

2016 2017

ANNUAL REPORT



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 Mr Speaker

Annual Report for 1 July 2016 to 30 June 2017

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 2016 to 30 June 2017.

Yours sincerely,



Greg Melick AO RFD SC
Chief Commissioner
On behalf of the Board



Richard Bingham
Chief Executive Officer

October 2017

Copy to Minister for Justice

Hon Elise Archer MP
Minister for Arts
Minister for Corrections
Minister for Environment and Parks
Minister for Justice
Parliament House
HOBART TAS

Dear Minister

Annual Report for 1 July 2016 to 30 June 2017

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 2017.

Yours sincerely,



Richard Bingham
Chief Executive Officer

October 2017

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Message from the Chief Commissioner

The Integrity Commission continues to play an influential role in supporting public authorities to improve the standard of ethics and propriety in the Tasmanian public sector.

It has achieved its successes to date through a combination of the actions of its operations (investigations) and misconduct prevention (research and education) teams.

It is also important to acknowledge the role of the Commission's corporate team which manages the Commission's administration and office functions.

The 2016-17 period was my first full year as Chief Commissioner and the Commission continued under an Acting CEO Michael Easton. I am grateful to Michael in continuing the excellent work of the Commission and encouraging our continuing progression towards a more cooperative approach with government agencies.

I was very ably supported by the Commission's Board who continue to provide the Commission's strategic direction and excellent advice, drawing upon their considerable experience.



Greg Melick AO RFD SC
Chief Commissioner of the
Integrity Commission

Significant achievements by the Commission during 2016-17 included:

- the tabling in Parliament of reports, including monitoring the parliamentary disclosure of interest register; and an investigation into a complaint of an alleged conflict of interest against senior executive officers at TasTAFE.
- hosting a board forum which launched the Commission's new board education package – Managing Ethical Risks on a Board.
- strong progress with the public sector, including local government councils and elected members, state service agencies and government businesses; raising awareness of ethical risks and associated conduct.
- commencing implementation of recommendations of the Independent Five Year Review of the Commission.

I wish to acknowledge the contributions of both the Ombudsman, Richard Connock, and the Auditor-General, Rod Whitehead, both of whom left the Commission Board in May as part of governance changes but with whom we continue to work with as part of our normal operations.

In addition to the key matters outlined above, the Board considered major investigations (including Operation Black), Tasmania Police audit, financial management, and misconduct prevention, education and research initiatives.

The Board oversaw the performance of the Acting CEO and staff of the Commission to ensure they performed their functions and exercised their powers in accordance with the *Integrity Commission Act 2009*. All staff performed at a high level and demonstrated commitment and dedication to the achievement of the Commission's objectives. The Board recognises and commends the Acting CEO for his strong leadership and exemplary work performance during an important period in the organisation's evolution.

Our small and dedicated team of education and prevention officers continues to research misconduct risks and deliver high quality education products, services and advice to the public sector comprising more than 43,000 employees. The team has developed strong relationships with stakeholders which have proven essential to its effectiveness in supporting public sector organisations to meet their obligations under the Integrity Commission Act.

In a similar tone, our investigative and research officers work to deal with complaints about misconduct and deliver research findings on specific issues. However, to maximise their effectiveness they need to be monitoring new risk areas and identifying opportunities to undertake own motion investigations into relevant policies, practices and procedures to support positive change and build capability in the public sector.

The Commission continues to operate in a fiscally constrained environment which has a direct impact on the scope and timeliness of the Commission's activities in supporting the public sector to establish and maintain a high standard of ethical conduct, and in enhancing the public's confidence that any misconduct will be dealt with in a timely and appropriate manner.

Despite these constraints and challenges, the Commission continues to make important contributions to the public sector in supporting public authorities to build awareness of misconduct risks and capability to effectively manage them and where required, investigating misconduct complaints.

I believe that subsequent to the five-year review and selection of a new CEO, that the Commission is entering a period of stability which will further enhance its ability to engage with public authorities and produce real change in the public sector.



Greg Melick AO RFD SC
Chief Commissioner

Message from the Chief Executive Officer

As the incoming Chief Executive Officer, I have been impressed by the Commission's status within the Tasmanian public sector.

The Chief Commissioner, the Board and the Commission's officers, have established the Commission as a positive influence and an agent for change.

As required by our legislation, the Commission aims to improve the standard and quality of ethical conduct, and to ensure that alleged misconduct is appropriately dealt with. We seek to enhance public confidence in Tasmanian public authorities and their employees.

Being transparent about what we do means that the public – and public officials – understand our work and how we do it. An important element of this is our regular newsletter, *Integrity Matters*, that includes case studies and information on our investigative processes, and educational material relating to potential misconduct risks. The newsletter is available on our website and is distributed to an extensive list of subscribers.

In addition, our website contains a wealth of educational material for public authorities and their employees. In particular, the Commission has developed real-world video scenarios that can be used to promote discussion about ethical risks.



Richard Bingham
Chief Executive Officer of the
Integrity Commission

This year the Commission released an educational package for boards of public authorities, with the aim of ensuring that ethical conduct is implemented at the top of an organisation and sets the tone for all employees.

One measure of the Commission's success in enhancing public confidence is its Community Perceptions Survey, undertaken every two years since 2011.

The latest survey (carried out in June 2017) indicates a pleasing increase in public awareness of the Commission's role (82% of respondents compared with 73% in 2015), and the fact that a majority of the respondents (59%) indicated that the Commission had increased the level of accountability across the public sector since being established in 2010.

The public desire for an integrity commission remains very high at 93% of respondents (92% in 2015).

These results provide a level of satisfaction that the Commission is making a difference and enhancing public confidence in our public authorities. Further detail on the outcomes of the survey is contained within this report.

From an operational perspective, the Commission received a 13% increase in complaints compared to 2015–2016. The Commission has changed its internal processes to increase the number of complaint assessments that we undertake, resulting in a corresponding increase in investigations. This places a strain on our resources and can create delays in dealing with complaints. We are continuing to deal with a backlog of matters.

These issues were explored in the independent review undertaken by the Hon William Cox AC RFD ED QC in 2016 and will be addressed by the Government as part of its legislative response to Mr Cox's recommendations.

I'd like to acknowledge and thank Michael Easton as Acting Chief Executive Officer, and the staff of the Commission, for their fine work in the period prior to my appointment. I'm looking forward to ensuring that the Commission continues to contribute to the standing of the public sector in Tasmania.



Richard Bingham
Chief Executive Officer

> I'm looking forward to ensuring that the Commission continues to contribute to the standing of the public sector in Tasmania.

Snapshot

of the Integrity Commission

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Our role

The Integrity Commission is an independent body established under the *Integrity Commission Act 2009* (the *Integrity Commission Act*) 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. 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 the complaints management process, certain other appointments such as authorized persons, assessors and investigators.

The Commission has three business areas: Operations; Misconduct Prevention, Education and Research (MPER); and Corporate Services (business administration). The Parliamentary Standards Commissioner is also established under the *Integrity Commission Act* as an independent statutory office-holder.

Misconduct prevention

In performing our misconduct prevention functions, we focus on 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. The Commission provides advice and assistance through a collaborative and consultative approach that empowers public authorities and public officers to build or maintain capacity to deal with misconduct.

Operations

The Operations team deals with complaints about misconduct. It does this at two levels: through investigations, and through the auditing of actions taken by public authorities. Investigations are conducted in private and can be time-consuming due to their nature and the rules of procedural fairness. Investigations generally are not made public unless they are the subject of a report tabled in Parliament. Where appropriate, or as otherwise required by legislation, individuals and organisations involved in an investigation may be given notification of the investigation.

The Commission has a significant role in monitoring misconduct allegations and investigations within Tasmania Police. The Commission conducts an annual audit of all complaints (both internal and external) finalised by Tasmania Police and reports on audit findings to Parliament.

Corporate services

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

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

Parliamentary Standards Commissioner

Former Federal Minister for Justice, Rev. 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 as requested by Parliamentarians on ethical and conduct issues. The Commissioner also provides advice 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 Integrity Commission Board and convenes any Integrity Tribunal under the *Integrity Commission Act*.

Board

The Board ensures that the Commission both 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 three other members. Two ex-officio members (Ombudsman and Auditor-General) recently concluded their time on the Board as a result of statutory amendment.

Parliamentary Joint Standing Committee on Integrity

The Commission is accountable to Parliament through the Joint Standing Committee on Integrity, established under the *Integrity Commission Act*. The committee 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 MLC¹

Hon Rob Valentine MLC

House of Assembly

Mr Mark Shelton MP

Ms Lara Giddings MP

Ms Rosalie Woodruff MP

During 2016-2017, the Commission met with the Committee on three occasions. The meetings are held in accordance with the Communication Protocol signed by the Committee and the Commission to enable discussion on risk trends and issues, reports to be released by either entity and legislative amendments. The Commission welcomes the Committee's input on these matters.

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.

¹ Member from 1 July 2016 to 16 May 2017.

Our budget

The Commission is an agency for the purposes of the *Financial Management and Audit Act 1990* and is financially independent of any other public authority. In 2016–17, the Commission operated with a budget of \$2.29m [\$2.39m in 2015–16]. The Commission's budget also includes funding and support for the Parliamentary Standards Commissioner, a role that is independent of the Commission.

Our people

As at 30 June 2017, the Commission employed 13.3 full-time equivalent (FTE) staff members including the Chief Commissioner, Acting Chief Executive Officer, misconduct prevention and education officers, investigation officers, and corporate services staff. There remained one vacant Senior Investigator position throughout the year as a result of acting arrangements flowing from the Acting CEO position. A full-time misconduct prevention and education officer position was re-evaluated and converted into two part-time positions: one as Educator – Misconduct Prevention and the other of Technologist. The newly created Technologist position enables the Commission to increase focus on delivering alternative training methodologies. The Commission continues to support staff who elect to work part-time for work-life balance.

Public sector organisations we serve



Education ²	37%
Health	29%
Government Businesses, Boards and Authorities	11%
Local Government	10.5%
State Service	10.5%
Police & emergency services	2%

² Includes State Education, TasTAFE and University of Tasmania.

The year at a glance

Independent Five Year Review

- First tranche of changes implemented including a reduction in the number of Board members.

Misconduct, Prevention, Education and Research

Public sector workshops

- Increased online use of our education modules.
- Targeted training reached over 1600 public sector employees.

Awareness initiatives

- Independent review undertaken of Speak Up campaign shows strong outcomes.
- Our Thanks is Enough campaign developed to help the public sector address ethical risks relating to gifts and benefits has been adopted outside the state.
- Fourth community perceptions survey undertaken, showing increasing awareness of the Commission and support for our role.

Government businesses, boards and authorities

- Engagements meetings with all 14 Government Businesses and 8 Boards and authorities.
- Successful board forum held to launch our new 'Managing Ethical Risks on a Board' education package.
- Consistent participation in ethical reference groups – especially in the south.

Local government engagement and training

- Local government outreach saw in-house consultation with two councils.
- Continued high level of participation in ethical reference groups in the south, north and north-west.

- Commission staff conducted training sessions and workshops (with the Local Government Division and Local Government Association of Tasmania) for elected members at eight councils.
- Indoor and outdoor employees at two councils received ethical decisions training.
- We hosted an information booth at the 2016 Local Government Association of Tasmania annual conference.

Advice and consultancy services

- We provided support by addressing requests for ethics advice from public sector employees, managers and councillors.
- Continued provision of consultancy advice on matters including codes of conduct, education delivery alternatives, development of ethical frameworks and prevention of misconduct in risk areas.

Prevention and education resources

- Two new education packages released, one to support the use of work information and the other, 'Managing Ethical Risks on a Board' to support public sector boards.
- Further development of education support materials – including a webinar on developing a code of conduct.
- The IntegrityHub e-learning environment was updated.
- Review of our *Integrity Matters* newsletter leading to a change in format, planned increase in number of releases and analysis of post-release activity.
- We have made significant progress in identifying and implementing efficiencies that maximise value for our stakeholders through the increased use of e-learning and flexible learning strategies and tools, less face to face sessions, and in-house resource development.

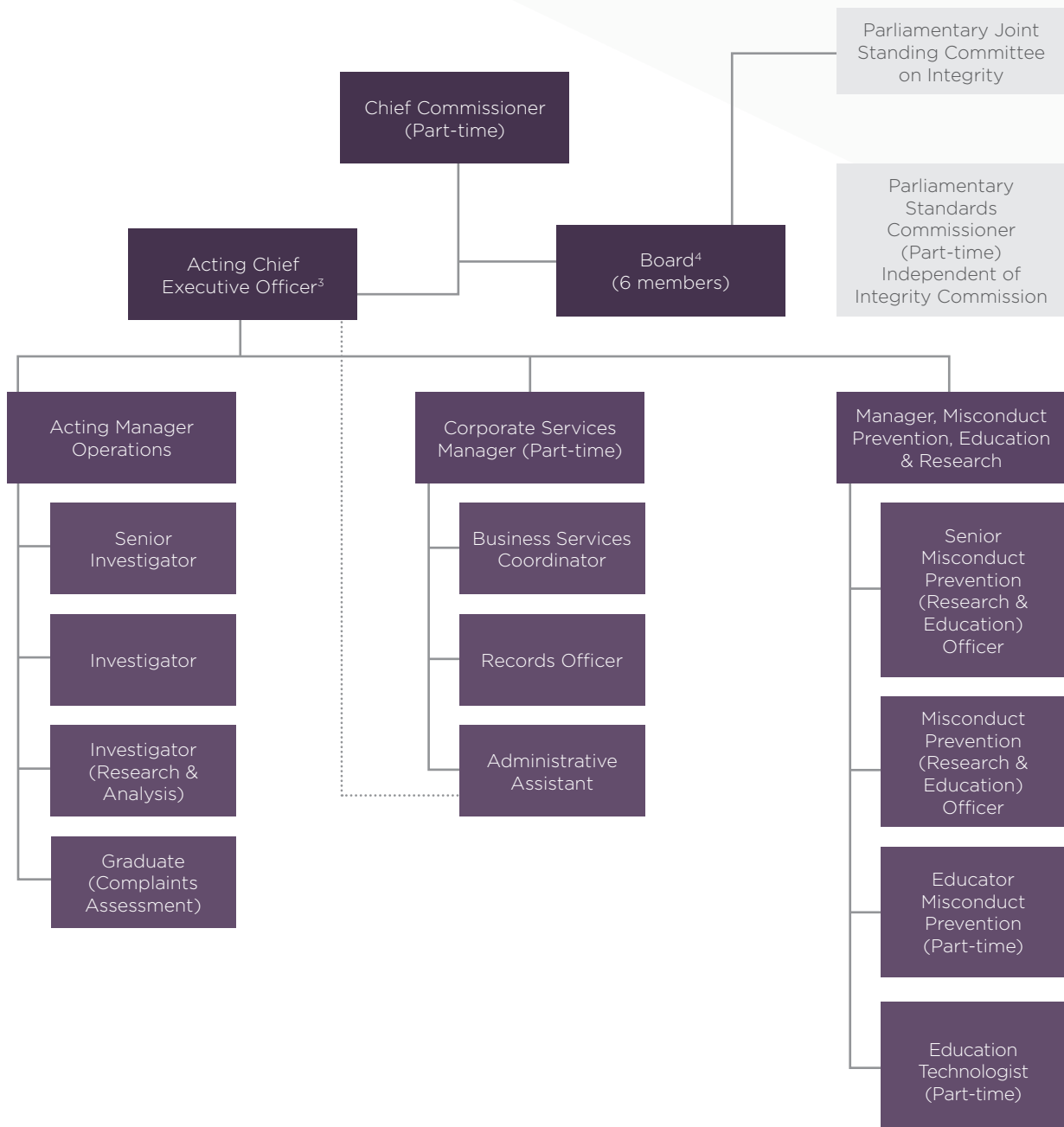
Complaints, Investigations and Audits

- The Commission received a total of 126 misconduct complaints containing 339 allegations of misconduct. The most common allegations were those relating to code of conduct breaches.
- We commenced nine investigations and concluded five.
- The number of notifications by public authorities about complaints of misconduct they'd received fell to 59, compared with 78 the previous year. Notifications are currently optional. They are vital in helping us to identify misconduct trends.
- The Commission commenced an own motion investigation. We also completed a major investigation (Operation Black) into a complaint of alleged conflicts of interest against senior executive officers of TasTAFE, and the investigation report was tabled in Parliament.
- An audit of complaints finalised by Tasmania Police in 2015 was completed and tabled in State Parliament. We also undertook five ad hoc audits of complaints finalised in the 2016-17 period.
- We reviewed our public interest criteria, which we use to determine whether or not we report publicly.
- Continued the close collaboration between our Operations and the Misconduct, Prevention, Education and Research teams to ensure information and understanding arising from complaints and investigations is reflected in prevention and education activities.

Communications

- The Commission's website was further improved to enhance users' access and experience.
- A range of media activities were undertaken, including TV and radio interviews in response to requests.
- The Commission continued to publish its bi-annual newsletter, *Integrity Matters*, distributed electronically.
- Staff operated an information booth at the State local government conference.
- Regular e-alert advisories provided to stakeholders.

Organisation chart as at 30 June 2017



³ New Chief Executive Officer commenced 1 July 2017.

⁴ Board (including Chief Commissioner) reduced to 4 members on 13 June 2017.

External review

Five Year Review

In accordance with s 106 of the *Integrity Commission Act 2009* a review after five years operation of the Commission commenced on 1 February 2016.

The terms of reference of the review are detailed in the *Integrity Commission Act* and included:

- the operation of the *Integrity Commission Act* in achieving its object and the objectives of the Integrity Commission;
- the operation of the Integrity Commission, including the exercise of its powers, the investigation of complaints and the conduct of inquiries;
- the operation of the Parliamentary Standards Commissioner, a role that is independent of the Commission;
- the operation of the Parliamentary Joint Standing Committee on Integrity;
- the effectiveness of orders and regulations made under the *Integrity Commission Act* in furthering the objectives of the legislation and of the Integrity Commission; and
- any other matters relevant to the effect of the *Integrity Commission Act* in improving ethical conduct and public confidence in public authorities.

The review was undertaken by former Governor of Tasmania and former Chief Justice of the Supreme Court of Tasmania, the Hon William Cox AC RFD ED QC, who provided his report to the Minister on 28 May 2016. The report was tabled in both Houses of Parliament on 24 August 2016.

The Commission's response to the Independent Reviewer's 55 recommendations was:

- support of 38 recommendations;
- support of 12 recommendations in-principle; and
- a differing view with five of the recommendations.

The Commission's detailed response to each recommendation is available from www.integrity.tas.gov.au and details of the review are available at <http://www.parliament.tas.gov.au> and www.integrityactreview.tas.gov.au.

In November 2016 the State Government tabled its response report which stated its adoption or support in-principle for 47 of the 55 recommendations. In June 2017 Parliament passed the *Integrity Commission Amendment Act 2017*, principally addressing recommendations relating to the governance arrangements of the Commission.

The Commission will continue to work constructively with the Government to implement the balance of the endorsed changes to the *Integrity Commission Act*. The Commission will also consider any relevant changes to operational and other processes related to its role under the *Integrity Commission Act*.

Board

of the Integrity Commission

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1. Chief Commissioner
 2. Ex-officio members
 3. Appointed members
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Chief Commissioner

Greg Melick, AO RFD SC

Greg is an experienced barrister who is currently a part-time Deputy President of the Commonwealth Administrative Appeals Tribunal, a Major General in the Australian Defence Force Reserves, and Special Investigator for Cricket Australia. He has previously worked in private practice and government legal services and is a former Statutory Member of the National Crime Authority and the New South Wales Casino Control Authority.

Ex-officio members

Rod Whitehead



Rod was appointed Tasmanian Auditor-General on 30 March 2016 after a distinguished career as a chartered accountant and manager. He served as a Senior Manager at Price Waterhouse and as a partner with PBS Partners in Launceston before joining Deloitte as a partner in November 1998. He was appointed Managing Partner of Deloitte in Launceston in June 2004 and was the Managing Partner for Deloitte in Tasmania from April 2006–May 2013. In 2011, Rod was appointed Chairman of the Tasmania Regional Council of the Institute of Chartered Accountants, a position he held for two years. Rod is a Fellow of Chartered Accountants Australia and New Zealand and a registered company auditor. He joined the Commission Board on 30 March 2016.*

Richard Connock, Ombudsman



Richard was acting Ombudsman from January 2014 and, appointed to the role in July 2014. He was appointed Director of the Office of the Ombudsman in April 2011 and was previously the Principal Officer, Ombudsman.

He has extensive experience as a barrister and solicitor, principally in Victoria. Following his move to Tasmania in 2000, Richard shifted his focus from legal work to consultancy and before joining the Office of the Ombudsman, provided investigation, conciliation and mediation services for government agencies and private organisations.⁵

⁵ Both of these ex-officio roles ended on 13 June 2017 with commencement of the *Integrity Commission Amendment Act 2017*.

Appointed members



Lупpo Prins, APM

Lупpo is 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 and 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

Liz is currently a member of the Board of the Public Trustee, a member of the Local Government Board and a member of the Board of the Hobart Women's Shelter.

Most of her working life has been in the public sector. During her time in the Tasmanian State Service, she held the positions of Deputy Director of the Local Government Office and Office of Status of Women. The latter part of her career was with local government, working in policy development at the Local Government Association of Tasmania.

She holds a Bachelor of Laws and is a Fellow of the Institute of Company Directors.



David Hudson

With a career in the State Public Service spanning 35 years, David 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 range of roles for public sector organisations, including his position as Chair of the State Grants Commission and membership of state and local government audit committees. He is a Justice of the Peace and is involved in a number of not-for-profit organisations.

Board meetings 2016-17

Integrity Commission attendance ordinary board meetings 2016-17

Dates	No. in attendance	Absent	Attendance rate
2016			
4 Aug	5	Liz Gillam	83%
6 Oct	5	David Hudson	83%
7 Dec	6		100%
2017			
8 Feb	6		100%
8 Mar	6		100%
5 Apr	5	Richard Connock	83%
7 Jun	6		100%

Reporting

Reporting against Tasmanian Budget initiatives

The Commission's key initiatives in the 2016-17 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 progress in achieving its goals

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

- Goal 1: improved standard of conduct, propriety, and ethics in public authorities in Tasmania;
- Goal 2: enhanced public confidence that misconduct by public officers will be appropriately investigated and dealt with; and
- Goal 3: 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

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7. Ethics and integrity modules
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10. Policy and research
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The Commission has a primary goal of improving the standard of propriety and ethics in the State's public authorities. Our Misconduct Prevention (Education and Research) team is dedicated to this goal. The Commission's Operations team plays a key role in prevention by dealing with misconduct through handling complaints, conducting assessments, investigations and audits, in addition to making reports.

Our teams work together to identify and analyse issues and trends in misconduct and in ethical risk areas. We use this information to prioritise and develop prevention and education resources to target these risks. We collaborate to translate findings in our reports into constructive recommendations to best manage misconduct risks and we develop education resources and provide services to assist public authorities implement these recommendations.

Our education services, which include the development of education resources, are a key element of our misconduct prevention work across the public sector. Our range of these resources is widely recognised for their flexibility and quality.

In 2016-17 we developed a further two education modules. To launch one of the modules, intended for boards, we hosted a forum for public sector directors and board members. We remain focused on identifying opportunities to expand our engagement with the public sector. In recent years, our focus has extended to include engagement with individual public authorities and with specific parts of the public sector. These initiatives are reflected in performance reporting throughout this chapter.

We have made significant progress in identifying and implementing efficiencies that maximise value for our stakeholders in areas of highest need. Efficiency strategies in 2016-17 have included:

- greater use of e-learning and flexible learning strategies and tools;
- reduction in face-to-face education delivery and presentations by Commission staff; and
- resources developed in-house, with reduced outsourcing.

Engagement highlights

Local government

The Commission has worked closely with the local government sector in 2016-17, building strong relationships with councils and the organisations that support them. On the whole, councils continue to respond positively to the Commission's engagement, particularly in relation to education. The sector has also provided us with valuable input on key ethical issues and prevention and education resources.

Councils have been well-represented on ethical reference groups in 2016-17, including the southern councils group and the north and north-west groups. The Local Government Division (LGD) of the Department of Premier and Cabinet (DPAC) now has an active role on these groups. This has been a positive development as LGD has been able to provide up-to-date information and advice directly to members, as well as hearing about key areas of concern. The Southern Councils Ethical Reference Group has shared a number of resources, including a Quasi-judicial Policy, and Unreasonable Complainant Conduct Policy.

In 2016-17, engagement meetings were held with Huon Valley, Flinders, Meander Valley and Northern Midlands councils. In addition, the Commission continues to receive calls/emails from councillors, staff and community members seeking guidance in relation to managing ethical issues.

Training for elected members

In 2016-17 the Commission delivered three training programs to councils: the foundational training module for elected members, *Managing Ethical Risks on Council*; a workshop on the new code of conduct framework; and a workshop on identifying and managing conflicts of interest. Sessions were delivered to the following councils:

- Central Coast;
- Devonport City;
- Flinders (with LGD);
- George Town (with LGAT⁶);

⁶ Local Government Association of Tasmania.

- Glamorgan Spring Bay (with LGD);
- Glenorchy City (with LGD);
- Kingborough; and
- West Tamar.

The Commission customises each training session to meet the specific needs of a council, based on input from the councils and Commission data on key risk areas. Material is also reviewed so that repeat sessions contain fresh material (for example, new case studies and scenarios). Each session is also linked to a council's own policies and procedures.

Feedback on training conducted in 2016-17 has been consistently positive. The sessions enable councils to identify specific risk areas and gaps in their information and resources. In particular, councillors have appreciated the opportunity to discuss relevant ethical issues they face in their role and possible strategies for managing them. Partnering with both LGD and LGAT to deliver the training has been well received by councils and has strengthened the Commission's relationship with these agencies.

Training for council staff

In 2016-17, the Commission conducted Ethical Decisions at Work training sessions for indoor and outdoor council employees at:

- Flinders (three sessions for depot and office staff);
- Huon Valley (for managers and team leaders).

In conjunction with LGD, we also conducted a session for managers at Glamorgan Spring Bay Council on the new code of conduct framework for councillors. As with councillor workshops, each training session is customised to meet the specific needs of the council.

Code of conduct for audit panels

The Commission continued to work with the LGD and Local Government Association of Tasmania (LGAT) on a draft model code of conduct for audit panel members which was developed in the previous period.

This work included support for the effective management of conflict of interest; proper use of council information; proper use of position; and appropriate interactions.

Cross-sector collaboration

Local Government Division of DPAC

The Commission further strengthened its relationship with the LGD in 2016-17, with the aim of streamlining processes and clarifying messages for the local government sector. The two agencies now have an MOU and meet quarterly to discuss both operational and prevention/education issues. LGD has also partnered with the Commission in delivering training on the new code of conduct framework and conflict of interest. This combined approach has received positive feedback from councils.

Local Government Association of Tasmania

The Commission also continues to work closely with LGAT. In addition to delivering training together, the Commission provided an information booth at the 2016 LGAT conference.

Government businesses, boards and authorities

We continued to expand our engagement with government businesses, boards and authorities in 2016-17 by:

- face to face periodic engagement meetings;
- dedicated ethical reference group meetings;
- responses to specific inquiries through consultation and advice;
- hosting our board forum; and
- working with a sector reference group to develop our foundational board education module.

Our jurisdiction in this sector includes 14 government businesses and close to 100 public boards and authorities. We engaged with about ten percent of this sector through face to face meetings and bi-annual ethical reference group meetings, and a much larger number through the board forum we hosted in February 2017.

The Commission is squarely focused on supporting this sector to best manage ethical risks and further build public confidence.

Ethical reference groups

Ethical Reference Groups (ERGs) are a key mechanism for engagement and collaboration between public sector organisations and the Commission. In 2016-17, the groups are now more sector specific, allowing attendees to engage in matters more relevant to them. They continue to play a valuable role, with collaboration and discussions providing tangible outcomes and improvements for member organisations and the Commission.

The purpose of ethical reference groups is to:

- provide a primary strategic link between organisations and the Commission;
- develop members' capacity to build integrity and minimise misconduct risk by developing good practices and sharing resources;
- provide opportunities for cross-sector sharing, discussion of practices and challenges, research, ideas and misconduct prevention strategies;
- inform the development and improvement of prevention and education products and services provided by the Commission; and
- provide opportunities to share and gather intelligence about misconduct risk areas, emerging trends and needs across the sector and sub-sectors.

ERG membership is open to all organisations within our jurisdiction and each organisation may send one or two representatives to meetings which are held twice a year. It is a requirement that representatives are senior executives, given the level of discussions and confidentiality necessary at meetings.

As at 30 June 2017, five ERGs are in operation:

Group	Membership	Meetings
Northern agencies	All public authorities in the north and north-east region	Twice a year, Launceston area
North west agencies	All public authorities in the north-west and west region	Twice a year, Burnie-Devonport area
Southern agencies <i>Three sub-groups:</i>		
State Service	State Service agencies and authorities	Twice a year in Hobart
Local Government	Councils and council-owned companies and authorities	Twice a year, Hobart area
GABS	GBEs, other Authorities, Boards and State-owned companies	Twice per year in Hobart

Consultancy and advice

Advice on ethical issues

In 2016-17 the Commission continued to support requests for ethics advice from individual public sector employees, public sector managers and councillors. We received requests for advice via phone and email, and in-person when attending events, conducting education, as well as during our consultation visits with senior public officers.

Areas of advice included:

- options in dealing with sensitive ethical matters;
- how to deal with an ethical situation where there may not be guidance through existing policies/procedures; and
- consideration of whether to inform a public sector organisation and/or the Commission of potential misconduct.

We help through general guidance, discussion of options, use of a wide range of ethical decision-making tools and directing officers to relevant resources and information. We do not provide legal or specific advice, instead assisting people in making decisions under, at times, difficult circumstances.

The Parliamentary Standards Commissioner, whose office is funded from the Commission's budget, has continued to offer confidential and independent ethical advice to Members of Parliament throughout 2016-17.

Consultancy services

We continued to provide public sector consultancy services which principally included:

- development and improvement of codes of conduct;
- review and feedback on ethics related frameworks, policies, procedures and practices;
- misconduct risk assessments;

- management of specific types of ethical risk, such as gifts and benefits and conflict of interest;
- integration of misconduct awareness programs and misconduct reporting into existing organisational structures; and
- learning needs analyses, including options on the best way to use of our education tools and resources within public sector organisations.

Regional visits in 2016-17

The Commission's stakeholder engagement strategy includes fostering opportunities for communication and relationships with public authorities outside the southern region. Our activities in the period have included:

- regular visits for education and meetings to councils throughout the State including Flinders Island; and
- visits to public authorities, including councils, government businesses, boards and authorities based in regional areas or those having a significant presence in the regions.

These visits are mutually beneficial for public authorities and the Commission, providing an effective means of openly exchanging information on ethical risks, trends, education, resources and programs, as well as receiving feedback. These engagements are broad ranging and allow in-depth discussions including consideration of opportunities for involvement in Commission projects.

Regional visits

Type of public authority	Visits	North	North west
Councils	2	2	-
Government businesses	4	4	-
Boards and authorities	1	-	1

Presentations to groups and conferences

Presentations to Groups and Conferences 2016-17

Date	Group/conference	Presentation	Number of participants
Aug 2016	Public Sector	<i>Code secrets - webinar</i>	35
Oct 2016	Tasmania Police Academy	Sergeants course	21
Nov 2016	Public Sector	Public sector ethics - <i>webinar</i>	9
May 2017	Tasmania Police Academy	Recruit course	18

Training resources available at 30 June 2017

Category	Number of resources
Foundation training modules	5
Extension training modules	5
Fact sheets	9
Templates	12
Guides	7
Scenarios (written)	26
Scenarios (video)	37
Quizzes	3
Flowcharts	9
Checklists	6
Explainer videos	3
E-learning activities	3

Education

Resources

The Commission provides flexible, quality resources as a cornerstone of supporting public authorities to build their capacity to identify and manage misconduct risks. Each of our resources addresses a specific ethical risk area and is provided in a range of delivery media to cater for variations in learning needs. Most resources can be accessed from our website or our IntegrityHub e-learning environment.

We provide these resources for use in team meetings and training sessions, for uploading on in-house intranets and e-learning environments and to individual employees for direct, immediate use.

3 questions

for ethical decision-making

Is it legal?

Is it right?

What if it was news?

Unless you are satisfied with the answers to all of these questions, don't go ahead with the decision.

www.integrity.tas.gov.au

1 Is it legal?

What laws apply in my workplace and how do they apply to this decision?

You may need to seek legal advice in your workplace.

2 Is it right?

How do the code of conduct and any professional codes apply?

How do workplace policies apply (eg. gifts and benefits)?

How does this sit with my personal values?

What would a workmate think of my decision?

Do I have any self-interest in this decision?

3 What if it was news?

What would a reasonable person think about this decision?

If this ended up in the media or social media, could I justify my decision?

INFORMATION FOR LAWYERS



WHEN MAY A LAWYER BE ENGAGED?

When the Commission receives a complaint under s 33 of the Integrity Commission Act 2009 (the Act), it may put that complaint into 'assessment' and subsequently 'investigation' under the Act. The Commission may also commence investigations of its own-motion under ss 45 and 48 of the Act. Any type of investigation may then proceed to an integrity tribunal under Part 7 of the Act. There is a right to legal or other representation at certain points during all of these processes (assessments, investigations and integrity tribunals).

Section 49 of the Act gives a person 'required or directed to give evidence or answer questions as part of an investigation' the right to representation by a legal practitioner or other agent. By way of s 35(4), that right is also taken to apply during assessments.

During an assessment or investigation, a person may be required or directed to give evidence or answer questions under one of several sections of the Act. Most commonly, it will be during an investigation by way of a coercive notice to attend and give evidence issued under s 47(1)(b) of the Act. A requirement or direction may also be given under s 52(1)(i)(ii) or s 52(1)(j)(ii) during a search of a public authority or private premises.

A person may also seek your advice about a coercive notice issued under ss 47(1)(b) or (c) of the Act.

Section 66(1) of the Act gives a public officer who is the subject of an inquiry the right to be represented by a legal practitioner or other agent when appearing before an integrity tribunal during the inquiry. Under s 66(2) of the Act, the Commission may also allow witnesses appearing before an integrity tribunal to be represented by a legal practitioner or other agent.

More information about Commission process can be found on the [website](#). You may also speak to the Commission contact listed on any notice issued to your client.

CONFIDENTIALITY (SECTION 98)

A notice issued to your client may be subject to confidentiality under s 98 of the Act. Section 98 confidentiality means that, unless your client has a 'reasonable excuse', they must not disclose to any other person:

- (a) the existence of the notice;
- (b) the contents of the notice; or
- (c) any matters relating to or arising from the notice.

Under s 98(2)(a)(ii) of the Act, the seeking of legal advice in relation to the notice is a 'reasonable excuse' for the purposes of s 98. Once your client has disclosed the notice to you, the same confidentiality requirements will apply to you by way of s 98(1A) of the Act. The penalty for breaching s 98 confidentiality is a fine not exceeding 2,000 penalty units.

FEES

Your client may be eligible to have your fees reimbursed in all instances other than an integrity tribunal, this is a matter that your client must raise directly with their employing public authority. If s 98 confidentiality applies, your client may have a reasonable excuse to discuss the matter with their employer in order to seek reimbursement. If you are unsure, you may seek advice from the Commission contact listed on the notice.

In addition to any reimbursements that may be available through their employer, witnesses appearing at an integrity tribunal may be eligible for reimbursement through the Commission. Under s 83(1) of the Act, a witness appearing at an integrity tribunal may apply to the CEO of the Commission for financial assistance in relation to their legal costs. Further information about this process, including what matters the CEO may take into account, is set out in the remainder of s 83. Your client may also be eligible to claim an allowance under s 84, and/or to compensation for loss of income under s 85.

New resources released in 2016-17

During 2016-17 we responded to a range of emerging needs from the Tasmanian public sector with the development and release of new education and prevention resources available via a range of delivery mechanisms.

We have continued to add to our range of ethical education materials, driven by identified user needs across the public sector. Doing so gives public authorities the opportunity to provide in-house training and direct support to their staff.

New resources developed included:

- 'Managing Ethical Risks on a Board' education package
- use of work information - 'Respect and Protect Information' education package
- refinement of the Integrity Hub e-learning environment;
- e-learning activities and interactive scenarios;
- ethics 'explainer' videos; and
- 'Code Secrets' webinar video.

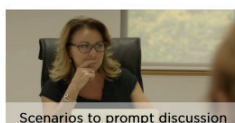
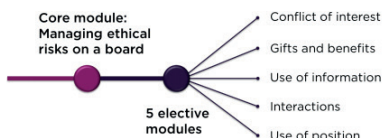
Ethics and integrity modules

Our education modules are made available to public authorities for in-house customisation and delivery. While anecdotal evidence indicates that a high number of public officers complete in-agency modules, no data for delivery or completion of modules is available currently.



MANAGING ETHICAL RISKS ON A BOARD EDUCATION PACKAGE

'Managing Ethical Risks on a Board' raises awareness of the ethical risks facing board members and directors in the public sector, and encourages board members to raise ethical issues and have ethical conversations.



- ⇒ Concise modules
- ⇒ Designed for delivery within board meetings
- ⇒ Meets ethics training requirements
- ⇒ Recognised with a Certificate of Completion

Education package includes:

- Presentations
- Video and print resources
- Presenter's Guide

www.integrity.tas.gov.au

mpcr@integrity.tas.gov.au

1300 720 289

Flexible learning

Following requests by public authorities and a positive response to the 'Social Media @ Work' e-learning module, we have developed additional online workshops and resources. This is a flexible delivery method that enables greater reach for public authorities and increased flexibility for employees. Modules can be completed at any time within an eight-week training block.

Flexible learning participation 2016-17

A total of 1,418 public sector employees engaged in training through our flexible learning options.

Module/workshop	Number of participants
'Social media @work' e-learning module	32
'Ethical Decisions at Work' e-learning module	1,308
'Respect & Protect Information' e-learning module	69
'Practical Ethics in the Public Sector' live and online	9

Ethical Decisions at Work online

The Ethical Decisions at Work online workshop was developed to help public authorities meet their ethics education requirement under s 32 of the *Integrity Commission Act*. Workshops are customised for each public authority by embedding the authority's code of conduct and key ethical policies in the module. Learners are encouraged to refer to organisation-specific documents when participating in the workshop.

Customisation also means that training is specific to an employee's function, from office-based to outdoor-based, human resources/recruitment, procurement/tendering responsibilities or in relation to permits or grants. This ensures that content is immediately relevant to those undertaking training.

Learning activities are primarily scenario-based to encourage practical application of ethical decision-making skills in the workplace. Real-life consequences are presented for each scenario to reinforce awareness of consequences arising from decisions.

Practical Ethics in the Public Sector workshop – live and online

We developed a live, online version of the practical ethics workshop to offer greater flexibility for public sector employees and encourage participation by those in remote and regional areas. The workshop is facilitated online in real time within a virtual classroom environment.

Video resources and scenarios

We make available our videos as a key part of our suite of flexible learning ethical education resources. Our videos are principally intended for use in training workshops, e-learning modules and presentations. They can be accessed and used by individuals when and where they wish.

Video scenarios depict public officers in wide-ranging work situations as they grapple with ethical issues or dilemmas. Scenarios illustrate how ethical decisions are rarely simple, as well as the significant impact that a negative workplace culture and practices can have on individual behavior in relation to ethics.

In the period we introduced new videos relating to the effective management of public information, and managing ethical risks on a board. Our videos are easily accessible on our website and through Vimeo at <http://vimeo.com/integritycommission>.

Online use of video resources in 2016-17

Video category	Number available	Views
Scenarios - conflict of interest	9	3189
Scenarios - use of work resources	9	2551
Scenarios - gifts and benefits	4	2278
Scenarios - confidentiality	6	534
Information and awareness videos	3	5257
Scenarios - social media	4	720
Event recordings	5	603

*As some videos were released at different stages during the year, not all videos were available for the full reporting period. Videos are often used offline by public authorities and data for offline plays is not available.

Education workshops

Where possible we meet public sector training needs through a model that enables agencies to conduct their own training, supported by customised modules we have developed.

In addition our officers provide some direct training through workshops, targeted to align with strategic requirements and specific organisational needs. The number of education workshops we can provide is limited by available resources.

In 2016-17, our officers facilitated training workshops which included:

- centralised offerings provided through The Training Consortium; and
- workshops provided directly to public authorities.

Face-to-face education workshops run by the Commission

Workshop	Sessions/participants					
	2016-17		2015-16		2014-15	
Practical Ethics in the Public Sector	1	8	4	40	6	57
Tailored for various agencies	8	71	14	280	13	187
Local government elected members	7	67	22	379	6	134

Participants are asked to complete short feedback surveys which provide valuable feedback. This, along with other information, helps us determine the effectiveness and efficiency of the education services we deliver, the general level of awareness of misconduct risks and what they are.

Policy and research

Submission to Targeted Review of *Local Government Act* and the *Local Government Amendment (Targeted Review) Bill 2017*

In mid-2016, the Commission was invited to make a submission to the targeted review of the *Local Government Act 1993*. The review aimed to ensure the legislative framework for local government was effective and efficient, with a focus on improvement in governance. The Commission was pleased to contribute to the review, particularly in light of the considerable work we have undertaken with the sector since 2013.

Our submission was based on the Commission's interactions and experience with councils, as well as observations arising through dealing with complaints and notifications about misconduct. In addition to addressing questions in the review, the Commission drew attention to an extract from its submission to the Independent Three-Year Review of the *Integrity Commission Act* and other key issues identified through its work with the sector.

In March 2017, the Commission was again invited to comment - this time on the proposed draft of the *Local Government Amendment (Targeted Review) Bill 2017*. In response, we confirmed our previous advice, particularly in relation to:

- the importance of training in ethical conduct for elected members of councils; and
- section 28V of the *Local Government Act* - making code of conduct complaints against councillors - and the impact it has had on the Commission's investigative functions. We provided a brief which included a recent example of the issues in practice.

Codes of conduct for Members of Parliament

Supporting the development and improvement of codes of conduct is a key function for the Commission, as indicated in the *Integrity Commission Act*. The Commission undertakes this function across the whole of Tasmania's public sector, including both Houses of Parliament.

The Commission has produced two reports:

- *Codes of Conduct for Members of Parliament, Ministers and Ministerial Staff in Tasmania, 2011*, provided substantial analysis and recommendations for the development of codes of conduct for Members of Parliament, Ministers and ministerial staff; and
- *Enhancing Accountability Mechanisms for Members of Parliament and Ministerial Staff: a progress update 2015*, tabled in Parliament.

The outcomes from this most recent work were presented to the Parliamentary Joint Standing Committee on Integrity in May 2016. On 19 September 2016, the Committee invited Members of both Houses as well as the Parliamentary Standards Commissioner, Rev Prof Michael Tate AO, to comment on the draft Code of Conduct prepared by the Commission.

The Committee then released a report, *A Code of Conduct for Members of the Parliament of Tasmania*, in December 2016. The report considered the submissions of Members and recommended:

- The Parliament adopt a single Code of Conduct for all Members of both Houses of Parliament and that the Draft Code of Conduct be the basis of the single Code of Conduct.
- The Presiding Officers and Party Leaders meet to discuss the wording of the Code in an attempt to gain consensus on the Code's wording.
- The Code be debated by both Houses of Parliament prior to the end of the autumn session of Parliament in 2017.

- Once a Code of Conduct has been adopted by both or either House of Parliament the Integrity Commission is to develop guidelines to assist with the application of the Code.
- That the *Integrity Commission Act* be amended to enable the Integrity Commission to investigate complaints referred by at least three Members of Parliament into breaches of the Code following examination by the House.

The draft code of conduct was not debated in the autumn session as recommended by the Committee. The Commission has been advised that a follow-up letter was sent by the Committee to Party Leaders and independent Members in May 2017.

Parliamentary Disclosure of Interests Registers

The Commission continues to monitor the Parliamentary Disclosure of Interests Registers in accordance with s 30 of the *Integrity Commission Act*. Our practice is to review each Member's annual return and note if the information on the disclosure form complies with the applicable requirements of the *Parliamentary (Disclosure of Interests) Act 1996*.

In May 2017, the Commission tabled in Parliament its report arising from the review: *Monitoring Parliamentary Disclosure of Interests Register (report for the period 1 July 2015-30 June 2016)*. This was the first time such a report had been tabled. The report provided a discussion of the key issues in addition to two recommendations relating to the content and format of the disclosure forms. The Commission noted a number of continuing administrative issues with completion of the disclosure forms, similar to those noted in previous years.

The Commission recommended that the Government consider:

1. Adopting a new form for the disclosure of interests of Members which would address the causes of non-compliance by Members and ensure Members are adequately informed when disclosing their interests. The Commission provided a sample form in the report.

2. Ensuring return forms be in a fillable PDF format which would allow for prompts where sections are incomplete, and enable Members to fill, sign, save and submit the form efficiently.

Gifts and benefits policies

During the reporting period we continued to provide support and input to public sector agencies to enable the effective management of the offering of gifts and benefits. In 2015, the Commission released a report of an own motion investigation into State Service gifts and benefits procedures. Following the report, we developed the successful Thanks is Enough campaign. This campaign is explained further in the following pages.

We continued to provide support and input to public sector agencies on managing gifts and benefits. This included input to the Local Government Association of Tasmania on its model gifts and benefits policy for member local government councils.

Whistleblower research

Last financial year, we partnered with Griffith University in a project researching whistleblower protection and management. The project brought together organisations across Australia and New Zealand. We continued our involvement with this important project, described as the world's largest current research project into whistleblowing, by encouraging organisations to participate. Of the 31 participating Australian organisations, four are from Tasmania. The project now includes 12 organisations from outside Australia.

The project focuses on wrongdoing across the public sector. We supported the project by facilitating the continued participation of Tasmanian public sector organisations, including Ombudsman Tasmania.

Many organisations have whistleblowing policies but not enough is known about current best practice. The results will be used to inform guidance to organisations about whistleblower response, including a proposed Australian and New Zealand standard for whistleblowing programs.

The project will provide a snapshot of the key elements of processes and procedures for managing internal reporting of wrongdoing across both public and private sectors, as well as for managing the challenges that can arise.

To find out more about the project, see www.whistlingwhiletheywork.edu.au.

Awareness initiatives

Speak Up campaign review

The Commission's Speak Up campaign is now in its second year. The campaign helps the public sector to be proactive about reporting misconduct. It informs and supports public officers to speak up about potential or alleged misconduct in their workplace, addresses fear of possible consequences, and provides information on how to go about speaking up.

Speak Up provides public officers with plain English information through a central, easily accessed location, such as an organisation's intranet. This information typically includes: an endorsement from the head of the organisation on the value of speaking up; an explanation of how misconduct information is handled and who to go to for assistance; links to related codes, policies and procedures; and references to external help.

The campaign is supported by a range of print, web, and video resources that public sector organisations can select and customise to their own context. These elements support a lasting and positive message throughout the public sector of the importance of speaking up. To date the campaign has been adopted in full or part by 39 organisations.

The Commission is an Australian leader in developing a dedicated misconduct reporting program that is able to be applied across all levels of the public sector, inclusive of both State and local government, and government businesses, boards and authorities. We have funded the program from our own operational budget.

During the reporting period we engaged The University of Tasmania (UTAS) to undertake an independent review of the campaign. This involved a survey of 29 participating public sector authorities and responses from more than 1600 of their employees. Three quarters of those surveyed said Speak Up was needed and more than 50% reported Speak Up had led to an immediate and constructive impact on their attitude to workplace conduct and ethics.

The Commission is conscious of the fact that one third of responders indicated they weren't confident that a report of misconduct would be properly handled in their workplace, or that the careers of those who report misconduct would be protected. This highlights a possible disparity between the aims of Speak Up and how much support some organisations are providing in practice.

The review also highlighted the important role of Speak Up coordinators within the respective public authorities in identifying significant barriers, including resistance from within their organisation, and insufficient support from senior management. The success of the campaign will be heavily dependent upon the role of public sector leaders as part of developing a stronger culture and enhancing their organisation's ethical health.

Be upfront.

Speak up.

Draw a line.

Thanks is Enough campaign

The Thanks is Enough campaign was developed to help the Tasmanian public sector improve its management of ethical risks arising through gifts and benefits being offered to public sector officers. It arose from the Commission's own motion investigation into policies, practices and procedures relating to the receiving and declaring of gifts and benefits in the Tasmanian State Service⁷. The resulting report showed the need for careful management of this ethical risk area and further reinforced the need for straightforward, easy-to-follow advice.

The Thanks is Enough campaign was launched in October 2015, as a lead-in to the Christmas period. The core message is that simple expressions of appreciation from the public and businesses are welcome but that gifts present risks to the employee and the public authority involved. Therefore, the preferred approach is that Thanks is Enough.

The Commission provides all participating⁸ Tasmanian public authorities with a package of awareness tools to help spread the message. These are customised for each public authority so they can be distributed with minimal effort.

The campaign has been strongly supported and adapted for year-round use.

The Commission has granted permission to three interstate public agencies – two in Queensland and one in Victoria – to use the campaign for their respective organisations.



Public Authorities implementing Thanks is Enough

Sector	Number of authorities
Local government	10
State Service agencies	5
Government business/other	6

⁷ *Report of the Commission No. 1 of 2015*; tabled in State Parliament on 22 September 2015

⁸ Participation was as a result of responding to the Commission's offer sent out to all public authorities.

A new approach

Learning Management System offers flexible ethics education options

Referred to as an LMS, a learning management system is a software platform that aids education delivery online.

The Commission's LMS was established to offer public sector organisations more flexible ethics education options in helping them meet their training responsibilities under s.32 of the *Integrity Commission Act*. It helps many organisations address the physical and time barriers that may exist in accessing our education resources by allowing public sector employees to participate in our courses from the comfort of their own office or home.

Other benefits include:

- easy tracking of learner progress
- cost effective, and
- efficient access to our learning resources.

We are continually looking at ways we can improve the ease of delivery of our education resources. Our LMS is an important component of our education delivery strategy.

Case study

Good practice profile: ongoing training at Kingborough Council

Kingborough Council continues to regularly run ethics and integrity training for staff through a combination of face-to-face and online training. In the last 12 months, a total of 75 operational staff members have participated in the 'Ethical Decisions at Work' workshop, which has been delivered in-house. Most recently, this workshop was run for ten new employees in the Works Department as part of their induction program.

New administrative and professional employees undertake the Commission's online training as part of their induction. Eight new staff have completed this module since the beginning of the year.

The next step for council is to facilitate a general refresher for administrative and professional staff – with a focus on the code of conduct, integrity and workplace behaviours.

Kingborough Council believes that the training is an important foundation to support council's code of conduct and expected standards of behaviour and integrity in the workplace. It complements council's HR policies around workplace behaviours.

Case Study

Good practice profile: Huon Valley Council embeds ethics and integrity through its values statement and ongoing training for staff

In 2016, Huon Valley Council developed a values statement for staff, with the aim of articulating the desired culture for council and creating an environment where staff lead by example and are engaged and proud of the work they do. The focus of the statement is on creating a working environment of courtesy, honesty and respect, and rewarding those who work hard and achieve results. The values statement sits alongside council's staff code of conduct. Staff who adhere to the values statement will then reflect the expected behaviours of the council's code of conduct.

Council has reported that staff have embraced the values statement and it is regularly referred to at leadership team meetings and through everyday interactions. The statement is displayed throughout council – a good reminder for staff on a day-to-day- basis. The statement is also discussed during performance reviews and when recruiting new staff.

The statement:

"The Huon Valley Council is dedicated to facilitating a workplace where employees experience a highly professional, rewarding and enjoyable work environment. We strongly believe in up-skilling our people to ensure they succeed.

We take a genuine interest in our people and care about their health and wellbeing both at work and outside of work. We afford employees flexibility where appropriate and allow employees the appropriate level of autonomy to do their job.

We perform our work with courtesy, honesty and respect. We reward those who work hard and achieve results. We have fun along the way and celebrate our achievements."

Council has also run ethics and integrity training for staff – a face-to-face session conducted by the Integrity Commission for managers and team leaders in March 2017 and the online workshop 'Ethical Decisions at Work' for general staff on an ongoing basis. Council notes that the response from staff has been excellent and staff have been self-motivated in completing the online training. During the training, staff refer back to council's values statement.

The development of the statement, and its use day-to-day through conversations and training, is in line with the Commission's recommendation to embed ethics and integrity into an organisation's day-to-day operations as part of building an ethical framework.

Case Study

Code of conduct a vehicle for cultural change at TasNetworks

On 1 July 2014 TasNetworks was formed by a merger between Aurora Energy's distribution network (the poles and wires) and Transend Networks (the big towers and lines). TasNetworks supplies power from generation sources to Tasmanian homes and businesses via a network of transmission towers, power lines and substations. It is a state-owned company and as such falls within the jurisdiction of the Integrity Commission. The Commission undertakes periodic engagements with TasNetworks through:

- education and training initiatives (face to face or online);
- ethical reference group periodic meetings;
- participation in reference groups and Commission events; and
- direct stakeholder meetings.

The forming of a new organisation provided the opportunity for TasNetworks to use the development of a code of conduct as a conduit for cultural change.

A code of conduct is a set of rules which reflects an organisation's social norms, practices and responsibilities. An effective code of conduct states clearly what's expected and aims to support public and internal trust.

For TasNetworks, development of their code of conduct involved a 10-month engagement at all levels of the organisation across the state, resulting in many meetings, discussions and 17 draft versions until agreement was reached on a final version. It was important to consult with the team members on their needs and expectations of a code along with what the code would include. One definitive decision was to base the structure of the code around the strategic pillars to allow team members to connect their actions with achieving and delivering the strategy of the organisation.

Additionally, the code offers links at the bottom of each section to related policy, procedures and guidelines for further reference.

TasNetworks engaged a design studio to do layout and production of the code, with a brief to design a document that was informative, easy to read and engaging, to encourage take-up of the code.

The code is provided to new team members through the induction program and reaccredited with each team member annually through an online system. Copies of the code are available at each depot and office site.

An annual review of the code ensures that any changes and improvements can be made and formally signed off by the leadership group and the board. This review includes a check to ensure the code is still fit for purpose and delivers the guidance team members require.

Goal two

Enhanced public confidence that misconduct will be appropriately investigated and dealt with

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Reporting and investigating misconduct

The Commission's functions include receiving and assessing complaints or information involving allegations of misconduct.

Complaints must be received in writing and can be made anonymously. A complaint may be made in person, through the post or via the Commission's website. The complaint form can be downloaded from our website or completed online.

In addition to complaints received directly from the general public or within the public sector, the Commission receives notifications of possible or suspected misconduct by some public authorities, including Tasmania Police. This information plays a vital role in helping us track misconduct trends and patterns. It can also alert the Commission to circumstances where, as determined under the *Integrity Commission Act*, it may decide to assume responsibility for an investigation commenced by a public authority.

In addition, 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 but generally are initiated to review misconduct policies, practices and procedures of public authorities. The Commission also has specific powers to conduct own motion investigations into any matter relevant to police misconduct.

Every complaint and notification we receive is registered in an electronic case management system (CMS). The CMS helps us to identify associations and links between individuals, as well as issues involving allegations of misconduct.

Over the 2016-17 period the Commission received 66 telephone calls from members of the public and public sector employees inquiring about making a complaint. The nature of these calls varied, with some callers requesting that the Commission forward a complaint form while others required clarification of the complaint process. The Commission assists callers where possible, however, does not undertake the role of completing complaint forms for complainants.

Dealing with complaints

The *Integrity Commission Act* sets out the ways in which the Commission can deal with misconduct complaints. We can:

- 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*.

Every misconduct complaint we receive goes through a triage process to determine what action should be taken. The legislation establishes a number of grounds on which the Commission can dismiss a complaint. For example, a complaint may be dismissed if it is frivolous or vexatious, lacks substance or credibility, does not relate to the functions of the Commission, or is an unjustifiable use of the Commission's investigative resources.

The Commission may also at this stage refer matters that may not amount to misconduct to an appropriate person for action. This ensures that a complaint of alleged misconduct which may not be within the definition of misconduct in the *Integrity Commission Act* but nevertheless is a matter that needs to be investigated by another person, can be referred to and dealt with by such a person.

Where a complaint is referred for action, the Commission can monitor and audit how the matter has been dealt with by the person to whom it was referred. The Commission may also require the authority to report on any action they intend to take on the matter.

In considering when a complaint should be accepted into assessment, the Commission applies criteria such as:

- 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 inquiries to better understand the matter, focusing on 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 investigation and action, or to accept the complaint for investigation by the Commission.

The Commission, in general, will not duplicate or interfere with work that it considers has been or is being undertaken appropriately by a public authority. This is consistent with Parliament's intent that primary responsibility for the management of misconduct in a public authority rests with that authority and the Commission should focus its limited investigative resources on the most serious or sensitive matters or where a complaint involves a designated public officer.

Consequently, our ongoing experience is that most complaints are likely to be dismissed or referred to other public authorities for action. Only a small number of complaints result in investigation by the Commission itself, which is in keeping with the outcomes for similar integrity bodies elsewhere in Australia.

As with assessments, we apply criteria to determine whether a complaint should be accepted for investigation. For example:

- 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 for the use of the Commission's particular investigative powers?
- 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*. They are usually conducted in private to protect the privacy and reputation of any subject officer and to protect the integrity of the investigation itself. The length of time for investigations depends on a number of factors including complexity of the matter and what evidence must be obtained and analysed. Some investigations require extensive checking of information for accuracy and reliability and may necessitate obtaining information from third parties. As our investigative resources are limited, any decision to undertake an investigation is considered in this context.

At the completion of an investigation, the investigator must provide the CEO with a report, subject to the rules of procedural fairness. The CEO must then provide a report to the Board of the Commission. The Board may 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;
- a recommendation be made to the Premier that a commission of inquiry be established under the *Commissions of Inquiry Act 1995*; or
- the matter be further investigated by the Commission.

The Commission has specific functions when allegations of misconduct relate to designated public officers, as defined in its legislation, and also with respect to allegations of police misconduct. When a complaint involves a designated public officer, the Commission can 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.

Publishing investigation reports

The Commission maintains a balance between transparency and accountability. Much of its investigative work is conducted in private to protect the integrity of an investigation and to preserve the rights, reputation and privacy of those involved in investigations.

However, public release of reports can raise awareness of the nature of public sector misconduct and support accountability, leading to outcomes such as improved public sector practices, strengthening of organisational culture in relation to responsible business conduct, or formal complaints relating to similar misconduct in other organisations.

In arriving at a decision about whether or not to report publicly, the Commission takes into account the privacy, personal welfare and reputational concerns of any public officer involved in a matter, and whether or not these outweigh the public interest.

Our other public interest criteria include:

- the nature and seriousness of the alleged misconduct;
- whether the alleged misconduct is of significant public concern;
- seniority of the people investigated;
- whether public release has the potential to encourage public authorities to undertake reform; and
- whether the allegations are already in the public domain.

In the course of its work, the Commission resolves many matters by working directly with public authorities to improve policies, procedures and practices. However, where there are significant or systemic issues then public reporting makes an essential contribution to the Commission's role in improving the standard of public sector conduct and ethics.

The benefits go beyond the public sector, helping to support community trust in the accountability of public authorities.

Complaints and statistics

During 2016–17 the Commission received 126 complaints, an increase of 13.5% from 2015–16. We identified a total of 339 allegations of misconduct within the complaints.

As is consistently the case, more than 50% of complaints were either referred to the principal officer of the relevant public authority, or were not accepted or dismissed following the initial triage process. This occurs for a variety of reasons and involves considerations such as whether the allegations relate to the functions of the Commission, whether it is in the public interest that there be an investigation, whether the allegations are credible, and whether or not it would be an unjustifiable use of resources to consider the allegations further. A principal consideration for referral to a public authority is to build capacity within the public authority.

It is noted that the Commission is accepting more matters for assessment to ensure that an informed decision is made on how to deal with the complaint. The Commission seeks to ensure that assessments are completed within 40 working days, and to minimise its use of coercive powers in that stage (a regular cause of delay). This results in more matters being accepted into the investigation stage in order to (where required) use the coercive powers available under the *Integrity Commission Act* and to ensure strong and objective analysis of any received information.

	2016-17	2015-16	2014-15	2013-14
Complaints	126	111	132	113
Triage				
Dismissed	49	75	90	56
Referred to relevant authority	30	25	33	39
Assessments				
Commenced	27	10	4	4
Concluded	22	8	3	3
Investigations				
Commenced	9	4	1	3
Concluded	5	0	0	4
Own Motion Investigations				
Commenced	1 ⁸	1	1	1
Concluded	0	1	0	3
Audits				
Total	5	138	111	110
(Tasmania Police) ⁹	(4) ¹⁰	(123)	(109)	(108)
Matters requiring liaison with Tasmania Police	8 ¹¹	-	-	-
Referrals to Tasmania Police for investigation	2 ¹²	-	-	-

Nature of alleged misconduct

A breach of 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 amount to a breach of the State Service Code of Conduct.

⁸ One other own motion investigation was commenced in September 2015 and is ongoing.

⁹ Totals for Tasmania Police audits are calculated on a calendar year basis.

¹⁰ The reduced number of audits reflects implementation of our rolling three-year program of oversight.

^{11, 12} A new data collection procedure was introduced in the period to enable capture of this data.

Subject of complaints

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

Subject public authorities	2016-17	2015-16	2014-15	2013-14
Local Government				
Break O'Day Council	1	3	0	1
Brighton Council	7	3	0	0
Burnie City Council	0	1	1	0
Central Coast Council	0	0	0	1
Central Highlands Council	0	0	0	0
Circular Head Council	0	0	0	0
Clarence City Council	4	2	3	3
Derwent Valley Council	0	0	0	0
Devonport City Council	1	0	0	1
Dorset Council	5	1	1	0
Flinders Council	4	2	0	0
Glamorgan Spring Bay Council	0	0	1	0
Glenorchy City Council	2	0	4	0
George Town Council	4	2	1	0
Hobart City Council	0	3	3	0
Huon Valley Council	0	2	2	1
Kentish Council	0	0	1	0
Kingborough Council	1	1	0	0
King Island Council	0	0	3	2
Latrobe Council	0	0	0	0
Launceston City Council	0	0	4	2
Meander Valley Council	1	0	1	0
Northern Midlands Council	1	0	0	0
Sorell Council	0	1	1	0
Southern Midlands Council	1	0	1	1
Tasman Council	0	0	0	0
Waratah Wynyard Council	0	2	2	3
West Coast Council	2	3	0	0
West Tamar Council	0	1	1	0
Total	34	27	30	15

Subject public authorities	2016-17	2015-16	2014-15	2013-14
Government Business Enterprises				
Public Trustee	1	0	0	0
Forestry Tasmania (Sustainable Timber Tasmania from 1 July 2017)	0	2	2	1
Hydro Tasmania	0	1	1	1
Motor Accidents Insurance Board	0	1	0	0
Total	1	4	3	2
State-owned companies				
Aurora Energy	0	1	2	2
Metro Tasmania	0	2	1	1
TasNetworks	0	3	1	1
TasPorts	0	1	0	0
Total	0	7	4	4
State Service				
Department of Education	5	2	10	9
Department of Health and Human Services	8	8	11	14
Department of Justice	22	13	12	18
Department of Police, Fire and Emergency Management	29	26	28	37
Department of Premier and Cabinet	2	3	2	2
Department of Primary Industries, Parks, Water and Environment	7	7	9	4
Department of State Growth	4	1	2	3
Tasmanian Health Service	7	2	13	2
TasTAFE	1	1	1	0
Total	85	63	88	89
University of Tasmania	3	3	1	0
Tasmanian Parliament	2	5	3	2
Other public authorities	9	13	16	10
Overall Total	134¹³	122	148	122

¹³ The reason this number exceeds the actual number of complaints is because one complaint can involve more than one subject public authority.

Anonymous complaints

Of the 126 complaints received in 2016-17, nineteen were provided anonymously. In this situation, there is little prospect of seeking additional information from the complainant, who could be well-informed and able to assist further. This can make such allegations difficult to investigate and complainants cannot receive feedback on their complaint.

A further 13 complaints were submitted on condition that the complainant's identity be kept confidential. The Commission has processes in place to protect anonymity during its investigative work.

	16/17	15/16	14/15	13/14	12/13
Anonymous complaints received	19	23	34	26	6
% of total complaints	15	21	26	23	1

Referring complaints

The Commission may refer a complaint of alleged misconduct to an 'appropriate person for action', under s 35 of the *Integrity Commission Act*, where the Commission considers that the allegation does not amount to misconduct. This ensures that matters may still be addressed by the relevant agency.

The Commission may also refer a matter following assessment or investigation of a complaint. This ensures that complaints are considered by the public authority most able to effectively deal with the alleged misconduct.

Following referral, we can audit the action taken by a public authority. However, the Commission has no power or jurisdiction to direct the authority to take further action to deal with the complaint, even if the Commission is not satisfied with the action taken, such as if the investigation was inadequate. Additionally, the Commission cannot take any further action in relation to the complaint. The only exception to this is where the Board of the Commission initiates an own motion investigation.

During the reporting period, the Commission referred 27 complaints to public authorities for action following initial triage. A further four matters were referred following assessment, and five matters following investigation and determination by the Board of the Commission.

Notifications

The Commission received 59 notifications – instances of public authorities notifying the Commission about complaints of misconduct – during the reporting period. This compares to 78 notifications in the previous year.

Public authorities are encouraged to notify the Commission of such matters to enable collaboration and improvement in their complaint-handling processes. Notifications are particularly important in assisting the Commission to identify specific misconduct trends. It is the Commission's view that such notifications should be mandatory.

Tasmania Police provides the Commission with the largest number of notifications, in accordance with a Memorandum of Understanding between the two bodies. Of the 59 notifications received, 35 were from Tasmania Police.

Year	16/17	15/16	14/15	13/14	12/13
Notifications	59	78	48	51	52

Own motion investigations

The Commission commenced one own motion investigation during the reporting period.

Audit function

The Commission may monitor or audit misconduct matters dealt with or investigated by public authorities. This includes the way a public authority responds to a complaint that is referred to it for action. During the reporting period, the Commission undertook one audit of actions undertaken by public authorities in response to complaints about misconduct.

The Commission's specific auditing role of Tasmania Police is discussed further on p.51.

Use of operational powers

The Commission has extensive powers under the *Integrity Commission Act* to obtain information and evidence. This may take the form of requiring witnesses or people who are subject to a complaint to attend our offices for interview, or for a person to produce specific 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. The powers may also be used in an own motion investigation.

Those who are served with a notice to attend to give evidence are entitled to be represented by a legal practitioner or other agent. In certain circumstances, a person providing information in response to a notice may make a claim for privilege, where appropriate.

Section 50 of the *Integrity Commission Act* also permits an investigator to enter any premises of a public authority without the need for consent or a search warrant. 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* allows for penalties for anyone who fails to comply with a Commission requirement relating to producing information or for those found to have hindered or obstructed an investigation.

Register of powers exercised

Power	2016-17	2015-16	2014-15	2013-14	2012-13
Section 21 Authorisations (appointment of authorised persons to assist Commission)	4 ¹⁴	1	1	2	2
Section 47 Notices (attend and give evidence or produce documents or provide information)	53	67	53	74	46
Section 50 Power to enter premises	0	0	0	2	3
Section 51 Search Warrants	0	0	0	1	0
Section 53 Surveillance Device Warrants	0	0	0	0	1

¹⁴ Two of these involve the same Tasmania Police secondees.

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.*¹⁵

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

Standard Operating Procedures

Standard Operating Procedures (SOPs) provide for consistent, considered procedures that apply to a variety of the Commission's operational tasks and functions.

SOPs provide a work methodology that ensures legal and ethical compliance occurs and that quality control of practices is maintained during assessments, investigations and operational activity.

We currently have 19 operational SOPs. In 2016-2017, we undertook a review that resulted in a number of SOPs being amended and refined.

In 2017 we engaged auditors Wise Lord and Ferguson to review the SOPs, to ensure compliance with relevant legislation and policies. We are currently considering their findings.

¹⁵ (1938) 60 CLR 336 at 362.

Complaints against the Commission

People may make a complaint about the actions of the Commission or its officers, either directly to the Commission or to the Parliamentary Joint Standing Committee on Integrity. The committee may refer a complaint to the Commission for its response.

There were no complaints about the Commission during the reporting period.

Information projects

The Commission continually seeks to enhance its information and intelligence databases through its education and investigation activities, and information from interstate integrity agencies. The collection of information and intelligence may lead to:

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

Information projects have formal status as the starting point for collection and analysis of targeted, meaningful intelligence that will help the Commission in its work. Information projects do not require a complaint to be made pursuant to s 33 of the *Integrity Commission Act* and may be established when the CEO determines, in accordance with internal policies, that:

- the matter falls within the Commission's functions and principles pursuant to its legislation;

and is either:

- a theme of interest to the Commission; or

- a misconduct risk area, relating to:
 - an individual;
 - group;
 - company;
 - a particular issue; or
 - associations between any of these.

The Commission does not use its coercive powers for information projects. During the reporting period, five information projects were ongoing.

Misconduct risks: case studies

Perceived conflicts of interest

Conflict of interest continues to be a significant risk area in the Tasmanian public sector. Importantly, the perception of conflict can sometimes be just as damaging to public confidence as an actual conflict. That is, not only must a public authority take care to avoid or manage conflicts of interest, it must also be seen to be doing so.

i) Cultural expectations

Perceptions of misconduct may arise where international stakeholders bring different cultural values and expectations to public sector relationships. The importance placed on personal relationships, gifts and hospitality in one culture may be perceived to be a conflict of interest in another. This can arise when the public sector has commercial dealings, highlighting the importance of reconciling differing cultural values as a necessary means of managing misconduct risk.

In March 2017, the Commission conducted an assessment into an allegation that local government elected representatives were unduly influenced in approving a development application following an invitation to visit the overseas city where the developers were located.

The Commission identified seemingly legitimate reasons for the elected representatives to visit the city. Reasons for the visit presented as unrelated to the development. No evidence was identified to suggest that the invitation was a gift from the developers or city officials, and minutes from council meetings indicated that the council was funding at least the basic costs of the visit.

The Commission found that the council's General Manager was mindful of the misconduct risks, and particularly the perception of misconduct that could arise had the council accepted the invitation at the time it was offered (ie prior to council's consideration by the council of the development application), and advised council accordingly. The complaint was dismissed and the council given feedback that the General Manager had provided a practical and accountable way to manage the misconduct risk.

ii) Transparent management of potential conflicts

In February 2017, the Commission finalised an investigation into an allegation of a pecuniary conflict of interest on the part of a senior officer in a planning authority. It was alleged that, as a result of planning decisions made by that authority, the officer was able to conduct redevelopment activities on private land and consequently obtain a significant pecuniary benefit.

The Commission's investigation identified that, while the decisions of the planning authority had indeed resulted in a pecuniary benefit for the officer, that individual had proactively declared the conflict and arranged to be removed from functions connected with assessing and approving any associated development applications.

In recognition of the need to manage the potential conflict, the authority outsourced the planning assessment to another planning authority and the officer took no part in that process.

It was apparent that, while the authority had been fully cognisant of the potential conflict of interest and had managed it effectively, community members affected by the redevelopment were not aware of these steps being taken.

From their perspective, the authority had not taken any visible activity to manage the officer's conflict of interest and they had assumed that the officer had sought to influence the planning outcomes.

Transparency in relation to the management of conflicts of interest not only enhances the public's view and trust in a public authority, but can also avoid perceptions of conflict. A simple measure such as a register of interests that is made publicly available would greatly assist in minimising these situations.

Conflicts of interest: favouritism and workplace culture

The establishment of an ethical workplace in a public authority starts with the actions and values of the senior executive officers. Senior officers need to 'walk the talk' in terms of behaviours, adherence to internal and broader policies, values and relevant legislation, and accountability.

In one complaint investigated by the Commission, it was alleged that the Chief Executive Officer of a public authority provided favourable treatment to his friend, employing her as a senior executive in the authority. The alleged favouritism arose given the two officers had a shared background at an interstate agency.

In particular, it was alleged that the friend was the beneficiary of a series of promotions and 'extremely generous working arrangements' that occurred without proper process. The CEO justified this as a desire to ensure the authority retained the officer, given she was likely to be subject to other employment offers, and the fact that he was provided with similar treatment – which he believed was normal practice for such senior positions – when he was employed at the authority.

The investigation, however, identified evidence of possible favouritism arising from the new officer progressing from a base salary of \$121,318 to \$176,167 in approximately 12 months. Additionally, the investigation identified: the provision of an incentive payment scheme worth approximately \$30,000 in benefits beyond the officer's contractual entitlements; payment for regular interstate flights for the officer

to visit her family; excessive payment of the officer's rental accommodation in Hobart; and a \$6,000 bonus on each anniversary of the officer's appointment.

Separately, the Commission identified further evidence that the CEO's behaviour extended to the award of an \$18,000 consultancy to a friend and former colleague for services to the public authority without proper process.

The Commission's investigation highlighted the issues relating to conflict of interest, particularly arising from prior friendships and professional associations. The associations between the CEO and the new officer were not properly declared or managed, and the new officer's progression implemented without the necessary selection process or approval from the Head of the State Service.

The Board of the Commission made recommendations to the Premier in response to the complaint. This included that the specific public authority review its policies and procedures relating to the employment of senior executives.

Decision-making and potential misconduct

The Commission frequently receives complaints about decisions made by public officers. While misconduct may be a factor in an officer's decision-making, an unpopular decision made by the officer does not automatically amount to misconduct.

In April 2017, the Commission conducted an assessment into allegations of misconduct by the Chief Executive Officer of a state-owned company. The complaint alleged that the CEO improperly provided support for a proposed development – which was not supported by the authority's technical officers – in order for the authority to make a commercial gain.

The Commission found no evidence to suggest that the CEO's decision-making process was improper. The assessment identified that the proposal was in accordance with a relevant planning strategy approved by the authority's Board. While the CEO was provided with internal advice on three options in relation to that strategy, there appeared to be no

breach of relevant legislative requirements and no requirement that the CEO follow the preferred option of technical officers.

The Commission found the authority's public information on the matter to be generally consistent with internal briefing documents, and no evidence was identified to suggest that the CEO provided false or misleading information to the public. Consequently, no potential breach of the relevant code of conduct was identified and the complaint was dismissed.

Compliance with whole-of-government and departmental policies

It is difficult if not impossible to retain all relevant workplace policies in one's head. This is particularly so when there may be whole-of-government policies and parallel policies developed by public authorities that may create confusion as to appropriate procedures and conduct. This is especially relevant to senior executive officers who are expected to lead by example.

The Commission investigated a complaint which alleged that a senior executive officer (a 'designated public officer' under the *Integrity Commission Act*, or 'DPO') had personally, or by instructing a colleague, upgraded an international flight from Hobart without proper approval. The complaint alleged that, in making the upgrade, the officer had used a Tasmanian Government credit card in breach of policy. Given the officer was a DPO there was no option but to refer the matter to the relevant public authority.

The whole-of-government and relevant departmental policies associated with overseas travel were unclear, and did not adequately cover the upgrade of flights or the necessary approval process for such upgrades. The officer also said that he was not aware of the whole-of-government policy, and that it was not referenced in his Instrument of Appointment, the departmental policy or his induction process. Yet this officer regularly undertook international travel, and consequently was consistently at risk of breaching the policy.

The Board of the Commission found that there was no evidence that the officer attempted to mislead the public authority. The officer had obtained a valid travel warrant from the public authority as required by the authority's policy, however, the subsequent upgrade was not properly authorised due to a lack of awareness of the whole-of-government policy. The Commission found there were potentially valid reasons for the upgrade and that the use of the credit card was, on the basis of the original warrant, permitted.

The Commission ultimately recommended that the head of the public authority review the authority's policies associated with overseas travel to ensure their consistency with whole-of-government policies and to ensure their communication and availability to staff.

The Commission also recommended that the head of the public authority review existing induction and ongoing training for senior executive officers.

Liaison with other integrity and legal entities

The Commission works closely with other relevant agencies and officers to ensure the achievement of its objectives under the *Integrity Commission Act*.

Local Government Division

On 22 July 2016, the Commission and the Director of Local Government signed a memorandum of understanding (MOU) between the two agencies to guide ongoing cooperation and support. The MOU provides for the agencies to share information relevant to investigations being undertaken, and to inform each other of opportunities and activities that will build the capacity of the local government sector to prevent and deal with misconduct effectively and promote ethical conduct and integrity.

Ombudsman Tasmania

The Commission maintains regular liaison with the Office of the Ombudsman, given the potential overlap in the respective roles of the agencies. In particular, the Commission discusses matters that may be considered under the *Public Interest Disclosures Act 2002*, which is administered by the Ombudsman.

Office of the Auditor-General

On 25 May 2017, the Commission signed an MOU with the Auditor-General to guide ongoing cooperation and support. The MOU provides for the exchange of information between the parties, leading to the achievement of respective legislative objectives, the sharing of relevant intelligence and minimisation of any duplication of effort.

Office of the Director of Public Prosecutions

The Commission seeks advice from the Director on matters that could amount to criminal offences under Tasmanian legislation. The Commission also has specific powers to refer relevant matters to the Director for action following an investigation by the Commission.

Tasmania Police

The Commission seeks advice from the Commissioner of Police on matters that could amount to criminal offences under Tasmanian legislation and which the Commissioner may consider for investigation by police.

The Commission also has specific powers to refer relevant matters to the Commissioner with a recommendation for investigation or action.

Submissions

Tasmania Police draft conduct policy

In July 2016, the Commission provided feedback on the draft Tasmania Police conduct policy, ABACUS: Instructions for Conduct and Complaints Management and Compliance Review. The ABACUS policy is being introduced following the completion of a joint review by the Commission and Tasmania Police of the Graduated Management Model for Complaints against Police used by Tasmania Police to govern its handling of complaints against police.

Draft State Service declaration of interests policy

In August 2016, the Commission provided feedback on the draft State Service policy, Declaration of Interests Policy for Heads of Agencies, Senior Executive Service Officers, and Prescribed Officers and Equivalents Specialists.

Review of State Service employment directions

In November 2016, the Commission provided input to the State Service review of employment directions 4, 5, 6 and 26. This review, and the Commission's input, were ongoing as of 30 June 2017.

Tasmania Police draft conflicts of interest policy

In February 2017, the Commission provided feedback on the draft Tasmania Police conflicts of interest policy. The Commission was later supplied with the final version of this policy, which is contained within the Tasmania Police Manual. Feedback was requested in light of the Commission's work in this area, particularly in the education and training sector.

Draft *Parliamentary (Disclosure of Interests) Amendment Bill 2017*

In February 2017, the Commission provided feedback on the *Parliamentary (Disclosure of Interests) Amendment Bill 2017*. This followed Commission comment on the *Parliamentary (Disclosure of Interests) Act 1996 (Tas)* in its December 2015 report, *Enhancing Accountability Mechanisms for Members of Parliament and Ministerial Staff: a Progress Update*. The Commission also has a role in annually monitoring the parliamentary disclosure of interests register. Its most recent monitoring report was made public (*Report No. 1 of 2017: Monitoring Parliamentary Disclosure of Interest Register: Report for the period 1 July 2015 to 30 June 2016*).

Oversight of Tasmania Police

The Commission considers its oversight of police to be of fundamental importance. This is because of the unique powers of police, such as discretionary powers of arrest, legal use of force, and ability to detain. These powers are extraordinary and possessed by few citizens within Australia. Oversight and transparency are vital to ensuring that these powers are not misused. The Commission's oversight of police is also important for the same reasons its oversight of all public officers is important – for example, to help ensure that public funds are used appropriately. The MOU supports Tasmania Police providing the Commission with notifications for all relevant matters.

Review of Tasmania Police oversight program

Since 2013, the Commission has undertaken a program of additional oversight for police. The *Integrity Commission Act* provides the Commission with a number of methods to undertake this function. To date, this has largely involved a full annual audit of all police-managed misconduct complaints. In considering the consistency of this audit and the need to ensure that the objectives of oversight were being met, in late 2016 the Commission undertook a review of the police oversight program.

The review took into account:

- the available resources of both agencies;
- input from the Joint Standing Committee on Integrity and Tasmania Police;
- police oversight by integrity entities in other Australian jurisdictions; and
- the impending introduction of a new complaints management policy by Tasmania Police.

The outcome of the review was that the Commission implement a rolling three-year program of oversight, including:

- a full audit of all police-managed misconduct complaints finalised in the specified financial year, with such audits to be undertaken every three years;
- ongoing detailed ad hoc audits of finalised complaint files for each financial year; and
- own motion investigations into specific types of misconduct or misconduct-related policies, practices and procedures.

Report on full audit of complaints finalised by Tasmania Police in 2015

Under its legislation, the Commission has the power to undertake audits of the way the Commissioner of Police has dealt with police misconduct. Since 2013, the annual audit process has been undertaken in respect of complaints finalised by Tasmania Police in the preceding calendar year.

Primarily, these audits provide Parliament, the Tasmanian public and Tasmania Police itself with assurance that Tasmania Police deals with complaints adequately and in compliance with its legislative requirements and internal policy. Commission audits are also designed to strengthen Tasmania Police systems, practices, and procedures around complaint-handling by highlighting areas where improvements can be made.

In November 2016, the Commission tabled in Parliament its report on the fourth full annual audit of complaints against police (*Report of the Integrity Commission No. 1 of 2016: An audit of Tasmania Police complaints finalised in 2015*, available on the Commission's website). The audit's scope was all 123 complaints – 101 of which were less serious (Class 1) and 22 more serious (Class 2) – made against Tasmania Police and finalised in 2015. Tasmania Police cooperated fully with the audit.

The report detailed information about complaints against Tasmania Police officers, and reported on progress on previous Commission recommendations. It also included information about three key issues, which were:

- demographics of officers subject to complaint;
- allegations of excessive force; and
- recurring complaints against the same officers.

The report found that, generally, the handling of complaints by Tasmania Police is adequate and professional. There is, however, still room for improvement.

In accordance with the Commission's review of its oversight of Tasmania Police, it is intended that the next full audit will be of complaints finalised in financial year 2017-18.

Report on audits of complaints finalised by Tasmania Police in the 2016-17 financial year

In accordance with the Commission's review of its oversight of Tasmania Police, the Commission undertook five ad hoc audits of complaints finalised in the 2016-17 financial year.

How the matters were chosen for audit

The Commission does not have direct access to the Tasmania Police complaints database, IAPro. It was therefore unable to independently review all complaints finalised in 2016-17 to select matters suitable for audit. As an alternative, the Commission decided to select the matters from among those that:

- had originally been complaints made to the Commission; or
- the Commission had been notified of by Tasmania Police, under the terms of the agencies' memorandum of understanding, as involving either serious misconduct and/or a commission officer of rank inspector or above; and
- where Tasmania Police had notified the Commission that matters had been finalised.

When Tasmania Police notifies the Integrity Commission that it has finalised a referred or notifiable complaint, it provides a detailed letter about the outcomes. The Commission identified auditable matters from these letters. Auditable matters were those the Commission assessed that:

- may not have been dealt with adequately;
- involved a high misconduct risk area;
- did not have sufficient information provided to assure the Commission they had been dealt with adequately; and/or
- may be able to highlight potential improvements for Tasmania Police.

The Commission undertook audits of five matters dealt with by Tasmania Police.

Matters selected for audit

Four of the matters subject to audit had been classified by Tasmania Police as Class 2 complaints. Class 2 complaints are more serious and could, if sustained, result in the officer being dismissed and/or charges being laid. All four of these complaints had been received by Tasmania Police. They were notified to the Commission because they involved allegations of serious misconduct.

The fifth complaint was a Class 1 matter, meaning that it had been classified as less serious by Tasmania Police. This matter was a complaint originally submitted to the Commission. It had been dismissed by the Commission on the basis that Tasmania Police was better placed to deal with it, and on the proviso that Tasmania Police deal with it in an agreed fashion and that the Commission would audit the matter after completion.

These five matters were selected for audit because the Commission assessed in:

- three matters, that they may not have been dealt with adequately;
- one matter, that it involved a high misconduct risk area; and
- one matter, that an audit may be able to highlight potential improvements for Tasmania Police.

Nature of the alleged misconduct

The type of misconduct alleged in the five audited matters included:

- unauthorised access to, and unlawful sharing of, information;
- excessive force or assault;
- inadequate investigation and conflicts of interest; and
- perverting the course of justice and inappropriate interview practices.

The matters included allegations against eight police officers. Two of these officers were commissioned officers.

Four of the matters had been raised by members of the public, and one was internally identified.

Outcomes of complaints

Tasmania Police did not sustain any of the allegations in the complaints. Consequently, there were no sanctions for the officers against whom the allegations had been made. However, in a couple of cases there were professional development outcomes. The overall outcome of the complaints was:

- three 'exonerated' – meaning that the incident occurred but that the officer acted lawfully and properly;
- one 'unfounded' – meaning that the complaint was false or not factual; and
- one 'not sustained' – meaning that there was insufficient evidence to prove or disprove the complaint.

Commission assessment of the matters and feedback to Tasmania Police

The Commission has given detailed feedback on each matter to Tasmania Police.

Overall, the Commission found that the matters had been dealt with adequately. Certain aspects of some of the matters were particularly well-handled. For instance, the Commission noted that the police sought independent advice from the Office of the Director of Public Prosecutions on a number of occasions. Contact with the complainant was also excellent in some cases.

The Commission did also have concerns about some issues. This included:

- the unexplained classification of a related matter as a Class 1 complaint rather than Class 2 – the Class 1 matter included an allegation that an officer had put hands around the complainant's neck in a 'choke hold' cutting off the airway and causing the the complainant to become unconscious, which would appear to be a Class 2 complaint (Tasmania Police has indicated that this complaint, despite being classified as Class 1, was managed in the same manner as a Class 2 complaint);

-
- no mention of Tasmania Police's use of force policy and procedure in the analysis of a complaint about excessive force (Tasmania Police has indicated that this was not necessary, on the basis of independent external advice); and
 - unexplained delays in the handling of some of the matters.

The most serious concern the Commission had, however, was about the findings made by Tasmania Police in relation to three allegations in two of the files. All three of the allegations were found by police to be exonerated. This means police determined that the incident occurred but that the officer acted lawfully and properly. For all three allegations, the Commission's opinion was that this finding was inappropriate because the conduct, although it may or may not have been lawful, was not proper.

For one allegation, which was an alleged failure to follow established interview practices, the Commission's opinion was that a more suitable finding would have been 'not sustained', but that it was also open for the allegation to be 'sustained'.

Two further exonerated allegations in a different complaint, relating to unauthorised access to information, were, in the Commission's opinion, not justifiable and the allegations should have been sustained.

Goal three

A best practice
agency that is valued
by the community

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Business performance

Monitoring business performance

People

All Commission staff members are State Service employees and are obliged, under the *State Service Act 2000*, to comply with the State Service Code of Conduct. In December 2015, the Commission staff developed a Statement of Values and Conduct to reflect responsibilities and desired behaviours, including the following:

The Commission always acts in the public interest. We strive to be a positive influence and an agent for change within the public sector.

Our core values are:

- Respect
- Honesty
- Independence
- Accountability
- Professionalism
- Trust.

The reflection of these values in our workplace behaviour, supporting the Commission being a positive influence for change and, both personally and professionally, a rewarding place to work.

We will review our values and our understanding of the values each December.

The Commission ensures our staff receive awareness training relevant to State Service principles including the merit principle, diversity, ethics and leadership.

We have adopted the Department of Justice performance management system for monitoring staff performance. Individuals have twice-yearly performance management appraisals, with the opportunity to contribute to development of their own goals and objectives, aligned with team operations and the Commission's strategic plans.

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. Our staff members have access to information materials via the Department's intranet in relation to corporate services guidelines, policies, and procedures. Although the Commission is an independent public authority, it has formally adopted a number of Department of Justice policies that are relevant to staff as State Service employees, such as financial and human resource policies.

Work health and safety

The Commission has adopted the Department of Justice Work Health and Safety System and associated policies and procedures. We are continuing to review and develop work, health and safety (WH&S) policies and procedures specific to the Commission.

As with other government agencies, the Commission has a Ministerial Direction to comply with AS/NZ 4801 WHS Management Systems. In 2016 the Department of Justice engaged KPMG to audit its Work Health and Safety System. The Commission participated in this process and received a favorable audit which underlined the Commission's confidence that it complies with AS/NZ 4801.

We develop an annual Work Health and Safety Plan that sets out our intentions for improving work health, safety, wellbeing and injury management for staff. We also conduct an annual risk analysis of related issues and develop mitigation strategies.

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

- 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 fire warden 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;
- support for 'healthy @ work' activities such as healthy morning tea options and provision of fruit;
- development of a Mental Health and Wellbeing Strategy and; and
- rolling out a personal wellbeing program, including mental health considerations, in consultation with staff.

Audit Committee and internal audit

The Commission established an Audit Committee in 2013-14, in accordance with Treasurer's Instruction 108. During 2016-17 the Committee was restructured with an Integrity Commission Board member (David Hudson) joining the Committee as Chair. Other members are the Commission's CEO and the Business Manager for Ombudsman Tasmania. The Corporate Services Manager is no longer a member of the Committee but remains as an advisor.

The Committee has revised its Charter and developed an Audit Committee Annual Work Plan during 2016-17.

During June 2017, Wise Lord and Ferguson conducted a review of the Standard Operating Procedures (SOPs) used by the Commission's Operations Unit. Specifically, the scope of this audit was to review the SOPs for adequacy and compliance with the *Integrity Commission Act 2009*, *Work Health and Safety Act 2012*, State Service policies, best practice principles, as well as other relevant legislation where applicable.

The review determined the existing SOPs provide a good foundation but require some further development to complete the Integrity Commission's internal policy framework.

Wise Lord and Ferguson recommended the following areas be addressed:

- key gaps in the SOP framework;
- areas where more comprehensive guidance is needed;
- some potential inaccuracies; and
- opportunities to enhance current practice.

The Operations Unit will consider the individual recommendations and prioritise detailed implementation as appropriate.

Budget performance

In 2016-17 the Commission's budget was \$2.29m, down from \$2.39m in 2015-16. The Commission received no funding for the Commission's Board and some additional Chief Commissioner costs in 2016-17, pending the outcome of the five year review into the *Integrity Commission Act*. The Commission was able to absorb these costs primarily due to the vacant Senior Investigator position which resulted from the Acting CEO arrangements. The Commission continued to monitor its non-salary expenditure and achieved savings particularly in the areas of training (\$11k), travel (\$12k) and transport (\$2k), helping to offset unfunded Board costs.

At the end of the financial year, the Commission did not expend \$4,000 of the total appropriated to it. We note that the Commission has received additional funding for the Commission's Board and some extra Chief Commissioner costs in 2017-18 and across the forward estimates.

In 2014-15 we were required to implement the Government's savings strategy of \$500k and \$600k per annum thereafter. To meet the cost savings targets in 2014-15, we reduced salary expenditure by not filling the positions of General Counsel and part-time Media Advisor.

In addition, three staff elected to reduce full-time working hours to part-time. In 2016-17 two of these staff continued on reduced hours.

Information management

During 2016-2017 the Commission upgraded software for both its electronic record management system and case management system. The upgrades ensure compatibility with business tools such as Windows 10. They also ensure the latest functionality in both systems is available to the Commission.

The Commission continued to identify and address risks and deficiencies in the management of its information. A gap analysis was completed into compliance with whole of government information security requirements. This identified priorities for the Commission, including the need to translate broad, high level policies and strategies into meaningful and useful tools and guidelines for staff.

The Commission also completed an internal assessment to gauge compliance with directions from the State Archivist. This was particularly useful in revealing aspects of current information management processes which require increased documentation and formalisation. We will work to improve and clarify our information management practices in the next reporting period.

Employee performance

Learning and development

The Commission is committed to developing good leaders and employees who are skilled, resilient and accountable. Training and development needs are identified as part of the performance management process.

Staff undertook a range of professional development and training during the reporting period.

General training

- All staff attended Discrimination, Harassment and Bullying Awareness training conducted by Equal Opportunity Tasmania.
- New staff completed the Commission's online courses (Ethical Decisions at Work, Social Media at work and Respect and Protect information).
- All staff with procurement responsibilities undertook an online simple or complex course, based on their level of delegation.
- Staff involved in recruitment panels completed online training for Interview panel members.
- All staff completed work health and safety awareness training.

Individual development programs

- Certificate IV in Training and Assessment;
- Leading with emotional intelligence;
- Health and Safety Representatives Conference, Worksafe Tasmania
- Records & Information Officers' forum - 2017: Pre-forum Workshop
- IAP2 Australasia Certificate in Engagement;
- 11th National Investigations Symposium;
- National Integrity 2017: Building the Public/Private Alliance;
- Tasmanian Senior Executive Development Program;
- Manager Essentials Program;
- Women supporting women - be bold for change;
- Corruption Prevention Network Annual Forum;
- Engagement methods;
- The public face of the public sector
- building Public/Private alliance;
- fire warden course; and
- time management skills.

Most staff members attended at least one training or development activity relevant to their needs during the reporting period.

Personnel vetting

All Commission staff are required to undergo a personnel security clearance undertaken by the Australian Government Security Vetting Agency. This involves a comprehensive series of assessments and background checks to ensure individuals can be entrusted with sensitive information or resources as part of their work, and to confirm suitability to work in an environment that deals with sensitive information. Those on a contract of less than three months are required to undergo a Short Term Access security clearance process, also undertaken by the national security vetting agency, and are subject to other controls such as restricted access to Commission data.

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

Communications

Website

During 2016–17, we continued to assess the usability and accessibility of our website. This has included:

- back end tidying up;
- planning, enabling the site to be developed to a higher level of maturity;
- refining the home page layout so it is better oriented to user needs, and
- increased activity and usage analysis.

New education and prevention resources have been added, including new video and multimedia elements.

Comparative website activity is shown in the following table reflecting a 24% increase in site visits over the last three years.

Financial year	Visits (yearly)	Page views (yearly)
2016 / 17	15,564	46,537
2015 / 16	14,504	43,081
2014 / 15	12,370	39,094

Media

In 2016–17, the Commission undertook a range of significant media activities.

We provided media releases regarding:

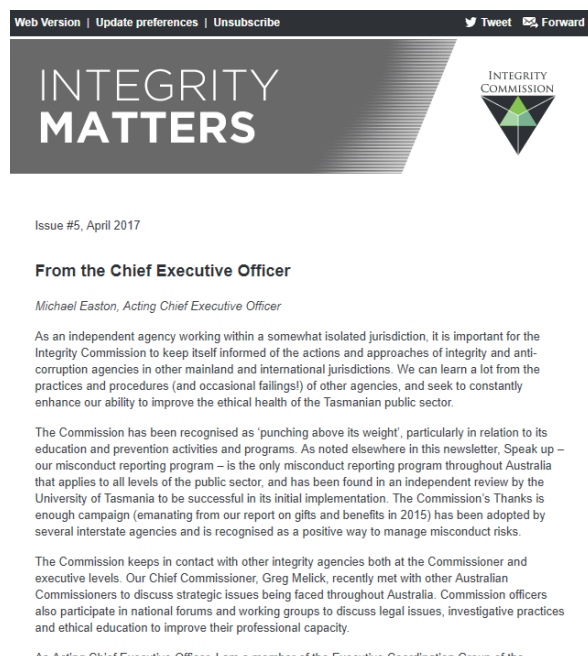
- five-year independent review of the *Integrity Commission Act 2009* – independent reviewer recommendations;
- the Commission's annual report (2015–16);
- tabling of our audit of Tasmania Police complaints (2015);
- 'Ethical conversations: a Challenge for Boards?' forum and launch;
- release of independent review of the Commission's 'Speak Up' campaign; and
- tabling of the Commission's review of Parliamentary register of interests.

The Commission responded to numerous enquiries from the media throughout 2016–17 and issued a number of media alerts providing relevant updates and clarifications.

Outreach

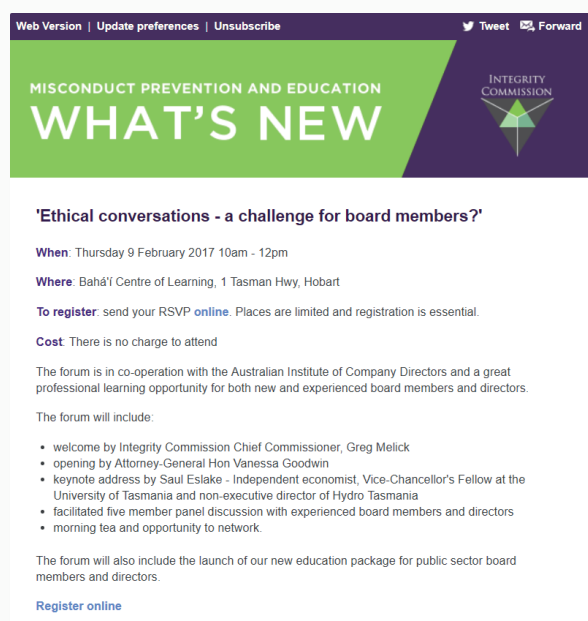
In November 2016 and April 2017, the Commission published the fourth and fifth issues of its electronic newsletter, *Integrity Matters*. Prior to a review undertaken in January 2017, the newsletter was a bi-annual publication distributed to the Commission's comprehensive mailing list. The review concluded that a tri-annual publication and revised format with shorter articles and live links to relevant information would best suit the needs of readers. *Integrity Matters* provides 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 our stakeholders.

We published seven alerts in 2016-17 to our extensive distribution list.



Community Perceptions Survey

In June 2016 we commissioned our fourth community perceptions survey. It was undertaken by Enterprise Marketing and Research Services (ERMS) who interviewed 600 Tasmanian^{16, 17} adults by telephone. The survey assessed the perceptions and attitudes of the community regarding the standards of conduct and propriety in the Tasmania public sector.

A key finding of the survey was that almost all those surveyed around the State (93%) agreed that Tasmania needs an Integrity Commission. A greater number were aware of the Commission's role in relation to the honesty and integrity of the public sector (82% compared with 73% in 2015).

The majority of respondents (89%) had the view that Tasmania's public sector was as vulnerable to unethical behaviour as the public sector elsewhere in Australia and that there would always be some dishonesty, unethical behaviour and corruption in Tasmania (86%). However, most respondents (84%) were of the view that the majority of people in Tasmania's public sector were honest.

Tasmanians reported an increase in accountability in the public sector since establishment of the Integrity Commission in 2010. The majority of those surveyed (59%) indicated that the Commission had increased the level of accountability across the public sector.

A higher number reported that there was now more attention on ethical behaviour in the public sector (72% compared with 61% in 2015) but concerning, about two-thirds of respondents (65%) agreed that people who complain about corruption or unethical behaviour are likely to suffer because of complaining. This highlights the need for more to be done to increase the support for those reporting misconduct. Our Speak up campaign encourages public employees to report unethical behaviour; yet we acknowledge the need for organisations to ensure they have effective internal mechanisms and the right culture for things to change.

Almost half of respondents (49%) don't have confidence that people in the Tasmanian public sector will be caught doing something dishonest or unethical and almost a quarter of respondents (23%) did not have confidence that the Tasmanian public sector would deal with corruption or unethical behaviour when reported.

Summary of changes between 2011 and 2017

	2017	2015	2013	2011
Awareness of the Commission and its role				
Awareness of the Commission	51%	45%	43%	32%
<i>Increasing upward trend in respondents' awareness of the Commission</i>				
Awareness of the Commissions role	82%	73%	68%	78%
<i>Knowledge of the Commission's role around mentions of honesty and integrity has increased to its highest point.</i>				
Perceptions				
More attention on Ethical Behaviour	72%	61%	N/A	N/A
<i>The number of respondents who strongly agree or somewhat agree that there is more attention on ethical behaviour in the public sector increased 11%.</i>				
Perceptions of the Tasmanian Public Sector	65%	68%	68%	69%
<i>The number of respondents who strongly or somewhat agree that "people who complain about corruption or unethical behaviour are likely to suffer as a consequence of complaining" – dropped by 3%</i>				
The need for a Commission	93%	92%	89%	N/A
<i>Increasing view that Tasmania needs a Commission</i>				

Copies of the full results of the community perceptions surveys are available on the Commission's website at www.integrity.tas.gov.au.

¹⁶ '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'

¹⁷ '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 using the 2011 ABS population statistics. This ensures a more accurate representation of the Tasmanian population.'

Sharing knowledge and expertise

Collaboration with other public authorities

Significant collaboration between the Commission and other public authorities in 2016-17 included:

- Local Government Division of DPAC and LGAT – on the development of training resources and the code of conduct for councils and participation in the review of the *Parliamentary (Disclosure of Interests) Act*;
- Ombudsman, Auditor General and Office of the Anti-Discrimination Commissioner – sharing of integrity knowledge and collaboration;
- Tasmania Police, Ombudsman and the Local Government Division in relation to complaint handling;
- Department of Premier and Cabinet – monitoring of MPs registers and draft form of *Parliamentary (Disclosure of Interests) Amendment Bill 2017*;
- UTAS – assessment of the Speak Up program;
- Participation in an international research project entitled: *Whistling While They Work 2: Improving Managerial Responses to Whistleblowing in Public & Private Sector Organisations*; and
- Tasmania Police in relation to the Commission's involvement in sergeants' and recruit training, draft conduct policy and draft code of conduct policy.

Australian Anti-Corruption Commissions Forum

The Commission is a member of the Australian Anti-Corruption Commissions Forum which comprises all anti-corruption agencies in Australia. The forum enables members and their principals to interact, exchange information, knowledge and ideas, to work cooperatively and share resources, and to promote priority areas of interest.

During the reporting period:

- the Chief Commissioner attended one meeting of principal officers (the most senior statutory officer) from each organisation;
- the Acting CEO attended one meeting of the Executive Co-ordination Group (the CEOs or equivalents of each organisation); and
- The Commission's Investigator (Research and Analysis) attended one legal forum for in-house counsel and officers interpreting legal issues.

The Commission has shared knowledge and experiences with the Australian Crime Commission.

External inspections of registers

The Commission can apply for a warrant under the *Police Powers (Surveillance Devices) Act 2006*, in the same manner as a law enforcement agency. That Act governs the use 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 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 the legislation. The Ombudsman is still required to conduct inspections under the Act and therefore inspected the Commission's records in July 2016 and June 2017.

The Ombudsman reported to the Commission that he was satisfied with the extent and adequacy of the Commission's records, in terms of its compliance with record-keeping requirements of the Act.

Applications for warrants

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

Disclosures under *Public Interest Disclosures Act 2002*

No referrals were made to the Commission by the Ombudsman or other public bodies under s 29B (disclosure relating to misconduct) of the *Public Interest Disclosures Act 2002*.

Four disclosures were made to the Commission under the *Integrity Commission Act*, with none referred to the Ombudsman in accordance with s 29A(b) and four dealt with by the Commission under s 29A(a) of the legislation. Decisions to refer disclosures to the Ombudsman or address them within the Commission are based on an assessment of the most effective way to deal with the specific matter.

Right to information

The Commission is excluded from the *Right to Information Act 2009* by s 6 of that Act, unless the information relates to its administration. Complaint-related information is therefore exempt. 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 received no applications for assessed disclosures of information under the right to information legislation during the reporting period.

Other reporting

Tabled reports

Report of the Integrity Commission No. 1 of 2016

Tabled in both Houses of Parliament in November 2016, the report is on an audit under s 88(1)(c) of the *Integrity Commission Act* of complaints against Tasmania Police that had been finalised in 2015. It was the fourth audit undertaken by the Commission under this section of its legislation, relating to the way the Commissioner of Police has dealt with complaints about police misconduct. The third audit report was tabled in the previous reporting period.

Report of the Integrity Commission No. 1 of 2017

Tabled in both Houses of Parliament in May 2017, the report arose from a review of the Parliamentary disclosure of interests register for the period 1 July 2015 to 30 June 2016, undertaken in accordance with s 30(a) of the *Integrity Commission Act*.

Report of the Integrity Commission No. 2 of 2017

In May 2017 the Commission tabled a report in both Houses of Parliament in accordance with s 11(3) of the *Integrity Commission Act*. The report was of an investigation undertaken into a complaint of alleged conflict of interest against senior executive officers of TasTAFE.

Register of Publications¹⁸

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.

Name	Date	Where published	STORS/ Legal deposit	ISSN or ISBN
<i>Integrity Commission Annual Report 2015-2016</i>	10/16	Parliament, Web, hard copy	Yes	Yes
<i>Report No 1 of 2016 An audit of Tasmania Police complaints finalised in 2015</i>	11/16	Web	Yes	Yes
<i>Report No 1 of 2017 Monitoring Parliamentary Disclosure of Interests Register: Report for the period 1 July 2015 to 30 June 2016</i>	2/17	Parliament, Web	Yes	Yes
<i>Report No 2 of 2017 An investigation into a complaint of an alleged conflict of interest against senior executive officers of TasTAFE</i>	5/17	Parliament, Web	Yes	Yes
<i>Fostering integrity: report on the implementation of Speak up in the Tasmanian public sector – (a report produced for the Integrity Commission by Dr David Moltow, University of Tasmania)¹⁹</i>	1/17	Web	Yes	
<i>Integrity Commission Community Perceptions Survey 2017: Research report (prepared for the Integrity Commission by EMRS)</i>	7/17	Web	Yes	

¹⁸ Publications listed on the register are significant, complete works that 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.

¹⁹ Although this report was released outside of the reporting period, it relates to the 2016/17 period of this report.

Contracts and procurement

We ensure that Tasmanian providers are given every opportunity to compete for our business. Our policy is to support Tasmanian businesses whenever they meet our criteria and offer the best value for money. We comply with all Treasurers' Instructions in relation to procurement, contracts and consultancies.

We have a Service Level Agreement (SLA) with the Department of Justice for the provision of corporate services such as human relations, occupational health and safety and information technology support, for the sum of \$174.938 a year, adjusted annually for CPI.

Tenders and Requests for Quotation

In 2016-17 the Commission issued no tenders or contracts greater than \$50,000.

Accountability

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

All Commission staff are State Service employees and therefore are bound by the *State Service Act*. Likewise, the Commission is obliged 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 investigations, may be made to the Joint Standing Committee on Integrity.

Superannuation certificate

I, Richard Bingham, 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.



Richard Bingham
Chief Executive Officer

August 2017

Financial report

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1. Statement of Certification

 2. Statement of Comprehensive Income for the year ended 30 June 2017

 3. Statement of Financial Position as at 30 June 2017

 4. Statement of Cash Flows for the year ended 30 June 2017

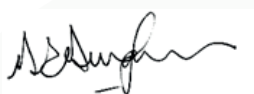
 5. Statement of Changes in Equity for the year ended 30 June 2017

 6. Notes to and forming part of the Financial Statements for the year ended 30 June 2017
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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 2017 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.



Richard Bingham
Chief Executive Officer

10 August 2017



Rachael Daniels
Corporate Services Manager

10 August 2017

Statement of Comprehensive Income for the year ended 30 June 2017

	Note	2017 Budget \$'000	2017 Actual \$'000	2016 Actual \$'000
<i>Continuing operations</i>				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue - recurrent	3.1	2 290	2 286	2 408
Other revenue from Government	3.1	-	-	43
Total revenue and other income from transactions		2 290	2 286	2 451
Expenses from transactions				
Employee benefits	4.1	1 599	1 595	1 579
Depreciation and amortisation	4.2	90	98	111
Supplies and consumables	4.3	476	495	509
Other expenses	4.4	186	222	258
Total expenses from transactions		2 351	2 410	2 457
Net result		(61)	(124)	(6)
Comprehensive result		(61)	(124)	(6)

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 2017

	Note	2017 Budget \$'000	2017 Actual \$'000	2016 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	8.1	41	37	39
Receivables	5.1	8	13	11
<i>Non-financial assets</i>				
Leasehold improvements and equipment	5.2	-	204	266
Intangible assets	5.3	107	108	130
Other assets	5.4	318	96	106
Total assets		474	458	552
Liabilities				
Payables	6.1	7	13	9
Employee benefits	6.2	284	288	265
Provisions	6.4	65	71	68
Total liabilities		356	372	342
Net assets		118	86	210
Equity				
Accumulated funds		118	86	210
Total equity		118	86	210

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 2017

	Note	2017 Budget \$'000	2017 Actual \$'000	2016 Actual \$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash inflows				
Appropriation receipts - recurrent		2 290	2 286	2 408
Other cash receipts		-	-	-
GST receipts		-	69	69
Total cash inflows		2 390	2 355	2 477
Cash outflows				
Employee benefits		(1 628)	(1 576)	(1 681)
GST payments		-	(71)	(71)
Supplies and consumables		(476)	(491)	(515)
Other cash payments		(186)	(219)	(255)
Total cash outflows		(2 290)	(2 357)	(2 522)
Net cash from (used by) operating activities	8.2	-	(2)	(45)
Net increase/(decrease) in cash held and cash equivalents		-	(2)	(45)
Cash and deposits at the beginning of the reporting period		41	39	84
Cash and deposits at the end of the reporting period	8.1	41	37	39

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 Changes in Equity for the year ended 30 June 2017

	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2016	210	210
Total comprehensive result	(124)	(124)
Total	(124)	(124)
Balance as at 30 June 2017	86	86

	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2015	216	216
Total comprehensive result	(6)	(6)
Total	(6)	(6)
Balance as at 30 June 2016	210	210

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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Note 1 Commission Output Schedules

1.1 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 2 Explanations of Material Variances between Budget and Actual Outcomes

Budget information refers to original estimates as disclosed in the 2016-17 Budget Papers and is not subject to audit.

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 %
Other expenses	(a)	186	222	(36)	(19)

Notes to Statement of Comprehensive Income variances

(a) The variance relates primarily to temporary contract employment costs to backfill an administrative position for periods of leave as well as an investigator on a short term contract, required due to vacancy arising from the incumbent acting in another role, not included in the budget.

2.2 Statement of Financial Position

Budget estimates for the 2016-17 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2015-16. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2016 17. The following variance analysis therefore includes major movements between the 30 June 2016 and 30 June 2017 actual balances.

	Note	Budget \$'000	2017 Actual \$'000	2016 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Leasehold improvements and equipment	(a)	-	204	266	204	(62)
Intangible assets	(b)	107	108	130	(1)	(22)
Other assets	(c)	318	96	106	(222)	(10)

Notes to Statement of Financial Position variances

(a) Leasehold Improvements are classified in Other Assets in the budget papers. There are no new equipment or leasehold improvements in 2016-17. The variation between 2016 and 2017 relates to depreciation charged.

(b) There are no new intangible assets in 2016-17. The variation between actual 2016 and 2017 relates to amortisation charged.

(c) As noted in 2.2 (a) Other Assets include Leasehold Improvements in the budget papers.

2.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
GST receipts	(a)	-	69	69	>100
GST payments	(a)	-	71	(71)	<100
Other cash payments	(b)	186	219	(33)	(18)

Notes to Statement of Cash Flows variances

(a) The budget did not include GST receipts or payments.

(b) The variance relates primarily to temporary employment costs to backfill an administrative position for periods of leave as well as an investigator on a short term contract, required due to vacancy arising from the incumbent acting in another role, not included in the budget.

Note 3 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.

3.1 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. 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.

	2017 Budget \$'000	2017 Actual \$'000	2016 Actual \$'000
Appropriation revenue - recurrent			
Current year	2 290	2 286	2 408
	2 290	2 286	2 408
Revenue from Government - other			
Appropriation carried forward under section 8A(2) of the Public Account Act 1986 taken up as revenue in the current year	-	-	43
Total	-	-	43
Total revenue from Government	2 290	2 286	2 451

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.

Note 4 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.

4.1 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.

(a) Employee expenses

	2017 \$'000	2016 \$'000
Wages and salaries	1 390	1 391
Superannuation - defined contribution schemes	161	151
Superannuation - defined benefits schemes	11	10
Other employee expenses	33	27
Total	1 595	1 579

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 12.85 per cent (2016: 12.75 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 (2016: 9.5 per cent) of salary. In addition, the Commission is also required to pay into to Treasury a "gap" payment equivalent to 3.35 per cent (2016: 3.25 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

2017	Short-term benefits			Long-term benefits		Total
	Salary	Other ¹ Benefits	Super annuation	Leave Benefits ²	Termination Benefits	\$'000
	\$'000	\$'000	\$'000		\$'000	\$'000
Key management personnel						
Aziz Melick, Chief Commissioner	126	-	12	-	-	138
Michael Easton, Acting Chief Executive Officer	176	18	23	3	-	220
Luppo Prins, Board Member	15	-	1	-	-	16
David Hudson, Board Member	15	-	1	-	-	16
Elizabeth Gillam, Board Member	15	-	1	-	-	16
Total	347	18	38	3	-	406

2016	Short-term benefits			Long-term benefits		Total
	Salary	Other ¹ Benefits	Super annuation	Leave Benefits ²	Termination Benefits	\$'000
	\$'000	\$'000	\$'000		\$'000	\$'000
Key management personnel						
Aziz Melick, Chief Commissioner from 17/08/2015	109	-	10	-	-	119
Murray Kellam, Chief Commissioner to 16/08/2015	5	-	-	-	-	5
Michael Easton, Acting Chief Executive Officer from 17/10/2015	108	8	14	10	-	140
Diane Merryfull, Chief Executive Officer to 19/11/2015	80	8	14	(86)	69	85
Luppo Prins, Board Member	19	-	2	-	-	21
David Hudson, Board Member	19	-	2	-	-	21
Elizabeth Gillam, Board Member	19	-	2	-	-	21
Total	359	16	44	(76)	69	412

¹ Other includes car benefits, car parking and phone benefits.

² Leave Benefits include movements in long service leave and annual leave. These figures may be negative when a key management person reduces leave by converting it into salary or on termination.

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

Integrity Commission Board and Chief Executive Officer /Acting Chief Executive Officer

The Integrity Commission Board and Chief Executive Officer or Acting Chief Executive Officer 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. The ex officio members ceased on the 13 June 2017, following enactment of the *Integrity Commission Amendment Act 2017*. This amendment was part of the Tasmanian Government's Response to the Independent Review of the *Integrity Commission Act 2009*.

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. The Acting Chief Executive Officer is provided with a car as part of the acting arrangements, as well as superannuation and reimbursement of reasonable expenses incurred on official business. Contractual arrangements allow for reimbursement for appointed Board members of reasonable expenses incurred on official business.
- The Chief Executive Officer/Acting Chief Executive are provided with car parking.
- The Chief Executive Officer/Acting Chief Executive are provided with an iPad for business and incidental personal use. The Chief Executive Officer/Acting Chief Executive are 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 (ceased 13 June 2017) who do not receive remuneration or recoveries of costs are:
 - Rod Whitehead (Auditor-General)
 - Richard Connock (Ombudsman)

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. Michael Easton commenced as Acting CEO from 17 October 2015 due to the retirement of Diane Merryfull on the 19 November 2015 following a period of long service leave.

(c) Related Party Transactions

There are no material related party transactions requiring disclosure.

4.2 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. The Commission makes a judgement that all of its assets are consumed in an equal pattern over their useful life, and as a result 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:

Leasehold Improvements 10 years

Equipment 5 years

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:

Software 5 years

	2017	2016
	\$'000	\$'000
Leasehold improvements - amortisation	59	60
Equipment - depreciation	3	8
Intangibles - amortisation	23	30
Lease make-good - amortisation	13	13
Total depreciation and amortisation	98	111

4.3 Supplies and Consumables

	2017 \$'000	2016 \$'000
Audit fees – external financial audit	11	11
Audit fees – internal audit	6	5
Operating lease costs	192	190
Consultants	34	15
Property services	32	42
Communications	16	15
Information technology	101	101
Travel and transport	24	32
Training materials	13	46
Advertising and promotion	3	2
Printing	5	5
Personnel expenses	8	6
Plant and equipment	20	12
Office requisites	3	3
Other supplies and consumables	27	24
Total	495	509

4.4 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.

	2017 \$'000	2016 \$'000
Salary on costs	7	5
Corporate support provided by the Department of Justice	175	173
Other expenses	40	80
Total depreciation and amortisation	222	258

Note 5 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.

5.1 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 2017 (and 30 June 2016) relate to GST credits receivable from the ATO.

	2017 \$'000	2016 \$'000
Tax assets	13	11
Total	13	11
Settled within 12 months	13	11
Total	13	11

5.2 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).

(a) Carrying amount

	2017 \$'000	2016 \$'000
Equipment		
At cost	45	45
Less: Accumulated depreciation	(45)	(42)
Total equipment	-	3
Leasehold improvements		
At cost	583	583
Less: Accumulated amortisation	(379)	(320)
Total Leasehold improvements	204	263
Total Leasehold Improvements and Equipment	204	266

(b) Reconciliation of movements

2017	Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Carrying amount at 1 July	3	263	266
Depreciation and amortisation expense	(3)	(59)	(62)
Carrying amount at 30 June	-	204	204

2016	Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Carrying amount at 1 July	11	323	334
Depreciation and amortisation expense	(8)	(60)	(68)
Carrying amount at 30 June	3	263	266

5.3 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 cost less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

(a) Carrying amount

	2017 \$'000	2016 \$'000
Intangible assets		
At cost	261	261
Accumulated amortisation	(153)	(131)
Total intangible assets	108	130

(b) Reconciliation of movements

2017	Intangible Assets \$'000	Total \$'000
Carrying amount at 1 July	130	130
Amortisation expense	(22)	(22)
Carry amount at 30 June	108	108

2016	Intangible Assets \$'000	Total \$'000
Carrying amount at 1 July	161	161
Amortisation expense	(31)	(31)
Carry amount at 30 June	130	130

5.4 Other Assets

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

	2017 \$'000	2016 \$'000
Other current assets		
Prepayments	58	55
Total	58	55
Other non-current assets		
Lease make-good	65	65
Less: accumulated amortisation	(27)	(14)
Total	38	51
Utilised within 12 months	58	55
Utilised in more than 12 months	38	51
Total intangible assets	96	106

Note 6 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.

6.1 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.

	2017 \$'000	2016 \$'000
Accrued expenses	13	9
Total	13	9
Settled within 12 months	13	9
Total	13	9

Settlement is usually made within 30 days.

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

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. The Commission makes a number of assumptions regarding the probability that staff who have accrued long service leave, but are ineligible to take it will remain with the Commission long enough to take it. For those staff eligible to take their long service leave, the Commission assumes that they will utilise it evenly over the following ten years. All long service leave that will be settled within 12 months is calculated at nominal value and all long service leave that will be settled in greater than 12 months is calculated at present value.

	2017 \$'000	2016 \$'000
Accrued salaries	13	6
Annual leave	92	84
Long service leave	183	175
Total	288	265
Utilised within 12 months	100	88
Utilised in more than 12 months	188	177
Total intangible assets	288	265

6.3 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.

6.4 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.

	2017 \$'000	2016 \$'000
Provisions for lease make-good	71	68
Total	71	68
Utilised in more than 12 months	71	68
Total	71	68

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. This provision is measured at present value.

Note 7 Commitments and Contingencies

7.1 Schedule of Commitments

	2017 \$'000	2016 \$'000
By type		
<i>Lease Commitments</i>		
Operating leases	564	768
<i>Total lease commitments</i>	564	768
<i>Other commitments</i>		
Office cleaning contract	5	16
Other contracts	6	9
<i>Total other commitments</i>	11	25
By maturity		
<i>Operating lease commitments</i>		
One year or less	190	193
From one to five years	374	575
<i>Total operating lease commitments</i>	564	768
<i>Other commitments</i>		
One year or less	11	20
From one to five years	-	5
<i>Total other commitments</i>	11	25
Total	575	793

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

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.

7.2 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.

The Commission has no contingent assets or liabilities as at 30 June 2017.

Note 8 Cash Flow Reconciliation

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.

8.1 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.

	2017 \$'000	2016 \$'000
Special Deposits and Trust Fun balance		
T527 Integrity Commission Operating Account	37	39
Total cash and deposits	37	39

8.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2017 \$'000	2016 \$'000
Net result	(124)	(6)
Depreciation and amortisation	98	111
Decrease (increase) in Receivables	(2)	(3)
Decrease (increase) in Prepayments	(4)	(6)
Increase (decrease) in Employee entitlements	23	(103)
Increase (decrease) in Payables	4	2
Increase (decrease) in Provisions	3	3
Increase (decrease) in Other liabilities	-	(43)
Net cash from (used by) operating activities	(2)	(45)

Note 9 Financial Instruments

9.1 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 2017 relate to GST receivable from the ATO.
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:

2017

Maturity analysis for financial liabilities			
	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	13	13	13
Total	13	13	13

2016

Maturity analysis for financial liabilities

	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	9	9	9
Total	9	9	9

9.2 Categories of Financial Assets and Liabilities

	2017 \$'000	2016 \$'000
Financial assets		
Cash and deposits	37	39
Receivables	13	11
Total	50	50
Financial liabilities		
Financial liabilities measured at amortised cost	13	9
Total	13	9

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

	Carrying Amount 2017 \$'000	Net Fair Value 2017 \$'000	Carrying Amount 2016 \$'000	Net Fair Value 2016 \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	37	37	39	39
Receivables	11	11	11	11
Total financial assets	48	48	50	50
Financial liabilities				
Accrued expenses	13	13	9	9
Total financial liabilities	13	13	9	9

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 10 Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on the Commission's Financial Statements as at 30 June 2017.

Note 11 Other Significant Accounting Policies and Judgements

11.1 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 Ombudsman and the Auditor General ceased on the 13 June 2017, following enactment of the *Integrity Commission Amendment Bill 2017*. This amendment was part of the Tasmanian Government's Response to the Independent Review of the *Integrity Commission Act 2009* p 12 Recommendation 2.

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.

11.2 Basis of Accounting

The Financial Statements were signed by the Chief Executive Officer and Corporate Services Manager on 10 August 2017.

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.

11.3 Reporting Entity

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

11.4 Functional and Presentation Currency

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

11.5 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:

- 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 make amendments to AASB 124 Related Party Disclosures to extend the scope of that Standard to include not-for-profit public sector entities. This Standard applies to annual reporting periods beginning on or after 1 July 2016. The impact is increased disclosure in relation to related parties. There is no financial impact.

(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:

- AASB 9 Financial Instruments and 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - The objective of these Standards is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. These standards apply to annual reporting periods beginning on or after 1 January 2018. The future impact is to recognise impairment losses on financial assets on an expected basis rather than an incurred basis and introduces a fair value through other comprehensive income category for non-equity financial assets. There is no material financial impact.
- 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 - The objective of this Standard is to amend AASB 107 Statement of Cash Flows to require entities preparing statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This Standard applies to annual periods beginning on or after 1 January 2017. The impact is increased disclosure in relation to cash flows and non-cash changes.
- AASB 16 Leases - The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to leases. The Commission has commenced reviewing the financial impact of this standard.
- 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities - The objective of this Standard is to amend AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and to clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138, and AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138. This Standard applies to annual reporting periods beginning on or after 1 January 2017. The impact is enhanced disclosure in relation to non-cash-generating specialised assets of not-for-profit entities. There is no material financial impact.

11.6 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.

11.7 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards.

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

11.8 Budget Information

Budget information refers to original estimates as disclosed in the 2015-16 Budget Papers and is not subject to audit.

11.9 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.

11.10 Commission Taxation

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

11.11 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 12 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 the Members of Parliament

Integrity Commission

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Integrity Commission (the Commission), which comprises the statement of financial position as at 30 June 2017 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the Chief Executive Officer.

In my opinion, the accompanying financial statements:

- (a) present fairly, in all material respects, the Commission's financial position as at 30 June 2017 and its financial performance and its cash flows for the year then ended
- (b) are in accordance with the *Financial Management and Audit Act 1990* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

...1 of 3

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

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

Responsibilities of the Chief Executive Officer for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of Section 27(1) of the *Financial Management and Audit Act 1990* and for such internal control as determined necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Commission's ability to continue as a going concern disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Commission is to be dissolved by an Act of Parliament or the Chief Executive Officer intends to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.

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- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's statement to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Jara K Dean

Assistant Auditor-General Financial Audit
Delegate of the Auditor-General

Tasmanian Audit Office

23 August 2017
Hobart

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

INTEGRITY
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