive Officer



Diane Merryfull
Chief Executive Officer

One of the most important functions of the Integrity Commission is to improve the standard of ethics and propriety in the Tasmanian public sector. This improvement is driven by both our investigative and preventative operations.

When the Commission conducts a misconduct investigation, it is not only looking to find out what happened, but why. Why did the misconduct occur? Why did the systems and processes, which should have prevented the misconduct, fail? Why wasn't the misconduct detected earlier or at all? If the answers to such questions are not found, then preventing misconduct in the future is all the more difficult. Identifying individuals who have engaged in misconduct is obviously important, however, all too often misconduct is not just a case of 'one bad apple' in an otherwise well-run organisation. Rather, it is often the result of a combination of factors such as poor policies, practices, procedures, organisational culture, staff supervision, or oversight.

Observers often focus on the issue of punishing offenders, particularly by criminal prosecution. While this can be important, all integrity agencies know only too well that even though prosecutions (or disciplinary sanctions) have their place, they can only partly address the problems if underlying causes are not also tackled.

If an investigation reveals systemic or process failures, the Commission will make recommendations to a public authority on how improvements could be made. In view of this, and, as this report notes, it is pleasing that the Commission's recommendations in Operation Delta (an investigation into nepotism and conflict of interest in health agencies) were largely actioned by the Government. The Commission is also aware of actions taken by other public authorities to address problems revealed by its investigative work.

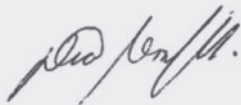
The education and prevention work of the Commission also plays an important role in this area. Firstly, our people are out amongst public authorities across the state, finding out about their misconduct risks and the gaps in their ethical frameworks. It should be kept in mind that the Commission's jurisdiction is very wide and covers diverse public authorities - not just State Service departments, but including councils, statutory authorities, government business enterprises (GBEs) and state owned companies (SOCs), the University of Tasmania, and Parliament (all up covering approximately 43,000 public officers).

The information received is fed back to the investigative team so that our intelligence-gathering is enhanced, meaning we can appropriately support public authorities and target areas of activity of highest risk. We can also use this information to develop education and training resources and good practice tools, and further develop our expertise and advice to help authorities to address their own risks. Our misconduct prevention and education team has drawn high praise from a range of stakeholders for the quality of its work and the 'value add' they bring to the authorities with which they work.

All of this activity is largely invisible to the broader community and it can be hard to demonstrate the value of preventing something from happening. Nevertheless, the Tasmanian community does appreciate the Commission. As noted in this report, 92% of respondents in our 2015 community perceptions survey agreed that Tasmania needs an Integrity Commission. The community also believes that the Commission is making a difference, with 61% of respondents agreeing that there is more attention on ethical behaviour in the Tasmanian public sector since the Commission started operating.

These results are gratifying and confirm that the Commission is doing its job and doing it well. Congratulations to all the staff for their outstanding work.

This was the last full year of the term of our outgoing and inaugural Chief Commissioner, the Hon Murray Kellam AO. Mr Kellam brought a depth and wealth of experience to the Commission, and the state of Tasmania, as well as unwavering integrity and commitment to our mission. He has our deepest thanks.



Diane Merryfull
Chief Executive Officer

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Our misconduct prevention and education team has drawn high praise from a range of stakeholders for the quality of its work and the 'value add' they bring to the authorities with which they work.

The Integrity Commission at a glance

OUR ROLE

The Integrity Commission is an independent body established under the *Integrity Commission Act 2009* (the Integrity Commission Act) with the following objectives, to:

- improve the standard of conduct, propriety, and ethics in public authorities in Tasmania;
- enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with; and
- enhance the quality of, and commitment to, ethical conduct by adopting a strong, educative, preventative, and advisory role.

HOW WE WORK

The Commission's objectives, functions, powers, and principles of operation are set out in its legislation. Essentially, the work of the Commission falls into two broad areas:

- misconduct prevention and education (educative work); and
- dealing with complaints and conducting investigations in relation to misconduct (operational work).

The statutory framework establishes the Board, the Chief Executive Officer (CEO), and, at various stages with respect to the dealing with complaints, certain other appointments: authorised persons, assessors and investigators. The Commission has three 'business areas': Operations, Misconduct Prevention, Education and Research (MPER), and, to maintain its independence, a Corporate Services (business administration) area. The Parliamentary Standards Commissioner is also established under the Integrity Commission Act, but is an independent statutory office holder.

MISCONDUCT PREVENTION

In performing its misconduct prevention functions under the Integrity Commission Act, the Commission continually has regard to active engagement with public authorities and public officers. Wherever possible, misconduct risk management must be undertaken by the public authorities themselves as they have the greatest capacity to recognise and control their risks, but the Commission has a key role in providing advice and assistance to them. It is the Commission's view that capacity building to deal with misconduct is best achieved through collaborative and consultative approaches.

OPERATIONS

The Operations arm of the Commission ensures that it can properly deal with complaints about misconduct, including through its own investigations and through the auditing of actions taken by other public authorities. Investigations can be time consuming given the need to obtain information from third parties, ensure the accuracy of information, work with limited resources and comply with a range of processes set out in legislation. Investigations are conducted in private and their outcomes are not made public unless they are the subject of a report tabled in Parliament. The Commission's investigators are also required to comply with the rules of procedural fairness, and where appropriate or otherwise required by legislation, subject parties and public authorities are notified of an investigation.

The Commission also has a significant role in the monitoring of misconduct allegations and investigations within Tasmania Police. Each year, the Commission conducts an audit of all complaints (internal and external) finalised by Tasmania Police, and provides a report on its findings to Parliament.

CORPORATE SERVICES

The Commission has an in-house business administration section that manages the day-to-day running of its office and operational tasks such as phone, email, mail and face-to-face enquiries, information and records management, internal reporting, management of budget processes, and general administration support.

Specialist financial and accounting services, human resources services, and information technology support are provided to the Commission through a Service Level Agreement (SLA) with the Department of Justice.

PARLIAMENTARY STANDARDS COMMISSIONER

Former Federal Minister for Justice and now a Catholic priest, Reverend Professor Michael Tate AO, is the state's first Parliamentary Standards Commissioner. The Parliamentary Standards Commissioner is a statutory officer and independent of the Commission.

The role was established under the Integrity Commission Act to provide confidential advice to Tasmanian Parliamentarians on ethical issues. As part of the role of Parliamentary Standards Commissioner, Rev Professor Tate AO also provides advice, as required, to the Commission on ethical matters relating to Members of Parliament.

GOVERNANCE

CHIEF COMMISSIONER

The Chief Commissioner is appointed by the Governor, after the Minister has consulted with the Parliamentary Joint Standing Committee on Integrity. The Chief Commissioner is the Chair of the Board of the Integrity Commission and would convene any Integrity Tribunal established by the Board.

BOARD

The Board ensures that the Commission performs its functions appropriately and exercises its powers in accordance with sound administrative practice, the objectives of its legislation and the principles of procedural fairness. The Board also monitors and reports on the operation and effectiveness of the Integrity Commission Act.

The Board consists of the chair and five other members (two ex-officio members, and three appointed).

PARLIAMENTARY JOINT STANDING COMMITTEE ON INTEGRITY

The Commission is accountable to Parliament through the Joint Standing Committee on Integrity, established by the Integrity Commission Act. The Committee membership consists of members of the House of Assembly and Legislative Council, including representatives of each of the major political parties.

During the reporting period, the members of the Joint Standing Committee on Integrity were:

Legislative Council

Hon Ivan Dean MLC (Chair)
Hon Mike Gaffney MLC
Hon Tony Mulder MLC

House of Assembly

Mr Guy Barnett MP
Ms Lara Giddings MP
Mr Nick McKim MP

During the reporting period, the Commission met once with the Committee.

Representatives of the Commission appeared to give evidence to the Committee twice as it was undertaking its Three Year Review of the Integrity Commission.

On 26 November 2014, the Committee tabled a progress report on its Review, and on 24 June 2015, tabled its Final Report of the Review.

The Committee made a number of findings and recommendations. In particular, it decided that the question of the investigative powers and functions of the Commission should be considered as part of the independent Five-Year Review (to be commenced as soon as possible after 31 December 2015, per section 106 of the Integrity Commission Act).

In its Final Report, the Committee also revisited and reconsidered all of the technical amendments proposed by the Board of the Commission, to the previous Committee, in April 2013. That Committee had previously reported to the Parliament on its findings and recommendations in relation to the proposed technical amendments in November 2013.

The Committee also monitors and reviews the performance of the functions of certain other Tasmanian integrity agencies, as well as providing guidance and advice. While the Committee can refer matters to the Commission for investigation or advice, it is not authorised to investigate any matter relating to a complaint, or to review a decision of the Commission to investigate or not investigate a particular complaint.

OUR BUDGET

The Commission is an agency for the purposes of the *Financial Management and Audit Act 1990* and financially independent of any other public authority. In 2014-15, the Commission operated with a budget of \$2.4m, [\$2.9m in 2013-14]. The budget includes funding and support for the Parliamentary Standards Commissioner, a role that is independent of the Commission.

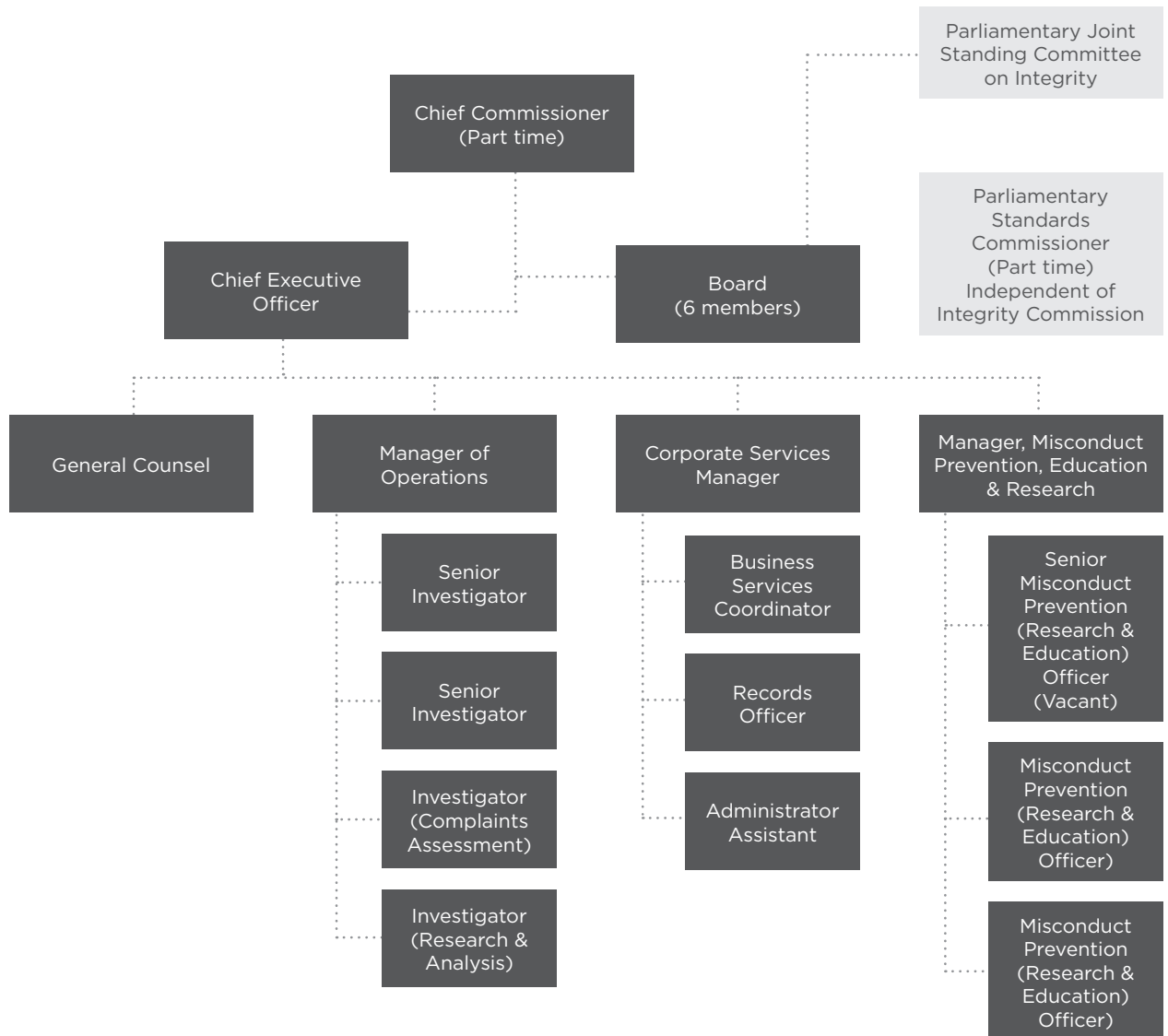
OUR PEOPLE

As at 30 June 2015, the Commission employed 14.8 full-time equivalent (FTE) staff members including the Chief Commissioner, Chief Executive Officer, misconduct prevention and education officers, investigation officers, a temporary General Counsel position, and corporate services staff. There was one vacant position (Manager, MPER) at the end of the reporting period.

The Commission has reviewed its organisational structure in recent years and has established a structure that is able to meet its current needs, which provided reasonable stability during 2014-15. Exceptions were the Communications and Media Advisor position which was not filled when it became vacant, as well as reducing the General Counsel position from 1 FTE to 0.6 FTE for several months at the end of the reporting period (the position has since been left vacant). These measures were necessary to assist the Commission to achieve savings required by government. As a result of these organisational changes, the established FTEs decreased from 15.8 as at 30 June 2014 to 14.8 as at 30 June 2015 (including the vacant position).

In addition to the above savings measures, all staff have been offered the opportunity to work part-time. Three staff have elected to work reduced hours which has assisted the Commission with meeting its savings targets. The Senior Misconduct Prevention (Research & Education) Officer was vacant as at 30 June 2015, due to the previous incumbent filling the Manager, MPER position which had been vacant for eleven months during 2014-15 due to budget uncertainty.

ORGANISATION CHART AS AT 30 JUNE 2015



The Board of the Integrity Commission

AS AT 30 JUNE 2015

CHIEF COMMISSIONER



Hon Murray Kellam AO
Chief Commissioner

A former justice of the Supreme Court of Victoria, Murray Kellam has had a long-held interest in legal and judicial education, particularly in developing countries. On behalf of UNICEF, he has provided training to lawyers, police, magistrates and judges on juvenile justice issues in Bangladesh, Mongolia, and Burma. He has presented ethics programs for judges and magistrates throughout Australia.

EX-OFFICIO MEMBERS



Mike Blake
Auditor-General

Mike was appointed Tasmanian Auditor-General on 10 May 2004. He was previously Auditor-General for the Northern Territory and has been active in setting standards in accounting and auditing in Australia. He was made a member of the Public Sector Accounting Standards Board in 1999, was a member of the Urgent Issues Group representing Auditor-Generals from 2003 to 2005, and a member of the Auditing and Assurance Standards Board from 2006 - 2011. On 1 January 2015, he was appointed to the Australian Accounting Standards Board.



Richard Connock
Ombudsman

Richard has been Ombudsman since January 2014. He was appointed Director of the Office of the Ombudsman in April 2011, and before that was the Principal Officer, Ombudsman.

Richard has extensive experience as a barrister and solicitor, principally in Victoria. Following his move to Tasmania in 2000, however, Richard focused more on consultancy than legal work and, before joining the Office of the Ombudsman, provided investigation, conciliation, and mediation services for a number of government agencies and private organisations.

APPOINTED MEMBERS



Lupo Prins
APM

A former Assistant Police Commissioner who was awarded the National Police Medal, the Australian Police Medal for Outstanding Service, and the Commissioner's Integrity Medal, Lupo had a 42-year career in policing. Since his retirement from Tasmania Police in 2005, he has conducted major independent investigations and reviews for the Department of Justice and the Department of Health and Human Services.



Liz Gillam

A former Deputy Director of the Local Government Office, Liz is Chair of the Tasmanian Electoral Commission, Chair of the St Michael's Collegiate School Board, a Director of the Public Trustee, and a member of the Local Government Board. She holds a Bachelor of Laws and is a Fellow of the Australian Institute of Company Directors.



David Hudson

With a career in the State Public Service spanning 35 years, David Hudson held senior roles before leaving in 2010 as Deputy Secretary of the Department of Primary Industries, Parks, Water and Environment. He is currently undertaking a number of governance and advisory roles for public sector and not for profit organisations.

REPORT FROM THE BOARD 2014-15

The Board of the Integrity Commission convened bi-monthly during the year to undertake its role under section 13 of the Integrity Commission Act. In addition, a Special Board Meeting was held in July. Board members also communicated regularly on 'out of session' decisions and to comment on Board matters. In keeping with its statutory role, the Board also met with the Joint Standing Committee on Integrity to discuss various issues including the Three-Year Review of the Integrity Commission Act.

Some of the key issues dealt with by the Board during the year were:

- Integrity Commission Report No. 2 (Audit of Police Complaints);
- education and training;
- actions taken on Board determinations;
- community perceptions survey;
- complaint assessment and management;
- Commission budget and forward estimate allocations; and
- support for management in an environment of significantly declining budgets and consequential implications for staff.

In accordance with legislated Commission objectives, the Board endorsed and approved a number of new education and training programs which were delivered to public officers throughout the state by Commission staff. Participant comments and post-delivery feedback suggest that these training programs were well received and considered beneficial by those attending.

The Board also noted and endorsed a series of public and private forums dealing with ethics within the public sector, prepared and delivered by Commission staff. These forums, to targeted audiences, are seen as a valuable tool in conveying the Commission's message to all areas of the state.

The Board received regular briefings on misconduct-related allegations against public officers attached to government departments, local councils, and various other public authorities. The Board noted the complaints and notifications received, and endorsed the action taken in respect thereto. The Board noted that the total number of complaints had risen.

During the year, the Board monitored an own motion investigation, in respect of the policies, practices, or procedures, or the failure of those policies, practices, or procedures relating to receiving and declaring gifts as set out in the *State Service Act 2000* (the State Service Act), *State Service Regulations 2011*, and Employment Directions. The processes involved in conducting this investigation are referred to elsewhere in this report but the report of the investigation was not due to be considered by the Board, in accordance with the Integrity Commission Act, until after the reporting period.

The Board wishes to thank the outgoing Chief Commissioner, the Hon Murray Kellam AO for his contribution to the work of the Board as Chair, since the Commission commenced operation. The Board commends the CEO for her strong leadership and her resolute determination to achieve the Commission's objectives despite financial and operational constraints. The Board also recognises the dedicated and professional work of Commission staff throughout the year.

Reporting

BOARD MEETINGS 2014-15

Integrity Commission Attendance Ordinary Board Meetings 2014-15

Meeting dates	No. in attendance	Absent	Attendance rate
2014			
7-Aug	6		100%
2-Oct	6		100%
4-Dec	6		100%
2015			
5-Feb	5	Richard Connock	83%
7-May	6		100%
4-Jun	5	Luppo Prins	83%

REPORTING AGAINST TASMANIAN BUDGET INITIATIVES

The Commission's key initiatives in the 2014-15 Tasmanian Budget were:

- working with the public and key stakeholders to enhance trust and confidence in public authorities within Tasmania;
- working cooperatively with public authorities, other integrity entities, and the Parliamentary Standards Commissioner to prevent misconduct and enhance capacity-building in dealing with misconduct;
- educating public authorities and raising public awareness about integrity and ethical conduct; and
- dealing with misconduct issues in a timely, effective and fair way in accordance with the public interest.

The Commission reports against these initiatives in Goals 1-3 of this annual report.

THE COMMISSION'S ACHIEVEMENTS OF ITS STRATEGIC GOALS

The Commission identified three key goals in its Strategic Plan applicable in the reporting period:

- improved standard of conduct, propriety, and ethics in public authorities in Tasmania;
- enhanced public confidence that misconduct by public officers will be appropriately investigated and dealt with; and
- to be a best practice agency that is valued by the community.

Our progress against these goals is outlined in the following pages.



▼ | GOAL ONE

**IMPROVED STANDARD OF
PROPRIETY AND ETHICS IN
PUBLIC AUTHORITIES**

LOCAL GOVERNMENT ENGAGEMENT AND SUPPORT

The Commission has continued its focus on local government in the last twelve months and has significantly increased its engagement with that sector. Visits to all twenty-nine councils were completed in April 2015. From these initial meetings and training sessions, the Commission has gained an understanding of each council's specific needs and has been able to provide tailored resources, advice and support.

Training for councillors

Following the October 2014 local government elections, training was offered to all councillors, which was conducted at the following councils:

- Huon Valley;
- Hobart City;
- Tasman;
- Devonport City;
- Central Highlands;
- Flinders;
- King Island; and
- Launceston City.

Councillors from a broad cross-section of councils also attended combined sessions at Break O'Day in November 2014, and the Commission participated in a Local Government Association of Tasmania (LGAT) workshop for new councillors was conducted in February 2015.

Four councils scheduled training in the second half of 2015:

- Waratah-Wynyard;
- Circular Head;
- West Coast; and
- George Town.

Further interest in attending training was expressed from West Tamar, Northern Midlands, Kingborough, Latrobe and Glamorgan Spring Bay.

Feedback on training conducted so far has been very positive, indicating that the sessions have enabled councils to identify specific risk areas and gaps in their information and resources. Specifically, all respondents surveyed following the training indicated that they gained a better understanding of ethics and integrity issues as they apply to councillors, and all noted that the information received would be useful in their role as a councillor. All respondents also indicated that they had gained a better understanding of the role of the Commission. Supplementary materials, such as written and video scenarios (produced in conjunction with the Local Government Division and LGAT) and activities were developed specifically for the training.

Training Videos for councillors

In December 2014, the Commission partnered with the Local Government Division of the Department of Premier and Cabinet (DPAC) to film three video scenarios based on ethical risk areas for councillors. These risk areas included pecuniary and non-pecuniary conflict of interest, gifts and benefits, confidentiality, use of power and authority, and use of social media.

Actors included staff from DPAC, Hobart City Council and the Commission. The production was supported by LGAT, and the video scenarios were launched at a LGAT general meeting in February 2015. The videos are being used by the Commission as part of training for councillors and by the Local Government Division as part of its online training program. Feedback on the videos has been very positive, noting that the scenarios provide opportunities to discuss a range of ethical issues.

Training for council staff

Module 1 *Ethical decisions at work* for operational, works, and outdoor-based employees was launched in the north-west (in partnership with Burnie City Council) in October 2014 and in the south (in partnership with Glenorchy City Council) in June 2015. Both events included a training session for Councils' depot staff, followed by a media launch and a train-the-trainer session for HR staff and depot managers. A significant number of councils, state government agencies, and GBEs attended these events.

Train the trainer

During initial meetings with councils, a number of general managers identified that they had limited in-house capacity to train staff. In response, the Commission has run a number of sessions for councils, for both the outdoor and indoor workforces. These sessions also served as a train-the-trainer opportunity for senior council staff, who can then continue to provide the training in-house. Seven staff sessions have been run to date, with a further nine planned by September 2015.

Cross-sector collaboration

The Commission has further strengthened its relationship with the Local Government Division of DPAC, with the aim of streamlining processes and clarifying messages for the local government sector. In addition to the videos, supplementary resources were developed to assist councillors manage pecuniary and non-pecuniary interest. The Commission's CEO was also part of a working group guiding the development of a *Good Governance Guide* for councillors.

The Commission continues to work closely with the LGAT and participated in the LGAT conference in July 2014. Articles on ethical issues have featured in LGAT News, including:

- *Supporting Elected Members to Serve the Community;*
- *Leading with Ethics and Integrity;*
- *Councils encouraged to speak up about misconduct; and*
- *Effective, Ethical Interactions for Elected Members and Employees.*

Along with the Local Government Division and LGAT, the Commission will be involved in the development of the new code of conduct for councillors in 2015.

Engagement and presentations

Ties with the Local Government Managers Association of Tasmania (LGMA) have also been strengthened. The Commission continued to promote its training programs via LGMA networks and presented to the LGMA's human resources forum in October 2014.

The Commission has also engaged with local government authorities, including Northern Tasmanian Development, Dulverton Waste Management, the Southern Tasmanian Councils Authority and the Cradle Coast Authority. The Commission's CEO presented to Mayors and Deputy Mayors in the north-west on leadership as part of a Cradle Coast Authority forum in March 2015.



Where do you draw the line?
From Integrity Commission Tasmania video 3 months ago (1:29:17)



A Balancing Act
From Integrity Commission Tasmania video 3 months ago (2:01:00)



In whose interest?
From Integrity Commission Tasmania video 3 months ago (0:58:00)

Requests for advice

The number of enquiries from both councillors and council staff to the Commission (seeking advice on specific issues) increased considerably in the past twelve months. Staff from the Commission's MPER and Operations teams provided general guidance for councillors and council staff on a range of ethical issues and questions, together with referral to other entities where relevant.

Speak up involvement

Ten councils signed up for the **Speak up** campaign in 2014-15, with Launceston City Council partnering with the Commission to produce resource materials designed to assist councils to effectively implement and manage the campaign.

Regional visits

The MPER team identified opportunities for increased communication and relationships with public authorities located beyond Hobart and the southern region. The team implemented two outreach strategies to support this:

- regular visits (for training and meetings) to all councils throughout the state; and
- visits to public authorities that are based in regional areas and/or have a significant presence in those regions.

The visits have been very valuable both for the public authorities visited and for the Commission. They have provided an effective means of openly exchanging information on ethical risks, trends, training, resources and programs. Topics of interest have been explored in depth and Commission staff were able to respond to various questions about our investigations, reports, complaints processes, training, and resources.

New working relationships have been established across the state and the Commission looks forward to strengthening these in the years ahead, together with further visits to regional public authorities.

ETHICAL REFERENCE GROUPS

The Commission has continued to facilitate and build on the work of the Ethical Reference Groups (ERGs) established in 2012. The purpose of the ERGs is to enhance understanding of integrity and ethical practice in the public sector and share best practice among group members.

ERGs are a key mechanism for communication and collaboration between the Commission and public sector leaders. Each ERG meets twice per year to discuss matters such as best practice in ethical systems and misconduct prevention, ethical issues, and ways to improve ethical risk management. The ERGs also provide participants with an opportunity to discuss capacity-building tools developed by the Commission and to identify new resources or training required.

ERGs provide valuable insight into misconduct risk areas, which have then guided the Commission's product development. The groups have also served as a means to assess products from the perspective of various public authorities.

Meetings held during 2014-15 were:

- State Service agencies: 17 July 2014 and 5 February 2015;
- Northern public authorities: 12 August 2014 and 16 March 2015;
- Southern public authorities: 19 September 2014 and 27 April 2015; and
- North West public authorities: 21 October 2014 and 18 March 2015.

The most significant issues raised, which have assisted the Commission to identify trends and emerging risks, included:

- conflict of interest;
- bullying and harassment;
- confidentiality;
- gifts and benefits; and
- use of work resources.

The Commission is committed to ongoing improvement of each ERG and to respond to recommendations and suggestions arising from the groups.

INVESTIGATOR SUPPORT NETWORK

The Investigator Support Network (ISN) was established in 2013 as means of providing support and information sharing opportunities for public sector employees involved in conducting and/or coordinating workplace investigations.

Membership of the network continues to grow, with a number of new members from councils, state government agencies, and GBEs across the state. There are currently 35 members, representing 16 different public authorities.

Meetings were held in July and September 2014, and May 2015. A mechanism for secure electronic sharing of resources was established to enable members to share ideas, template documents, and contacts. Members also had the opportunity to present on some of the misconduct cases they had been involved in and have shared the learnings arising from them.

In response to interest from members, the Commission arranged for the team leader of Investigations from Victoria's Independent Broad-based Anti-corruption Commission to present to network members in May 2015. The presentation outlined Operation Fitzroy, which investigated allegations of serious corrupt conduct in relation to the supply of goods and services in transport-related infrastructure projects by the Department of Transport and Public Transport in Victoria. The presentation was well-received by participants and provided useful learnings and opportunities for discussion.

A review of the ISN was undertaken in late 2014 to gauge the effectiveness of the network in meeting its objectives and to determine its future. Members had the opportunity to comment on their motivation for joining the network, key priority areas, and the format of meetings. Responses indicated that members valued being able to share ideas and resources, and there was particular interest in professional development opportunities. The frequency and duration of ISN meetings have been adapted to better meet these needs.

ETHICS AND INTEGRITY TRAINING PROGRAM

The *Ethics and Integrity Training Program* (EAITP) enables public authorities to deliver in-house training to meet their statutory obligation under section 32 of the Integrity Commission Act. The program consists of modules that address specific misconduct risk areas in the public sector. The modules are designed to enable public authorities to provide their own in-house training, and can be customised by each public authority to meet its specific needs.

Six modules are now in use across various public authorities. Three modules were developed and released in 2014-15, with a further three modules in development during 2014-15 and scheduled for release in 2015-16.

Through the EAITP, the Commission is progressively meeting one of its key objectives: to improve the standard of conduct, propriety and ethics in the public sector.



Requests for Modules 2014-15

Module	No. of requests	No. of public authorities
<i>1: Ethical decisions at work (admin/office employees)</i>	30	25
<i>1A: Ethical decisions at work (outdoor employees)</i>	33	26
<i>2: Transparency & accountability</i>	24	21
<i>3: Conflict of interest</i>	29	24
<i>8: Use of work resources</i>	18	15
<i>10: Social media @ work</i>	26	24

Module 10 is the Commission's first e-learning module and this was made available to public authorities online from September 2014. Between September 2014 and June 2015, 623 employees accessed the module.

Modules developed and released 2014-15

Module 1A: Ethical decisions at work (outdoor employees)

Module 1A is based on Module 1 - *Role of the Commission and making ethical decisions* - and has been customised to meet the specific needs of an outdoor workforce, including employees in operations and works-based roles. The module addresses specific risk areas facing an outdoor workforce, including use of work resources, gifts and benefits, and confidentiality.

Module 8: Use of work resources

Module 8 explores the risk area of misusing work resources and the consequences of misuse for the individual, the public authority and the public. The module is designed to be presented by managers and team leaders for use in team meetings, toolbox meetings, or managers' meetings.

Module 10: Social media @ work: what's the big deal?

Module 10 explores some of the major risks of Tasmanian public sector employees using social media. The module encourages employees to familiarise themselves with the public authority's social media policy, and to consider the possible consequences when using social media. The module is self-paced and delivered through the Commission's online learning environment, 'Integrity Hub'. Some public authorities now provide the module from their own online learning environment.

Modules in development 2014-15

Module 1E: Ethical decisions at work (e-learning)

In response to feedback received from a number of public authorities, the Commission is developing an e-learning version of the foundational module (Module 1) of its EAITP. The e-learning module will enable principal officers to more efficiently meet their obligations to ensure public officers are given appropriate education and training relating to ethical conduct.

The Tasmanian public sector is very diverse, with varying roles, responsibilities, and misconduct risk areas. This has been a key consideration in the design of the e-learning module. Learning activities will be tailored according to each learner's context, taking into account the type of public authority they work in and the nature of their role - whether they are generally office-based, part of an outdoor workforce, or specialising in human resources, procurement, permits or grants. This will provide a meaningful learning experience for employees that relates directly to their day-to-day work.

The Commission formed a reference group to assist with testing the module, which is expected to be available to public authorities in October 2015.

Module 7: Building Ethical Cultures at Work: a leadership guide

This module will support managers and supervisors who want to take the ethical lead with their teams and employees. It will assist leaders to effectively 'set the tone' in their workplace. The module centres on understanding and improving workplace cultures, including overt and covert cultures and influences. Participants will gain practical skills and will be given tools to apply in their leadership practice. This module is planned for release in 2016.

Module 13: Ethical leadership: for board members and directors

It is proposed that Module 13 will address ethics and integrity generally, in addition to key risk areas for board members and directors. These include conflict of interest, confidentiality, gifts and benefits, use of social media, interactions with staff, and use of information. The module will also provide a tool for ethical decisions, as well as information on the role of the Integrity Commission. This module is also planned for release in 2016.

Education consultancy and assistance

The Commission assisted public authorities throughout 2014-15 to customise elements of the program to their specific needs. The Commission also provided learning needs analysis and advice on the design and provision of ethics and integrity training within specific public authorities.

Public authorities are taking a proactive approach to customising and delivering their training in-house. This efficient approach to training delivery has allowed the Commission to reduce direct delivery in 2014-15, which has made additional time available for the Commission to focus on further product development.

EDUCATION AND PREVENTION SUPPORT

Resource development

During 2014-15, the Commission designed, developed and released a substantial range of individual education and prevention resources. There has been a concentrated effort to support all public authorities with targeted, high quality and flexible resources to enable in-house training and support of their staff.

Each resource addresses a specific ethical risk area. They are independent of the EAIP modules and can be accessed from the Commission's website by individual employees, supervisors and managers. This is a key component of helping public authorities to build their capacity to identify and manage areas of misconduct risk.

The Commission promotes the resources to public authorities for use in team meetings, training sessions and on in-house intranets; and to employees for individual just-in-time support.

As of 30 June 2015, the following categories of resources were available on the Commission's website:

Fact sheets	6
Templates	9
Guides	6
Scenarios (written)	22
Scenarios (video)	17
Quizzes	3
Flowcharts	11
Checklists	6

Video scenario production

The Commission's video scenarios are a key part of our suite of flexible learning resources. The videos are primarily designed for use in training workshops, e-learning modules and presentations; but can also be accessed and used by individuals when and where they wish.

Each scenario depicts public officers in daily work situations as they grapple with ethical issues and/or dilemmas. The scenarios illustrate how ethical decisions are rarely 'simple' and how negative workplace culture and practices can have a significant bearing on individual behaviour.

The video scenarios often address multiple ethical risk areas such as:

- Use of work resources (5 videos);
- Conflict of interest (11 videos);
- Gifts and benefits (5 videos);
- Social media (2 videos); and
- Confidentiality (2 videos).

In total, there were 1555 'plays' of the video scenarios during 2014-15. The scenarios were released progressively throughout the year and, therefore, not all videos were available for the full reporting period. Also, the videos are often used offline by some public authorities; data for offline 'plays' is not recorded.

The scenarios are available on the Commission website and through Vimeo at <http://vimeo.com/integritycommission>.

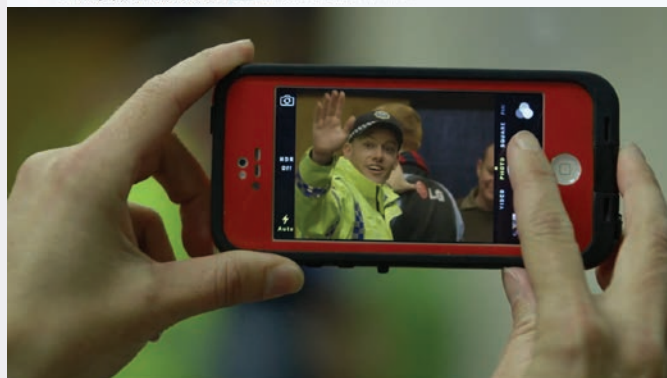
The Commission, in collaboration with Tasmania Police, produced three video scenarios in November 2014, which served as an innovative and valuable training resource for Tasmania Police.

The videos feature police officers facing ethical dilemmas in misconduct risk areas including use of social media, offers of gifts and benefits, use of classified information, and conflicts of interest. The scenarios were filmed at the Tasmania Police Academy, with Tasmania Police recruits featuring as volunteer actors.

The introduction of video scenarios to Tasmania Police's existing training has enhanced the learning experience for recruits and better prepared them for ethical dilemmas in their work. The videos have also been used in training courses for sergeants. The videos are a further example of the shared goal of the Commission and Tasmania Police to encourage the highest standards of ethical behaviour across the police service.



Discretion vs Duty
from Integrity Commission Tasmania [video](#) 8 months ago



Freebies, Friends and Facebook
from Integrity Commission Tasmania [video](#) 8 months ago

Online learning environment

The Commission developed and released 'Integrity Hub' in September 2014. Integrity Hub is an online learning environment that supports flexible '24/7' e-learning. Online modules are accessible by desktop, portable, and mobile devices. This is a strategic step in the provision of ethics and integrity training towards greater efficiency and reach for public authorities, and toward increased flexibility and attainment for employees across the public sector.

In 2014-15, Module 10: *Social Media @ Work* was provided from Integrity Hub and it was used to assist with ongoing development and testing of Module 1e *Ethical Decisions at Work*.

Electronic news alerts

The Commission developed and distributed news alerts throughout 2014-15 to inform stakeholders of relevant activities, available resources, training workshops, and news. Fifteen alerts were sent in 2014-15. There are currently 300 people in the Commission's subscriber base.

WORKSHOPS AND PRESENTATIONS PROVIDED BY THE COMMISSION

In 2014-15, the Commission conducted six *Practical Ethics in the Public Sector* half-day workshops throughout the state. The workshops examine the concepts of ethics and integrity, and how they apply to the public sector. Participants gain an understanding of the role of the Integrity Commission, codes of conduct, and ethical decision-making processes. The workshops were attended by employees from a diverse range of public sector entities, including State Service agencies, GBEs, and local government.

The Commission also provided tailored training in 2014-15 that focused on specific topical areas for public authorities, and on the application of ethics and integrity issues within a unique workplace context.¹

¹ The Commission's primary focus is on enabling public authorities to conduct training in-house. The Commission does not have sufficient resources to extensively provide tailored training and therefore delivery is limited to selected areas of high priority

Training workshops provided by the Commission 2014-15

	Number of sessions	Number of participants
<i>Practical Ethics in the Public Sector workshop</i>	6	57
Tailored training	13	187
Training for local government councillors	6	134

Participants in training delivered by the Commission are asked to complete feedback forms. Key findings from this feedback are:

Previous training on integrity or ethics in the public sector

53% of respondents indicated that they had not received any previous training on integrity or ethics in the public sector.

Understanding of integrity and ethical behaviour post-training

98% of respondents indicated that they had gained a good understanding of integrity and ethical behaviour from the workshop.

The Commission uses workshop activities to aggregate data (in a confidential manner) about key misconduct risk areas within the public sector. Conflict of interest was ranked as the highest misconduct risk area, while confidentiality, use of work resources, improper use of information, and improper use of power and authority were also identified as significant risk areas by participants.

Presentations to groups and conferences 2014-15

	Group / conference	Presentation	No. of participants
Sept 2014	Tasmanian public sector and interstate integrity agencies	<i>Social media @ work: what's the big deal?</i> webinar	39
Sept 2014	Governance Institute of Australia - Public Sector Update	<i>Good governance is absent - Retaining public confidence</i>	70
Nov 2014	Department of Primary Industries, Parks, Water and Environment	Senior Managers Forum	75
Nov 2014	Local Government Managers Australia	Overview of the Commission	22
Feb 2015	Local Government Tasmania Professional Development for Councillors	<i>Managing ethical risks on council</i>	65
Dec 2014	Tasmania Police Academy	Recruit course	20
Jan 2015	Tasmania Police Academy	Recruit course	20
Feb 2015	Cradle Coast Authority	<i>Ethics and integrity in leadership</i>	25
March 2015	e-learning reference group	Presentation of findings and design for e-learning module	8
April 2015	MAV Insurance and Risk Conference	<i>Losing Public Trust - The Biggest Risk of All</i>	50

SPEAK UP CAMPAIGN

The vast majority of public sector employees are honest and committed to serving the public interest. The Commission's community perceptions survey in 2015 found that around 85% of Tasmanians surveyed believe in the honesty of most public sector employees.

However, the Commission's work has revealed that misconduct, including serious misconduct, is certainly an issue across Tasmania's public sector. Much of it is not well hidden, and has become an accepted norm within some public authorities. This leads to a culture of silence, where public officers do not speak up about misconduct in their workplaces, often for fear of possible consequences. The survey further confirmed this: nearly 70% of Tasmanians surveyed believe that people who complain about corruption or unethical behaviour are likely to suffer as a result. This result has been consistent over the three surveys conducted since 2011.

To help change this culture of silence in Tasmania's public sector, the Commission developed the **Speak up** campaign as a misconduct prevention tool for public authorities to adopt and provide for their employees. **Speak up** is about removing the barriers to reporting misconduct and supporting all employees to help ensure an ethical culture in their public authority and across the public sector.

Speak up includes a range of print, web, and video resources that public authorities can customise to their context. Employees are able to access information on how to speak up in a single easy-to-find location in their public authority. These elements provide a lasting and positive message throughout a public authority and across the sector as a whole of the importance of speaking up.

The campaign was initially released in October 2014 and is currently in a staged rollout across the public sector throughout 2015.

More information about the campaign, including resources for public authorities, is available at: http://www.integrity.tas.gov.au/prevention_and_education/speak_up_campaign

Public authorities implementing Speak up as of 30 June 2015

Break O'Day Council

Cradle Coast Authority

Department of Education

Department of Health and Human Services

Department of Police and Emergency Management

Devonport City Council

Forestry Tasmania

George Town Council

Glenorchy City Council

Huon Valley Council

Hydro Tasmania

Kingborough Council

Launceston City Council

Marine and Safety Tasmania

Metro Tasmania

Motor Accidents Insurance Board

Northern Midlands Council

Port Arthur Historic Site Management Authority

Retirement Benefits Fund

Southern Midlands Council

Tasmania Health Organisation - North

Tasmania Health Organisation - South

Tasmania Health Organisation - North West

Tasmanian Audit Office

Tasmanian Ports Corporation

TasRail

TasTAFE



Speak up.
Build a better place to work.

Acting ethically and with integrity makes sense for our clients, our workmates and our agency.

For more information see:
www.agency.tas.gov.au/policies/misconduct

Be upfront.
Speak up.
Draw a line.

Speak up. Help us build a better place to work.

Be upfront.
Speak up.
Draw a line.

Be upfront.

Speak up.

Draw a line.

PARLIAMENTARY DISCLOSURE OF INTERESTS REGISTERS

Under section 30 of the Integrity Commission Act, the Chief Executive Officer is required to monitor the operation of the registers of interests held in respect of members of each house of Parliament.²

The Commission's practice is to inspect each Member's annual return and note if the information disclosed on the forms complies with the applicable requirements of the *Parliamentary (Disclosure of Interests) Act 1996*. The inspection does not seek to verify the accuracy or completeness of the information provided.

The Commission has provided ongoing advice to DPAC with suggested improvements to the forms, as well as additional guidance for Members, in order to reduce issues and errors noted. This advice has since been utilised by DPAC and improved forms made available to Members from 2014 onwards.

Inspections in 2014-15 have noted a number of continuing errors in the completion of the forms. The Commission has provided further feedback to DPAC on these and recommended that consideration be given to:

- submission of disclosures by members of Parliament through secure electronic forms designed for greater usability and clarity;
- plain English guidance provided with each question, including further detail for specific questions; and
- refinement of terminology used in specific questions to remove ambiguity.

² The register of each House is available to be viewed by the public and contains full details of the interests disclosed by members.



▼ | GOAL TWO

**ENHANCED PUBLIC
CONFIDENCE THAT
MISCONDUCT WILL BE
APPROPRIATELY INVESTIGATED
AND DEALT WITH**

REPORTING AND INVESTIGATING MISCONDUCT

The Commission's functions include the receipt and assessment of complaints or information involving allegations of misconduct.

Complaints must be received in writing, however may be made anonymously. A complaint may be made to the Commission in person, through the post, or via the Commission's website. The complaint form can be downloaded from the website or completed online. In 2014-15, over half (57%) of complaints to the Commission were received electronically.

In addition to complaints, the Commission is notified of possible or suspected misconduct by some public authorities (including Tasmania Police), and also receives information and reports about misconduct from varied sources, including directly from the public. This information helps the Commission to track misconduct trends and associations. It also assists the Commission should it decide (as it can under the Integrity Commission Act) to assume responsibility for an investigation commenced by another public authority.

Separately, the Board of the Commission may determine to commence an 'own motion investigation'. Own motion investigations may be conducted into suspected misconduct by individual public officers or more generally, or into the policies, practices, and procedures of public authorities (in respect of own motion investigations into policies, practices, and procedures, the Board has also delegated this power to the CEO). The Commission also has specific powers to conduct own motion investigations into any matter relevant to police misconduct.

Every complaint and notification received by the Commission is registered in an electronic case management system (CMS). The CMS helps the Commission to identify associations and links between individuals, and issues involving allegations of misconduct.

Dealing with Complaints

There can be up to three stages to a complaint where it is retained to be dealt with by the Commission:

- a triage process - where the complaint is initially considered;
- an assessment process - where a range of inquiries are made; and
- an investigation - following which a report is submitted to the Board.

The Integrity Commission Act is prescriptive in the way the Commission is able to deal with complaints about misconduct. The Commission is able to:

- dismiss a complaint;
- accept a complaint for assessment;
- refer the complaint to an appropriate person for action; or
- recommend to the Premier that an inquiry be convened under the *Commissions of Inquiry Act 1995* (the Commissions of Inquiry Act).

When a complaint is referred for action, the Commission can monitor and audit how that complaint has been dealt with by the person to whom it was referred.

Every complaint of misconduct received by the Commission is submitted to a triage process to inform the decision as to what action should be taken. In particular, the Integrity Commission Act provides for a number of considerations relevant to a decision to dismiss a complaint, including that it is frivolous or vexatious, not made in good faith, lacks substance or credibility, does not relate to the functions of the Commission, investigation by the Commission would be an unjustifiable use of resources, that it would not be in the public interest for the Commission to investigate, or the length of time which the complainant had knowledge of the subject matter of the complaint.

As a general proposition, the Commission will not duplicate or interfere with work that it considers has been or is being undertaken appropriately by a public authority. The Commission therefore will consider referring a matter to an appropriate person (usually the principal officer of a public authority) for action following initial triage. Where a matter has been referred, the Chief Executive Officer may require the person to report on any action they intend to take on the matter.

▼ CASE STUDY

Operation Mike

In June 2014, the Commission received a complaint alleging misconduct with respect to the failure of an officer employed by a GBE to manage a conflict of interest, and the possible unauthorised disclosure of confidential information to an outside third party during the proposed sale of a business owned by the GBE.

The complaint alleged that the officer used their position to pass information to a family member interested in purchasing the business from the complainants, and that this adversely affected the complainants' ability to sell the business at its true market value. It was also alleged that the officer failed to declare their familial conflict of interest to their employer, and continued to be involved in negotiations to sell the business. The complainants were ultimately unable to sell their business. The family member entered into a direct arrangement with the GBE to operate the business after the complainants surrendered their interest in it to the GBE.

The Commission seconded an employee of the GBE to assist with the assessment. The assessment confirmed that the officer was related to the intended purchaser of the business, and identified a pattern of regular contact through phone calls and e-mails over a period of months leading up to and during the direct negotiations with the GBE. Confidential information and documents belonging to both the GBE and the complainants were passed to the officer's family member.

Conflict of interest can occur where private interests interfere, or are perceived to interfere, with a public officer's duties. A conflict of interest can also arise where a public officer uses their position to benefit family members. When interviewed by the Commission, the officer admitted the conflict of interest and his failure to formally declare it to his employers, and the passing of information to the family member.

The assessment report and relevant evidence was forwarded to the CEO of the GBE for action.

▼ CASE STUDY

Operation Juliet

In April 2014, the Board of the Integrity Commission determined to commence an own motion investigation (which was finalised in the reporting period) in respect of alleged misconduct by public officers in receiving gifts or benefits. The officers represented their respective employers on a group comprised of representatives of a number of public authorities that occupied particular premises. The premises were owned by subsidiaries of a private company and leased until 2015. The representative group held an influential position in relation to the re-negotiation of that lease and was aware that there were ongoing tenancy issues regarding the building.

Information had been received by the Commission alleging that members of this body had been provided with a valuable electronic item from the landlord company, and that some of the recipients of these gifts had retained them. If those gifts had not been declared or approved to be received, then this would potentially amount to a breach of the applicable code of conduct.

The investigation revealed that the item which was gifted was not the expensive item first suggested but an item of much less value (\$80 vs \$800). The investigation indicated that these gifts had been provided to some members of the group; however there were differing versions of how many of the members received the gift and how they responded. Given the relatively minor value of the provided gifts, the investigation did not attempt to confirm which of the members were provided with gifts, or whether, having received a gift, what steps were taken by any of the employees to declare or return the gift.

The Board of the Integrity Commission requested the CEO provide a summary of this investigation to the Heads of Agency whose staff appeared to have been given the gifts and suggested that they take action they considered appropriate. The Board also recommended that the landlord be advised not to offer gifts to public officers.

Operation Juliet highlighted to the Commission that issues relating to receiving and declaring gifts are particularly challenging, and led in part to a broader subsequent own motion investigation into that theme (refer Case Study: Operation Kilo).

The Commission has adopted criteria for assisting its consideration of when a complaint should be accepted into assessment. The criteria include:

- Is there evidence of serious misconduct?
- Is the subject officer a designated public officer?
- Is there evidence of systemic misconduct and/or a culture of misconduct?
- Does the Commission have a special capacity to obtain evidence?
- Does the misconduct involve multiple agencies?
- Are there strategic reasons for undertaking an assessment?

The assessment process enables the Commission to undertake preliminary investigations that can include the use of coercive powers as well as open source information. Following receipt of an assessment report, the CEO may determine to dismiss the complaint, to refer the complaint to any relevant public authority or person for action or to accept the complaint for investigation. Again, the Commission has adopted criteria for assisting its consideration of when a complaint should be accepted for investigation, including:

- Is there evidence of serious misconduct?
- Is the subject officer a designated public officer?
- Is there evidence of systemic misconduct and/or a culture of misconduct?
- Does the complaint involve multiple agencies?
- Is there a need to interview the subject officer?
- Are searches required (per sections 50–51 of the Integrity Commission Act)?
- Is there a need for surveillance (per section 53 of the Integrity Commission Act)?
- Are there resource implications?
- Are there strategic reasons for undertaking an investigation?

Investigations are undertaken in accordance with Part 6 of the Integrity Commission Act. Investigations are conducted in private, to ensure the privacy of the complainant and any subject officer, and to protect the integrity of the investigation itself. The length of time required for investigations can vary, according to the complexity of the matter. Some investigations require extensive checking of information for accuracy and reliability, and may require information to be provided from third parties, causing delays to the investigative process. The Commission's investigative resources are limited so a decision to undertake an investigation is considered in light of available resources and the relative seriousness of the alleged misconduct.

At the completion of an investigation, the investigator must provide the CEO with a report of the investigation, subject to the rules of procedural fairness. The CEO must then provide a report to the Board of the Commission. The Board may then determine that: the complaint be dismissed; the report be referred to a relevant public authority or integrity entity for action (with recommendations); an Integrity Tribunal be convened; or a recommendation be made to the Premier that a commission of inquiry be established under the Commissions of Inquiry Act; or the matter be further investigated by the Commission.

It continues to be the Commission's experience that most complaints are likely to be referred to other public authorities for action, or dismissed. Only a small number of complaints result in an assessment or investigation by the Commission itself. This is in keeping with the experience of similar bodies operating in other jurisdictions. It is also consistent with Parliament's intent that primary responsibility for the management of misconduct in a public authority rests with that authority, and that the Commission should focus its limited investigative resources on the most serious or sensitive matters, or where a complaint involves a designated public officer (as defined in the Integrity Commission Act). The Commission is yet to convene an Integrity Tribunal.

The Commission has additional specific functions where allegations of misconduct concern designated public officers and with respect to allegations of police misconduct. Where a complaint involves a designated public officer, the Commission will either dismiss it or deal with it itself and will only refer it after a determination of the Board following investigation. Where a complaint involves Tasmania Police, the Commission may provide advice to the Commissioner of Police about the conduct of an investigation into police misconduct, and can audit particular complaints or classes of complaints. The Commission can only investigate a complaint about serious misconduct by a police officer or misconduct by a police officer of the rank of inspector or above.

COMPLAINTS AND STATISTICS

Over the course of the 2014–15 reporting period, the Commission received 132 complaints, an increase of 16.8% from 2013–14. This is more than in any previous year and continues the generally upward trend observed over those years. The Commission identified a total of 478 allegations of misconduct arising from both the complaints to the Commission and other notifications and referrals of misconduct by public authorities. The Commission has refined its reporting of allegations to better represent the extent of misconduct.

▼ CASE STUDY

Operation Kilo

On 10 July 2014, an own motion investigation in respect of the policies, practices, or procedures, or the failure of those policies, practices, or procedures, was commenced into the receipt of gifts and benefits in State Service agencies. The investigation stemmed from information that had come to the Commission's attention during other investigations, and from contact with employees during the Commission's training activities which indicated that gifts and benefits may be a problem within the Tasmanian State Service.

As part of Operation Kilo, the Commission collected gift policies and gift registers (covering a three-year period) from a number of State Service agencies. The Commission then collected and collated good practice materials from across all Australian jurisdictions. An audit of all public authorities' policies was undertaken to assess compliance with applicable laws and guidelines, and how they met good practice. The Commission issued 13 notices to produce information to a mixture of private companies and public authorities, and seven notices for persons to attend to give evidence. Six State Service employees and one private company representative were interviewed.

The resulting investigation report contained one finding and a number of recommendations about State Service regulations, policies, practices, and procedures. The report also included model policies and procedures for consideration by public authorities. At the end of the reporting period, the report had been sent to the relevant Heads of Agency for comment and was due to be finalised in the early stages of the next financial year.

“

The resulting investigation report contained one finding and a number of recommendations about State Service regulations, policies, practices, and procedures.

▼ CASE STUDY

Councillor Code of Conduct issues

Throughout the year, the Commission received a number of complaints concerning the conduct of local government councillors. Complaints were made by other councillors, council employees and members of the public alike.

The complaints alleged inappropriate behaviour, mismanagement of conflict of interests, and misuse of public money. The complainants, a number of whom wished to remain anonymous, provided supporting material and evidence with their complaints.

The Commission examined the complaints and found that, while a level of misconduct was evident in a number of the matters, the Commission was not the most suitable body to deal with them. The Commission determined that the matters would be more appropriately dealt with by the councils' own Code of Conduct Panel or Standards Panel, utilising the material and evidence initially supplied to the Commission. The complainants were advised to this effect.

▼ CASE STUDY

Tasmanian Health Organisation audit

In September 2014, the Commission received a notification in relation to conduct by staff at a Tasmanian Health Organisation (THO). The Commission subsequently undertook an audit of the investigation undertaken by the THO in response to that allegation.

Information provided to the Commission suggested that two doctors ran a training course in July 2014 without authority from the THO and that the course fees, paid by attending junior doctors and nursing staff from the Intensive Care Unit (ICU) were deposited into a private bank account held by the two doctors. The matter had come to the attention of the THO when a junior doctor attempted to obtain reimbursement for the course fees.

In addition to receiving payment for conducting an unauthorised course, it was alleged that the two doctors received wages for their regular duties; duties which were not being undertaken while the training was being delivered.

In the course of the THO investigation, information emerged that the doctors had previously delivered the same training course in 2013, and had been provided with funds from the THO to cover associated expenses of the course without appropriate approvals. Also included in the 2013 course were undeclared sponsorship payments from two pharmaceutical companies.

The Commission provided advice to the THO about the conduct of its investigation, and highlighted the risks this type of conduct poses in relation to the appropriate expenditure of public money. The Commission also raised concerns about the risk that the absence of ICU staff (during the delivery of the unauthorised training) posed to the delivery of medical service to ICU patients, an absence that does not appear to have been noticed at the time.

As had been the case in previous years, most complaints received were referred to the principal officer of the relevant public authority for action, or were either not accepted or dismissed following initial triage.

Outcome of complaints

	2014-15	2013-14
Not accepted/dismissed after triage	90	56
Referred for action after triage	33	39
Accepted for assessment	4	4
Currently under consideration	5	14
	132	113

Misconduct types

A breach of an applicable code of conduct continues to be the most common type of allegation raised with the Commission. This is not surprising given that many complaints relate to conduct that could, if established, amount to a breach of the *State Service Code of Conduct*.

Allegation categories

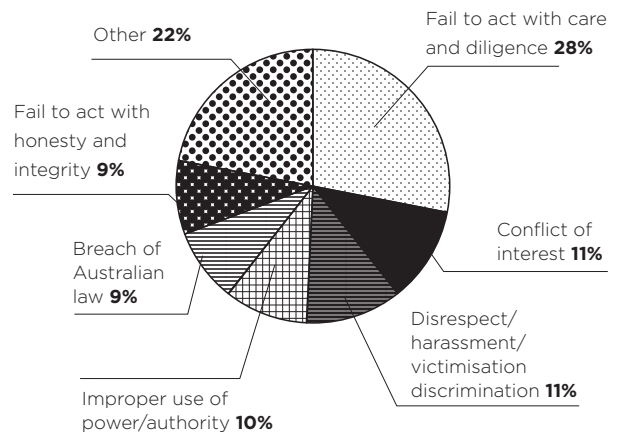
	2014-15
Breach of Code of Conduct	345
Conduct adversely affecting the performance of other public officers	3
Dishonest/improper exercise of power/performance	79
Misuse of information	8
Misuse of public resources	8
Other	35
	478

The Commission further categorises the allegations of code of conduct breaches into specific types of behaviour. This data is only presented for 2014-15.

**Allegation categories:
code of conduct breaches**

Behaviour	2014-15
Adversely affect public authority reputation	2
Breach of Australian law	30
Conflict of interest	39
Fail to act with honesty and integrity	30
Disrespect/harassment/victimisation discrimination	39
Fail to act with care and diligence	97
Failure to comply with standing order/ lawful direction	6
Failure to comply with conduct requirements	5
Failure to uphold public authority principles	18
Improper use of power/authority	34
Misuse of public authority resources	12
Misuse of information	23
Police - excessive use of force	9
	345

Code of conduct breaches



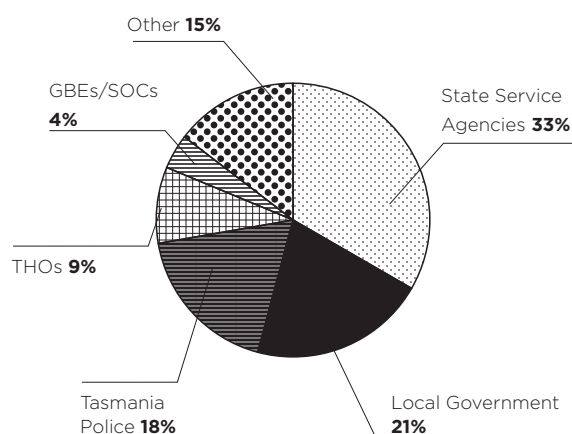
Subject of complaints

Complaints about misconduct were made relating to the following public authorities:

Subject public authorities	2014-15	2013-14
Local Government		
Break O'Day Council	0	1
Burnie City Council	1	0
Central Highlands Council	0	1
Clarence City Council	3	3
Devonport City Council	0	1
Dorset Council	1	0
Glamorgan Spring Bay Council	1	0
Glenorchy City Council	4	0
George Town Council	1	0
Hobart City Council	3	0
Huon Valley Council	2	1
Kentish Council	1	0
King Island Council	3	2
Launceston City Council	4	2
Meander Valley Council	1	0
Sorrell Council	1	0
Southern Midlands Council	1	1
Waratah Wynyard Council	2	3
West Tamar Council	1	0
Total	30	15
Government Business Enterprises		
Forestry Tasmania	2	1
Hydro Tasmania	1	1
Total	3	2
State Owned Companies		
Aurora Energy	2	2
Metro Tasmania	1	1
TasNetworks	1	1
Total	4	4

Subject public authorities	2014-15	2013-14
State Service		
Department of Education	10	9
Department of Health and Human Services	11	14
Department of Justice	12	18
Department of Police and Emergency Management	28	37
Department of Premier and Cabinet	2	2
Department of Primary Industries, Parks, Water and Environment	9	4
Department of State Growth	2	3 ³
Tasmanian Health Organisation - South	8	1
Tasmanian Health Organisation - North West	3	1
Tasmanian Health Organisation - North	2	0
TasTAFE	1	0
Total	88	89
University of Tasmania	1	0
Tasmanian Parliament	3	2
Other public authorities	16	10
	145⁴	122⁴

Subject public authorities



³ Includes Department of Economic Development, Tourism and the Arts, and Department of Infrastructure, Energy and Resources

⁴ Some complaints name more than one public authority, thus the total is greater than the overall number of complaints received

Anonymous complaints

During the reporting period, 26% of complaints either were submitted anonymously or had the complainant requesting anonymity in the event that the complaint was referred to a public authority.

Where a complainant chooses to remain anonymous, there is little prospect of seeking additional information from the complainant, who could be well-placed and informed. This can make the allegations difficult to investigate, and complainants may never obtain feedback on their complaint.

Referring complaints

When the Commission receives a complaint of misconduct, it may refer that complaint to an 'appropriate person for action' under section 35 of the Integrity Commission Act. This ensures that complaints are considered by the public authority most able to effectively deal with the alleged misconduct. The Commission may also refer a matter following assessment or investigation of a complaint.

However, the Commission faces a jurisdictional issue whenever a complaint is referred to a public authority for action. Following referral, the Commission can audit the action taken by a public authority; however the Commission has no capacity to direct that person to take further or additional action to deal with the complaint, even if the Commission is not satisfied with the action taken (for example, if the investigation was inadequate). The Commission cannot itself take any further action (except for the Board to initiate an own motion investigation) in relation to the complaint as its jurisdiction is 'exhausted' once the complaint has been referred.

During the reporting period, the Commission referred 33 complaints to public authorities for action. This represents 25% of the total complaints received.⁵ In the previous year, 34 matters (30% of complaints) were referred.

In addition, the Commission conducted formal assessments which result in a further two complaints being referred to public authorities for action. In the previous year, there were three such referrals.

▼ CASE STUDY

Notification from a Council

In August 2014, the Commission received a notification from the General Manager of a regional council of an allegation of favourable treatment to an applicant for a council contract. The complainant was a business owner who was unsuccessful in a tender process.

The complainant suggested to the General Manager that the successful tenderer had received favourable treatment because a particular council officer had family connections to the tenderer, and the officer's close family members were employed with that business. It was alleged that details of the unsuccessful tender may have been provided to the successful tenderer (presumably so as to ensure the submission of a cheaper quote). The General Manager outlined the timeframes when the tenders were received by the council and this indicated that the successful tender was submitted before the unsuccessful one. However, the General Manager did advise that the employee concerned had been involved in the tender evaluation process.

Such allegations are to be anticipated from time to time, particularly in circumstances involving unsuccessful tenders, and the Commission advised Council of this. Even though the timeframes suggested these particular allegations were without substance, in the Commission's view there was at least a perceived conflict of interest on the part of the officer, given the family ties to a company which was tendering for business with the council. In such circumstances, the best course is for the officer to declare a conflict of interest and not participate in any tender evaluation process. This action, although possibly inconvenient, provides transparency and protects the reputation of the council.

The Commission suggested the General Manager consider reviewing the council's procedures regarding conflict of interest, with a view to ensuring that council officers can recognise a conflict when they arise and are then able to deal with them appropriately.

⁵ This includes complaints referred after triage only. Complaints referred after assessment are not counted.

▼ CASE STUDY

Outcomes of Operation Delta

In May 2014, a Commission report regarding an investigation into allegations of nepotism and conflict of interest by senior health managers was tabled in Parliament. The investigation revealed that the CEOs of THO-South and THO-North West had failed to comply with procurement and employment policies and procedures. The report identified that a number of incidents of such non-compliant conduct had benefitted family members and associates of the CEOs. The investigation also revealed conduct in breach of policies and procedures by other public officers. A number of recommendations were made by the Board arising from this report.

There have been several developments since the tabling of this report:

- the employment of one of the senior managers was terminated by the State Government for reasons unrelated to the report;
- the other senior manager was the subject of a code of conduct investigation. Before this investigation was finalised, the manager resigned from their employment and the investigation necessarily ended;
- an employee of a THO (now part of the Tasmanian Health Service [THS]) was the subject of a code of conduct investigation. The investigation resulted in a finding that the code was breached, and a reprimand and counselling resulted, as well as recommendations for training and development;

- an employee of a THO (now THS) was the subject of a code of conduct investigation. The investigation found that this employee's acceptance and solicitation of gifts breached the code, and the employee was reprimanded; and
- four other State Service employees were referred to the relevant CEO for personal development (education and awareness).

As at December 2014, the Commission has been advised by the Premier of other misconduct prevention outcomes arising from the report's recommendations. These included:

- research by the State Service Management Office (SSMO) on merit and selection in recruitment in the State Service;
- a report from the SSMO to the Premier on improving awareness of, and managing, conflicts of interest within the State Service;
- a Steering Committee being established to review remuneration packages for senior specialist medical practitioners;
- the commencement of research into the requirement for Heads of Agencies and Senior Executive Officers to declare all (pecuniary or otherwise) outside interests and associations annually;
- the development of an induction manual for Heads of Agencies; and
- the consideration of options regarding training of State Service employees to ensure staff who participate in recruitment actions are sufficiently knowledgeable of relevant legislation, policies and guidelines.

Dismissal of complaints

As noted previously, the Integrity Commission Act sets out a number of considerations relevant to a decision to dismiss a complaint, including that it would not be in the public interest for the Commission to investigate it.

The following tables provide a breakdown of the allegations arising from complaints which were dismissed by the Commission during the reporting period,⁶ and also the factors considered by the Commission in relation to determining 'public interest' for dismissing a complaint. It should be noted that the

criterion of a complaint not relating to the functions of the Commission is usually applied where the allegations are not about misconduct as defined in the Integrity Commission Act (for example the complaint is about administrative decision making or poor customer service or the conduct of public officers in their private capacity). The most commonly applied criterion in relation to dismissing an allegation is that to investigate would amount to an unjustifiable use of the Commission's resources. This reflects the limited resources available to the Commission.

⁶ Some complaints are dismissed without any allegation being identified, while other complaints may contain more than one allegation of misconduct.

Reason for dismissal of allegation	2014-15
The complaint is frivolous or vexatious	1
The complaint has not been made in good faith	0
The complaint lacks substance or credibility	10
The complaint does not relate the functions of the Integrity Commission	58
An investigation of the complaint would be an unjustifiable use of resources	84
It is not in the public interest for the Commission to investigate the complaint	48
A delay of more than one year in bringing the complaint	3
	204⁷

The Integrity Commission Act provides a non-exhaustive list of factors to be considered in determining the 'public interest' in relation to the dismissal of any complaint.

Public interest factors in dismissing allegations	2014-15
The nature and seriousness of the alleged misconduct	2
The time that has elapsed	7
The availability of evidence and the recollection of witnesses	0
The likely degree of culpability of any public officer	2
Whether the nature of the alleged misconduct could be of significant public concern	0
Whether the matter has been previously investigated and appropriately dealt with	29
Whether the matter is being appropriately dealt with	8
Whether there are appropriate sanctions to deal with the misconduct	0
Whether the alleged misconduct is indicative of entrenched or systematic behaviour	0
	48

Notifications

The Commission received 48 notifications (instances of public authorities notifying the Commission about complaints of misconduct) during the reporting period. This compares to 51 notifications in the previous year.

Public authorities are encouraged to notify the Commission of such matters so that the Commission might work with them to improve complaint-handling processes, and to ensure that issues are adequately dealt with. Notifications are particularly important in assisting the Commission to identify specific misconduct trends, and it is the Commission's view that such notifications should be mandatory particularly where they relate to serious misconduct.

Tasmania Police provides the Commission with the largest number of notifications. This is pursuant to a Memorandum of Understanding between the two agencies. Of the 48 notifications received, 20 were from Tasmania Police.

Own motion investigations and results

During the reporting period, the Commission undertook one own motion investigation. This matter was commenced in July 2014 and was continuing as at 30 June 2015. The investigation considered the policies, practices, and procedures of State Service agencies in relation to the receipt of gifts and benefits, and is reported on in Case Study: Operation Kilo elsewhere in this report.

Audit function

The Commission is able to monitor or audit any matter relating to the dealing with and investigation of complaints about misconduct. This includes the way that a public authority responds to a complaint that is referred to it for action. During the reporting period, the Commission undertook 11 audits of actions undertaken by public authorities in response to complaints about misconduct.

The nature of the audit will depend on the matter and can take the form of an examination, inspection, review or investigation. The Commission will consider the following criteria when determining whether to conduct an audit:

⁷ This total reflects dismissals of allegations arising from complaints only, and does not include dismissals of allegations arising from notifications or other means.

- Was there an inadequacy in the agency's investigation?
 - Did the investigation accurately identify whether or not misconduct had occurred?
 - If misconduct was identified, was it appropriately addressed?
- Was insufficient information provided by the agency regarding its investigation?
 - Is the material sufficient to assess the adequacy of the investigation?
- (Police only) Would the matter be otherwise adequately covered in the annual audit of Tasmania Police complaints undertaken by the Commission?
- Does the Commission have sufficient resources to undertake the audit?

Occasionally complaints received by the Commission relate to matters which have previously been investigated by a public authority. In order to avoid duplication of effort, the Commission will often audit such investigations or seek other information from the authority before taking any specific action in relation to the complaint.

The Commission's specific auditing role of Tasmania Police is discussed further below.

USE OF OPERATIONAL POWERS

The Commission has extensive powers under the Integrity Commission Act to require the production of information. This may take the form of requiring witnesses or people the subject of a complaint to attend the Commission offices for interview, or for a person to produce particular documents or other materials that relate to an investigation or assessment.

Section 47 of the Integrity Commission Act gives an investigator (or an assessor) the power to compel a person to provide information, produce documents, or give evidence. Those powers can be used both during an investigation itself or the earlier assessment process, irrespective of whether the complaint alleges misconduct or serious misconduct. The powers may also be used in an own motion investigation.

Persons who are served with a section 47 Notice are entitled to be represented by a legal practitioner or other agent. Anyone providing information in response to a Notice may make a claim for privilege, where appropriate.

In addition to the powers in section 47, the Integrity Commission Act also permits an assessor or investigator to enter into the premises of a public authority without the need for a search warrant. Other premises, where consent is not forthcoming, can be entered with a search warrant obtained pursuant to the *Search Warrants Act 1997*.

If there is a complaint involving allegations of serious misconduct, the Commission may also apply for a warrant under the *Police Powers (Surveillance Devices) Act 2006*.

The Integrity Commission Act provides for penalties for persons found to have failed to comply with a requirement of the Commission relating to the production of information, or for persons found to have hindered or obstructed an investigation.

Register of powers exercised

Power	2014-15	2013-14
Section 21 Authorisations (appointment of authorised persons to assist Commission)	1	2
Section 47 Notices (attend and give evidence, or produce documents)	53	74
Section 50 Power to enter premises	0	2
Section 51 Search Warrants	0	1
Section 53 Surveillance Device Warrants	0	0

Standard of proof

The standard of proof used by Commission investigators when making factual findings is the civil standard; that is, on the balance of probabilities. This requires proof to 'reasonable satisfaction', as distinct from the criminal standard of proof 'beyond reasonable doubt'.

In considering whether or not to make a particular finding of fact, an investigator will bear in mind what was said by Dixon J in *Briginshaw v Briginshaw*:

reasonable satisfaction is not a state of mind that is attained or established independently of the nature and consequence of the fact or facts to be proved. The seriousness of an allegation made, the inherent unlikelihood of an occurrence of a given description, or the gravity of the consequences flowing from a particular finding are considerations which must affect the answer to the question whether the issue has been proved to the reasonable satisfaction of the tribunal. In such matters "reasonable satisfaction" should not be produced by inexact proofs, indefinite testimony, or indirect inferences.⁸

This approach accords with the practice of all Australian integrity agencies.

Standard Operating Procedures

Standard Operation Procedures (SOPs) provide for consistent and considered procedures that cater for a variety of operational tasks and functions undertaken by the Commission.

SOPs are invaluable for new staff whilst also providing a methodology of work that ensures legal and ethical compliance and practice when undertaking operational investigations.

This reporting period saw the completion of a tranche of 19 operational SOPs. The SOPs are initially reviewed after 12 months, then subsequently every three years. Further SOPs will be prepared as required.

Tasmania's Criminal Code is lacking a key misconduct offence, that of 'misconduct in public office'.

RESEARCH REPORTS

Interjurisdictional review of the offence of 'misconduct in public office'

This was a research report prepared by the Commission about the 'missing link' in prosecuting serious misconduct in Tasmania. One of the methods in which the Commission is to achieve its objectives is to make 'findings and recommendations in relation to its investigations and inquiries'. This may include referring matters with the view to potentially laying criminal charges. However, Tasmania's Criminal Code is lacking a key misconduct offence, that of 'misconduct in public office'. This offence exists in all other Australian jurisdictions, and is commonly used by integrity agencies to prosecute (or refer for prosecution) serious misconduct that is not otherwise covered by other corruption-related offences, such as bribery.

The report provides an overview of the offence as it exists in all other Australian jurisdictions, and makes three recommendations:

- to bring Tasmania into line with all other Australian jurisdictions, that an offence of misconduct in public office be introduced into the Criminal Code of Tasmania;
- the definition of public officer in the Criminal Code should be amended;
- a review should be undertaken of the aiding and abetting provisions of the Criminal Code to capture those who facilitate the commission of an offence of misconduct in public office.

The Commission provided the report to the Attorney-General and to the Joint Standing Committee on Integrity, for consideration in its Three Year Review. In its Final Report on the Review, the Committee recommended that the Government review and report on the recommendations. The Attorney-General advised the Commission that she did not disagree with the examining the Criminal Code provisions to ensure that the Code is revised and updated as required and that she had asked her department to consider the Commission's recommendations when priorities allowed, particularly given the significant law reform program that the Government was progressing.

⁸ (1938) 60 CLR 336 at 362.

COMPLAINTS AGAINST TASMANIA POLICE

The Commission's jurisdiction over complaints about police is different to its jurisdiction over complaints about other public officers. In particular, the Commission can only investigate a complaint about serious misconduct by a police officer or a complaint about misconduct or serious misconduct by a commissioned police officer (of the rank of inspector or above). 'Serious misconduct' is defined in the Integrity Commission Act as misconduct by a public officer that, if proved, would be a crime or an offence of a serious nature or misconduct, providing reasonable grounds for terminating the officer's employment.

In effect, this means that, unless the Board initiates an own motion investigation, the Commission does not investigate complaints about misconduct by non-commissioned police officers. These complaints are either dismissed or referred to Tasmania Police to deal with.

Under the Integrity Commission Act, the Commission has the power to undertake audits of the way the Police Commissioner has dealt with police misconduct. This audit process is undertaken annually by the Commission in respect of complaints finalised by Tasmania Police in the preceding calendar year. Ad hoc reviews are also undertaken on a needs basis. Primarily, the annual audits provide Parliament, the public, and Tasmania Police itself with assurance that Tasmania Police deals with complaints adequately and in compliance with its legislative requirements and internal policy. The audits are also designed to enhance Tasmania Police systems, practices, and procedures around complaint-handling by highlighting areas where improvements can be made.

In the 2013-14 Annual Report, the Commission reported on a joint review of the Graduated Management Model used by Tasmania Police to govern internal policy for complaints against police. The review resulted in 42 recommendations and 28 suggestions for consideration, centred on clarity, efficiency, accountability, transparency, fairness, and ongoing learning. The report was presented to the Deputy Commissioner of Police in July 2014, and is in the process of implementation by Tasmania Police.

Audit of complaints finalised by Tasmania Police in 2013

In November 2014, the Commission tabled in Parliament its audit of 105 complaints about Tasmania Police finalised in 2013 (*Report No. 2 of 2014*). Tasmania Police cooperated fully with the audit. The key findings of the 2013 audit were that:

- contact with complainants is generally good, except in regard to notifying them of sanctions given to police officers under the *Police Service Act 2003* (the Police Service Act);
- recordkeeping on the case management system IAPro is inadequate; and
- Tasmania Police management of complaints is inconsistent in numerous respects.

Four recommendations were made by the Commission. The recommendations were aimed at improving compliance with the Police Service Act, recordkeeping, and consistency.

Report of the Integrity Commission No. 2 of 2014: An audit of Tasmania Police complaints finalised in 2013 is available on the Commission's website.

Audit of complaints finalised by Tasmania Police in 2014

In 2015, the Commission is undertaking its third comprehensive audit of complaint handling by Tasmania Police. The scope for this year's audit is all complaints finalised by Tasmania Police in the 2014 calendar year.

The objectives of the 2015 audit are to:

- identify the nature of misconduct complaints;
- examine the way the Commissioner of Police has dealt with complaints;
- examine whether systemic/organisational issues are being identified and dealt with; and
- assess complaint timeframes.

A total of 109 complaints relating to 2014 have been audited in the current audit. This included 96 Class 1 complaints (less serious), and 13 Class 2 complaints (more serious).

The report of the audit is expected to be finalised and tabled in the Parliament in November 2015.

Tasmania Police co-operated fully with the audit.

COMPLAINTS AGAINST THE COMMISSION

People may make a complaint about the actions of the Commission or its officers. Such complaints may be made either directly to the Commission or to the Joint Standing Committee on Integrity. The Committee may refer a complaint to the Commission for response back to the Committee.

The Commission seeks to ensure that its processes, and particularly its use of coercive powers, are in accordance with the Integrity Commission Act, and are undertaken in the public interest. It is necessary for the Commission to conduct its operations in private as this protects the integrity of its investigations whilst also protecting the privacy of individuals involved as witnesses, complainants, or the subject of complaints.

However, it needs to be understood by public officers appearing before the Commission and those who comment on its work that further action may be taken against individuals arising from its investigations and findings. Indeed, that is the very purpose for which the Commission has been established. Enhancing public confidence that misconduct by public officers will be appropriately investigated and dealt with is one of the key objectives of the Commission as set out in its legislation. There will be occasions when, to pursue that end, the public interest will have to take precedence over the interests of individuals.

During the reporting period, the Commission received one complaint about its operations. The complaint related to a perceived lack of inquiry by the Commission, however it was found to have been unwarranted in the circumstances. No further action was taken in relation to the complaint.

INFORMATION PROJECTS

The Commission continually seeks to enhance its information and intelligence databases through its normal education and investigation activities, and from other interstate integrity agencies and commissions. The collection of information or evidence could lead to:

- an own motion investigation;
- the identification of possible subject officers;
- the identification of potential misconduct-themed systemic issues;
- assistance with other investigations or reports; or
- the retention of misconduct-related intelligence.

The Commission has formalised Information Projects as the starting point for the collection and analysis of targeted and meaningful intelligence that will enhance the Commission's work. Information Projects do not require a complaint to be made pursuant to section 33 of the Integrity Commission Act, and may be established where the CEO determines (in accordance with internal policies):

- the matter falls within the Commission's functions and principles pursuant to the *Integrity Commission Act 2009*;

and is either:

- a theme of interest to the Commission; or
- a misconduct risk area, relating to:
 - an individual;
 - a group;
 - a company;
 - a particular issue; or
 - associations between the above.

Open projects are regularly reviewed and audited to monitor progress. Information sufficiently developed may be progressed to an own motion investigation. Only open source information is collected for these information projects.

During the reporting period, four Information Projects were initiated and remain ongoing.



▼ | **GOAL THREE**

**A BEST PRACTICE AGENCY
THAT IS VALUED BY
THE COMMUNITY**

BUSINESS PERFORMANCE

Monitoring business performance

People

All Commission staff members are State Service employees and are obliged, under the State Service Act, to comply with the *State Service Code of Conduct*. In addition, all members of the Commission, including Board members, undertake to comply with a voluntary code of conduct, over and above the *State Service Code of Conduct*. This includes signed annual declarations of interest.

In monitoring individual staff performance, the Commission has adopted the performance management system developed and used by the Department of Justice. Staff undergo twice yearly performance management appraisals and have the opportunity to have input into their own goals and objectives in line with their team's business and the Commission's strategic plans.

Tasmanian State Service Employee Survey

The Commission took part in a State Service-wide workforce survey, with 13 out of 14 Commission staff participating. The Commission's results were ranked both against a comparator group (similar-sized public authorities), and against the whole Tasmanian State Service (TSS). Staff were surveyed in a range of areas including job satisfaction and engagement. Research has indicated that job satisfaction may be positively linked to an organisation's performance and negatively linked to absenteeism and employee turnover. Job satisfaction is also a driver for commitment where people who are more satisfied are more likely to remain loyal to the organisation, even in the face of difficulties.

Average percentage satisfied*			
	Integrity Commission	Comparator Organisations	All TSS
Overall job satisfaction	85	77	73

* The 'Percentage satisfied' measure sums 'Satisfied' plus 'Strongly Satisfied' responses as a percentage of total responses.

The employee engagement index indicates employees' commitment to the Commission's goals and values and their motivation to contribute to the Commission's success.

	Integrity Commission	Comparator Organisations	All TSS
Engagement Index	78	70	66

The survey also included questions grouped into a number of key measurement areas such as perceptions of the public sector values, employment principles, workplace wellbeing, and managers, leaders, and workgroups. The Commission ranked higher than both the comparator organisations and all Tasmanian State Service in every area surveyed with the exception of questions relating to development of a career in the State Service.

The Commission scored particularly higher than the comparator organisations and the Tasmanian State Service in the areas of leadership and change management, avenues of redress, merit, and respect. The Commission was also strong in the areas of impartiality, manager capabilities, integrity, and accountability.

Corporate Services

The Commission has a Service Level Agreement (SLA) with the Department of Justice for provision of specialist financial and accounting services, as well as human resources services and information technology support. The Commission is responsible for all internal reporting and management of budget processes. Commission staff members have access via the Department's intranet to its guidelines, policies, and procedures for information. Although the Commission is an independent public authority, it has formally adopted a number of those Department of Justice policies that are relevant to staff as State Service employees, such as financial policies.

Specifically in relation to work health and safety, the Commission has adopted the Department of Justice Work Health and Safety System and associated policies and procedures. The Commission is continuing to review and develop Work, Health and Safety (WH&S) policies and procedures specific to the Commission. As with all other government agencies, the Commission has a Ministerial Direction to comply with *AS/NZ 4801 WHS Management Systems* by 2016 and is making good progress towards achieving this target. Annually, the Commission develops a Work Health and Safety Plan which sets out the Commission's intentions for improving work health, safety, wellbeing and injury management for staff. The Commission has also conducted a risk analysis of WH&S issues at the Commission, and developed strategies to mitigate risks identified.

Work, health and safety strategies employed during the reporting period include:

- development of a manual handling policy/procedure;
- quarterly safety inspections of office premises;
- quarterly reporting to the Commission's Board on WH&S matters;
- review of WH&S risk register;
- WH&S awareness for all staff and managers, first aid training and Health and Safety Representative training;
- ergonomic assessments at induction, as well as follow-up assessments where required;
- ergonomic assessments include manual handling awareness training;
- provision of ergonomic equipment, such as height adjustable desks as identified through ergonomic assessment; and
- support for healthy@Work activities such as participation in fun run events and pedometer challenges, healthy morning tea options and provision of fruit.

Audit Committee and internal audit

The Commission established an Audit Committee in 2013-14 in accordance with *Treasurer's Instruction 108*. The Committee is comprised of the CEO (chair), General Counsel, and the Corporate Services Manager. The General Counsel position ceased to be filled as at 30 June 2015 and will be replaced by an external representative during 2015-16.

The Audit Committee reviewed and endorsed the Commission's annual Work Health & Safety Plan, as well as endorsing the Risk Management Policy and Information Security Policy.

During 2014-15, the risk management project was finalised with the Commission adopting its risk management framework developed by Wise Lord and Ferguson, in consultation with the Commission. Wise Lord and Ferguson conducted a small compliance audit to verify the Commission had complied with *Treasurer's Instruction 1128* in relation to direct/limited submission sourcing procurement. A project relating to development of a Business Continuity Plan has partially been completed during the reporting period.

Budget performance

In 2014-15 the Commission's budget was \$2.4m, down from \$2.9m in 2013-14. The Commission was required to implement the Government's savings strategy of \$500,000 in 2014-15. This was increased to \$600,000 per annum thereafter. All non-salary expense lines were reviewed for the 2014-15 budget, and, unless there was a contractual obligation, the majority of expense lines were reduced in order to meet the savings required for 2014-15 and the years thereafter. Expenditure has been reduced considerably in the areas of consultant fees, travel, and supplies and consumables. The Commission was also able to negotiate significant savings in rent and outgoings for its current premises, which will assist the Commission in implementing the savings strategy through the forward estimates.

During the year, the Commission experienced delays in recruitment for the Manager, MPER position (vacant eleven months) and the Manager, Operations position (vacant three months), as well as lower than budgeted expenses for the Chief Commissioner who is paid on a casual basis for time spent attending to Commission business. A number of staff took up the option of part-time employment, and two positions were not filled permanently after becoming vacant. Consequently, the Commission had salary savings of \$53,000 for the year. There were also savings of \$3,000 in other employee-related costs as a result of training expenditure being lower than budget.

The Commission was able to carry forward \$35,000 to 2015-16 for development of misconduct education and prevention products, and a follow-up survey for the **Speak up** campaign, as well as \$8,000 for a fixed-term contract for a Publications Officer to assist with the Annual Report.

The Commission returned savings of \$14,000, of which a significant proportion relates to salary savings due to vacancies and unavoidable delays in recruitment.

Information management

During 2014-15, the Commission continued work on two major projects which were commenced in the previous reporting period. The development of a records disposal authority for the Commission's specialist records, and implementation of the Tasmanian Government Information Security Policy Manual (ISPM) continued, with guidance from the Tasmanian Archives and Heritage Office.

Both these projects are complex and contain multiple elements. They build on, and provide evidence of, the Commission's progress in implementing sound information management strategies and processes which conform to whole of government and legislative requirements and industry standards.

As part of the ISPM implementation, risk assessments led to an expansion of back-up and storage of the Commission's information assets through increases in capacity and layering of data capture. This was also part of a general reassessment of the practices initially adopted when the Commission was established, and now due for review with the increasing maturity of the organisation.

EMPLOYEE PERFORMANCE

Learning and development

The Commission is committed to developing good leaders and employees who are skilled, resilient, and accountable. Development and training undertaken by the Commission in this reporting period include:

General training:

- all Commission staff have undertaken work health and safety awareness training;
- all managers have undertaken work health and safety awareness training for managers;
- all staff identified as at risk from psychological stress when dealing with challenging complainants have attended relevant training; and
- all staff attended an anti-discrimination and bullying refresher session.

Individual training and development sessions attended include:

- Ethics and Leadership in the Public Sector conference;
- Integrity in the Public Sector forum;
- Corruption Prevention Network Annual Forum;
- interview training;
- eLearning Design Essentials;
- Mental Health in the Workplace: Impact and Actions;
- procedural fairness;
- investigation training;
- Health & Safety Representative Training;
- Selection Panel Training; and
- Information Managers' Forum: Managing Information Risk.

The majority of staff have attended at least one training and development activity relevant to their needs during the reporting period.

Personnel Vetting

All staff employed at the Commission are required to submit to a personnel security clearance undertaken by the Australian Government Security Vetting Agency. The security clearance is a series of assessments and background checks to ensure that Commission staff can be entrusted with sensitive information or resources as part of their work, and are suitable to work in an environment that deals with sensitive information. Staff on a contract of less than three months are required to undergo a Short Term Access security clearance process undertaken by Australian Government Security Vetting Agency, and are subject to other controls such as restricted access to Commission data.

The vetting process forms part of the Commission's risk management approach to information management as well as helping to maintain the security profile of the Commission.

COMMUNICATIONS

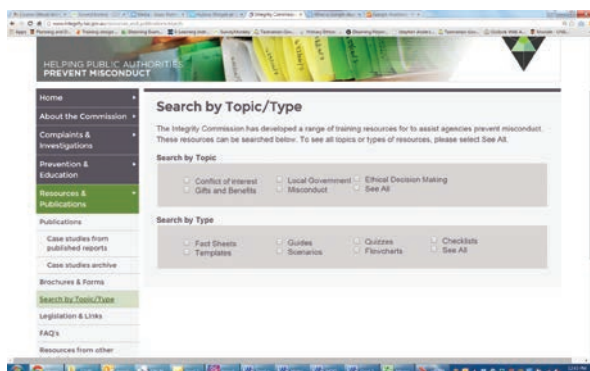
Website

Throughout 2014-15, the Commission has continued to focus on the usability of its website. It now features an innovative video player on the home page which enables users to easily preview videos. The video scenarios are also conveniently presented in albums according to their subject matter or key ethical risk area. Users have the option to embed video scenarios on their own websites or within training resources.

The website also features a 'search by topic/type' function to simplify the process of finding relevant resources. The topics included are comprehensive and include conflict of interest, gifts and benefits, local government, misconduct, and ethical decision making. The types of resources are similarly broad and include fact sheets, templates, guides, scenarios, quizzes, flowcharts, and checklists. New training resources are uploaded to the website as they become available.

The Commission has introduced electronic newsletters to enhance communication with stakeholders. The website includes a subscription form for users to subscribe to electronic newsletters, and also provides an archive of all previous newsletters.

Website statistics from the 2014-15 are encouraging, with a 49% increase in the total number of users of the website when compared with the 2013-14 period.



Accessibility

The Commission is aware of its obligations under the *Tasmanian Government Website Standards* which require government websites to meet *Web Content Accessibility Guidelines 2.0 standards*. Ensuring the website is compliant with these standards is a key priority for the Commission.

Media

In 2014-15, the Commission undertook the following significant media activities:

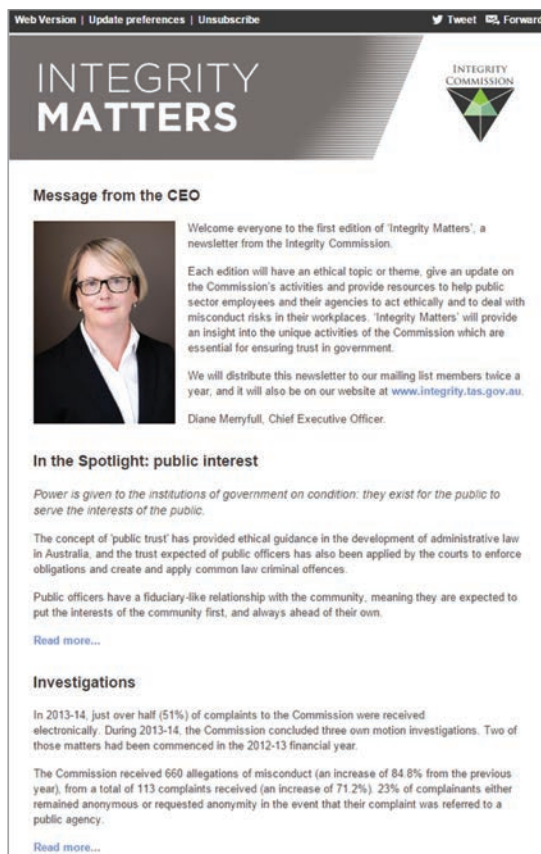
- communications with regard to the Joint Standing Committee on Integrity Three Year Review including:
 - media releases on the Commission's response to the Committee's interim report;
 - interviews with television and print media by the Commission's CEO; and
 - media stories of the Commission's appearance and evidence given to the Committee during the Parliamentary enquiry in October 2014.
- media releases regarding the launch of six video scenarios, which were developed as key learning resources for Tasmania Police and local government councillors;
- media releases regarding launches of the Commission's *Ethical Decisions at Work* module for the outdoor workforce, held in Burnie and Glenorchy;
- media release on ethical risks in social media use in the public sector, and the Commission's training module and webinar developed in response to this risk area;
- media release and subsequent media interviews and stories regarding launch of the Commission's **Speak up** campaign; and
- articles on ethical issues featured in LGAT News including:
 - Supporting Elected Members to Serve the Community;*
 - Leading with Ethics and Integrity;*
 - Councils encouraged to speak up about misconduct; and*
 - Effective, Ethical Interactions for Elected Members and Employees.*

The Commission also responded to numerous enquiries from the media in 2014-15.

The Commission maintains regular contact with the Anti-Corruption Peer Network, which has members from all the communications units of misconduct prevention or anti-corruption authorities throughout Australia. The Commission emails all media releases, information on MPER activities, and other communications matters to the Anti-Corruption Peer Network, to inform our sister agencies of the work the Commission is undertaking. The Commission also receives similar information from the Network.

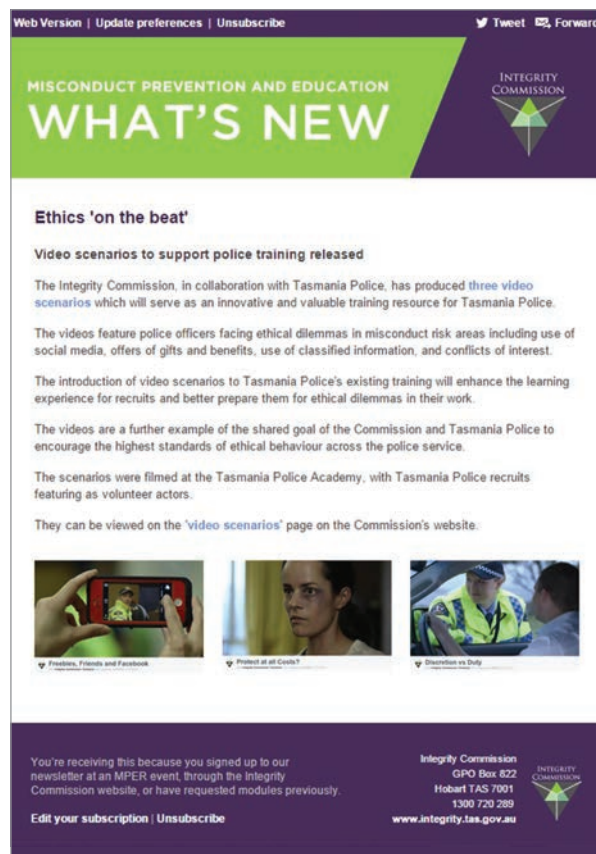
Outreach

In March 2015, the Commission published its first newsletter. *Integrity Matters* will be a bi-annual publication distributed electronically to the Commission's comprehensive mailing list. *Integrity Matters* provides readers with an overview of the Commission's activities including investigations, statistics, and resources from the MPER team. *Integrity Matters* also provides relevant information on topical misconduct risk areas.



Since August 2014, the Commission has used an electronic *What's New* alert to communicate key events, development of educational resources and launches of training modules to its stakeholders. *What's New* alerts are generally published every six to eight weeks and distributed electronically to the Commission's extensive mailing list.

The Commission has found this to be a highly efficient and effective method of communicating, and feedback from agencies indicates that they appreciate being kept abreast of the resources available.



In response to feedback received from ERG members, the Commission introduced *Ethical Reference Group updates*. The updates are sent electronically to ERG members and contain links to articles on topics of misconduct risk in the public sector, governance, social media, local government, and ethics and integrity generally. The Commission has a similar electronic update for the Investigator Support Network with links to articles concerning workplace investigations.

Community perceptions survey

In May 2015, the Commission conducted its third community perceptions survey, building on the results of the previous surveys undertaken in March 2011 and July 2013, respectively. The survey, undertaken by Enterprise Marketing and Research Services (EMRS), of 600 Tasmanians⁹, assessed the perceptions and attitudes of the community regarding the standards of conduct and propriety in the Tasmanian public sector. A key finding was that the majority - 92% of respondents - believe that Tasmania needs an Integrity Commission (89% in 2013) and that 61% of respondents also agree there is now more attention on ethical behaviour in Tasmania's public sector since the Commission started operating in 2010.

A large number (87%) of respondents agreed that 'there will always be some dishonesty, unethical behaviour and corruption in the public sector' (90% in 2013). There was a significant decrease in responses indicating that 'there is no point reporting corruption or unethical behaviour in the Tasmanian public sector as nothing will be done about it' (22%, down 8%). This indicates that Tasmanians are becoming increasingly confident that misconduct will be appropriately dealt with. This is a key objective for the Commission, set out in its legislation.

There was also an improvement in relation to the perception that 'most Government employees are honest' (up 9% to 85%). Nevertheless, even with an increase in respondents' awareness of the Commission (up 2% to 45%) and its role (up 5% to 73%), there is still room for further improvement around the Commission's communications and public profile.

The surveys have consistently shown that it is believed that 'people who complain about corruption or unethical behaviour are likely to suffer as a consequence of complaining' (69% in 2011, 68% in 2013 and 68% in 2015). This result highlights the ongoing importance of the Commission's **Speak up** campaign, which encourages public employees to report unethical behaviour or misconduct.

It has been suggested that the level of misconduct or corruption risk in Tasmania is less than in other jurisdictions. In this latest survey, we sought to test if this is a view shared by the broader community. It is not - 88% of those surveyed agreed that 'people in Tasmania's public sector are just as likely to behave unethically as people in the public sector anywhere else in Australia'.

Copies of the results of community perceptions surveys are available on the Commission's website: http://www.integrity.tas.gov.au/resources_and_publications/publications

SHARING KNOWLEDGE AND EXPERTISE

Collaboration with other public authorities

The following list includes details of the collaboration the Commission had with other public authorities during the 2014-15 reporting period:

- ongoing collaboration with the Local Government Division of DPAC on the development of training resources, the *Good Governance Guide* for councils, and code of conduct for councils and local government audit panels;
- participation of state government agencies, GBES, and SOCs (including TasPorts, Royal Tasmanian Botanical Gardens, Tas Networks, Port Arthur Management Authority, Forestry Tasmania, Metro, and the Department of Primary Industries Water and Environment) in Module 1A: *Ethical Decisions at Work*;
- meetings with staff from Ombudsman and Office of the Anti-Discrimination Commissioner to share knowledge;
- liaison with UTAS to explore opportunities for recognition of the Commission's Ethics and Integrity Training Program; and
- information sharing and liaison with Tasmania Police, Ombudsman and the Local Government Division in relation to complaint handling.

9 'As with all quantitative research, it must be remembered that all sample surveys are subject to sampling variation. The sampling variation depends largely on the number of respondents interviewed and the way the sample was selected. In theory, with a sample size of 600 respondents, in this research we can say with 95% certainty that the results have a statistical accuracy of +/- 4.0 percentage points. In other words, if we were to draw 20 sample populations of this size, in 19 out of the 20, each answer given would be within 4.0% of the answer that would have been obtained if the whole population had been interviewed.' - Enterprise Marketing and Research Services Pty. Ltd.

10 'The telephone survey of around 6 minutes in length was administered to a sample of 600 Tasmanian residents aged 18 years and over, drawn from the adult Tasmanian population of 381,296 (ABS, 2011). Quotas were put into place for age, gender and region to ensure that the sample reflected the Tasmanian demographic profile. Where the quotas were not achieved, weighting was applied to using the 2011 ABS population statistics. This ensures a more accurate representation of the Tasmanian population.' - Enterprise Marketing and Research Services Pty. Ltd.

Australian Anti-Corruption Commissions Forum

The Commission is a member of the Australian Anti-Corruption Commissions Forum which comprises all of the anti-corruption agencies in Australia.

The purpose of the forum is to provide the means for its members and their principals to interact, exchange information, knowledge and ideas, to work cooperatively, to share resources, and to promote priority areas of interest commonly affecting them.

The principals (the most senior statutory officers in each organisation) met once in the reporting period and the Chief Commissioner attended on behalf of the Commission.

The Commission hosted the first meeting of the Executive Co-ordination Group (the CEOs or equivalents of each organisation) in Hobart in November 2014.

LEGAL ISSUES

External inspections of registers

The Commission is able to apply for a warrant under the *Police Powers (Surveillance Devices) Act 2006* as if it were a law enforcement agency under that Act. That Act governs the use that a law enforcement agency makes of surveillance devices and the records that it is obliged to keep in respect of each warrant for which it applies. The Ombudsman is the inspection entity for the Act and is required to inspect the records of the law enforcement agency at least once every 12 months.

In the reporting period, there were no applications for a warrant for a surveillance device under this Act. Nevertheless, the Ombudsman is still required to conduct inspections under the Act, and inspected the Commission's records in July 2014 and June 2015.

The Ombudsman reported to the Commission that, in terms of its compliance with the record keeping requirements of the Act, he was satisfied with the comprehensiveness and adequacy of the records of the Integrity Commission. The Ombudsman noted that the Commission offered assistance during the two inspections and cooperated fully at all times in facilitating the inspections of the records.

Applications for warrants

No applications were made under the *Search Warrants Act 1997* during the reporting period.

Etter v State of Tasmania

These proceedings, initiated by the Commission's former Chief Executive Officer against the State of Tasmania in 2011, were settled in November 2014. The Commission was not party to the proceedings.

Disclosures under the *Public Interest Disclosures Act 2002*

During this reporting period two disclosures were made to the Commission under the *Public Interest Disclosures Act 2002* (the PID Act). One was referred to the Ombudsman in accordance with section 29A(b) of the PID Act, and the other was dealt with under section 29 A(a) of the PID Act.

Right to information

The Commission's complaint-related information is excluded from the *Right to Information Act 2009* (the RTI Act) by section 6 of that Act. The Commission is committed to ensuring that, where appropriate, its administrative information is available to the public. This is generally achieved through its annual reporting process.

The Commission did not receive any requests under the RTI Act during the reporting period.



The Commission is able to apply for a warrant under the *Police Powers (Surveillance Devices) Act 2006* as if it were a law enforcement agency under that Act.

OTHER REPORTING

TABLED REPORTS

Report of the Integrity Commission No. 2 of 2014

This report was tabled in both houses of Parliament in November 2014. It was an audit, under section 88(1)(c) of the Integrity Commission Act, of complaints against Tasmania Police finalised in 2013. It was the second audit undertaken by the Commission under this section of the Act into the way the Commissioner of Police has dealt with complaints about police misconduct. The first audit report was tabled in the previous reporting period.

Register of Publications

All reports published by the Commission are catalogued in the Tasmanian Parliamentary Library, the State Library of Tasmania and the National Library of Australia in Canberra.

Register of Publications¹¹ 2014-15

Name	Date	Where published	STORS/ Legal deposit	ISSN or ISBN
Submission of the Integrity Commission: The three year review of the function, powers and operations of the Integrity Commission (Volumes 1 and 2) October 2013	8/14	Web		
Second submission of the Integrity Commission: the three year review of the function, powers and operations of the Integrity Commission	8/14	Web		
Module 10: Social Media webinar	9/14	Web		
Annual Report	10/14	Parliament, Web, hard copy		
Prosecuting serious misconduct in Tasmania: The missing link - Interjurisdictional review of the offence of 'misconduct in public office'	10/14	Web		
Report No. 2 of 2014, Audit of Tasmania Police complaints	11/14	Parliament, Web, hard copy	Yes	Yes
Submission No. 3 to the Joint Standing Committee on Integrity (part of the Three Year Review)	11/14	Web		
Module 1a: Ethical Decisions at Work	6/15	Web		

CONTRACTS AND PROCUREMENT

The Commission ensures that Tasmanian businesses are given every opportunity to compete for public authority business. It is the Commission's policy to support Tasmanian businesses whenever they offer best value for money for the Government. The Commission complies with all Treasurers' Instructions in relation to contracts and consultancies.

A SLA exists between the Department of Justice and the Commission for the provision of services by the Corporate Services Division to the Commission. The current SLA commenced on the 1 July 2013 for a period of three years for \$165,670 plus CPI per annum.

The Commission issued no other new contracts greater than \$50,000 during 2014-15 but has one ongoing contract with a value greater than \$50,000 as part of a five-year contract for cleaning services. There were no consultancy arrangements greater than \$50,000 entered into during 2014-15.

¹¹ The publications within this register are significant, complete works which may be published in print or electronically. The Commission has also produced significant collections of training and other resources during this reporting period, which do not fall within this definition.

Name of Contractor	Location	Purpose	Contract period	Value
ISS Facility Services Australia	Port Melbourne Victoria	Office cleaning	1 year remaining	\$6,769
Department of Justice	Hobart	Provision of Corporate Services	1 year remaining	\$172,693

TENDERS AND REQUESTS FOR QUOTATION

In December 2013, the Commission issued a Request for Tender to establish a panel of suitable multimedia suppliers to provide multimedia services to the Commission for educational purposes, during the contract period of two years. A panel of three service providers was established with Clemenger Tasmania, Southern Cross Austereo, and Roar Film. The services continue until December 2015.

In April 2015, the Commission issued a Request for Quotation (RFQ) to EMRS to conduct the Integrity Commission Community Perceptions Survey for 2015. This did not require a tender process or panel as the cost was under the \$50,000 threshold for conducting tender processes. The survey is conducted every two years and has been conducted by EMRS on the previous two occasions, following a RFQ process. The RFQ was issued to EMRS on this occasion as this firm was the only organisation deemed suitable on the previous occasions, and allowed for consistency of approach in conducting the survey.

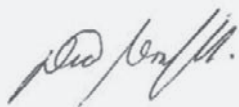
ACCOUNTABILITY

The CEO of the Commission is responsible for the operations, management, and general administration of the Commission. The CEO reports on those matters to the Board at each Board meeting.

As all Commission staff are State Service employees, they are bound by the State Service Act. Likewise, the Commission is obliged in its activities to comply with all relevant governing legislation and Treasurer's Instructions. Where a complaint is made against Commission staff, the CEO, as Head of Agency, must comply with applicable Employment Directions as issued from time to time by the Premier. Complaints about other decisions made by the Commission (excluding with respect to its investigations), would be directed to the CEO.

SUPERANNUATION CERTIFICATE

I, Diane Merryfull, Chief Executive Officer of the Integrity Commission, hereby certify that the Integrity Commission has met its obligations under the Commonwealth Superannuation Guarantee (Administration) Act 1992 in respect of those employees of the Commission who are members of complying superannuation schemes to which the Commission, through the Department of Justice under a Service Level Agreement, makes employer superannuation contributions.



Diane Merryfull
Chief Executive Officer

August 2015

CONTENTS

Statement of Certification	53
Statement of Comprehensive Income for the year ended 30 June 2015	54
Statement of Financial Position as at 30 June 2015	55
Statement of Cash Flows for the year ended 30 June 2015	56
Statement of Changes in Equity for the year ended 30 June 2015	57
Notes to and forming part of the Financial Statements for the year ended 30 June 2015	58

▼ | REPORTING

FINANCIAL REPORT



STATEMENT OF CERTIFICATION

The accompanying Financial Statements of the Integrity Commission are in agreement with the relevant accounts and records and have been prepared in compliance with Treasurer's Instructions issued under the provision of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2015 and the financial position as at the end of the year.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

A handwritten signature in dark ink, appearing to read "Diane Merryfull".

Diane Merryfull
Chief Executive Officer

7 August 2015

A handwritten signature in dark ink, appearing to read "Rachael Daniels".

Rachael Daniels
Corporate Services Manager

7 August 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Continuing operations				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue – recurrent	1.6(a), 5.1	2 421	2 364	2 603
Other revenue from Government	1.6(a), 5.1	-	-	1
Other revenue	1.6(b), 5.2	-	-	24
Total revenue and other income from transactions		2 421	2 364	2 628
Expenses from transactions				
Employee benefits	1.7(a), 6.1	1 697	1 566	1 716
Depreciation and amortisation	1.7(b), 6.2	92	100	98
Supplies and consumables	6.3	574	602	690
Other expenses	1.7(c), 6.4	181	186	191
Total expenses from transactions		2 544	2 454	2 695
Net result from transactions (net operating balance)		(123)	(90)	(67)
Comprehensive result		(123)	(90)	(67)

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes. Budget information refers to original estimates and has not been subject to audit. Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	1.9(a), 10.1	8	84	28
Receivables	1.9(b), 7.1	15	8	38
<i>Non-financial assets</i>				
Leasehold improvements and equipment	1.9(c), 7.2	363	334	402
Intangible assets	1.9(d), 7.3	169	161	191
Other assets	1.9(e), 7.4	15	113	51
Total assets		570	700	710
Liabilities				
Payables	1.10(a), 8.1	12	7	3
Employee benefits	1.10(b), 8.2	431	369	382
Provisions	1.10(d), 8.3	-	65	-
Other liabilities	8.4	-	43	19
Total liabilities		443	484	404
Net assets		127	216	306
Equity				
Accumulated funds		127	216	306
Total equity		127	216	306

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash inflows				
Appropriation receipts – recurrent		2 421	2 407	2 603
Other cash receipts		–	24	–
GST receipts		–	83	95
Total cash inflows		2 421	2 514	2 698
Cash outflows				
Employee benefits		(1 666)	(1 580)	(1 699)
GST payments		–	(79)	(94)
Supplies and consumables		(574)	(594)	(714)
Other cash payments		(181)	(205)	(191)
Total cash outflows		(2 421)	(2 458)	(2 698)
Net cash from (used by) operating activities	10.2	–	56	–
Net increase/(decrease) in cash held and cash equivalents		–	56	–
Cash and deposits at the beginning of the reporting period		8	28	28
Cash and deposits at the end of the reporting period	10.1	8	84	28

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2014	306	306
Total comprehensive result	(90)	(90)
Total	(90)	(90)
Balance as at 30 June 2015	216	216

	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2013	373	373
Total comprehensive result	(67)	(67)
Total	(67)	(67)
Balance as at 30 June 2014	306	306

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1	Significant Accounting Policies	59
1.1	Objectives and Funding	
1.2	Basis of Accounting	
1.3	Reporting Entity	
1.4	Functional and Presentation Currency	
1.5	Changes in Accounting Policies	
1.6	Income from Transactions	
1.7	Expenses from Transactions	
1.8	Other Economic Flows Included in Net Result	
1.9	Assets	
1.10	Liabilities	
1.11	Leases	
1.12	Judgements and Assumptions	
1.13	Foreign Currency	
1.14	Comparative Figures	
1.15	Budget Information	
1.16	Rounding	
1.17	Commission Taxation	
1.18	Goods and Services Tax	
Note 2	Explanations of Material Variances between Budget and Actual Outcomes	63
2.1	Statement of Comprehensive Income	
2.2	Statement of Financial Position	
2.3	Statement of Cash Flows	
Note 3	Events Occurring After Balance Date	64
Note 4	Significant Accounting Judgements	64
Note 5	Income from Transactions	64
5.1	Revenue from Government	
5.2	Other Revenue	
Note 6	Expenses from Transactions	65
6.1	Employee Benefits	
6.2	Depreciation and Amortisation	
6.3	Supplies and Consumables	
6.4	Other Expenses	
Note 7	Assets	68
7.1	Receivables	
7.2	Leasehold Improvements and Equipment	
7.3	Intangible Assets	
7.4	Other Assets	
Note 8	Liabilities	70
8.1	Payables	
8.2	Employee Benefits	
8.3	Provisions	
8.4	Other Liabilities	
Note 9	Commitments and Contingencies	71
9.1	Schedule of Commitments	
9.2	Contingent Assets and Liabilities	
Note 10	Cash Flow Reconciliation	72
10.1	Cash and Deposits	
10.2	Reconciliation of Net Result to Net Cash from Operating Activities	
Note 11	Financial Instruments	72
11.1	Risk Exposures	
11.2	Categories of Financial Assets and Liabilities	
11.3	Comparison between Carrying Amount and Net Fair Values of Financial Assets and Liabilities	
Note 12	Output Group Information	74
Note 13	Principal Address and Registered Office	74

Note 1: Significant Accounting Policies

1.1 Objectives and Funding

The Integrity Commission (the Commission) was established by the *Integrity Commission Act 2009* and started operation on 1 October 2010 with its start-up phase being from June 2010. The Commission's role is to improve the standard of conduct, propriety and ethics in the public sector through:

- Education and training to prevent misconduct and develop resistance to misconduct;
- Building the capacity of the public sector to prevent and address misconduct;
- Providing an effective mechanism for misconduct complaints to be addressed; and
- Promoting integrity by providing advice on issues of integrity and ethical conduct across the public sector and developing codes of conduct.

The Commission's primary focus, under its legislation, is on education, advice and prevention of public officer misconduct to strengthen the confidence of Tasmanians in the capacity of the State's public authorities to operate ethically and with propriety.

The Commission also deals with complaints of misconduct which, in some instances, may lead to investigations, and has the power to monitor and audit internal investigation processes conducted by public authorities.

The Commission is overseen by a Board that includes the Chief Commissioner, the Ombudsman, the Auditor General and three other members, with specialist expertise.

The Commission's activities are classified as controlled as they involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Commission in its own right.

The Commission is funded through Parliamentary appropriations. The financial statements encompass all funds through which the Commission controls resources to carry on its functions.

1.2 Basis of Accounting

The Financial Statements were signed by the Chief Executive Officer and Corporate Services Manager on 07 August 2015.

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB); and
- The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

Compliance with the AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Commission is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention.

The Financial Statements have been prepared on the basis that the Commission is a going concern. The continued existence of the Commission in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Commission's administration and activities. It is also noted that, because the Commission is not funded for depreciation or to meet employee annual or long service leave not taken in the normal course of events, support will be needed to fund asset replacements and leave entitlements as outlined.

1.3 Reporting Entity

The Financial Statements include all the controlled activities of the Commission.

1.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Commission's functional currency.

1.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Commission has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 1055 *Budgetary Reporting* - The objective of this Standard is to specify budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS of each government. Disclosures made in accordance with this Standard provide users with information relevant to assessing performance of an entity, including accountability for resources entrusted to it. While this is a new Standard, the Commission has been providing the disclosures required for some years.
- 2013 9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* [Operative dates: Part A Conceptual Framework - 20 December 2013; Part B Materiality - 1 January 2014; Part C Financial Instruments - 1 January 2015] - The objective of this Standard is to make amendments to the Standards and Interpretations listed in the Appendix:
 - (a) as a consequence of the issue of Accounting Framework AASB CF 2013 1 *Amendments to the Australian Conceptual Framework*, and editorial corrections, as set out in Part A of this Standard;
 - (b) to delete references to AASB 1031 *Materiality* in other Australian Accounting Standards, and to make editorial corrections, as set out in Part B of this Standard; and
 - (c) as a consequence of the issuance of IFRS 9 *Financial Instruments - Hedge Accounting* and amendments to IFRS 9, IFRS 7 and IAS 39 by the IASB in November 2013, as set out in Part C of this Standard.

There is no material financial impact.

- *AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*. The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities. This Standard also makes related amendments to AASB 10 Consolidated Financial Statements and AASB 1049 Whole of Government and General Government Sector Financial Reporting, and an editorial correction to AASB 124. Whilst this is a new accounting standard the Commission has been disclosing Key Management Personnel data since 2011/12.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- It is anticipated that there will not be any financial impact.
- *2014 4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]* – The objective of this Standard is to make amendments to:
 - (a) AASB 116 Property, Plant and Equipment; and
 - (b) AASB 138 Intangible Assets,
 as a consequence of the issuance of International Financial Reporting Standard *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38) by the International Accounting Standards Board in May 2014. There will be no financial impact.
- *2015 2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]* – The objective of this Standard is to make amendments to various standards (as noted) as a consequence of the issuance of International Financial Reporting Standard Disclosure Initiative (Amendments to IAS 1) by the International Accounting Standards Board in December 2014, and to make an editorial correction. It is anticipated that there will not be any financial impact.
 - *2015 3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* - The objective of this Standard is to affect the withdrawal of AASB 1031 Materiality and to delete references to AASB 1031 in the Australian Accounting Standards, as set out in paragraph 13 of this Standard. There will be no material financial impact.

(c) Restatement of comparative figures

In 2013-14 \$19,000 of a S8A(2) carry forward relating to the VoIP project was unspent and due to be returned to the Department of Treasury and Finance prior to 30 June 2014, but was not returned until July 2014. This item was classified as payables in the 2013-14 financial statements but should have been classified as other liabilities. The comparative figures have been changed in the statement of financial position and notes 8.1, 8.4, 11.1(c), 11.2 and 11.3.

1.6 Income from Transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

(a) Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Commission gains control of the appropriated funds.

(b) Other revenue

Revenue from sources other than those identified above are recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease in a liability has arisen that can be measured reliably.

1.7 Expenses from Transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

(a) Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(b) Depreciation and amortisation

All applicable Non-current assets having a limited useful life are systematically depreciated or amortised over their useful lives in a manner which reflects the consumption of their service potential. Depreciation and amortisation are provided for on a straight line basis, using lives which are reviewed annually. The useful lives of each class of asset are as follows:

<i>Leasehold Improvements</i>	<i>10 years</i>
<i>Equipment</i>	<i>5 years</i>

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Commission. Major amortisation rates are:

<i>Software</i>	<i>5 years</i>
-----------------	----------------

(c) Other expenses

Expenses from activities other than those identified above are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

1.8 Other Economic Flows Included in Net Result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

(a) Gain/(loss) on sale of non-financial assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

(b) Impairment – Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate when it can be reliably measured.

All impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(c) Impairment – Non-financial assets

All non financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. The Commission's assets are not used for the purpose of generating cash flows; therefore value in use is based on depreciated replacement cost where the asset would be replaced if deprived of it.

All impairment losses are recognised in Statement of Comprehensive Income.

In respect of non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows includes gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present values of the long service leave liability due to changes in the bond interest rate.

1.9 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Commission and the asset has a cost or value that can be measured reliably.

(a) Cash and deposits

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

The Commission has an overdraft facility on its account to allow for the delay in receiving reimbursement for GST payments from the Australian Taxation Office.

(b) Receivables

Receivables are recognised at amortised cost, less any impairment losses. However, due to the short settlement period, receivables are not discounted back to their present value.

The only receivables recognised by the Commission at 30 June 2015 relate to GST credits receivable from the ATO.

(c) Leasehold improvements and equipment*(i) Valuation basis*

All Non-current physical assets are recorded at historic cost less accumulated depreciation and impairments if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All assets within a class of assets are measured on the same basis.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvements and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of leasehold improvements and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Commission and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of leasehold improvements and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Commission for non-current physical assets is \$10,000. Assets acquired at a cost of less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(d) Intangible assets

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Commission; and
- the cost of the asset can be reliably measured.

Intangible assets held by the Commission are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

(e) Other assets

Other assets comprise prepayments. Prepayments relate to actual transactions that are recorded at cost with the asset at balance date representing the un-utilised component of the prepayment.

1.10 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

(a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Commission becomes obliged to make future payments as a result of a purchase of assets or services.

(b) Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(c) Superannuation

(i) Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution schemes are recognised as an expense when they fall due.

(ii) Defined benefit schemes

A defined benefit scheme is a post employment benefit scheme other than a defined contribution scheme.

The Commission does not recognise a liability for the accruing superannuation benefits of Commission employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

(d) Provisions

A provision arises if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

1.11 Leases

The Commission has entered into operating lease agreements for property and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The Commission is prohibited by Treasurer's Instruction 502 *Leases* from holding finance leases.

1.12 Judgements and Assumptions

In the application of Australian Accounting Standards, the Commission is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Details of significant account judgements are included in Note 4.

1.13 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

1.14 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 1.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

1.15 Budget Information

Budget information refers to original estimates as disclosed in the 2014-15 Budget Papers and is not subject to audit.

1.16 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

1.17 Commission Taxation

The Commission is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

1.18 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the GST incurred is not recoverable from the Australian Taxation Commission (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the ATO is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

Note 2: Explanations of Material Variances between Budget and Actual Outcomes

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate or \$100,000. Budget information has not been subjected to audit.

2.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Employee benefits	(a)	1 697	1 566	131	8

Notes to Statement of Comprehensive Income variances

- (a) Employee benefits were less than budget due to delays in recruitment of two positions and savings in the Chief Commissioner's salary due to the Commission holding fewer meetings than budgeted. The Chief Commissioner was budgeted to work .2 FTE (one day per week) and was only required to work less than .1 FTE during 2014/15.

2.2 Statement of Financial Position

Budget estimates for the 2014 15 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2014 15. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2014 15. The following variance analysis therefore includes major movements between the 30 June 2014 and 30 June 2015 actual balances.

	Note	Budget \$'000	2015 Actual \$'000	2014 Variance \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(a)	8	84	28	76	56
Receivables	(b)	15	8	38	(7)	(30)
Leasehold improvements and equipment	(c)	363	334	402	(39)	(68)
Intangible assets	(d)	169	161	191	(8)	(30)
Other assets	(e)	15	113	51	98	62
Employee benefits	(f)	431	369	382	62	13
Provisions	(g)	-	65	-	>100	>100
Other liabilities	(h)	-	43	-	>100	>100

Notes to Statement of Financial Position variances

- (a) The variance in cash relates primarily to Appropriation carried forward under S8A(2) of the *Public Account Act 1986* at 30 June 2015; \$25,000 for Misconduct Education and Prevention products; \$10,000 for a follow-up survey for effectiveness of the Commission's Speak-Up campaign and \$8,000 for annual report salary-related production costs. The variance also relates to reimbursement of costs not included in the budget (refer note 2.3 (a) below for details).
- (b) The variation in relation to receivables relates primarily to the reimbursement of costs (refer note 2.3(a) below) which were receivable at 30 June 2014, as well as a fluctuation in actual GST receivable at the end of each financial year.
- (c) There is no new equipment or leasehold improvements in 2014-15, the variation relates to depreciation charged.
- (d) There are no new intangible assets in 2014-15, the variation relates to amortisation charged.
- (e) The increase in other assets relates to lease make-good (refer note 7.4). The Commission is in the process of signing an option to extend its current lease and as part of negotiations the owner of the property has specified the requirement to make good the current premises at the expiry of the lease.
- (f) Employee benefits are lower than budget as follows: accrued salaries \$11,000, annual leave \$23,000 and long service leave \$28,000. Staff have taken more leave during 2014-15 than budgeted.
- (g) The provision as at 30 June 2015 relates to a provision for lease make-good. Refer to 2.2(e) above.
- (h) Other liabilities are carry forwards approved under S8A(2) of the *Public Account Act 1986*. Refer to 2.2(a) above.

2.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Other cash receipts	(a)	-	24	24	>100
GST receipts	(b)	-	83	83	>100
GST payments	(b)	-	79	(79)	>100
Other cash payments	(c)	181	205	(24)	(13)

Notes to Statement of Cash Flows variances

- (a) Other cash receipts relates to reimbursement of court costs for a case found in favour of the Commission which was not in the budget.
- (b) The budget did not include GST receipts or payments.
- (c) The variance in other cash payments relates primarily to \$19,000 of S8A(2) carry forward unspent in 2013-14 for the VoIP project returned to the Department of Treasury and Finance in 2014-15, not included in the budget.

Note 3: Events Occurring after Balance Date

The Commission has taken a significant reduction in funding across the forward estimates which will require careful financial management. There have been no other events subsequent to balance date which would have a material effect on the Commission's Financial Statements as at 30 June 2015.

Note 4: Significant Accounting Judgements

Judgements made by the Commission that have significant effects on the Financial Statements are disclosed below:

- Provisions for employee benefits (refer Note 1.7(a))

The Commission makes an assumption that annual leave balances less than 20 days will be settled within 12 months, and therefore valued at nominal value, and in excess of 20 days will be settled in greater than 12 months and therefore calculated at present value; and

- Depreciation and amortisation rates (refer Note 1.7(b))

The Commission makes a judgement that all of its assets are consumed in an equal pattern over their useful life and that therefore straight line depreciation is appropriate.

The Commission has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Note 5: Income from Transactions

5.1 Revenue from Government

Revenue from Government includes revenue from appropriations and appropriations carried forward under section 8A(2) of the *Public Account Act 1986*.

The Budget information is based on original estimates and has not been subject to audit.

	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Appropriation revenue - recurrent			
Current year	2 421	2 364	2 603
	2 421	2 364	2 603
Revenue from Government - other			
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	-	-	1
Total	-	-	1
Total revenue from Government	2 421	2 364	2 604

Section 8A(2) of the Public Account Act allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

5.2 Other Revenue

	2015 \$'000	2014 \$'000
Other revenue	-	24
Total	-	24

The Commission has an outstanding claim for the reimbursement of court costs for a case found in its favour for \$24,000 receivable at 30 June 2014.

Note 6: Expenses from Transactions

6.1 Employee Benefits

(a) Employee expenses

	2015 \$'000	2014 \$'000
Wages and salaries	1 387	1 496
Superannuation – defined contribution schemes	150	157
Superannuation – defined benefit schemes	7	10
Other employee expenses	22	53
Total	1 566	1 716

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.75 per cent (2014: 12.5 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation funds at a rate of 9.5 per cent (2014: 9.25 per cent) of salary. In addition, the Commission is also required to pay into to Treasury a “gap” payment equivalent to 3.25 per cent (2014: 3.5 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

	Short-term benefits		Long-term benefits		Total
	Salary \$'000	Other* Benefits \$'000	Super annuation \$'000	Termination benefits \$'000	\$'000
2015					
Key management personnel					
Murray Kellam, Chief Commissioner	29	2	3	-	34
Diane Merryfull, Chief Executive Officer	205	8	18	-	231
Luppo Prins, Board Member	21	-	2	-	23
David Hudson, Board Member	21	-	2	-	23
Elizabeth Gillam, Board Member	21	-	2	-	23
Total	297	10	27	-	334

	Short-term benefits		Long-term benefits		Total
	Salary \$'000	Other* Benefits \$'000	Super annuation \$'000	Termination benefits \$'000	\$'000
2014					
Key management personnel					
Murray Kellam, Chief Commissioner	32	2	3	-	37
Diane Merryfull, Chief Executive Officer	204	1	17	-	222
Luppo Prins, Board Member	21	-	2	-	23
David Hudson, Board Member	21	-	2	-	23
Elizabeth Gillam, Board Member	21	-	2	-	23
Total	299	3	26	-	328

*Other includes car parking and car benefits

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

Remuneration during 2014-15 for key personnel is set by the *State Service Act 2000*. Remuneration and other terms of employment are specified in employment contracts. Remuneration includes salary, motor vehicle and other non-monetary benefits. Long term employee expenses include long service leave, superannuation obligations and termination payments. Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year, any FBT attributable to key management personnel is reported on that basis.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

Integrity Commission Board

The Integrity Commission Board and CEO comprise the key management personnel at the Integrity Commission. The Board is chaired by the Chief Commissioner and other members are three appointed members and two ex officio members.

Details of the Commission's remuneration arrangements for its key management personnel are as follows:

- The remuneration policy is in line with Senior Executive Service arrangements for the Chief Executive Officer, and instruments of appointment pursuant to and in accordance with sections 14 and 15 of the *Integrity Commission Act 2009* for the Chief Commissioner and the appointed Board members.
- In the case of the Chief Commissioner and the Chief Executive Officer, contractual arrangements also allow for the provision of a motor vehicle and a motor vehicle allowance respectively, superannuation contributions and reimbursement of reasonable expenses incurred on official business. All key management personnel receive a base salary and superannuation payments in accordance with the relevant award. Contractual arrangements allow for reimbursement for appointed Board members of reasonable expenses incurred on official business.
- The Chief Commissioner and Chief Executive Officer receive access to parking during business hours.
- The Chief Commissioner and Chief Executive Officer are provided with an i-pad for business and incidental personal use. The Chief Executive Officer is entitled to telephone benefits to a maximum of \$240 per annum.
- Upon retirement, the Chief Executive Officer is paid employee benefit entitlements accrued to the date of retirement. In the event of any redundancy, the Chief Executive Officer is paid in accordance with their instrument of appointment. The ex officio members who do not receive remuneration or recoveries of costs are:
 - Mike Blake (Auditor-General)
 - Richard Connock (Ombudsmen)

6.2 Depreciation and Amortisation

	2015 \$'000	2014 \$'000
Leasehold improvements – amortisation	59	59
Equipment – depreciation	9	9
Intangibles – amortisation	31	30
Lease make-good – amortisation	1	-
Total depreciation and amortisation	100	98

6.3 Supplies and Consumables

	2015 \$'000	2014 \$'000
Audit fees – financial audit	17	5
Audit fees – internal audit	3	9
Operating lease costs	204	217
Consultants	37	63
Property services	92	88
Communications	16	20
Information technology	106	106
Travel and transport	46	41
Advertising and promotion	-	7
Printing	9	11
Personnel expenses	24	15
Plant and equipment	14	36
Office requisites	4	7
Other supplies and consumables	30	65
Total	602	690

6.4 Other Expenses

	2015 \$'000	2014 \$'000
Salary on-costs	9	9
Corporate support provided by the Department of Justice	170	166
Other expenses	7	16
Total	186	191

Note 7: Assets

7.1 Receivables

	2015 \$'000	2014 \$'000
Reimbursements	-	24
Tax assets	8	14
Total	8	38
Settled within 12 months	8	38
Total	8	38

The Commission had an outstanding claim for the reimbursement of court costs for a case found in its favour for \$24,000 receivable at 30 June 2014.

7.2 Leasehold Improvements and Equipment

(a) Carrying amount

	2015 \$'000	2014 \$'000
Equipment		
At cost	45	45
Less: Accumulated depreciation	(34)	(25)
Total Equipment	11	20
Leasehold improvements		
At cost	583	583
Less: Accumulated amortisation	(260)	(201)
Total Leasehold improvements	323	382
Total Leasehold Improvements and Equipment	334	402

(b) Reconciliation of movements

	Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
2015			
Carrying amount at 1 July	20	382	402
Depreciation and amortisation expense	(9)	(59)	(68)
Carrying amount at 30 June	11	323	334
2014			
Carrying amount at 1 July	29	441	470
Depreciation and amortisation expense	(9)	(59)	(68)
Carrying amount at 30 June	20	382	402

7.3 Intangible Assets

(a) Carrying amount

	2015 \$'000	2014 \$'000
Intangible assets		
At cost	261	261
Accumulated amortisation	(100)	(70)
Total Intangible assets	161	191

(b) Reconciliation of movements

	Intangible Assets \$'000	Total \$'000
2015		
Carrying amount at 1 July	191	191
Amortisation expense	(30)	(30)
Carrying amount at 30 June	161	161
2014		
Carrying amount at 1 July	221	221
Amortisation expense	(30)	(30)
Carrying amount at 30 June	191	191

7.4 Other Assets

	2015 \$'000	2014 \$'000
Other current assets		
Prepayments	49	51
Total	49	51
Other non-current assets		
Lease make-good	65	-
Less: accumulated amortisation	1	-
Total	64	-
Utilised within 12 months	49	51
Utilised in more than 12 months	64	-
Total other assets	113	51

Note 8: Liabilities

8.1 Payables

	2015 \$'000	2014 \$'000
Accrued expenses	7	3
Total	7	3
Settled within 12 months	7	3
Total	7	3

Settlement is usually made within 30 days.

8.2 Employee Benefits

	2015 \$'000	2014 \$'000
Accrued salaries	52	47
Annual leave	97	108
Long service leave	220	227
Total	369	382
Utilised within 12 months	151	154
Utilised in more than 12 months	218	228
Total	369	382

8.3 Provisions

	2015 \$'000	2014 \$'000
Provision for lease make-good	65	-
Total	65	-
Utilised in more than 12 months	65	-
Total	65	-

The lease make-good provision provides for work to be carried out at the expiry of the lease period in 2020, to restore the current premises to the original condition prior to fit out by the Commission.

8.4 Other Liabilities

	2015 \$'000	2014 \$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	43	19
Total	43	19
Utilised within 12 months	43	19
Total	43	19

Note 9: Commitments and Contingencies

9.1 Schedule of Commitments

	2015 \$'000	2014 \$'000
By type		
<i>Lease Commitments</i>		
Operating leases	1 030	278
<i>Total lease commitments</i>	1 030	278
<i>Other commitments</i>		
Office cleaning contract	7	20
Other contracts	-	6
<i>Total other commitments</i>	7	26
By maturity		
<i>Operating lease commitments</i>		
One year or less	224	236
From one to five years	806	42
<i>Total operating lease commitments</i>	1 030	278
<i>Other commitments</i>		
One year or less	7	19
From one to five years	-	7
<i>Total other commitments</i>	7	26
Total	1 037	304

The Operating Lease commitments include leased accommodation, motor vehicles and information technology equipment leases. All amounts shown are inclusive of GST.

9.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding the amount or timing of the underlying claim or obligation.

(a) Quantifiable contingencies

A quantifiable contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

	2015 \$'000	2014 \$'000
Quantifiable contingent liabilities		
<i>Contingent claims</i>		
Contingent legal claims	-	350
Total quantifiable contingent liabilities	-	350

At 30 June 2014 the Commission has an interest in a Supreme Court proceeding for which there was a potential financial liability. The matter concerned a claim brought by the Commission's former CEO against the State of Tasmania which was settled in 2014-15 without any impact on the Commission's finances.

Note 10: Cash Flow Reconciliation

10.1 Cash and Deposits

Cash and deposits include the balance of the Special Deposits and Trust Fund Account held by the Commission, and other cash held.

	2015 \$'000	2014 \$'000
Special Deposits and Trust Fund balance		
T527 Integrity Commission Operating Account	84	28
Total cash and deposits	84	28

10.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2015 \$'000	2014 \$'000
Net result	(90)	(67)
Depreciation and amortisation	100	98
Decrease (increase) in Receivables	29	(23)
Decrease (increase) in Prepayments	2	(11)
Increase (decrease) in Employee entitlements	(13)	13
Increase (decrease) in Payables	(15)	10
Increase (decrease) in Other liabilities	43	(20)
Net cash from (used by) operating activities	56	-

Note 11: Financial Instruments

11.1 Risk Exposures

(a) Risk management policies

The Commission has exposure to the following risks from its use of financial instruments:

- credit risk; and
- liquidity risk.

The Chief Executive Officer has overall responsibility for the establishment and oversight of the Commission's risk management framework. Risk management policies are continuing to be established to identify and analyse risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables	Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.	Receivables recognised by the Commission at 30 June 2014 relate to GST receivable from the ATO and reimbursement of court costs for a case found in favour of the Commission (refer note 6.1).
Cash and deposits	Deposits are recognised at amortised cost, being their face value.	Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. The Commission has an overdraft facility on its account to allow for the delay in receiving reimbursement for GST payments from the ATO.

The Commission had no financial assets at either balance date that were past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Commission becomes obliged to make future payments as a result of a purchase of assets or services.	Payables, including goods received and services incurred but not yet invoiced, arise when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. As per Treasurer's Instruction 1125 the Commission pays within suppliers' credit terms. Where no credit terms are specified, the Commission's policy is to pay within 30 days.

The following tables detail the undiscounted cash flows payable by the Commission by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2015

Maturity analysis for financial liabilities

	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	7	7	7
Total	7	7	7

2014

Maturity analysis for financial liabilities

	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	3	3	3
Total	3	3	3

11.2 Categories of Financial Assets and Liabilities

	2015 \$'000	2014 \$'000
Financial assets		
Cash and deposits	84	28
Receivables	8	38
Total	92	66
Financial liabilities		
Financial liabilities measured at amortised cost	7	3
Total	7	3

11.3 Comparison between Carrying Amount and Net Fair Values of Financial Assets and Liabilities

	Carrying Amount 2015 \$'000	Net Fair Value 2015 \$'000	Carrying Amount 2014 \$'000	Net Fair Value 2014 \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	84	84	28	28
Receivables	8	8	38	38
Total financial assets	92	92	66	66
Financial liabilities				
Accrued expenses	7	7	3	3
Total financial liabilities	7	7	3	3

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair value of receivables is recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

Financial Liabilities

The net fair values for trade creditors are approximated by their carrying amounts.

Note 12: Output Group Information

The Commission has a single Output called Integrity Commission which fulfils all of its statutory responsibilities. The summary of budgeted and actual revenues and expenses for this Output are the same as in the Statement of Comprehensive Income. Therefore, the inclusion of a separate Output Schedule is not necessary.

Note 13: Principal Address and Registered Office

The Integrity Commission is located at:
Surrey House
Level 2
199 Macquarie Street
Hobart TASMANIA 7000

Independent Auditor's Report

To Members of the Tasmanian Parliament

Integrity Commission

Financial Report for the Year Ended 30 June 2015

Report on the Financial Report

I have audited the accompanying financial report of Integrity Commission (the Commission), which comprises the statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and a joint statement of compliance by the Chief Executive Officer and the Corporate Services Manager.

Auditor's Opinion

In my opinion the Commission's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2015, and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Financial Management and Audit Act 1990* and Australian Accounting Standards.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 27(1) of *Financial Management and Audit Act 1990*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

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

...1 of 2

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

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in the Commission's financial report.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

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

Tasmanian Audit Office



E R De Santi
Deputy Auditor General
Delegate of the Auditor-General

HOBART
9 September 2015

...2 of 2

APPENDIX

Reporting requirements

State Service Regulations 2011 – SSR

Financial Management and Audit Act 1990 – FMAA

Public Interest Disclosures Act 2002 – PIDA

Right to Information Act 2009 – RTIA

Public Sector Superannuation Reform Act 1999 – PSSRA

Legislative reporting compliance

REQUIREMENT	LEGISLATION	REPORT SECTION
Overview of strategic plan	SSR s 9(a)(i)	At a glance, Goals
Organisation chart	SSR s 9(a)(ii)	Corporate services
Program management structure	SSR s 9(a)(iii)	Goals 1, 2 & 3
Major changes	SSR s 9(a)(iv)	Legal issues
Major initiatives	SSR s 9(a)(v)	Goals 1, 2 & 3
Industrial relations matters	SSR s 9(b)(iv)	Accountability
Occupational health and safety strategies	SSR s 9(b)(vi)	Corporate services
Community awareness, services and publications	SSR s 9(c)(i)	At a glance, Goal 1, Tabled reports, Communications
Contact officers and points of public access	SSR s 9(c)(ii)	Inside cover, back cover
Appeals against decisions	SSR s 9(c)(iii)	Accountability
Relevant legislation	SSR s 9(d)	At a glance
Contracts and procurement	FMAA s 27	Contracts and procurement, Tenders
Financial statements	FMAA s 27(l)(c)	Financial statements
Public interest disclosures	PIDA s 86	Public Interest Disclosures
Right to information	RTIA	Right to Information
Superannuation contributions	PSSRA s13	Superannuation Certificate



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