



Australian Government

**Australian Commission for
Law Enforcement Integrity**

ANNUAL REPORT OF THE INTEGRITY COMMISSIONER

2015–2016

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

4 October 2016

The Hon Michael Keenan MP
Minister for Justice
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to give you the tenth Annual Report of the Integrity Commissioner, concerning the operations in 2015–16 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, recording and reporting mechanisms that meet its specific needs
- » I have taken all reasonable measures to deal appropriately with fraud relating to ACLEI, and
- » ACLEI had no incidences of suspected fraud in 2015–16.

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.

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

Yours sincerely

Michael Griffin AM
Integrity Commissioner

Reporting corruption

How to report a corruption issue

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

- » the Australian Criminal Intelligence Commission (including the Australian Crime Commission, and the former CrimTrac Agency and 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, and
- » the Department of Immigration and Border Protection (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 a 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

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PART ONE

Overview

1

Integrity Commissioner's foreword

Agency overview

The year in review

INTEGRITY COMMISSIONER'S FOREWORD

Corruption has been likened to the destructive effects of water, which seeps in through cracks and weak points to compromise and undermine otherwise strong structures.



In the period covered by this Annual Report (ACLEI's tenth and my first full year as Integrity Commissioner), ACLEI's staff have tackled the difficult task of combatting corruption—commendably, and with skill and dedication. By any measure, it has been a busy year, marked by some significant and far-reaching developments.

Principal among those developments was the extension of ACLEI's jurisdiction to include the entire Department of Immigration and Border Protection from 1 July 2015. The extended jurisdiction means that ACLEI is able to assist DIBP to protect the integrity of its visa functions, in addition to the existing cargo and passenger compliance functions that have formed part of ACLEI's remit since 2011.

In concert with this extension, ACLEI's resourcing increased during the year—by an initial \$12.9 million over four years—to become a 52-person enterprise with officers stationed in Sydney and Canberra, and the ability

to deploy nationally when needed. ACLEI's recruitment program for these 14 additional specialist operations staff—advertised and appointed in stages during the year to ensure their strong cultural cohesion and technical fit—is nearing completion.

With the assistance of these additional staff, ACLEI embarked on a program of proactive intelligence collection that has already resulted in a marked increase in the exchange of criminal intelligence with State integrity and law enforcement agencies. ACLEI now disseminates information to more than 25 agencies—including several State police forces that routinely share intelligence with ACLEI from their own work in combatting organised crime groups.

As a result of stronger partnerships and intelligence collection capacity, ACLEI is conducting a number of joint investigations with State police forces in several jurisdictions where there are linkages to agencies in ACLEI's jurisdiction. Major criminal investigations involving concealment can span a number of months or years, and I look forward to some of this work becoming public in 2016–17, since it will contribute to the emerging picture of organised crime groups—particularly their preparedness to use public sector corruption as a tactic.

In such a dynamic environment, ACLEI remains cognisant of the operational risks facing the agencies within our jurisdiction, and of its role in assisting agencies to manage those risks. With these factors in mind, I have recently released ACLEI's *2016–17 Corporate Plan: A more proactive ACLEI*. The title summarises the repositioning I have in mind, and aligns with what ACLEI's jurisdiction has asked for more of—a higher level of timely information about corruption risk that could have a large impact on the resilience of border, biosecurity and law enforcement environments. The new Corporate Plan is available at www.aclei.gov.au.

As in past years, several agencies—in particular the Australian Federal Police—provided additional staff, specialist capabilities and accommodation for joint operations, and I acknowledge the continuing commitment of all LEIC Act agencies to partnering with ACLEI to combat corruption-enabled crime.

The agencies that are subject to the Law Enforcement Integrity Commissioner Act work within particularly high corruption-risk operating environments. A Ministerial review in late 2016—to be conducted by Mr Robert Cornall AO—will be a timely mechanism to inform the direction the law enforcement anti-corruption framework will take in ACLEI's next decade.



Michael Griffin AM
Integrity Commissioner

AGENCY OVERVIEW

This chapter describes ACLEI's purpose, functions, priorities and structure.

Purpose

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

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

- » the Australian Criminal Intelligence Commission (including the Australian Crime Commission, and the former CrimTrac Agency and National Crime Authority)*
- » the Australian Federal Police (including Australian Capital Territory Policing)
- » the Australian Transaction Reports and Analysis Centre (AUSTRAC)
- » prescribed aspects of the Department of Agriculture and Water Resources, and
- » the Department of Immigration and Border Protection (including the Australian Border Force).

* The Australian Criminal Intelligence Commission commenced on 1 July 2016. The ACC, CrimTrac Agency and former National Crime Authority were already part of the Integrity Commissioner's jurisdiction.

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

Functions and approach

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 (the *Integrity Partnership*).

Working with strategic and jurisdictional partners, ACLEI aims to deliver an effective, efficient, economical and ethical anti-corruption capability which addresses corruption risk and strengthens the law enforcement integrity system. When appropriate, the Integrity Commissioner uses statutory information-gathering powers to assist investigations.

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 priorities

ACLEI seeks to work innovatively and cooperatively with its partners to detect, disrupt and deter corrupt conduct in the agencies in the Integrity Commissioner's jurisdiction. Under the LEIC Act, the Integrity Commissioner must give priority to serious or systemic corruption issues in those agencies. For this reason, ACLEI aims to pursue those investigations which are most likely to yield the highest strategic contribution to maintaining and improving integrity in law enforcement.

ACLEI's strategy is to prioritise those areas of administrative, regulatory or law enforcement activity that would be significantly undermined if corruption were to become established.

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

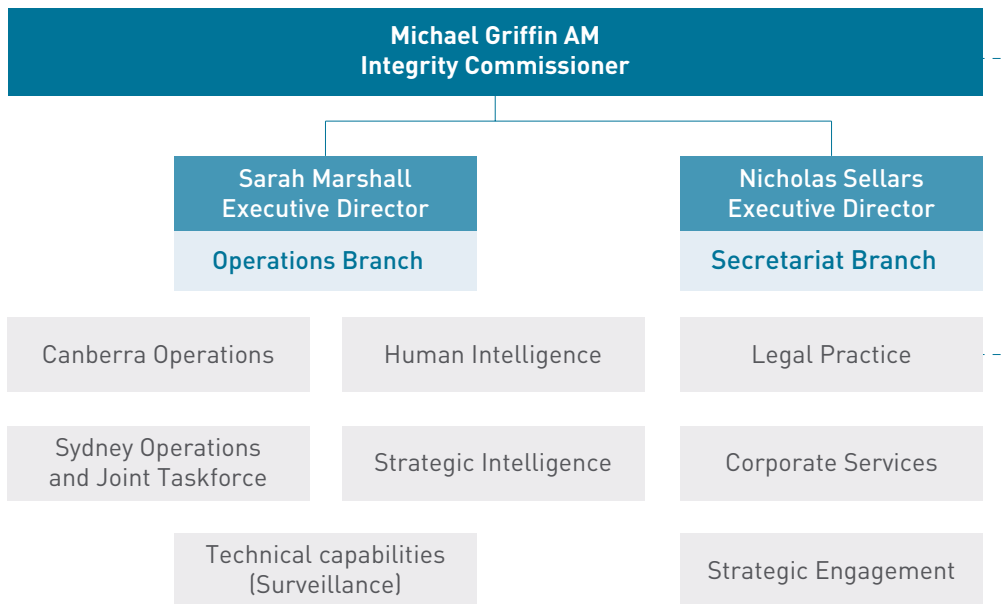
Outputs—delivering ACLEI's priorities

Program outputs and activities	Detect	Disrupt	Deter
	<ul style="list-style-type: none"> » Instances of possible corrupt conduct are identified » Vulnerabilities and corruption risks are identified 	<ul style="list-style-type: none"> » Instances of possible corrupt conduct are addressed » Information is given to partner agencies to mitigate corruption risk and vulnerabilities 	<ul style="list-style-type: none"> » Insights about corruption risk contribute to strengthening anti-corruption frameworks
Enabler outputs and activities	Capable and Strategic	Well-governed and Efficient	Lawful and Fair
	<ul style="list-style-type: none"> » Operational resources are matched to the task and targeted for maximum effect » Cooperative arrangements with partner agencies make effective use of resources and specialist skills 	<ul style="list-style-type: none"> » Governance and risk management arrangements take account of ACLEI's operational role » Staff maintain high professional standards » Financial and management controls ensure the proper use of resources 	<ul style="list-style-type: none"> » Legislative obligations for use of powers are met » Powers are used ethically and proportionally » Sensitive and personal information is managed securely and respectfully

Organisational structure

As at 30 June 2016, ACLEI had funding for a maximum average staffing level of 52 people, including the Integrity Commissioner. The Integrity Commissioner is supported by two Executive Directors. The Executive Director Operations manages operational activity and relationships. The Executive Director Secretariat manages governance, corporate capability, corruption prevention, and policy advice to the Integrity Commissioner.

ACLEI's organisational structure at 30 June 2016



More-detailed information about ACLEI is available at www.aclei.gov.au.

THE YEAR IN REVIEW

External factors and incentives are such that corruption—particularly corruption-enabled border crime—is not a problem that gets ‘solved’. Rather, it is one that gets managed.

To achieve its purpose—to limit corruption opportunities—ACLEI aims to ensure that indications and risks of corruption in LEIC Act agencies are identified and addressed, and to strengthen those agencies against compromise.

An effective law enforcement integrity framework would be visible in the following ways.

ACLEI's impact over time



Source: ACLEI 2015–16 Corporate Plan (p 10)

To achieve these objectives, ACLEI seeks to:

- » be alert to changes in the threat environment
- » suggest measures to harden law enforcement agencies against risk
- » work to strengthen detection arrangements, and
- » investigate those cases that would have the highest impact in disrupting criminal relationships, or have a deterrence effect.

The following pages describe what ACLEI did in 2015–16 to achieve its goals.

Delivery against strategic priorities

At page 11, the Corporate Plan set out 19 strategic priorities for 2015–16. ACLEI either achieved or made progress towards these priorities, as indicated here.

Maintain and further embed ACLEI's professional standards framework

- » Fraud and corruption control plan revised
- » Enhanced auditing of staff activity
- » Professional standards and integrity one-on-one inductions for new staff

Status: On track

Target investigative efforts to realise the highest possible strategic contribution to integrity in law enforcement agencies, and to those matters where there would be the greatest benefit in ACLEI's direct involvement

- » Priority was given to 16 investigations
- » Three convictions were achieved
- » Ten prosecutions are underway

Status: On track

Recruit and induct skilled and experienced staff to fill positions made available through funding provided in the 2015 Federal Budget

- » ACLEI's overall staffing grew by eleven
- » Recruitment continues
- » Induction delivered to all new staff

Status: On track

Review core investigative capabilities and invest in training and development

- » Proactive ACLEI strategy commenced
- » Human Intelligence unit established
- » Integrity Commissioner speaker series commenced

Status: Complete

Conduct an appraisal of organisational culture and values

- » External review found ACLEI to have a high professional standards culture

Status: Complete

Extend cooperative working relationships and operational partnerships with a range of agencies, including across jurisdictions, to combat corruption-enabled border crime

- » Integrity Commissioner spoke about corruption-enabled border crime at the national Serious and Organised Crime Coordination Committee
- » Major investigation partners included State-based agencies
- » Relationships were extended through a new program of disseminations

Status: On track

As appropriate, work cooperatively with LEIC Act agencies to help build or strengthen integrity arrangements, for example by mutual secondments or in joint taskforces

- » The AFP and DIBP seconded staff to ACLEI
- » 29 joint investigations or taskforces were commenced
- » The *Community of Practice for Corruption Prevention* met three times
- » ACLEI convened two groups under the Community of Practice—a Fraud Control Experts Panel and an ICT Security Experts subgroup

Status: On track

Review facilities, noting that the lease on the Canberra premises expires in June 2016

- » Canberra-based staff moved to new secure premises in July 2016

Status: Complete

Identify opportunities to strengthen the legislative settings that underpin the law enforcement integrity framework

ACLEI contributed to reviews of:

- » the LEIC Regulations
- » Part V of the AFP Act
- » the ACC Act
- » guidance under the PGPA Fraud Rule
- » the PID Act
- » T(IA) Regulations, relating to conflicts of interest and data retention, and
- » anti-money laundering legislation

Status: On track

Contribute to the Parliamentary Joint Committee on ACLEI *Inquiry into the Integrity of Australia's Border Arrangements*

- » The Integrity Commissioner and Executive Director Operations joined the Committee to inspect border environments in Brisbane, Broome, Darwin, Fremantle, Perth and Sydney
- » ACLEI contributed to the Parliamentary Joint Committee on Law Enforcement *Inquiry into Illicit Tobacco*
- » ACLEI undertook a corruption prevention study visit to UK border and law enforcement agencies

Status: Complete

Contribute to Australian Government Protective Security Policy Framework response to insider threat, for example by participating on the relevant interdepartmental committee and by contributing to whole-of-government intelligence assessments

- » ACLEI participated on the *Protective Security Strategic Reforms Interdepartmental Committee* and supported the anti-corruption aspects of the Committee's work
- » ACLEI contributed to the ACC *Project Sycamore* (an intelligence review of public sector corruption), and the ANAO *Cyber Resilience* audit 2016

Status: On track

Design and carry out a peer review survey to establish confidence and cooperation benchmarks

- » Conducted by Dr David Lacey, survey results have informed the 2015–16 Performance Statement and plans for 2016–17

Status: Complete

Perform statutory duties and responsibilities effectively, efficiently and responsibly

- » No adverse findings received from the Commonwealth Ombudsman
- » Operations Governance Board established
- » Internal audit shows appropriate compliance checks are in place
- » Opportunities for strengthening compliance were identified

Status: Move to business as usual

Integrate the Department of Immigration and Border Protection and Australian Border Force into the 'integrity partnership'

- » The Integrity Commissioner presented twice to Senior Executives and spoke at a meeting of the DIBP Audit Committee
- » The Executive Director Operations presented six times to management leadership training
- » One staff member was seconded from DIBP to ACLEI

Status: Progress made

Fully establish the ACLEI / Australian Federal Police Sydney Joint Taskforce

- » ACLEI made ten ongoing appointments to the Taskforce.
- » Accommodation will be reviewed as part of the 2016 implementation review

Status: Progress made

Engage with LEIC Act agency Audit Committees to promote corruption risk awareness

- » The Integrity Commissioner spoke at meetings of the ACC, CrimTrac and DIBP Audit Committees

Status: On track

As appropriate, establish agreements with LEIC Act agencies relating to the types of corrupt conduct that will attract the interest of the Integrity Commissioner

- » The Integrity Commissioner established an agreement with the AFP Commissioner under section 17 of the LEIC Act
- » Discussions with DIBP are underway

Status: On track

Deliver corruption prevention products that assist agencies to strengthen integrity arrangements

- » ACLEI published a series of corruption prevention web pages
- » A fraud and corruption risk control planning primer was published
- » ACLEI made 21 awareness-raising presentations to the staff of jurisdiction agencies
- » Specific disseminations to LEIC Act agencies identified corruption vulnerabilities

Status: On track

Meet the Minister's and the Government's requirements and expectations

- » The Integrity Commissioner met regularly with the Minister for Justice to provide briefings on corruption investigations and emerging threats
- » The Integrity Commissioner gave two investigation reports to the Minister
- » The PJC-ACLEI commended ACLEI for the work of 2014–15, and noted its intention to continue to monitor throughput
- » ACLEI participates on the *Open Government Partnership* and *Anti-Corruption* Interdepartmental Committees
- » An ACLEI staff member participated as a technical expert on the Australian delegation to the sixth Conference of States Parties to the *United Nations Convention against Corruption*, in Russia
- » ACLEI is a member of the *Integrity Agencies Group* (convened by the Australian Public Service Commissioner), and the *Heads of Commonwealth Operational Law Enforcement Agencies*

Status: Move to business as usual

Operations overview

Investigating corruption

ACLEI's investigation function is the central means by which evidence is gathered that may lead to prosecutions or disciplinary actions relating to the conduct of individuals and—when possible—to the recovery of proceeds of crime. Investigations also serve as a unique opportunity for ACLEI's intelligence analysts to gather contemporary information about corruption risks and vulnerabilities, which contribute to strengthening systems to resist compromise.

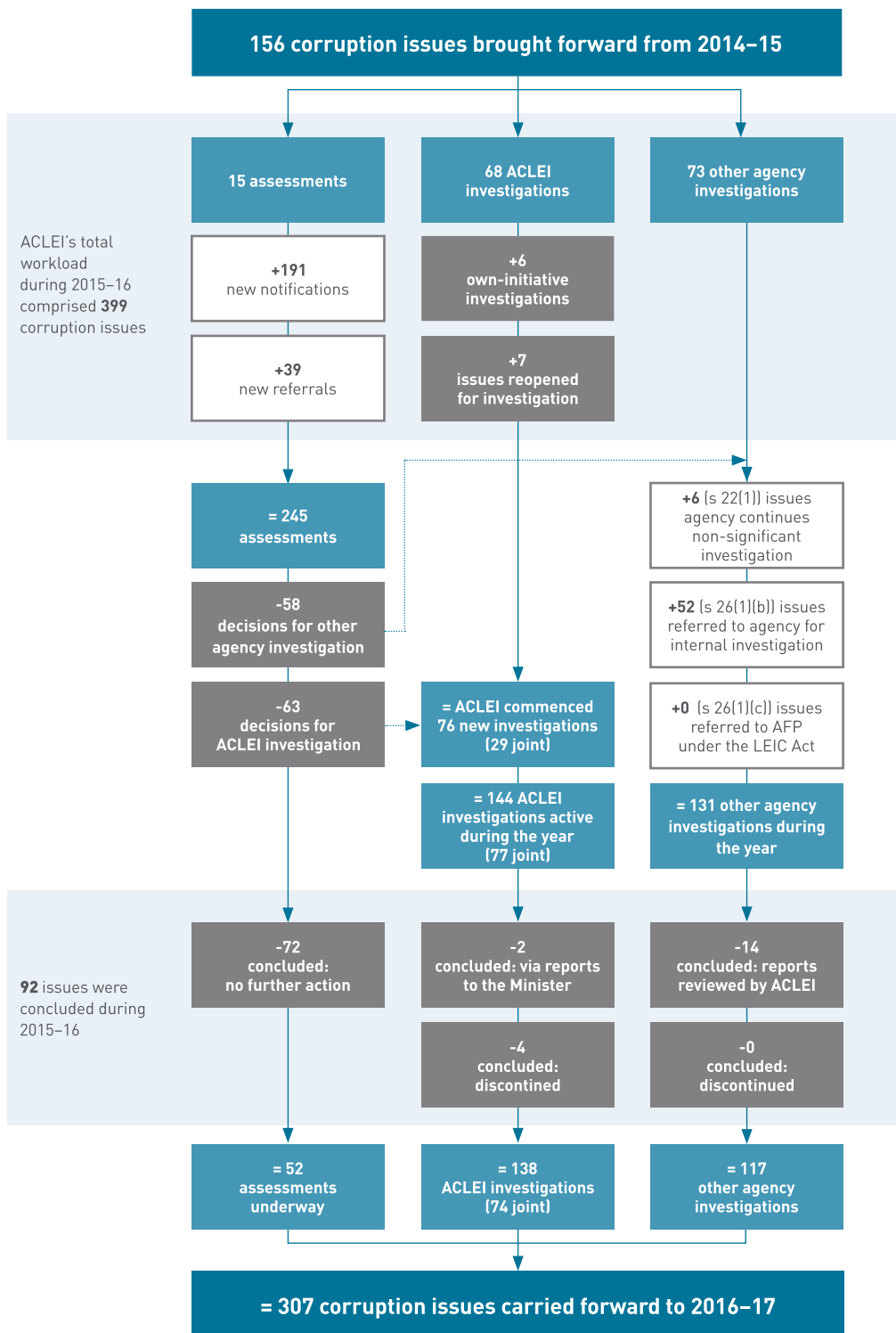
The most frequent target of ACLEI's investigations remains the threat of corruption-enabled border crime, particularly instances involving facilitation of the importation of illicit drugs. A number of other investigations relate to undeclared associations between officials and criminals—an indicator of possible corrupt conduct. A third, much smaller, category of allegations in 2015–16 related to doubts about the integrity of senior law enforcement officials. ACLEI's case portfolio in 2015–16 included investigations into all agencies in jurisdiction.

A total of 144 corruption issues were the subject of ACLEI investigations during the year, including investigations into 76 corruption issues that were commenced in the reporting period. ACLEI handled 16 priority investigations, with the remainder of cases in various phases of information-collection, or in report-writing stages. Some of these operations relate to multiple corruption issues—for instance where a cluster of issues have been grouped into geographical locations, for holistic investigation.

This section summarises:

- » how corruption issues were managed during the reporting period
- » trends in the use of investigation powers, and
- » outcomes of investigations and legal proceedings during 2015–16.

How corruption issues were dealt with in 2015–16



Use of powers

Investigations into hard-to-detect corruption issues involve 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 privacy and other risk factors. The following table indicates the trend in use of these capabilities.

Trend in ACLEI's deployment of information-gathering powers

Capability	2011–12	2012–13	2013–14	2014–15	2015–16
Notice to provide information or produce documents or things [s 75, LEIC Act]	15	28	31	32	84
Summons to attend a hearing to give evidence and/or produce documents or things [s 83, LEIC Act]	13	21	17	6	11
Hearings conducted [s 82, LEIC Act]	9	20	17	7	6
Power of entry without warrant [s 105, LEIC Act]	0	0	1	0	0
Search warrant [Part 9, Division 4, LEIC Act]	1	0	4	3	9
Telecommunications (Interception and Access) warrant	9	10	25	3	6
Surveillance devices warrant (may include multiple devices)	7	6	14	2	4
Controlled operation authorisation (Part IAB, <i>Crimes Act 1914</i>)	0	0	3	1	0
Assumed identity authorisation (Part IAC, <i>Crimes Act 1914</i>)	0	0	0	0	9

In some instances, multiple hearings may be conducted for a summons, or hearings may not proceed for operational reasons. Similarly, search warrants obtained are occasionally not executed, due to operational developments. Powers exercised under warrants obtained by other agencies in the context of joint investigations with ACLEI are not reported in this table. Surveillance and T(IA) warrant numbers do not include renewals.

Investigation reports

Two reports relating to the ACC—Operations *Galaxy* and *Hadron*—were given to the Minister, each one resulting in disciplinary action and refinements to business practices and the ACC's integrity framework. Summaries of these reports are in *Appendix Two*.

- » *Operation Galaxy* was published as a 'near miss' case study within Australian Government agencies, to highlight potential security and integrity risks relating to 'privileged access' ICT administrators.
- » *Operation Hadron* concerned a person seconded to the ACC who had an undeclared criminal association, and highlighted the challenges agencies sometimes face in selecting and inculcating temporary staff into an agency's existing security culture. A pending prosecution relates to the removal of a document from ACC premises.

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—the so-called 'corruption handshake'. Over time, ACLEI's investigations have demonstrated the importance of such 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 members of the public or employees of other government agencies.

Summary of prosecutions arising from ACLEI activity in 2015–16

Prosecutions concluded	<p>Three prosecutions arising from ACLEI investigations resulted in convictions during the year.</p> <ul style="list-style-type: none"> » One person—a civilian participant in corruption-enabled border crime—received a sentence of five years and seven months imprisonment, with a non-parole period of three years and six months for charges arising from the ACLEI/AFP <i>Operation Heritage-Marca</i>. » A (now former) staff member of the Department of Agriculture and Water Resources received an effective sentence of twelve months imprisonment for corruption-related offences (ACLEI <i>Operation Karoola</i>). A report to the Minister will be made at the conclusion of the operation. » A (now former) appointee of the Australian Federal Police received an effective sentence of twelve months imprisonment for corruption-related offences (ACLEI <i>Operation Marlowe</i>). A report to the Minister will be made at the conclusion of the operation.
Prosecutions pending	Ten prosecutions were before the courts at the end of the reporting period.

Outcomes of other legal proceedings

Confiscation proceedings	<p>ACLEI <i>Operation Swan</i>—examining alleged criminal conduct by two staff members of the Department of Agriculture and Water Resources—resulted in the restraint of alleged proceeds of crime worth approximately \$1 million by one of ACLEI’s investigation partners, Victoria Police. Prosecutions remain before the courts.</p> <p>No proceeds of crime applications were commenced directly by ACLEI during the reporting period.</p>
Enforcement orders	No applications were made to the Federal Court of Australia for delivery of a witness passport or for an arrest (see sections 97–101 of the LEIC Act).
Other court proceedings	No applications for orders of review in respect of matters arising under the LEIC Act were determined or otherwise disposed of in 2015–16.

Strengthening integrity systems

ACLEI’s strategic objective is to make it more difficult for corruption in law enforcement agencies to occur, or to remain undetected. In support of this purpose, ACLEI looks for opportunities to build resistance to corruption—for example, by:

- » engaging with LEIC Act agencies to share insights about how to identify and manage corruption risk, contributing to the design of anti-corruption frameworks, awareness-raising and facilitating inter-agency sharing of good practice
- » working with the policy departments of Government to ensure policy and legislative settings remain matched to the changing threat environment and the difficult task of detecting and investigating corrupt conduct, and
- » contributing as a member of the anti-corruption and integrity community in the Commonwealth public sector, in Australia more broadly, and internationally.

ACLEI’s 2015–16 activities in these areas are reported under *Delivery against strategic priorities*, earlier in this chapter, and in the 2015–16 Performance Statement under *Criterion One* and *Criterion Four*. This section illustrates how ACLEI’s corruption prevention efforts helped to strengthen integrity systems and government policy settings during the reporting period.

How it all fits together—a case study

In May 2015, three ACLEI and Australian Crime Commission officers travelled to the United States and Canada on a fact-finding visit, to exchange information about corruption-enabled border crime. During 2015–16, lessons from this visit, combined with intelligence and other information from ACLEI operations, has enabled ACLEI to support and contribute to the Australian Government organised crime response—including:

- » the ACC's *Project Sycamore* (which is researching the prevalence of public sector corruption as a method used by organised crime groups in Australia)
- » the ACC's classified *Organised Crime Threat Assessment* in 2016
- » through the national Serious and Organised Crime Coordination Committee
- » by providing informed comment for government policy to deal with insider threat and criminal infiltration—such as the possible application of deferred prosecution agreements in Australia and anti-money laundering legislation
- » by participating on the Attorney-General's Department-led *Interdepartmental Committee on Protective Security Strategic Reforms*, and
- » by supporting LEIC Act agency Organisational Suitability Assessment programs.

A November 2015 study visit by an ACLEI corruption presentation to border and law enforcement agencies in the United Kingdom also gathered strategic insights (see *Patterns and trends*). On return, ACLEI again shared trends with the ACC, other LEIC Act agencies and government policy makers.

Observations from these two visits—particularly the need to improve data collection in Australia about the deliberate use of corruption as a compromise method, to monitor shifts in threat—informed ACLEI's strategies and focus in 2015–16. For example, ACLEI:

- » renewed its focus on finding ways (such as vulnerability assessments and trends analyses) to target hard-to-detect corruption relating to law enforcement at the border
- » explored risks associated with shared operational environments through a Fraud Control Experts Panel
- » reviewed operational capabilities, placing greater emphasis on the collection and dissemination of intelligence and establishing a Human Intelligence capability, and
- » engaged further with State law enforcement agencies, to cooperate on detecting and investigating corruption-enabled border crime—including by participating in State-Commonwealth taskforces.

Awareness-raising

ACLEI's awareness-raising activities have a number of strategic aims—to enable and encourage reporting of suspected corrupt conduct to the Integrity Commissioner, to support LEIC Act agency efforts to maintain high-integrity cultures, and to improve the ability of managers and supervisors to recognise and deal with corruption, should it occur. Additionally, ACLEI uses opportunities presented by conferences and other engagement with the non-government anti-corruption community (such as Transparency International and academics) to build the knowledge base about corruption risks, methods and vulnerabilities.

During the year, the Integrity Commissioner presented to meetings of the ACC, CrimTrac and DIBP Audit Committees, to encourage the alignment of anti-corruption and audit functions. This engagement will continue in 2016–17.

The Integrity Commissioner and senior ACLEI staff also made corruption prevention presentations to a broad range of Australian Government agencies, including to the APSC Ethics Contact Officers Network, the Department of Foreign Affairs and Trade Passport Fraud Section annual conference, the Department of Health Senior Executive Service, and the APSC Audit Committee.

Australian Public Sector Anti-Corruption Conference

In November 2015, ACLEI was again a 'partner agency' sponsor of the biennial Australian Public Sector Anti-Corruption Conference, hosted by the Queensland Crime and Corruption Commission in Brisbane. The conference has an important national role in raising awareness about, and building expertise in, countering corruption in the public sector.

Presenting to the conference on the topic of *Integrity leadership: countering corruption impulses in difficult environments*, the Integrity Commissioner observed that the high integrity of leaders is a necessary precondition, but insufficient of itself to prevent corruption in organisations. He concluded that senior managers who invest time in their middle management cohort are the most likely to be effective at shaping an entire organisation's norms and standards. The Integrity Commissioner's presentation can be found on the ACLEI website, under *Speeches*.

Corruption prevention online

A milestone for ACLEI was the publication of a series of corruption prevention webpages. These pages consolidate and make widely available the unique anti-corruption insights ACLEI has developed over several years. The webpages include:

- » a series of *key concepts*, including leading questions to help anti-corruption practitioners apply them in their own environments
- » a *corruption prevention toolkit*, including tips to identify corruption risk or develop risk control plans and example lists of anti-corruption measures, and
- » *case studies* drawn from the Integrity Commissioner's investigations.

ACLEI's corruption prevention webpages were cited in the APSC *State of the Service Report 2014–15* and by Merit Protection Commissioner, Ms Anwynn Godwin, in her address to the OECD Integrity Review of Mexico in January 2016.

Building networks

Cooperative relationships—with the agencies in the Integrity Commissioner's jurisdiction, with other integrity agencies, with government agencies at Commonwealth, State and Territory levels, and internationally—assist ACLEI to counter law enforcement corruption and to play a role in strengthening Australia's integrity arrangements more generally, including at the border. Accordingly, ACLEI endeavours to establish and maintain productive relationships with key partners in Australia's integrity system.

For example, ACLEI participated in a workshop convened jointly by Griffith University and Transparency International for senior anti-corruption policy makers and practitioners to inform proposed research into Australia's integrity systems.

ACLEI also made a priority of reinforcing relationships with State police forces—through information exchange and joint taskforces—and with counterpart anti-corruption agencies across Australia, through the *Australian Anti-corruption Commissions Forum*. The AACF held two meetings of Commissioners during the year. The Executive Coordination Group—comprising senior executives from member organisations—also met in 2015–16.

Building communities of expertise in anti-corruption

Two AACF subgroups were established during the year, with the aim of building communities of expertise in anti-corruption practice.

ACLEI hosted one of two meetings of the **Legal Forum**, comprising legal officers from member agencies. The meetings canvassed legal implications relating to joint taskforces, parliamentary privilege, assumed identities and recent case law.

ACLEI convened and hosted the **Corruption Prevention Practitioners Forum**—consisting of corruption prevention experts from member agencies—in Canberra in May 2016. Participants discussed shifts in the corruption risk environment, emerging practice in anti-corruption awareness-raising, and how to monitor and evaluate anti-corruption efforts.

Strengthening law enforcement anti-corruption arrangements

ACLEI supports efforts by LEIC Act agencies to strengthen or update their anti-corruption frameworks so that they remain matched to the changing risk and threat environment. For the same reasons, ACLEI endeavours to ensure that wider policy and legal arrangements provide a firm foundation for agencies to manage the risk of corruption.

For example, ACLEI's participation on the *Protective Security Strategic Reforms Interdepartmental Committee* allows it to suggest best practice deterrence and detection mechanisms for managing insider threat—such as strengthened on-boarding arrangements or an 'integrity gateway' approach to recruitment, continuous security checking based on risk, and establishing a mechanism to use criminal intelligence holdings to identify undeclared relationships that could lead to security or integrity compromises. The Integrity Commissioner also met with the Protective Security Strategic Reforms Oversight Board in November 2015, and spoke about the value of a legislative basis for substance abuse testing and the importance of appropriate sharing of integrity-related information between government agencies.

In addition, a number of ACLEI's activities in the year centred on the theme of strengthening corruption control planning in agencies, as described here.

Fraud and corruption control planning

The Commonwealth fraud control policy and guidance issued under the *Public Governance, Performance and Accountability Act 2013* incorporates observations from ACLEI.

ACLEI published the *Developing fraud and corruption risk control plans* primer, to help planners take advantage of good practice and avoid common mistakes (see www.aclei.gov.au).

The ACLEI *2016–2017 Fraud and Corruption Control Plan*—issued during the reporting period—applies and embeds ACLEI's insights about how to identify, manage and communicate risk, including the importance of maintaining professional standards. It has been circulated to jurisdiction agencies and the Attorney-General's Department, and is published on the ACLEI website.

ACLEI convened three meetings of the Fraud Control Experts Panel, a subgroup of the ACLEI Community of Practice for Corruption Prevention, to facilitate the exchange of ideas and methods and build awareness of common risks. Insights about risks arising in shared operational environments arose in this forum (See *Patterns and trends*).

With the Department of Agriculture and Water Resources, ACLEI co-presented in a panel discussion about fraud and corruption control planning at the Australian Public Sector Anti-Corruption Conference in November 2015.

The Integrity Commissioner's investigation reports in 2015–16 again included observations about risks relating to back room staff and Information and Communications Technology 'super-users'—that is, administrators or other people with privileged access to databases or systems. Identified issues related to pre-employment screening, compliance with declarable associations requirements, controlling access to classified material, downloading software without authority, and storing official information in personal accounts.

Managing ICT 'super-user' risk

During the reporting period, ACLEI convened a one-off ICT specialist subgroup of the Community of Practice for Corruption Prevention. The meeting provided an opportunity for ICT security experts from LEIC Act agencies (and ACLEI operations and corruption prevention staff) to hear from speakers from the Australian National Audit Office and Attorney-General's Department about information technology controls for managing 'super-user' or 'privileged access' integrity risk.

Topics canvassed included segregation of duties and access controls, automated logging of activity (such as access, downloads and changes) and the importance of reviewing these logs, spot-checking email traffic, audits, processes for revoking privileges when no longer needed, and after-action reporting and remediation.

ACLEI continues to engage with the Attorney-General's Department and other cyber-security experts to raise awareness of 'insider threat' in this environment.

Patterns and trends

Trends in detection

One of the observations from the ACLEI/ACC delegation to North America in May 2015 was that proactive, systematic intelligence-gathering and investigations are necessary to deal effectively with corruption exposure in higher-risk environments. The delegation noted that multiple channels of intelligence gathering appear to be crucial to countering the sophisticated means—such as encryption and counter-surveillance methods—now commonly being used by covert corrupt networks to evade detection.

Subsequently, in November 2015—as part of travel already arranged as a member of the Australian Delegation to the Sixth Conference of States Parties to the United Nations Convention Against Corruption in Russia—an ACLEI corruption prevention officer met with border and law enforcement agencies in the United Kingdom. The aim was to gain further insight into the cross-border organised crime threat, the extent to which organised crime groups are actively targeting public sector and law enforcement employees, and corruption prevention and detection approaches being trialled internationally.

The ACLEI staff member and London-based officials from the AFP and DIBP met with four agencies over two days—namely, Her Majesty's Revenue and Customs, the Independent Police Complaints Commission, the National Crime Agency, and the UK Border Force.

A number of emerging trends in the UK environment were canvassed—including predatory sexual behaviour among law enforcement personnel, 'legal highs' (for example, new psychoactive substances and steroids), the reactions of individuals to social change and tightening economic conditions, visa fraud risk, the value of insider knowledge to criminals, how corrupt networks form and are organised, and infiltration or targeting of law enforcement agencies by criminal groups.

The delegation observed that integrity systems may be weakened by workplace change and that a strong corruption prevention and governance regime is an important means to guard against emerging or unknown future risk.

The meetings in the UK provided important confirmation of ACLEI's detection strategy of scenario planning which focuses on identifying and protecting the 'asset' or 'commodity' desired by potential corruptors, as opposed to concentrating solely on staff members' individual behaviours. Understanding the *Commodity-Opportunity-Incentive* equation helps to answer the question—so crucial to uncovering well-concealed corruption—“*Are we looking in the right places and for the right things?*”. This approach also helps to counter the selective perception and confirmation bias inherent in detection and prevention activities.

Deeply-concealed corruption

Even when ACLEI's investigations do not lead immediately to findings of corrupt conduct, they have generated valuable intelligence which has been disseminated to disrupt criminality. A number of investigations (such as *Operation Swan*) started as anti-corruption operations and subsequently connected into high-order criminal investigations relating to drug crime. As a result, State law enforcement agencies—already aware of criminal interest in border functions and of the possibility of compromise—have been working closely with ACLEI, and bringing more information forward for the Integrity Commissioner's attention.

ACLEI's intelligence systems and information channels are now developed to the point that it routinely receives credible and reliable information about small-scale opportunistic corruption that occurs in high corruption-risk environments. However, other indicators give a sense of where systems could be strengthened and adjusted in order to find corruption that is deeply and expertly concealed—what we are *not* seeing.

Some visible indicators that such corruption risk exists are:

- » critical leaks, or the compromise of major law enforcement investigations (noting that operational security is always difficult to negotiate and achieve)
- » mismatches between the prevalence of illicit drugs in a particular community and law enforcement interdiction results in the same community
- » specific intelligence about the targeting of controlled environments by organised crime groups, and
- » aggregation of risk in closed operational environments, such as ports and airports (which can be difficult to penetrate or investigate).

As ACLEI's information holdings have grown, older intelligence is being combined with new information to build a richer picture of these indicators. Additionally, ACLEI has begun to revisit previously closed corruption issues or investigations, where additional information has come to light, or where they have relevance to current investigations. Seven such investigations were initiated during the reporting year.

Workplace culture

The risk inherent in border regulation functions is that there is frequent interaction with parties who may wish to influence decisions or cultivate goodwill. Some cultural factors in the workplace—which may be precursors for corruption—may indicate vulnerability to grooming or compromise. For example, cultural acceptance of receiving gifts from clients or suppliers may cloud judgement, with insufficient regard given to the implication that decisions may be affected by accepting gifts.

People who work in ports and airports and similar closed environments form close communities which may stay together for long periods. There can be years of contact between individual officers from various government agencies stationed in ports or airport environments, and with private sector representatives of companies who work in the same places. The familiarity engendered may give rise to co-interest or the blurring of loyalties. 'Shadow systems'—the role played by charismatic individuals or an acceptance of 'work-arounds' and 'short-cuts' in proper process and governance controls—may also be significant in culture-setting.

In these situations, social lives often intersect as well—for example through schools, childcare or sport. This situation reduces the degrees of separation between a corrupting influence and potential targets of compromise.

In recent years, several key Australian Government law enforcement and border agencies have strengthened their practices to guard against compromise and corruption. For example, mandatory reporting, drug testing, and employment screening and more stringent reference checking have all been introduced or reinforced.

However, these systems are only as good as their local implementation, and they can be weakened through an inconsistent approach to standards. ACLEI is seeing evidence of this effect in a number of current investigations.

Managing risk in shared operational environments

In the reporting period, the Integrity Commissioner and Executive Director Operations accompanied the Parliamentary Joint Committee on ACLEI on familiarisation visits to port and border environments in Brisbane, Broome, Darwin, Fremantle, Perth and Sydney. These visits, arranged to inform the Committee's Inquiry into the integrity of Australia's border arrangements, helped to familiarise the Committee and ACLEI with operational challenges and corruption vulnerabilities associated with the spectrum of border environments.

The agencies with law enforcement functions at the border share the responsibility to protect Australia from a range of interconnecting threats from organised crime or from within regulated industries that may seek to circumvent controls or gain competitive advantage—for example by:

- » trading in illicit drugs, counterfeit goods and contraband
- » money-laundering and terrorism financing
- » people smuggling, sexual servitude and violent crime
- » identity theft and fraud
- » compromise of biosecurity, safety or environmental protections, or
- » tariff evasion.

Australia's model of border control relies on specialist government agencies working together in shared operational environments—such as international airports or seaports, international mail facilities, and quarantine premises—to manage these inter-related risks. In these environments, agencies work at close quarters, and must share information to meet their objectives.

Historically, most corruption control plans focus on the treatment of risks within an agency's control and accept risks outside of its control. However, where acknowledged risks are shared across agencies, locally-based mitigations or cross-agency agreements may be a better way to manage them.

For this reason, ACLEI encourages interagency consultation about risk management plans—moving to more integrated function-based or place-based risk assessments and treatment strategies—including for fraud and corruption control. These approaches would be characterised by interagency accountability for controls. This conclusion is supported by discussions during the reporting period with members of ACLEI's Fraud Control Experts Panel.

PART TWO

Annual performance statement

2



2015–16 PERFORMANCE STATEMENT

Statement by the Accountable Authority

As the Accountable Authority of the Australian Commission for Law Enforcement Integrity, I present the ACLEI 2015–16 Annual Performance Statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

In my opinion, this 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

Purpose, Outcome and Program

ACLEI's strategic purpose is to make it more difficult for corruption in law enforcement agencies to occur or to remain undetected.

Source: 2015–16 Portfolio Budget Statements, Programme 1.1 objective (p 97); 2015–16 Corporate Plan (p 4)

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: 2015–16 Portfolio Budget Statements, Outcome 1 (p 96); 2015–16 Corporate Plan (p 4)

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: 2015–16 Portfolio Budget Statements, Contributions to Outcome 1 (p 97); 2015–16 Corporate Plan (p 4)

Results against Purpose and Outcome

In 2015–16, ACLEI used five performance criteria to assess the delivery of its Program and progress towards its Outcome.

Having regard to the variables set out in this Statement—including fluctuations in ACLEI's workload, a more complex operating environment, available resources, and intervening factors—ACLEI performed well or strongly against its performance measures in 2015–16. Some areas identified for improvement or for monitoring are noted under each criterion.

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: 2015–16 Portfolio Budget Statements (p 98) and 2015–16 Corporate Plan (p 16)

Results against Criterion One

The heads of LEIC Act agencies continue 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. A peer review commissioned by ACLEI—the *Lacey Review*—indicated that all LEIC Act agency leaders considered ACLEI to be an important strategic partner in managing agency risk.

To support awareness-raising efforts, ACLEI officers made a total of 21 presentations to LEIC Act agencies. ACLEI also refreshed its website, adding dedicated pages relating to corruption prevention and integrity framework design.

A higher than expected volume of notifications arose mainly from the newly-extended DIBP jurisdiction (155 out of 191—81% of all notifications), while notifications from other agencies remained relatively stable (See *Appendix Four*).

Notifications from LEIC Act agencies	2011–12	2012–13	2013–14	2014–15	2015–16
	73	56	69	71	191

ACLEI continued to develop its contact network with State police agencies—including through the ACLEI/AFP Sydney Joint Taskforce—to uncover information that might indicate corruption in LEIC Act agencies. The trend over time of this reliable information source indicates increasing awareness of ACLEI's role and partner agency confidence.

Referrals from other sources	2011–12	2012–13	2013–14	2014–15	2015–16
Government agencies only	18	12	15	24	34
Total referrals (all sources)	38	21	23	30	39

ACLEI's assessment workload in 2015–16 was 245 assessments (including 15 assessments brought forward from 2014–15). ACLEI completed 193 of these assessments during the reporting period, giving priority to credible information.

Assessment statistics	2011–12	2012–13	2013–14	2014–15	2015–16
Total assessments completed	97	77	75	120	193
% that met the 90-day benchmark (against a target of 75%)	63%	75%	64%	83%	64%

Through improving collection of information about corruption risk—part of ACLEI's pivot to developing a proactive capability—a number of own-initiative investigations were commenced.

Own-initiative investigations	2011–12	2012–13	2013–14	2014–15	2015–16
	3	2	1	1	6

Area to note

The efficiency of case handling is being improved by the introduction of agreements with agency heads under section 17 of the LEIC Act, to enable agencies to investigate less significant allegations of corrupt conduct themselves, while specifically drawing ACLEI's attention to any matters relating to identified strategic threats. An agreement with the AFP commenced in mid-2016, and one with DIBP is in contemplation.

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

- 2.1 Each investigation considers corruption risk and the broader impact on law enforcement
- 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: 2015–16 Portfolio Budget Statements (p 98) and 2015–16 Corporate Plan (p 17)

Results against Criterion Two

During 2015–16, a significant workload—both in terms of referrals and notifications received for assessment (230) and in ACLEI investigations commenced (76)—challenged all areas of ACLEI. The increase in investigations reflects a higher quality of information received, additional capacity within ACLEI, and a broadening of ACLEI's jurisdiction.

ACLEI investigations (including joint investigations)	2011–12	2012–13	2013–14	2014–15	2015–16
Number commenced	9	11	23	42	76
Total active in the year	28	31	45	75	144
Number concluded	7	9	12	7	6

In response to increased workload, the Integrity Commissioner established the Operations Governance Board to help direct the efficient, effective and ethical use of ACLEI's investigation and intelligence resources. Sixteen investigations—relating to serious or systemic corrupt conduct or high-impact corruption issues—were prioritised during the year.

Operational results in the year were positive:

- » three prosecutions resulted in convictions, while another 10 remain before the courts
- » two final reports were provided to the Minister (relating to security of sensitive law enforcement information and conflicts of interest), and
- » more than 100 disseminations of information were made—for example, to provide criminal intelligence, or to enable disciplinary action concerning serious breaches of duty.

ACLEI's policy work—see *Criterion Four*—helped to translate operational outcomes into lessons learned and policy development across government.

Area to note

The 2015–16 peer review survey—while indicating overall confidence in ACLEI—generated comments from some LEIC Act agencies about the need to strengthen management of operational risks associated with notified corruption issues or ACLEI investigations. Noting that the nature of covert anti-corruption investigations means that not all agency concerns can be allayed, ACLEI is re-examining its processes with the aim of strengthening this aspect of its operations.

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: 2015–16 Portfolio Budget Statements (p 98) and 2015–16 Corporate Plan (p 18)

Results against Criterion Three

Almost half of the 275 corruption issues under investigation in 2015–16 were conducted as internal investigations by LEIC Act agencies, which—unless reconsidered and discontinued with the agreement of ACLEI—will result in a 'section 66' report to the Integrity Commissioner.

LEIC Act investigations conducted by other agencies (including internal investigations)	2011–12	2012–13	2013–14	2014–15	2015–16
	101	109	105	127	131

Since the bulk of internal investigations in 2015–16 were undertaken by the AFP (56) and DIBP (72), the progress of investigations was discussed at monthly meetings between each of those agencies and ACLEI. This engagement provides a mechanism for agencies to apprise ACLEI of any factors that may impede or delay an internal investigation, or of any evidence suggesting that the Integrity Commissioner's independence or statutory powers may be of value.

ACLEI reviewed 14 'section 66' investigation reports from LEIC Act agencies during the year and found no cause to comment on the process or outcome. A further 29 reports were received, with reviews to be concluded in 2016–17.

Area to note

ACLEI expects that the number of corruption issues dealt with through internal investigation will increase in coming years, due to the introduction of section 17 agreements, which clarify what issues should be sent to ACLEI as 'significant' corruption issues and those that are not 'significant' and which would default to internal investigation (unless the Integrity Commissioner determines otherwise). ACLEI also expects the stock (gross number) of internal investigations to increase, as agencies strengthen their detection methods through, for example, organisational suitability assessments. Such changes will increase the importance of ACLEI's case liaison and review functions.

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: 2015–16 Portfolio Budget Statements (p 99) and 2015–16 Corporate Plan (p 19)

Results against Criterion Four

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 also provided significant input to a taskforce that is examining modifications to security vetting procedures, to strengthen Australian Government agencies against malicious insider threat.

ACLEI made three public submissions to Commonwealth or State Government Parliamentary inquiries and provided policy comments to several other government initiatives relating to the control of corruption risk—for example in the areas of information sharing, whistleblower arrangements, fraud control, corruption risk at the border, organised crime, and the risk of criminal infiltration of government agencies. Of particular note, ACLEI disseminated information to inform the ACC's analyses of organised crime threats, including the *Organised Crime Threat Assessment 2016* and *The costs of serious and organised crime in Australia 2013–14*.

In 2015–16, ACLEI published a series of corruption prevention pages on its website. These pages consolidate the anti-corruption insights accumulated by ACLEI over several years, making them available to a wide audience. The webpages include a series of key concepts, a corruption prevention toolkit, and case studies drawn from the Integrity Commissioner's investigations. ACLEI case studies were cited in five State, Commonwealth or international corruption-related publications or presentations.

The Integrity Commissioner or senior ACLEI staff made ten presentations to nine domestic and international audiences during the year—including to the Serious and Organised Crime Coordination Committee, a meeting of the ACC examiners, and the Australian Public Service Commission (see *Appendix Three*). These presentations focused on corruption-enabled border crime, integrity leadership and culture, integrity as an organisational asset and integrity capacity building. The Integrity Commissioner's presentation to the 2015 Australian Public Sector Anti-Corruption Conference *Integrity leadership: countering corruption impulses in difficult environments* was published on the ACLEI website.

A patterns and trends analysis is on pages 20 to 22 of this report.

Area to note

The 2015–16 peer review indicated that LEIC Act agencies would find significant benefit if ACLEI were able to strengthen its strategic intelligence contribution, to identify more information about emerging threats, methods and systemic vulnerabilities. ACLEI's response—contained in the 2016–17 Corporate Plan—is to devote additional resources to this area of work, to better leverage existing work in ACLEI and with other agencies. ACLEI's growing dissemination program will also contribute to this outcome.

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: 2015–16 Portfolio Budget Statements (p 99) and 2015–16 Corporate Plan (p 20)

Results against Criterion Five

The Internal Governance Board receives monthly reports on risk, governance and integrity. The Assistant Director Professional Standards—who also performs the functions of Agency Security Adviser—receives and assesses declarations made under ACLEI's integrity policy, maintains ACLEI's information security processes, and conducts internal audits of information-handling and access to external databases. No material breaches arose in the year. One concern was investigated independently, finding no improper conduct (see *Appendix Five*).

Overseen by ACLEI's Audit Committee, internal audits in 2015–16 focused on risks associated with ACLEI's rapid expansion, fraud and corruption controls, compliance with legislation, and financial systems integrity. Overall, these audits found that ACLEI's risk management systems and governance practices were appropriate to its functions.

Building on the 2014–15 internal audit of anti-corruption controls, the Integrity Commissioner commissioned an independent assessment of the health of ACLEI's integrity culture in late 2015. The reviewers reported that *"Integrity is demonstrated throughout the agency and leadership is committed to ethical practices. Employees are comfortable reporting unethical behaviour and believe that quality of work is encouraged"*.

ACLEI's governance framework was further strengthened in 2015–16 by the establishment of the Operations Governance Board—comprising the Integrity Commissioner and Executive Director Operations, and advised by the General Counsel, Agency Security Adviser and Operations Branch Directors—to direct the efficient, effective, economical and ethical use of ACLEI's investigation and intelligence resources, having regard to risk.

Several of ACLEI's standard operating procedures and agency policy advices were refreshed during the year to take account of changes in the environment or new legislation. Policies suitable for publication are on ACLEI's website.

Area to note

A governance challenge continuing into 2016–17 is to manage the effects of rapid growth across ACLEI's Canberra and Sydney sites, having regard to maintaining common professional standards and a shared integrity culture. The concurrent management of a high-volume/high-risk workload may aggravate the difficulty of maintaining appropriate systems of control.

Financial resources

Operating result

Resources increased in 2015–16, continuing a long-term trend which mirrors growth in ACLEI's responsibilities and jurisdiction.

Trends in resources

	2011–12	2012–13	2013–14	2014–15	2015–16
Total resources (\$'000)	5,150	7,711	8,384	9,685	11,702*
Operating result—surplus/(deficit)	(427)	269	776	1,276	1,025
Budgeted staffing	24	29	36	38	52
Actual staffing (annualised average)	24	28.3	25.2	30.6	38.7
Actual staffing (end of year)	26	26	25	29	40

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

ACLEI recorded an operating surplus of \$1.025 million (or 9% of budget), primarily due to lower employee expenses for 2015–16. This variation followed ACLEI's use of a staged growth strategy to manage integrity risk during its recent expansion (see *Jurisdiction and staffing*). This situation will rectify in 2016–17, as ACLEI concludes further recruitment activity.

Other resources are also available to ACLEI. For instance, ACLEI's Sydney staff work from secure AFP premises, where a number of joint operations are conducted in a taskforce arrangement. The accommodation arrangement—which nominally expires on 30 June 2017—is a notional saving to ACLEI of \$0.168 million.

ACLEI's audited 2015–16 Financial Statements appear in *Part Three* of this Annual Report. *Appendix One* comprises additional financial tables which summarise the total resources available to ACLEI during the year, and the net cost of ACLEI's Outcome and Program.

Efficiency measures

The deployment of staff to operational tasks—ACLEI's main discretionary asset—is supervised by the Executive Director Operations, on advice from Directors who manage these resources on a daily basis. An Operations Governance Board was established during the reporting period to review the efficient, effective, economical and ethical use of resources each month.

With a higher staffing level—as well as an increase in variable costs, such as travel costs and other complexities associated with a more dynamic operating environment—ACLEI is moving towards cost-centre reporting in 2017, to further strengthen its financial reporting framework.

ACLEI has various arrangements with other agencies to offset part of the cost of services provided to support LEIC Act investigations. These arrangements help to minimise cost and management overheads, and deliver efficient distribution of high cost resources through shared service arrangements. In 2015–16, ACLEI provided:

- » \$1.426 million to the ACC for physical surveillance support and related services
- » \$0.383 million to the AFP for technical support for operations, and
- » \$0.325 million to the AFP for the offset of costs associated with two joint operations (relating to corruption-enabled border crime).

ACLEI also sources various corporate services from external suppliers or partners—such as ICT services, records management and payroll—to ensure the efficient and economical use of resources. For travel and related services, ACLEI uses whole-of-government purchasing arrangements. Online self-service products are also increasingly being used within ACLEI—such as for credit card acquittal—to minimise administrative burden.

Factors affecting delivery

Four main factors affected ACLEI's capacity to deliver outcomes during the year—namely, the expansion of its jurisdiction (bringing increased case load and relationship management challenges), appointing and integrating a 30% increase in staff, dealing with a greater number of high-risk investigations, and undertaking the fit-out of a new Canberra headquarters. A fifth factor—ACLEI's strategic pivot towards being more proactive in its identification and dissemination of information that indicates corruption—involved internal adjustments to be accommodated within an already busy schedule of work.

While the aggregation of these events in 2015–16 presented management challenges for an agency of ACLEI's size, key projects were progressed and important work was completed to a high standard. Some residual work that was deferred to 2016–17 is expected to be dealt with in the course of that year—for instance by the commencement of special projects to clear backlogs or enhance systems.

Jurisdiction and staffing

The *Customs and Other Legislation Amendment (Australian Border Force) Act 2015*—which received Royal Assent on 20 May 2015—brought the DIBP into the Integrity Commissioner's jurisdiction on a whole-of-agency basis from 1 July 2015. In 2015–16, 81% of all notifications and 51% of all referrals related to DIBP, while investigations relating to DIBP made up 43% of ACLEI's own operational workload. Accordingly, integrating DIBP into the integrity partnership and managing the associated workload were priority activities across all areas of ACLEI during the reporting year.

To assist ACLEI to deal with this extension of jurisdiction, the Government added \$3.1 million to ACLEI's annual resourcing from 2015–16 as part of the *National Security—strengthen and enhance Australia's border protection services—further measures* Budget initiative. The resulting recruitment program was staged throughout the year to ensure high-quality candidates were appointed without negatively affecting agency culture. With a new maximum cap of 52 ASL, ACLEI's staff grew by a third over the year—from a starting point of 29 staff to a net of 40 ongoing or temporary employees, plus other casual or intermittent staff—with a quarter of ACLEI's staff now based in the ACLEI/AFP Sydney Joint Taskforce. Other recruitment processes were in progress at the close of the year which, subject to successful completion of security clearance processes, will bring ACLEI closer to its maximum establishment.

An implementation review of the DIBP jurisdiction—including the accommodation arrangements for the Sydney Joint Taskforce (presently provided by the AFP)—is scheduled for the latter part of 2016, to inform the 2017–18 Budget.

Operational tempo

Corruption issues associated with the improper movement of licit and illicit goods across the border—many indicating improper relationships with criminal entities—remain ACLEI's main workload. Of the 144 corruption issues subject to investigation by ACLEI during the year, 16 investigations received priority attention.

The resolution phases of major investigations—for instance, ACLEI *Operation Swan*, which in the reporting period resulted in the arrest of two Agriculture Department officials and one civilian, and the subsequent restraint of approximately \$1 million (alleged to be the proceeds of crime)—typically involve a great degree of coordination across all ACLEI's operational, corporate and policy areas, as well as additional resources provided by State police and the AFP. While they last, these periods of intense focus significantly affect ACLEI's ability to progress other work. To a lesser extent, they also involve the commitment of future resources—potentially spanning several years—for important value-adding, such as for prosecutions and related legal actions, post-charge hearings, disseminations of intelligence and analyses, and preparation of reports.

Relocation of Canberra headquarters

The expiration of the lease on ACLEI's original premises in Canberra afforded the opportunity to reduce leasing costs, accommodate all ACT-based personnel on a single floor, and better manage the risk of physical harm to ACLEI's staff. The fit-out—delivered on time in July 2016, to a high standard and below budget—was managed by the ACLEI Corporate Section during an already busy period. Other important corporate projects (which included a high recruitment workload, the final transition to PGPA Act systems, and a strengthening of internal security measures) were also delivered during this time.

The timing of the relocation involved operating from temporary secure accommodation for two months while the new premises were completed. This situation caused some minor disruption—for instance, in finalising some 'section 66' reports (due to inaccessibility of files).

A more proactive ACLEI

As noted in previous Annual Reports, the evidence available to ACLEI indicates an ongoing shift in corruption risk relating to agencies that operate in the border regulation and law enforcement environment—driven by the opportunities and rewards for corrupt conduct. During 2015–16, ACLEI started to reposition the use of its resources to identify new leads, and to generate a broader range of more useful products. This pivot—towards a more proactive ACLEI—will continue over the next two years in at least two ways.

First, ACLEI's strategy of sensitising other agencies—particularly State policing agencies—to the likelihood that their criminal intelligence records and investigations hold insights about the possible compromise of high-risk Commonwealth law enforcement activities, is bringing new information to light. ACLEI is now devoting additional resources to obtaining this important information (especially in the strategy's initial phases while cooperative relationships become normalised), and in following up the leads generated. The longer-term benefit is that information pathways will be established that will uncover information about deeply-concealed corruption.

Secondly, ACLEI will look for better articulation and alignment between its strategic intelligence, investigations and policy programs. It is envisaged that this pivot will result in ACLEI providing more regular assessments of vulnerabilities seen in border operating environments. The longer-term benefit will be to harden corruption targets, inform risk-based decisions relating to border-crime counter-measures, and bring greater efficiency and effectiveness to the collection of intelligence about the indications of corruption. ACLEI expects to further increase disseminations in support of this program.

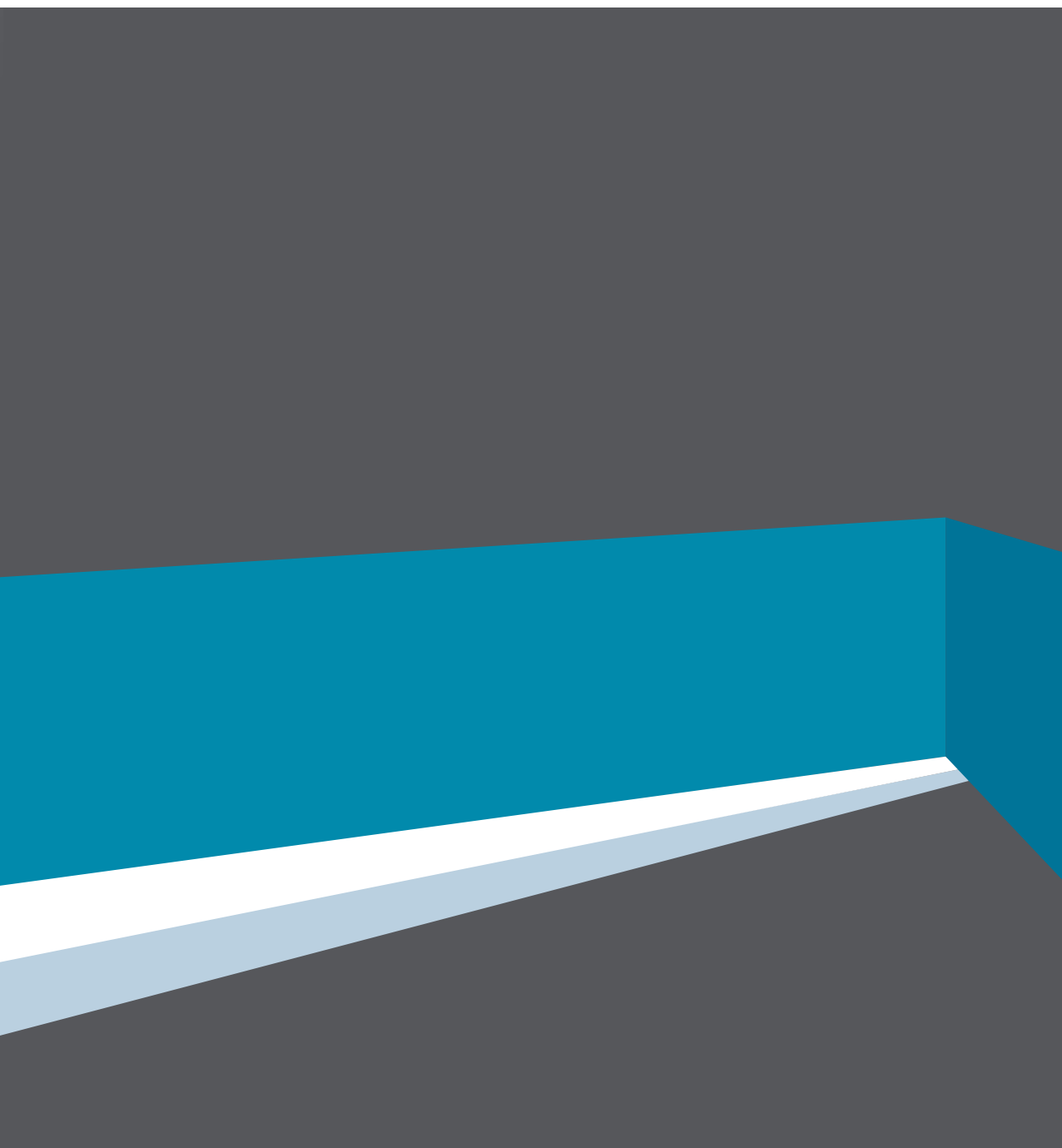
These realignments, reprioritisation and reallocation of resources will include an inevitable phase of adjustment, both internally and with external partners.

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PART THREE

Financial statements

3





INDEPENDENT AUDITOR'S REPORT

To the Minister for Justice

I have audited the accompanying annual financial statements of the Australian Commission for Law Enforcement Integrity for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, including significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements of the Australian Commission for Law Enforcement Integrity:

- (a) comply with Australian Accounting Standards 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 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Integrity Commissioner of the Australian Commission for Law Enforcement Integrity 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 and the rules made under that Act and 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
22 September 2016

Certification

Statement by the Accountable Authority and Chief Financial Officer

Primary financial statement

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

Notes to the financial statements**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
- 3.3 Cash Flow Reconciliation

4. People and Relationships

- 4.1 Employee Provisions
- 4.2 Senior Management Personnel Remuneration

5. Managing Uncertainties

- 5.1 Financial Instruments
- 5.2 Fair Value Measurement

6. Other Information

- 6.1 Reporting of Outcomes
- 6.2 Budget Variance Commentary

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2016 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

22 September 2016



Eve Coutts
Chief Financial Officer

22 September 2016

Statement of Comprehensive Income
for the period ended 30 June 2016

		2016	2015	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	5,876	4,494	7,144
Suppliers	1.1B	4,559	3,796	4,606
Depreciation and Amortisation	2.2A	497	569	560
Finance Costs	1.1C	3	4	4
Write-Down and Impairment of Assets	1.1D	54	15	-
Total expenses		10,989	8,878	12,314
Own-Source Income				
Own-source revenue				
Sale of Goods and Rendering of Services	1.2A	575	75	575
Other Revenue	1.2B	226	48	52
Total own-source revenue		801	123	627
Total own-source income		801	123	627
Net cost of services		(10,188)	(8,755)	(11,687)
Revenue from Government	1.2C	10,716	9,610	11,127
Total comprehensive income/(loss) attributable to the Australian Government		528	855	(560)

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

Budget Variance Commentary

Refer to Note 6.2 for commentary.

Statement of Financial Position*as at 30 June 2016*

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	3.3	62	62	51
Trade and Other Receivables	2.1	4,939	2,778	1,419
Assets held for sale	2.2A	9	-	-
Total financial assets		5,010	2,840	1,470
Non-financial assets				
Leasehold improvements	2.2A	1,706	348	1,160
Plant and equipment	2.2A	123	303	857
Computer software	2.2A	-	2	148
Other Non-Financial Assets	2.2B	1,329	43	25
Total non-financial assets		3,158	696	2,190
Total assets		8,168	3,536	3,660
LIABILITIES				
Payables				
Suppliers	2.3A	651	148	139
Other Payables	2.3B	1,315	277	153
Total payables		1,966	425	292
Provisions				
Employee Provisions	4.1	1,472	991	1,307
Other Provisions	2.4	255	166	-
Total provisions		1,727	1,157	1,307
Total liabilities		3,693	1,582	1,599
Net assets		4,475	1,954	2,061
EQUITY				
Contributed equity		3,435	1,440	2,636
Reserves		1,110	1,110	1,110
Retained surplus/(accumulated deficit)		(70)	(596)	(1,685)
Total equity		4,475	1,954	2,061

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

Budget Variance Commentary

Refer to Note 6.2 for commentary.

Statement of Changes in Equity
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		1,440	2,863	641
Adjusted opening balance		1,440	2,863	641
Comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income		-	-	-
Transactions with owners				
Distributions to owners				
Returns of capital				
Other - <i>Omnibus Repeal Day (Autumn 2014) Act 2014</i>		-	(1,423)	-
Contributions by owners				
Equity injection - Appropriations	3.1A	1,071	-	1,071
Departmental capital budget	3.1A	924	-	924
Total transactions with owners		1,995	(1,423)	1,995
Transfers between equity components		-	-	-
Closing balance as at 30 June		3,435	1,440	2,636
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period		(596)	(1,450)	(1,125)
Adjustment ¹		(2)	(1)	-
Adjusted opening balance		(598)	(1,451)	(1,125)
Comprehensive income				
Surplus/(Deficit) for the period		528	855	(560)
Total comprehensive income		528	855	(560)
Transfers between equity components		-	-	-
Closing balance as at 30 June		(70)	(596)	(1,685)
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		1,110	1,110	1,110
Adjusted opening balance		1,110	1,110	1,110
Comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income		-	-	-
Transfers between equity components		-	-	-
Closing balance as at 30 June		1,110	1,110	1,110

Statement of Changes in Equity (continued)

for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		1,954	2,523	626
Adjustment ¹		(2)	(1)	-
Adjusted opening balance		1,952	2,522	626
Comprehensive income				
Surplus/(Deficit) for the period		528	855	(560)
Total comprehensive income		528	855	(560)
Transactions with owners				
Distributions to owners				
Returns of capital				
Other - Omnibus Repeal Day (Autumn 2014) Act 2014		-	(1,423)	-
Contributions by owners				
Equity injection - Appropriations	3.1A	1,071	-	1,071
Departmental capital budget	3.1A	924	-	924
Total transactions with owners		1,995	(1,423)	1,995
Transfers between equity components		-	-	-
Closing balance as at 30 June		4,475	1,954	2,061

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

¹ Adjustments relate to rounding against Retained Earnings.

Accounting PolicyEquity 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.

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 6.2 for commentary.

Cash Flow Statement*for the period ended 30 June 2016*

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		10,769	8,606	11,119
Sale of goods and rendering of services		575	75	575
Net GST received		156	204	-
Total cash received		11,500	8,885	11,694
Cash used				
Employees		(5,595)	(4,408)	(7,092)
Suppliers		(4,240)	(4,368)	(4,602)
Section 74 receipts transferred to OPA		(575)	(75)	-
Total cash used		(10,410)	(8,851)	(11,694)
Net cash received from operating activities	3.3	1,090	34	-
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		(1,651)	(39)	(1,995)
Total cash used by investing activities		(1,651)	(39)	(1,995)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		561	-	1,995
Total cash received from financing activities		561	-	1,995
Net decrease in cash held		-	(5)	-
Cash and cash equivalents at the beginning of the reporting period		62	67	51
Cash and cash equivalents at the end of the reporting period	3.3	62	62	51

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

Budget Variance Commentary

Refer to Note 6.2 for commentary.

Notes to the financial statements

Objectives of the Entity

The Australian Commission for Law Enforcement Integrity is an Australian Government controlled entity. It is a not-for-profit entity.

The objective of the entity is to make it more difficult for corruption in law enforcement agencies to occur or to remain undetected. ACLEI achieves this objective by detecting, investigating and preventing corruption in prescribed law enforcement agencies, and by assisting law enforcement agencies to maintain and improve the integrity of staff members. The agencies that were prescribed at 30 June 2016 are the Australian Crime Commission*, the Australian Federal Police, the Australian Transaction Reports and Analysis Centre, the CrimTrac Agency*, the Department of Immigration and Border Protection (including the Australian Border Force), and prescribed aspects of the Department of Agriculture and Water Resources.

* From 1 July 2016, the Australian Criminal Intelligence Commission (ACIC) commenced, and comprises the Australian Crime Commission (including the former National Crime Authority) and the former CrimTrac Agency. The ACIC remains part of ACLEI's jurisdiction.

ACLEI is structured to meet the following outcome:

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.

The continued existence of the entity in its present form and with its present program is dependent on Government policy and on continued funding by Parliament for the entity's administration and program.

Entity activities contributing toward these outcomes are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the entity in its own right.

The 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 2015, and
- b) Australian Accounting Standards and Interpretations 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.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

Notes to the financial statements (continued)

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

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 the entity's financial statements for future reporting period(s):

Standard/ Interpretation	Application date for the entity ¹	Nature of impending change/s in accounting policy and likely impact on initial application
<i>AASB 124 Related Party Disclosures - July 2015 (Principal)</i> <i>AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]</i>	1 July 2016	<p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. This Standard also makes related amendments to AASB 10 Consolidated Financial Statements and AASB 1049 Whole of Government and General Government Sector Financial Reporting, and an editorial correction to AASB 124.</p> <p>The entity expects the implementation of this amendment to have minimal to moderate impact.</p>
<i>AASB 16 Leases</i>	1 January 2019	<p>AASB 16 addresses this issue by bringing all leases onto the balance sheet of lessees, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions.</p> <p>The entity expects the implementation of this amendment to have a high impact.</p>

1. The entity's expected initial application date is when the accounting standard becomes operative at the beginning of the entity's reporting period.

All other new, revised and 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 the entity's financial statements.

Taxation

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

Notes to the financial statements (continued)**Events After the Reporting Period**

There are no events after the balance date which have the potential to effect significantly the ongoing structure and financial activities of the entity.

Contingent Liabilities and Assets

Contingent liabilities and assets are not recognised in the Statement of Financial Position but are reported in the relevant note. 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.

The entity has no Contingent Liabilities or Contingent Assets (2015: nil).

1.1 Expenses

	2016 \$'000	2015 \$'000
1.1A: Employee Benefits		
Wages and salaries	4,410	3,556
Superannuation		
Defined contribution plans	379	293
Defined benefit plans	451	344
Leave and other entitlements	557	301
Separation and redundancies	79	-
Total employee benefits	5,876	4,494

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section.

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

Business operating expenses	195	166
Information and communication expenses	392	259
Professional and legal	2,749	2,492
Travel and employee development	445	444
Other	94	14
Total goods and services supplied or rendered	3,875	3,375

Goods supplied	78	73
Services rendered	3,795	3,302
Total goods and services supplied or rendered	3,875	3,375

Other suppliers

Operating lease rentals in connection with		
Minimum lease payments	412	405
Subleases	255	-
Workers compensation expenses	17	16
Total other suppliers	684	421
Total suppliers	4,559	3,796

Leasing commitments

The entity in its capacity as lessee has one lease for office accommodation and is subject to an automatic 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 8 June 2016. An option to renew is not available.

In the reporting period, the entity handed back its previous office accommodation, including returning the premises to their original condition at the conclusion of the lease.

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

Within 1 year	425	442
Between 1 and 5 years	1,701	-
More than 5 years	1,674	-
Total operating lease commitments	3,800	442

1.1 Expenses (continued)**Accounting Policy**

A distinction is made between finance and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

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. The entity 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 principle component and the interest expense.

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

	2016 \$'000	2015 \$'000
1.1C: Finance Costs		
Unwinding of discount	3	4
Total finance costs	3	4
1.1D: Write-Down and Impairment of Assets		
Net write-down of property, plant and equipment	20	15
Impairment of non-current assets held for sale	34	-
Total write-down and impairment of assets	54	15

1.2 Own-Source Revenue and Gains

	2016	2015
	\$'000	\$'000

Own-Source Revenue**1.2A: Sale of Goods and Rendering of Services**

Rendering of services	575	75
Total sale of goods and rendering of services	575	75

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 the entity.

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

Other - interest received	-	2
Resources received free of charge		
Remuneration of auditors	58	46
Accommodation	168	-
Total other revenue	226	48

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.

1.2 Own-Source Revenue and Gains (continued)

	2016	2015
	\$'000	\$'000

1.2C: Revenue from Government

Appropriations		
Departmental appropriations	10,716	9,610
Total revenue from Government	10,716	9,610

Accounting Policy

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity 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

	2016	2015
	\$'000	\$'000
2.1A: Trade and Other Receivables		
Goods and services receivables		
Goods and services	30	8
Total goods and services receivables	30	8
Appropriations receivables		
Appropriation receivable		
Ordinary annual services	3,253	2,730
Capital Budget (DCB) - Non-Operating	924	-
Non-Operating - Equity Injection	510	-
Total appropriations receivables	4,687	2,730
Other receivables		
Statutory receivables—GST	222	40
Total other receivables	222	40
Total trade and other receivables (net)	4,939	2,778
Trade and other receivables (net) expected to be recovered		
No more than 12 months and not overdue	4,939	2,778
Total trade and other receivables (net)	4,939	2,778

2.2 Non-Financial Assets**2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles****Reconciliation of the opening and closing balances of property, plant and equipment for 2016**

	Leasehold improvements ¹ \$'000	Plant and equipment ^{1, 2} \$'000	Computer software ³ \$'000	Total \$'000
As at 1 July 2015				
Gross book value	1,385	716	82	2,183
Accumulated depreciation, amortisation and impairment	(1,037)	(413)	(80)	(1,530)
Adjustment to opening balance	-	1	-	1
Total as at 1 July 2015	348	304	2	654
Additions				
Purchase	2	25	-	27
Purchase—work in progress	1,453	-	-	1,453
Assets held for sale or in a disposal group held for sale	-	(9)	-	(9)
Depreciation and amortisation	(343)	(152)	(2)	(497)
Other movements				
Recognise make-good obligation for leasehold improvements	255	-	-	255
Disposals				
From disposal of entities or operations (including restructuring)	-	-	-	-
Net write-down of non-financial assets	(9)	(11)	-	(20)
Reclassification of non-current assets held for sale	-	(34)	-	(34)
Total as at 30 June 2016	1,706	123	-	1,829
Total as at 30 June 2016 represented by				
Gross book value	2,299	374	82	2,755
Accumulated depreciation, amortisation and impairment	(593)	(251)	(82)	(926)
Total as at 30 June 2016	1,706	123	-	1,829

2.2 Non-Financial Assets (continued)

¹ Property, plant and equipment non-financial assets were disposed of in the reporting period as part of the entity's lease agreement to restore premises to their original condition.

² Plant and equipment items expected to be sold or disposed of within the next 12 months are shown as *assets held for sale*. No other non-financial assets are expected to be sold or disposed of in the next 12 months.

³ The carrying amount of computer software is all purchased software.

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

Revaluations of non-financial assets

The entity undertakes valuations in accordance with the revaluation policy stated at 2.2: Non-Financial Assets: Accounting Policy. No revaluations were conducted during the reporting period.

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

As at the reporting date, the entity had ongoing contractual commitments for the acquisition of property, plant and equipment relating to new leasehold improvements. These commitments are expected to be settled within the next 12 months.

2.2 Non-Financial Assets (continued)

Reconciliation of the opening and closing balances of property, plant and equipment for 2015

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2014				
Gross book value	1,385	732	82	2,199
Accumulated depreciation, amortisation and impairment	(676)	(266)	(57)	(999)
Adjustments ¹	1	(3)	-	(2)
Total as at 1 July 2014	710	463	25	1,198
Additions				
Purchase	-	39	-	39
Depreciation and amortisation	(362)	(184)	(23)	(569)
Disposals				
Net write-down of non-financial assets	-	(15)	-	(15)
Total as at 30 June 2015	348	303	2	653
Total as at 30 June 2015 represented by				
Gross book value	1,385	716	82	2,183
Accumulated depreciation, amortisation and impairment	(1,037)	(413)	(80)	(1,530)
Total as at 30 June 2015	348	303	2	653

¹ Adjustments relate to rounding against Gross Book Value and/or Accumulated depreciation and impairment.

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 the entity where there exists an obligation to restore the property to its original condition. These costs are included in the value of the entity'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 the entity 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.

2.2 Non-Financial Assets: Accounting Policy (continued)

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

	2016	2015
Leasehold improvements	Lower of useful life or lease term	Lower of useful life or lease term
Plant and equipment	3 to 19 years	3 to 19 years

Impairment

All assets were assessed for impairment at 30 June 2016. 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 the entity 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

The entity'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 the entity's software is 3 years (2015: 3 years).

2.2 Non-Financial Assets (continued)

	2016 \$'000	2015 \$'000
<u>2.2B: Other Non-Financial Assets</u>		
Prepayments	50	43
Lease incentive	1,279	-
Total other non-financial assets	1,329	43
Other non-financial assets expected to be recovered		
No more than 12 months	193	43
More than 12 months	1,136	-
Total other non-financial assets	1,329	43

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

2.3 Payables

	2016 \$'000	2015 \$'000
<u>2.3A: Suppliers</u>		
Trade creditors and accruals	646	124
Operating lease rentals	5	24
Total suppliers	651	148
Suppliers expected to be settled		
No more than 12 months	651	148
More than 12 months	-	-
Total suppliers	651	148
<u>2.3B: Other Payables</u>		
Salaries and wages	30	186
Superannuation	4	24
Lease incentive	1,279	62
Other	2	5
Total other payables	1,315	277
Other payables to be settled		
No more than 12 months	179	277
More than 12 months	1,136	-
Total other payables	1,315	277

2.4 Other Provisions**2.4: Other Provisions**

	2016	
	Total provision for restoration	
	\$'000	
As at 1 July 2015	166	
Additional provisions made	255	
Amounts used	(170)	
Amounts reversed		
Unwinding of discount or change in discount	4	
Total as at 30 June 2016	255	
	2016	2015
	\$'000	\$'000
Other provisions expected to be settled		
No more than 12 months	-	166
More than 12 months	255	-
Total other provisions	255	166

The entity currently has one (2015: one) agreement for the leasing of premises which have provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of this obligation.

Accounting Judgements and Estimates

In the process of applying accounting policies detailed in these financial statements, the entity 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 the entity 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 2016

	Appropriation Act		PGPA Act		Appropriation applied in 2016 (current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000	Total appropriation \$'000	
Departmental						
Ordinary annual services	11,127	-	575	-	11,702	1,115
Capital Budget ³	924	-	-	-	924	924
Other services						
Equity Injections	1,071	-	-	-	1,071	(561)
Total departmental	13,122	-	575	-	13,697	2,549

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

2 In 2015–16, the variance represents the balance remaining from unspent annual appropriations, movements in section 74 receipts, prior year unspent appropriations and amounts subject to quarantine. Refer to Note 3.1B for total appropriation receivable at 30 June 2016.

3 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)

Annual Appropriations for 2015	Appropriation Act		PGPA Act		Appropriation applied in 2015 (current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000	Total appropriation \$'000	
Departmental						
Ordinary annual services	9,610	-	75	-	9,685	1,081
Capital Budget ³	-	-	-	-	-	(39)
Total departmental	9,610	-	75	-	9,685	1,042

¹ In 2014–15, there were no appropriations quarantined.

In 2014–15, there was no adjustment that met the recognition criteria for a formal addition or reduction in revenue (in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* Part 6 Division 3), but at law the appropriations had not been amended before the end of the reporting period.

² In 2014–15, the variance represents the balance remaining from unspent annual appropriations, movement in section 74 receipts and prior year unspent appropriations. Refer to Note 3.1B for total appropriation receivable at 30 June 2015.

³ 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')**

	2016 \$'000	2015 \$'000
Departmental		
Appropriation Act (No. 1) 2013–14	-	270
Appropriation Act (No. 3) 2013–14	-	599
Appropriation Act (No. 1) 2014–15	1,740	1,861
Appropriation Act (No. 1) 2015–16 ¹	1,924	-
Appropriation Act (No. 1) - Capital Budget (DCB) - Non-Operating 2015–16	924	-
Appropriation Act (No. 2) - Non-Operating - Equity Injection 2015–16	510	-
Cash and cash equivalents	62	62
Total departmental	5,160	2,792

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

3.2 Net Cash Appropriation Arrangements

	2016 \$'000	2015 \$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	1,025	1,424
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(497)	(569)
Total comprehensive income - as per the Statement of Comprehensive Income	528	855

3.3 Cash Flow Reconciliation**3.3: Cash Flow Reconciliation**

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	62	62
Statement of financial position	62	62
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	(10,188)	(8,755)
Revenue from Government	10,716	9,610
Adjustments for non-cash items		
Depreciation/amortisation	497	569
Net write down of non-financial assets	54	15
Receivable returned to OPA	-	(1,423)
Non-Operating appropriation receivable	1,434	-
Make-good provision movement	(89)	-
Adjustments ¹	2	-
Movement in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	(2,161)	372
(Increase)/decrease in prepayments	(1,286)	(18)
Liabilities		
Increase/(decrease) in employee provisions	481	49
Increase/(decrease) in suppliers payables	503	(177)
Increase/(decrease) in other payables	1,038	(212)
Increase/(decrease) in other provisions	89	4
Net cash received from operating activities	1,090	34

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand, and
- b) demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

¹ Adjustments relate to rounding.

4.1 Employee Provisions

	2016	2015
	\$'000	\$'000

4.1A: Employee Provisions

Leave	1,472	991
Total employee provisions	1,472	991

Employee provisions expected to be settled

No more than 12 months	74	46
More than 12 months	1,398	945
Total employee provisions	1,472	991

Accounting Judgements and Estimates

In the process of applying accounting policies detailed in these financial statements, the entity 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.

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 the entity 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 the entity'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 2016. The estimate of the present value of the liability takes into account attrition rates, pay increases through promotion and inflation.

4.1 Employee Provisions

Accounting Policy (continued)

Superannuation

The entity's staff are mainly members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes 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.

The entity 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. The entity 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.

4.2 Senior Management Personnel Remuneration

	2016	2015
	\$'000	\$'000
Short-term employee benefits		
Salary	791	595
Other allowances	20	22
Total short-term employee benefits	811	617
Post-employment benefits		
Superannuation	140	92
Total post-employment benefits	140	92
Other long-term employee benefits		
Annual leave	43	31
Long service leave	30	24
Total other long-term employee benefits	73	55
Termination benefits		
Termination benefits	-	-
Total termination benefits	-	-
Total senior executive remuneration expenses	1,024	764

The total number of senior management personnel that are included in the above table are 3 individuals. (2015: 4 individuals).

5.1 Financial Instruments

	2016	2015
	\$'000	\$'000

5.1A: Categories of Financial Instruments**Financial Assets****Loans and receivables**

Cash and cash equivalents	62	62
Trade and other receivables	30	8

Available-for-sale financial assets

Assets held for sale	9	-
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Total financial assets

101	70
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Financial Liabilities**Financial liabilities measured at amortised cost**

Trade creditors	651	148
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Total financial liabilities

651	148
-----	-----

5.1B: Net Gains or Losses on Financial Assets

There is no net gain/loss from financial assets in 2016.

(2015: No net gain/loss from financial assets).

5.1C: Net Gains or Losses on Financial Liabilities

There is no net gain/loss from financial liabilities in 2016.

(2015: No net gain/loss from financial liabilities).

5.1D: Fair Value of Financial Instruments

The entity's aggregate net fair values of the identified financial instruments are the same as their carrying amounts (as disclosed in Note 5.1A).

5.1E: Credit Risk

The entity has endorsed policies and procedures for debt management (including the provision of credit terms), to reduce credit risk. In most circumstances, debtors for the entity are other Government entities and therefore present minimal credit risk.

The carrying amount of financial assets, net of impairment losses, reported in the Statement of Financial Position represents the entity's maximum exposure to risk.

	2016	2015
	\$'000	\$'000

Maximum exposure to credit risk (excluding any collateral or credit enhancement)**Financial assets carried at amount not best representing maximum exposure to credit risk**

Receivables		
Cash and cash equivalents	62	62
Trade and other receivables	30	8

Total financial assets carried at amount not best representing maximum exposure to credit risk

92	70
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5.1 Financial Instruments (continued)**5.1E: Credit Risk (continued)**

	2016 \$'000	2015 \$'000
Financial assets carried at amount not best representing maximum exposure to credit risk		
At amortised cost		
Trade creditors	651	148
Total financial assets carried at amount not best representing maximum exposure to credit risk	651	148

The entity holds no collateral to mitigate against credit risk.

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired 2016 \$'000	Not past due nor impaired 2015 \$'000	Past due or impaired 2016 \$'000	Past due or impaired 2015 \$'000
Receivables				
Cash and cash equivalents	62	62	-	-
Trade and other receivables	30	8	-	-
Total	92	70	-	-

Ageing of financial assets that were past due but not impaired in 2016

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	30	-	-	-	30
Total	30	-	-	-	30

Ageing of financial assets that were past due but not impaired in 2015

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	8	-	-	-	8
Total	8	-	-	-	8

5.1 Financial Instruments (continued)

5.1F: Liquidity Risk

The entity's financial liabilities only include trade creditors. Any exposure to liquidity risk is based on the notion that the entity will have difficulty in meeting its obligations associated with financial liabilities. This possibility is highly unlikely due to appropriation funding and internal processes and procedures put in place to ensure there are appropriate resources to meet the entity's financial obligations.

Maturities for non-derivative financial liabilities in 2016

	On demand \$'000	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000	Total \$'000
At amortised cost						
Trade creditors	651	-	-	-	-	651
Total	651	-	-	-	-	651

Maturities for non-derivative financial liabilities in 2015

	On demand \$'000	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000	Total \$'000
At amortised cost						
Trade creditors	148	-	-	-	-	148
Total	148	-	-	-	-	148

5.1G: Market Risk

The entity does not participate in transactions in foreign currencies and as such is not exposed to market risk as a result of changes in exchange rates. The entity only has indirect exposure to interest rates and as such the impact on creditor costs is not significant.

5.1 Financial Instruments: Accounting Policy

Financial Assets

The entity classifies its financial assets according to the following categories:

- a. financial assets at fair value through profit or loss
- b. held-to-maturity investments
- c. available-for-sale financial assets, and
- d. loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The entity does not hold financial assets in classes a) or b). Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit and loss.

Available-for-sale Financial Assets

Assets held for sale are recognised at the lower of its carrying amount and fair value less costs to sell.

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. Interest is recognised by applying the effective interest rate.

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 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'. The entity 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.

The effective interest method calculates the amortised cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

5.2A: Fair Value Measurement

Fair value measurements at the end of the reporting period					Valuation Technique(s)	Inputs Used
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3) ³			
Non-financial assets²						
Leasehold improvements ¹	253	348	Level 3		Depreciated replacement cost (DRC)	Replacement Cost New (price per square meter). Consumed economic benefit / Obsolescence of asset.
Property, plant and equipment	123	251	Level 2		Market approach	Adjusted market transactions.
Property, plant and equipment	-	52	Level 3		Depreciated replacement cost (DRC)	Replacement Cost New (price per square meter). Consumed economic benefit / Obsolescence of asset.
Work in progress - Leasehold improvements	1,453	-	Level 2		Replacement cost	Current prices for substitute assets.
Total Non-financial assets	1,829	651				

1. ACLEI declared 247 property, plant & equipment non-financial as held for sale. These assets were measured at fair value less costs to sell on a non-recurring basis as at 30 June 2016 (2015: Nil).

2. ACLEI's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

3. There were no transfers between levels during the year.

5.2 Fair Value Measurement (continued)**5.2B: Reconciliation for Recurring Level 3 Fair Value Measurements**

	Non-financial assets					
	Leasehold improvements		Property, plant & equipment		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July	348	709	52	114	400	823
Total gains/(losses) recognised in net cost of services ¹	(352)	(362)	(52)	(62)	(404)	(424)
Total gains/(losses) recognised in other comprehensive income ²	-	-	-	-	-	-
Purchases	257	-	-	-	257	-
Sales	-	-	-	-	-	-
Issues	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Transfers into Level 3 ³	-	-	-	-	-	-
Transfers out of Level 3 ⁴	-	-	-	-	-	-
Adjustments ⁵	-	1	-	-	-	1
Total as at 30 June	253	348	-	52	253	400
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period ⁶	-	-	-	-	-	-

1. These gains/(losses) are presented in the Statement of Comprehensive Income.

2. These gains/(losses) are presented in the Statement of Comprehensive Income.

3. There have been no transfers between levels of the hierarchy during the year.

4. There have been no transfers between levels of the hierarchy during the year.

5. Adjustments relate to rounding against gross book value and/or accumulated depreciation and impairment.

6. These unrealised gains/(losses) are presented in the Statement of Comprehensive Income.

Accounting Policy

The entity tests the procedures of the valuation model using an asset materiality review at least once every 12 months (formal revaluations are outlined in 2.2 Non-Financial Assets: Accounting Policy). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. The entity engaged Australian Valuations Solutions (AVS) to undertake a full revaluation and confirm that the models developed comply with AASB 13.

The entity's policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred is at the end of the reporting period.

6.1 Reporting of Outcomes

There is one outcome for this entity (2015: one outcome).

Outcome 1 is described in the Notes to financial statements. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table in Appendix 1 of this Annual Report.

Major classes of Departmental Expenses and Income are shown in the Statement of Comprehensive Income and major classes of Departmental Assets and Liabilities are shown in the Statement of Financial Position.

6.2 Budget Variance Commentary

The following tables provide a comparison of the original budget as presented in the 2015–16 Portfolio Budget Statements (PBS) to the 2015–16 final outcome as presented in accordance with Australian Accounting Standards for the entity. 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 where the amount is material.

Explanations may consolidate multiple line items, including across Statements. However, each line item that the explanation relates to, including those affecting the Statement of Changes in Equity, are disclosed.

6.2: Budgetary Reports and Explanations of Major Variances (continued)

Explanations of major variances	Variance Amount \$'000	Affected line items (and statement)
Employees Variance of \$1,268m or 18% of budget is primarily due to an actual ASL of 38.7 compared to an increase Budgeted ASL from 38 to 52 (variance in ASL is 25%). ACLEI used a staged recruitment process to manage risk associated with rapid expansion.	1,268	Employee benefits expense (Statement of Comprehensive Income) Employee provisions (Statement of Financial Position) Other payables (Statement of Financial Position) Employees, Operating cash used (Cash Flow Statement)
Finance costs Variance relates to the actual cost of fulfilling make-good obligations for leasehold improvements.	1	Finance costs expense (Statement of Comprehensive Income) Provisions, Other Provisions (Statement of Financial Position) Suppliers, Operating cash used (Cash Flow Statement)
Write-down and impairment of assets Variance relates to disposal of non-current financial assets associated with leasehold improvements—namely property, plant and equipment as a result of the end of lease term for office accommodation. No budget was allocated as disposal of assets was not known at the time of preparing the budget.	(54)	Write-down and impairment of assets expense (Statement of Comprehensive Income) Non-Financial Assets, Land & buildings and Property, Plant & Equipment, Intangibles (Statement of Financial Position)
Other revenue Variance primarily represents resources received free of charge for accommodation, which were not included in the 2015–16 Budget, but are required to be recognised in the financial statements.	(174)	Own Source Revenue, Other Revenue (Statement of Comprehensive Income)
Revenue from Government Variance of \$0.411m relates to amounts quarantined and reduced under s 51 of the PGPA Act. Note 3.1—Appropriations—provides further details.	411	Revenue from Government (Statement of Comprehensive Income) Appropriations, Operating cash received (Cash Flow Statement)
Cash and cash equivalents Variance is primarily due to a reduced working cash balance at the end of each month and will vary depending on forecasted cash payments.	(11)	Cash and cash equivalents (Statement of Financial Position) Cash and cash equivalents at the end of the reporting period (Cash Flow Statement)
Trade and other receivables Variance is primarily due to movements in appropriation receivable balances, including unspent appropriations from 2015–16. Note 3.1—Appropriations—provides further details.	(3,520)	Trade and other receivables (Statement of Financial Position) Other Payables (Statement of Financial Position) Contributed Equity/Capital (Statement of Changes in Equity) Appropriations, Operating cash received (Cash Flow Statement)

6.2: Budgetary Reports and Explanations of Major Variances (continued)

Explanations of major variances	Variance Amount \$'000	Affected line items (and statement)
<p><u>Non-Financial Assets</u></p> <p>Variance primarily relates to:</p> <ul style="list-style-type: none"> - asset additions and disposal associated with end of lease obligation and construction of new office accommodation, and - recognition of lease incentive and make-good obligations associated with new office accommodation commitments. <p>Note 2.2—Non-Financial Assets—provides further details.</p>	(968)	<p>Depreciation and Amortisation Expense (Statement of Comprehensive Income)</p> <p>Write-down and Impairment of Assets (Statement of Comprehensive Income)</p> <p>Total Non-Financial Assets (Statement of Financial Position)</p> <p>Other Payables (Statement of Financial Position)</p> <p>Other Provisions (Statement of Financial Position)</p> <p>Purchase of PP&E, Investing cash used (Cash Flow Statement)</p> <p>Contributed equity, Financing cash received (Cash Flow Statement)</p>
<p><u>Suppliers</u></p> <p>Variance is primarily due to increased trade creditors, accruals at the end of the reporting period and movement in the operating lease incentive.</p>	(512)	<p>Suppliers expense (Statement of Comprehensive Income)</p> <p>Suppliers payable (Statement of Financial Position)</p> <p>Suppliers, Operating cash used (Cash Flow Statement)</p>
<p><u>Other payables</u></p> <p>Variance primarily relates to the recognition of the lease incentive associated with new office accommodation commitments.</p> <p>Actual also includes accrued salary and superannuation that is classified as Employee Provisions for budgeting.</p>	(1,162)	<p>Employee benefits expense (Statement of Comprehensive Income)</p> <p>Non-financial assets (Statement of Financial Position)</p> <p>Employee provisions (Statement of Financial Position)</p> <p>Other Payables (Statement of Financial Position)</p> <p>Employees, Operating cash used (Cash Flow Statement)</p>
<p><u>Employee provisions</u></p> <p>Variance primarily relates to increase in actual ASL from 30.6 (2015) to 38.7 (2016), thereby increasing employee provisions. This increase is partially offset by decreases in the parameters applied as part of the short-hand method described at Note 4.1.</p> <p>Budget estimate includes a component of accrued salary and superannuation that are classified as Other Payables for financial reporting.</p>	(165)	<p>Employee benefits expense (Statement of Comprehensive Income)</p> <p>Employee provisions (Statement of Financial Position)</p> <p>Other Payables (Statement of Financial Position)</p> <p>Employees, Operating cash used (Cash Flow Statement)</p>
<p><u>Other Provisions</u></p> <p>Variance primarily relates to the movement in make-good provision. Note 2.4—Other Provisions—provides further details.</p>	(255)	<p>Finance costs expense (Statement of Comprehensive Income)</p> <p>Total Non-Financial Assets (Statement of Financial Position)</p> <p>Provisions, Other Provisions (Statement of Financial Position)</p> <p>Suppliers, Operating cash used (Cash Flow Statement)</p>
<p><u>Contributed Equity</u></p> <p>Variance is primarily due to recognition of Equity and Departmental Capital Budgets appropriated in 2015–16.</p>	(799)	Trade and other receivables (Statement of Financial Position)
<p><u>Retained surplus / (accumulated deficit)</u></p> <p>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 \$0.528m.</p>	(1,615)	<p>Results and explanations provided in:</p> <ul style="list-style-type: none"> - Statement of Comprehensive Income - Statement of Financial Position

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PART FOUR

Appendices

4

Appendix One—*Resources and Expenses for Outcome*

Appendix Two—Reports to the Minister

Appendix Three—Papers and presentations

Appendix Four—Statistical reporting

Appendix Five—Capability and assurance

Appendix Six—Developments in ACLEI's operating environment

PART 4

APPENDIX 1

Resources and Expenses for Outcome

Section 17AF of the *Public Governance, Performance and Accountability Amendment (Non-corporate Commonwealth Entity Annual Reporting) Rule 2016* 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.

Entity resource statement 2015–16

		Actual available appropriation for 2015–16 \$'000	Payments made 2015–16 \$'000	Balance remaining 2015–16 \$'000
		(a)	(b)	(a) – (b)
Ordinary annual services				
Departmental appropriation ¹		12,051	9,203	2,848
Prior year departmental appropriation ²		2,792	990	1,802
Adjustment to departmental appropriation ³		(411)	-	(411)
Section 74 relevant agency receipts ⁴		575	575	-
Total ordinary annual services	A	15,007	10,768	4,239
Other services				
Departmental non-operating				
Equity injections		1,071	561	510
Total other services	B	1,071	561	510
Total available annual appropriations and payments		16,078	11,329	4,749
Total resourcing and payments (A + B)⁵		16,078	11,329	4,749

1 Appropriation Bill No. 1 (including Departmental Capital Budget of \$0.924m).

2 Prior year departmental appropriations and section 74 relevant agency receipts.

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

4 Section 74 relevant agency receipts collected in 2015–16.

5 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	Budget* 2015–16 \$'000	Actual Expenses 2015–16 \$'000	Variation 2015–16 \$'000
	(a)	(b)	(a) – (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 ^{1,2}	11,702	10,266	1,436
Expenses not requiring appropriation in the budget year	612	723	-111
Total for Program 1.1	12,314	10,989	1,325
Total expenses for Outcome 1	12,314	10,989	1,325
	2014–15	2015–16	
Average Staffing Level (number)	30.6	38.7	

* The Agency's budgeted financial statement as presented to Parliament at Budget 2015–16, in respect of the reporting period.

- 1 Departmental appropriation combines "Ordinary annual services" (Appropriation Bill No. 1) and "Revenue from independent sources" (section 74).
- 2 In 2015–16, departmental appropriations of \$0.411m were quarantined and/or withheld (section 51 of the PGPA Act) in accordance with a decision of Government.

APPENDIX 2

Reports to the Minister

During 2015–16, the Integrity Commissioner provided two reports of concluded investigations to the Minister.

Report 01/2016—*Operation Galaxy*—A joint investigation into the conduct of an Australian Crime Commission ICT staff member

Sensitive information is a key asset, held on trust by government agencies to achieve beneficial ends for the public good they serve. Information and Communications Technology sections within agencies that have law enforcement capabilities pose particular integrity and security challenges, because of staff members' high levels of technical expertise, wide access to sensitive information, and the privilege to modify records and systems.

In September 2014, the ACC notified the then Acting Integrity Commissioner, Mr Robert Cornall AO, of information suggesting that a person employed by the ACC had accessed and handled official information without proper authority.

The investigation—which was conducted jointly with the ACC—established that the staff member had, without authority, downloaded cloud-based software to an ACC computer and had stored some ACC information in a personal cloud-based account, rendering it less secure. No evidence was found that ACC information had been disclosed to any third parties.

Having reviewed all of the evidence, the Integrity Commissioner was persuaded that there was no corrupt motive attaching to the staff member's actions.

The ACC has since added additional security measures to assure the integrity of its ICT systems, records and staff. Accordingly, no recommendations were made as a result of this investigation.

The results of the investigation have been provided to the Attorney-General's Department and the Australian Signals Directorate to inform the further development and implementation of the Australian Government Protective Security Policy Framework.

The *Operation Galaxy* report is available on ACLEI's website, www.aclei.gov.au.

Report 02/2016—*Operation Hadron*—A joint investigation into the conduct of an Australian Crime Commission staff member concerning information security and a conflict of interest

Public officials have a general duty not to disclose official information without proper authority. In a law enforcement agency, the need to protect information is especially important. Any staff member of an agency with law enforcement functions may have access to information, contacts or decision-making capability which may be of use to criminals. To help protect against compromise, staff members of law enforcement agencies are expected to declare any relationships or associations that may lead to a conflict of interest with their duties or the functions of the agency.

This investigation, which was conducted jointly with the ACC and ACT Policing, concerned the conduct of an ACC staff member who had a non-operational role. In the course of normal duties, this staff member had incidental access to sensitive information.

The investigation established that the staff member—who was on temporary transfer from another Commonwealth Government agency—had an undeclared association with a suspected drug dealer. While under surveillance, the staff member copied a document relating to that person and took the copy from ACC premises.

No indication was found that the information had been communicated to the suspected drug dealer or that the staff member had sought employment with the ACC for an improper purpose.

During the investigation, the Integrity Commissioner disseminated relevant evidence to the ACC and the staff member's home agency. ACLEI has also provided a brief of evidence to the Commonwealth Director of Public Prosecutions.

Having regard to the prospect of court proceedings and disciplinary actions, the Integrity Commissioner decided to reserve indefinitely any findings.

The ACC has in place pre-employment screening processes that are generally effective. Despite these measures, the investigation shows the risk which arises when a staff member exposes himself or herself to the potential for compromise, and fails to disclose it.

The ACC has since strengthened the guidance it gives to new staff about their obligations to report potential conflicts of interest and has scheduled integrity refresher training for all staff. Accordingly, the Integrity Commissioner made no recommendations.

The *Operation Hadron* report has not been made public, pending the outcome of court proceedings.

Previous recommendations

In 2015–16, there were no recommendations from previous years that had not already been implemented.

APPENDIX 3

Papers and presentations

The following presentations were made during 2015–16 by the Integrity Commissioner, Mr Michael Griffin AM. Presentations marked with an asterisk were made on the Integrity Commissioner's behalf by the Executive Directors or other ACLEI staff members.

PUBLIC PRESENTATIONS

<i>Countering corruption risks in the Commonwealth</i> (panel) Law Society of NSW, Reflections on Corruption Conference, Sydney	28 August 2015*
<i>Corruption control planning for the 21st Century workplace</i> (panel, with the Department of Agriculture and Water Resources, NSW Independent Commission Against Corruption and KPMG) Australian Public Sector Anti-Corruption Conference, Brisbane	18 November 2015*
<i>Integrity leadership: countering corruption impulses in difficult environments</i> Australian Public Sector Anti-Corruption Conference, hosted by the Crime and Corruption Commission in Brisbane (available at www.aclei.gov.au/speeches)	19 November 2015

SPECIAL INTEREST AUDIENCES

<i>Corruption-enabled border crime</i> Serious and Organised Crime Coordination Committee	26 August 2015
<i>Better results, greater efficiency— strategic and workforce planning issues in anti-corruption agencies</i> Corruption and Crime Commission (WA), Strategic Planning workshop, Perth	3 February 2016*
<i>Managing corruption risk in the public sector</i> Conference of ACC Examiners	11 May 2016

AUSTRALIAN GOVERNMENT AUDIENCES

<i>Could you recognise corruption?</i> (panel) Senior Executive Service, Department of Health	2 September 2015*
<i>The corruption risk environment</i> Australian Public Service Commission Audit Committee	26 November 2015
<i>Integrity management strategies</i> (panel) Ethics Contact Officers Network, Australian Public Service Commission	9 December 2015*
<i>Integrity shapes workplace norms</i> Passport Fraud Section annual conference, Department of Foreign Affairs and Trade	17 February 2016*

PRESENTATIONS TO LEIC ACT AGENCIES	
AUSTRALIAN CRIME COMMISSION	
<i>Corruption risks and treatments</i> ACC Audit Committee	2 March 2016
AUSTRALIAN FEDERAL POLICE	
<i>Managing corruption risk and ACLEI's role</i> Confidant Network training	16 March 2016*
<i>ACLEI's role</i> Professional Standards Induction Program	Two occasions*
<i>Corruption risk-awareness on deployment</i> International Deployment Group	Five occasions*
<i>Integrity debate</i> Recruit and transition training	Five occasions*
AUSTRAC	
<i>ACLEI talks integrity</i> All-staff muster, via video link	28 June 2016*
CRIMTRAC AGENCY	
<i>Introduction to ACLEI</i> Executive Leadership Team	15 July 2015
<i>Corruption risks and treatments</i> CrimTrac Audit Committee	3 March 2016
DEPARTMENT OF AGRICULTURE AND WATER RESOURCES	
<i>Integrity risk management</i> Biosecurity Directors, Brisbane	4 December 2015*
DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION	
<i>Corruption risks and treatments</i> DIBP Audit Committee	21 March 2016
<i>Leading for integrity</i> DIBP Executive forum	23 May 2016
<i>Managing integrity risk in the DIBP</i> DIBP Senior Executive Service Conference	10 June 2016
<i>Operation Heritage—an integrity case study</i> Australian Border Force Investigator training, hosted by the AFP	Two occasions*
<i>Building a corruption-resistant workforce</i> Executive Level Leadership training	Six occasions*

APPENDIX 4

Statistical reporting

The *Law Enforcement Integrity Commissioner Regulations 2006* set out the particulars that are required to be included in the Annual Report. The relevant statistics are presented in the following pages, along with other data that illustrates some of the year's work in numbers.

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.
- » Some minor variations in statistics occur between Annual Reports—for instance, to update a record when a decision is made to re-open a case that had previously been closed, or to correct errors in previous reports.
- » The definition of the ACC in the following tables includes members of the former National Crime Authority. Similarly, the definition of the DIBP includes staff members of the former Australian Customs and Border Protection Service.
- » Numbers appearing in (brackets) are for the previous reporting period, 1 July 2014 to 30 June 2015.

Notifications from agency heads (Regulation 17)

Corruption issues notified in 2015–16 under section 19—by corruption class, as assessed upon receipt

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
Abuse of office [s 6(1)(a)]	1 (3)	23 (23)	1 (0)	1 (2)	0 (1)	124 (31)	150 (60)
Pervert the course of justice [s 6(1)(b)]	0 (0)	4 (4)	0 (0)	0 (0)	0 (0)	1 (1)	5 (5)
Corruption of any other kind [s 6(1)(c)]	1 (0)	5 (5)	0 (0)	0 (0)	0 (0)	30 (1)	36 (6)
Total	2 (3)	32 (32)	1 (0)	1 (2)	0 (1)	155 (33)	191 (71)

How these notifications were dealt with

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
Investigations							
ACLEI investigation [s 26(1)(a)]	1 (0)	13 (3)	0 (0)	1 (0)	0 (0)	4 (2)	19 (5)
Joint investigation [s 26(2)]	1 (1)	1 (1)	1 (0)	0 (1)	0 (0)	9 (10)	12 (13)
Managed investigation [s 26(1)(b)(i) or 26(1)(d)]	0 (0)	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)	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)	0 (0)
AFP investigation overseen by ACLEI [s 26(1)(c)(iii)]	0 (0)	N/A	0 (0)	0 (0)	0 (1)	0 (0)	0 (1)
Unsupervised agency investigation [s 26(1)(b)(iii)]	0 (1)	8 (14)	0 (0)	0 (1)	0 (0)	36 (11)	44 (27)
Unsupervised AFP investigation [s 26(1)(c)(iii)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Not 'significant'—agency investigates [s 22(1)]	0 (0)	5 (0)	0 (0)	0 (0)	0 (0)	0 (4)	5 (4)
Direction to agency to investigate [s 22(2A)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Sub Total	2 (2)	27 (18)	1 (0)	1 (2)	0 (1)	49 (27)	80 (50)

How these notifications were dealt with (continued)

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
Reasons for taking no further action							
Arranged for State integrity agency to investigate [s 29(6)(b)]	0 (0)	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 (1)	0 (0)	0 (0)	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)	0 (0)
Subject of proceedings before a court [s 31(4)(d)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Investigation not warranted [s 31(4)(e)]	0 (0)	1 (4)	0 (0)	0 (0)	0 (0)	64 (7)	65 (11)
Did not raise a corruption issue under the LEIC Act	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Sub Total	0 (0)	1 (5)	0 (0)	0 (0)	0 (0)	64 (7)	65 (12)
Under assessment at close of reporting period							
Under assessment	0 (1)	4 (5)	0 (0)	0 (0)	0 (0)	42 (3)	46 (9)
Sub Total	0 (1)	4 (5)	0 (0)	0 (0)	0 (0)	42 (3)	46 (9)
Total	2 (3)	32 (28)	1 (0)	1 (2)	0 (1)	155 (37)	191 (71)

Referrals from other sources (Regulation 18)

Corruption issues referred in 2015–16 under section 18 or 23—by corruption class, as assessed upon receipt

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TBD*	TOTAL
Abuse of office [s 6(1)(a)]	1 (3)	7 (7)	6 (1)	0 (0)	0 (0)	18 (17)	1 (0)	33 (28)
Pervert the course of justice [s 6(1)(b)]	0 (0)	1 (1)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (1)
Corruption of any other kind [s 6(1)(c)]	1 (0)	1 (0)	1 (0)	0 (0)	0 (0)	2 (1)	0 (0)	5 (1)
Total	2 (3)	9 (8)	7 (1)	0 (0)	0 (0)	20 (18)	1 (0)	39 (30)

* To Be Determined

How these referrals were dealt with

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TBD*	TOTAL
Investigations								
ACLEI investigation [s 26(1)(a)]	1 (1)	2 (2)	4 (0)	0 (0)	0 (0)	10 (1)	0 (0)	17 (4)
Joint investigation [s 26(2)]	1 (2)	2 (0)	0 (1)	0 (0)	0 (0)	5 (5)	0 (0)	8 (8)
Managed investigation [s 26(1)(b)(i) or 26(1)(d)]	0 (0)	0 (0)	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)	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)	0 (0)	0 (0)
Unsupervised agency investigation [s 26(1)(b)(iii)]	0 (0)	2 (1)	0 (0)	0 (0)	0 (0)	3 (5)	0 (0)	5 (6)
Unsupervised AFP investigation [s 26(1)(c)(iii)]	0 (0)	N/A	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Sub Total	2 (3)	6 (3)	4 (1)	0 (0)	0 (0)	18 (11)	0 (0)	30 (18)
Reasons for taking no further action								
Satisfied that another agency should investigate [s 31(4)(a)]	0 (0)	0 (0)	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)	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)	0 (0)	0 (0)
Investigation not warranted [s 31(4)(e)]	0 (0)	1 (3)	2 (0)	0 (0)	0 (0)	2 (5)	0 (0)	5 (8)
Did not raise a corruption issue under the LEIC Act	0 (0)	0 (1)	1 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (1)
Sub Total	0 (0)	1 (4)	3 (0)	0 (0)	0 (0)	2 (5)	0 (0)	6 (9)
Under assessment at close of reporting period								
Under assessment	0 (0)	2 (1)	0 (0)	0 (0)	0 (0)	0 (2)	1 (0)	3 (3)
Sub Total	0 (0)	2 (1)	0 (0)	0 (0)	0 (0)	0 (2)	1 (0)	3 (3)
Total	2 (3)	9 (8)	7 (1)	0 (0)	0 (0)	20 (18)	1 (0)	39 (30)

* To Be Determined

Own-initiative investigations (Regulation 19)

Investigations commenced in 2015–16 by the Integrity Commissioner without a notification or referral

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
Abuse of office [s 6(1)(a)]	1 (1)	3 (0)	0 (0)	0 (0)	0 (0)	1 (0)	5 (1)
Corruption of any other kind [s 6(1)(c)]	0 (0)	1 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (0)
Total	1 (1)	4 (0)	0 (0)	0 (0)	0 (0)	1 (0)	6 (1)

ACLEI investigations (Regulation 20)

Corruption issues investigated in 2015–16 under section 26(1)(a)—including joint investigations and investigations carried forward from previous years—by corruption class

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
Abuse of office [s 6(1)(a)]	12	45	11	2	1	55	126
Pervert the course of justice [s 6(1)(b)]	0	2	0	0	0	1	3
Corruption of any other kind [s 6(1)(c)]	3	6	0	0	0	6	15
Total corruption issues active in 2015–16	15	53	11	2	1	62	144

Investigations concluded in 2015–16

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
Reports to the Minister	2 (1)	0 (1)	0 (0)	0 (0)	0 (0)	0 (2)	2 (4)
Discontinued after reconsideration [s 42]	0 (1)	0 (0)	0 (0)	0 (0)	0 (0)	4 (2)	4 (3)
Total	2 (2)	0 (1)	0 (0)	0 (0)	0 (0)	4 (4)	6 (7)

Corruption issues carried forward

Assessments carried forward to 2016–17, by year of notification or referral

	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TBD*	TOTAL
2013–14	0	2	0	0	0	1	0	3
2015–16	0	6	0	0	0	42	1	49
Total under assessment at 30 June 2016	0	8	0	0	0	43	1	52

* To Be Determined

ACLEI investigations carried forward to 2016–17, by year of notification or referral

ACLEI or joint investigation [s 26(1)(a) and s 26(2)]*	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
2009–10	3	0	N/A	N/A	N/A	N/A	3
2010–11	0	2	N/A	N/A	N/A	0	2
2011–12	3	4	N/A	N/A	N/A	1	8
2012–13	0	4	N/A	N/A	N/A	4	8
2013–14	0	11	4	0	0	6	21
2014–15	2	10	2	1	1	18	34
2015–16	5	22	5	1	0	29	62
Total under investigation by ACLEI at 30 June 2016	13	53	11	2	1	58	138**

*At 30 June 2016, 74 corruption issues were under joint investigation by ACLEI and other agencies.

** Includes seven re-opened cases.

LEIC Act agency investigations carried forward to 2016–17, by year of notification or referral

Agency investigations [s 22 and s 26(1)(b, c, d, e)]	ACC	AFP	Ag	AUSTRAC	CrimTrac	DIBP	TOTAL
2011–12	0	4	N/A	N/A	N/A	2	6
2012–13	0	6	N/A	N/A	N/A	5	11
2013–14	0	6	0	1	0	6	13
2014–15	1	16	0	1	0	15	33
2015–16	0	15	0	0	0	39	54
Total under investigation by other agencies at 30 June 2015	1	47	0	2	0	67	117

APPENDIX 5

Capability and assurance

The Integrity Commissioner is the Accountable Authority under the *Public Governance, Performance and Accountability Act 2013* 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** 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*. During 2015–16, 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 the agency. The Board meets monthly to receive reports about ACLEI's governance, performance, human and financial resources, and to monitor compliance with legislation.

Membership	Advisers
Integrity Commissioner (Chair)	Director Corporate Services
Executive Director Operations	Director Strategic Engagement
Executive Director Secretariat	Chief Financial Officer
	Assistant Director Professional Standards
	General Counsel
	Other Directors, by invitation

Operations Governance Board

A separate Operations Governance Board was established during 2015–16, to assist the Integrity Commissioner and Executive Director Operations to direct the efficient, effective, economical and ethical use of ACLEI's investigation and intelligence resources, having regard to risk. Subgroups are formed from time to time to give focus to higher-risk functions.

Membership	Advisers
Integrity Commissioner (Chair) Executive Director Operations	Operations Branch Directors General Counsel Other 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 statement responsibilities. It meets at least five times a year.

Membership	Advisers
Mr Darren Box (Chair), General Manager, Department of Human Services Ms Joann Corcoran, Assistant Secretary, Attorney-General's Department Brigadier James Gaynor CSC, Acting Inspector General, Australian Defence Force Mr Nicholas Sellars, Executive Director Secretariat, ACLEI	Auditor-General representative Director Corporate Services Chief Financial Officer Assistant Director Professional Standards (Secretariat) Other ACLEI staff members, by invitation

Executive Committee

The Integrity Commissioner and Executive Directors also meet weekly, and on an ad hoc basis, to discuss strategic and emerging issues, and to ensure close collaboration across ACLEI.

Internal audit

In consultation with the Audit Committee, ACLEI focuses 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. The current year Corporate Plan is available on the ACLEI website, under *Corporate Information*.

Fraud and corruption control

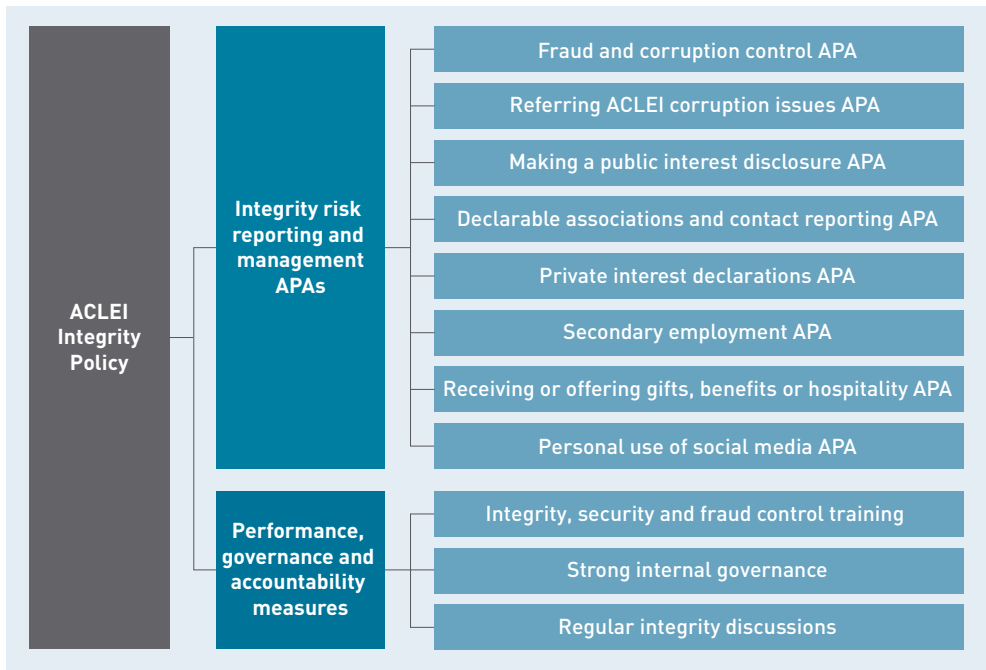
ACLEI's fraud and corruption control arrangements were reviewed in 2015–16 to ensure their continued consistency with the requirements of section 10 of the PGPA Rule and the Commonwealth Fraud Control Policy. An independent audit of fraud and corruption risk was conducted in the reporting period to inform the review. *ACLEI's Fraud and Corruption Control Plan 2016–2017* is available at www.aclei.gov.au.

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 Policy applies to all ACLEI staff, including secondees from other agencies and the Integrity Commissioner. The Policy is supported by eight Agency Policy Advises, as shown.

ACLEI integrity policy framework



The performance, governance and accountability features of the framework are intended to create a workplace in which professional standards and accountability are valued and reinforced.

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 monthly to the Internal Governance Board and direct to the Executive Director Secretariat on risk, governance and integrity matters.

External assurance

Parliamentary Joint Committee on ACLEI

The Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity reports to both Houses of Parliament on matters relating to ACLEI. The Committee monitors and reviews the performance of the Integrity Commissioner's functions, and examines each Annual Report and any special reports produced by the Integrity Commissioner.

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.

During 2015–16, the Committee comprised Mr Russell Matheson MP (Chair), Senator Catryna Bilyk (Deputy Chair), Senator Sean Edwards, the Hon Justine Elliot MP, Mr Steve Irons MP, Senator Barry O'Sullivan, Senator Glenn Sterle, Mr Jason Wood MP and Mr Tony Zappia MP. Senator O'Sullivan resigned from the Committee on 10 September 2015 and rejoined on 4 February 2016. Senator the Hon David Johnston served as a Committee member between those dates.

The Committee dissolved on 9 May 2016 with the prorogation of the 44th Parliament.

Examination of the Integrity Commissioner's Annual Report

The Committee presented its examination of the Integrity Commissioner's 2014–15 Annual Report to the Parliament on 2 March 2016. The report signalled the Committee's intention to continue to monitor ACLEI's management of the number of investigations carried forward over multiple years, and asked ACLEI to reconsider how it reports statistics relating to this issue (see new tables in *Appendix Four*).

The Committee also observed that it is “...clear from evidence gathered throughout the committee's work that corruption-enabled border crime remains a significant concern and one that ACLEI is actively engaged with, together with its agency partners”.

A copy of the Committee's report can be obtained from its website at www.aph.gov.au.

Inquiries

On 5 May 2016, the Committee presented to the Parliament its report of the *Inquiry into the Jurisdiction of the Australian Commission for Law Enforcement Integrity*. The Committee made three recommendations for the Government's consideration:

- » include the entire Department of Agriculture and Water Resources in ACLEI's jurisdiction
- » initiate an independent assessment of the Australian Taxation Office's corruption risk profile, together with an examination of the feasibility of including that agency within ACLEI's jurisdiction, and
- » consider transferring the responsibility for vetting Aviation Security Identification Cards and Maritime Security Identification Cards to an agency within ACLEI's jurisdiction.

The report observed that *"...although the committee notes that Australia is generally regarded as one of the least corrupt countries in the world, the committee is not opposed to calls for the further examination of advantages and disadvantages of a broad-based federal anti-corruption agency"*.

A second Inquiry—into the integrity of Australia's border arrangements—lapsed on 9 May 2016 with the prorogation of the 44th Parliament.

Inquiry reports, terms of reference, published submissions and hearing transcripts can be found on the Committee's website at www.apf.gov.au.

Corruption issues relating to ACLEI

The *Law Enforcement Integrity Commissioner Regulations 2006* (at Regulation 22) require particulars of corruption issues relating to ACLEI staff to be published in the Integrity Commissioner's Annual Report. One ACLEI corruption issue was concluded during 2015–16.

Special Investigation 01/2016	Prescribed particulars
Corruption of any other kind [s 6(3)(c)]	<p>The Integrity Commissioner received an anonymous report raising a concern that ACLEI may have, in conjunction with an agency within the LEIC Act jurisdiction, acted inappropriately in supporting a staff member from that agency for an important external learning opportunity. The staff member was recruited to ACLEI approximately two years later.</p> <p>As required by the LEIC Act, the Integrity Commissioner notified the Minister, who appointed Ms Mary Brennan as Special Investigator to investigate independently.</p> <p>After her investigation—which involved using information-gathering powers under the LEIC Act, interviews with relevant personnel in both agencies and reviewing the related recruitment documentation—the Special Investigator concluded that no corrupt conduct had occurred.</p> <p>The Special Investigator observed that all parties had acted reasonably and appropriately in relation to the learning opportunity and that it had been open to ACLEI to recruit the staff member.</p> <p>No disciplinary, criminal or civil proceedings were commenced as a result of this investigation.</p>
Costs disclosure	ACLEI reimbursed the Attorney-General's Department \$25,288.45 (GST inclusive) for the cost of Special Investigation 01/2016.

Safeguards for the use of statutory powers

A range of checks and balances is 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.

Public reports into ACLEI's use of powers can be found on ACLEI's website, www.aclei.gov.au.

As a transparency measure, the Integrity Commissioner has also published ACLEI's standard operating procedures relating to surveillance device warrants, telecommunications interception, controlled operations and integrity testing. Additionally, ACLEI publishes guidelines for people responding to the Integrity Commissioner's coercive powers.

External scrutiny in 2015–16

Commonwealth Ombudsman— inspection of records and practices <ul style="list-style-type: none"> » <i>Surveillance Devices Act 2004</i> » <i>Telecommunications (Interception and Access) Act 1979</i> » <i>Part IAB of the Crimes Act 1914 (controlled operations)</i> 	The Ombudsman made no recommendations in the reporting period.
Commonwealth Ombudsman— complaints and own-motion investigations	<p>In June 2016, the Ombudsman alerted ACLEI to a complaint by a member of the public. After considering information provided by ACLEI, the Ombudsman decided that no further investigation was warranted and closed the complaint in August 2016.</p> <p>The Ombudsman did not contact ACLEI in relation to any own-motion investigations.</p>
Judicial reviews, decisions of administrative tribunals, and reports by the Information Commissioner	There was no judicial or administrative tribunal review of an ACLEI decision or action in 2015–16, and no report by the Information Commissioner.
Auditor-General	The Auditor-General did not undertake any performance audits relating to ACLEI during 2015–16. ACLEI's audited financial statements for 2015–16 are presented in this Annual Report.
Agency capability reviews	No capability reviews of ACLEI were released or in progress during 2015–16.

Human resource management

Staffing profile and remuneration

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

At 30 June 2016, 40 positions were filled on an on-going or temporary basis. ACLEI has a maximum staffing cap of 52 full-time equivalent staff. ACLEI's Average Staffing Level in 2015–16 was 38.7. The deficit in staffing reflects a staged approach to recruiting for specialised positions as well as normal staff movements, such as secondments to other agencies. Recruitment continues into 2016–17.

ACLEI's staffing profile is weighted to Executive Level staff, due to the experience and skill levels required to investigate hard-to-detect law enforcement corruption, 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 2016

Classification	Ongoing		Non-ongoing		Total
	Male	Female	Male	Female	
Statutory office holder (Integrity Commissioner)	1 (1)	-	-	-	1 (1)
SES Band 1 (\$200,904)	1 (1*)	1 (1*)	-	-	2 (2)
EL 2 (\$116,397 – \$131,157)	4 (3)	2 (2)	0 (1)	-	6 (6)
EL 1 (\$94,682 – \$115,062)	12 (4)	4 (2)	0 (4)	0 (0)	16 (10)
APS 6 (\$74,232 – \$85,274)	4+1* (1+2*)	3** (1)	0 (1)	0 (0)	8 (5)
APS 5 (\$68,733 – \$72,882)	1 (0)	3 (3)	-	1 (0)	5 (3)
APS 4 (\$61,621 – \$66,909)	-	2 (1)	-	0 (1)	2 (2)
Sub-total	24 (12)	15 (10)	0 (6)	1 (1)	40 (29)
Total	39 (22)		1 (7)		
Staff members based in Canberra	29 (22)		1 (4)		30 (26)
Staff members based in Sydney	10 (0)		0 (3)		10 (3)

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 2015–16.

Figures in (brackets) are for staffing numbers at 30 June 2015.

* Higher duties or acting appointment.

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

Employment agreements and conditions in 2015–16

Integrity Commissioner remuneration	The salary and allowances of the Integrity Commissioner are determined by the Remuneration Tribunal, www.remtribunal.gov.au .
Senior Executive Service remuneration and agreements	<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 remuneration in the 2015–16 reporting period.</p> <p>Both Senior Executive positions at ACLEI are covered by determinations made under s 24(1) of the <i>Public Service Act 1999</i>.</p>
Non-SES workplace agreements	The conditions of the ACLEI Enterprise Agreement 2012–2014 remained in place during 2015–16. Three employees had Individual Flexibility Arrangements in place to take account of specific circumstances.
Non-salary benefits	<ul style="list-style-type: none"> » Employee assistance program » Influenza vaccinations » Reimbursement program for spectacles » Study assistance policy » Conference and study leave » Financial assistance for approved health and well-being activities
Performance payments	ACLEI does not have a system of performance bonus payments.
Security clearances	Employment at ACLEI is contingent upon maintaining a satisfactory security assessment.
Workplace diversity	ACLEI's Workplace Diversity Program 2015–19 and Reconciliation Action Plan 2016–2018 are published on its website.

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

WHS initiatives in 2015–16	<ul style="list-style-type: none"> » Ergonomic workstation assessments » Employee assistance program » Risk assessments for ACLEI operations and exercise of powers » WHS considerations included in design of new Canberra premises
Health and safety outcomes in 2015–16	No WHS incidents were reported in 2015–16.
Notifiable WHS incidents and investigations	None
Notices given to ACLEI under Part 10 of the WHS Act	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 (for example, as counsel assisting at coercive information-gathering hearings), 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 2015–16, ACLEI staff members received external training or refresher courses in topics such as conflict management, financial and operational systems administration, financial management, and leadership. Investigations and intelligence staff members also received technical training relevant to their roles.

Management of other corporate issues

Information and Communications Technology	ACLEI has a shared service arrangement with the Attorney-General's Department relating to ACLEI's ICT and records management requirements.
Facilities	The lease for ACLEI's premises in Canberra expired in June 2016. ACLEI designed and fitted-out a purpose-built secure facility during the reporting period, and moved into the new premises in July 2016. The ACLEI/AFP joint taskforce, based in Sydney, is presently housed by the AFP. This latter arrangement will be reviewed ahead of the 2017–18 Federal Budget.
Disability reporting—Commonwealth Disability Strategy (to 2009–10)	The 2006–07 Annual Report—at www.aclei.gov.au —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 www.apsc.gov.au .
Disability reporting—National Disability Strategy 2010–2020	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 www.dss.gov.au .
Environmental performance	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 in ACLEI's business practices. ACLEI is continuing a project to digitise existing paper records and minimise paper use.
Advertising and market research	ACLEI did not conduct any general advertising, market research, polling, direct marketing or any other form of advertising campaign.
Freedom of information (Part II, Freedom of Information Act 1982)	ACLEI's Information Publication Scheme Statement and Freedom of Information disclosure log can be accessed at www.aclei.gov.au/about/corporate-information/freedom-information .

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.

Purchasing	<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.</p>
Procurement initiatives to support small business	<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, www.finance.gov.au.</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>
Consultancies—engagement policies and procedures	<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>
Consultancies—main categories	<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>
Consultancies—numbers and expenditure	<p>During 2015–16, 12 new consultancy contracts were entered into involving total actual expenditure in 2015–16 of \$213,340 (including GST). In addition, five ongoing consultancy contracts were active during the period, involving total actual expenditure of \$129,849 (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, www.tenders.gov.au.</p>
Australian National Audit Office access clauses	<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>
Exempt contracts	<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 6

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 2015–16 are set out here.

Legislative change affecting ACLEI

Australian Crime Commission Amendment (National Policing Information) Act 2016

This enactment—which received Royal Assent on 5 May 2016—amends the *Australian Crime Commission Act 2002* to merge the CrimTrac Agency into the ACC. The Act contains transitional provisions to ensure that the Integrity Commissioner retains the ability to deal with any allegations of corrupt conduct by former CrimTrac staff. The provisions are important, as it can take some time for corruption issues to come to light.

Crimes Legislation Amendment (Powers, Offences and Other Measures) Act 2015

Schedule 11 of this Act—which commenced on 27 November 2015—made amendments to improve the general operation of the LEIC Act, namely to:

- » amend the definition of 'significant corruption issue' to allow the Integrity Commissioner and head of a law enforcement agency to reach an agreement under section 17 of the LEIC Act on what types of corruption issues should be classified as 'significant' when notified to the Integrity Commissioner
- » clarify that the same pre-investigation powers to request further information are available to the Integrity Commissioner when he or she is deciding how to deal with 'significant' and non-significant corruption issues
- » provide the Integrity Commissioner with greater discretion in deciding when and how to keep persons informed of action taken in relation to a corruption issue
- » expand the Integrity Commissioner's ability to share information, so that appropriate third parties may be informed if a person's safety may be in jeopardy
- » allow the Integrity Commissioner to delegate his or her power to apply for a passport surrender order to an SES (or acting SES) employee of ACLEI
- » simplify provisions relating to giving certain evidence in private, in particular to clarify that all evidence to which a secrecy provision relates cannot be given in public
- » amend the definition of 'AFP staff member' for consistency with the *Australian Federal Police Act 1979*, and
- » remove time limits on the secondment of officers to ACLEI.

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>Bare v IBAC</i> [2015] VSCA 197 (29 July 2015)	Review of decision not to investigate allegations against police. By majority (Warren CJ dissenting), the Victorian Court of Appeal decided that there was error in not properly considering rights under the Victorian Charter of Human Rights. Consideration of the effect of a privative clause on judicial review applications.
<i>R & Anor v Independent Broad-based Anti-corruption Commission</i> [2015] VSC 374 (7 August 2015)	Decision permitting Independent Broad-based Anti-corruption Commission to exercise a power to examine police who were also subject to a criminal investigation, not yet charged. Leave to appeal refused in <i>R & M v IBAC</i> [2015] VSCA 271 (30 September 2015). Decision to refuse leave to appeal confirmed by High Court in <i>R v Independent Broad-based Anti-corruption Commissioner</i> [2016] HCA 8 (below).
<i>Lazarus v Director of the Independent Commission Against Corruption</i> [2015] NSWSC 1265 (1 September 2015)	Striking out of a damages claim brought by persons considered in an Independent Commission Against Corruption report. In the absence of bad faith, statutory immunity protected ICAC.
<i>Commissioner, Australian Federal Police v Cacu</i> [2015] NSWSC 1232 (3 September 2015)	NSW Supreme Court (Adams J) considered whether the obligation of a person to provide information to enable an application under the <i>Proceeds of Crime Act 2002</i> (Cth) affected the capacity of the requirement that the courts maintain the legitimacy of the criminal justice system. The implementation of a requirement to provide information was stayed until after the applicant's trial, although the requirement would still apply to his spouse. This case may inform ACLEI's practice when dealing with proceeds of crime.
<i>Mentink v Minister for Justice</i> [2015] FCA 1094 (13 October 2015) and <i>Mentink v Minister for Justice</i> [2016] FCA 432 (29 April 2016)	Discovery application related to challenge to Minister's decision to take no further action in relation to an alleged ACLEI corruption issue. Edelman J considered the documents sought were not directly relevant, that their provision would not facilitate resolution and that, as the documents would not be in the Minister's possession, any order would affect bodies that were not parties to the action (ie the Australian Federal Police and ACLEI). The second case was an application for leave to appeal from decision in <i>Mentink v Minister for Justice</i> [2015] FCA 1094. Leave was refused in view of lack of doubt attending original decision and lack of prejudice to the applicant's substantive claims.

Citation	Relevance to ACLEI
<i>Commissioner of the Queensland Police Service v O'Keefe & Ors</i> [2015] QSC 335 (7 December 2015)	Police officers sought a statement of reasons for their being stood down. The Queensland Supreme Court (Martin J) found the decision to refuse a statement was justified because the standing down occurred in relation to investigations following allegations of corruption.
<i>McCloy v Latham</i> [2015] NSWSC 1879 (12 November 2015) and <i>McCloy v The Honourable Megan Latham</i> [2015] NSWSC 1782 (3 December 2015)	Application that the ICAC Commissioner be restrained from continuing or reporting on a specific investigation because of alleged bias. Application dismissed on the basis of a lack of evidence suggesting bias. Earlier decision affirms principle about privilege attaching to proceedings in Parliament, in relation to the attempt to tender a report of a Parliamentary Committee.
<i>Obeid v Independent Commission Against Corruption</i> [2015] NSWSC 1891 (14 December 2015) and <i>Obeid v Ipp</i> [2015] NSWSC 1755 (3 December 2015)	In the context of a challenge to a number of ICAC reports, the applicant sought that information be made available through the usual discovery processes. The ICAC Commissioner declined and the applicant sought review of that decision. The NSW Supreme Court upheld the Commissioner's decision. In the <i>Ipp</i> decision, the Supreme Court upheld ICAC's claim for public interest immunity in relation to a specific document.
<i>R v Harper</i> [2015] QCA 273 (15 December 2015)	Queensland Court of Appeal dealt with appeal based in part on a criminal trial having been affected by evidence obtained by way of an ACC examination. The decision considers <i>X7 v ACC</i> , but concludes that the matters raised in the ACC hearing were insubstantial in relation to the offence charged and that there was other evidence on the relevant issue.
<i>Witness JA v Scott</i> [2015] QCA 285 (23 December 2015)	Queensland Court of Appeal considered alleged contempt of Crime and Corruption Commission where the witness had already been dealt with for contempt based on refusing to answer the same question at an earlier hearing, using the same attendance notice.
<i>SA v New South Wales Crime Commission</i> [2015] NSWSC 1979 (23 December 2015)	Review of decision of NSW Crime Commission to issue examination summons. Consideration of the effect of any requirement to give reasons or provide supporting information where that might prejudice investigation.

Citation	Relevance to ACLEI
<p><i>R v Independent Broad-based Anti-corruption Commissioner</i> [2016] HCA 8 (10 March 2016)</p>	<p>In this case, the High Court unanimously dismissed an appeal against a decision of the Victorian Supreme Court concerning the compulsory examination power in the <i>Independent Broad-based Anti-corruption Commission Act 2011</i> (Vic) (the IBAC Act).</p> <p>The Supreme Court decision allowed IBAC to conduct a coercive public examination as part of an investigation. The Court noted that, as the criminal trial process had not been engaged, the privilege against self-incrimination was not a relevant issue to consider in relation to the witnesses.</p> <p>The High Court agreed that the general position that a person could not be required to give evidence against himself or herself was not relevant to a person who had not been charged but who may have been reasonably suspected of committing the offence. The High Court noted that it was clear that the Victorian Parliament had decided to remove the privilege against self-incrimination in matters of this kind before the Commission, and that—as members of a disciplined force—police were accountable for what they did on duty. The IBAC Act provides a limited 'use immunity' in relation to evidence given at a coercive examination and IBAC has an independent power to charge a person.</p> <p>Although the Integrity Commissioner does not have an independent power to charge a person, this case may inform policy should the LEIC Act be reviewed.</p>
<p><i>X Y N v Chief Examiner</i> [2016] VSC 137 (12 April 2016)</p>	<p>Decision of Riordan J considers the effect of <i>X7 v Australian Crime Commission</i> [2013] HCA 29 on the power of the Chief Examiner under the <i>Major Crime (Investigative Powers) Act 2004</i> (Vic). While the words of the statute affecting the fundamental right not to be required to self-incriminate were clear, the application queried whether a compulsory examination would amount to a contempt.</p>
<p><i>Lee v Crime and Corruption Commission & Anor</i> [2016] QCA 145 (7 June 2016)</p>	<p>Appellant was a Queensland police officer who recommended exoneration of another police officer, but allegedly without conducting an adequate investigation. The issue related to the sanction to be imposed on the appellant and the scope of the powers of the Crime and Corruption Commission to resume an investigation after having made a recommendation. The Court of Appeal found that the investigation remained on foot and could be resumed.</p>
<p><i>Duncan v Independent Commission Against Corruption</i> [2016] NSWCA 143 (22 June 2016)</p>	<p>Consideration of scope of powers of Independent Commission Against Corruption. In summary, corrupt conduct under the Act required a nexus to the exercise of an official power, but did not require proof of criminal conduct. The NSW Court of Appeal determined that ICAC had the power to make findings about matters broader than corruption.</p>

PART FIVE

Aid to access

5

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ACRONYMS USED IN THIS REPORT

AACF	Australian Anti-corruption Commissions Forum
ACC	Australian Crime Commission, as in ACC Act 2002
ACLEI	Australian Commission for Law Enforcement Integrity
ACT	Australian Capital Territory
AFP	Australian Federal Police, as in AFP Act 1979
Ag	(in tables) Department of Agriculture and Water Resources
AM	Member of the Order of Australia
ANAO	Australian National Audit Office
AO	Officer of the Order of Australia
APA	Agency Policy Advice
APS	Australian Public Service
APSC	Australian Public Service Commission
ASL	Average Staffing Level
AUSTRAC	Australian Transaction Reports and Analysis Centre
CrimTrac	The CrimTrac Agency
CSC	Conspicuous Service Cross
DIBP	Department of Immigration and Border Protection
EL	Executive Level
GST	Goods and Services Tax
ICAC (NSW)	Independent Commission Against Corruption (NSW)
ICT	Information and Communications Technology
LEIC Act	<i>Law Enforcement Integrity Commissioner Act 2006</i>
LEIC Regulations	<i>Law Enforcement Integrity Commissioner Regulations 2006</i>
MP	Member of Parliament
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
PGPA	Public Governance, Performance and Accountability, as in PGPA Act 2013
PID	Public Interest Disclosure, as in PID Act 2013
PJC-ACLEI	Parliamentary Joint Committee on ACLEI
SES	Senior Executive Service
T(IA)	Telecommunications (Interception and Access), as in T(IA) Act 1979
UK	United Kingdom
WA	Western Australia
WHS	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
Corruption-enabled crime	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.
Corruption handshake	The potential relationship between organised crime and a corrupt or compromised law enforcement official.
Corruption issue	<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>
Law enforcement agency	<p>An agency which is subject to the Integrity Commissioner's jurisdiction. In 2015–16, these agencies were the ACC (and the former National Crime Authority), the AFP, AUSTRAC, the CrimTrac Agency, prescribed aspects of the Department of Agriculture, and the Department of Immigration and Border Protection (including the Australian Border Force). 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>
Notification (of a corruption issue to the Integrity Commissioner)	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).
Referral (of a corruption issue to the Integrity Commissioner)	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).
Staff members of law enforcement agencies	<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 the PGPA Rule 2014 and the Law Enforcement Integrity Commissioner Act and Regulations.

PGPA Rule 2014—Requirements for Annual Reports

PGPA Rule Reference	Description	Page
17AD(g)	Letter of transmittal	
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
17AD(h)	Aids to access	
17AJ(a)	Table of contents	v
17AJ(b)	Alphabetical index	115
17AJ(c)	Glossary of abbreviations and acronyms	108–109
17AJ(d)	List of requirements	110–114
17AJ(e)	Details of contact officer	ii
17AJ(f)	Entity's website address	ii, iv
17AJ(g)	Electronic address of report	ii
17AD(a)	Review by accountable authority	2–3
17AD(b)	Overview of the entity	4–6
17AE(1)(a)(i)	A description of the role and functions of the entity	4
17AE(1)(a)(iii)	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	24
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, details of variation and reasons for change	N/A

PGPA Rule Reference	Description	Page
17AD(c)	Report on the Performance of the entity	23–33
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	24–33
17AD(c)(iii)	Report on Financial Performance	
17AF(1)(a)	A discussion and analysis of the entity's financial performance	31–32
17AF(1)(b)	A table summarising the total resources and total payments of the entity	78–79
17AF(2)	Details of significant changes in the financial results during or after the previous or current reporting period	N/A
17AD(d)	Management and Accountability	91–100
	Corporate Governance	
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	93
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	iii
17AG(2)(b)(ii)	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	91–93
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
	External Scrutiny	
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	94–96
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	None
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	94, 95, 96
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	None

PGPA Rule Reference	Description	Page
	Management of Human Resources	
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	97–99
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: Statistics on staffing classification level; Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location; Statistics on employees who identify as Indigenous	97
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>	98
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c)	98
17AG(4)(c)(iii)	The salary ranges available for APS employees by classification level	97
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	98
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	N/A
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
	Assets Management	
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	N/A
	Purchasing	
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	100

PGPA Rule Reference	Description	Page
	Consultants	
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)	100
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]”	100
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	100
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	100
	Australian National Audit Office Access Clauses	
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	N/A
	Exempt contracts	
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	N/A
	Small business	
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.”	100
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	100
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

PGPA Rule Reference	Description	Page
17AD(e)	Financial Statements	35–75
17AD(f)	Other Mandatory Information	
17AH(1)(a)(i)	Advertising campaigns	N/A
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	99
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.	99
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	99
17AH(1)(e)	Correction of material errors in previous annual report	N/A
17AH(2)	Information required by other legislation	98, 99

LEIC Act requirements

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s 201(a)	Statistics pursuant to LEIC Regulations 17 to 20	84–88
s 201(b)	Investigations raising significant issues or developments in law enforcement	3, 11, 14, 18, 19, 20–22, 80–81, 101–104
s 201(c)	Patterns and trends in corruption	20–22
s 201(d)(i)	Recommendations for changes to laws of the Commonwealth	None
s 201(d)(iii)	Recommendations for changes to administrative practices of Commonwealth Government agencies	None
s 201(e)	Prosecutions	14
s 201(f)	Confiscation proceedings	None
s 201(g)(i)	AD(JR) Act applications	None
s 201(g)(iii)	Other court proceedings involving the Integrity Commissioner	None
reg 20(e)	Summary of investigation outcomes	80–81
reg 21	Government agency investigations	None
reg 22	ACLEI corruption issues	95
reg 23	Information certificates under section 149 of the LEIC Act	None
	Special reports to the Minister, made under section 204 of the LEIC Act	None

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