

ANNUAL REPORT 2017 2018

ESSENTIAL TO ENSURING
TRUST IN GOVERNMENT



The core purpose of the Integrity Commission is to work to improve the standard of conduct, propriety and ethics in Tasmania's public sector.

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This report and further information about the Commission can be found on the website www.integrity.tas.gov.au

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ISSN: 2204-6100 (printed copy)
ISSN: 2204-6119 (electronic copy)

President
Legislative Council
Parliament House
HOBART TAS

Speaker
House of Assembly
Parliament House
HOBART TAS

Dear Mr President
Dear Madam Speaker

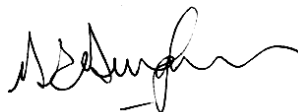
ANNUAL REPORT FOR 1 JULY 2017 TO 30 JUNE 2018

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 2017 to 30 June 2018.

Yours sincerely,



Greg Melick, AO RFD SC
Chief Commissioner



Richard Bingham
Chief Executive Officer

October 2018

Copy to Minister for Justice



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

Dear Minister

ANNUAL REPORT FOR 1 JULY 2017 TO 30 JUNE 2018

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 2018.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Richard Bingham".

Richard Bingham
Chief Executive Officer

October 2018

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Message

from the Chief Commissioner and Chief Executive Officer

With this year's annual report we have taken a streamlined approach with a focus on what we have achieved during the year, given that Tasmanians now have a much better understanding of the Commission's role.

We have also included a greater level of detail about assessments and investigations conducted during the past year.

It was a particularly busy year for investigations and our prevention function. Complaint numbers increased by 53% on last year, we more than doubled the number of face-to-face sessions we delivered – reaching 153% more people – and our online education programs remained popular. Public sector employees from 17 organisations completed the programs on 1585 occasions.

We tabled significant investigation reports, notably those covering management of misconduct by State and local government agencies, the Fox Eradication Program, the Glenorchy City Council and Tasmania Police's management of its information resources.

We have also prioritised misconduct risk identification. This will provide an important base for our future investigative and preventative work.

Less positively, we saw some occasions when the making of a complaint to us became the subject of political comment. Indeed, there were occasions on which a public commitment was made to refer a matter to us but nothing eventuated.

It is of great concern that public statements have been made by Members of Parliament about possible or actual complaints to the Integrity Commission. There are sound reasons why we discourage it.

It is more difficult to conduct an investigation if the matter has been publicised and needless and unwarranted reputational damage often accompanies such statements.

We recognise we have an obligation to tell people about our work but our approach is to do so when we have something substantive to say, not when we are simply commencing an investigation.

This is the last annual report covering the period of appointment of two Board members, Ms Liz Gillam and Mr David Hudson, who have held office since the Commission began. We express our sincere appreciation to them for the outstanding contribution they have made during that period to ensuring trust in government in Tasmania. We welcome Mr Phil Foulston and Mr Robert Winter to the Board and congratulate Mr Luppo Prins on his reappointment.



A handwritten signature in black ink, appearing to read 'Greg Melick'.

Greg Melick, AO RFD SC
Chief Commissioner



A handwritten signature in black ink, appearing to read 'Richard Bingham'.

Richard Bingham
Chief Executive Officer

Snapshot

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.

OUR PEOPLE

As at 30 June 2018, we employed 14.2 full-time equivalent staff members including the Chief Commissioner, Chief Executive Officer, misconduct prevention and education officers, investigation officers, and corporate services staff.

The Commission continues to support staff who elect to work part-time for work-life balance.

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 2017-18, we operated with a budget of \$2.46m (\$2.29m in 2016-17). The Commission's budget also includes funding and support for the Parliamentary Standards Commissioner.

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; and
- dealing with complaints and conducting investigations in relation to misconduct.

The statutory framework establishes the Board, the Chief Executive Officer (CEO) and, at various stages of the complaints management process, certain other appointments such as authorised persons, assessors and investigators.

The Commission has three business areas:

- operations;
- misconduct prevention education and research; and
- corporate services.

The office of the Parliamentary Standards Commissioner is also established under the *Integrity Commission Act* as an independent statutory officeholder.

OPERATIONS

The operations team deals with alleged misconduct and misconduct risk areas. It does this by responding to complaints about misconduct, auditing actions taken by public authorities in response to alleged misconduct, and identifying risk areas that warrant further inquiry.

Our assessments and investigations are conducted in private and with as little formality as possible. Investigations can be time-consuming due to their nature and our need to comply with the rules of procedural fairness.

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. We have established an oversight program that includes audits of complaints (both internal and external) finalised by Tasmania Police and own-motion investigations into known misconduct risks.

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 collaboration and consultation. This empowers public authorities and their officers to build or maintain capacity to identify and effectively manage misconduct.

CORPORATE SERVICES

Our in-house business administration section manages the day-to-day running of the office. This includes information and records management, internal reporting, management of budget processes, general human resource management, support for risk management and strategic planning, property management and general administrative and reception 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.

PARLIAMENTARY STANDARDS COMMISSIONER

The Parliamentary Standards Commissioner is a statutory officer established under the *Integrity Commission Act* to provide confidential and independent advice to Parliamentarians on ethical and conduct issues. The Parliamentary Standards Commissioner also provides advice to the Commission on ethical matters relating to Members of Parliament.

The current Parliamentary Standards Commissioner is Reverend Professor Michael Tate, AO.

GOVERNANCE

CHIEF COMMISSIONER

The Chief Commissioner is appointed by the Governor of Tasmania after the Minister for Justice 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 of the Integrity Commission consists of the Chief Commissioner and three other members. It ensures the Commission performs its functions appropriately and exercises its powers in accordance with sound administrative practice, the objectives of its legislation and the principles of procedural fairness. The Board also monitors and reports on the operation and effectiveness of the *Integrity Commission Act*.

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 six members – three from the House of Assembly and three from the Legislative Council, including representatives of each of the major political parties.

The Commission met formally with the Joint Standing Committee on Integrity on 17 October 2017. A further planned meeting was deferred as a result of the state election. The meetings are held in accordance with a communication protocol which enables discussions on risk trends and issues, reports to be released by either entity, and legislative amendments.

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

House of Assembly

Hon Rene Hidding MP (Chair)¹

Mr Mark Shelton MP

Ms Jennifer Houston MP²

Ms Lara Giddings MP³

Ms Rosalie Woodruff MP⁴

Legislative Council

Hon Ivan Dean MLC⁵

Hon Mike Gaffney MLC

Hon Rob Valentine MLC (Deputy Chair)

1 / Appointed by House of Assembly on 1 May 2018.

2 / Appointed by House of Assembly on 1 May 2018.

3 / From 1 July 2017 to 28 January 2018.

4 / From 1 July 2017 to 28 January 2018.

5 / Chair from 1 July 2017 to 28 January 2018.

Board of the Integrity Commission

GREG MELICK AO RFD SC

Chair

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.



LIZ GILLAM

Member

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.

DAVID HUDSON

Member

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.



LUPPO PRINS APM

Member

Luppo 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.



The year at a glance...

Compared with 126 complaints last year, we received 193 misconduct complaints with 446 allegations of misconduct. The most common type of allegations were code of conduct breaches.

The Commission concluded 49 assessments of complaints and 12 investigations. We concluded two own-motion investigations.

Seven investigation reports or report summaries were published.

We continued to publish online updates on investigation and assessment activity.

The number of misconduct notifications by public authorities rose from 59 the previous year to 70. Notifications are currently optional, however, they are vital in helping identify misconduct trends.

As part of oversight of Tasmania Police an own-motion investigation was conducted into unauthorised access to, and misuse of, information by police officers, resulting in a key recommendation for legislative review of offences relating to public sector information abuse.

A ground-breaking own-motion investigation was conducted into public sector management of misconduct. The findings generated a new Guide to managing misconduct and resulted in targeted education and prevention activities.

A new course, responding to the Commission's own-motion investigation into public sector capacity to manage misconduct, has become the most in-demand program in our suite of courses – underpinned by an extensive guide and resources.

With assistance from the University of Tasmania we reviewed the theoretical underpinning of some of our educational products.

As part of his first full year at the Commission, the CEO gave several presentations and held meetings with senior officers at State and local government levels.

Strong participation in our online education programs has continued. Online programs were completed 1585 times by public sector employees from 17 organisations.

We doubled the number of face-to-face education sessions delivered. Targeted education and training reached more than 676 public sector employees.

Ongoing education sessions with Tasmania Police recruits and non-commissioned officers. A new ethics and integrity education course was developed for recruits of the Tasmanian Prison Service. Customised education sessions were delivered to TasTAFE senior managers and staff.

We hosted an information booth at the 2017 Local Government Association of Tasmania annual conference.

Collaboration continued with the Local Government Division of the Department of Premier and Cabinet and the Local Government Association of Tasmania, strengthening our understanding of risk areas and the focus of training.

For the first time, procedures developed in early 2018 have enabled us to monitor outcomes of investigation recommendations and action taken when we refer complaints to public sector organisations.

Reporting

against Tasmanian budget initiatives

The Commission's key initiatives in the 2017-18 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 1-4 of this report.

Goal one

Improve the standard of propriety and ethics in public authorities

In early 2018, all Commission employees participated in a process to develop a new strategic plan for 2018-20.

Our strategic plan sets out the core purpose of the Commission, which is to work to improve the standard of propriety and ethics in Tasmania's public sector. It consolidates the role of the Integrity Commission in preventing and addressing misconduct in the Tasmanian public sector.

Section 3 of the *Integrity Commission Act* establishes the Commission's goals. The Strategic Plan outlines the objectives, strategies and measures of success that will guide our work during the next three years.

Our approach centres on setting priorities in accordance with risk levels, while building relationships with agencies and other stakeholders to ensure that misconduct is avoided. The goals represent our core activities and are supported by enhanced communications, systems and processes, and a values-based approach to ensure we uphold and model the highest standards of ethics and integrity.

A dedicated team focuses on misconduct prevention, education and research. In addition, the operations team plays a key prevention role through dealing with misconduct by handling complaints, conducting assessments, investigations and audits, and making recommendations.

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 targeted to areas of need. We collaborate to translate findings in our reports into constructive recommendations for prevention of misconduct. Resources and services are geared to supporting public authorities in implementing recommendations.

All of our work, as detailed in this report, supports our goal of improving the standard of propriety and ethics in public authorities.

Goal two

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

REPORTING AND INVESTIGATING MISCONDUCT

Our functions include receiving and assessing complaints or information involving allegations of misconduct.

In addition to complaints received directly from the general public or within the public sector, we receive notifications of possible or suspected misconduct by some public authorities, including Tasmania Police. This information plays a vital role in helping us track misconduct risks, trends and patterns, and can result in the Board of the Commission determining to carry out an own-motion investigation.

DEALING WITH COMPLAINTS

The *Integrity Commission Act* sets out the ways in which we 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*.

We have specific functions when allegations are made against designated public officers⁶ and in the case of allegations of police misconduct. When a complaint involves a designated public officer, we can only dismiss it or deal with it ourselves and can only refer it to a relevant public authority following an investigation.

Where a complaint involves Tasmania Police, we may provide advice to the Commissioner of Police about the conduct of an investigation and may audit how police have dealt with the matter. We 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.

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 that the Commission should focus on the most serious or sensitive matters or where a complaint involves a designated public officer.

Our 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.

6 / Defined in section 6 of the *Integrity Commission Act*, and includes: members of Parliament, local government councillors and aldermen, heads of public authorities, and commissioned police officers.

COMPLAINTS AND STATISTICS

The table below highlights a 60% increase in complaints received when compared to the average of the preceding four years. We are unable to determine any particular cause for the increase in complaints. However, reasons could include an improved understanding by complainants of what amounts to misconduct in the public sector, increased awareness of the Commission as a means of dealing with misconduct, or complainant disenchantment with internal agency processes and outcomes.

Of the complaints received, 54% were dismissed at our initial triage and a further 22% were directly referred to the relevant public authority for action. This is consistent with the average across the preceding four years (56% and 27%). A principal consideration for referral of a complaint to a public authority is to build capacity within the public authority, and it is often the case that the public authority is in the best position to deal with the matter.

We have continued to put a high proportion of complaints into assessment (23% of complaints). Assessments are preliminary inquiries that focus on publicly available information and generally do not involve the use of coercive powers; they enable us to better understand the allegations and to ensure that they relate to our functions, and to determine whether it is in the public interest that there be an investigation.

We aim to complete our assessments within 40 working days, and it is pleasing that the average duration of assessments in 2017-18 was 29 working days. However 12 assessments were active for longer than 40 working days; this is generally attributable to the need for information to be provided by public authorities or for consideration of matters by other integrity entities.

	2013-14	2014-15	2015-16	2016-17	2017-18
Complaints	113	132	111	126	193
Dismissed (at triage)	56	90	75	49	105
Referred (after triage)	39	33	25	30	42
Assessments commenced	4	4	10	27	57
Assessments concluded	3	3	8	22	49
Investigations commenced	3	1	4	9	8
Investigations concluded	4	0	0	5	12
Own-motion investigations commenced	1	1	1	1	1
Own-motion investigations concluded	3	0	0	0	2
Average Assessment duration (working days)	-	-	-	-	29
Average Investigation duration (working days)	-	-	-	-	142 ⁷
Notifications	51	48	78	59	70

7 / This figure includes the period from commencement of an investigation to consideration by the Board of the Commission. It may include time arising from procedural fairness processes, the need to obtain legal advice and scheduling of Board meetings.

COMPLAINTS RECEIVED

The figures represented below are the number of complaints received by the Commission and do not indicate the outcome. It is possible that some or all of the complaints against any one authority were dismissed. In such instances, it is unlikely that the authority was made aware of the complaint.

	2013-14	2014-15	2015-16	2016-17	2017-18
Tasmanian State Service					
Department of Education	9	10	2	5	14
Department of Health and Human Services	14	11	8	8	9
Department of Justice	18	12	13	22	21
Department of Police, Fire & Emergency Management	37	28	26	29	43
Department of Premier and Cabinet	2	2	3	2	5
Department of Primary Industries, Parks, Water and Environment	4	9	7	7	13
Department of State Growth	3	2	1	4	8
Department of Treasury and Finance	0	0	0	0	2
Tasmanian Health Service	2	13	2	7	12
TasTAFE	0	1	1	1	3
Tasmanian Audit Office	0	0	0	0	3
	89	88	63	85	133
Councils					
Break O'Day	1	0	3	1	0
Brighton	0	0	3	7	1
Burnie City	0	1	1	0	1
Central Coast	1	0	0	0	0
Central Highlands	0	0	0	0	0
Circular Head	0	0	0	0	0
Clarence City	3	3	2	4	3
Derwent Valley	0	0	0	0	3
Devonport City	1	0	0	1	5
Dorset	0	1	1	5	0
Flinders	0	0	2	4	0
George Town	0	1	2	4	2
Glamorgan Spring Bay	0	1	0	0	2
Glenorchy City	0	4	0	2	2
Hobart City	0	3	3	0	3
Huon Valley	1	2	2	0	3
Kentish	0	1	0	0	0
Kingborough	0	0	1	1	2
King Island	2	3	0	0	0
Latrobe	0	0	0	0	0
Launceston City	2	4	0	0	6
Meander Valley	0	1	0	1	1
Northern Midlands	0	0	0	1	0

	2013-14	2014-15	2015-16	2016-17	2017-18
Sorell	0	1	1	0	0
Southern Midlands	1	1	0	1	2
Tasman	0	0	0	0	0
Waratah-Wynyard	3	2	2	0	0
West Coast	0	0	3	2	3
West Tamar	0	1	1	0	0
	15	30	27	34	39
Government Businesses					
Public Trustee	0	0	0	1	1
Sustainable Timber Tasmania	1	2	2	0	0
Hydro Tasmania	1	1	1	0	0
Motor Accidents Insurance Board	0	0	1	0	0
Port Arthur Historic Site Management Authority	0	0	0	0	0
Tasmanian Public Finance Corporation	0	0	0	0	0
	2	3	4	1	1
State-owned Companies					
Aurora Energy	2	2	1	0	0
Metro Tasmania	1	1	2	0	0
Tasmanian Irrigation	0	0	0	0	0
Tasmanian Networks	1	1	3	0	1
Tasmanian Ports Corporation	0	0	1	0	0
Tasmanian Railway	0	0	0	0	1
Tasracing	0	0	0	0	1
TT-Line Company	0	0	0	0	0
	4	4	7	0	3
University of Tasmania	0	1	3	3	12
Tasmanian Parliament/Ministers	2	3	5	2	11
Other public authorities	10	16	13	9	13
	12	20	21	14	36
Total	122	148	122	134	202 ⁸

ANONYMOUS COMPLAINTS

The provision for anonymous complaints ensures that all matters can be brought to the Commission, even where a complainant may fear retribution or has other concerns. However, in this situation there is usually no potential for us to obtain additional information from a complainant who could possibly be well-informed and able to assist further, or to provide feedback on the outcome of the complaint.

During the reporting period, 46 anonymous complaints were made, representing 24% of the total received. This was an increase on the average across the previous four years (average of 25 anonymous complaints per year) however is partly explained by the substantial increase in the total number of complaints received. A further 21 complaints were submitted by named complainants on the condition that their identity be kept confidential.

8 / This figure is greater than in the preceding table, given some complaints relate to more than one public authority.

COMPLAINTS AGAINST THE COMMISSION

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

No complaints were referred to the Commission by the Joint Standing Committee during the reporting period.

USE OF OPERATIONAL POWERS

While we seek to operate with as little formality as possible, we have 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. Coercive powers are generally only used where it assists us to advance or maintain the integrity of an investigation.

PUBLISHING INVESTIGATION REPORTS

Public release of investigation 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. This helps us to achieve one of our objectives of enhancing public confidence that misconduct is appropriately dealt with.

In arriving at a decision about whether or not to report publicly, the Board of 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.

During the reporting period, we published full or summarised versions of reports of seven investigations.

A summary of all investigations undertaken during the reporting period appears later in this section. A summary of all assessments during the period is in Appendix 3.

Power	2013-14	2014-15	2015-16	2016-17	2017-18
Appointment of authorised persons to assist the Commission (s 21)	2	1	1	4	2
Notices to attend and give evidence, produce documents or provide information (s 47)	74	53	67	68	30
Enter premises (s 50)	2	0	0	1	0
Search warrant (s 51)	1	0	0	0	0
Warrant to use surveillance device (s 53)	0	0	0	0	0

INVESTIGATION CASE SUMMARIES

The following summary of complaints covers matters investigated and finalised during the reporting period. Matters are anonymous except where a report on the investigation was published by the Commission.

A summary of assessments finalised during the reporting period is contained in Appendix 3.

Operation name	Summary	Outcome	Duration ⁹ (working days)
Public Sector-wide			
Victor	<p>Three recommendations were made to improve how public sector organisations deal with misconduct, including amendments to the <i>State Service Act 2000</i> and to guidelines created under the <i>Archives Act 1983</i>, and five good practice suggestions for the management of misconduct.</p> <p>We also produced an extensive good practice guide and are continuing to conduct associated training and assist public sector organisations to manage misconduct.</p>	Referred to State Service organisations and councils for action.	488
State Service			
Esperance	<p>An anonymous complaint alleged a specific instance of serious misconduct by a senior public officer and other inappropriate behaviour, and that the matter had been reported to a senior officer yet no action had been taken.</p> <p>Our investigation found that the misconduct had occurred, but that in all circumstances the matter had been handled appropriately. However, we found that the organisation's records relating to both the reports of, and response to, the person's behaviour were inadequate.</p>	Referred to organisation for action.	97
Jukes	<p>It was alleged that two public officers failed to declare and manage a conflict of interest arising from their association with the directors of a company tendering for a contract to manage a public facility.</p> <p>The investigation found no evidence to support the allegations. On the contrary, the evidence indicated that the procurement was handled well and that potential conflicts had been recognised and managed appropriately.</p>	Dismissed.	257

⁹ / 'Duration' is from commencement of the investigation to the determination by the Board of the Commission, including time periods relating to procedural fairness processes, legal argument and Board meeting schedules.

Operation name	Summary	Outcome	Duration ⁹ (working days)
Cathedral	<p>As part of oversight of police misconduct, we conducted an investigation into the policies, practices and procedures of Tasmania Police in relation to unauthorised access to, and misuse of, information by officers. The investigation found that, in Tasmania, options for prosecuting serious information abuse by public sector employees are more limited than in other jurisdictions, and we have recommended that certain offences be reviewed.</p> <p>We found that, overall, Tasmania Police policies, practices and procedures are adequate and appropriate. Areas in which the organisation was particularly commended were the processes used in the ongoing audits of access to information, the newly drafted clause in the Tasmania Police Manual, and the new conduct and complaints management system, Abacus.</p>	Referred to the Premier for action.	243
Koonya	<p>The investigation considered allegations that employees of the Fox Free Taskforce (2002-2006) and Fox Eradication Program (2007-2011) or the then-administrating department (DPIWE) fabricated or falsified, or knowingly misrepresented, evidence of foxes living in Tasmania, in order to ensure the ongoing funding and continuation of the fox programs.</p> <p>The complaint also alleged that the (then) Minister for Primary Industries, Water and the Environment failed to manage a conflict of interest, given he was also Minister for Police and Emergency Management.</p> <p>Findings were: there was no direct evidence of employees of the programs or the organisation knowingly fabricating or falsifying evidence, or knowingly relying on false information; and there was no evidence to suggest that the Minister had a conflict of interest.</p>	Referred to DPIWE for action.	245
Pelion	<p>The complaint raised concerns regarding a conflict of interest of a former member of a statutory panel providing advice on a particular industry to the relevant Minister.</p> <p>Our investigation concluded that the facts of the matter did not support the allegation, particularly given the panel was an advisory body that could not make any decisions which may have benefited the person or the other company.</p> <p>It was also relevant that, while the person's obligation under the relevant legislation was to disclose any 'interest that would conflict with the proper performance of the member's duties', the individual had been appointed to the panel on the basis of technical expertise and industry experience.</p>	Dismissed.	45

Operation name	Summary	Outcome	Duration ⁹ (working days)
Strzelecki	<p>This investigation arose from a complaint received from the head of a public sector organisation. The complaint contained allegations of misconduct by a public official employed in an industry regulatory office, leading to improper and favourable treatment of one participant in the industry.</p> <p>The investigation did not identify any evidence to support the allegations raised in the complaint. On the contrary, the only evidence relevant to the allegations contradicted them. It was suspected that the allegations were the result of internal disharmony between some staff in the regulatory office.</p>	Dismissed.	114
Local Government			
Direction	<p>In 2015, the Glenorchy City Council Board of Inquiry (the Bol) commenced a wide-ranging investigation into the governance and statutory functions of the council. The complaint received by the Commission alleged that the Bol had failed to conduct itself in a fair, honest and competent way, and raised concerns about how the Bol obtained evidence and the conclusions it drew from that evidence.</p> <p>Our investigation found no evidence to suggest that the Bol was biased or unfair in the conduct of its inquiry, and that its draft and final reports had a sound evidentiary basis for the conclusions and findings made.</p>	Dismissed.	150
Hugel	<p>An anonymous complaint alleged a councillor had claimed reimbursement of expenses in circumstances in which there was no entitlement, when the councillor was not engaged on council business.</p> <p>Our investigation identified that councillors are entitled to be reimbursed for reasonable expenses in accordance with a council policy adopted under schedule 5 of the <i>Local Government Act 1993</i>. The particular arrangement put in place to manage the councillor's expenses did not breach the entitlement to reimbursement of reasonable expenses.</p> <p>The investigation also found that the councillor had used council resources appropriately and had complied with the relevant council policy.</p>	Dismissed.	43
Junction	<p>In a second complaint about the Glenorchy City Council Bol, it was alleged that a draft Bol report had been leaked to media outlets and that this had corrupted the inquiry process.</p> <p>Our investigation identified no evidence that the Bol process had in fact been corrupted as a result of media coverage of the draft report's contents. Further, given the Bol process had been under way for more than two years at the time of the leak, there was reasonable argument that the public deserved to know how the matter was progressing. Publication of the draft report had outweighed any potential disadvantage to affected parties.</p>	Dismissed.	150

Operation name	Summary	Outcome	Duration ⁹ (working days)
Pyramid	<p>An investigation was conducted into alleged conflicts of interest and attempts to gain pecuniary advantages at Glenorchy City Council by the then General Manager, the then Director Corporate Governance and General Counsel, and one alderman. Our investigation revealed that, from 2013-16, the two officers, supported by the elected member, had acted to secure numerous benefits for one another including promotions, salary increases, performance bonuses and significantly increased termination entitlements.</p> <p>At the end of the investigation, our Board referred the matter to the Director of Local Government for consideration of any offences under the <i>Local Government Act 1993</i>, and to council for any action it considered appropriate.</p>	Referred to Director of Local Government and Glenorchy City Council for action.	303
Tasmanian Parliament			
Ireh	<p>This complaint was significant as it explored the nature of the relationship between a statutory officer, the relevant portfolio Minister and the Minister's staff. The complaint alleged that a member of staff (the then-Chief of Staff) from the Office of the Minister for Human Services at the time, had directed the Commissioner for Children and Young People (the Commissioner) to cease putting sensitive information in writing to the Minister to circumvent the <i>Right to Information Act 2009</i>. Three further allegations emerged during the investigation relating to the conduct of the Chief of Staff in meetings with the Commissioner.</p> <p>Our investigation found that the Chief of Staff did not request or direct the Commissioner to stop writing to the Minister; that her conduct, while robust, had not been intended to be disrespectful; and that she had not prevented the Commissioner from doing his job.</p> <p>Four other allegations emerged during the investigation concerning two instances where the Minister may have sought to enlist the Commissioner's support in a partisan way. We found that the facts did not support a conclusion that the Minister so acted, and that the Minister's actions arose from genuine concerns about the impact of public discourse on children and young people, albeit that she was partially influenced by political and media pressure at that time.</p>	Dismissed.	125
Yarrana	<p>A complaint alleged misconduct relating to negotiations between the State Government and a private company in 2002-03, resulting in extension of the company's contract to operate a commercial licence in Tasmania.</p> <p>Our investigation found insufficient evidence of misconduct to warrant further action.</p>	Dismissed.	53

LIAISON WITH OTHER INTEGRITY AND LEGAL ENTITIES

We work closely with other relevant agencies and officers to ensure the achievement of the Commission's objectives under the *Integrity Commission Act*.

LOCAL GOVERNMENT DIVISION

We continue to work with the Director of Local Government in accordance with our memorandum of understanding (MoU) which was signed in 2016. The MoU provides for our organisations 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

Regular liaison occurs with the Office of the Ombudsman, given the potential overlap in the respective roles of the agencies. In particular, we discuss matters that may be considered under the *Public Interest Disclosures Act 2002*, administered by the Ombudsman.

OFFICE OF THE AUDITOR-GENERAL

We continued to liaise with the Auditor-General in accordance with the MoU established in May 2017. The MoU provides for the exchange of information between our organisations, 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

We seek advice from the Director of Public Prosecutions on matters that could amount to criminal offences under Tasmanian legislation. We have specific powers to refer relevant matters to the Director for action following an investigation.

TASMANIA POLICE

We seek 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.

We have specific powers to refer relevant matters to the Commissioner with a recommendation for investigation or action.

SUBMISSIONS

TASMANIA POLICE DRAFT DECLARABLE ASSOCIATIONS POLICY

In October 2017, we provided feedback to Tasmania Police on its draft *Declarable Associations Policy*. The policy is aimed at ensuring that police discharge their duties impartially, and works by requiring police to disclose relationships they have with certain people. The policy was introduced, as part of the Tasmania Police Manual, on 1 March 2018.

OVERSIGHT OF TASMANIA POLICE

We continued our rolling three-year oversight program of Tasmania Police. The focus of oversight in 2017-18 was an own-motion investigation into policies, practices and procedures. That investigation is discussed below.

We also considered how Tasmania Police handled:

- complaints against police referred by the Commission; and
- complaints resulting from police notifications – under our MoU with Tasmania Police, police notify the Commission of all serious misconduct complaints and complaints made against police of inspector rank and above.

Except as part of our own-motion investigation, we did not audit any of these complaints. However, in some cases we did provide comment to Tasmania Police on the actions taken.

NEW CONDUCT AND COMPLAINTS MANAGEMENT SYSTEM

In early 2018, Tasmania Police implemented its new conduct and complaint management system, Abacus. The system is based on the outcomes of a joint Tasmania Police and Integrity Commission review of the previous police complaint system.

If implemented as intended and with service-wide commitment, Abacus will place Tasmania Police at the forefront of progressive police conduct management in Australia. We intend to monitor the policy's implementation over coming years.

As recommended by the joint review, the Abacus policy is available online to members of the public. It can be accessed at www.police.tas.gov.au.

OWN-MOTION INVESTIGATION INTO INFORMATION ABUSE

During 2017-18 we undertook an own-motion investigation into the policies, practices and procedures of Tasmania Police in relation to unauthorised access to, and misuse of, information by police officers.

The topic of the investigation was particularly relevant to police, given that the organisation – and its credibility – relies on information to a greater degree than many other public sector organisations. However, the broader purpose of the investigation was to apply any learnings across the public sector.

The investigation also included a review of options for penalising information abuse across Australia and good practice information management.

Overall, we found that Tasmania Police policies, practices and procedures were adequate and appropriate. Areas in which the organisation was particularly commended were its audits of staff access to information, a newly drafted clause in the Tasmania Police Manual, and its new conduct and complaints management system, Abacus (see below).

However we found that in Tasmania, options for prosecuting serious information abuse by public sector employees are more limited than in other jurisdictions and recommended a review of relevant offences. The investigation also found that Tasmania Police should be more willing to enforce its policies and procedures when investigating allegations of information abuse.

The report of the investigation was tabled in Parliament on 14 June 2018 and is available at www.integrity.tas.gov.au.

Goal three

Enhance the quality of, and commitment to, ethical conduct by adopting a strong educative, preventative and advisory role

Our suite of education programs and resources enables public sector organisations in Tasmania to build internal capacity to manage and prevent misconduct as well as enhance the ethical culture in which people work.

Programs and resources also support principal officers of public sector organisations to meet their obligations. Under section 32 of the *Integrity Commission Act*, they must provide public officers with education and training in ethical conduct.

This year we focussed on targeted engagement with public sector organisations who were subject to an investigation by the Commission. We worked collaboratively with them to design, produce and deliver education and training about ethics, integrity in the public service, and misconduct risk areas.

The number of education sessions was double the figure for 2016-17 and our overall engagement activities reached more than 2500 people.

ENGAGEMENT

TASMANIA POLICE

We facilitated education sessions with each rotation of the Tasmania Police *Recruit Program* and *Sergeant Qualifying Program* again this year, reaching 62 prospective police officers and 32 prospective police sergeants.

TASMANIAN STATE SERVICE

The Tasmanian State Service was well-represented at many education sessions this year. We delivered 23 in-house sessions across six state service agencies, including our new *Managing and Investigating Workplace Misconduct* program.

For the first time, we facilitated education sessions with each rotation of the Tasmania Prison Service Correctional Officer Recruit Program, reaching 41 prospective correctional officers.

We collaborated closely with TasTAFE throughout the reporting period on the development and implementation of an organisation-wide engagement plan. This involved significant planning and consultation and resulted in the delivery of five custom education sessions throughout the state, repurposing some of our education resources for use in an online education program, and a presentation for the TasTAFE leadership group.

LOCAL GOVERNMENT

We maintained a significant level of engagement with local government in 2017-18.

Our CEO met with the general managers of 10 councils, delivered presentations to both elected and prospective councillors and alderman at five councils, and presented at a variety of forums in association with the Local Government Association of Tasmania (LGAT) and the Local Government Division of the Department of Premier and Cabinet.

Our education officers delivered ten in-house education sessions to 135 people across five councils, hosted an information booth at LGAT's annual conference in 2017, and also worked in partnership with the Local Government Division, LGAT and Local Government Professionals Tasmania to deliver education and provide advice to the sector.

In early 2018, we provided all 29 Tasmanian councils with relevant complaint data for the period from July-December 2017. This practice will be continued on a bi-annual basis.

PUBLIC SECTOR BOARDS

We continued to promote our *Managing Ethical Risks on a Board* education program to boards during the reporting period. This year we reached 70 board members from 11 boards.

EDUCATION DELIVERY

Delivering education is a critical component of our misconduct prevention work and efforts to raise the standard of ethical conduct in the Tasmanian public sector. This year we focussed on raising awareness of the role of the Commission and provision of targeted training on misconduct management and ethical decision-making for managers.

As demonstrated by the following tables, our engagement with the public sector this year was significantly higher than in previous years.

EDUCATION SESSIONS

In the reporting period, we delivered 46 face-to-face education sessions to approximately 676 people from 37 public sector organisations, as well as representatives from the community sector.

Education session delivery overview

	2015-16	2016-17	2017-18
Total sessions	38	19	46
Total attendees	616	257	676

Education participation by sector

	2015-16	2016-17	2017-18
Local Government	467	156	159
State Service	71	40	302
Tasmania Police	78	57	94
Government Businesses	0	0	51
Boards	0	0	70
Higher Education	0	0	0

Education delivery by region

	2015-16	2016-17	2017-18
South	14	11	40
North	3	1	5
North-west	21	7	1

Education participation by region

	2015-16	2016-17	2017-18
South	220	160	558
North	52	14	14
North-west	344	83	84

ONLINE EDUCATION

Our online education programs remained popular in the reporting period and were completed 1585 times by public sector employees from 17 organisations.

Collectively, our online education programs have been completed more than 3500 times since being first launched in 2015, as demonstrated in the following table.

Online education program completions

	2015-16	2016-17	2017-18
Ethical Decisions at Work	197	1548	1241
Respect and Protect Information	-	69	173
Social Media at Work	140	32	120
Practical Ethics in the Public Sector (Online)	17	9	51
Total	354	1658	1585

PRESENTATIONS

Our Chief Commissioner, CEO and officers delivered 17 presentations to leadership groups and influencers throughout the public and community sectors in Tasmania during the reporting period. We also welcomed the opportunity to present at two national corruption prevention conferences.

Year	Month	Organiser	Event/topic
2017	August	Department of Premier and Cabinet	Leaders and Managers Forum
	September	Local Government Division	Declaration of Gifts and Aldermanic Expenses
		Department of Education Leadership Group	Ethics and Integrity Information Session
	October	Corruption Prevention and Integrity Conference	Perspectives on Encouraging Staff to Report Wrongdoing
	November	Australian Public Sector Anti-Corruption Conference 2017	Corruption Challenges Facing Public Sector Organisations
		TasTAFE Leadership Group	Role of the Integrity Commission
		Local Government Division, LGAT, Integrity Commission and Tasmanian Electoral Commission	Becoming a Councillor Information Session
2018	February	Hobart City Council	Hobart City Vision Project Community Panel
	March	Tasmanian Planning Commission	Role of the Integrity Commission
		George Town Council	Role of the Integrity Commission
		The Law Society of Tasmania	CPD Seminar
		West Coast Council	Role of the Integrity Commission
	April	Northern Midlands Council	Role of the Integrity Commission
		Police Association of Tasmania	Role of the Integrity Commission and Police Oversight
		Tasmanian Society of Justices of the Peace	Role of the Integrity Commission
	May	Jane Franklin Hall	Dinner Series: Influential Tasmanians
	June	LGAT	Regional Candidate Forum
		Tasmanian Audit Office	Information Session for Senior Management and Members of Audit Committees
		LGAT	Regional Candidate Forum

EDUCATION DEVELOPMENT

We developed two new education programs during the reporting period.

MANAGING AND INVESTIGATING WORKPLACE MISCONDUCT

In March 2018, we launched the *Managing and Investigating Workplace Misconduct* education program. This program is based on our *Guide to Managing Misconduct in the Tasmanian Public Sector*¹⁰ and focusses on building skills to effectively manage allegations of misconduct and to undertake investigations.

Managing and Investigating Workplace Misconduct quickly became one of the most popular and in-demand education programs, with 146 public sector employees from 22 organisations attending seven sessions across the state. We have scheduled several custom in-house sessions in late 2018 and intend to develop and deliver a series of shorter, topic-based complementary programs in 2019.

PRACTICAL ETHICS FOR MANAGERS IN THE PUBLIC SECTOR

In August 2017, we launched the program *Practical Ethics for Managers in the Public Sector*. It focusses on the specific ethical challenges and opportunities that public sector managers, particularly middle managers, face in their respective roles.

The *Practical Ethics for Managers in the Public Sector* education program was a critical component of our work with Glenorchy City Council and TasTAFE during the reporting period, with 97 managers from these organisations attending six sessions. In total, the program was delivered eight times across the state to 119 public sector managers from 11 organisations.

¹⁰ / The *Guide to Managing Misconduct in the Tasmanian Public Sector* was published in late 2017 as a deliverable of our own-motion investigation into the management of misconduct in the Tasmanian public sector. Refer to the Investigation case summaries section under Goal 2 for more information about this own-motion investigation.

RESOURCES

New resources developed in the reporting period included fact sheets for managing referred complaints and information sheets for lawyers, members of Parliament and ministers. All resources are available at www.integrity.tas.gov.au.

RESEARCH AND ANALYSIS

PARLIAMENTARY DISCLOSURE OF INTERESTS REGISTER

We continued to monitor the parliamentary disclosure of interests register in accordance with section 30 of the *Integrity Commission Act*. We review each member's annual return and note if the information on the disclosure form complies with the requirements of the *Parliamentary (Disclosure of Interests) Act 1996*.

In 2018, we tabled our report regarding the 2016–17 parliamentary disclosure of interests register in Parliament. This was the second time we have tabled such a report.

NATIONAL INTEGRITY SYSTEMS PROJECT

The Commission continued its involvement with the *Strengthening Australia's National Integrity System: Priorities for Reforms* project in 2017–18, with our CEO participating as a research team member.

As a result of our financial contribution to the Global Corruption Barometer survey component of the project during the reporting period, the survey was expanded to include a larger sample from Tasmania. Full Tasmanian figures from the survey will be released by the project in 2018–19.

More information about the national integrity project is available at www.transparency.org.au/national-integrity-systems-assessment.

WHISTLING WHILE THEY WORK 2

We again contributed to Griffith University's *Whistling While They Work 2* research project by completing the project's second organisational survey. The three-year project began in 2016 and has brought together Australian and New Zealand organisations in what has been described as the world's largest current research project into public interest whistleblowing.

More information about this project is available at www.whistlingwhiletheywork.edu.au.

MONITORING RECOMMENDATIONS AND REFERRALS

The Commission has strengthened its focus on outcomes from its investigation recommendations and complaint referrals, as part of meeting the Tasmanian community's expectation that measures will lead to improvements and to support our understanding of where best to direct education and prevention resources.

In early 2018 we established monitoring procedures to cover progress on the implementation of recommendations made to public sector organisations in investigation reports, as well as any action taken in response to referral of a complaint.

The procedures ensure that we can measure our influence on the public sector, develop targeted engagement and education strategies and materials, and identify and address possible misconduct risk areas.

Recommendations

An audit of the implementation status of previous investigation recommendations found that, as of 30 June 2018:

- 31 recommendations (49%) had been fully implemented;
- three recommendations (5%) had been partially implemented;
- five recommendations (8%) had not been implemented; and
- 24 recommendations (38%) required further monitoring.

Referrals

We reviewed referrals made by the Commission to public sector organisations since 2016. This includes referrals made at the triage stage – when the Commission makes an immediate referral of a complaint to the relevant public sector organisation without further analysis – and after assessment.

Of complaints referred to organisations for action following triage, 88% resulted in an adequate response by the relevant organisation.¹¹ Of those referred following an assessment by the Commission and reported on by the organisation, 100% of the matters were assessed to have received an adequate response.

¹¹ / This figure relates to those matters which had been responded to by organisations. The Commission provides organisations with six months to consider a matter before requesting a response.

Goal four

Be a best practice agency that is valued by the community

BUSINESS PERFORMANCE

CORPORATE SERVICES

A Service Level Agreement with the Department of Justice provides for 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 employees have access to corporate services guidelines, policies, procedures and other information materials via the department's intranet. The Commission is an independent public authority; however where appropriate, it has formally adopted some Department of Justice policies that are relevant to staff as State Service employees, such as those relating to financial and human resource matters.

BUDGET PERFORMANCE

In 2017-18 the Commission's budget was \$2.46m. At the end of the financial year, the Commission had approximately \$27,000 in surplus, largely due to salary savings from a vacant position as well as the effect of one employee taking a period of leave without pay. We obtained the Treasurer's approval to carry the figure forward under section 8A(2) of the *Public Account Act 1986* for a Cyber Security Vulnerability Assessment Project and as a contribution to the redevelopment of our website.

The Commission found some savings in travel, property related expenditure and supplies and consumables. The savings were diverted as a contribution to an unbudgeted cost to increase Tasmania's participation in the Global Corruption Barometer Survey.¹²

WORK HEALTH AND SAFETY

We have adopted the Department of Justice Work Health and Safety System and associated policies and procedures and are continuing to review work, health and safety 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. We participated in this process and received a favourable audit, which underlined the Commission's confidence that it complies with AS/NZ 4801.

Our annual Work Health and Safety Plan 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.

¹² / Refer to the Research and analysis section under Goal 3 for more information about this project.

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;
- supply of ergonomic equipment, such as height adjustable desks as identified through ergonomic assessment; and
- support for 'healthy @ work' activities such as healthy morning tea options and provision of fruit.

AUDIT COMMITTEE AND INTERNAL AUDIT

An audit committee was established in 2013-14, in accordance with Treasurer's Instruction 108. During 2017-18 the Audit Committee comprised Integrity Commission Board member Mr David Hudson as Chair, the Commission's CEO and the Business Manager for Ombudsman Tasmania (until May 2018). The Commission's Corporate Services Manager acts as an advisor to the Committee.

The audit committee's functions include monitoring the Commission's strategic risks and risk management processes and overseeing our systems of internal control and financial reporting.

In June 2018, Wise Lord and Ferguson conducted an information security risk assessment. Further details are in the information management section of this annual report.

INFORMATION MANAGEMENT

We upgraded our electronic record management system, in part responding to a security vulnerability identified by the system developers Hewlett-Packard Enterprises. The upgrade addressed the identified risk and ensures that we are operating with current technology.

Wise Lord and Ferguson was engaged to conduct a high level review of the Commission's management of information security risks. The scope of this work included:

- identifying governance frameworks for managing information security risks;
- a review of relevant policies and procedures; and
- benchmarking of information security arrangements against the whole of government Information Security Policy, associated manual, and other relevant standards.

The review was also required to highlight any emerging issues, particularly cybersecurity risks.

The review found that the Commission has a strong information security culture, with detailed policies and procedures. As requested, Wise Lord and Ferguson provided guidance and suggestions about further strengthening our management of information security.

The review emphasised cybersecurity, which is an increasing risk across governments at every level. We have been working with the Department of Justice, as our provider of information technology and associated services, to identify and mitigate any risks.

EMPLOYEE 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. We have developed a Statement of Values and Conduct to reflect responsibilities and desired behaviours and these are reviewed annually.

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; and
- trust.

These values are reflected in our workplace behaviour and support the Commission to be a positive influence for change and also a rewarding place to work.

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. Each individual has a twice-yearly performance management appraisal with the opportunity to contribute to development of their own goals and objectives, aligned with work teams and our strategic plan.

LEARNING AND DEVELOPMENT

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

General training

- New staff completed the Commission's online education programs (Ethical Decisions at Work, Social Media at Work, and Respect and Protect Information).
- All staff with procurement responsibilities undertook an online course, the level of complexity linked to their level of delegation.
- All staff undertook online workplace diversity awareness training.
- Employees who participate in recruitment panels completed online training for interview panel members.
- All staff completed work health and safety awareness training.

Individual development

- Australian Public Sector Anti-Corruption Conference
- Tasmanian Senior Executive Development Program
- Manager Essentials Program
- Corruption Prevention and Integrity Conference
- Independent Commission Against Corruption (NSW) Internal Investigations Workshop
- Australian Commission for Law Enforcement Integrity Corruption Prevention Practitioner's Forum
- Tasmanian Governance Forum 2017
- 26TEN Plain English
- Business Writing Skills
- ANZSoG Applied Learning Seminar: The Art of Persuasion
- Bullying and Harassment for Managers and Supervisors
- Delivering Convincing Presentations
- eLearning Essentials
- Defensive Driver Training
- Understanding the Law: Contracts 101
- Understanding the Law: Judicial Review – Making Strong Decisions
- Fire Warden training.

PERSONNEL VETTING

All employees undergo a personnel security clearance undertaken by the Australian Government Security Vetting Agency. Contractors of less than three months undergo a Short Term Access security clearance process, also undertaken by the national agency.

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

MEDIA

We undertook a number of significant media activities during the reporting period, including media releases and interviews in relation to:

- *Own-Motion Investigation Report – the Policies, Practices And Procedures of Tasmania Public Sector Organisations in Managing Misconduct Allegations*;
- launch of our good practice *Guide to managing misconduct in the Tasmanian public sector*;
- *Operation Koonya – Investigation Into Allegations of Misconduct in the Fox Free Taskforce and Fox Eradication Program*;
- statement of response to the Australia Institute Report;
- *Operations Pyramid, Direction and Junction – three investigations relating to Glenorchy City Council*;
- *Report on Monitoring of the Parliamentary Disclosure of Interests Register for 1 July 2016 – 20 June 2017*;
- *Own-motion Investigation Into the Management of Information in Tasmania Police*; and
- *Operation Ireh – investigation into Allegations of Misconduct by the (then) Minister of Human Services and her Chief of Staff*.

We also responded to regular media enquiries throughout the reporting period.

WEBSITE

Our website has continued to be a key communication and engagement tool and its use continues to rise, as demonstrated:

Website usage

	2015-16	2016-17	2017-18
Total visits	14,504	15,564	16,014
Total page views	43,081	46,537	52,261

OUTREACH

We published three editions of our newsletter, *Integrity Matters*, during the reporting period. The newsletter is distributed electronically to a large number of subscribers, as well as published on our website. The publication offers readers insight and information in relation to our activities, including investigations. It also provides educational content to support and reinforce prevention of misconduct.

As outlined earlier in this report, we participated in a wide range of public engagements throughout the year, taking advantage of valuable opportunities to raise awareness about the role and operations of the Commission and to educate public officers and the community about the importance of integrity in public administration.

REGISTER OF PUBLICATIONS

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

Register of Publications 2017-18¹³

	Date	Where published	STORS / Legal deposit	ISSN or ISBN
<i>Integrity Commission Annual Report 2016-2017</i>	10/17	Parliament, web, hard copy	Yes	Yes
<i>Report No 3 of 2017 An Own-Motion Investigation Into the Management of Misconduct in the Tasmanian public sector</i>	12/17	Parliament, web	Yes	Yes
<i>Report No 4 of 2017 An Investigation into Allegations of Misconduct in the Fox Free Taskforce and Fox Eradication Program</i>	12/17	Parliament, web	Yes	Yes
<i>Report No 1 of 2018 Monitoring of the Parliamentary Disclosure of Interests Register: report for the period 1 July 2016 to 30 June 2017</i>	3/18	Parliament , web	Yes	Yes
<i>Report 2 of 2018 Report of Three Investigations Relating to Glenorchy City Council</i>	5/18	Parliament, web	Yes	Yes
<i>Report 3 of 2018 Report of an Own-Motion Investigation into the Management of Information in Tasmania Police</i>	6/18	Parliament, web	Yes	Yes

¹³ / Publications listed on the Register are significant, complete works that may be published in print or electronically. During this reporting period the Commission has also produced significant collections of training and other resources, which do not fall within this definition.

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. The Act governs the use a law enforcement agency makes of surveillance devices and the records 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 an inspection was completed immediately prior to this reporting period, in June 2017.

APPLICATIONS FOR WARRANTS

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

DISCLOSURES UNDER PUBLIC INTEREST DISCLOSURES ACT 2002¹⁴

One referral was received from the Ombudsman under section 29B (disclosure relating to misconduct) of the *Public Interest Disclosures Act 2002*. This matter was dealt with as a complaint made under section 33 of the *Integrity Commission Act*.

The Commission received eight complaints that were also protected disclosures under the *Public Interest Disclosures Act 2002*. We subsequently dealt with all matters, as per section 29A(a) of the *Public Interest Disclosures Act 2002*, that is, in accordance with the *Integrity Commission Act*.

¹⁴ / The Integrity Commission is not a 'public body' for the purposes of the *Public Interest Disclosures Act 2002*, and is not required to report on its public interest disclosure activities. The comments in this report relate to our capacity to deal with disclosures under the *Integrity Commission Act*.

RIGHT TO INFORMATION

Information relating to the Commission's complaint handling and investigative function is excluded from the *Right to Information Act 2009* by section 6 of that Act. Where appropriate, the Commission makes its administrative information 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 Act* during the reporting period.

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 Treasurer's Instructions in relation to procurement, contracts and consultancies.

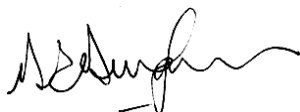
We have a Service Level Agreement with the Department of Justice for the provision of corporate services such as human relations, occupational health and safety and information technology support, for the sum of \$178,609 a year, adjusted annually for CPI.

TENDERS AND REQUESTS FOR QUOTATION

We issued no tenders or contracts greater than \$50,000 in the reporting period.

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.



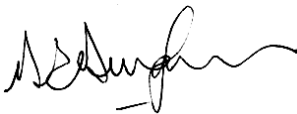
Richard Bingham
Chief Executive Officer

August 2018

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 2018 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 2018



Rachael Daniels
Corporate Services Manager

10 August 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
<i>Continuing operations</i>				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue - recurrent	3.1	2 464	2 438	2 286
Total revenue and other income from transactions		2 464	2 438	2 286
Expenses from transactions				
Employee benefits	4.1	1 812	1 754	1 595
Depreciation and amortisation	4.2	90	95	98
Supplies and consumables	4.3	495	499	495
Other expenses	4.4	188	217	222
Total expenses from transactions		2 585	2 565	2 410
Net result		(121)	(127)	(124)
Comprehensive result		(121)	(127)	(124)

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 2018

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	8.1	39	68	37
Receivables	5.1	11	9	13
<i>Non-financial assets</i>				
Leasehold improvements and equipment	5.2	-	145	204
Intangible assets	5.3	76	85	108
Other assets	5.4	251	85	96
Total assets		377	392	458
Liabilities				
Payables	6.1	10	15	13
Employee benefits	6.2	327	316	288
Provisions	6.4	68	75	71
Other liabilities	6.5	-	27	-
Total liabilities		405	433	372
Net assets		(28)	(41)	86
Equity				
Accumulated funds		(28)	(41)	86
Total equity		(28)	(41)	86

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 2018

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts - recurrent		2 464	2 465	2 286
GST receipts		-	73	69
Total cash inflows		2 464	2 538	2 355
Cash outflows				
Employee benefits		(1 781)	(1 738)	(1 576)
GST payments		-	(70)	(71)
Supplies and consumables		(495)	(486)	(491)
Other cash payments		(188)	(213)	(219)
Total cash outflows		(2 464)	(2 507)	(2 357)
Net cash from (used by) operating activities	8.2	-	31	(2)
Net increase/(decrease) in cash held and cash equivalents		-	31	(2)
Cash and deposits at the beginning of the reporting period		39	37	39
Cash and deposits at the end of the reporting period	8.1	39	68	37

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

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

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2017	86	86
Total comprehensive result	(127)	(127)
Total	(127)	(127)
Balance as at 30 June 2018	(41)	(41)

	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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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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 2017-18 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)	188	217	(29)	(15)

Notes to Statement of Comprehensive Income variances

(a) The variance in other expenses relates primarily to \$15,000 for a contribution by the Commission to increase Tasmania's participation in the Global Corruption Barometer Survey. Griffith University conducted this national telephone survey of adult Australian citizens and residents, regarding their perceptions and experiences of corruption in government in Australia.

2.2 STATEMENT OF FINANCIAL POSITION

Budget estimates for the 2017-18 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2016-17. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2017-18. The following variance analysis therefore includes major movements between the 30 June 2017 and 30 June 2018 actual balances.

	Note	Budget \$'000	2018 Actual \$'000	2017 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and Deposits	(a)	39	68	37	29	31
Leasehold improvements and equipment	(b)	-	145	204	145	(59)
Other assets	(c)	251	85	96	(166)	(11)
Other liabilities	(d)	-	27	-	(27)	(27)

Notes to Statement of Financial Position variances

(a) Cash and deposits was greater at 30 June 2018 primarily due to appropriation carried forward under S8A(2) of the *Public Account Act 1986*; \$20,000 for a Cyber Security Vulnerability Assessment project and \$7,000 towards the Commission's Web Redevelopment project.

(b) Leasehold Improvements are classified as Other Assets in the budget papers. There are no new equipment or leasehold improvements in 2017-18. The variation between 2017 and 2018 relates to depreciation charged.

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

(d) The unbudgeted item in other liabilities is the income received in advance for the approved carry forwards under S8A(2), refer 2.2(a) above.

2.3 STATEMENT OF CASH FLOWS

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
GST receipts	(a)	-	73	73	>100
GST Payments	(a)	-	70	(70)	<100
Other cash payments	(b)	188	213	(25)	(13)

Notes to Statement of Cash Flows variances

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

(b) The variance relates primarily to a \$15,000 contribution to the Global Corruption Barometer Survey, refer 2.1(a) above. Workers compensation and insurance were also greater than budget by approximately \$6,000.

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.

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Appropriation revenue - recurrent			
Current year	2 464	2 438	2 286
	2 464	2 438	2 286
Total revenue from Government	2 464	2 438	2 286

Section 8A(2) of the *Public Account Act 1986* 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

	2018 \$'000	2017 \$'000
Wages and salaries	1 526	1 390
Superannuation — defined contribution schemes	172	161
Superannuation — defined benefit schemes	11	11
Other employee expenses	45	33
Total	1 754	1 595

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 12.95 per cent (2017: 12.85 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 (2017: 9.5 per cent) of salary. In addition, the Commission is also required to pay into to Treasury a "gap" payment equivalent to 3.45 per cent (2017: 3.35 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

2018	Short-term benefits		Super annuation	Long-term benefits		Total
	Salary	Other ¹ Benefits		Leave ² Benefits	Termination Benefits	
	\$'000	\$'000		\$'000	\$'000	
Key management personnel						
Aziz Melick, Chief Commissioner (from 17 August 2015)	134	-	13	-	-	147
Richard Bingham, Chief Excutive Officer (from 1 July 2017)	180	3	17	15	-	215
Michael Easton, Acting Chief Executive Officer (Acting CEO from 17 January 2016 to 30 June 2017)	118	3	16	4	-	141
Luppo Prins, Board Member (from 9 August 2010)	15	-	1	-	-	16
David Hudson, Board Member (from 17 August 2010)	15	-	1	-	-	16
Elizabeth Gillam, Board Member (from 17 August 2010)	15	-	1	-	-	16
Total	477	6	49	19	-	551

2017	Short-term benefits		Super annuation	Long-term benefits		Total
	Salary	Other ¹		Leave ²	Termination	
	Benefits	Benefits		Benefits	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

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

²Leave Benefits include movements in long service leave and annual leave.

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 in 2016-17) comprise the key management personnel at the Integrity Commission. The Board is chaired by the Chief Commissioner and has three appointed members.

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

- The remuneration policy is in line with Senior Executive Service arrangements for the Chief Executive Officer, and instruments of appointment pursuant to and in accordance with sections 14 and 15 of the *Integrity Commission Act 2009* for the Chief Commissioner and the appointed Board members.
- In the case of the Chief Commissioner and the Chief Executive Officer, contractual arrangements allow for the provision of a motor vehicle, superannuation contributions and reimbursement of reasonable expenses incurred on official business. In 2016-17 the Acting Chief Executive Officer was 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 Officer are provided with car parking.
- The Acting Chief Executive Officer was provided with an iPad for business and incidental personal use.
- 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.

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 was Acting CEO during 2017 with Richard Bingham being appointed as CEO from 1 July 2017.

(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
----------	---------

	2018 \$'000	2017 \$'000
Leasehold improvements – amortisation	59	59
Equipment – depreciation	-	3
Intangibles – amortisation	23	23
Lease make-good – amortisation	13	13
Total depreciation and amortisation	95	98

4.3 SUPPLIES AND CONSUMABLES

	2018 \$'000	2017 \$'000
Audit fees – external financial audit	12	11
Audit fees – internal audit	6	6
Operating lease costs	195	192
Consultants	45	34
Property services	35	32
Communications	15	16
Information technology	92	101
Travel and transport	26	24
Training materials	-	13
Advertising and promotion	1	3
Printing	9	5
Personnel expenses	14	8
Plant and equipment	16	20
Office requisites	7	3
Other supplies and consumables	26	27
Total	499	495

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.

	2018 \$'000	2017 \$'000
Salary on-costs	11	7
Corporate support provided by the Department of Justice	179	175
Other expenses	27	40
Total	217	222

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 2018 (and 30 June 2017) relate to GST credits receivable from the ATO.

	2018 \$'000	2017 \$'000
Tax assets	9	13
Total	9	13
Settled within 12 months	9	13
Total	9	13

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

	2018 \$'000	2017 \$'000
Leashold improvements		
At cost	583	583
Less: Accumulated amortisation	(438)	(379)
Total Leasehold improvements	145	204
Total Leasehold Improvements and Equipment	145	204

(b) Reconciliation of movements

2018	Leasehold Improvements \$'000	Total \$'000
Carrying amount at 1 July	204	204
Depreciation and amortisation expense	(59)	(59)
Carrying amount at 30 June	145	145

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

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

	2018 \$'000	2017 \$'000
Intangible assets		
At cost	261	261
Accumulated amortisation	(176)	(153)
Total Intangible assets	85	108

(b) Reconciliation of movements

2018	Intangible Assets \$'000	Total \$'000
Carrying amount at 1 July	108	108
Amortisation expense	(23)	(23)
Carrying amount at 30 June	85	85

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

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.

	2018 \$'000	2017 \$'000
Other current assets		
Prepayments	60	58
Total	60	58
Other non-current assets		
Lease make-good	65	65
Less: accumulated amortisation	(40)	(27)
Total	25	38
Utilised within 12 months	60	58
Utilised in more than 12 months	25	38
Total other assets	85	96

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.

	2018 \$'000	2017 \$'000
Accrued expenses	15	13
Total	15	13
Settled within 12 months	15	13
Total	15	13

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.

	2018 \$'000	2017 \$'000
Accrued salaries	12	13
Annual leave	99	92
Long service leave	205	183
Total	316	288
Utilised within 12 months	111	100
Utilised in more than 12 months	205	188
Total	316	288

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.

	2018 \$'000	2017 \$'000
Provision for lease make-good	75	71
Total	75	71
Utilised in more than 12 months	75	71
Total	75	71

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.

6.5 OTHER LIABILITIES

Other liabilities are recognised in the Statement of Financial Position when it is probable that the 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.

	2018 \$'000	2017 \$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	27	-
Total	27	-
Settled within 12 months	27	-
Total	27	-

Section 8A(2) of the *Public Account Act 1986* 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 7 COMMITMENTS AND CONTINGENCIES

7.1 SCHEDULE OF COMMITMENTS

	2018 \$'000	2017 \$'000
By type		
<i>Lease Commitments</i>		
Operating leases	431	564
<i>Total lease commitments</i>	431	564
<i>Other commitments</i>		
Office cleaning contract	6	5
Other contracts	-	6
<i>Total other commitments</i>	6	11
By maturity		
<i>Operating lease commitments</i>		
One year or less	225	190
From one to five years	206	374
<i>Total operating lease commitments</i>	431	564
<i>Other commitments</i>		
One year or less	6	11
From one to five years	-	-
<i>Total other commitments</i>	6	11
Total	437	575

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.

Refer note 11.5(b) relating to the estimated impact of the new Accounting Standard *AASB 16 Leases* which is yet to be applied.

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 2018.

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.

	2018 \$'000	2017 \$'000
Special Deposits and Trust Fund balance		
T527 Integrity Commission Operating Account	68	37
Total cash and deposits	68	37

8.2 RECONCILIATION OF NET RESULT TO NET CASH FROM OPERATING ACTIVITIES

	2018 \$'000	2017 \$'000
Net result	(127)	(124)
Depreciation and amortisation	95	98
Decrease (increase) in Receivables	4	(2)
Decrease (increase) in Prepayments	(2)	(4)
Increase (decrease) in Employee entitlements	28	23
Increase (decrease) in Payables	2	4
Increase (decrease) in Provisions	4	3
Increase (decrease) in Other liabilities	27	-
Net cash from (used by) operating activities	31	(2)

8.3 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Commission does not have any liabilities arising from financing activities.

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 2018 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:

2018

Maturity analysis for financial liabilities			
	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	15	15	15
Total	15	15	15

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

9.2 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	2018 \$'000	2017 \$'000
Financial assets		
Cash and deposits	68	37
Receivables	9	13
Total	77	50
Financial Liabilities		
Financial liabilities measured at amortised cost	15	13
Total	15	13

9.3 COMPARISON BETWEEN CARRYING AMOUNT AND NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	Carrying Amount 2018 \$'000	Net Fair Value 2018 \$'000	Carrying Amount 2017 \$'000	Net Fair Value 2017 \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	68	68	37	37
Receivables	9	9	13	13
Total financial assets	77	77	50	50
Financial Liabilities				
Accrued expenses	15	15	13	13
Total financial liabilities	15	15	13	13

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 2018.

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 comprises the Chief Commissioner and three other members, with specialist expertise.

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

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

11.2 BASIS OF ACCOUNTING

The Financial Statements were signed by the Chief Executive Officer and Corporate Services Manager on 10 August 2018.

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 Office 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:

- *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 of financial activities in relation to cash flows and non-cash changes as shown at Note 14.5. There is no financial impact.
- *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 Property, Plant and Equipment and AASB 138 Intangible Assets, 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 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. The financial impact is expected to be minimal.

- *AASB16 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 Office has commenced reviewing the financial impact of this standard, and estimates the following amounts will be capitalised on the balance sheet in 2018-19 through the recognition of a 'right-of-use' asset and a lease liability for the present value of the obligation. The Commission is anticipating applying this Standard to its leases by recognising the cumulative effect of initial application as an adjustment to the opening balance of accumulated funds as at the date of initial application.

	\$'000
Lease Liability	
Accommodation	415
IT Equipment	12
Motor Vehicles	9
	436
'right-of-use' asset	
Accommodation	415
IT Equipment	12
Motor Vehicles	9
	436

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 2017-18 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 comprise the statement of financial position as at 30 June 2018 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, other explanatory notes 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 2018 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 Statements* 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.

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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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*. This responsibility includes 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 unless the Commission's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

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.
- 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

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uncertainty exists, I am required to draw attention in my auditor's report 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.



Stephen Morrison
Assistant Auditor-General – Financial Audit Services
Delegate of the Auditor-General

Tasmanian Audit Office

12 September 2018
Hobart

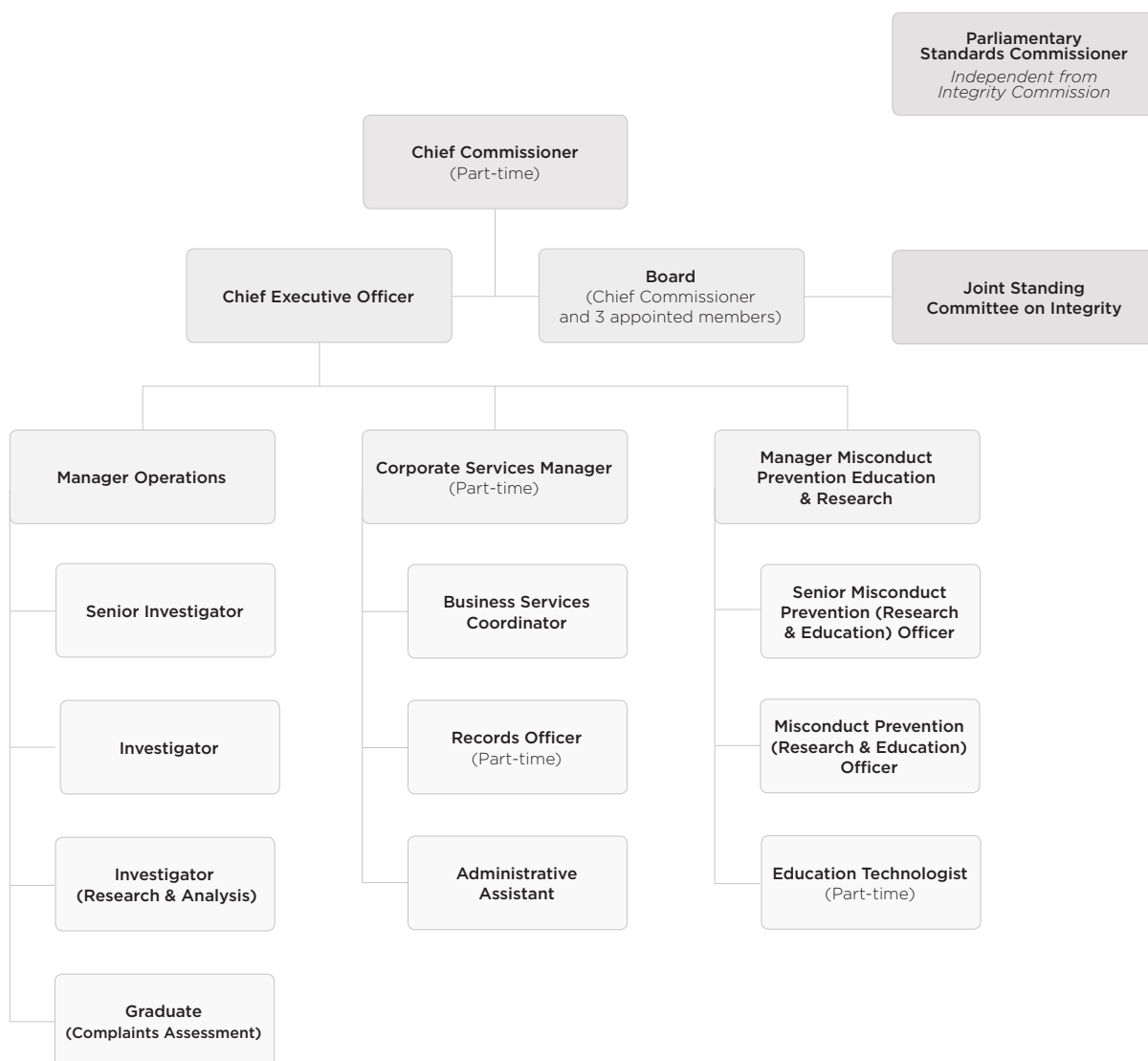
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Appendix 1

Organisational chart



Appendix 2

Legislative reporting requirements

REPORTING REQUIREMENTS

Audit Act 2008 – AA

Employment Direction – ED

Financial Management and Audit Act 1990 – FMAA

Public Sector Superannuation Reform Act 1999 – PSSRA

Right to Information Act 2009 – RTIA

State Service Act 2000 – SSA

State Service Regulations 2011 – SSR

Treasurer's Instruction – TI

COMPLIANCE INDEX

Requirement	Legislation	Report section
Corporate planning	SSR s 9(a)(i)	Pages 7 to 11, 12 and 13
Organisation chart	SSR s 9(a)(ii)	Appendix 1
Organisational structure	SSR s 9(a)(iii)	Pages 7 to 10
Changes to organisational structure	SSR s 9(a)(iv)	N/a
Major initiatives undertaken	SSR s 9(a)(v)	Pages 10, 12, 13, and 14 to 36
Industrial democracy and employee participation	SSR s 9(b)(iv)	Pages 31 to 34
Occupational health and safety strategies including Work Health and Safety Plan	SSR s 9(b)(vi) ED No 27	Pages 31 to 32
Performance management	SSA s 36(1)(ba) ED No 26	Page 33
Community awareness, services and publications	SSR s 9(c)(i)	Pages 11, 25 to 30, and 34 to 35
Contact officers and points of public access	SSR s 9(c)(ii)	Inside cover
Appeals process	SSR s 9(c)(iii)	Page 18
Legislation administered	SSR s 9(d)	Page 7
Contracts and procurement	FMAA s 27	Page 36
Head of agency certification	TI 205(1)	Page 38
Financial statements	FMAA s 27(1)(c), 27(2), 27(3) and 27(6) SSA s 36(2) TI 201 (1)(j) TI 206 (1), (2) and (3)	Pages 39 to 65
Audit report	FMAA s 27(1)(c) TI 201 (1)(k) AA s 19(4)	Pages 66 to 68
Right to information	RTIA	Page 36
Superannuation contributions	PSSRA s 13	Page 37

Appendix 3

Summary of assessments finalised in 2017–18

Note: Assessments are preliminary inquiries that enable us to better understand the allegations in the complaint and to decide whether to investigate, refer or dismiss the matter. Assessments focus on publicly available information and generally do not involve the use of coercive powers. We aim to complete the assessment process within 40 business days of receiving the complaint.

Assessment name	Summary	Outcome	Duration ¹⁵ (working days)
State Service			
Barrow	<p>The complaint contained multiple allegations of misconduct against a public officer in a regional area, the majority of which had been the subject of previous complaints to the organisation. The organisation advised that it was finalising an investigation into the matter, based on an earlier complaint, and would include any new allegations.</p> <p>On this basis, the complaint was dismissed, although we retain the authority to audit the resulting investigation.</p>	Dismissed.	17
Bobs	<p>The complaint contained numerous allegations of abuse, bullying and victimisation, including allegations made against a designated public officer.</p> <p>Our assessment found that the more serious allegations had already been dealt with by the organisation, and that the allegations against a designated public officer were without substance. The remaining allegations were dismissed because, given their relative lack of seriousness, it would not have been in the public interest for us to investigate them. We requested that the principal officer consider whether the organisation should take any action in relation to those allegations.</p>	Dismissed.	51
Cameron	<p>An anonymous complaint alleged that senior members of the organisation (including a designated public officer) were obtaining an improper benefit through the misuse of a work purchasing scheme.</p> <p>We found that some historical irregularities, as alleged by the complainant, had been dealt with by the organisation and did not warrant further investigation.</p>	Dismissed.	11
Geryon	<p>The complaint raised concerns about the recruitment of a senior officer in the State Service.</p> <p>We concluded that some of the alleged conduct had been appropriately dealt with and that other alleged conduct was carried out by those no longer working in the State Service. It would therefore not have been in the public interest for us to investigate the complaint.</p>	Dismissed.	15

15 / 'Duration' is from appointment of an assessor to the determination of the assessment by the Chief Executive Officer.

Assessment name	Summary	Outcome	Duration (working days)
Dove	<p>The complainant alleged that the organisation had failed to appropriately investigate the alleged misuse of grant money and made allegations of misconduct against a designated public officer.</p> <p>Our assessment concluded that while the conduct in question may have amounted to maladministration, it did not amount to misconduct. As the complaint was against a designated public officer, we were not able to refer the complaint to the Ombudsman to consider the potential maladministration. Instead, the complaint was dismissed and drawn to the attention of the Ombudsman.</p>	Dismissed.	51
Federation	<p>An anonymous complaint alleged nepotism in selection and recruitment processes, and bullying behaviour by a designated public officer. As this was the second complaint received about the public officer, we decided to assess the complaint.</p> <p>Our assessment revealed that the more serious allegations had already been dealt with by the organisation. Given that the remaining allegations were less serious, it was not in the public interest for us to investigate them. The complaint was dismissed but the organisation was informed that there had been multiple complaints about the subject officer's behaviour.</p>	Dismissed.	80
Frenchman	<p>The complainant was a medical specialist who was the subject of a mandatory notification to the Australian Health Practitioner Regulation Agency (AHPRA). The complainant alleged that the notification was made improperly in that it lacked care and diligence, and that the particular area of services that the complainant operated in was not being managed properly.</p> <p>Our assessment found evidence that the notification to AHPRA was made on the basis of the reporting person's 'reasonable belief', as required under the relevant legislation, and was not made improperly. In relation to the management of services, we found apparent systemic discrepancies in documentation and concluded that this issue required further consideration by the relevant organisation.</p>	Two allegations referred to the organisation for action. Remaining allegations dismissed.	65
Giblin	<p>A complaint was made about the way in which an application under the <i>Right to Information Act 2009</i> had been handled.</p> <p>Our assessment identified that delays occurred in dealing with the application for review and the process was affected by personnel changes within the office. We were also advised that a related complaint about the matter had been made to another integrity body. On that basis, and given the substantive issue in the Commission's complaint had been resolved, we determined to dismiss the complaint.</p>	Dismissed.	15

Assessment name	Summary	Outcome	Duration (working days)
Huxley	<p>The anonymous complaint alleged misconduct by a senior public officer relating to improper recruitment and promotion of a friend, misuse of government monies, and provision of gifts in the workplace. The subject officer was a designated public officer, therefore the complaint could not be referred to another organisation without investigation.</p> <p>Our assessment involved meeting with the organisation's principal officer to discuss the complaint and to understand how the organisation would deal with the matter. We determined to dismiss the complaint, on the understanding the organisation would investigate the matter as outlined in the meeting. The organisation subsequently completed an investigation into the complaint and advised that the matter had been dismissed.</p>	Dismissed.	32
Kelcey	<p>This complaint was made by a member of Parliament on behalf of a constituent who wished to remain anonymous. Different complainants raised similar matters in two subsequent complaints. The complaints made allegations of favouritism and nepotism by the head of a business unit in the organisation.</p> <p>In previous years we had received two similar complaints about the same subject officer and these complaints were referred to the organisation. Due to the number of complaints, and to concerns about the adequacy of the organisation's handling of the previous matters, we determined to undertake a single assessment of all three matters.</p> <p>We found that the more substantial allegations had been adequately dealt with by the organisation, which had not found any misconduct. The remaining allegations were not of sufficient seriousness for the Commission to undertake an investigation. All three complaints were dismissed.</p>	Dismissed.	35
Killiecrankie	<p>The complaint alleged two designated public officers provided false and misleading information to the Australian Health Practitioner Regulation Agency (AHPRA). The complaint also contained other allegations relating to the management of information in investigation processes.</p> <p>Our assessment found that AHPRA was the authority best placed to consider the matters raised in the complaint.</p>	Dismissed.	63

Assessment name	Summary	Outcome	Duration (working days)
Lagoon	<p>An anonymous complaint about a conflict of interest in a recruitment process alleged that a senior officer was influencing the recruitment of a family member to a junior position in the organisation. The complaint was made against a designated public officer and related to an earlier assessment we had undertaken into the same two individuals.</p> <p>The previous assessment found that although the family member had resigned after committing misconduct, the organisation had hired him again because of flaws in the recruitment process.</p> <p>The current assessment found that on this occasion the organisation had taken appropriate steps to manage the conflict of interest.</p>	Dismissed.	46
Lindsay	<p>The complaint alleged that a designated public officer failed to comply with required employment processes in creating new positions, had arranged improper additional allowances to appointees, and had failed to declare and manage conflicts of interest.</p> <p>Our assessment found that the seriousness of the allegations was not substantiated. We determined to dismiss the complaint and informed the agency of the matter so that they could consider investigation and action.</p>	Dismissed.	26
Mary	<p>The anonymous complaint alleged shortcomings in the selection process for supervisors in a State Service organisation.</p> <p>Our assessment identified that much of the information in the complaint would not amount to misconduct, even if substantiated, and it was determined to dismiss the complaint.</p>	Dismissed.	3
Massif	<p>This anonymous complaint contained allegations of bullying and harassment against the director of a particular output in the organisation. It also alleged that the same person, a designated public officer, was misusing work resources.</p> <p>We assessed the complaint given it related to a designated public officer. Also, material supplied by the complainant appeared to support the allegations. We obtained personnel records from the organisation as part of the assessment, however, found no evidence to support the allegations.</p>	Dismissed.	37

Assessment name	Summary	Outcome	Duration (working days)
Norfolk	<p>The anonymous complaint contained allegations that three public officers engaged in nepotism in recruiting. The complaint also alleged other improper opportunities provided to a relative of a public officer.</p> <p>Our assessment confirmed that the recruitment accorded with internal policy but was not able to determine whether there was any improper conduct involved in the other appointments or opportunities.</p> <p>We referred the matter to the relevant agency for investigation. We noted that greater transparency regarding the existence and application of the internal policy might improve public confidence in such appointments.</p>	Referred, with a recommendation that the organisation investigate the complaint.	91
Norway	<p>This was a complaint that an agency had acted in a biased way and produced a biased, unsubstantiated and flawed report.</p> <p>The assessment involved an examination of a voluminous amount of material. It found that the numerous misconduct allegations lacked substance.</p>	Dismissed.	12
Ponsonby	<p>This was a complaint that private business interests had impacted on a planning decision made by the organisation. The complaint was assessed because it related to a high risk misconduct area and was made against a designated public officer.</p> <p>Our assessment found that the change in planning direction did not appear to be the result of misconduct but rather was the result of a change in government policy. The complaint was dismissed as it would be an unjustifiable use of our resources and not in the public interest for us to investigate it.</p>	Dismissed.	6
Quamby	<p>The complaint alleged that a number of improprieties had occurred in the awarding of contracts in a State organisation. The allegations were already under investigation by the organisation but the complainant thought that they should be investigated by an independent body.</p> <p>The complaint was dismissed because, given it was already being investigated, it would be an unjustifiable use of resources and not in the public interest for us to duplicate the organisation's work. The organisation subsequently requested our assistance to finalise the investigation.</p>	Dismissed. Now the subject of an own-motion investigation by the Commission.	25

Assessment name	Summary	Outcome	Duration (working days)
Rumney	<p>An anonymous complaint contained allegations of dishonest, unethical behaviour by a manager in the organisation. The complaint was referred to us by the Ombudsman under section 29B of the <i>Public Interest Disclosures Act 2002</i>. As well as the substantive allegations, the complaint contained a suggestion that designated public officers had failed to adequately deal with the matter, and in doing so may themselves have committed misconduct.</p> <p>Our assessment found that there was no evidence of misconduct at a sufficient level to warrant investigation by the Commission. However, the complaint was referred to the principal officer of the organisation for investigation and appropriate action.</p>	Referred to organisation for investigation and action.	5
Sticht	<p>An anonymous complaint alleged that friends, family members and associates of employees had been appointed to positions without correct processes being followed.</p> <p>Closer analysis of the complaint as part of our assessment revealed that the alleged conduct was unlikely to amount to misconduct, even if substantiated. As such, there was insufficient evidence of misconduct to warrant further investigation by the Commission. We referred the complaint to the organisation with a recommendation that the principal officer consider whether to conduct further inquiries.</p>	Referred, with a recommendation that the organisation consider whether to conduct further inquiries.	3
Table	<p>An anonymous complaint received about favouritism and nepotism in filling temporary vacancies, and failure to follow correct and transparent processes.</p> <p>Our assessment revealed that the alleged conduct would not have amounted to misconduct, even if substantiated. We referred the complaint to the organisation with a recommendation that the principal officer consider whether to conduct further inquiries.</p>	Referred, with a recommendation that the organisation consider whether to conduct further inquiries.	3
Umbrella	<p>An anonymous complaint that alleged misconduct in the use of vehicles and a fuel card and in the employment of staff in a State Service agency.</p> <p>The complaint related to a single use of resources and did not provide sufficient evidence of misconduct to warrant an investigation by the Commission. The complaint was referred to the agency with a recommendation that the principal officer consider whether to conduct further inquiries.</p>	Referred, with a recommendation that the organisation consider whether to conduct further inquiries.	4

Assessment name	Summary	Outcome	Duration (working days)
Union	<p>This was a complaint about the head of an organisation as well as a statutory officer – both of whom are designated public officers – with allegations that the two officers had not complied with various legislative requirements.</p> <p>Our assessment involved meeting with the complainant and review of a large amount of supplied material. We found that although procedures approved by the subject officers contained minor errors, they resulted from honest mistake or error and there was no evidence of misconduct.</p>	Dismissed.	15
Valentine	<p>The assessment arose from an anonymous complaint alleging that a public officer created a position in a division of the organisation for the daughter's benefit and then employed the daughter in the position. Further, that the officer failed to manage a conflict of interest by assisting a friend to apply for a vacancy and subsequently interviewing the friend for that position.</p> <p>We found that the position was appropriately created and the recruitment process was undertaken by an independent panel with full disclosure of the officer's relationship to the applicant.</p>	Dismissed.	84
Young	<p>The complaint made a number of specific allegations relating to the misuse of credit cards and public money, failure to care for government property, failure to adequately train staff, and theft in a public program. Some of the allegations may have amounted to criminal offences and Tasmania Police were consulted during the assessment.</p> <p>The complaint was referred to the organisation for investigation and action, as it did not involve a designated public officer. Many of the allegations were lacking in sufficient seriousness and the organisation had ready access to the necessary documentation. The criminal offence allegations were also referred to Tasmania Police for consideration.</p>	Referred to relevant organisation and Tasmania Police for action.	39

Assessment name	Summary	Outcome	Duration (working days)
Local Government			
Artillery	<p>This complaint alleged that a former General Manager and a councillor had improperly selected a particular road for redevelopment and sealing under a Federal Government grant, despite it not being substantiated by the Council's settlement strategies and development plans. It was alleged that this was done on the basis of the councillor's private property interests on the road.</p> <p>Our assessment found legitimate reasons for the decision and did not find that the councillor had a direct interest in the redevelopment.</p>	Dismissed.	65
Collingwood	<p>This complaint alleged there had been misconduct during a tender process. The complaint was against designated public officers, therefore we undertook an assessment.</p> <p>The assessment involved close consideration of a report that related to the alleged conduct and concluded that the conduct had already been investigated and appropriately dealt with. It would not have been in the public interest for us to further investigate the complaint.</p>	Dismissed.	2
Inglis	<p>This was an anonymous complaint against designated public officers of a council. It alleged a former Mayor had installed an illegal water connection on his land and that the current Mayor had upgraded the connection. The complaint also alleged that council staff had been dismissed when they raised questions about the matter.</p> <p>Our assessment involved obtaining material from the General Manager of the council, and a statutory declaration from the main subject officer. This material showed that there was no evidence to support the allegations, and the complaint was dismissed.</p>	Dismissed.	2
Julia	<p>A series of complaints was received from one complainant about senior managers of a local government council and the Mayor. As such, they were against designated public officers. They alleged misconduct in planning decisions and made allegations of bullying and harassment.</p> <p>The assessment involved examination of material supplied by the complainant and numerous open source checks. We found there was no substance to the complaints and they were dismissed. We alerted the council to two ancillary misconduct matters that were uncovered during the assessment.</p>	Dismissed.	95

Assessment name	Summary	Outcome	Duration (working days)
Oana	<p>The complaint alleged that a council had improperly leased a parcel of land for an exceptionally low price and then renewed that lease without following due process. It was alleged that this had been done because of a conflict of interest between a then-councillor and the lessor.</p> <p>Our assessment substantiated the allegations in regard to the lease and its renewal but found there was no misconduct in relation to the council's actions.</p>	Dismissed.	6
Orion	<p>The complaint alleged harassment against a member of the public by managers working at the council. The complaint contained one allegation but the background related to planning decisions and was relatively complex.</p> <p>The assessment involved analysis of information supplied by the complainant and discussions with the principal officer. We found no evidence of misconduct.</p>	Dismissed.	38
Quartzite	<p>A member of the public made allegations of improper conduct in relation to building compliance issues. The subject officer was a designated public officer and we needed more information before making a decision about what to do with the complaint.</p> <p>We did not find any evidence of misconduct by the subject officer or other council employees, nor any evidence of unfavourable treatment toward the complainant. We found that council staff had behaved appropriately and tried to assist the complainant in many respects.</p> <p>The complainant was advised to consider the possibility of making a complaint to the Ombudsman if it was felt that the matter involved maladministration.</p>	Dismissed.	12
Victoria	<p>An anonymous complaint alleged that nepotism, favouritism and a lack of proper process in recruitment. The complaint was assessed because it contained allegations of systemic issues and/or a culture of misconduct in recruitment processes.</p> <p>Our assessment identified that much of the alleged conduct did not breach council's policy. Taken collectively, some of the allegations seemed to indicate a predisposition to make direct appointments rather than advertise externally. However, this did not amount to misconduct, especially as it was not a breach of policy.</p> <p>Two of the allegations related more specifically to nepotism and it was determined that the council was best placed to investigate these allegations.</p>	Eight allegations dismissed, two allegations referred to the council with a recommendation that they investigate.	7

Assessment name	Summary	Outcome	Duration (working days)
Tasmanian Parliament			
Adamson	<p>Allegations were made that the Tasmanian State Government misused public money as part of a staff termination process.</p> <p>Our assessment involved a close examination of termination documentation and identified that there was no misconduct in the process followed.</p>	Dismissed.	2
Emmett	<p>This complaint made three allegations relating to the introduction of legislation to assist the assessment of a development proposal. The complainant alleged that the relevant Minister was improperly influenced by a close relationship with the potential developer and failed to declare and manage a conflict of interest arising from this relationship.</p> <p>Our assessment found no evidence that the relationship with the developer improperly influenced the actions taken by the Minister, and that the organisation in question had not been directed or guided by the Minister in relation to its work on the matter.</p>	Dismissed.	31
Remus	<p>The complaint alleged that a member of Parliament had gained beneficial treatment, due to their position, in personal dealings with a State organisation.</p> <p>Our assessment identified that there was no evidence of misconduct in the behaviour of the subject officers and we dismissed the complaint on the basis that it would be an unjustifiable use of our resources and not in the public interest to investigate it.</p>	Dismissed.	7

Appendix 4

Board meeting attendance 2017-18

Dates	Number in attendance	Absent	Attendance rate
2017			
2 August	4		100%
4 October	4		100%
6 December	4		100%
2018			
13 February	4		100%
4 April	4		100%
6 June	3	Liz Gillam	75%

INTEGRITY
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