

AUSTRALIAN COMMISSION FOR LAW ENFORCEMENT INTEGRITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Commission for Law Enforcement Integrity (ACLEI) provides independent assurance to government about the integrity of prescribed law enforcement agencies and their staff members. Presently, those agencies are the Australian Crime Commission, the Australian Federal Police and the former National Crime Authority.

Under the *Law Enforcement Integrity Commissioner Act 2006*, ACLEI has responsibility for detecting, investigating and preventing corrupt conduct. Accordingly, ACLEI works cooperatively with the Australian Crime Commission and the Australian Federal Police to promote the highest standard of probity and integrity in those agencies.

The Australian Government has identified transnational and organised crime as major threats to Australia's national security. In 2010–11, ACLEI's primary focus will be to investigate possible serious and systemic corruption issues which:

- involve a suspected link between law enforcement and organised crime
- bring into doubt the integrity of senior law enforcement managers
- relate to law enforcement activities that have a higher inherent corruption risk
- warrant the use of the Integrity Commissioner's coercive information-gathering powers, or
- would otherwise benefit from independent investigation.

From 2010–11, \$0.4m per annum has been transferred to ACLEI from the Australian Federal Police. This additional investment in the law enforcement integrity system will augment ACLEI's assessment and reporting functions.

Of continuing importance to ACLEI are the cooperative working relationships formed with State and Territory integrity and law enforcement agencies, and with other agencies such as the Australian Public Service Commission and the Commonwealth Ombudsman. In appropriate circumstances, cooperation with these organisations will extend to the sharing of resources and knowledge, advanced training, conducting joint investigations, and the cross-referral of intelligence. In these ways, ACLEI will seek to achieve high standards in its investigations and other functions, and ensure efficient and effective use of agency resources.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources.

Table 1.1: Agency resource statement—Budget estimates for 2010–11 as at Budget May 2010

| | Estimate of prior year amounts available in 2010–11 (\$'000) | + Proposed at Budget 2010–11 (\$'000) | = Total estimate 2010–11 (\$'000) | Actual available appropriation 2009–10 (\$'000) |
|--|---|--|--|---|
| ORDINARY ANNUAL SERVICES¹ | | | | |
| Departmental appropriation | | | | |
| Prior year departmental appropriation ² | 2,538 | – | 2,538 | 2,484 |
| Departmental appropriation ³ | – | 4,779 | 4,779 | 4,127 |
| Total ordinary annual services | 2,538 | 4,779 | 7,317 | 6,611 |
| OTHER SERVICES⁴ | | | | |
| Departmental non-operating | | | | |
| Equity injections | – | – | – | 825 |
| Total other services | – | – | – | 825 |
| Total available annual appropriations | 2,538 | 4,779 | 7,317 | 7,436 |
| Total net resourcing for agency | 2,538 | 4,779 | 7,317 | 7,436 |

All figures are GST exclusive.

1. Appropriation Bill (No. 1) 2010–11.
2. Estimated adjusted balance carried from previous year for annual appropriations.
3. Includes an amount of \$0.395m in 2010–11 for the departmental capital budget (see Table 3.2.5 for further details). For accounting purposes, this amount has been designated as 'contributions by owners'.
4. Appropriation Bill (No. 2) 2010–11.

1.3 BUDGET MEASURES

Budget measures relating to ACLEI are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2010–11 Budget measures

| Program | 2009–10 (\$'000) | 2010–11 (\$'000) | 2011–12 (\$'000) | 2012–13 (\$'000) | 2013–14 (\$'000) |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| EXPENSE MEASURES | | | | | |
| Australian Commission for Law Enforcement Integrity—resource transfer | | | | | |
| 1.1 | | | | | |
| Departmental expenses | – | 407 | 410 | 413 | 417 |
| Total expense measures | – | 407 | 410 | 413 | 417 |

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to government outcomes over the Budget and forward years.

ACLEI's outcome is described below together with its related program, specifying the performance indicators and targets used to assess and monitor the performance of ACLEI in achieving government outcomes.

Outcome 1: Independent assurance to the Australian Government that Commonwealth law enforcement agencies and their staff act with integrity by detecting, investigating and preventing corruption

Outcome 1 strategy

ACLEI will contribute to Outcome 1 by ensuring that corruption issues in the Australian Federal Police and the Australian Crime Commission brought to the attention of the Integrity Commissioner are assessed in an effective and timely manner and, where appropriate, investigated. ACLEI will also assist law enforcement agencies to maintain the integrity of their staff by contributing to corruption prevention initiatives.

Outcome expense and resource statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted expenses and resources for Outcome 1

| | 2009–10 Estimated actual expenses (\$'000) | 2010–11 Estimated expenses (\$'000) |
|--|--|--|
| Outcome 1: Independent assurance to the Australian Government that Commonwealth law enforcement agencies and their staff act with integrity by detecting, investigating and preventing corruption | | |
| Program 1.1: Detect, investigate and prevent corruption in prescribed law enforcement agencies; assist law enforcement agencies to maintain and improve the integrity of staff members | | |
| Departmental expenses | | |
| Ordinary annual services (Appropriation Bill No. 1) | 4,127 | 4,384 |
| Expenses not requiring appropriation in the Budget year ¹ | – | 395 |
| Total expenses for Outcome 1 | 4,127 | 4,779 |
| | | |
| | 2009–10 | 2010–11 |
| Average staffing level (number) | 17 | 19 |

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the Budget year as government priorities change.

1. Includes \$0.395m in depreciation and amortisation expense in 2010–11.

Contributions to Outcome 1

Program 1.1: Detect, investigate and prevent corruption in prescribed law enforcement agencies; assist law enforcement agencies to maintain and improve the integrity of staff members

Program 1.1 objective

ACLEI's program objective is to ensure that instances of corruption are identified and addressed, and that law enforcement agencies have appropriate measures in place to control internal corruption risks. In this way, ACLEI can provide independent assurance to the Australian Government about the integrity of prescribed law enforcement agencies.

| Program 1.1 expenses | | | | | |
|---|---------------------------------------|---------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| (\$'000) | 2009–10 Revised budget | 2010–11 Budget | 2011–12 Forward year 1 | 2012–13 Forward year 2 | 2013–14 Forward year 3 |
| Program support | 4,127 | 4,384 | 4,410 | 4,340 | 4,378 |
| Expenses not requiring appropriation in the Budget year | – | 395 | 395 | 395 | 395 |
| Total program expenses | 4,127 | 4,779 | 4,805 | 4,735 | 4,773 |

Program 1.1 deliverables

- Corruption issues are promptly brought to the attention of the Integrity Commissioner for independent assessment and decision on how each issue should be dealt with (either by ACLEI, the agency to which the issue relates, or another agency).
- Where appropriate, ACLEI independently investigates corruption issues, giving priority to serious or systemic corruption.
- ACLEI analyses and reports on patterns and trends in law enforcement corruption.
- ACLEI recommends changes to laws and to agency practices and procedures to improve integrity in law enforcement, and to detect and prevent corruption more effectively.
- ACLEI contributes to corruption prevention initiatives such as the assessment of corruption risk and raising awareness about corruption deterrence, thereby helping to build corruption-resistant work cultures.
- Staff members of law enforcement agencies are made aware that information about corruption can be referred with confidence to the Integrity Commissioner.

Program 1.1 key performance indicators

- The corruption notification and referral system is effective.
 - Law enforcement agencies notify ACLEI of corruption issues in a timely way.
 - Other agencies provide information about corruption issues to ACLEI.
 - ACLEI is seen as viable for reporting information about corruption.
- ACLEI assesses all notifications and referrals of corruption issues in a timely way.
 - Upon receipt, ACLEI assesses information about corruption to determine how each issue should be dealt with. Credible information about corruption is prioritised.
- ACLEI's investigations are conducted professionally and efficiently, and add value to the integrity system.
 - Investigations adhere to the Integrity Commissioner's Investigation Guidelines.
 - ACLEI investigations are properly managed.
 - Investigation reports provided to the Minister are of high quality.
 - Advice is provided to the Minister in a timely way.
- ACLEI monitors the quality of corruption investigations conducted by law enforcement agencies.
 - All agency corruption investigation reports provided to ACLEI for review are assessed for quality and completeness.
 - ACLEI liaises regularly with the agencies' professional standards units.
- ACLEI contributes to policy development and law reform in accountability and corruption prevention relating to law enforcement.
 - Each investigation addresses corruption risk and, where warranted, makes recommendations for systemic improvement in corruption prevention or detection measures.
 - Submissions that relate to corruption prevention or enhancing integrity may be made to government or in other relevant forums.
- Staff members of law enforcement agencies are made aware of ACLEI's role.
 - Marketing and other awareness-raising activities are in place, including joint initiatives with other agencies.
 - Targeted presentations about integrity are made to diverse audiences.
- ACLEI handles personal information appropriately.
 - Regular privacy audits are undertaken to ensure compliance with legal obligations and better practice policy for information-handling.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2010–11 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

ACLEI has no administered funds.

3.1.2 Special accounts

ACLEI has no special accounts.

3.1.3 Australian Government Indigenous Expenditure

ACLEI has no Indigenous-specific expenses.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between the agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

ACLEI has budgeted for an operating deficit of \$0.145m in 2010–11. The deficit is attributed to the implementation of departmental capital budget statements and extinguishment of annual depreciation funding in the 2010–11 Budget and forward year estimates.

Total net cost of services is \$4.529m, comprising \$2.440m in employee expenses, \$1.944m in payments to suppliers and \$0.145m in depreciation expense.

Total revenue from government is \$4.384m.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | Estimated actual 2009–10 (\$'000) | Budget estimate 2010–11 (\$'000) | Forward estimate 2011–12 (\$'000) | Forward estimate 2012–13 (\$'000) | Forward estimate 2013–14 (\$'000) |
|---|--|---|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 2,107 | 2,440 | 2,509 | 2,600 | 2,649 |
| Supplier expenses | 1,875 | 1,944 | 1,901 | 1,740 | 1,729 |
| Depreciation and amortisation | 145 | 145 | 145 | 145 | 145 |
| Total expenses | 4,127 | 4,529 | 4,555 | 4,485 | 4,523 |
| Net cost of (contribution by) services | 4,127 | 4,529 | 4,555 | 4,485 | 4,523 |
| Revenue from government | 4,127 | 4,384 | 4,410 | 4,340 | 4,378 |
| Surplus (deficit) | – | (145) | (145) | (145) | (145) |
| Surplus (deficit) attributable to the Australian Government | – | (145) | (145) | (145) | (145) |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Changes in asset revaluation reserves | – | – | – | – | – |
| Total other comprehensive income | – | – | – | – | – |
| Total comprehensive income | – | (145) | (145) | (145) | (145) |
| Total comprehensive income attributable to the Australian Government | – | (145) | (145) | (145) | (145) |

Prepared on Australian Accounting Standards basis.

| Note: Reconciliation of operating result attributable to the agency | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009–10 (\$'000) | 2010–11 (\$'000) | 2011–12 (\$'000) | 2012–13 (\$'000) | 2013–14 (\$'000) |
| Operating result attributable to the Australian Government | – | (145) | (145) | (145) | (145) |
| Plus non-appropriated expenses | | | | | |
| Depreciation and amortisation expenses | – | 145 | 145 | 145 | 145 |
| Operating result attributable to the agency | – | – | – | – | – |

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

| | Estimated actual 2009–10 (\$'000) | Budget estimate 2010–11 (\$'000) | Forward estimate 2011–12 (\$'000) | Forward estimate 2012–13 (\$'000) | Forward estimate 2013–14 (\$'000) |
|--|--|---|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 62 | 62 | 62 | 62 | 207 |
| Trade and other receivables | 3,900 | 3,900 | 3,900 | 3,900 | 3,755 |
| Total financial assets | 3,962 | 3,962 | 3,962 | 3,962 | 3,962 |
| Non-financial assets | | | | | |
| Land and buildings | 38 | 38 | 38 | 38 | 38 |
| Property, plant and equipment | 76 | 326 | 576 | 826 | 1,076 |
| Intangibles | 40 | 40 | 40 | 40 | 40 |
| Other | 28 | 28 | 28 | 28 | 28 |
| Total non-financial assets | 182 | 432 | 682 | 932 | 1,182 |
| Total assets | 4,144 | 4,394 | 4,644 | 4,894 | 5,144 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 187 | 187 | 187 | 187 | 187 |
| Other | 132 | 132 | 132 | 132 | 132 |
| Total payables | 319 | 319 | 319 | 319 | 319 |
| Provisions | | | | | |
| Employee provisions | 403 | 403 | 403 | 403 | 403 |
| Total provisions | 403 | 403 | 403 | 403 | 403 |
| Total liabilities | 722 | 722 | 722 | 722 | 722 |
| Net assets | 3,422 | 3,672 | 3,922 | 4,172 | 4,422 |
| EQUITY | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 1,104 | 1,499 | 1,894 | 2,289 | 2,684 |
| Retained surplus (accumulated deficit) | 2,318 | 2,173 | 2,028 | 1,883 | 1,738 |
| Total parent entity interest | 3,422 | 3,672 | 3,922 | 4,172 | 4,422 |
| Total equity | 3,422 | 3,672 | 3,922 | 4,172 | 4,422 |

Note: 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity—summary of movement (Budget year 2010–11)

| | Retained earnings (\$'000) | Contributed equity/ capital (\$'000) | Total equity (\$'000) |
|---|----------------------------------|---|-----------------------------|
| Opening balance as at 1 July 2010 | | | |
| Balance carried forward from previous period | 2,318 | 1,104 | 3,422 |
| Adjustment for changes in accounting policies | – | – | – |
| Adjusted opening balance | 2,318 | 1,104 | 3,422 |
| Comprehensive income | | | |
| Surplus (deficit) for the period | (145) | – | (145) |
| Total comprehensive income recognised directly in equity | (145) | – | (145) |
| Transactions with owners | | | |
| Contributions by owners | | | |
| Appropriation (departmental capital budget) | – | 395 | 395 |
| Sub-total transactions with owners | – | 395 | 395 |
| Estimated closing balance as at 30 June 2011 | 2,173 | 1,499 | 3,672 |

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

| | Estimated actual 2009–10 (\$'000) | Budget estimate 2010–11 (\$'000) | Forward estimate 2011–12 (\$'000) | Forward estimate 2012–13 (\$'000) | Forward estimate 2013–14 (\$'000) |
|---|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 4,504 | 4,384 | 4,410 | 4,340 | 4,523 |
| Total cash received | 4,504 | 4,384 | 4,410 | 4,340 | 4,523 |
| Cash used | | | | | |
| Employees | 2,124 | 2,457 | 2,526 | 2,600 | 2,649 |
| Suppliers | 1,858 | 1,927 | 1,884 | 1,740 | 1,729 |
| Total cash used | 3,982 | 4,384 | 4,410 | 4,340 | 4,378 |
| Net cash from (used by) operating activities | 522 | – | – | – | 145 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | – | 395 | 395 | 395 | 395 |
| Total cash used | – | 395 | 395 | 395 | 395 |
| Net cash (from) used by investing activities | – | (395) | (395) | (395) | (395) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | (522) | 395 | 395 | 395 | 395 |
| Total cash received | (522) | 395 | 395 | 395 | 395 |
| Net cash (from) used by financing activities | (522) | 395 | 395 | 395 | 395 |
| Net increase (decrease) in cash held | – | – | – | – | 145 |
| Cash and cash equivalents at beginning of reporting period | 62 | 62 | 62 | 62 | 62 |
| Cash and cash equivalents at end of reporting period | 62 | 62 | 62 | 62 | 207 |

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

| | Estimated actual 2009–10 (\$'000) | Budget estimate 2010–11 (\$'000) | Forward estimate 2011–12 (\$'000) | Forward estimate 2012–13 (\$'000) | Forward estimate 2013–14 (\$'000) |
|--|--|---|--|--|--|
| CAPITAL APPROPRIATIONS | | | | | |
| Capital budget—Bill 1 (DCB) | – | 395 | 395 | 395 | 395 |
| Total capital appropriations | – | 395 | 395 | 395 | 395 |
| Total new capital appropriations | | | | | |
| Represented by: | | | | | |
| Purchase of non-financial assets | – | 395 | 395 | 395 | 395 |
| Total items | – | 395 | 395 | 395 | 395 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriation—DCB ¹ | – | 395 | 395 | 395 | 395 |
| Total | – | 395 | 395 | 395 | 395 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | – | 395 | 395 | 395 | 395 |
| Total cash used to acquire assets | – | 395 | 395 | 395 | 395 |

Prepared on Australian Accounting Standards basis.

DCB = departmental capital budget.

- Does not include annual finance lease costs. Includes purchases from current and previous years' departmental capital budgets.

Table 3.2.6: Statement of departmental asset movements (2010–11)

| | Buildings (\$'000) | Other property, plant & equipment (\$'000) | Intangibles (\$'000) | Total (\$'000) |
|---|-----------------------|--|-------------------------|-------------------|
| As at 1 July 2010 | | | | |
| Gross book value | 65 | 522 | 79 | 666 |
| Accumulated depreciation/amortisation and impairment | (27) | (446) | (39) | (512) |
| Opening net book balance | 38 | 76 | 40 | 154 |
| CAPITAL ASSET ADDITIONS | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase—appropriation equity | – | 395 | – | 395 |
| Total additions | – | 395 | – | 395 |
| Other movements | | | | |
| Depreciation/amortisation expense | – | (145) | – | (145) |
| As at 30 June 2011 | 38 | 326 | 40 | 404 |
| Gross book value | 65 | 917 | 79 | 1,061 |
| Accumulated depreciation/amortisation and impairment | (27) | (591) | (39) | (657) |
| Closing net book balance | 38 | 326 | 40 | 404 |

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Net cash arrangements

These arrangements will commence from 1 July 2010. Essentially the net cash arrangements discontinue funding to agencies for non-cash expenses (depreciation, amortisation and make-good). From 1 July 2010, agencies will be appropriated on the basis of net cash requirements. Departmental capital budgets will be introduced from 1 July 2010. The departmental capital budget will meet the costs associated with replacement of minor assets (assets valued at \$10m or less) and costs that are eligible to be capitalised. The departmental capital budget effectively replaces the depreciation expense funding.

Basis of accounting

The budgeted financial statements have been prepared on an accrual accounting basis, having regard to Statements of Accounting Concepts, and in accordance with the Finance Minister's Orders, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Revenue from government

Amounts appropriated for departmental outcomes are recognised as revenue. Appropriations receivable are recognised at their nominal amounts.

Employee expenses

Employee expenses consist of salaries, leave entitlements, superannuation, workers' compensation and non-salary benefits.

Supplier expenses

Supplier expenses consist of operational expenditure, consultant costs, travel expenses and administrative costs.

Assets

Assets include cash, receivables, leasehold improvements, plant and equipment, intangibles and other assets (prepaid expenses). All assets are held at fair value.

Liabilities

Liabilities include employee entitlements, amounts payable to suppliers and property make-good provisions.