



Australian Government

Australian Commission for  
Law Enforcement Integrity



# **ANNUAL REPORT OF THE INTEGRITY COMMISSIONER 2017-18**





**ANNUAL REPORT  
OF THE INTEGRITY  
COMMISSIONER  
2017-18**



ISSN 1835-1603 (print); ISSN 2205-3077 (online)

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Copies of this report are available on ACLEI's website at [www.aclei.gov.au/about/corporate-information/annual-reports](http://www.aclei.gov.au/about/corporate-information/annual-reports).

## Acknowledgements

**Produced by:** Australian Commission for Law Enforcement Integrity

**Design:** [giraffe.com.au](http://giraffe.com.au)

**Printing:** Elect Printing

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2 October 2018

The Hon Christian Porter MP  
Attorney-General  
Parliament House  
CANBERRA ACT 2600



**Australian Government**  
**Australian Commission for**  
**Law Enforcement Integrity**

Dear Attorney-General

I am pleased to give you the twelfth annual report of the Integrity Commissioner, concerning the operations in 2017–18 of the Australian Commission for Law Enforcement Integrity, prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* and section 201 of the *Law Enforcement Integrity Commissioner Act 2006*.

In addition, as indicated in this report, I certify that:

- ACLEI has prepared fraud risk assessments and fraud control plans
- ACLEI has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs
- I have taken all reasonable measures to deal appropriately with fraud relating to ACLEI
- ACLEI had no incidences of suspected fraud in 2017–18.

In compiling this report, I have had regard to section 206 of the Law Enforcement Integrity Commissioner Act which relates to considerations about the content of annual reports of the Integrity Commissioner.

This report also includes the annual report about authorities for assumed identities pursuant to section 15LD(1) of the *Crimes Act 1914* for the period 1 July 2017 to 30 June 2018, and the annual report for witness identity protection certificates pursuant to section 15MU(1) of the *Crimes Act 1914* for the period 1 July 2017 to 30 June 2018.

In my opinion, the report is suitable for presentation to the Parliament.

Yours sincerely

A handwritten signature in black ink that reads "Michael Griffin".

**Michael Griffin AM**  
Integrity Commissioner



# REPORTING CORRUPTION

## How to report a corruption issue

The Australian Commission for Law Enforcement Integrity (ACLEI) investigates corruption issues involving staff members and former staff members of:

- the Australian Criminal Intelligence Commission, including the former Australian Crime Commission, the former CrimTrac Agency and former National Crime Authority
- the Australian Federal Police (including ACT Policing)
- the Australian Transaction Reports and Analysis Centre (AUSTRAC)
- prescribed aspects of the Department of Agriculture and Water Resources
- the Department of Home Affairs, including the Australian Border Force.

Any information provided to ACLEI is received in the strictest confidence.

A person providing information about a corruption issue to ACLEI does not have to give their name, but should be aware that information given anonymously may be more difficult to investigate. If a person does not want to give his or her name, he or she may provide an alias and should arrange a way for contact to be made.

ACLEI endeavours to be sensitive and helpful to people who refer concerns to the Integrity Commissioner. However, ACLEI does not have a complaint handling role, and its investigations are not oriented to achieving remedies or personal resolutions for individuals. Rather, the Integrity Commissioner seeks to ensure that all corruption issues are properly addressed.

All information provided to ACLEI is assessed for its suitability for investigation and may be retained or collated with other information to inform decision making at a later date.

Sometimes it may be preferable to pass the information provided (or part of it) to another government agency better suited to investigate it. If that action would cause a concern, please discuss it with ACLEI at the time of providing the information.

Corruption issues can be reported to ACLEI by any of the following means:

**Hotline:** (02) 6141 2345; +61 2 6141 2345

**Email:** [contact@aclei.gov.au](mailto:contact@aclei.gov.au)

**Online:** [www.aclei.gov.au](http://www.aclei.gov.au)

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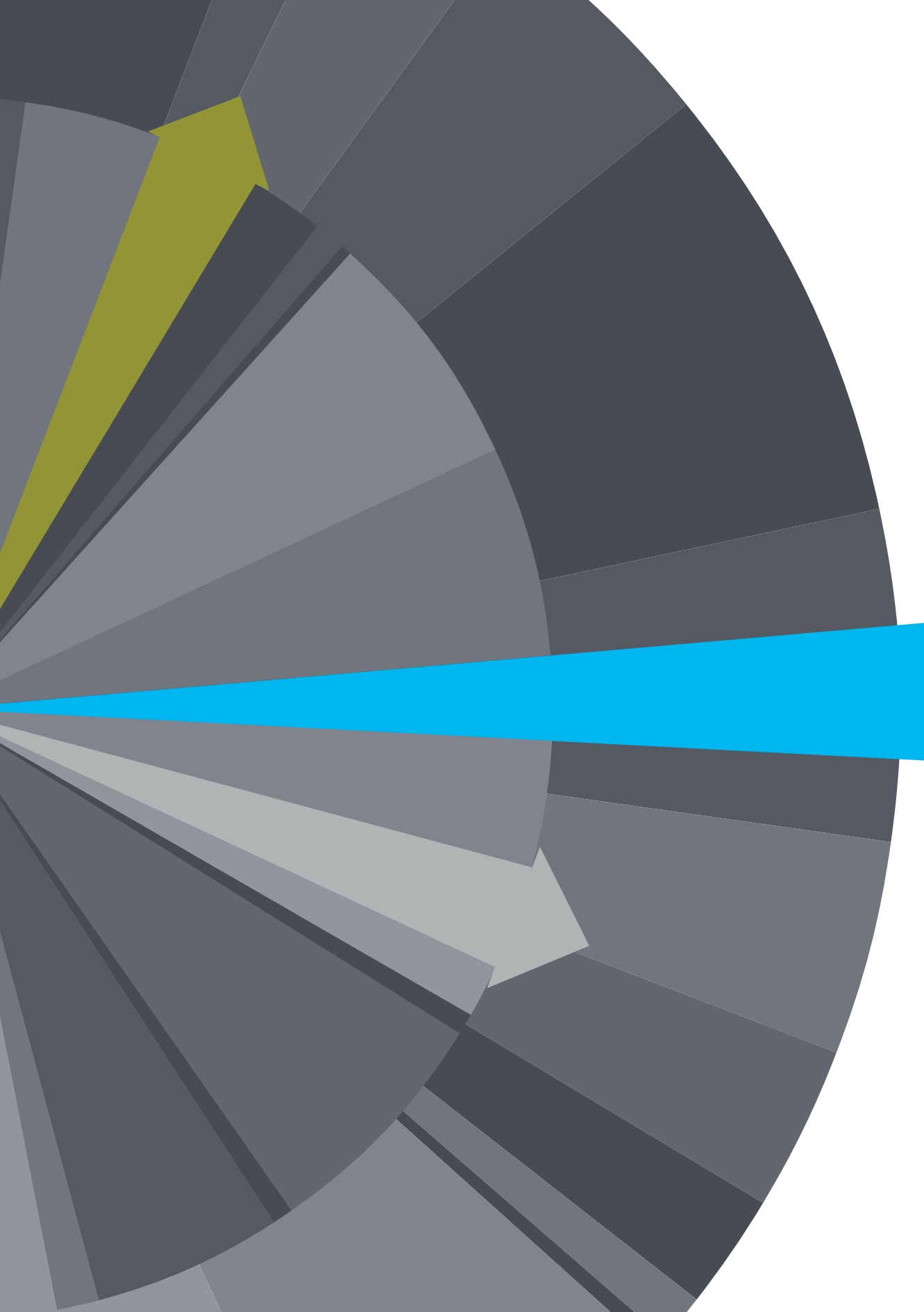
**Post:** Australian Commission for Law Enforcement Integrity  
GPO Box 605  
Canberra ACT 2601  
AUSTRALIA



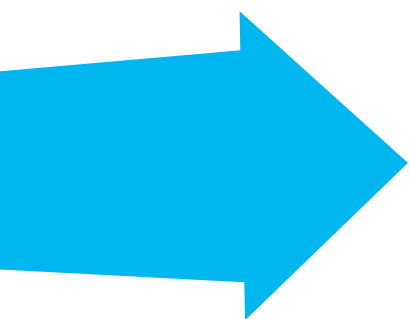
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# PART ONE OVERVIEW

INTEGRITY COMMISSIONER'S FOREWORD

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AGENCY OVERVIEW

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THE YEAR IN REVIEW

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# INTEGRITY COMMISSIONER'S FOREWORD

This annual report marks my fourth as Integrity Commissioner. Over the past nearly four years I have seen a remarkable transformation in ACLEI's investigations, contributions to broader anti-corruption initiatives, and relations with partner agencies. This transformation in ACLEI builds on the sterling work by staff and my predecessors from ACLEI's inception in 2006. In addition, the nature of the criminal threat which seeks to use law enforcement officers to advance criminal activity continues to evolve.



In my first annual report I noted that ACLEI had its highest ever number of investigations on foot. During 2014–15, 75 corruption issues were under investigation either jointly or by ACLEI alone. By contrast, during 2017–18 nearly four times as many issues (282) were under investigation either alone or jointly. A similar story occurs with the number of corruption issues under investigation by other agencies, with almost twice as many under investigation during 2017–18 (231) compared to 2014–15 (127).

Five key factors have led to this increase in ACLEI's workload:

- There has been a substantial increase in the number of staff in jurisdiction, largely due to the then Department of Immigration and Border Protection coming into jurisdiction from 1 July 2015.
- Part of the increase in operational tempo also reflects the increasing maturity of the integrity systems in a number of agencies in jurisdiction, making it easier for the agencies to detect possible corrupt behaviour, or more deeply entrenched corruption.
- Another factor is the very good relationships we have with partner agencies at the Commonwealth and State level, leading to a greater exchange of useful intelligence about suspect behaviour involving law enforcement officers within ACLEI's jurisdiction.
- ACLEI's intelligence capability has developed substantially, leading to an increased generation of intelligence about possible corrupt conduct by law enforcement officers.
- Deeper levels of corruption are being found, with sophisticated criminal groups sometimes targeting a number of staff in different law enforcement agencies.

Over the period there has been a concomitant increase in ACLEI's use of covert and coercive powers, including the use of my powers to conduct hearings. The effectiveness of some of these powers has changed, with developments in technology.



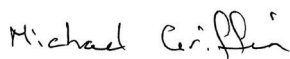
Focussing on 2017–18, ACLEI had its highest level of operational tempo ever, and several major ‘slow burn’ corruption investigations came to completion. In some cases they have led to prosecutions of, or disciplinary actions against, law enforcement officers, while in other cases the integrity issue has been resolved. For example, working in partnership with various law enforcement agencies, several investigations have led to the charging of an officer allegedly assisting an organised crime group in the illegal importation of drugs and tobacco, and visa fraud at a particular overseas location has been disrupted.

Another key achievement of ACLEI has been the maturation of our corruption prevention function, which was ‘operationalised’ in the previous year. A number of major initiatives have been completed, some in partnership with other agencies (for example, a joint project *Mapping Integrity* with AUSTRAC).

With the recruitment of highly skilled staff complete by the end of 2017–18, ACLEI is well-placed for the future. In 2018–19, to help us become more effective and efficient, we are moving our staff in Sydney to a purpose-built facility. We are also considering the implementation of new systems to help in the management of ACLEI’s work.

ACLEI also faces some significant challenges. The impact of the most recent change that affects ACLEI’s jurisdiction—the creation of the Department of Home Affairs in late December 2017, bringing into jurisdiction an additional 1000 staff, many of whom perform potentially high corruption risk functions—is yet to be fully determined. Another challenging area is that of investigating allegations of visa fraud, which can involve international operations. Finally, there is an ongoing challenge in managing ACLEI’s workload. Maintaining the focus on serious and systemic corruption requires constant evaluation of priorities and resource allocation.

None of ACLEI’s achievements would be possible without the continued dedication of ACLEI’s staff, many of whom are required to travel domestically, and sometimes internationally, as part of their work. I appreciate their continued efforts and those of all staff in ACLEI. In addition, without a great deal of cooperation from other Commonwealth and State law enforcement and integrity agencies, ACLEI would not be nearly as effective, and I thank all these agencies.



**Michael Griffin AM**  
Integrity Commissioner



# AGENCY OVERVIEW

## Purpose

ACLEI's strategic purpose—through performance of functions prescribed by the *Law Enforcement Integrity Commissioner Act 2006* (LEIC Act)—is **to make it more difficult for corruption to occur or remain undetected in designated Australian Government law enforcement agencies.**

The agencies subject to the Integrity Commissioner's jurisdiction are:

- the Australian Criminal Intelligence Commission (including the former Australian Crime Commission, the former CrimTrac Agency and former National Crime Authority)
- the Australian Federal Police (including ACT Policing)
- the Australian Transaction Reports and Analysis Centre (AUSTRAC)
- prescribed aspects of the Department of Agriculture and Water Resources
- the Department of Home Affairs, including the Australian Border Force.

Other agencies with law enforcement functions may be added by regulation.

## Role

The Integrity Commissioner's primary role is to investigate law enforcement related corruption issues, giving priority to serious and systemic corruption. The Integrity Commissioner can investigate any information or allegation which indicates that corrupt conduct has occurred, is occurring, or may be likely to occur. The heads of the agencies under ACLEI's jurisdiction must notify the Integrity Commissioner of corruption issues in their agencies as soon as practicable after they become aware of them. Information about corruption may also come from members of the public, the Minister, members of law enforcement and government agencies, and from ACLEI's own-initiative investigations.

The LEIC Act establishes a framework within which the Integrity Commissioner and the relevant agency heads can detect and investigate corruption issues and prevent corrupt conduct jointly and cooperatively.

This arrangement recognises both the continuing responsibility that the law enforcement agency heads have for the integrity of their staff members and the role that the Integrity Commissioner, as independent decision-maker, plays in the law enforcement integrity framework. Accordingly, the Integrity Commissioner works to ensure that indications and risks of corrupt conduct in law enforcement agencies are identified and addressed, to strengthen those agencies against compromise.



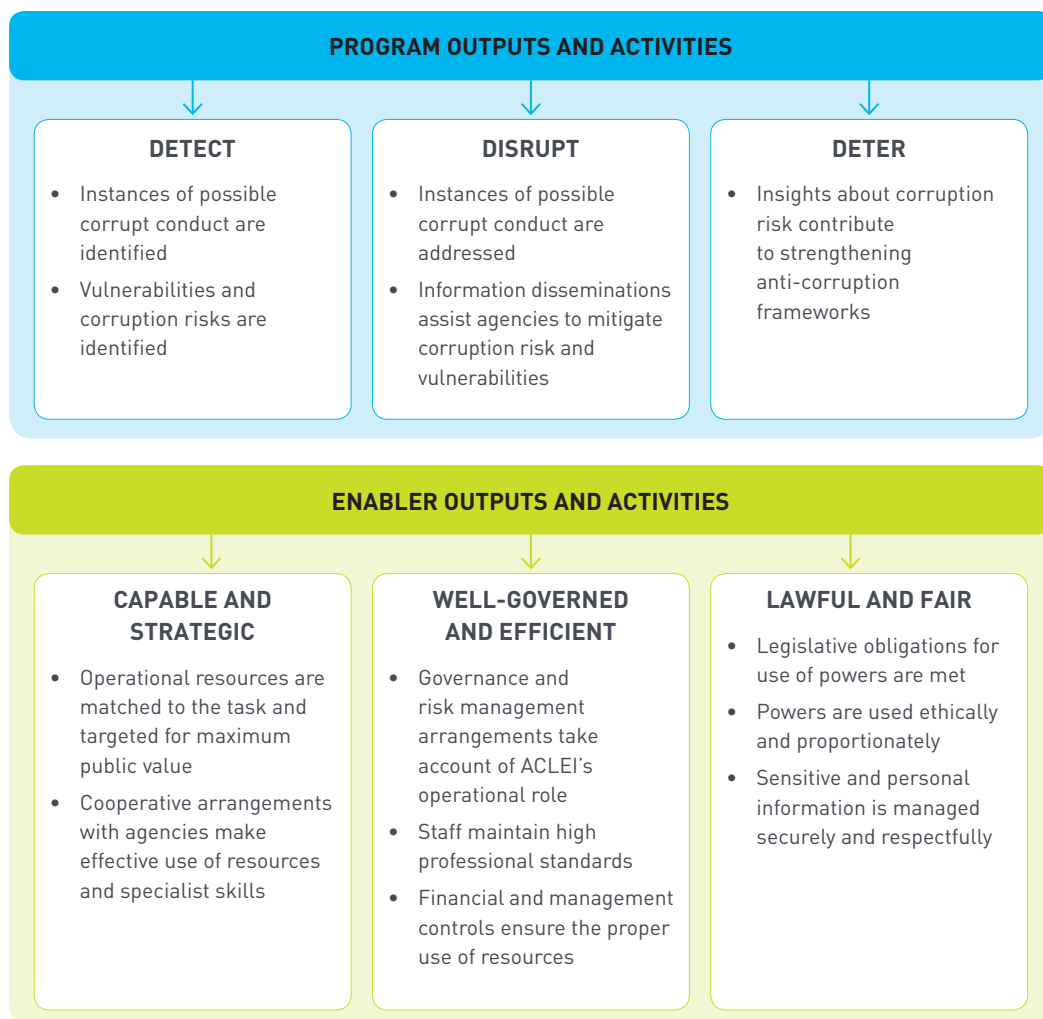
## Strategic focus

ACLEI's operational strategy is to prioritise its detection, disruption and deterrence efforts against high-impact risk themes—those areas of administration, regulatory or law enforcement activity that would be significantly undermined if corruption were to become established. This approach aligns with the LEIC Act which directs that the Integrity Commissioner must give priority to countering serious corruption and systemic corruption.

ACLEI delivers its priorities through three program and three enabler outputs, as shown.

Further information can be found on page 2 of the ACLEI 2017–18 Corporate Plan ([www.aclei.gov.au/about/corporate-information](http://www.aclei.gov.au/about/corporate-information)).

### Outputs—delivering ACLEI's priorities

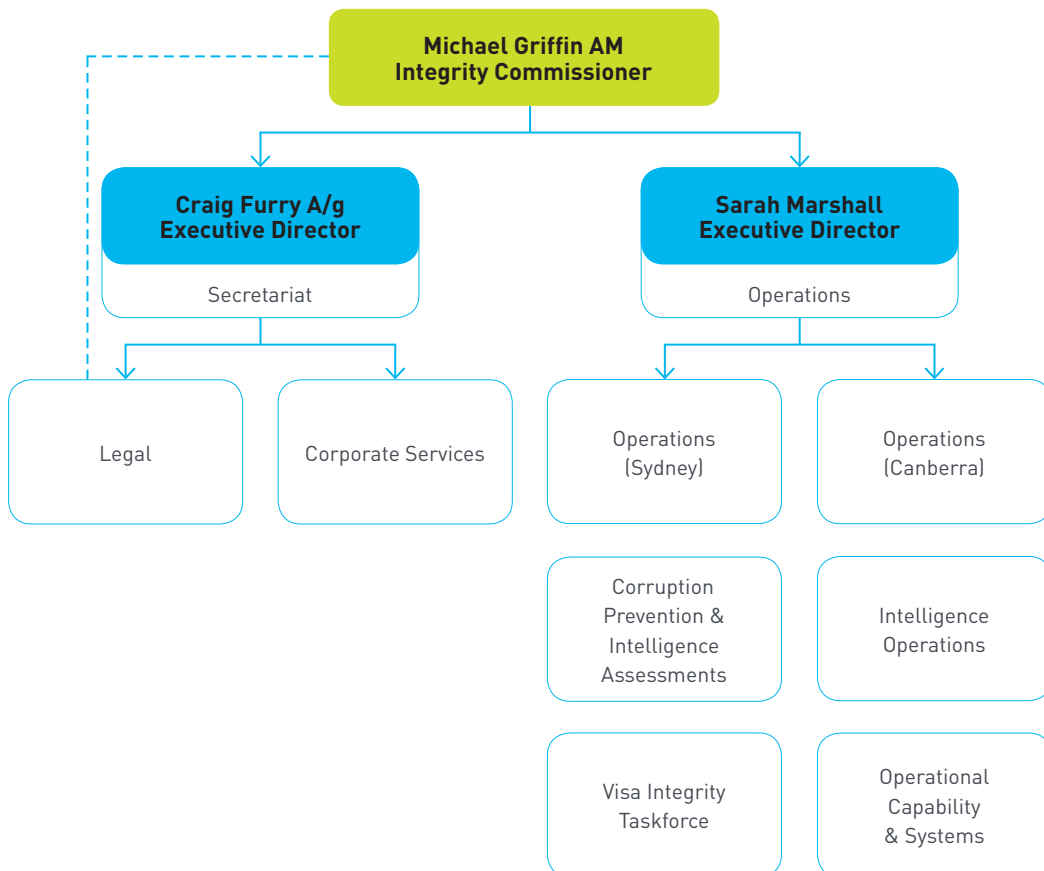




## Organisational structure

During the reporting period ACLEI had funding for a maximum average staffing level of 49 people. The Integrity Commissioner is supported by two Executive Directors. The Executive Director Operations manages operational activity, corruption prevention and relationships. The Executive Director Secretariat manages governance, corporate capability and policy advice to the Integrity Commissioner. The Integrity Commissioner is also advised on legal matters by General Counsel.

### ACLEI's organisational structure at 30 June 2018





# THE YEAR IN REVIEW

ACLEI's strategic purpose—through performance of functions prescribed by the *Law Enforcement Integrity Commissioner Act 2006*—is to make it more difficult for corruption to occur or remain undetected in designated Australian Government law enforcement agencies. ACLEI supports the Integrity Commissioner in providing independent assurance to government about the integrity of prescribed law enforcement agencies and their staff members.

## ACLEI's performance framework

ACLEI's 2017–18 Portfolio Budget Statements (at pages 64 and 65) set out five key performance indicators (KPIs) which track how ACLEI is progressing towards meeting its purpose.



## Delivery against strategic priorities

To focus ACLEI's efforts towards meeting its KPIs, the ACLEI 2017–18 Corporate Plan (page 3) sets out ten strategic priorities. These strategic priorities indicate key activities that ACLEI undertook or worked towards during the reporting period to meet its KPIs, while supporting the Integrity Commissioner to build and maintain an agency that makes the best use of public resources to deliver maximum value to the public. The Annual Performance Statement on pages 22–33 reflects the actual results achieved against the performance criteria set out in the Portfolio Budget Statements for the reporting period.

## Explanation of terms

- *Complete*: one-off projects or activities that are considered finalised to a satisfactory standard.
- *Business as usual*: deliverables that have reached a steady state of achievement and/or which have been successfully integrated into business processes to form part of the normal work or expectations of the agency.
- *On track*: projects or activities that are still in progress, or that by their nature are ongoing, but which are progressing satisfactorily (as evidenced by milestone achievements) and for which completion in the following year (or moving to 'business as usual' status) could reasonably be anticipated.
- *Progress made*: those projects or goals that are in the early stages of completion, and for which further significant work could be anticipated in the succeeding reporting year.



**Place a focus on *Integrity Leadership* as a driver of culture and mitigator of risk. Continue to engage with LEIC Act agency heads—and, as appropriate, across government—to focus and align anti-corruption efforts.**

- ACLEI's investigations and intelligence operations continue to provide important insights into corruption risks and vulnerabilities, as well as important results from investigations, many of which are joint and target agency officials and the criminal groups they assist.
- ACLEI continues to contribute to the development of anti-corruption strategies, and provides insights into corruption prevention to a range of forums.
- ACLEI and AUSTRAC completed a joint project *Mapping Integrity*, to identify opportunities for the continued development of AUSTRAC's integrity maturity and for ACLEI to test a set of integrity assessment tools that could be used in a broader environment. A report on the project is available on the ACLEI website at [www.aclei.gov.au/reports/project-reports](http://www.aclei.gov.au/reports/project-reports), and two integrity maturity assessment tools are at [www.aclei.gov.au/corruption-prevention/corruption-prevention-toolkit](http://www.aclei.gov.au/corruption-prevention/corruption-prevention-toolkit).
- ACLEI staff participated in seven forums with other Australian government agencies and overseas agencies/organisations, discussing corruption prevention and integrity risk.
- ACLEI provided comments on draft documents relating to the new Protective Security Policy Framework arrangements to counter 'insider threat'—including mandatory requirements, risk settings and vetting procedures. ACLEI is a member of the Government Security Committee.

**STATUS: BUSINESS AS USUAL**

**Respond to priorities of Government, including the establishment of the Department of Home Affairs. Contribute to external reviews and dialogues about ACLEI's role in the public sector integrity framework—including the 2018 Open Government Partnership review.**

- ACLEI supported the Department of Home Affairs Implementation Taskforce in establishing the new department.
- ACLEI continued to assist the Attorney-General's Department's engagement with the Department of Agriculture and Water Resources in relation to an extension of ACLEI's jurisdiction over that department.
- An assessment of ACLEI's jurisdiction and capabilities is due to be carried out in 2018–19 in the context of developing Australia's Second Open Government Partnership Action Plan.

**STATUS: BUSINESS AS USUAL**



**Engage with relevant agencies to strengthen joint understanding of corruption methods and motivations—including in administration of biosecurity, anti-money laundering and visa arrangements—and the role of corruption as an enabler of serious crime types.**

- 169 corruption issues were investigated jointly with other law enforcement agencies (60% of the total under investigation by ACLEI, either alone or jointly).
- ACLEI hosted three meetings of the Community of Practice for Corruption Prevention in the reporting period.
- ACLEI staff made a presentation to the APS Code of Conduct Community of Practice on ACLEI's role and the interaction of code of conduct investigations with corruption/criminal investigations.
- ACLEI reconvened the subgroup Corruption Prevention Practitioners of the Australian Anti-corruption Commissions, and hosted two meetings of the subgroup. At the meetings each agency discussed their strategic priorities and noted progress made on key projects. A number of opportunities for further collaboration were discussed.
- ACLEI officers made 11 presentations to support awareness-raising activities amongst LEIC Act agencies and the broader public service.

**STATUS: BUSINESS AS USUAL**

**Maintain and reinforce a professional, adaptive culture across ACLEI's Canberra and Sydney locations—focussing on efficiency, accountability and delivering value.**

- The Integrity Commissioner emphasised collaborative work practices, with, for example, some staff moving between the Intelligence Assessments and Operations (Canberra) Teams, some staff moving between offices, and staff from the Canberra and Sydney offices working jointly on investigations.
- ACLEI's Legal Team made a number of presentations to ACLEI staff on legislative compliance in relation to administrative processes and the exercise of legislative powers.

**STATUS: BUSINESS AS USUAL**



**Develop improved decision tools that better support operational case selection and resource allocation in a more complex organisational environment. Examine options to improve case data management, linking and reporting.**

- Towards the end of 2017 a stocktake of all outstanding matters was carried out and the way forward identified. This helped ensure that ACLEI remains focussed on the highest priority investigations involving serious and systemic corruption.
- ACLEI has introduced new methodologies to assist in determining case priority, forecasting and monitoring costs, and resource allocation.
- Substantial progress has been made on a project which seeks to transform ACLEI's current set of systems and equip ACLEI with modern technologies and more efficient practices to diagnose and investigate serious and systemic corruption. Preferred solutions have been identified and, subject to funding, will be pursued in 2018–19.

**STATUS: PROGRESS MADE**

**Continue to reinforce ACLEI's ability to detect serious and systemic corruption through the enhancement of ACLEI's intelligence collection capability—including through human intelligence collection—and targeted detection projects and investigation taskforces with other agencies.**

- ACLEI's Intelligence Operations area is now well developed. In addition to providing information to ACLEI's investigation areas, since its inception the team has made over 300 information disseminations to Commonwealth law enforcement agencies and state law enforcement and integrity agencies.
- Based in part on the risks exposed by one particular joint investigation, the then Minister for Justice approved funding for a two-year Visa Integrity Taskforce. The taskforce is being led by ACLEI and is investigating allegations and intelligence about visa fraud that may involve law enforcement officers.
- ACLEI is working with LEIC Act agencies on several initiatives on target development and identification of vulnerabilities, and the AFP is supporting ACLEI in some active targeting.

**STATUS: BUSINESS AS USUAL**



**Review and refine ACLEI's key operational capabilities—such as forensic financial analysis, law enforcement data access, and legal service delivery—to enhance operational efficiency and effectiveness.**

- Two forensic accountant positions have been filled.
- Considerable advances have been made on a project to expand ACLEI's access to government and private enterprise information sources. This project is significantly expanding ACLEI's investigative capabilities, and enhancing relationships with the organisations that hold this data.
- ACLEI supported its in-house legal team by engaging experienced counsel to assist with specialist issues, such as hearings.
- ACLEI continues to enter into arrangements with other law enforcement bodies to obtain specialist support not otherwise available to ACLEI in a cost-effective manner.

**STATUS: BUSINESS AS USUAL**

**Proactively disseminate information about corruption risks and vulnerabilities to allow LEIC Act and other relevant agencies to disrupt insider threat. Work with LEIC Act agencies to continue to attune their integrity systems to a dynamic risk environment.**

- Historical section 66 reports (which agencies provide to the Integrity Commissioner after they have completed an investigation of a corruption issue) were reviewed for patterns and trends in vulnerabilities. These reports are now reviewed on a continuous basis to help identify emerging issues and patterns and trends.
- Staff from ACLEI's operations areas and Corruption Prevention and Intelligence Assessments Team work closely together to identify vulnerabilities and corruption risks, and provide timely information back to agencies. For example, in the course of one joint operation, ACLEI was able to alert another agency to a number of systemic problems relating to the provision of contracted services at varying sites. The contractor remedied, or is in the process of remedying, these problems.
- ACLEI published a range of corruption prevention products on the ACLEI website. These products included the outcomes of a joint project with AUSTRAC on mapping integrity and two associated tools, a corruption prevention toolkit, a corruption prevention factsheet on grooming, a case study on integrity risk relating to an allegation that a law enforcement officer had released classified information, and a paper on corruption and the changing opportunities for women in law enforcement.

**STATUS: BUSINESS AS USUAL**



**Explore new or strengthened relationships with counterpart agencies, and more broadly, to build capability to combat corruption-enabled crime.**

- Relations with other agencies—especially the AFP, the Department of Home Affairs, the NSW Police Force and Victoria Police—appear to be at an all-time high, with a number of joint investigations showing, or promising to show, good results in terms of investigating allegedly corrupt officials as well as criminal entities.
- ACLEI's engagement with State Crime Commands in New South Wales, Victoria and Queensland is developing well, and relationships with Western Australia are being established.
- The Integrity Commissioner established an agreement under section 17 of the LEIC Act with the Secretary of the Department of Home Affairs as to which matters indicate significant corruption, and which matters do not indicate significant corruption.
- ACLEI continues to undertake a number of secondments to and from the agency. Such secondments may be for a fixed period of time, or for a specific investigation.
- ACLEI supported the Department of Agriculture and Water Resources with components of the delivery of their new integrity training package, and will continue to do so in 2018–19.

**STATUS: BUSINESS AS USUAL**

**Commission a fit-for-purpose operations base for Sydney staff.**

- Following an extensive property search and formal procurement process, a suitable site was identified during the reporting period. The new operations facility is expected to be completed in the first half of 2018–19.

**STATUS: ON TRACK**



## Operations overview

This year marked ACLEI's busiest year ever in terms of the number of corruption issues under investigation by ACLEI alone, or jointly with other agencies. At any one time, there may be around ten major investigations underway that consume a substantial part of ACLEI's operational resources (an investigation may cover more than one corruption issue). Other investigations may be in their early stages, or awaiting finalisation of legal proceedings that involve ACLEI staff (for example, preparing, or assisting in the preparation of, briefs of evidence and providing support during court proceedings).

Joint investigations often relate to alleged criminal activity involving organised crime groups. In such cases, ACLEI focusses its efforts on any involvement in the alleged criminality by staff from jurisdictional agencies, while other agencies, such as the AFP and state police forces, focus on the organised crime groups.

However not all investigations involve organised crime groups. During 2017–18 ACLEI deployed a significant amount of resources investigating corruption in the border biosecurity environment. In general, allegations of such corruption centre around law enforcement officers helping individuals or companies who aim to circumvent biosecurity controls for commercial advantage. These individuals may use personal relations with law enforcement officers to gain their support.

Investigations continue to be very complex, often involving significant criminal conspiracies, and it can take a substantial length of time to conclude an investigation to an appropriately high standard.

ACLEI has continued its efforts to be proactive and innovative. In 2016–17 the corruption prevention function was 'operationalised'. The unit has continued to conduct strategic intelligence reporting and vulnerabilities reporting to assist agencies build their integrity culture and programs, as well as providing timely strategic insight into current and emerging integrity risks in LEIC Act agencies. The unit works very closely with ACLEI's operations staff during the course of investigations in identifying specific risks and vulnerabilities. Information obtained is dealt with in a variety of ways, such as being disseminated to the relevant agency, or informing case studies.

This section summarises:

- how corruption issues were managed during the reporting period
- ACLEI's use of investigation powers
- outcomes of investigations and legal proceedings during 2017–18.

### How corruption issues were managed during 2017–18

In 2017–18 ACLEI reviewed its investigation caseload to ensure it focusses on the most serious and systemic issues, introduced some new processes to assist in case management, and further developed its intelligence collection capability.

**Investigations continue to be very complex, often involving significant criminal conspiracies**



Key points in the management of corruption issues were as follows:

- The number of notifications and referrals remained steady in 2016–17 and 2017–18 (around 155 in total), following a spike in 2015–16 (around 230) when the then Department of Immigration and Border Protection came into jurisdiction.
- There was a further improvement in the timeliness of completing assessments, with all completed in 90 days.
- In 2017–18 ACLEI commenced a lower number of investigations (ACLEI alone or joint: 55 compared to 107 in the previous year) and closed a higher number of investigations (52 compared to 14 in the previous year).
- However, overall the workload was the highest ever (282 corruption issues under investigation by ACLEI alone, or jointly, compared to 242 in 2016–17).
- The number of corruption issues being investigated by LEIC Act agencies was also the highest ever (231 compared to 183 in the previous reporting period).
- ACLEI's operational staff continue to demonstrate flexibility and adaptability, operating from ACLEI's Canberra and Sydney locations, while travelling interstate and internationally as required to investigate corruption issues.

## Use of powers

Investigations into hard-to-detect corruption issues involved the deployment of covert capabilities (such as telecommunications interception, surveillance devices, assumed identities and physical surveillance assets) as well as the use of the Integrity Commissioner's statutory coercive powers.

The decision to use a particular power or method is based on operational considerations, relating to which method may best fit an investigation plan having regard to risk, privacy and other factors. The following table indicates the trend in use of these powers.

### Trends in the use of ACLEI's investigation powers<sup>1</sup>

CAPABILITY	2013–14	2014–15	2015–16	2016–17	2017–18
Notice to provide information or produce documents or things [s 75 LEIC Act]	31	32	84	77	113
Summons to attend a hearing to give evidence and/or produce documents or things [s 83 LEIC Act] <sup>2</sup>	17	6	11	28 <sup>3</sup>	40
Hearings conducted [s 82 LEIC Act]	17	7	6	26	36
Power of entry without warrant [s 105 LEIC Act]	1	0	0	0	0
Search warrant [Part 9, Division 4, LEIC Act] <sup>4</sup>	4	3	9	34	27
Telecommunications (Interception and Access) warrant [s 39 T(IA) Act]	25	3	6	27	16
Stored communications warrant [s 110 T(IA) Act]	0	0	0	0	4



CAPABILITY	2013–14	2014–15	2015–16	2016–17	2017–18
Authorisation for access to prospective information or documents [s 180 T(IA) Act]	8	20	87	91	182
Surveillance devices warrant (may include multiple devices) [s 14 <i>Surveillance Devices Act 2004</i> ] <sup>5</sup>	14	2	4	26	28
Controlled operation authorisation [Part IAB <i>Crimes Act 1914</i> ]	3	1	0	2	4
Assumed identity authorisation [Part IAC <i>Crimes Act 1914</i> ] <sup>6</sup>	0	0	9	15 <sup>7</sup>	4

1 Powers exercised under warrants obtained by other agencies in the context of joint investigations with ACLEI are not reported in this table.

2 In some instances, multiple hearings may be conducted for a summons, or hearings may not proceed for operational reasons.

3 Includes one summons which was revoked during the reporting period.

4 Search warrants obtained are occasionally not executed, due to operational developments.

5 Warrant numbers include extensions.

6 Authorisation numbers do not include cancellations.

7 Incorrectly recorded in the *Annual Report of the Integrity Commissioner 2016–17*.

## Investigation reports

Three investigation reports covering four corruption issues were provided to the Minister during 2017–18. Summaries of these reports are in *Appendix 2: Reports to the Minister*, and they are available on the ACLEI website at [www.aclei.gov.au/reports](http://www.aclei.gov.au/reports).

## Prosecutions

Corruption in law enforcement agencies often involves collusion between corrupt or compromised law enforcement officials and other people, including those with connections to organised crime and to other entities with interests inimical to Australia's interests. Over time, ACLEI's investigations have demonstrated the importance of such corrupt networks to the success of the business models of criminal enterprises.

Accordingly, while ACLEI's investigations may give rise to prosecutions of staff members of LEIC Act agencies, they may also—particularly in the case of joint investigations—result in prosecutions of civilians or employees of other government agencies.



## Summary of prosecutions in 2017–18 arising from ACLEI activity

<b>Prosecutions concluded</b>	<p>Seven prosecutions arising from ACLEI investigations were concluded during the year:</p> <ul style="list-style-type: none"> <li>• A (now former) AFP officer pleaded guilty to one count of receiving a corrupting benefit contrary to the <i>Criminal Code</i> (Cth), and was convicted and sentenced to 22 months imprisonment, to be released after serving 11 months and to be of good behaviour for the balance of the term (joint ACLEI/AFP Operation <i>Murray</i>).</li> <li>• A (now former) staff member of the Department of Immigration and Border Protection (now the Department of Home Affairs) pleaded guilty to two counts of abuse of public office contrary to the <i>Criminal Code</i> (Cth) and was convicted and fined \$2000 (joint ACLEI/DIBP/AFP Operation <i>Elektra</i>).</li> <li>• A (now former) staff member of the Department of Agriculture and Water Resources pleaded guilty to two counts of recklessly dealing with proceeds of crime, two counts of negligently dealing with proceeds of crime and two counts of dealing with suspected proceeds of crime contrary to the <i>Crimes Act 1958</i> (Vic). The person signed a 'diversion plan' requiring compliance with a number of conditions, including making a donation to charity and writing a letter of apology, before re-appearing before the court to be discharged without conviction (joint ACLEI/DAWR/Victoria Police/AFP Operation <i>Swan</i>).</li> <li>• A (now former) Australian Border Force officer pleaded guilty to two counts of supplying a prohibited drug and one count of possessing a prohibited drug contrary to the <i>Drug Misuse and Trafficking Act 1985</i> (NSW) and was convicted and sentenced to be released forthwith on a bond to be of good behaviour for 12 months and fined \$550 (joint ACLEI/AFP Operation <i>Jarvis</i>).</li> <li>• A civilian pleaded guilty to one count of jointly importing a border controlled drug contrary to the <i>Criminal Code</i> (Cth) and was convicted and sentenced to three years imprisonment (joint ACLEI/AFP/ACBPS Operation <i>Heritage/Marca</i>).</li> <li>• A (now former) officer of the former Australian Customs and Border Protection Service pleaded guilty to one count of jointly importing a border controlled drug contrary to the <i>Criminal Code</i> (Cth) and was convicted and sentenced to 18 months imprisonment, to be released immediately on good behaviour (joint ACLEI/AFP/ACBPS Operation <i>Heritage/Marca</i>).</li> <li>• A civilian pleaded guilty to one count of recklessly dealing with proceeds of crime contrary to the <i>Criminal Code</i> (Cth) and was convicted and sentenced to three years imprisonment, to be released after serving 18 months on a \$5000 recognisance to be of good behaviour (joint ACLEI/AFP/ACBPS Operation <i>Heritage/Marca</i>).</li> </ul>
<b>Prosecutions pending</b>	<p>Two prosecutions were before the courts at the end of the reporting period.</p>



## Outcomes of other legal proceedings

<b>Appeals</b>	Appeals by a civilian and a former member of the former ACBPS against their convictions were dismissed by the NSW Court of Criminal Appeal, and subsequent applications for special leave to appeal to the High Court were also dismissed (joint ACLEI/AFP/ACBPS Operation <i>Heritage/Marca</i> ).
<b>Confiscation proceedings</b>	No proceeds of crime applications were commenced directly by ACLEI during the reporting period.
<b>Enforcement orders</b>	No applications were made to the Federal Court of Australia for delivery of a witness passport or for an arrest (sections 97–101 of the LEIC Act).
<b>Other court proceedings</b>	No applications for orders of review in respect of matters arising under the LEIC Act were determined or otherwise disposed of in 2017–18.

## Patterns and trends in corruption

Given the priority ACLEI places on operational security, and to avoid prejudicing current or potential court matters, ACLEI’s commentary on patterns and trends in corruption is of a general nature and does not make identifying references to specific investigations or operations.


A significant proportion of ACLEI’s investigative activity continues to relate to potential corruption-enabled border crime—for example, in the importation of illicit drugs, visa fraud, and attempts to gain commercial advantage through the circumvention of Australia’s biosecurity processes. The following are the main emerging patterns and trends observed during 2017–18:

- A new trend identified in 2017–18 is that there appears to be an increase in the number of allegations raised about the actions of relatively senior staff in some LEIC Act agencies. While the actual number is low, given the seniority of some staff it is important that any investigation should be carried out independently of the agency, and thoroughly, in order to provide the required level of assurance to government. While it is not uncommon for ‘rumour mills’ to exist in agencies, by their very nature any credible allegations are serious, given the leadership role of senior staff. If an investigation shows there has been no wrong-doing, it can help assure the staff member involved and their managers.
- Possibly as a corollary, ACLEI has observed an increase in allegations of corrupt behaviour by some law enforcement officials in the areas of recruitment and promotions. Claims of nepotism or other potentially corrupt conduct in human resource management can have a corrosive effect in work environments. In addition, of course, if the best person is not chosen for a particular position, it will be detrimental to the agency.

**A significant proportion of ACLEI’s investigative activity continues to relate to potential corruption-enabled border crime**



- Some LEIC Act agencies appear to have lower rates of notification than would be expected, given the risk profile of their activities. While agencies may prefer to think a low rate indicates there is very little, if any, corruption in their agency, ACLEI's investigations indicate a low rate of notification is more likely to indicate an undeveloped detection capability and reflect an immature integrity system.
- As noted earlier, during 2017–18 ACLEI deployed a significant amount of resources investigating corruption in the border biosecurity environment. Such corruption tends to centre around law enforcement officers helping individuals or companies who aim to circumvent biosecurity controls for commercial advantage, but who are not part of organised crime groups. These individuals may use personal relations with, and grooming of, law enforcement officers to gain their support. The absence of links with organised crime and the use of systems of 'personal favours' means that detection of such behaviour may often come to notice only when other individuals, companies or law enforcement officers observe and report the behaviour, or when there are robust systems in place to detect and analyse anomalous or abnormal activity.
- During the reporting period ACLEI completed a project *Corruption and the changing opportunities for women in law enforcement*, drawing on findings from ACLEI investigations and insights from law enforcement and integrity agencies. The project concluded that, where opportunities or pressures exist, women are no less likely than men to engage in corruption. However, stereotypes of the morality and ethics of females lead to the assumption that women are a lower corruption risk, with the potential for serious misconduct or corruption by female employees to go undetected. The report of the project, published on ACLEI's website at [www.aclei.gov.au/reports/project-reports](http://www.aclei.gov.au/reports/project-reports), highlights areas of potential corruption vulnerability for women in law enforcement, and provides recommendations for engaging with female law enforcement staff to mitigate risk, as well as some broader strategies for influencing positive organisational culture.
- In a similar vein, one of the corruption prevention myths published on ACLEI's website ([www.aclei.gov.au/corruption-prevention](http://www.aclei.gov.au/corruption-prevention)) is that of the 'slippery slope'—the belief that the path to corruption is inevitable because making one mistake or poor decision can be self-perpetuating. Related to this myth is a common belief that corrupt behaviour is preceded by a pattern of misconduct or questionable behaviour that escalates over time. ACLEI investigations have shown that this is not true in all cases. In some cases staff who are perceived as being model employees, and about whom no concerns have been raised, may suddenly engage in corrupt behaviour that is entirely out of character. This behaviour may be due to various factors, such as unexpected external pressures or coming to the belief that the agency 'owes' them something that it is never going to provide (such as recognition, promotion, or security of tenure). It highlights the need for agencies to not only look for patterns of poor behaviour when seeking to detect possible corrupt conduct.
- During the reporting period, ACLEI observed an increase in the numbers of notifications about alleged involvement of law enforcement officials in the importation of illicit tobacco by organised crime groups.

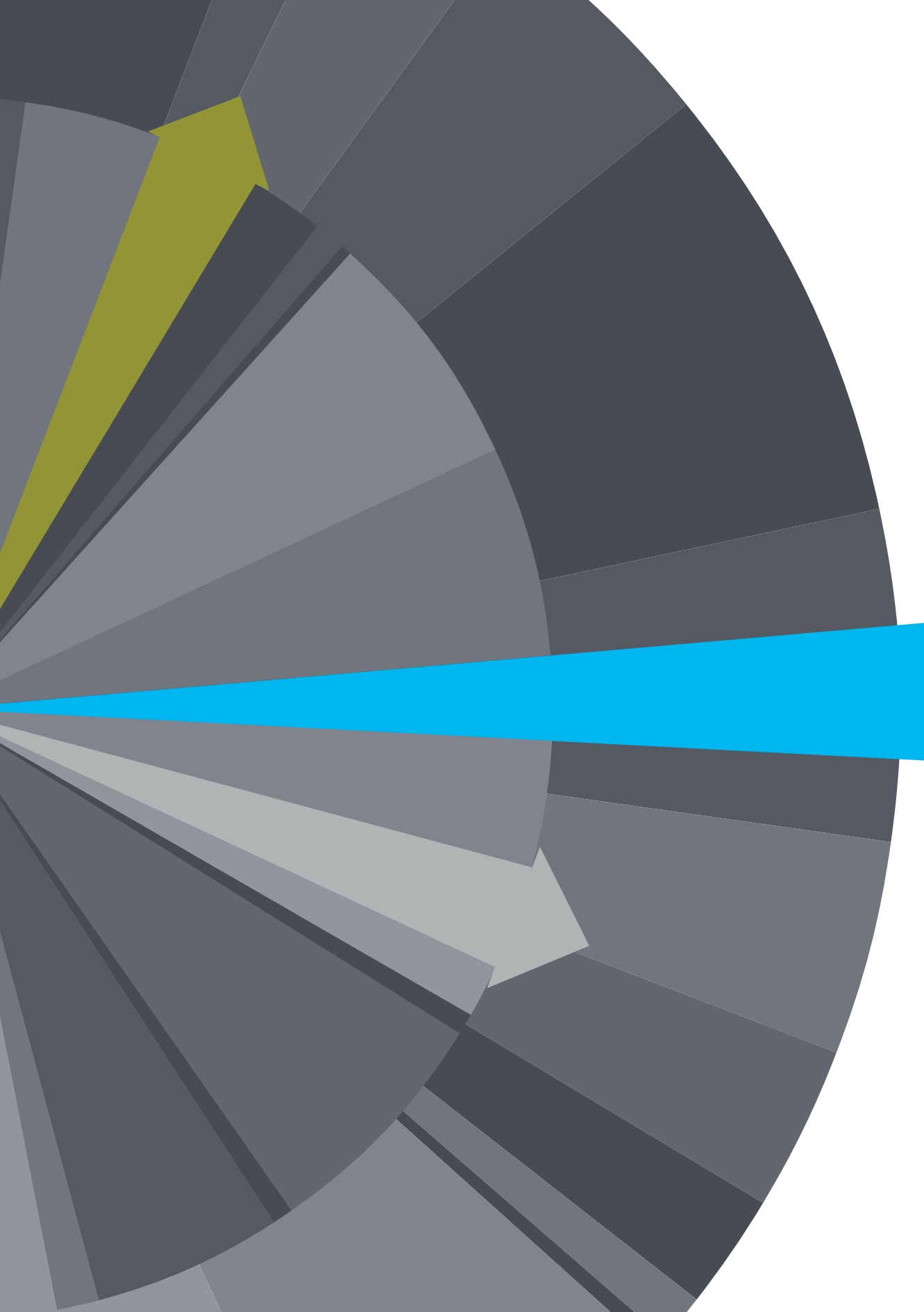


**social capital and  
monetary relations  
can expose  
law enforcement  
staff to corruption risk**

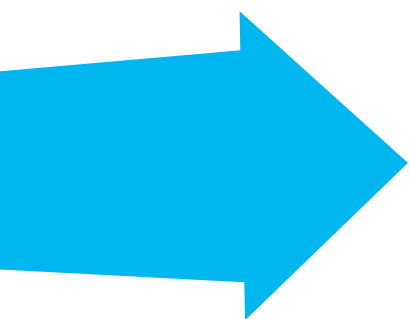


- Another emerging trend is the corruption risk posed in day-to-day administrative activities, such as managing staff leave, when management responsibilities are devolved without adequate training and resources, or proper checks and balances. Often deliberately poor behaviour in these activities constitutes misconduct rather than corruption. However in some cases the scale of the improprieties and the deliberate intent of the perpetrator(s) demonstrates corruption, rather than misconduct.
- A further pattern observed during the reporting period is the extent to which social capital and monetary relations can expose law enforcement staff to corruption risk. For example, school friendships and connections, formed when people are young and which are quite innocuous at the time, can later be used deliberately by criminals to attempt to influence law enforcement staff. This issue is explored further in the ACLEI Corruption Prevention factsheet *Grooming*, available at [www.aclei.gov.au/corruption-prevention](http://www.aclei.gov.au/corruption-prevention).









# **PART TWO**

## **ANNUAL PERFORMANCE STATEMENT**

**2017-18 ANNUAL  
PERFORMANCE STATEMENT**

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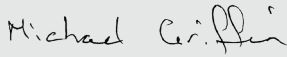


# 2017–18 ANNUAL PERFORMANCE STATEMENT

## Statement by the Accountable Authority

I, as the Accountable Authority of the Australian Commission for Law Enforcement Integrity, present the ACLEI 2017–18 Annual Performance Statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects ACLEI's performance, and complies with subsection 39(2) of the PGPA Act.



**Michael Griffin AM**  
Integrity Commissioner

21 September 2018

## Purpose, outcome and program

ACLEI's strategic purpose—through performance of functions prescribed by the *Law Enforcement Integrity Commissioner Act 2006* (LEIC Act)—is to make it more difficult for corruption to occur or remain undetected in designated Australian Government law enforcement agencies.

Source: 2017–18 Portfolio Budget Statements, Program 1.1 purpose (p 63) and ACLEI 2017–18 Corporate Plan (p 1)

ACLEI has one outcome under the Portfolio Budget Statements:

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

Source: 2017–18 Portfolio Budget Statements, Outcome 1 (p 63) and ACLEI 2017–18 Corporate Plan (p 1)

ACLEI has one program under the Portfolio Budget Statements:

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

Source: 2017–18 Portfolio Budget Statements, Outcome 1 (p 63) and ACLEI 2017–18 Corporate Plan (p 1)





**ACLEI  
performed well  
or strongly against  
its performance  
measures  
in 2017–18**

## Results against purpose and outcome

In 2017–18, ACLEI used five performance criteria to assess the delivery of its program and progress towards its outcome. The methods used to measure how ACLEI meets its performance criteria are specified in the ACLEI 2017–18 Corporate Plan (pages 14 to 18). The statistics included in the performance statement were drawn from ACLEI's case management system and, where applicable, cross-checked with LEIC Act agencies for accuracy.

ACLEI performed well or strongly against its performance measures in 2017–18, despite an increase in the number and complexity of investigations. The results from several major investigations conducted in the year may be made public in due course, having regard to balancing the public interest and any prejudicial consequences that might result from publication.

### Criterion One—The corruption notification and referral system is effective

- 1.1** Law enforcement agencies notify ACLEI of corruption issues and related information in a timely way
- 1.2** Other agencies or individuals provide information about corruption issues, risks and vulnerabilities to ACLEI
- 1.3** Partner agencies indicate confidence in sharing information or intelligence with ACLEI
- 1.4** ACLEI prioritises credible information about serious or systemic corruption
- 1.5** ACLEI supports awareness-raising activities in agencies within the Integrity Commissioner's jurisdiction, including by participating in joint initiatives

Source: 2017–18 Portfolio Budget Statements (p 64) and ACLEI 2017–18 Corporate Plan (p 14)

#### Results against Criterion One

The heads of LEIC Act agencies continued to engage positively with their obligations to notify the Integrity Commissioner of corruption issues, reflecting a strong basis of trust and strategic alignment with ACLEI. The Integrity Commissioner met with the heads of all LEIC Act agencies during the year to reinforce the importance of timely notifications and report on specific corruption vulnerabilities observed in investigations and how they may be addressed.

The number of notifications remained relatively stable in 2017–18, although there was an increase in the number of staff in jurisdiction (including some staff performing functions that have a relatively high corruption risk) following the creation of the Department of Home Affairs part-way during the reporting period. (The sharp increase in the number of notifications in 2015–16 was largely due to pre-existing matters associated with ACLEI's newly-extended jurisdiction over the then Department of Immigration and Border Protection.)

With few exceptions, the notifications were provided in a timely manner to ACLEI. Where exceptions occurred, ACLEI engaged with the relevant agency to resolve the matter.

Overall the number of notifications from the AFP increased while the number from the Department of Home Affairs decreased (see *Appendix 3: Statistical reporting*). There is no reason to consider that this variation is out of the ordinary.



In March 2018 the Integrity Commissioner established an agreement under section 17 of the LEIC Act with the Secretary of the Department of Home Affairs. The agreement outlines which type of matters indicate significant corruption, and which type of matters do not indicate significant corruption. This follows a similar agreement the Integrity Commissioner concluded with the AFP Commissioner in 2015–16. These agreements result in significant investigative efficiencies. However, as LEIC Act agency heads must notify the Integrity Commissioner of all instances of corruption, significant or otherwise, such agreements do not of themselves affect the number of notifications made to the Integrity Commissioner. In addition, all matters notified to the Integrity Commissioner are assessed, and on occasion the Integrity Commissioner may decide that a matter notified as 'not significant' is, in fact, significant, and should be treated as such.

NOTIFICATIONS FROM LEIC ACT AGENCIES	2013–14	2014–15	2015–16	2016–17	2017–18
Number	69	71	185	135	128

Another reliable source of credible information about corruption is information provided by other government agencies, mostly arising incidental to investigations conducted by those agencies into criminal syndicates. The number of such referrals fluctuates from year to year depending, in part, on the operational priorities of those partner agencies.

ACLEI continues to foster inter-jurisdictional partnerships, including through regular meetings with state-based law enforcement agencies. For example, engagement with State Crime Commands in New South Wales, Victoria and Queensland is developing well, and relationships with Western Australia are being established. Due to the relationship between border crime and corruption, these state relationships will continue to be a key source of information and investigation partners.

REFERRALS FROM OTHER SOURCES	2013–14	2014–15	2015–16	2016–17	2017–18
Government agencies only	15	24	39	18	24
Total referrals (all sources)	23	30	48	19	28

A total of 167 assessments were completed in 2017–18, with all being completed within 90 days of receipt. Each notification and referral is assessed against the Integrity Commissioner's guidelines on assessing priority in terms of serious or systemic corruption.

ASSESSMENT STATISTICS	2013–14	2014–15	2015–16	2016–17	2017–18
Total assessments completed	75	120	190	193	167
% that met the 90-day benchmark (against a target of 75%)	64%	83%	63%	89%	100%

ACLEI commenced one own-initiative investigation during the reporting period.

OWN-INITIATIVE INVESTIGATIONS	2013–14	2014–15	2015–16	2016–17	2017–18
Number	1	1	6	4	1



Partner agencies continue to indicate confidence in sharing information and intelligence with ACLEI. For example, the majority of ACLEI investigations are carried out jointly, with a ready exchange of information in the course of these investigations, and a number of staff are seconded between ACLEI and partner agencies.

ACLEI is working with LEIC Act agencies on several initiatives on target development and identification of vulnerabilities, and the AFP is supporting ACLEI in some active targeting.

ACLEI officers made eleven presentations during the reporting period, to support awareness-raising activities amongst LEIC Act agencies and the broader public service.

### Areas to note

- The creation of the Department of Home Affairs in December 2017 brought around 1000 new staff into ACLEI's jurisdiction. These staff have not previously been subject to law enforcement integrity arrangements, and some come from areas that, on the face of it, may pose a significant corruption risk. ACLEI's experience is that an increase in the numbers of staff in jurisdiction in higher risk areas usually leads to an increase in notifications, but there may well be a delay in this increase occurring, partly because of the time taken for staff to adjust to new internal integrity arrangements.
- The ACT Legislative Assembly's *Inquiry into an Independent Integrity Commission*, released in October 2017, recommended that the ACT Government establish an Integrity Commission with oversight of ACT Policing. In July 2018 the ACT Government released a draft bill, Integrity Commission Bill 2018 (Exposure Draft), which includes ACT Policing in its definition of 'public official' subject to the jurisdiction of the proposed ACT Integrity Commission. Sharing jurisdiction of the AFP with the ACT body would present significant administrative and operational challenges.

### Criterion Two—ACLEI's investigations are conducted professionally and efficiently, and add value to the law enforcement integrity system

- 2.1 Each investigation considers corruption risk and the broader impact on law enforcement outcomes
- 2.2 Operational resources are actively managed and targeted for maximum effect
- 2.3 Risks relating to the operating context of law enforcement agencies are taken into account and, in appropriate circumstances, mitigation strategies are agreed with the agency concerned

Source: 2017–18 Portfolio Budget Statements (p 64) and ACLEI 2017–18 Corporate Plan (p 15)

### Results against Criterion Two

ACLEI's investigation workload was historically high with a total of 282 corruption issues under active investigation during the reporting period. This was principally due to the large number of investigations carried forward from 2016–17. By contrast, ACLEI commenced fewer investigations than in the previous two financial years. This reflected an even stronger focus on identifying those matters which indicate serious or systemic corruption and which ACLEI should investigate (alone or jointly) and greater

**Partner agencies continue to indicate confidence in sharing information and intelligence with ACLEI**

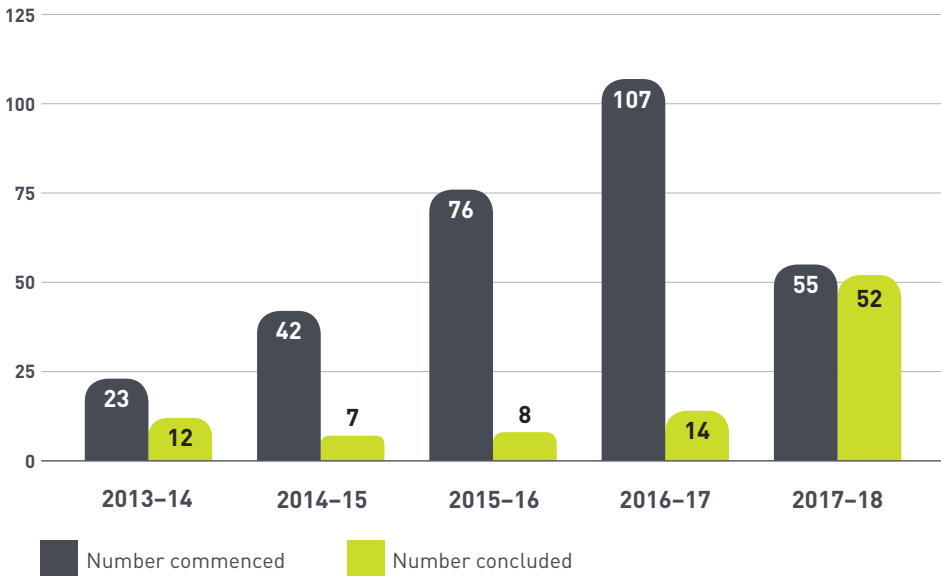


confidence in the capacity of some agencies to investigate allegations of corruption. In addition, emphasis was given to identifying cases for closure, generally on the basis that detailed analysis revealed that further investigation was not warranted in all the circumstances.

To assist operational effectiveness and efficiency, multiple corruption issues may be investigated as part of one investigation if the allegations are related.

<b>CORRUPTION ISSUES INVESTIGATED BY ACLEI (INCLUDING JOINT INVESTIGATIONS)</b>	<b>2013–14</b>	<b>2014–15</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>
Number commenced	23	42	76	107	55
Total active in the year	45	75	144	242	282
Number concluded	12	7	8	14	52

### ACLEI investigations commenced and concluded (including joint investigations)



Overall, operational results in the year were positive:

- seven prosecutions were concluded, with six resulting in convictions
- three final investigation reports covering four corruption issues were provided to the Minister
- a number of disseminations of information were made—for example, to provide criminal intelligence or vulnerability assessments, or to enable disciplinary action concerning serious breaches of duty.

Examples of positive results were the conviction of an AFP officer for corruption-related offences (Operation *Murray*, a long-running ACLEI/AFP investigation, with substantial assistance by the NSW Police Force), and the arrest and charging of an Australian Border Force officer on corruption-related offences (Operation *Zeus*, a joint ACLEI/AFP/Department of Home Affairs investigation).



Each investigation takes account of any risks relating to the operating context of law enforcement agencies. The relevant agency(ies) are consulted, and the outcomes may include taking immediate action to deal with the risk, or putting in place other mitigation strategies so that an investigation may continue without the risk of compromise to law enforcement actions.

In 2016–17 the corruption prevention function was ‘operationalised’ and integrated with the Intelligence Assessments team, to improve ACLEI’s capacity to disseminate information to LEIC Act agencies in a timely manner during investigations. ACLEI’s operational teams continue to work very closely with the Corruption Prevention and Intelligence Assessments Team to identify vulnerabilities observed in the course of investigations, and disseminate information to agencies and provide strategic insight into current and emerging integrity risks.

ACLEI established a project during the year to expand the range of information sources to which ACLEI operations staff have access. The focus of the project is to confirm and formalise existing arrangements with a broad range of government and private enterprise information sources, and to seek opportunities for access to new data. It is expected that this project will significantly expand ACLEI’s investigative capabilities and enhance relationships with the entities that hold this information.

In 2016–17 the then Minister for Justice granted funding for a Visa Integrity Taskforce under the *Proceeds of Crime Act 2002* (Cth) (Confiscated Assets Account). This ACLEI-led taskforce comprises members from ACLEI, the AFP and the Department of Home Affairs, and is drawing on cooperation from the Department of Foreign Affairs and Trade and overseas law enforcement partners. It will assure the integrity of Australia’s visa system by investigating allegations and intelligence about visa fraud involving law enforcement officers.

This taskforce was established in part as a result of the risks exposed by a joint ACLEI/Home Affairs investigation into alleged visa fraud. During the reporting period ACLEI finalised recruitment of personnel and temporary accommodation for the taskforce. All matters related to visa integrity were assessed and prioritised, with intelligence collection and analysis undertaken. It is expected that a number of matters will be finalised during 2018–19.

#### Area to note

- Investigation of alleged visa fraud involving law enforcement officers raises a number of complexities related to operating internationally. There can be significant legal, diplomatic and administrative challenges in dealing with such allegations.

### Criterion Three—ACLEI monitors corruption investigations conducted by law enforcement agencies

- 3.1 All agency corruption investigation reports provided to ACLEI for review are assessed for intelligence value and completeness
- 3.2 ACLEI liaises regularly with the agencies’ professional standards units about the progress of agency investigations

Source: 2017–18 Portfolio Budget Statements (p 65) and ACLEI 2017–18 Corporate Plan (p 16)



### Results against Criterion Three

Of the 513 corruption issues under investigation in 2017–18, 231 (45%) were conducted as internal investigations by LEIC Act agencies, which, unless reconsidered and discontinued with the agreement of ACLEI, result in a section 66 report for review by the Integrity Commissioner.

<b>CORRUPTION ISSUES INVESTIGATED BY LEIC ACT AGENCIES</b>	<b>2013–14</b>	<b>2014–15</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>
Total active in the year	105	127	131	183	231

The bulk of internal investigations in 2017–18 were undertaken by the Department of Home Affairs (123, or 53% of the total) and the AFP (98, or 42% of the total). Progress of these investigations was discussed regularly at meetings between these agencies and ACLEI.

A total of 26 section 66 investigation reports covering 27 corruption issues from LEIC Act agencies (compared with 62 last year) were reviewed during the year. Some points were followed up at staff level with the agencies concerned, but there was no cause found for the Integrity Commissioner to comment on the process or outcome. A further 27 reports were received, with reviews to be concluded in 2018–19.

In addition, the ACLEI Corruption Prevention and Intelligence Assessments Team completed a retrospective review of section 66 reports to identify any patterns and trends which may assist agencies in terms of corruption prevention and potential mitigation strategies. The team now reviews section 66 reports on an ongoing basis, to identify any such patterns and trends.

### Criterion Four—ACLEI insights contribute to accountability and anti-corruption policy development

- 4.1** When warranted, the Integrity Commissioner makes recommendations for improvement in corruption prevention or detection measures
- 4.2** Submissions that relate to corruption prevention or enhancing integrity arrangements are made to government or in other relevant forums
- 4.3** Targeted presentations about integrity are made to diverse audiences
- 4.4** The Integrity Commissioner's Annual Report or other publications contain analysis of patterns and trends in law enforcement corruption

Source: 2017–18 Portfolio Budget Statements (p 65) and ACLEI 2017–18 Corporate Plan (p 17)

### Results against Criterion Four

The newly established Department of Home Affairs incorporated approximately 1000 new staff from agencies previously not within ACLEI's jurisdiction nor previously subject to law enforcement integrity arrangements. A number of these staff perform functions that, on the face of it, pose a high corruption risk. The Integrity Commissioner worked closely with the Secretary of the Department to ensure that this change in corruption risk profile was acknowledged and addressed.

During the reporting period, the Integrity Commissioner engaged with LEIC Act agency heads to outline specific corruption vulnerabilities observed in operations, and how they may be addressed.

ACLEI continued to work jointly with LEIC Act agencies to contribute to the continued development of their integrity and anti-corruption frameworks. For example, ACLEI and AUSTRAC completed a joint project



*Mapping Integrity*, to identify opportunities for the continued development of AUSTRAC's integrity maturity and for ACLEI to test a set of integrity assessment tools that could be used in a broader environment. A report on the project is available on the ACLEI website at [www.aclei.gov.au/reports](http://www.aclei.gov.au/reports), and two integrity maturity assessment tools are at [www.aclei.gov.au/corruption-prevention](http://www.aclei.gov.au/corruption-prevention).

During 2017–18 ACLEI also produced thematic reports which address issues and risks that are not individual to a specific agency, but provide broader insights to strengthen integrity arrangements. ACLEI published a paper on corruption and the changing opportunities for women in law enforcement *Corruption and the changing opportunities for women in law enforcement* (see [www.aclei.gov.au/reports/project-reports](http://www.aclei.gov.au/reports/project-reports)), a fact sheet about high risk areas associated with the potential manipulation and grooming of law enforcement officials, a corruption prevention toolkit and a case study on integrity risk relating to an allegation that a law enforcement officer had released classified information (available at [www.aclei.gov.au/corruption-prevention](http://www.aclei.gov.au/corruption-prevention)).

ACLEI provided submissions to a number of key reviews during the reporting period, including a stakeholder review of the AFP-hosted Commonwealth Fraud and Anti-Corruption Centre, the new Protective Security Policy Framework arrangements, and the independent review of the *Public Governance, Performance and Accountability Act 2013*.

These submissions identify opportunities for further enhancement of integrity arrangements—for example through increased understanding of corruption risks and threats posed to the Commonwealth by serious corruption.

ACLEI made one public submission to a Commonwealth or state government parliamentary inquiry, namely the Parliamentary Joint Committee on Law Enforcement's inquiry *Impact of new and emerging information and communications technology*.

Fifteen presentations were made to both domestic and general international audiences during the year, including to several Australian Public Service agencies, as follows:

- to LEIC Act agencies: 7
- to other APS agencies: 4
- to broader domestic audiences: 3
- to an international conference (2017 *International Women & Law Enforcement Conference*): 1.

These presentations related to integrity risks within organisations, vulnerabilities within systems and processes, and corruption prevention and early intervention.

ACLEI also provided presentations and input to seven international initiatives during the year, including separate meetings with a delegation from the National Assembly of the Republic of Korea, the Vietnamese Central Committee Commission for Internal Affairs, and the Indonesian National Police; an APEC Corruption Prevention Mechanisms Workshop held in Papua New Guinea; and an international Review Team conducting a Country Review of Australia under the United Nations Convention Against Corruption.

An analysis of patterns and trends in law enforcement corruption is contained in the previous section *The Year in Review* (see pages 17–19).

**the  
Integrity  
Commissioner  
engaged with  
LEIC Act agency  
heads to outline  
specific corruption  
vulnerabilities  
observed in  
operations**



## Criterion Five—ACLEI’s governance and risk management controls are effective and take account of its operational role

- 5.1 Systems are in place to ensure ACLEI officers act ethically, comply with legislative requirements and adhere to standards set by the Integrity Commissioner
- 5.2 Regular reviews and audits indicate effective governance, risk management and integrity

Source: 2017–18 Portfolio Budget Statements (p 65) and ACLEI 2017–18 Corporate Plan (p 18)

### Results against Criterion Five

ACLEI’s Legal Team made a number of presentations to ACLEI staff members on legislative compliance. These presentations, aimed at enhancing staff members’ practical understanding of the legislative processes and procedures that underpin the *Freedom of Information Act 1982*, the *Public Interest Disclosure Act 2013*, and the exercise of investigative powers, assist staff to adhere to the high ethical and compliance standards set by the Integrity Commissioner.

During the reporting period ACLEI continued to update and finalise standard operating procedures to guide staff members on best practice when performing administrative and operational tasks.

ACLEI continues to require high standards for the integrity of its own staff, with one-on-one mandatory interviews for staff upon commencing with ACLEI. ACLEI’s employment processes also include identity checking, criminal background checks, a security questionnaire and compliance with the ACLEI integrity reporting scheme which involves contact reporting and declaration of associations.

ACLEI staff members are required to maintain an appropriate security clearance through the Australian Government Security Vetting Agency. To further mitigate staff-related risks, ACLEI intends to develop the technical and governance requirements needed to implement psychometric testing at relevant stages of the recruitment process.

**ACLEI continues to require high standards for the integrity of its own staff**

ACLEI’s Internal Governance Board meets monthly to consider the treatment of existing and emerging risks, both operationally and at the enterprise level. This Board comprises the Integrity Commissioner, the Executive Director Secretariat and Executive Director Operations, and is also attended by ACLEI directors and selected staff, to reflect a whole-of-agency approach to governance and risk management.

The ACLEI Audit Committee, which meets five times a year, provides independent advice and assurance to the Integrity Commissioner on ACLEI’s accountability and control framework, including independently verifying and safeguarding the integrity of ACLEI’s financial and performance reporting.

The Audit Committee Chair formally writes to the Integrity Commissioner after each meeting to advise him of matters considered and raise any issues of note.

ACLEI continues to strengthen its alignment of operational risks and enterprise risks, with the Audit Committee meeting with different operational directors at each meeting to discuss current and emerging risks. This practice will continue in 2018–19.



Regular liaison meetings between the ACLEI Agency Security Adviser and the Attorney-General's Department Information Technology Security Adviser focussed on controlling and reporting accesses to ACLEI's data by super-users or system administrators, as well as discussing a range of ICT-related issues as they arose.

ACLEI continues to review and, when required, update the Enterprise and Operations Risk Register on a regular basis.

## Analysis

There were no changes to ACLEI's purpose, activities or organisational capabilities which had a significant impact on ACLEI's performance in the reporting period.

## Financial resources

### Operating result

ACLEI's audited 2017–18 Financial Statements appear in Part Three of this Annual Report. Appendix 1 contains additional financial tables which summarise the total resources available to ACLEI during the year, and the net cost of ACLEI's outcome and program.

In 2017–18, ACLEI recorded an operating surplus of \$2.129 million (or 16 per cent of budget), primarily due to delays in recruiting and securing accommodation for the Visa Integrity Taskforce. Other factors contributing to the surplus included staff turnover and lower than budgeted supplier expenses.

### Financial data over time

FINANCIAL DATA	2013–14	2014–15	2015–16	2016–17	2017–18
Total resources (\$'000)	8,384	9,685	11,702 <sup>1</sup>	11,374	13,228 <sup>2</sup>
Operating result—surplus/(deficit)	776	1,276	1,025	910	2,129
Budgeted ASL <sup>3</sup>	36	38	52	50 <sup>4</sup>	49
Actual ASL <sup>3</sup>	25.2	30.6	38.7	46.8	48.7
Actual staffing (end of year headcount)	25	29	40	43 <sup>4</sup>	47

1 In 2015–16, departmental appropriations of \$0.411 million were quarantined and/or withheld (section 51 of the PGPA Act) in accordance with a decision of Government.

2 In 2017–18, departmental appropriations of \$0.033 million were quarantined and/or withheld (section 51 of the PGPA Act) in accordance with a decision of Government. Total resources includes \$1.936m for the Visa Integrity Taskforce, provided through the Confiscated Assets Account under the *Proceeds of Crime Act 2002* (Cth).

3 ASL is Actual Staffing Level.

4 Figure has been amended from the *Annual Report of the Integrity Commissioner 2016–17*.

## Efficiency measures

The deployment of operations staff is overseen by the Executive Director Operations, based on advice from operations directors who manage these resources on a daily basis. Weekly reports on case prioritisation, workload and resource use are provided to the Integrity Commissioner for review.



ACLEI uses a range of supplier agreements—such as the purchase of surveillance resources from other agencies—to ensure timely and effective specialist operational capabilities are available to ACLEI that would not be cost-effective for ACLEI to maintain itself.

ACLEI also sources various corporate services from external suppliers—such as ICT services, records management and payroll—to ensure the efficient and economical use of resources. For property and travel services, ACLEI uses whole-of-government purchasing arrangements. Online self-service products, such as for credit card acquittal, are also used to minimise administrative burden. The ability to report down to cost centre was implemented during 2017–18. This will allow direct attribution of costs to teams and functions, and is further assisting ACLEI to monitor performance against efficiency measures.

## Factors affecting delivery

Two main factors affected ACLEI's capacity to deliver outcomes during the year—namely, the size and complexity of ACLEI's investigation workload and challenges in recruitment and retention.

### Size and complexity of workload

As noted earlier, ACLEI's investigation workload during 2017–18 was at its highest level ever, despite commencing fewer investigations during the year, and concerted efforts to close any that did not show a reasonable prospect of delivering a positive outcome.

The workload is also particularly complex. Some factors that contribute to the level of complexity are:

- A number of the investigations show connections with organised criminal entities. For example, in parallel with ACLEI Operation *Zeus* (which resulted in the arrest and charging of an Australian Border Force officer with corruption-related offences; a person who had previously been employed by the former Australian Customs and Border Protection Service was charged with similar offences), a NSW Joint Organised Crime Group Operation *Astatine* resulted in the arrest of eight people in Sydney and one in Dubai, alleged to be part of a global criminal syndicate involved in a conspiracy to illegally import drugs and tobacco into Australia.
- Corruption investigations require the deployment of specialist resources and a great degree of coordination across ACLEI's investigative, intelligence, legal and corruption prevention areas, as well as additional resources often provided by state police, the AFP and other agencies. Investigations into allegations of visa fraud involving staff overseas provide an example of some of the complexities, as they may require a higher degree of coordination with international partners, and can raise issues such as the jurisdiction of the staff member, local employment laws, cost and language barriers.
- The challenges in investigating allegations of corruption by law enforcement officers cannot be over-stated. The complexity of ACLEI's investigations requires the use of covert capabilities, such as telecommunications interception, surveillance devices, physical surveillance and assumed identities. However the subjects of the investigation are likely to be well-versed in the use of such covert capabilities, given their roles in law enforcement, and as such this can introduce additional challenges for ACLEI and its partner agencies.
- The use of covert capabilities, as well as the use of the Integrity Commissioner's statutory coercive powers, can be resource-intensive both in terms of staff involvement and the time required. This high level of activity needs to be carefully managed and prioritised with a constant eye on ACLEI's strategic and legislative focus on serious and systemic corruption.



- As noted in the *Year in Review*, at any one time ACLEI may have around ten major investigations underway that consume a substantial part of ACLEI's resources. Other investigations may be at an early stage, such as intensive intelligence analysis to determine the best way forward, or awaiting finalisation of legal proceedings that involve ACLEI staff (for example, preparation of briefs of evidence and providing support during court proceedings). In addition, ACLEI may receive information, such as additional notifications or intelligence, that means an earlier decision regarding a corruption issue must be reviewed and possibly changed. This raises challenges in managing the time and effort of operational staff across a range of areas and a number of investigations of varying age.

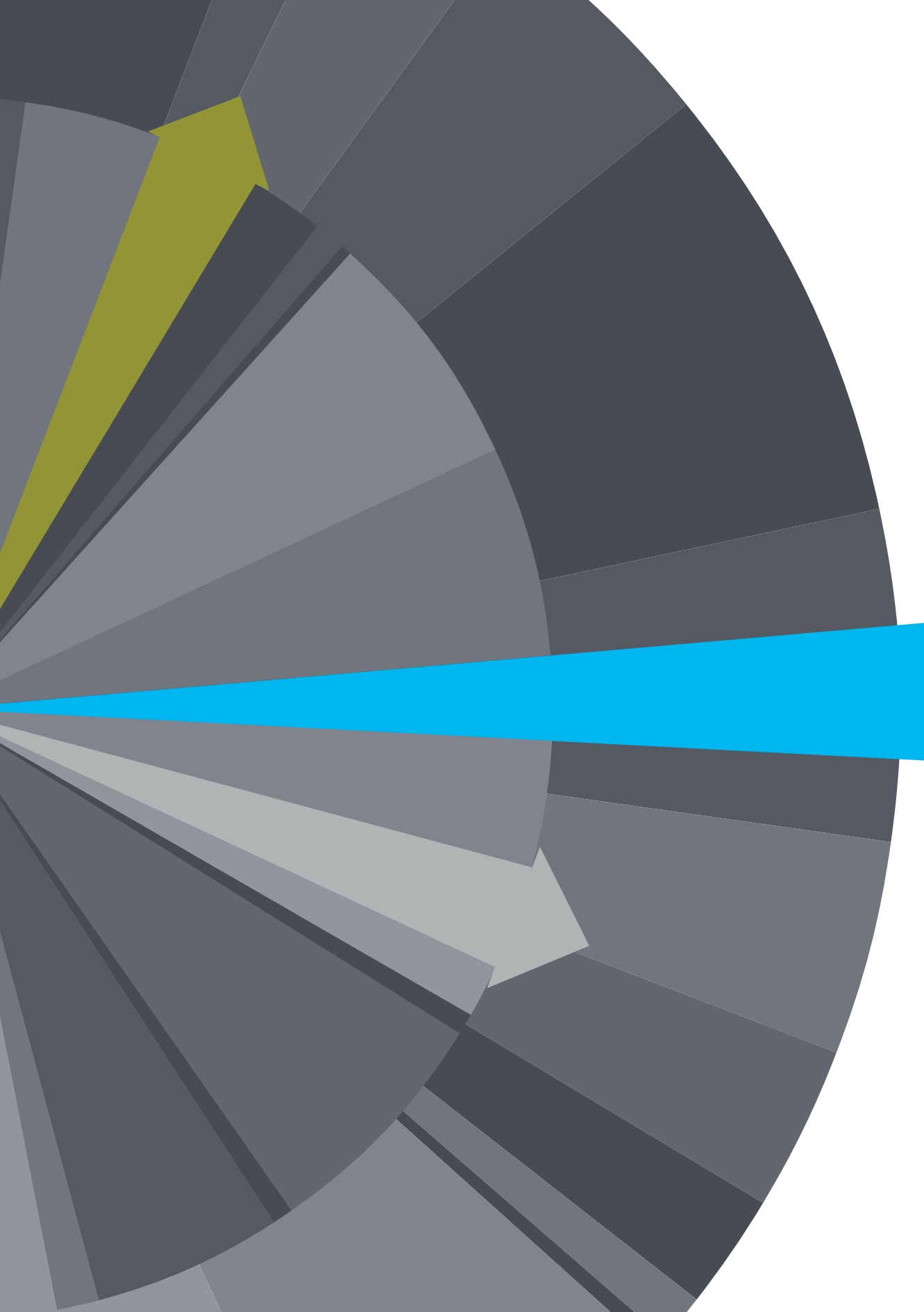
## Challenges in recruitment and retention

ACLEI focusses on recruiting very high quality staff members who will not only make a strategic difference to achieving outcomes, but provide a balance of skills within the small teams that comprise ACLEI. With the increasing complexity of investigations, there has been a greater need to recruit staff with specialist skills and considerable law enforcement experience. In addition, all ACLEI staff members are required to obtain a high-level security clearance. This approach to recruitment, which aims to ensure that ACLEI employs a highly capable workforce, can lead to delays.

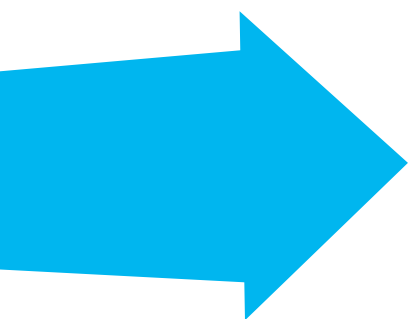
During 2017–18 some delays were experienced in staffing the Visa Integrity Taskforce, but these have been overcome. ACLEI's average staffing level was at full capacity at the end of 2017–18.

There has also been a problem with retention of staff due to the temporary accommodation arrangements for ACLEI staff in Sydney. During 2018–19 Sydney staff will move to purpose-built facilities, and it is expected this will have a positive impact on retention.









# **PART THREE FINANCIAL STATEMENTS**





## INDEPENDENT AUDITOR'S REPORT

### To the Attorney-General

#### Opinion

In my opinion, the financial statements of the Australian Commission for Law Enforcement Integrity for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Commission for Law Enforcement Integrity as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Commission for Law Enforcement Integrity, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Integrity Commissioner and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the Financial Statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the 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 Australian Commission for Law Enforcement Integrity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian Commission for Law Enforcement Integrity the Integrity Commissioner is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Integrity Commissioner is also responsible for such internal control as the Integrity Commissioner determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Integrity Commissioner is responsible for assessing the Australian Commission for Law Enforcement Integrity's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Integrity Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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Phone (02) 6203 7300 Fax (02) 6203 7777



### Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 National Audit Office 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 National Audit Office 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 entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- 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 those charged with governance 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.

Australian National Audit Office



Ron Wah  
Audit Principal

Delegate of the Auditor-General

Canberra  
21 September 2018



**CERTIFICATION**

Statement by the Integrity Commissioner and Chief Financial Officer

**PRIMARY FINANCIAL STATEMENTS**

Statement of Comprehensive Income  
 Statement of Financial Position  
 Statement of Changes in Equity  
 Cash Flow Statement

**NOTES TO THE FINANCIAL STATEMENTS****1. Departmental financial performance**

- 1.1 Expenses
- 1.2 Own-Source Revenue and Gains

**2. Departmental financial position**

- 2.1 Financial Assets
- 2.2 Non-Financial Assets
- 2.3 Payables
- 2.4 Other Provisions

**3. Funding**

- 3.1 Appropriations
- 3.2 Net Cash Appropriation Arrangements

**4. People and relationships**

- 4.1 Employee Provisions
- 4.2 Key Management Personnel Remuneration
- 4.3 Related Party Disclosures

**5. Managing uncertainties**

- 5.1 Financial Instruments
- 5.2 Fair Value Measurement

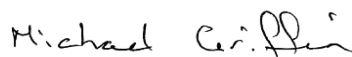
**6. Budget variance commentary**



**Statement by the Integrity Commissioner and Chief Financial Officer**

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Commission for Law Enforcement Integrity will be able to pay its debts as and when they fall due.



Michael Griffin AM  
Integrity Commissioner

21 September 2018



Eve Coutts  
Acting Chief Financial Officer

21 September 2018



**Statement of Comprehensive Income***for the period ended 30 June 2018*

		2018	2017	Original Budget <sup>1</sup>
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee Benefits	1.1A	7,029	6,439	6,828
Suppliers	1.1B	4,213	4,261	4,524
Depreciation and Amortisation	2.2A	354	322	560
Finance Costs	2.4B	3	6	5
Write-Down and Impairment of Assets	2.2A	15	1	-
<b>Total expenses</b>		<b>11,614</b>	<b>11,029</b>	<b>11,917</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Sale of Goods and Rendering of Services	1.2A	2,511	575	575
Other Revenue	1.2B	194	240	65
<b>Total own-source revenue</b>		<b>2,705</b>	<b>815</b>	<b>640</b>
<b>Gains</b>				
Gains from sale of assets		-	3	-
<b>Total gains</b>		<b>-</b>	<b>3</b>	<b>-</b>
<b>Total own-source income</b>		<b>2,705</b>	<b>818</b>	<b>640</b>
<b>Net cost of services</b>		<b>(8,909)</b>	<b>(10,211)</b>	<b>(11,277)</b>
Revenue from Government	1.2C	10,684	10,799	10,717
<b>Surplus after income tax on continuing operations</b>		<b>1,775</b>	<b>588</b>	<b>(560)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		-	146	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>146</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>		<b>1,775</b>	<b>734</b>	<b>(560)</b>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variance Commentary**

Refer to Note 6 for commentary.

<sup>1</sup> Original Budget refers to the 2017–18 Portfolio Budget Statements (PBS) published 2 May 2017.



**Statement of Financial Position***as at 30 June 2018*

		2018	2017	Original Budget <sup>1</sup>
	Notes	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and Cash Equivalents	3.1B	62	62	62
Trade and Other Receivables	2.1A	7,007	4,817	4,326
<b>Total financial assets</b>		<b>7,069</b>	<b>4,879</b>	<b>4,388</b>
<b>Non-financial assets</b>				
Leasehold Improvements	2.2A	1,613	1,783	1,376
Plant and Equipment	2.2A	611	736	468
Other Non-Financial Assets	2.2B	1,137	1,294	1,041
<b>Total non-financial assets</b>		<b>3,361</b>	<b>3,813</b>	<b>2,885</b>
<b>Total assets</b>		<b>10,430</b>	<b>8,692</b>	<b>7,273</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	409	250	503
Other Payables	2.3B	1,243	1,251	986
<b>Total payables</b>		<b>1,652</b>	<b>1,501</b>	<b>1,489</b>
<b>Provisions</b>				
Employee Provisions	4.1A	1,677	1,699	1,691
Other Provisions	2.4B	297	283	265
<b>Total provisions</b>		<b>1,974</b>	<b>1,982</b>	<b>1,956</b>
<b>Total liabilities</b>		<b>3,626</b>	<b>3,483</b>	<b>3,445</b>
<b>Net assets</b>		<b>6,804</b>	<b>5,209</b>	<b>3,828</b>
<b>EQUITY</b>				
Contributed equity		3,253	3,435	3,764
Reserves		1,256	1,256	1,110
Retained surplus/(accumulated deficit)		2,295	518	(1,046)
<b>Total equity</b>		<b>6,804</b>	<b>5,209</b>	<b>3,828</b>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variance Commentary**

Refer to Note 6 for commentary.

<sup>1</sup> Original Budget refers to the 2017–18 PBS published 2 May 2017.



**Statement of Changes in Equity***for the period ended 30 June 2018*

		2018	2017	Original Budget <sup>1</sup>
	Notes	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		3,435	3,435	3,435
<b>Adjusted opening balance</b>		<b>3,435</b>	<b>3,435</b>	<b>3,435</b>
<b>Transactions with owners</b>				
<b>Distributions to owners</b>				
Departmental capital budget	3.1B	(511)	-	-
<b>Contributions by owners</b>				
Departmental capital budget	3.1B	329	-	329
<b>Total transactions with owners</b>		<b>(182)</b>	<b>-</b>	<b>329</b>
<b>Closing balance as at 30 June</b>		<b>3,253</b>	<b>3,435</b>	<b>3,764</b>
<b>RETAINED EARNINGS</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		518	(70)	(486)
Adjustments <sup>2</sup>		2	-	-
<b>Adjusted opening balance</b>		<b>520</b>	<b>(70)</b>	<b>(486)</b>
<b>Comprehensive income</b>				
Surplus/(Deficit) for the period		1,775	588	(560)
<b>Total comprehensive income</b>		<b>1,775</b>	<b>588</b>	<b>(560)</b>
<b>Closing balance as at 30 June</b>		<b>2,295</b>	<b>518</b>	<b>(1,046)</b>
<b>ASSET REVALUATION RESERVE</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		1,256	1,110	1,110
<b>Adjusted opening balance</b>		<b>1,256</b>	<b>1,110</b>	<b>1,110</b>
<b>Comprehensive income</b>				
<b>Other comprehensive income</b>				
Net increase on revaluation of non-financial assets		-	168	-
Provision for makegood		-	(22)	-
<b>Total comprehensive income</b>		<b>-</b>	<b>146</b>	<b>-</b>
<b>Closing balance as at 30 June</b>		<b>1,256</b>	<b>1,256</b>	<b>1,110</b>

<sup>1</sup> Original Budget refers to the 2017–18 PBS published 2 May 2017.<sup>2</sup> Adjustments relate to rounding against Retained Earnings.



**Statement of Changes in Equity (continued)***for the period ended 30 June 2018*

		2018	2017	Original Budget <sup>1</sup>
	Notes	\$'000	\$'000	\$'000
<b>TOTAL EQUITY</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		5,209	4,475	4,059
Adjustments <sup>2</sup>		2	-	-
<b>Adjusted opening balance</b>		<b>5,211</b>	<b>4,475</b>	<b>4,059</b>
<b>Comprehensive income</b>				
Surplus/(Deficit) for the period		1,775	588	(560)
Other comprehensive income		-	146	-
<b>Total comprehensive income</b>		<b>1,775</b>	<b>734</b>	<b>(560)</b>
<b>Transactions with owners</b>				
<b>Distributions to owners</b>				
Returns of capital				
Departmental capital budget	3.1B	(511)	-	-
<b>Contributions by owners</b>				
Departmental capital budget	3.1B	329	-	329
<b>Total transactions with owners</b>		<b>(182)</b>	<b>-</b>	<b>329</b>
<b>Closing balance as at 30 June</b>		<b>6,804</b>	<b>5,209</b>	<b>3,828</b>

The above statement should be read in conjunction with the accompanying notes.

**Accounting Policy****Equity Injections**

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

**Other Distributions to Owners**

The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

**Budget Variance Commentary**

Refer to Note 6 for commentary.

<sup>1</sup> Original Budget refers to the 2017–18 PBS published 2 May 2017.

<sup>2</sup> Adjustments relate to rounding against Retained Earnings.



**Cash Flow Statement***for the period ended 30 June 2018*

		2018	2017	Original Budget <sup>1</sup>
	Notes	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		10,837	10,432	10,767
Sale of goods and rendering of services		2,511	575	575
GST received		161	414	-
<b>Total cash received</b>		<b>13,509</b>	<b>11,421</b>	<b>11,342</b>
<b>Cash used</b>				
Employees		(6,966)	(6,131)	(6,775)
Suppliers		(4,032)	(4,734)	(4,567)
Section 74 receipts transferred to OPA		(2,511)	(575)	-
<b>Total cash used</b>		<b>(13,509)</b>	<b>(11,440)</b>	<b>(11,342)</b>
<b>Net cash used by operating activities</b>		<b>-</b>	<b>(19)</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		-	3	-
<b>Total cash received</b>		<b>-</b>	<b>3</b>	<b>-</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		(63)	(845)	(329)
<b>Total cash used</b>		<b>(63)</b>	<b>(845)</b>	<b>(329)</b>
<b>Net cash used by investing activities</b>		<b>(63)</b>	<b>(842)</b>	<b>(329)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		63	861	329
<b>Total cash received from financing activities</b>		<b>63</b>	<b>861</b>	<b>329</b>
<b>Net decrease in cash held</b>		<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		62	62	62
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1B	<b>62</b>	<b>62</b>	<b>62</b>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variance Commentary**

Refer to Note 6 for commentary.

<sup>1</sup> Original Budget refers to the 2017–18 PBS published 2 May 2017.



## Notes to the Financial Statements

### Basis of preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2017, and
- b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### Future Australian Accounting Standard Requirements

The following new/revised/amending standards and/or interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Accountable Authority and Chief Financial Officer, and are expected to have a material impact on ACLEI's financial statements for future reporting period(s):

Standard/ Interpretation	Application date for ACLEI <sup>1</sup>	Nature of impending change/s in accounting policy and likely impact on initial application
		The new standards introduce a single lessee accounting model and will require that most leases be recognised as lease liabilities and right-of use assets on the Statement of Financial Position.
AASB 16 Leases	1 January 2019	Enhanced disclosures for both lessees and lessors will also be required to improve information disclosed about an entity's exposure to leases.  An initial assessment indicates that the implementation of the standard will have a high impact. Further analysis is required to quantify the full impact.

<sup>1</sup> ACLEI's expected initial application date is when the accounting standard becomes operative at the beginning of ACLEI's reporting period.

All other new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting period(s) are not expected to have a future material impact on ACLEI's financial statements.

### Taxation

ACLEI is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### Events after the reporting period

After 30 June 2018, ACLEI committed to entering into a lease arrangement to establish an office in Sydney. This lease arrangement is expected to commence in the first quarter of 2018–19. Funding for this arrangement is published in ACLEI's 2018–19 PBS.

### Contingent Liabilities and Assets

Contingent liabilities and assets are not recognised in the Statement of Financial Position but are reported in the relevant note, if applicable. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

ACLEI has no Contingent Liabilities or Contingent Assets (2017: nil).



**1.1 Expenses**

	2018 \$'000	2017 \$'000
<b>1.1A: Employee Benefits</b>		
Wages and salaries	5,495	4,865
Superannuation		
Defined contribution plans	507	445
Defined benefit plans	430	470
Leave and other entitlements	597	659
<b>Total employee benefits</b>	<b>7,029</b>	<b>6,439</b>

**Accounting Policy**

Accounting policies for employee related expenses are contained in the People and Relationships section (see Note 4.1).

**1.1B: Suppliers****Goods and services supplied or rendered**

Business operating expense	162	144
Information and communication expenses	349	348
Professional and legal expenses	2,383	2,406
Travel and employee development	612	602
Other	35	33
<b>Total goods and services supplied or rendered</b>	<b>3,541</b>	<b>3,533</b>

Goods supplied	78	78
Services rendered	3,463	3,455
<b>Total goods and services supplied or rendered</b>	<b>3,541</b>	<b>3,533</b>

**Other suppliers**

Operating lease rentals	659	710
Workers compensation expenses	13	18
<b>Total other suppliers</b>	<b>672</b>	<b>728</b>
<b>Total suppliers</b>	<b>4,213</b>	<b>4,261</b>

**Leasing commitments**

ACLEI in its capacity as lessee has one lease for office accommodation and is subject to a fixed percentage increase depending on the terms of the agreement. The period of the accommodation lease is for a term of 9 years from the commencement date of 8 June 2016. An option to renew is not available.

ACLEI also has a sublease arrangement for office accommodation that is subject to a fixed rate increase. The sublease arrangement is for a term of 1 year 4 months and 26 days from the commencement date of 5 February 2018.

**Commitments for minimum lease payments in relation to non-cancellable****operating leases are payable as follows:**

Within 1 year	468	425
Between 1 to 5 years	1,701	1,701
More than 5 years	823	1,249
<b>Total operating lease commitments</b>	<b>2,992</b>	<b>3,375</b>

**Accounting Policy**

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount. ACLEI has no finance leases.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.



**1.2 Own-Source Revenue and Gains**

	2018 \$'000	2017 \$'000
<b>1.2A: Sale of Goods and Rendering of Services</b>		
Rendering of services	2,511	575
<b>Total sale of goods and rendering of services</b>	<b>2,511</b>	<b>575</b>

**Accounting Policy**

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- the probable economic benefits associated with the transaction will flow to ACLEI.

The stage of completion of contracts at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed.

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

**1.2B: Other Revenue**

Resources received free of charge		
Remuneration of auditors	65	65
Accommodation	129	174
Other - interest received	-	1
<b>Total other revenue</b>	<b>194</b>	<b>240</b>

**Accounting Policy**

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains, depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

**1.2C: Revenue from Government**

Appropriations		
Departmental appropriations	10,684	10,799
<b>Total revenue from Government</b>	<b>10,684</b>	<b>10,799</b>

**Accounting Policy**

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when ACLEI gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.



**2.1 Financial Assets**

	2018 \$'000	2017 \$'000
<b>2.1A: Trade and Other Receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	71	-
<b>Total goods and services receivables</b>	<b>71</b>	<b>-</b>
<b>Appropriations receivables</b>		
Appropriation receivable		
Ordinary annual services	6,553	4,194
Capital Budget (DCB) - Non-Operating	329	574
<b>Total appropriations receivables</b>	<b>6,882</b>	<b>4,768</b>
<b>Other receivables</b>		
Statutory receivables—GST	54	49
<b>Total other receivables</b>	<b>54</b>	<b>49</b>
<b>Total trade and other receivables (net)</b>	<b>7,007</b>	<b>4,817</b>

Credit terms for goods and services were within 30 days (2017: 30 days).



## 2.2 Non-Financial Assets

### 2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer Software <sup>1</sup> \$'000	Total \$'000
<b>As at 1 July 2017</b>				
Gross book value	1,783	768	82	2,633
Accumulated depreciation, amortisation and impairment	-	(32)	(82)	(114)
<b>Total as at 1 July 2017</b>	<b>1,783</b>	<b>736</b>	<b>-</b>	<b>2,519</b>
<b>Additions</b>				
Purchase	63	-	-	63
Depreciation and amortisation	(244)	(110)	-	(354)
Recognise make-good obligation for leasehold improvements	11	-	-	11
Disposals	-	(15)	-	(15)
<b>Total as at 30 June 2018</b>	<b>1,613</b>	<b>611</b>	<b>-</b>	<b>2,224</b>
<b>Total as at 30 June 2018 represented by</b>				
Gross book value	1,857	753	82	2,692
Accumulated depreciation, amortisation and impairment	(244)	(142)	(82)	(468)
<b>Total as at 30 June 2018</b>	<b>1,613</b>	<b>611</b>	<b>-</b>	<b>2,224</b>

<sup>1</sup> The carrying amount of computer software is all purchased software.

No indicators of impairment were found for property, plant and equipment and intangibles.

#### Contractual commitments for the acquisition of property, plant, equipment and intangible assets

As at the reporting date, ACLEI had no ongoing contractual commitments for the acquisition of property, plant and equipment.



## 2.2 Non-Financial Assets: Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by ACLEI where there exists an obligation to restore the property to its original condition. These costs are included in the value of ACLEI's leasehold improvements with a corresponding provision for the 'make good' recognised.

### Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets does not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in the market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ACLEI using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future, reporting periods as appropriate.

Depreciation rates applying to each class of depreciable assets are based on the following:

	2018	2017
	<b>Lower of useful life or lease term</b>	Lower of useful life or lease term
Leasehold improvements		
Plant and equipment	<b>3 to 19 Years</b>	3 to 19 Years

### Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if ACLEI were deprived of the asset, its value in use is taken to be its depreciable replacement cost.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### Intangibles

ACLEI's intangibles comprise purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of ACLEI's software is 3 years (2017: 3 years).



**2.2 Non-Financial Assets (continued)**

	2018	2017
	\$'000	\$'000
<b>2.2B: Other Non-Financial Assets</b>		
Prepayments	145	159
Lease incentive	992	1,135
<b>Total other non-financial assets</b>	<b>1,137</b>	<b>1,294</b>

No indicators of impairment were found for other non-financial assets.

**2.3 Payables**

<b>2.3A: Suppliers</b>		
Trade creditors and accruals	274	171
Operating lease rentals	135	79
<b>Total suppliers</b>	<b>409</b>	<b>250</b>
<b>2.3B: Other Payables</b>		
Salaries and wages	228	71
Superannuation	8	7
Lease incentive	992	1,135
Statutory payables—GST	3	6
Other	12	32
<b>Total other payables</b>	<b>1,243</b>	<b>1,251</b>

**2.4 Other Provisions**

	2018
	\$'000
<b>2.4B: Other Provisions</b>	
	<b>Provision for restoration</b>
	<b>\$'000</b>
<b>As at 1 July 2017</b>	<b>283</b>
Additional provisions made	11
Unwinding of discount or change in discount rate	3
<b>Total as at 30 June 2018</b>	<b>297</b>

ACLEI currently has two (2017: one) agreements for the leasing of premises which have provisions requiring ACLEI to restore the premises to their original condition at the conclusion of the lease. ACLEI has made a provision to reflect the present value of these obligations.

**Accounting Judgements and Estimates**

In the process of applying accounting policies detailed in these financial statements, ACLEI has made the following judgements that have the most significant impact on the amounts recorded for this note:

- the cost of making good properties leased by ACLEI is based on estimates of completing such remedial work. In some instances, the actual cost to complete make-good work may not match the estimated costs.



**3.1 Appropriations****3.1A: Annual Appropriations ('Recoverable GST exclusive')****Annual Appropriations for 2018**

	Annual Appropriation <sup>1</sup> \$'000	Adjustments to appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	10,717	2,664	13,381	(10,832)	2,549
Capital Budget <sup>4</sup>	329	-	329	(63)	266
<b>Total departmental</b>	<b>11,046</b>	<b>2,664</b>	<b>13,710</b>	<b>(10,895)</b>	<b>2,815</b>

<sup>1</sup> In 2017–18, departmental appropriations of \$0.033m were quarantined and/or withheld under section 51 of the PGPA Act in accordance with a decision of Government.

<sup>2</sup> In 2017–18, ACLEI received section 74 receipts, including an amount of \$1.936m for the Visa Integrity Taskforce, provided through the Confiscated Assets Account under the *Proceeds of Crime Act 2002*.

<sup>3</sup> In 2017–18, the variance represents the balance remaining from unspent annual appropriations, movements in section 74 receipts and prior year unspent appropriations.

Refer to Note 3.1B for total appropriation receivable at 30 June 2018.

<sup>4</sup> Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

**Annual Appropriations for 2017**

	Annual Appropriation \$'000	Adjustments to appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2017 \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	10,799	823	11,622	(10,606)	1,016
Capital Budget <sup>3</sup>	-	-	-	(350)	(350)
Other services	-	-	-	-	-
Equity Injections	-	-	-	(510)	(510)
<b>Total departmental</b>	<b>10,799</b>	<b>823</b>	<b>11,622</b>	<b>(11,466)</b>	<b>156</b>

<sup>1</sup> This amount has been adjusted to capture previously unidentified section 74 receipts as defined in section 27 of the PGPA Rule.

<sup>2</sup> In 2016–17, the variance represents the balance remaining from unspent annual appropriations, movements in section 74 receipts and prior year unspent appropriations.

Refer to Note 3.1B for total appropriation receivable at 30 June 2017.

<sup>3</sup> Departmental Capital Budgets are appropriated through Appropriation Acts (Nos.1, 3 and 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.



**3.1 Appropriations (continued)****3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2018 \$'000	2017 \$'000
<b>Departmental</b>		
Appropriation Act (No. 1) 2015–16 <sup>1</sup>	411	1,822
Appropriation Act (No. 1) 2016–17	2,784	2,784
Appropriation Act (No. 1) 2017–18 <sup>2</sup>	3,802	-
Appropriation Act (No. 1) - Capital Budget (DCB) - Non-Operating 2015–16 <sup>3</sup>	511	574
Appropriation Act (No. 1) - Capital Budget (DCB) - Non-Operating 2017–18	329	-
Cash and cash equivalents	62	62
<b>Total departmental</b>	<b>7,899</b>	<b>5,242</b>

<sup>1</sup> In 2015–16, departmental appropriations of \$0.411m were quarantined and/or withheld under section 51 of the PGPA Act in accordance with a decision of Government. Appropriation Act (No. 1) 2015–16 was repealed on 1 July 2018.

<sup>2</sup> In 2017–18, departmental appropriations of \$0.033m were quarantined and/or withheld under section 51 of the PGPA Act in accordance with a decision of Government.

<sup>3</sup> In 2017–18, departmental capital budget appropriations of \$0.511 were quarantined and/or withheld under section 51 of the PGPA Act in accordance with a decision of Government.

**3.2 Net Cash Appropriation Arrangements**

	2018 \$'000	2017 \$'000
<b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>2,129</b>	<b>1,056</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(354)	(322)
<b>Total comprehensive income - as per the Statement of Comprehensive Income</b>	<b>1,775</b>	<b>734</b>



**4.1 Employee Provisions**

	2018	2017
	\$'000	\$'000

**4.1A: Employee Provisions**

Leave	1,677	1,699
<b>Total employee provisions</b>	<b>1,677</b>	<b>1,699</b>

**Accounting Policy**

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total to the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which obligations are to be settled directly.

**Leave**

The liability for employee benefits includes provision for annual and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ACLEI is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including ACLEI's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined using the shorthand calculation method as at 30 June 2018. The estimate of the present value of the liability takes into account attrition rates, pay increases through promotion and inflation.

**Superannuation**

ACLEI's staff are mainly members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The PSS is a defined benefit scheme for eligible employees of the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. The liability is reported in the Department of Finance's administered schedules and notes.

ACLEI makes employer contributions to the employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. ACLEI accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents the outstanding contributions for the final fortnight of the year.

**Accounting Judgements and Estimates**

In the process of applying accounting policies detailed in these financial statements, ACLEI has made the following judgements that have the most significant impact on the amounts recorded for this note:

- leave provisions involve assumptions based on the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates. The appropriate Commonwealth bond rate has been used as the future discount rate.



#### 4.2 Key Management Personnel Remuneration

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ACLEI, directly or indirectly. Key Management Personnel remuneration is reported in the table below:

	2018 \$'000	2017 \$'000
Short-term employee benefits	965	851
Post-employment benefits	137	140
Other long-term employee benefits	94	88
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>1,196</b>	<b>1,079</b>

The total number of key management personnel that are included in the above table are 5 individuals and includes acting arrangements for the Integrity Commissioner during periods of leave. (2017: 4 individuals).

<sup>1</sup> The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ACLEI.

#### 4.3 Related Party Disclosures

##### Related party relationships:

ACLEI is an Australian Government controlled entity. Related parties to ACLEI are Key Management Personnel including the Attorney-General and Executive, and other Australian Government entities.

##### Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following are individually significant transactions with entities who are related parties because the same government has control of, or significant influence over, both entities.

ACLEI paid the following agencies for the provision of services in 2017–18:

\$1.425m to the Australian Criminal Intelligence Commission, and  
\$0.228m to the Attorney-General's Department.

ACLEI received the following contributions for operational expenses in 2017–18:

\$0.500m from the Department of Agriculture and Water Resources  
\$0.075m from the Australian Criminal Intelligence Commission, and  
\$1.936m from the Australian Financial Security Authority.



**5.1 Financial Instruments**

	2018 \$'000	2017 \$'000
<b>5.1A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	62	62
Trade and other receivables	71	-
<b>Total financial assets</b>	<b>133</b>	<b>62</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	409	250
<b>Total financial liabilities</b>	<b>409</b>	<b>250</b>

**5.1 Financial Instruments: Accounting Policy****Financial Assets**

ACLEI classifies its financial assets according to the following category:

- a) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. ACLEI does not hold financial assets in any other classes. Financial assets are recognised and derecognised upon trade date.

**Loans and Receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

**Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

**Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'. ACLEI has no financial liabilities at fair value through profit and loss.

**Other Financial Liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).



## 5.2 Fair Value Measurement

### Accounting Policy

ACLEI engaged the service of Jones Lang LaSalle (JLL) to conduct a materiality review of carrying amounts for all non-financial assets as at 30 June 2018. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations carried out at least once every three years with the previous comprehensive valuation conducted at 30 June 2017. JLL has provided written assurance to ACLEI that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:  
Physical Depreciation and Obsolescence - assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

ACLEI's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

### 5.2A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
<b>Non-financial assets</b>		
Plant and Equipment	611	736
Leasehold Improvements	1,613	1,783



## 6 Budget Variance Commentary

The following provides explanations of major variances between the original budget as presented in the 2017–18 Portfolio Budget Statements (PBS) to the 2017–18 final outcome as presented in accordance with Australian Accounting Standards for ACLEI. The budget is not audited.

High level explanations of the causes of the major variances (rather than the nature) have been provided below. 'Major' might be considered as including:

- when it is greater than +/- 10% of the original or revised budget for a line item, or
- when it is greater than +/- 2% of the relevant sub-total, i.e. total expenses, total income, total assets or total liabilities

unless the variance is a trivial amount.

Explanations may consolidate multiple line items, including across Statements.

### Explanations of major variances

The effect of movements in the Statement of Financial Position and results in the Statement of Comprehensive Income contribute to the result recorded against retained surplus / (accumulated deficit). The budgeted result was an operating deficit of \$0.560m, being the budgeted amount for depreciation and amortisation expenses. Actual result was a surplus of \$1.775m.

#### Supplier Expenses

Variance relates to lower than anticipated supplier expenses.

#### Sale of goods and rendering of services

Variance of \$1.936m directly relates to section 74 receipts provided from the Confiscated Assets Account, under the *Proceeds of Crime Act 2002*, to establish the Visa Integrity Taskforce. These funds were not included in the 2017–18 Budget.

#### Other revenue

Variance primarily represents resources received free of charge for accommodation, which were not recognised in the 2017–18 Budget.

#### Trade and other receivables

Variance is due to movements in prior year appropriation receivable balances.

Note 3.1—Appropriations—provides further details.

#### Non-financial assets

Variance relates to the timing of asset recognition and the revaluation of fixed assets at 30 June 2017 as compared to the 2017–18 Budget release date of 2 May 2017.

#### Supplier Payables

Variance is primarily due to increased trade creditors, accruals at the end of the reporting period, and movement in the lease incentive, which were not captured in the original Budget.

#### Other Provisions

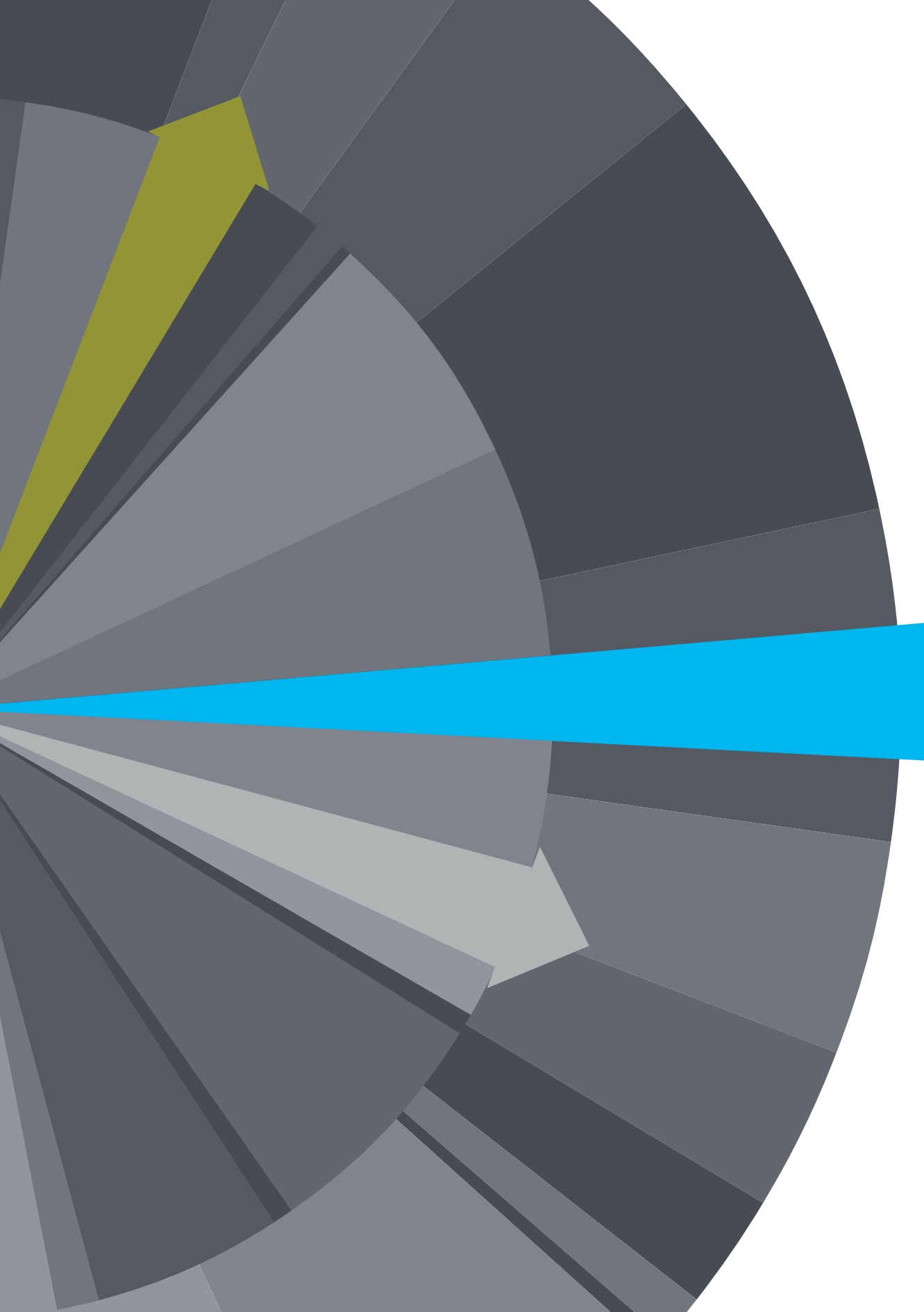
Variance relates to the discounting of an existing make-good provision, and recognition of a make-good provision for sublease arrangements, which were not captured in the original Budget.

Note 2.4—Other Provisions—provides further details.

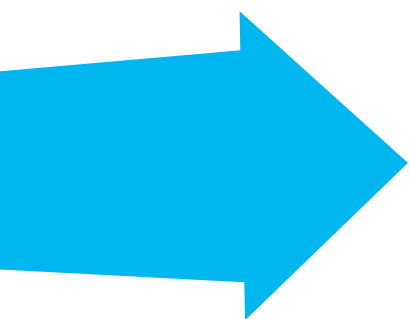












# PART FOUR APPENDICES

**APPENDIX 1: RESOURCES AND EXPENSES  
FOR OUTCOME**

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**APPENDIX 2: REPORTS TO THE MINISTER**

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**APPENDIX 3: STATISTICAL REPORTING**

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**APPENDIX 4: CAPABILITY AND ASSURANCE**

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**APPENDIX 5: DEVELOPMENTS IN ACLEI'S  
OPERATING ENVIRONMENT**

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**APPENDIX 6: ASSUMED IDENTITIES ANNUAL  
REPORT**

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**APPENDIX 7: WITNESS IDENTITY PROTECTION  
CERTIFICATES ANNUAL REPORT**

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# APPENDIX 1: RESOURCES AND EXPENSES FOR OUTCOME

Section 17AF of the Public Governance, Performance and Accountability Rule 2014 provides that annual reports must contain tables summarising the total resources of the entity, and the total payments made by the entity during the reporting period. This information is provided in the following tables.

## ACLEI resource statement 2017–18

	ACTUAL AVAILABLE APPROPRIATION FOR 2017–18 \$'000 (a)	PAYMENTS MADE 2017–18 \$'000 (b)	BALANCE REMAINING 2017–18 \$'000 (a) – (b)
<b>Ordinary annual services<sup>1</sup></b>			
Departmental appropriation <sup>2</sup>	11,046	6,915	4,131
Prior year departmental appropriation <sup>3</sup>	4,258	1,474	2,784
Adjustment to Departmental appropriation <sup>4</sup>	(33)	0	(33)
Section 74 relevant agency receipts <sup>5</sup>	575	575	0
Adjustment to section 74 relevant agency receipts <sup>6</sup>	1,936	1,936	0
<b>Total resourcing and payments<sup>7</sup></b>	<b>17,782</b>	<b>10,900</b>	<b>6,882</b>

1 *Appropriation Act (No. 1) 2017–2018*. Also includes prior-year departmental appropriations and section 74 retained revenue receipts.

2 *Appropriation Act (No. 1) 2017–2018* (including Departmental Capital Budget).

3 Prior year departmental appropriations (including Departmental Capital Budget).

4 In 2017–18, departmental appropriations of \$0.033M were quarantined and/or withheld under section 51 of the PGPA Act in accordance with decisions of Government.

5 Section 74 relevant agency receipts collected in 2017–18.

6 In 2017–18, ACLEI received section 74 receipts, including an amount of \$1.936m for the Visa Integrity Taskforce, provided through the Confiscated Assets Account under the *Proceeds of Crime Act 2002*.

7 Total payments have been adjusted for GST.



## Expenses for Outcome One

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

	<b>BUDGET<sup>1</sup> 2017–18</b>	<b>ACTUAL EXPENSES 2017–18</b>	<b>VARIATION 2017–18</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
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			
Departmental appropriation <sup>2</sup>	13,195	11,066	2,129
Expenses not requiring appropriation in the budget year	733	548	185
<b>Total expenses for Outcome 1</b>	<b>13,928</b>	<b>11,614</b>	<b>2,314</b>

1 The agency's budgeted financial statement as presented to Parliament at Budget 2017–18, including any subsequent adjustments made to the 2017–18 Budget, in respect of the reporting period.

2 Departmental appropriation combines 'Ordinary annual services' (*Appropriation Act (No. 1) 2017–2018*) and 'Revenue from independent sources' (section 74 of the PGPA Act).

<b>AVERAGE STAFFING LEVEL</b>	<b>2016–17</b>	<b>2017–18</b>
Number	46.8	48.7



## APPENDIX 2: REPORTS TO THE MINISTER

During 2017–18, the Integrity Commissioner provided three reports of concluded investigations, covering four corruption issues, to the Minister.

### **Report 01/2018: Operation Marcks—An investigation into a DIBP official who travelled overseas without a passport**

This report details ACLEI's investigation into an allegation that a senior officer of the then Department of Immigration and Border Protection had travelled overseas on official business without a passport. The officer was to travel overseas on official business and held a valid entry visa for the foreign nation in question, but had inadvertently left their passport interstate. So as not to interrupt planned meetings, the officer obtained assistance from departmental colleagues to make arrangements to travel without a passport, and approval from the airline to board the aircraft and travel. However the officer was denied entry by the foreign nation.

The evidence available to the investigation did not disclose any breach of Australian or the foreign nation's migration laws, or conduct that could reasonably be considered corrupt conduct. Nor did the evidence indicate that the officer used their seniority to bring improper pressure to bear to achieve an undue outcome or personal benefit.

This investigation illustrates the care that needs to be taken in the conduct of professional interactions and with the exercise of discretions, to avoid inferences of misconduct or corruption.

The *Operation Marcks* report is available on ACLEI's website at [www.aclei.gov.au/reports](http://www.aclei.gov.au/reports).

### **Report 02/2018: Operation Flax—an investigation into allegations of misuse of Commonwealth resources by an ACIC senior executive**

This report details ACLEI's investigation into allegations that a senior executive officer with the Australian Criminal Intelligence Commission had improperly gained access to law enforcement information in relation to a private matter, and had misused official travel allowances. The investigation was conducted by ACLEI, with some aspects being conducted jointly with the AFP.

The initial information ACLEI received suggested that the officer had improperly obtained from police the names of people alleged to have committed property offences at the officer's home, and had asked ACIC staff to check the names against ACIC databases.

The investigation showed that an ACIC pass had been taken from the officer's home during an apparently random burglary. The officer considered it as a low probability but was concerned that the burglary had been targeted against ACIC. The officer informed ACIC staff who were conducting relevant personnel security functions, and requested checks that would assist in evaluating any risks to the agency. These checks found no cause for concern.



Nothing was revealed in the investigation to suggest that the officer acted from a personal motivation, but rather acted discreetly, verifiably and in writing, to ensure that the risk of compromise to ACIC's premises was managed.

The officer also raised with ACLEI some concerns that had been expressed within ACIC about their use of official travel allowances. The investigation showed that the officer was meticulous in their record-keeping and in not mixing personal and official travel. The officer had been reimbursed for some personal travel in accordance with ACIC internal guidelines and corporate advice provided at the time. However the information provided to the officer did not accord with the established framework that applies to such matters within government. ACIC is addressing this error, including engaging with the Portfolio Department to ensure the issue is resolved transparently.

The *Operation Flax* report is available on ACLEI's website at [www.aclei.gov.au/reports](http://www.aclei.gov.au/reports).

### **Report 03/2018: Operation Shinobi—an integrity assurance investigation relating to officers of the Australian Criminal Intelligence Commission**

This report details ACLEI's investigation into concerns that sensitive information from the Australian Crime Commission (now the Australian Criminal Intelligence Commission) may have been 'leaked' to a significant criminal target. The information related to possible law enforcement activity relating to the target. The investigation was conducted jointly with ACIC and the AFP.

Extensive analysis of information from various sources, as well as information provided through private hearings, led the Integrity Commissioner to conclude that it was highly unlikely that ACIC was the source of the information purportedly obtained by the target. It was possible that the target had predicted what law enforcement actions might be underway or in contemplation based on information circulating in the criminal milieu, and his related claims about corrupt officers may have been self-promotion and designed to gain a 'market advantage'.

The *Operation Shinobi* report is available on ACLEI's website at [www.aclei.gov.au/reports](http://www.aclei.gov.au/reports).

## **Previous recommendations**

In 2017–18, there were no recommendations from previous years that have not already been implemented.



# APPENDIX 3: STATISTICAL REPORTING

The Law Enforcement Integrity Commissioner Regulations 2017 set out the particulars that are required to be included in the Annual Report.

## Notes to the statistics

- The data provided here represents ‘corruption issues’—instances of information or allegations about possible corrupt conduct that are notified to the Integrity Commissioner for assessment under the LEIC Act framework by agency heads, or that are referred by other people. The LEIC Act recognises that not all corruption issues will have substance or require investigation.
- ACLEI also receives information from time to time that, following evaluation, is not treated as a corruption issue—for instance, where the information relates to an agency outside of jurisdiction, or where the allegation made is unlikely to be plausible.
- In compiling the statistics for this report, ACLEI consulted with LEIC Act agencies to cross-check ACLEI’s records prior to publication. Variations in reported figures may arise due to the timing of notifications, communications or decisions regarding investigative activities (for instance, to update a record when a decision is made to re-open a case that had previously been closed).
- The definition of the Department of Home Affairs includes staff members of the Australian Border Force, the former Department of Immigration and Border Protection and the former Australian Customs and Border Protection Service. Similarly the definition of the Australian Criminal Intelligence Commission in the following tables includes members of the former Australian Crime Commission, the former National Crime Authority and the former CrimTrac Agency.
- Numbers appearing in brackets are for the previous reporting period, 1 July 2016 to 30 June 2017.



## Notifications from agency heads (regulation 11)

Corruption issues notified in 2017–18 under section 19—by corruption class as assessed upon receipt

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Abuse of office [s 6(1)(a)]	2 (1)	48 (37)	2 (3)	0 (2)	51 (81)	103 (124)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (3)	0 (0)	0 (0)	1 (0)	1 (3)
Corruption of any other kind [s 6(1)(c)]	1 (0)	18 (3)	0 (2)	0 (0)	5 (3)	24 (8)
<b>Total</b>	<b>3</b> <b>(1)</b>	<b>66</b> <b>(43)</b>	<b>2</b> <b>(5)</b>	<b>0</b> <b>(2)</b>	<b>57</b> <b>(84)</b>	<b>128</b> <b>(135)</b>

### How these notifications were dealt with

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
<b>Investigations</b>						
ACLEI investigation [s 26(1)(a)]	0 (0)	0 (2)	0 (1)	0 (0)	6 (24)	6 (27)
Joint investigation [s 26(2)]	1 (0)	6 (24)	0 (2)	0 (0)	18 (12)	25 (38)
Managed investigation [s 26(1)(b)(i) or 26(1)(d)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
AFP investigation managed by ACLEI [s 26(1)(c)(i)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)
Overseen investigation [s 26(1)(b)(ii) or 26(1)(e)]	0 (0)	1 (0)	0 (0)	0 (0)	0 (0)	1 (0)



AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
AFP investigation overseen by ACLEI [s 26(1)(c)(iii)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)
Unsupervised agency investigation [s 26(1)(b)(iii)]	2 (0)	27 (7)	2 (0)	0 (1)	27 (27)	58 (35)
Unsupervised AFP investigation [s 26(1)(c)(iii)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)
Not 'significant'– agency investigates [s 22(1)]	0 (0)	29 (5)	0 (0)	0 (0)	2 (0)	31 (5)
Direction to agency to investigate [s 22(2A)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
<b>Subtotal</b>	<b>3</b> <b>(0)</b>	<b>63</b> <b>(38)</b>	<b>2</b> <b>(3)</b>	<b>0</b> <b>(1)</b>	<b>53</b> <b>(63)</b>	<b>121</b> <b>(105)</b>
<b>Reasons for taking no further action</b>						
Arranged for State integrity agency to investigate [s 29(6)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Satisfied that another agency should investigate [s 31(4)(a)]	0 (0)	0 (0)	0 (1)	0 (0)	0 (0)	0 (1)
Frivolous or vexatious [s 31(4)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Subject of proceedings before a court [s 31(4)(d)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Investigation not warranted [s 31(4)(e)]	0 (0)	2 (1)	0 (0)	0 (1)	0 (16)	2 (18)



AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Did not raise a corruption issue under the LEIC Act	0 (0)	0 (0)	0 (0)	0 (0)	2 (0)	2 (0)
<b>Subtotal</b>	<b>0</b> <b>(0)</b>	<b>2</b> <b>(1)</b>	<b>0</b> <b>(1)</b>	<b>0</b> <b>(1)</b>	<b>2</b> <b>(16)</b>	<b>4</b> <b>(19)</b>
<b>Under assessment at close of reporting period</b>						
Under assessment	0 (1)	1 (4)	0 (1)	0 (0)	2 (5)	3 (11)
<b>Total</b>	<b>3</b> <b>(1)</b>	<b>66</b> <b>(43)</b>	<b>2</b> <b>(5)</b>	<b>0</b> <b>(2)</b>	<b>57</b> <b>(84)</b>	<b>128</b> <b>(135)</b>

## Referrals from other sources (regulation 12)

Corruption issues referred in 2017–18 under section 18 or 23—by corruption class as assessed upon receipt

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Abuse of office [s 6(1)(a)]	3 (1)	2 (0)	2 (5)	0 (0)	16 (12)	23 (18)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Corruption of any other kind [s 6(1)(c)]	0 (0)	0 (1)	2 (0)	0 (0)	3 (0)	5 (1)
<b>Total</b>	<b>3</b> <b>(1)</b>	<b>2</b> <b>(1)</b>	<b>4</b> <b>(5)</b>	<b>0</b> <b>(0)</b>	<b>19</b> <b>(12)</b>	<b>28</b> <b>(19)</b>



## How these referrals were dealt with

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
<b>Investigations</b>						
ACLEI investigation [s 26(1)(a)]	0 (1)	0 (0)	0 (1)	0 (0)	5 (4)	5 (6)
Joint investigation [s 26(2)]	2 (0)	1 (0)	2 (1)	0 (0)	4 (7)	9 (8)
Managed investigation [s 26(1)(b)(i) or 26(1)(d)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Overseen investigation [s 26(1)(b)(ii) or 26(1)(e)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
AFP investigation managed or overseen by ACLEI [s 26(1)(c) (i) or 26(1)(c)(iii)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)
Unsupervised agency investigation [s 26(1)(b)(iii)]	0 (0)	0 (0)	2 (1)	0 (0)	8 (1)	10 (2)
Unsupervised AFP investigation [s 26(1)(c)(iii)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)
<b>Subtotal</b>	<b>2</b> <b>(1)</b>	<b>1</b> <b>(0)</b>	<b>4</b> <b>(3)</b>	<b>0</b> <b>(0)</b>	<b>17</b> <b>(12)</b>	<b>24</b> <b>(16)</b>
<b>Reasons for taking no further action</b>						
Satisfied that another agency should investigate [s 31(4)(a)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Frivolous or vexatious [s 31(4)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)



AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Subject of proceedings before a court [s 31(4)(d)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Investigation not warranted [s 31(4)(e)]	0 (0)	1 (0)	0 (0)	0 (0)	0 (0)	1 (0)
Did not raise a corruption issue under the LEIC Act	0 (0)	0 (0)	0 (0)	0 (0)	1 (0)	1 (0)
<b>Subtotal</b>	<b>0</b> <b>(0)</b>	<b>1</b> <b>(0)</b>	<b>0</b> <b>(0)</b>	<b>0</b> <b>(0)</b>	<b>1</b> <b>(0)</b>	<b>2</b> <b>(0)</b>
<b>Under assessment at close of reporting period</b>						
Under assessment	1 (0)	0 (1)	0 (2)	0 (0)	1 (0)	2 (3)
<b>Total</b>	<b>3</b> <b>(1)</b>	<b>2</b> <b>(1)</b>	<b>4</b> <b>(5)</b>	<b>0</b> <b>(0)</b>	<b>19</b> <b>(12)</b>	<b>28</b> <b>(19)</b>

## Own-initiative investigations (regulation 13)

Investigations commenced in 2017–18 by the Integrity Commissioner without a notification or referral

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Abuse of office [s 6(1)(a)]	0 (0)	0 (0)	1 (2)	0 (0)	0 (2)	1 (4)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Corruption of any other kind [s 6(1)(c)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
<b>Total</b>	<b>0</b> <b>(0)</b>	<b>0</b> <b>(0)</b>	<b>1</b> <b>(2)</b>	<b>0</b> <b>(0)</b>	<b>0</b> <b>(2)</b>	<b>1</b> <b>(4)</b>



## ACLEI investigations (regulation 14)

Corruption issues investigated in 2017–18 under section 26(1)(a), including joint investigations and investigations carried forward from previous years—by corruption class as assessed upon receipt

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Abuse of office [s 6(1)(a)]	17 (13)	85 (80)	18 (17)	0 (2)	132 (106)	252 (218)
Pervert the course of justice [s 6(1)(b)]	0 (0)	2 (3)	0 (0)	0 (0)	1 (0)	3 (3)
Corruption of any other kind [s 6(1)(c)]	1 (2)	11 (10)	1 (0)	0 (0)	14 (9)	27 (21)
<b>Total corruption issues active in 2017–18</b>	<b>18 (15)</b>	<b>98 (93)</b>	<b>19 (17)</b>	<b>0 (2)</b>	<b>147 (115)</b>	<b>282 (242)</b>

### Corruption issue investigations concluded in 2017–18

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Reports to the Minister	2 (0)	1 (2)	0 (2)	0 (0)	1 (0)	4 (4)
Discontinued* after reconsideration [s 42]	0 (1)	15 (1)	4 (1)	0 (2)	29 (5)	48 (10)
<b>Total</b>	<b>2 (1)</b>	<b>16 (3)</b>	<b>4 (3)</b>	<b>0 (2)</b>	<b>30 (5)</b>	<b>52 (14)</b>

\* Includes investigations which were reconsidered and referred back to jurisdictional agencies for investigation.



## External referrals (regulation 15)

Corruption issues referred by the Integrity Commissioner to a government agency for investigation in 2017–18 under section 26(1)(b) or section 26(1)(c)—by corruption class as assessed upon receipt

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Abuse of office [s 6(1)(a)]	1 (0)	29 (9)	4 (1)	0 (1)	41 (38)	75 (49)
Pervert the course of justice [s 6(1)(b)]	0 (0)	1 (2)	0 (0)	0 (0)	0 (0)	1 (2)
Corruption of any other kind [s 6(1)(c)]	1 (0)	6 (2)	1 (0)	0 (0)	4 (1)	12 (3)
<b>Total corruption issues referred for investigation in 2017–18</b>	<b>2 (0)</b>	<b>36 (13)</b>	<b>5 (1)</b>	<b>0 (1)</b>	<b>45 (39)</b>	<b>88 (54)</b>

### How these corruption issues were dealt with

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Investigation managed by ACLEI [s 26(1)(b)(i)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Investigation oversighted by ACLEI [s 26(1)(b)(iii)]	0 (0)	1 (0)	0 (0)	0 (0)	1 (0)	2 (0)
Investigation neither managed nor oversighted by ACLEI [s 26(1)(b)(iii)]	2 (0)	35 (13)	5 (1)	0 (1)	44 (39)	86 (54)
Referred to AFP for investigation [s 26(1)(c)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)
<b>Total corruption issues referred for investigation in 2017–18</b>	<b>2 (0)</b>	<b>36 (13)</b>	<b>5 (1)</b>	<b>0 (1)</b>	<b>45 (39)</b>	<b>88 (54)</b>



## Number of corruption issues where investigations by a government agency were completed in 2017-18

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
Section 66 report accepted*	0 (1)	8 (37)	0 (0)	2 (0)	17 (24)	27 (62)
Discontinued** after reconsideration [s 42]	0 (0)	0 (1)	0 (0)	0 (1)	3 (6)	3 (8)
<b>Total</b>	<b>0 (1)</b>	<b>8 (38)</b>	<b>0 (0)</b>	<b>2 (1)</b>	<b>20 (30)</b>	<b>30 (70)</b>

\* Numbers incorrectly recorded in the *Annual Report of the Integrity Commissioner 2016-17*.

\*\* Includes investigations which were reconsidered and became ACLEI investigations.

## Corruption issues carried forward

### Assessments carried forward to 2018-19, by year of notification or referral

AGENCY	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
2017-18	1	1	0	0	3	5
<b>Total under assessment at 30 June 2018</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>5</b>



**ACLEI investigations carried forward to 2018–19, by year of notification or referral\***

ACLEI OR JOINT INVESTIGATION [s 26(1)(a) and s 26(2)]	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
2009–10	3 (3)	0 (0)	N/A	N/A	N/A	3 (3)
2010–11	0 (0)	2 (2)	N/A	N/A	0 (0)	2 (2)
2011–12	2 (2)	2 (4)	N/A	N/A	1 (1)	5 (7)
2012–13	0 (0)	0 (4)	N/A	N/A	2 (4)	2 (8)
2013–14	0 (0)	9 (11)	2 (2)	0 (0)	4 (5)	15 (18)
2014–15	2 (3)	8 (9)	1 (2)	0 (0)	8 (17)	19 (31)
2015–16	4 (5)	31 (34)	3 (4)	0 (0)	25 (33)	63 (76)
2016–17	2 (1)	23 (26)	7 (6)	0 (0)	46 (50)	78 (83)
2017–18	3	7	2	0	31	43
<b>Total under investigation by ACLEI at 30 June 2018</b>	<b>16 (14)</b>	<b>82 (90)</b>	<b>15 (14)</b>	<b>0 (0)</b>	<b>117 (110)</b>	<b>230 (228)</b>

\*Figures in brackets are investigations carried forward into 2017–18.

**LEIC Act agency investigations carried forward to 2018–19, by year of notification or referral**

AGENCY INVESTIGATIONS [s 22 and s 26(1) (b, c, d, e)]	ACIC	AFP	DAWR	AUSTRAC	DEPT HOME AFFAIRS	TOTAL
2011–12	0	3	N/A	N/A	1	4
2012–13	0	0	N/A	N/A	0	0
2013–14	0	3	0	0	6	9
2014–15	0	3	0	0	5	8
2015–16	0	13	0	0	28	41
2016–17	0	14	2	0	27	43
2017–18	2	54	4	0	36	96
<b>Total under investigation by other agencies at 30 June 2018</b>	<b>2</b>	<b>90</b>	<b>6</b>	<b>0</b>	<b>103</b>	<b>201</b>



## **ACLEI corruption issues investigated (regulation 16)**

Regulation 16 of the Law Enforcement Integrity Commissioner Regulations 2017 requires particulars of completed investigations of corruption issues relating to ACLEI staff to be published in the Integrity Commissioner's Annual Report. No ACLEI corruption issues were concluded during 2017–18 (and none were concluded in 2016–17).

## **Section 149 certificates (regulation 17)**

Regulation 17 of the Law Enforcement Integrity Commissioner Regulations 2017 requires particulars of certificates issued under section 149 of the LEIC Act to be published in the Integrity Commissioner's Annual Report. No such certificates were issued in 2017–18 (and none were issued in 2016–17).



# APPENDIX 4: CAPABILITY AND ASSURANCE

The Integrity Commissioner is the Accountable Authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and is required to govern ACLEI in a way which promotes the proper use and management of public resources, the achievement of ACLEI's purposes and its financial sustainability. ACLEI's 'enabler outputs' **capable and strategic, well-governed and efficient, and lawful and fair** (outlined in pages 2 and 11 of the ACLEI 2017–18 Corporate Plan) describe how ACLEI's governance, financial and management arrangements deliver results in these areas.

## Corporate governance

The governance framework that applies to non-corporate government entities is described in the PGPA Act and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). In addition to regular and ad hoc meetings between the Integrity Commissioner and the Executive Directors to discuss strategic and emerging issues, in 2017–18 the following structures assisted the Integrity Commissioner to manage ACLEI.

### Internal Governance Board

ACLEI's Internal Governance Board is designed to assist the Integrity Commissioner and the Senior Executive to fulfil their statutory obligations relating to the management of ACLEI. The Board meets monthly to receive reports about ACLEI's governance, performance, human and financial resources, and to monitor compliance with legislation.

MEMBERSHIP AS AT 30 JUNE 2018	ADVISERS AS AT 30 JUNE 2018
Integrity Commissioner (Chair)	All ACLEI directors
Executive Director Operations	Assistant Director Finance
Executive Director Secretariat	Assistant Director Professional Standards
	Other ACLEI staff members, by invitation

### Audit Committee

The ACLEI Audit Committee is established in accordance with section 45 of the PGPA Act and section 17 of the PGPA Rule. Its charter is to provide independent assurance and assistance to the Integrity Commissioner on ACLEI's risk, control and compliance framework and its financial and performance statement responsibilities. It meets five times a year. Representatives of the Auditor-General are observers at the meetings.



MEMBERSHIP AS AT 30 JUNE 2018	ADVISERS AS AT 30 JUNE 2018
<b>Mr Darren Box (Chair)</b> First Assistant Secretary, Department of Defence	Director Corporate Services (Chief Financial Officer)
<b>Ms Petra Gartmann</b> Branch Manager, Independent Parliamentary Expenses Authority	Assistant Director Finance
<b>Mr John Lenarduzzi</b> Assistant Director General, Australian Signals Directorate	Assistant Director Professional Standards (Secretariat)
<b>Mr Craig Furry</b> Executive Director Secretariat (A/g), ACLEI	Other ACLEI staff members, by invitation

## Internal audit

In consultation with the Audit Committee, ACLEI focusses internal audit activity on areas which pose the greatest risk to its functions.

## Business planning

ACLEI's mandate is set by the objects of the LEIC Act and the Portfolio Budget Statements. As required under the PGPA Act, a four-year corporate plan is prepared each year, setting out strategic priorities and intended performance for the current year and the following three years. Previous and current corporate plans are available on the ACLEI website, [www.aclei.gov.au/about/corporate-information](http://www.aclei.gov.au/about/corporate-information).

## Fraud and corruption control

ACLEI's *Fraud and Corruption Control Plan 2016–2017* is available at [www.aclei.gov.au/about/corporate-information](http://www.aclei.gov.au/about/corporate-information). This plan was reviewed regularly during 2017–18 following regular risk assessments, but there was no requirement to change it. However, a new Fraud and Corruption Control Plan will be developed in the first part of 2018–19, following an independently conducted fraud and risk assessment.

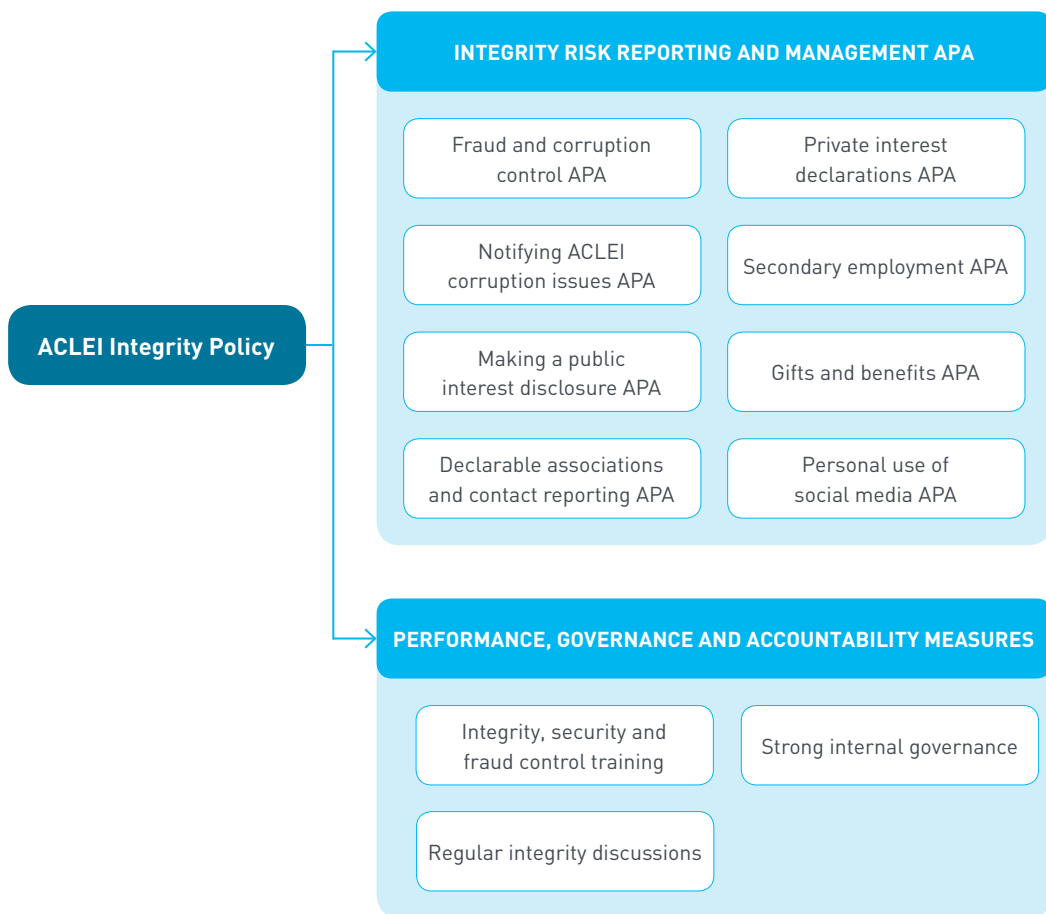
The Integrity Commissioner's certification relating to ACLEI's fraud control arrangements appears in the letter of transmittal on page iii of this annual report.

## Integrity management

Particular governance and integrity risks arise from ACLEI's role of investigating corrupt conduct in law enforcement agencies. The ACLEI Integrity Framework applies to all ACLEI staff, including secondees from other agencies and the Integrity Commissioner. The performance, governance and accountability features of the integrity framework are intended to create a workplace in which professional standards and accountability are valued and reinforced. The ACLEI Integrity Policy and Framework are supported by nine Agency Policy Advices and a number of other measures.



ACLEI Integrity Framework



ACLEI's Assistant Director Professional Standards—who also performs the role of Agency Security Adviser—assists staff members to understand and comply with ACLEI's integrity standards and personnel security requirements. In addition, this officer maintains ACLEI's information security and audits information-handling and access to external databases.

The Assistant Director Professional Standards reports on a monthly basis to the Internal Governance Board on risk, governance and integrity matters. For example, regular reports are made on gifts and benefits, changes in staff circumstances, contact reporting and ACLEI staff use of ICT resources.



## External assurance

### Parliamentary Joint Committee on ACLEI

The Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity (PJC-ACLEI) is established under the LEIC Act and reports to both Houses of Parliament on matters relating to ACLEI. The Committee monitors and reviews the performance of the Integrity Commissioner's functions, examines each annual report and any special reports produced by the Integrity Commissioner, and examines trends and changes in law enforcement related corruption.

This external scrutiny gives ACLEI a valuable external view of each year's efforts and achievements, and a basis to inform improvements to its work.

At 30 June 2018 the Committee comprised Senator David Bushby (from 5 February 2018 and Chair from 6 February 2018), Senator Catryna Bilyk (Deputy Chair), Mr Russell Broadbent MP (from 27 March 2018), Mr Scott Buchholz MP, the Hon Justine Elliot MP, Mr Llew O'Brien MP, Senator Barry O'Sullivan, Senator Murray Watt and Mr Tony Zappia MP.

In addition, Senator Bridget McKenzie was Chair until 20 December 2017, and the Hon Stuart Robert MP was a member of the Committee until 27 March 2018.

### Examination of the Integrity Commissioner's Annual Report

On 24 April 2018 the PJC-ACLEI presented to Parliament the report of its examination of the Integrity Commissioner's 2015–16 Annual Report. The Committee noted its appreciation of the challenges ACLEI has faced in relation to its expanded jurisdiction, and in particular noted the increase in workload, the relocation of staff, and the staged expansion of the ACLEI workforce over 2015–16. The Committee also recognised the significant achievements of ACLEI over 2015–16, but urged ACLEI to ensure that its internal systems and accountability mechanisms are properly in place so that statistical errors such as those made in the 2015–16 annual report are not repeated.

A copy of the Committee's report can be obtained from its website at [www.apf.gov.au](http://www.apf.gov.au).

As part of ACLEI's quality assurance processes, statistics were cross-checked with the LEIC Act agencies in the preparation of both the 2016–17 and 2017–18 annual reports.

As at 30 June 2018 the PJC-ACLEI had not presented to Parliament the report of its examination of the Integrity Commissioner's 2016–17 Annual Report.

### Inquiries

On 11 October 2016, the Committee re-initiated its inquiry into the *Integrity of Australia's border arrangements*, after the previous inquiry commenced by the PJC-ACLEI of the 44<sup>th</sup> Parliament lapsed. As at 30 June 2018, the Committee had not tabled a report on their Inquiry.

Inquiry terms of reference, published submissions and hearing transcripts can be found on the Committee's website at [www.apf.gov.au](http://www.apf.gov.au).



## Safeguards for the use of statutory powers

A range of checks and balances are in place to ensure that ACLEI uses investigation powers accountably and within the law. Some safeguards are administered by the Integrity Commissioner as head of ACLEI and others take the form of statutory external authorisation or reporting. In combination, these processes help ensure that ACLEI deploys investigation powers lawfully, proportionately and ethically. Guidelines for people subject to the Integrity Commissioner's coercive powers are also available on ACLEI's website, [www.aclei.gov.au/hearings](http://www.aclei.gov.au/hearings).

Public reports into ACLEI's use of powers can be found on ACLEI's website, [www.aclei.gov.au/about/corporate-information/accountability-use-powers](http://www.aclei.gov.au/about/corporate-information/accountability-use-powers).

### External scrutiny in 2017–18

<b>Commonwealth Ombudsman—inspection of records and practices</b> <ul style="list-style-type: none"> <li>• <i>Surveillance Devices Act 2004</i></li> <li>• <i>Telecommunications (Interception and Access) Act 1979</i></li> <li>• Part IAB of the <i>Crimes Act 1914</i> (controlled operations)</li> </ul>	The Commonwealth Ombudsman made no recommendations in the reporting period.
<b>Commonwealth Ombudsman—complaints and own-motion investigations</b>	The Ombudsman did not advise ACLEI of any complaints received, or conduct any own-motion investigations into ACLEI in the reporting period.
<b>Judicial reviews, decisions of administrative tribunals, and reports by the Information Commissioner</b>	There was no judicial or administrative tribunal review of an ACLEI decision or action in the reporting period.  ACLEI did not receive any reports by the Information Commissioner in the reporting period.
<b>Auditor-General</b>	The Auditor-General commenced a performance audit relating to ACLEI's operational efficiency during the reporting period. As at 30 June 2018, this report had not been finalised.  ACLEI's audited financial statements for 2017–18 are presented in this annual report.
<b>Agency capability reviews</b>	No capability reviews of ACLEI were released or in progress during the reporting period.



## Human resource management

### Staffing profile and remuneration

The Integrity Commissioner deploys ACLEI staff according to strategic priority and to make the best use of their capabilities and skills and the most efficient use of government resources.

For the 2017–18 financial year, ACLEI had a maximum average staffing level (ASL) of 49. ACLEI's actual ASL in 2017–18 was 48.7.

ACLEI's staffing profile is weighted to Executive Level staff, due to the experience and skill levels required to investigate hard-to-detect corruption in law enforcement, lead joint investigations under the LEIC Act, and manage and coordinate taskforces.

ACLEI also uses flexible workforce strategies—including partnering with other agencies, and maintaining a pool of appropriately security-cleared casual staff—to respond to fluctuations in workload and maximise productivity. For different periods during the year, ACLEI seconded additional staff from other agencies to assist in specific investigations.

### Staffing profile at 30 June 2018

CLASSIFICATION	ONGOING		NON-ONGOING		TOTAL
	MALE	FEMALE	MALE	FEMALE	
Statutory office holder (Integrity Commissioner)	1 (1)	0 (0)	0 (0)	0 (0)	1 (1)
SES Band 1 (\$200,904)	1* (1)	1 (1)	0 (0)	0 (0)	2 (2)
EL 2 (\$119,889 – \$135,092)	4 (5)	2 + 1* (2)	0 (0)	0 (0)	7 (7)
EL 1 (\$97,522 – \$118,514)	11 (10)	5 (4)	3 (0)	0 (1)	19 (15)
APS 6 (\$76,459 – \$87,832)	4 (4)	4 + 1** (3**+1*)	0 (0)	2 (1)	11 (9)
APS 5 (\$70,795 – \$75,068)	0 (1)	3 + 1*** (4)	1 (0)	0 (0)	5 (5)
APS 4 (\$63,470 – \$68,916)	0 (0)	1 (1)	0 (0)	1** (3)	2 (4)
Subtotal	21 (22)	19 (16)	4 (0)	3 (5)	47 (43)
Total	40 (38)		7 (5)		
Staff members based in Canberra	31 (27)		2 (4)		33 (31)
Staff members based in Sydney	9 (11)		5 (1)		14 (12)

The table does not include casual or seconded staff members, or staff on unpaid or workers compensation leave. No staff members identified as Aboriginal or Torres Strait Islander during 2017–18.

Figures in brackets are for staffing numbers at 30 June 2017.

\* Higher duties or acting appointment.

\*\* Three staff members were employed on a part-time basis.



## Employment agreements and conditions in 2017–18

<b>Integrity Commissioner remuneration</b>	The salary and allowances of the Integrity Commissioner are determined by the Remuneration Tribunal (see <a href="http://www.remtribunal.gov.au">www.remtribunal.gov.au</a> ).
<b>Senior Executive Service remuneration and agreements</b>	<p>The Integrity Commissioner determines remuneration for senior executive positions in ACLEI, taking into account experience and qualifications and comparisons with other agencies. There was no change to SES remuneration in the 2017–18 reporting period.</p> <p>Senior executive positions at ACLEI are covered by determinations made under s 24(1) of the <i>Public Service Act 1999</i>.</p>
<b>Non-SES workplace agreements</b>	The conditions of the <i>ACLEI Enterprise Agreement 2012–2014</i> and <i>ACLEI Enterprise Agreement 2017–2020</i> were in operation during the reporting period. The <i>ACLEI Enterprise Agreement 2017–2020</i> came into operation on 16 August 2017. Four employees had Individual Flexibility Arrangements in place to take account of specific circumstances.
<b>Non-salary benefits</b>	<ul style="list-style-type: none"> <li>• Employee Assistance Program</li> <li>• influenza vaccinations</li> <li>• reimbursement program for corrective optical aids</li> <li>• study assistance policy</li> <li>• conference and study leave</li> <li>• financial assistance for approved health and well-being equipment</li> </ul>
<b>Performance payments</b>	ACLEI does not have a system of performance bonus payments.
<b>Security clearances</b>	Employment at ACLEI is contingent upon maintaining a satisfactory security clearance.
<b>Workplace diversity</b>	ACLEI's Workplace Diversity Program 2015–19 and Reconciliation Action Plan 2016–2018 are published on the ACLEI website ( <a href="http://www.aclei.gov.au/about/employment">www.aclei.gov.au/about/employment</a> ).

## Information required under the *Work Health and Safety Act 2011*

<b>WHS initiatives in 2017–18</b>	<ul style="list-style-type: none"> <li>• ergonomic workstation assessments</li> <li>• Employee Assistance Program</li> <li>• risk assessments for ACLEI operations and exercise of powers</li> </ul>
<b>Health and safety outcomes in 2017–18</b>	One WHS incident was reported in 2017–18.
<b>Notifiable WHS incidents and investigations</b>	One notifiable WHS incident occurred in 2017–18.
<b>Notices given to ACLEI under Part 10 of the WHS Act</b>	None.



## Staff performance and development

ACLEI aims to maintain a multi-disciplinary and flexible workforce to enable the agency to deal effectively with the types of corruption issues that may arise in law enforcement. For these purposes, ACLEI maintains core skills in investigation management, intelligence collection and analysis, technical surveillance monitoring, legal counsel, corruption prevention, policy development and corporate management.

ACLEI's Program for Personal Performance links personal development with organisational needs and provides the mechanism for supervisors to manage staff performance. A rolling program of mandatory training for all staff includes topics relating to meeting ethical standards, governance, financial responsibilities, health and safety, and security.

In 2017–18, ACLEI staff members attended external training and development in topics such as cyber security and data access, integrity, anti-corruption, management and leadership, and the Women in Law Enforcement Strategy mentoring program.

## Management of other corporate issues

<b>Information and Communications Technology</b>	ACLEI has a shared service arrangement with the Attorney-General's Department relating to ACLEI's ICT and records management requirements.
<b>Disability reporting—Commonwealth Disability Strategy (to 2009–10)</b>	The 2006–07 Annual Report—at <a href="http://www.aclei.gov.au">www.aclei.gov.au</a> —contained ACLEI's first report under the strategy. Subsequent reports are in the relevant Australian Public Service Commission <i>State of the Service</i> reports and the <i>APS Statistical Bulletin</i> , available at <a href="http://www.apsc.gov.au">www.apsc.gov.au</a> .
<b>Disability reporting—National Disability Strategy 2010–2020</b>	A high level two-yearly report tracks progress against six outcome areas to present a picture of how people with disability are faring. The first of these reports was published in 2014 and is available at <a href="http://www.dss.gov.au">www.dss.gov.au</a> .
<b>Environmental performance</b>	ACLEI endeavours to recycle, reduce energy consumption and promote sustainability. Energy-saving technologies (such as motion-sensor lights, on-demand printing and teleconferencing facilities) are incorporated into ACLEI's business practices.
<b>Advertising and market research</b>	ACLEI did not conduct any general advertising, market research, polling, direct marketing or any other form of advertising campaign in 2017–18.
<b>Freedom of information (Part II, <i>Freedom of Information Act 1982</i>)</b>	ACLEI's Information Publication Scheme Statement and Freedom of Information disclosure log can be accessed at <a href="http://www.aclei.gov.au/about/corporate-information">www.aclei.gov.au/about/corporate-information</a> .



## Financial management

Australian Government entities are accountable for their financial practices and use of relevant money. Accordingly, transparency measures and independent auditing are used to monitor ACLEI's adherence to guidelines and ensure that financial management arrangements are robust and conducted with propriety.

<b>Purchasing</b>	<p>The Commonwealth Procurement Rules, the Integrity Commissioner's Accountable Authority Instructions, the PGPA Act and PGPA Rule provide the framework for ACLEI's decisions concerning the purchase of goods and services.</p> <p>ACLEI uses procurement methods which are efficient and cost-effective and which take account of ACLEI's security needs, specialised role and size. Value for money is always the guiding principle in selecting providers of goods and services. ACLEI also participates in mandatory whole-of-government coordinated procurement, such as travel and property services.</p>
<b>Procurement initiatives to support small business</b>	<p>ACLEI supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises and Small Enterprise participation statistics are available on the Department of Finance's website, <a href="http://www.finance.gov.au">www.finance.gov.au</a>.</p> <p>ACLEI's procurement practices support Small and Medium Enterprise participation by using the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 and using payment cards when possible and appropriate, to allow more-timely payment to suppliers.</p>
<b>Indigenous Procurement Policy</b>	<p>ACLEI complies with the requirements of the Indigenous Procurement Policy. Information on the policy and reports on achievements against the policy targets are available on the website for the Department of the Prime Minister and Cabinet, <a href="http://www.pmc.gov.au">www.pmc.gov.au</a>.</p>
<b>Consultancies—engagement policies and procedures</b>	<p>The decision to engage a consultant is made in accordance with the PGPA Act and PGPA Rule, the Commonwealth Procurement Rules and relevant internal policies, including the Accountable Authority Instructions. ACLEI takes into account the abilities and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise.</p>
<b>Consultancies—main categories</b>	<p>Consultants are engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations (such as internal audits), or provide independent advice or information to assist in ACLEI's decision-making.</p>
<b>Consultancies—numbers and expenditure</b>	<p>During 2017–18, ten new consultancy contracts were entered into involving total actual expenditure in 2017–18 of \$124,894 (including GST). In addition, one ongoing consultancy contract was active during the period, involving total actual expenditure of \$1,927 (including GST).</p> <p>Annual reports contain information about actual expenditure. Information on the value of government contracts and consultancies is available on the AusTender website, <a href="http://www.tenders.gov.au">www.tenders.gov.au</a>.</p>
<b>Australian National Audit Office access clauses</b>	<p>No contracts over \$100,000 were let that did not provide for the Auditor-General to have access to a contractor's premises.</p>
<b>Exempt contracts</b>	<p>No contracts were exempted from publication in AusTender because publication would disclose exempt matters under the <i>Freedom of Information Act 1982</i>.</p>



# APPENDIX 5: DEVELOPMENTS IN ACLEI'S OPERATING ENVIRONMENT

Developments in legislation or government policy can have a direct impact on ACLEI's jurisdiction, powers, procedures or practices. Significant changes which occurred in 2017–18 are set out here.

## Legislative change affecting ACLEI

### *Home Affairs and Integrity Agencies Legislation Amendment Act 2018*

This Act, which received Royal Assent on 9 May 2018, amended more than thirty Acts to make ministerial and departmental functions and powers clear following machinery of government changes to establish the Home Affairs portfolio. Amendments to the Administrative Arrangements Orders transferred responsibility for some intelligence and law enforcement functions to the Home Affairs portfolio and integrity and oversight functions to the Attorney-General's portfolio.

For ACLEI, the practical effects of this were two-fold:

- The change of the Department of Immigration and Border Protection to the Department of Home Affairs, via the application of the *Acts Interpretation Act 1901*, increased and changed ACLEI's jurisdiction to incorporate the new Department of Home Affairs.
- ACLEI's responsible Minister changed from the Minister for Justice to the Attorney-General.

## Relevant decisions of courts and administrative tribunals

Case law informs the interpretation of legislation. Accordingly, ACLEI monitors relevant decisions of courts and tribunals to guide its administration of the LEIC Act and the use of powers. These decisions, and their effects, are summarised in the table below.

CITATION	RELEVANCE TO ACLEI
<i>Commissioner of the AFP v Hart; Commonwealth of Australia v Yak 3 Investments Pty Ltd; Commonwealth of Australia v Flying Fighters Pty Ltd</i> [2018] HCA 1	<i>Proceeds of Crime Act 2002</i> (Cth)—detailed discussion of coverage, interests of other parties and questions around the extent to which property subject to forfeiture was 'used' in a crime.
<i>R v Leach</i> [2018] QCA 131	The defendant was subjected to compulsory examination by ATO auditors, leading to further ATO investigations. When records of the examination were included in a brief to the Commonwealth DPP, leading to charges related to tax and another charge under state law, there were grounds for quashing the conviction and ordering a retrial. The judgment includes detailed discussion of case law.



CITATION	RELEVANCE TO ACLEI
<p><i>Ku-Ring-Gai Council v John David Chia (No 2)</i> [2018] NSWLEC 44</p> <p><i>Ku-Ring-Gai Council v John David Chia (No 3)</i> [2018] NSWLEC 61</p> <p><i>Ku-Ring-Gai Council v John David Chia (No 4)</i> [2018] NSWLEC 75</p>	<p>Parts of a series of cases about evidence in a matter related to tree-felling on a golf course. In No 2, the defendant had been interviewed under compulsion by the prosecutor's officers and alleged that the officers had disclosed what he said to other witnesses or potential witnesses when interviewing them. In No 3, the court considered the recorded interviews with those witnesses and declined to accept them, noting that the transcripts were already in evidence. In No 4, the court considered and rejected the defendant's application to exclude the witnesses' evidence.</p>
<p><i>DX v Commonwealth of Australia &amp; Ors</i> [2018] FCCA 922</p>	<p>Consideration of the validity of a Determination by the Board of ACIC and consequent summons issued by an examiner. The court found it was not necessary for the Board to specify an end date and that the Determination was adequately specific.</p>
<p><i>XXVII v Commonwealth of Australia</i> [2018] FCAFC 59</p>	<p>Validity of an amendment of a Determination by the Board of the ACC. The court found there was no requirement to fix an end date to a special investigation and a Determination could be amended to alter or remove a time limit; the amended Determination continued its predecessor and did not over-ride it. A summons based on its predecessor would not be affected.</p>
<p><i>R v Will</i> [2017] ACTSC 356</p> <p><i>R v Will (No 2)</i> [2017] ACTSC 377</p> <p><i>R v Will (No 3)</i> [2017] ACTSC 395</p>	<p>Related cases arising indirectly from evidence obtained through an examination of the defendant by the ACC. The first decision was to limit prosecution access to the record of the examination and to recognise the defendant's right to apply for police evidence not to be admitted. The other two decisions clarified the limit on prosecution access.</p>
<p><i>MAC v R</i> [2017] NSWCCA 219</p>	<p>The defendant applied for a permanent stay of proceedings when charged after an ACIC compulsory examination. Police officers were present as observers in an adjoining room and had subsequently obtained further evidence. The judge at first instance was critical of the police actions, but considered there had been sufficient evidence for the charges before the examination. The Court of Criminal Appeal noted that this area of law is contested, but refused the stay, observing that the prosecution would need to quarantine the examination evidence from those conducting the trial.</p>
<p><i>Commissioner of the AFP v Wen &amp; Ors</i> [2017] VSC 391</p>	<p>Information obtained at a compulsory examination for a <i>Proceeds of Crime Act 2002</i> (Cth) (POCA) application is subject to restrictions on disclosure and use. Some defendants had been subject to an ASIC examination and information from that examination had been passed to the AFP. The court considered whether there would be a collateral purpose (unrelated to securing and seizing assets) in the examinations under the POCA. The court allowed the examinations to proceed, but limited who could be present and made aware of the evidence given.</p>



CITATION	RELEVANCE TO ACLEI
<i>R v Ruzehaji (No 2)</i> [2017] SADC 119	This matter concerned the conduct of, and the use and disclosure of information from, a POCA examination conducted after the defendant was charged with drug offences. The court found that the examination power was available, and that (on the facts) there had been no improper disclosure of information.
<i>R v Martin</i> [2017] SADC 73	The court refused a permanent stay of prosecution of a police officer alleged to have abused his office by disclosing official information to media contacts.



# APPENDIX 6: ASSUMED IDENTITIES ANNUAL REPORT

## Report pursuant to section 15LD(1) *Crimes Act 1914* Use of Assumed Identities 2017–18

The number of authorities granted by an authorising officer of ACLEI during the year. [s15LD(1)(a)]	Four
The general description of the activities undertaken by authorised civilians and authorised law enforcement officers when using assumed identities during the year. [s15LD(1)(b)]	Investigation of and/ or intelligence gathering concerning criminal activity related to ACLEI's functions.  Administrative functions in relation to the integrity of ACLEI's assumed identities capability.
The number of applications for authorities that were refused during the year. [s15LD(1)(c)]	None
The number of authorities of which control was transferred by the Integrity Commissioner under section 15KV during the year. [s15LD(1)(d)]	None
The number of authorities of which control was transferred to the Integrity Commissioner under section 15KV during the year. [s15LD(1)(e)]	None
Details of whether or not any fraud or other unlawful activity was identified by an audit under section 15LG during the year. [s15LD(1)(f)]	None
Other information relating to authorities and assumed identities and the administration of Part IAC that the Minister considers appropriate. [s15LD(1)(g)]	Not applicable



# APPENDIX 7: WITNESS IDENTITY PROTECTION CERTIFICATES ANNUAL REPORT

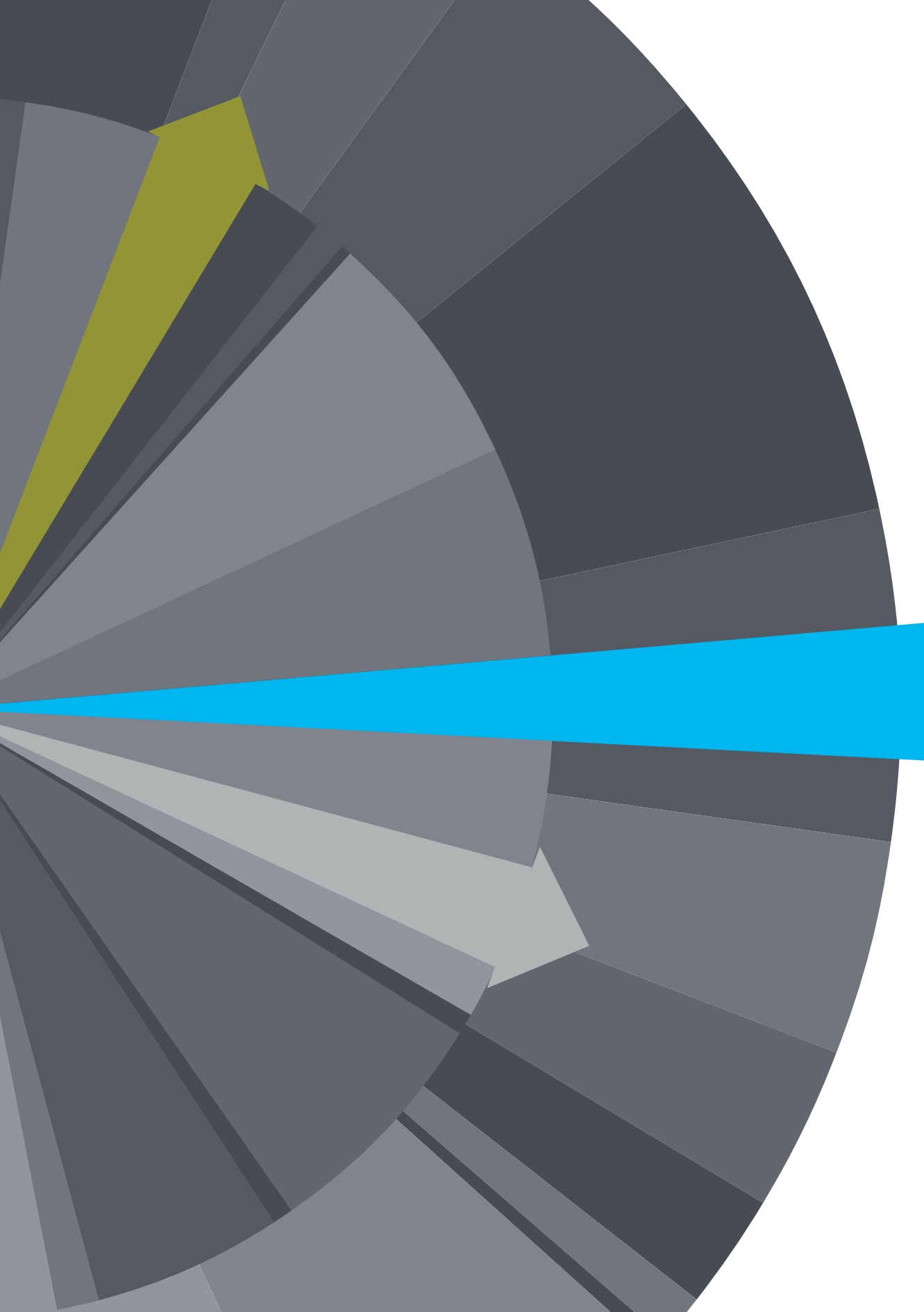
## Report pursuant to section 15MU(1) *Crimes Act 1914* Witness identity protection certificates 2017–18

The number of witness identity certificates given during the year. [s15MU(2)(a)]	None
The basis for which the Integrity Commissioner was satisfied about the matters mentioned in paragraph 15ME(1)(b) for each certificate. [s15MU(2)(b)]	Not applicable
If disclosure of an operative's identity to a presiding officer was required by section 15ML—details of the proceeding in relation to which disclosure was required and details of the things that the presiding officer required the operative to do under that section. [s15MU(2)(c)]	Not applicable
If leave was given or an order made under section 15MM in a proceeding in which a witness identity protection certificate for an operative was filed—details of the proceeding that relate to the leave or order. [s15MU(2)(d)]	Not applicable
If leave was given for joinder of a person as a respondent to proceedings under section 15MN—details of the person who was joined and who appeared on their behalf. [s15MU(2)(e)]	Not applicable
If leave was given for an adjournment under section 15MP—details of whether an appeal was made against the decision under that section. [s15MU(2)(f)]	Not applicable
If a witness identity protection certificate was cancelled under section 15MQ—the reasons why the certificate was cancelled. [s15MU(2)(g)]	Not applicable
If a permission was given under section 15MR—the reasons why the permission was given. [s15MU(2)(h)]	Not applicable
Other information relating to witness identity protection certificates and the administration of Part IACA that the Minister considers appropriate. [s15MU(2)(i)]	Not applicable

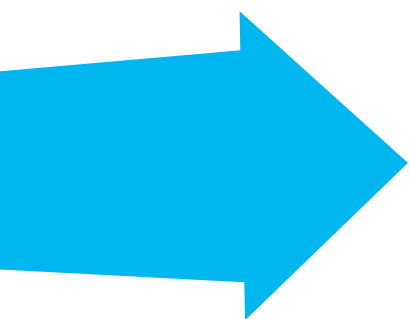












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**LIST OF TABLES AND FIGURES**

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**ACRONYMS AND ABBREVIATIONS**

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# ACRONYMS AND ABBREVIATIONS

<b>ABF</b>	Australian Border Force
<b>ACBPS</b>	Australian Customs and Border Protection Service
<b>ACC</b>	Australian Crime Commission, as in ACC Act 2002
<b>ACIC</b>	Australian Criminal Intelligence Commission
<b>ACLEI</b>	Australian Commission for Law Enforcement Integrity
<b>ACT</b>	Australian Capital Territory
<b>AFP</b>	Australian Federal Police, as in AFP Act 1979
<b>AM</b>	Member of the Order of Australia
<b>ANAO</b>	Australian National Audit Office
<b>APA</b>	Agency Policy Advice
<b>APEC</b>	Asia-Pacific Economic Cooperation
<b>APS</b>	Australian Public Service
<b>APSC</b>	Australian Public Service Commission
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASL</b>	Average Staffing Level
<b>ATO</b>	Australian Taxation Office
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre
<b>CrimTrac</b>	The CrimTrac Agency
<b>Cth</b>	Commonwealth
<b>DAWR</b>	Department of Agriculture and Water Resources
<b>DIBP</b>	Department of Immigration and Border Protection
<b>DPP</b>	Director of Public Prosecutions



<b>EL</b>	Executive Level
<b>FOI</b>	Freedom of Information, as in FOI Act 1982
<b>FTE</b>	Full-Time Equivalent
<b>GST</b>	Goods and Services Tax
<b>Hon</b>	Honourable
<b>ICT</b>	Information and Communications Technology
<b>KPI</b>	Key Performance Indicator
<b>LEIC Act</b>	<i>Law Enforcement Integrity Commissioner Act 2006</i>
<b>LEIC Regulations</b>	Law Enforcement Integrity Commissioner Regulations 2017
<b>MP</b>	Member of Parliament
<b>NSW</b>	New South Wales
<b>PGPA</b>	Public Governance, Performance and Accountability, as in PGPA Act 2013
<b>PJC-ACLEI</b>	Parliamentary Joint Committee on ACLEI
<b>POCA</b>	Proceeds of Crime Act, as in POC Act 2002
<b>SES</b>	Senior Executive Service
<b>T(IA)</b>	Telecommunications (Interception and Access), as in T(IA) Act 1979
<b>Vic</b>	Victoria
<b>WA</b>	Western Australia
<b>WHS</b>	Work Health and Safety, as in WHS Act 2011



# GLOSSARY

Some terms in this annual report are used for convenience. Other terms have a particular meaning in the LEIC Act. The list below refers to the LEIC Act, when relevant, but is intended to provide only a general guide to the use of each term.

TERM	MEANING
<b>Corruption-enabled crime</b>	Organised criminal networks may seek to use corrupt government insiders to gain access to information, or to facilitate or hide criminal activity. The potential harm caused by <i>corruption-enabled border crime</i> is particularly significant.
<b>Corruption issue</b>	<p>A corruption issue arises when the Integrity Commissioner becomes aware of information that a person who is (or has been) a staff member of a law enforcement agency, is engaging, has (or may have) engaged, or will (or may at any time in the future) engage in corrupt conduct.</p> <p>Not every corruption issue that has been notified or referred to the Integrity Commissioner will have substance.</p> <p>The term <i>corruption issue</i> is defined in section 7 of the LEIC Act. The meaning of <i>engages in corrupt conduct</i> is codified in section 6.</p>
<b>Law enforcement agency</b>	<p>An agency which is subject to the Integrity Commissioner's jurisdiction. In 2017–18, these agencies were the ACIC (including the former Australian Crime Commission, the former CrimTrac Agency and former National Crime Authority); the AFP; AUSTRAC; prescribed aspects of the Department of Agriculture and Water Resources; and the Department of Home Affairs (including the Australian Border Force and the former Department of Immigration and Border Protection and the former Australian Customs and Border Protection Service). Other agencies may be added by regulation.</p> <p>The term <i>law enforcement agency</i> is defined in section 5 of the LEIC Act.</p>
<b>Notification (of a corruption issue to the Integrity Commissioner)</b>	A corruption issue is <i>notified</i> when an allegation or information concerning an agency in the Integrity Commissioner's jurisdiction comes from the head of that agency (see section 19 of the LEIC Act).
<b>Referral (of a corruption issue to the Integrity Commissioner)</b>	A corruption issue is <i>referred</i> when an allegation or information comes from any source, other than as a notification from the head of an agency in the Integrity Commissioner's jurisdiction (see sections 18 and 23 of the LEIC Act).
<b>Staff members of law enforcement agencies</b>	<p>People (including secondees) who are employed by agencies subject to the Integrity Commissioner's jurisdiction. In some cases, contractors or appointees who are authorised to exercise certain statutory powers may also fall into this category.</p> <p>The term <i>staff members of law enforcement agencies</i> is defined in section 10 of the LEIC Act.</p>



# COMPLIANCE INDEX

This guide records compliance with the Requirements for Annual Reports as provided by section 17AJ(d) of PGPA Rule 2014 and the *Law Enforcement Integrity Commissioner Act 2006* and Law Enforcement Integrity Commissioner Regulations 2017.

## PGPA Rule 2014–Requirements for Annual Reports

PGPA RULE REFERENCE	DESCRIPTION	PAGE
<b>17AD(g)</b>	<b>Letter of transmittal</b>	
17AI	A copy of the letter of transmittal, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements	iii
<b>17AD(h)</b>	<b>Aids to access</b>	
17AJ(a)	Table of contents	v
17AJ(b)	Alphabetical index	104–108
17AJ(c)	Glossary of abbreviations and acronyms	96–98
17AJ(d)	List of requirements	99–103
17AJ(e)	Details of contact officer	ii
17AJ(f)	Entity's website address	ii
17AJ(g)	Electronic address of report	ii
<b>17AD(a)</b>	<b>Review by accountable authority</b>	2–3, 7–19
<b>17AD(b)</b>	<b>Overview of the entity</b>	
17AE(1)(a)(i)	A description of the role and functions of the entity	4
17AE(1)(a)(ii)	A description of the organisational structure of the entity	6
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	22
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan	4–5
17AE(1)(b)	An outline of the structure of the portfolio of the entity	N/A
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	N/A
<b>17AD(c)</b>	<b>Report on the Performance of the entity</b>	
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	22–33
<b>17AD(c)(ii)</b>	<b>Report on Financial Performance</b>	
17AF(1)(a)	A discussion and analysis of the entity's financial performance	31–33
17AF(1)(b)	A table summarising the total resources and total payments of the entity	62–63



PGPA RULE REFERENCE	DESCRIPTION	PAGE
17AF(2)	Details of significant changes in the financial results during or after the previous or current reporting period	N/A
	<b>Management and Accountability</b>	
17AD(d)	Corporate Governance	77–79
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	78
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	iii
17AG(2)(b)(iii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	iii
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	77–79
17AG(2)(d)–(e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance	N/A
	<b>External Scrutiny</b>	
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	80–81
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	81
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman	81
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	81
	<b>Management of Human Resources</b>	
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	33, 82–84
17AG(4)(b)	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> <li>• statistics on staffing classification level</li> <li>• statistics on full-time employees</li> <li>• statistics on part-time employees</li> <li>• statistics on gender</li> <li>• statistics on staff location</li> <li>• statistics on employees who identify as Indigenous</li> </ul>	82



PGPA RULE REFERENCE	DESCRIPTION	PAGE
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	83
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c)	82–83
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	82
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	83
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	83
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	N/A
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	N/A
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	N/A
	<b>Assets Management</b>	
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	N/A
	<b>Purchasing</b>	
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	85
	<b>Consultants</b>	
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	85
17AG(7)(b)	A statement that 'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].'	85
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	85
17AG(7)(d)	A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website'.	85



PGPA RULE REFERENCE	DESCRIPTION	PAGE
	<b>Australian National Audit Office Access Clauses</b>	
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	85
	<b>Exempt contracts</b>	
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	85
	<b>Small business</b>	
17AG(10)(a)	A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website'.	85
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	85
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website'.	N/A
<b>17AD(e)</b>	<b>Financial Statements</b>	36–58
<b>17AD(f)</b>	<b>Other Mandatory Information</b>	
17AH(1)(a)(i)	Advertising campaigns	84
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	84
17AH(1)(b)	A statement that 'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]'	N/A
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	84
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of the FOI Act can be found	84
17AH(1)(e)	Correction of material errors in previous annual report	N/A
17AH(2)	Information required by other legislation	83,103



**LEIC Act and Regulations requirements**

LEIC ACT REFERENCE	DESCRIPTION	PAGE
<b>s 201(a)</b>	Statistics pursuant to LEIC regulations 11 to 15	66–75
<b>s 201(a)</b>	ACLEI corruption issues investigated (regulation 16)	76
<b>s 201(a)</b>	Information certificates under section 149 of the LEIC Act (regulation 17)	76
<b>s 201(b)</b>	Investigations raising significant issues or developments in law enforcement	3, 10, 13, 16, 17–19, 26, 27, 32, 64–65
<b>s 201(c)</b>	Patterns and trends in corruption	17–19
<b>s 201(d)(i)</b>	Recommendations for changes to laws of the Commonwealth	none
<b>s 201(d)(iii)</b>	Recommendations for changes to administrative practices of Commonwealth Government agencies	none
<b>s 201(e)</b>	Prosecutions	16
<b>s 201(f)</b>	Confiscation proceedings	17
<b>s 201(g)(i)</b>	AD(JR) Act applications	none
<b>s 201(g)(iii)</b>	Other court proceedings involving the Integrity Commissioner	17
<b>s 204</b>	Special reports to the Minister, made under section 204 of the LEIC Act	none



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