



Australian Government
Australian Commission for
Law Enforcement Integrity

ANNUAL REPORT OF THE INTEGRITY COMMISSIONER 2012–2013

CONTACT INFORMATION

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Copies of this report are available on ACLEI's website, www.aclei.gov.au, at *Reports, submissions and speeches*.

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ACKNOWLEDGEMENTS

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This publication should be attributed as the Annual Report of the Integrity Commissioner 2012–13.

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

16 October 2013

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

Dear Minister

I am pleased to give you the seventh Annual Report of the Integrity Commissioner, concerning the operations in 2012–13 of the Australian Commission for Law Enforcement Integrity (ACLEI), as required by section 201(1) of the *Law Enforcement Integrity Commissioner Act 2006*.

In addition, as required by the *Commonwealth Fraud Control Guidelines*, I certify that I am satisfied ACLEI complied with the Guidelines in 2012–13, and has in place appropriate fraud control measures to meet the agency's circumstances.

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. I have also had regard to the *Requirements for Annual Reports*, approved for 2012–13 by the Joint Committee of Public Accounts and Audit.

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

Yours sincerely

A handwritten signature in blue ink that reads "Philip Moss".

Philip Moss
Integrity Commissioner

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REPORTING CORRUPTION

HOW TO REPORT A CORRUPTION ISSUE

The Australian Commission for Law Enforcement Integrity (ACLEI) investigates corruption issues involving staff members and former staff members of the Australian Crime Commission (and the former National Crime Authority), the Australian Customs and Border Protection Service, the Australian Federal Police, the Australian Transaction Reports and Analysis Centre, the CrimTrac Agency and prescribed aspects of the Department of Agriculture.

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.

The Integrity Commissioner seeks to ensure that all corruption issues are addressed properly. 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 may cause a concern, it can be discussed with ACLEI at the time of providing the information.

A person who refers a corruption issue to ACLEI may elect to be kept informed of how the Integrity Commissioner deals with that issue. If an investigation were commenced, in appropriate circumstances, the Integrity Commissioner would also advise the person of the investigation outcome. It may not, however, be possible to provide progress reports during the course of an investigation, as this action may jeopardise the effectiveness of the investigation.

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

Online: www.aclei.gov.au



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GUIDE TO THE REPORT

This Annual Report provides details of the operations of the Integrity Commissioner and the Australian Commission for Law Enforcement Integrity (ACLEI) for the financial year ending 30 June 2013. Its purpose is to inform the Parliament and members of the public about ACLEI's role and performance. The report is presented in the following six parts:

PART ONE – OVERVIEW

Part One of the Annual Report provides an overview of ACLEI's role and achievements. This part contains the Integrity Commissioner's review which summarises ACLEI's impact during the year; and the Agency overview, which describes ACLEI's role, priorities, powers, and organisational structure.

PART TWO – PROGRESS TOWARDS OUTCOMES

This part reviews ACLEI's performance in detecting, investigating and preventing corrupt conduct during the reporting year, measured against the expectations set for ACLEI in the 2012–13 Portfolio Budget Statements. It also provides an overview of ACLEI's financial performance.

An overview of corruption issues notified and referred to the Integrity Commissioner, a summary of completed investigations, a description of ACLEI's contribution to Australia's integrity framework and a report on patterns and trends in corruption are also reported here.

PART THREE – MANAGEMENT AND ACCOUNTABILITY

This part of the Annual Report provides a synopsis of ACLEI's corporate management, governance and accountability.

PART FOUR – FINANCIAL STATEMENTS

ACLEI's audited accounts are presented in this part.

PART FIVE – APPENDICES

The appendices provide information about:

- » papers and presentations given by the Integrity Commissioner and ACLEI staff;
- » additional statistics; and
- » significant changes affecting ACLEI's operating environment.

PART SIX – AIDS TO ACCESS

This part includes:

- » acronyms used in this report;
- » glossary of terms;
- » compliance index; and
- » alphabetical index.

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DETECT DISRUPT

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CHAPTER 1 Integrity Commissioner's review

CHAPTER 2 Agency overview

SNAPSHOT

2012–13 highlights

- » In November 2012, legislation was enacted to extend the Integrity Commissioner's jurisdiction to include—from 1 July 2013—the Australian Transaction Reports and Analysis Centre (AUSTRAC), the CrimTrac Agency, and prescribed aspects of the former Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture). During the year, ACLEI assisted AUSTRAC, CrimTrac and Agriculture to prepare for the addition of the LEIC Act to their integrity arrangements.
- » During 2012–13, twenty people—including four Australian Customs and Border Protection Service (ACBPS) officers and one Biosecurity officer (Department of Agriculture, Fisheries and Forestry)—were arrested as a result of joint ACLEI *Operation Heritage*—Australian Federal Police (AFP) *Operation Marca*. One of these officers has since been sentenced to seven years' jail with a four-year non-parole period. The remaining cases are expected to be heard in 2013–14. Four other ACBPS officers—who were among the subjects of investigation—have also resigned.
- » The Integrity Commissioner provided the Commonwealth Director of Public Prosecutions with evidence of possible offences relating to an ACBPS officer (the subject of a different investigation).
- » AUSTRAC, CrimTrac and Agriculture joined the *Community of Practice for Corruption Prevention* in March 2013, ahead of their inclusion in the Integrity Commissioner's jurisdiction from July 2013.
- » Together with the Australian Capital Territory (ACT) Policing and AFP Professional Standards, ACLEI completed Project Apex, a joint strategic assessment of corruption risk factors that may apply to community policing in the ACT.
- » The Integrity Commissioner and ACLEI provided expert strategic and technical anti-corruption advice to the Customs Reform Board and the ACBPS about integrity reforms in the ACBPS, to counter corruption vulnerabilities at Sydney International Airport.
- » ACLEI contributed to Australian Government policy development concerning intelligence sharing between criminal and corruption investigations, the value and use of information gained using covert investigation methods, assessing corruption risk and the organised crime threat environment, fraud control and whistleblowing (public interest disclosures).
- » The Integrity Commissioner provided briefings about the LEIC Act model to the Victorian Parliamentary Committee on the Independent Broad-based Anti-corruption Commission and to the South Australian Attorney-General's Department, which was establishing the South Australian Independent Commissioner Against Corruption.
- » On behalf of the Australian Government, the Integrity Commissioner led Australia's delegation to the first Assembly of Parties of the International Anti-Corruption Academy, held in Vienna, Austria and delivered Australia's Statement to the Assembly.
- » ACLEI and the Corruption Eradication Commission (KPK) of the Republic of Indonesia participated in a two-day practitioners' roundtable on corruption investigation and intervention techniques, in Jakarta, Indonesia.
- » A new power to conduct integrity testing in relation to the Australian Crime Commission (ACC), ACBPS and AFP was introduced by legislation, thereby creating an additional deterrent to corrupt conduct.
- » ACLEI identified trends relating to: systemic pressure on law enforcement agencies; the increasing value of law enforcement information and intelligence to would-be corruptors; the risk of compromise through social networks and illicit behaviour; and the importance of good governance in agencies.

2012–13 in numbers

Mandatory notifications from heads of agencies	56
Referrals from other sources	21
'Own initiative' investigations commenced	2
ACLEI investigations commenced in the year (including joint investigations)	11
Total ACLEI and joint investigations underway during the year	31
Hearings held	20
'Notices to Produce' issued	28
Use of electronic surveillance powers (by ACLEI)	6
Corruption issues concluded	79
Reports to the Minister	5
Number of officials arrested as a result of ACLEI investigations	4
Corruption issues under investigation by other agencies under the LEIC Act	109
Investigation reports from other agencies, reviewed by ACLEI	38
Presentations about integrity and corruption prevention	46
Published submissions to Inquiries and policy consultations	5
Total resources	\$7.387m
Staffing establishment	29

CHAPTER 1 | Integrity Commissioner's review



Philip Moss
Integrity Commissioner

The Integrity Commissioner's review surveys ACLEI's impact through the reporting year and canvasses the prospects and challenges for the year to come.

The 'integrity partnership'—the term which best describes the way that ACLEI and the agencies in the Integrity Commissioner's jurisdiction regard one another—has for more than six years been the foundation of Commonwealth anti-corruption arrangements

for law enforcement. Underpinned by the *Law Enforcement Integrity Commissioner Act 2006* (the LEIC Act), this approach enables a high degree of cooperation between agencies, with the common objective of safeguarding the integrity of people, assets, decisions and information that are related to the Commonwealth's law enforcement interests.

By any measure—and as detailed in this seventh *Annual Report of the Integrity Commissioner*—the 2012–13 reporting year confirmed the effectiveness of the integrity partnership model.

A focus of the year was the way that a major corruption investigation—known as *Operation Heritage–Marca*—enabled ACLEI and its partner agencies to apply lessons learned and make a positive and enduring difference to Commonwealth law enforcement integrity arrangements.

The year also included significant work to induct new agencies to the Integrity Commissioner's jurisdiction, from 1 July 2013.

OPERATION HERITAGE–MARCA

The hallmark of a well-functioning integrity system is that its leaders are not taken by surprise when corrupt conduct is detected, and that they respond appropriately both to individual instances and to the vulnerabilities these instances reveal.

In August 2012, media reports alerted staff of the Australian Customs and Border Protection Service (ACBPS) to the arrest of a fellow officer from Sydney International Airport for drug importation and corruption-related offences. The arrests marked the public phase of a previously covert operation—known by ACLEI as *Operation Heritage* and by the Australian Federal Police (AFP) as *Operation Marca*—that commenced in January 2011 when, upon joining the LEIC Act jurisdiction, the ACBPS notified the Integrity Commissioner of a number of related corruption issues.

During the remainder of 2012–13, the AFP arrested a further three ACBPS officers (and one more in early 2013–14), one officer of the former Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture), a baggage handler, and another 15 people. Four other ACBPS officers (to August 2013) have resigned.

In June 2013, I published an interim report about the joint investigation that led to these arrests and resignations. A summary of the interim report appears in Chapter 6—*Reports to the Minister*. I will provide the Minister with a final report in 2013–14, once the investigation is concluded and prosecutions are further advanced.

As important as it is to detect and deal with serious or systemic corruption, it is devastating for the staff members of an agency to discover corrupt insiders, and difficult for colleagues to come to terms with. Mostly—as in this case—such breaches of trust also indicate something about the culture of an agency, or may be a sign of broader stressors in the system, or may point to systemic shortcomings in agency capability or strategy. Such instances demand strong action, despite the disturbance to routine or established practices that may be caused.

Accordingly, I acknowledge the ACBPS' positive handling of such a significant corruption event, especially in the context of an agency that has served the Australian community proudly for more than 100 years. Led by the new Chief Executive Officer (CEO), Mr Michael Pezzullo, the ACBPS has commenced an ambitious program of transformation to strengthen itself against corruption risk, improve its governance, and prepare its staff and systems for significant increases in passenger and trade movements at the border.

The insights from Operation Heritage—Marca have informed the integrity aspects of this transformation program—outlined in the ACBPS *Blueprint for Reform: 2013–2018*—which includes *integrity* as a cornerstone and puts forward innovative anti-corruption measures. I have no doubt that these measures—such as the appointment of a Special Integrity Adviser (to give focussed attention and leadership) and the introduction of Corruption Impact Assessments (when program delivery changes are proposed)—are a model for other agencies to follow.

THE DETECTION CHALLENGE

The corrupt conduct uncovered by Operation Heritage—Marca is unlikely to be a one-off occurrence. Pressures across higher-risk government agencies—arising from the significant illicit profits that can be made from smuggling high-value contraband into Australia—will continue to act as an incentive for corrupt conduct and criminal infiltration (see Chapter 7—*Patterns and trends*).

This situation has driven persistent attempts by organised criminal groups to circumvent law enforcement and regulatory controls in the border environment, and to hide their activities by collaborating corruptly with trusted insiders. It is also possible that trusted insiders may seek to form or exploit their own links with criminal elements. It is likely that these pressures—whether in the form of bribe-seeking, bribe-taking, blackmail, infiltration, abuse of office or cyber-crime—will affect the spectrum of Commonwealth agencies involved in law enforcement, with none immune.

For this reason, towards the end of 2012–13, I commissioned an update of ACLEI's intelligence strategy, to address what I have called 'the detection challenge'. Finalised in September 2013, the strategy responds to my concern that—as the sophistication of organised crime increases—corrupt conduct is likely to become less susceptible to discovery than is already the case. Accordingly, it is imperative that a cooperative framework be established within the integrity partnership, to bring together and analyse information that might indicate heightened corruption risk or that corruption is occurring. I expect also that the indications of risk in one agency will continue to inform detection and prevention activities in all other LEIC Act agencies, and perhaps several others beyond.

Over the coming year, ACLEI will apply additional resources to develop further its detection practice, and broaden its links with other relevant agencies. I anticipate that the value of this investment will be measured in across-the-board gains in use of targeted integrity testing, investigation strategy and corruption prevention outcomes.

COMMON INTEGRITY PLATFORM

From July 2013—in response to a recommendation of the Parliamentary Joint Committee on ACLEI—the LEIC Act jurisdiction will extend beyond the Australian Crime Commission (ACC), the ACBPS and the AFP.

During 2012–13, ACLEI worked closely with the new LEIC Act agencies—namely, the Australian Transaction Reports and Analysis Centre (AUSTRAC), the CrimTrac Agency, and prescribed aspects of the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture) (relating to various Biosecurity functions)—to establish business protocols and learn about their operating environments. The enthusiasm—especially at agency head level—of these additional agencies for strengthened integrity arrangements reflects well on the appreciation of risk that exists in those agencies.

The integrity partnership approach recognises that the law enforcement anti-corruption system is not vested wholly in ACLEI. Rather, it is a combination of the commitment and participation of all of the agencies, with the organising principles of the LEIC Act as its framework.

Accordingly, it is pleasing to observe the effort that the new agencies have put into updating their own integrity frameworks in preparation for the commencement of the extended jurisdiction. I note the high level of interaction between existing and new agencies—one LEIC Act agency to another—that has informed the development of a mixture of arrangements that take account of each agency's risks. I acknowledge also the participation of these agencies, since March 2013, in ACLEI's quarterly *Community of Practice for Corruption Prevention*. This group is developing innovative approaches to understand corruption risk, assess the resilience of governance systems, and respond in targeted ways to common challenges.

A summary of the steps taken by the three new agencies follows this chapter.

A MATURING SYSTEM

It takes perhaps a decade to embed an effective integrity system. In 2004, the Australian Government first announced its decision to establish an independent body to detect and investigate corrupt conduct in Commonwealth law enforcement agencies. ACLEI was established by legislation in 2006, and opened its doors in January 2007. It has grown every year since—in terms of resources, staff, capability, and understanding of its role and its environment.

Indeed, the detection, investigation and prevention outcomes achieved in Operation Heritage—Marca—and several other joint anti-corruption investigations that are still underway—are the result of several years of investment in developing specialised facilities and capabilities, and engaging in staff development and relationship-building.

ACLEI's development, and its ability to contribute to strengthening law enforcement integrity, reflects a commitment across Government to combat corruption. The Parliamentary Joint Committee on ACLEI has taken a leading role in ensuring that ACLEI is able to respond—and does respond—to the corruption risks which law enforcement agencies face. Leadership of this kind is an important factor in the effectiveness of Australia's anti-corruption arrangements.

In a year that saw the challenge of multiple arrests in the ACBPS, I note the significance of the *Law Enforcement Integrity Legislation Amendment Bill 2012* (see Appendix 3—*Changes in ACLEI's operating environment*), which the then Minister, the Hon. Jason Clare MP, introduced and which the Parliament enacted in November 2012. That legislation strengthened the basis for fighting corrupt conduct in Australian Government agencies with law enforcement functions.

THE YEAR IN PROSPECT

I have referred already to one of the focusses which lies ahead—namely, meeting the ‘detection challenge’—and I intend that considerable progress will be made in 2013–14 to establishing the internal staffing capability and partnerships needed to achieve this key objective. Continuing to work with the three new LEIC Act agencies will be another priority, ahead of a review—in the first half of 2014—of the extension of jurisdiction.

ACLEI's anti-corruption work and the ‘integrity partnership’ approach require specialised skills. Accordingly, recruiting and retaining the best available staff remains a priority for ACLEI, and will continue to be a focus in 2013–14. One possibility that I will examine is the establishment of an interstate office as a second base for operations. Such a measure would allow ACLEI to test employment markets outside of Canberra and advance key relationships with partner agencies that deliver interstate-based services to ACLEI (including the ACC, which hosts the ACLEI physical surveillance capability).

For the same reason, and to provide career pathways and improved governance for a small agency, ACLEI will work with the Attorney-General's Department in 2013–14 to identify where closer mentoring, secondments, or sharing of positions might benefit both agencies. Possibilities include: exchange of administrative, policy and legal staff; closer alignment of internal auditing arrangements; and participation in ‘communities of interest’ to foster closer ties across the Attorney-General's Portfolio.

I anticipate also that policy discussions will continue, with the aim of keeping the Commonwealth's anti-corruption arrangements under review and ensure they are matched to risk. ACLEI's modest international engagement supports this objective, and ensures that ACLEI is able to bring forward the best thinking from international counterparts to inform its operational practice and strategic direction.

SERVING THE COMMUNITY

ACLEI's strength lies in the intellectual capacity and professionalism of its staff, and I thank every one of them for the way they have fulfilled their responsibilities and for the service that they have provided to the Australian Government and to the Australian community. In this context, with the change of Government in September 2013, ACLEI and I look forward to working with the newly appointed Minister for Justice, the Hon. Michael Keenan MP.



Philip Moss
Integrity Commissioner

THE COMMON INTEGRITY PLATFORM

When they joined the Integrity Commissioner’s jurisdiction on 1 July 2013, three new agencies—namely, the Australian Transaction Reports and Analysis Centre (AUSTRAC), the CrimTrac Agency and prescribed aspects of the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture)—became part of the ‘common integrity platform’ which has the LEIC Act at its centre. The ‘common integrity platform’ concept provides a basis for law enforcement agencies to work together and share information with confidence in each other’s integrity and anti-corruption systems.

Although AUSTRAC, CrimTrac and the Department of Agriculture have different functions, they share a number of law enforcement corruption risks with the ACC, ACBPS and AFP—for example, because of their access to law enforcement information or intelligence that would be valuable to organised crime, or involvement in taskforces or joint law enforcement operations at Australia’s borders.

All three agencies welcomed the addition of the LEIC Act to their integrity arrangements and—in consultation with ACLEI—have taken steps to strengthen their existing anti-corruption frameworks in preparation for joining the Integrity Commissioner’s jurisdiction on 1 July 2013. The ACC, ACBPS and AFP have also provided support and advice to assist with the transition.

The Integrity Commissioner acknowledges the high level of commitment to integrity shown by the senior managers of AUSTRAC, CrimTrac and the Department of Agriculture, and their staff with responsibilities for safeguarding professional standards.

Preparation by agencies joining the LEIC Act jurisdiction on 1 July 2013

Measures taken in 2012–13
All three agencies
<ul style="list-style-type: none">» At senior and officer levels, have begun building cooperative partnerships with ACLEI and the other agencies in the LEIC Act jurisdiction.» Engaged in ongoing officer-level liaison with ACLEI staff to discuss corruption risk and manage the transition to the new arrangements.» Arranged briefings and site visits to familiarise ACLEI with their operations and an understanding of their corruption risks.» Invited ACLEI to provide presentations to staff and managers, to raise awareness of the Integrity Commissioner’s role in dealing with corrupt conduct and how to report a concern relating to integrity.» Participated in ACLEI’s <i>Community of Practice for Corruption Prevention</i> in March and June 2013.
AUSTRAC
<ul style="list-style-type: none">» In January 2013, invited the Integrity Commissioner to address the Senior Executive Service.» Established a new position of Director Security, Risk & Integrity to give prominence to integrity issues in the agency.» Sought ACLEI’s comment on AUSTRAC’s 2011–13 Fraud Control Plan.» Added corruption risk to the agency-wide risk assessment for the 2013–15 Fraud Control Plan. This risk assessment was finalised before 1 July 2013.» Invited ACLEI to visit each AUSTRAC office to ensure all staff received briefings about the Integrity Commissioner’s role and functions and how AUSTRAC will work in partnership with ACLEI.» Developed a new Integrity Framework and implementation plan in consultation with ACLEI and the <i>Community of Practice for Corruption Prevention</i>. Some aspects of the Framework—for example, strengthened mechanisms to detect corrupt conduct—were put into place before 1 July 2013.

The CrimTrac Agency

- » Established an Integrity Advisory Committee to advise the Executive Leadership Team. The Committee provides advice to senior managers on appropriate action concerning potential integrity breaches and risks.
- » Assessed its integrity framework using a draft tool provided by ACLEI, and determined priority areas for development. Subsequently, CrimTrac took specific steps to improve the existing framework, for example by:
 - making changes to pre-employment declarations by candidates;
 - advising suppliers of the CrimTrac policy on gifts and hospitality;
 - making plans to add integrity modules to 2013–14 corporate training; and
 - reviewing internal policies—for example, relating to conflicts of interest—to ensure that sufficient attention is paid to integrity matters.
- » Invited the Integrity Commissioner and ACLEI to address the Executive Leadership Team on the subject of corruption risk and the Integrity Commissioner's role in fighting corruption.
- » With ACLEI's support, took steps to build CrimTrac's understanding of the theory behind corruption control. CrimTrac sponsored the agency's Director Human Resources to attend the International Anti-Corruption Summer Academy in July 2013.
- » Planned to host an ACLEI *Community of Practice for Corruption Prevention* meeting in September 2013.

Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture)

- » Launched an all-staff Security Week in Canberra in March 2013—at which the Integrity Commissioner spoke—to raise awareness of security and integrity risks. The program was subsequently delivered to regional offices in June 2013, and ACLEI made presentations in all locations to raise staff members' awareness of the Integrity Commissioner's role.
- » Invited ACLEI to address Regional Managers in May 2013 to ensure that they are aware of the Department's obligations under the LEIC Act.
- » Developed a new Chief Executive's Instruction (CEI) to address notification requirements under the LEIC Act and set an expectation that staff members will report suspected corrupt conduct.
- » In support of the CEI, the Department's intranet site makes available other guidance—including a new corruption control *frequently asked questions* document—and provides a number of reporting options.
- » Added information about how to report fraud and corrupt conduct to the Department's website.
- » In consultation with ACLEI and other agencies in the *Community of Practice for Corruption Prevention*, designed an all-staff e-learning integrity training package focussing on fraud and corruption control, that also provides information on how to report suspected corrupt conduct.
- » In conjunction with ACLEI, developed a new suite of investigation management procedures to align internal investigations to the Department's responsibilities under the LEIC Act.
- » Commenced planning for an agency-wide corruption risk assessment, scheduled for the second half of 2013. ACLEI will contribute to this process.

CHAPTER 2 | Agency overview

This chapter provides an overview of ACLEI’s role, responsibilities, priorities and structure.

The office of the Integrity Commissioner and ACLEI are established by the *Law Enforcement Integrity Commissioner Act 2006* (the LEIC Act).

ACLEI supports the Integrity Commissioner to provide independent assurance to government about the integrity of prescribed law enforcement agencies and their staff members, by detecting and preventing corrupt conduct, and by investigating corruption issues.

In 2012–13, the agencies subject to the Integrity Commissioner’s jurisdiction were the Australian Crime Commission (the ACC), the Australian Customs and Border Protection Service (the ACBPS), the Australian Federal Police (the AFP) and the former National Crime Authority (the NCA).

In November 2012, the *Law Enforcement Integrity Legislation Amendment Act 2012* commenced. Accordingly, a further three agencies were added to the Integrity Commissioner’s jurisdiction from 1 July 2013. These agencies are the Australian Transaction Reports and Analysis Centre (AUSTRAC), the CrimTrac Agency, and prescribed aspects of the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture).

Other agencies with a law enforcement function may also be added to the Integrity Commissioner’s jurisdiction by regulation.

OUR VISION	» An Australian Government law enforcement culture that resists corruption.
OUR MISSION	» To support the Integrity Commissioner to detect, disrupt and deter corrupt conduct.
OUR APPROACH	<div>Leadership</div> <div>Partnership  Independence</div> <div>» Integrity partnerships.</div> <div>» Focus on ‘highest harms’.</div> <div>» Hard on the issue and respectful of individuals.</div>
OUR RESPONSIBILITIES	<div>» Detect, investigate and prevent corrupt conduct.</div> <div>» Maintain and strengthen the integrity of law enforcement staff—for instance, by providing corruption prevention advice and by making recommendations for reform of practices and laws.</div> <div>» Collect and analyse information about corruption, and inform the Australian Parliament about patterns and trends.</div>
OUR VALUES	<div>» Innovation and excellence.</div> <div>» Cooperation and communication.</div> <div>» Fairness and objectivity.</div>

ROLE

The Integrity Commissioner's primary role is to investigate law enforcement-related corruption issues, giving priority to serious and systemic corruption. ACLEI collects information and intelligence about corrupt conduct and corruption risk to support this function.

The Integrity Commissioner can investigate any information or allegation which indicates that corrupt conduct has occurred, is occurring, or may be likely to occur. Information about corruption may come from the Minister, members of law enforcement and other government agencies, members of the public or ACLEI's own detection initiatives. The heads of the agencies in ACLEI's jurisdiction must notify the Integrity Commissioner of corruption issues in their agencies as soon as practicable after they become aware of them.

In addition, the Minister may request the Integrity Commissioner to conduct a public inquiry into all or any of the following matters:

- » a corruption issue;
- » an issue about corruption generally in law enforcement; or
- » an issue or issues about the integrity of staff members of law enforcement agencies.

The Integrity Commissioner must also consider the nature and scope of corrupt conduct revealed by investigations, and report annually on any patterns and trends in corruption in Australian Government law enforcement agencies and other government agencies that have law enforcement functions (see Chapter 7—*Patterns and trends*).

ACLEI aims also to understand corruption and prevent it. When, as a consequence of performing his or her functions, the Integrity Commissioner identifies laws of the Commonwealth or administrative practices of government agencies that might contribute to corrupt practices or prevent their early detection, he or she may make recommendations for those laws or practices to be changed.

INTEGRITY PARTNERSHIP

The LEIC Act establishes a framework whereby the Integrity Commissioner and the heads of the agencies in the LEIC Act jurisdiction can prevent and deal with corrupt conduct jointly and cooperatively. The arrangement takes account of both:

- » the continuing responsibility that the heads of law enforcement agencies have for the integrity of their staff members; and
- » the Integrity Commissioner's independent role, to provide an external, objective view, and assist law enforcement agencies to build or reinforce their integrity arrangements.

Accordingly, ACLEI's approach is to work in 'integrity partnership' with the agencies in the Integrity Commissioner's jurisdiction—for instance, through joint investigations and secondments, corruption detection and risk assessment initiatives and the *Community of Practice for Corruption Prevention*.

The 'concertina' model

ACLEI has a number of investigations and operations in progress at any one time, and the resources and expertise needed for any one investigation varies. Accordingly, ACLEI's operating model involves the ability—sometimes at short notice—to form multi-agency taskforces, which support the Integrity Commissioner as the head of an investigation into corrupt conduct. The Integrity Commissioner refers to this operating model as the 'concertina' model.

Under the ‘concertina’ model, ACLEI maintains core skills in investigation, intelligence collection and analysis, technical surveillance monitoring, legal counsel for coercive hearings, and corruption prevention. Additional capacity, expertise and skills are obtained from partner agencies—including through taskforce arrangements—as required by the nature and progress of each investigation. The Integrity Commissioner independently directs these resources to uncover corrupt conduct, according to priority.

The taskforce environment also allows evidence gathered to flow seamlessly between agencies to support criminal prosecutions, disciplinary outcomes and corruption prevention objectives.

STRATEGIC PRIORITIES

ACLEI assists the agencies in the Integrity Commissioner’s jurisdiction to maintain the integrity of their staff members and to deal with corruption risks associated with law enforcement activities, such as the threat of infiltration or compromise by organised crime. Under the LEIC Act, the Integrity Commissioner must give priority to serious or systemic corruption issues.

Accordingly, the Integrity Commissioner’s strategic focus is to gather and share information about, and investigate, corruption issues that may:

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

In addition, ACLEI contributes to the design and implementation of the corruption awareness-raising, prevention and detection activities of the agencies in the Integrity Commissioner’s jurisdiction.

ACLEI’s outcome, program objective and performance measures are detailed in the *Attorney-General’s Portfolio Budget Statements 2012–13* and are summarised at Chapter 3—*Performance overview*.

INDEPENDENCE

The Integrity Commissioner is a statutory officer and the CEO of ACLEI. ACLEI is part of the Attorney-General’s portfolio. During the reporting period, the Minister for Home Affairs and Minister for Justice was responsible for the administration of the LEIC Act.

Impartial and independent investigations are central to the Integrity Commissioner’s role. Under the LEIC Act, the Minister may request the Integrity Commissioner to conduct a public inquiry, but cannot direct how inquiries or investigations will be performed.

The LEIC Act contains measures to ensure that the decisions of the Integrity Commissioner remain free from political interference. For instance, the Integrity Commissioner:

- » is appointed by the Governor-General and cannot be removed arbitrarily;
- » is appointed for up to five years, with a maximum sum of terms of seven years;
- » can commence investigations on his or her own initiative;

- » can make public statements; and
- » can release reports publicly.

In these ways, the Integrity Commissioner maintains an independent relationship with government.

RESPONSIBILITIES AND POWERS

Investigation options

The Integrity Commissioner decides independently how to deal with any allegations, information or intelligence about possible corrupt conduct concerning any staff member of the agencies in ACLEI's jurisdiction. The Integrity Commissioner is not required to investigate every corruption issue that arises in Commonwealth law enforcement. Rather, the Integrity Commissioner's role is to ensure that indications and risks of corrupt conduct in law enforcement agencies are identified and addressed properly.

The Integrity Commissioner may choose from a range of options in dealing with a corruption issue. The options are to:

- » investigate the corruption issue independently;
- » investigate the corruption issue jointly with another government agency;
- » refer the corruption issue to the law enforcement agency for internal investigation (with or without management or oversight by ACLEI);
- » refer the corruption issue to the AFP, or in the case of secondees, to another agency, such as a State integrity agency, or another government agency, for investigation; or
- » take no further action.

The Integrity Commissioner will investigate only when there is advantage in ACLEI's direct involvement—for example if an independent investigation would be beneficial, or if the use of coercive powers would be desirable.

The Integrity Commissioner may, at any time, reconsider how a corruption issue should be dealt with.

Chapter 5—*Assessments and investigations* sets out how corruption issues were dealt with during 2012–13.

Monitoring agency investigation outcomes

This report uses the term 'government agency investigation' to describe those investigations when:

- » the Integrity Commissioner decides to refer a corruption issue to an agency in ACLEI's jurisdiction (with or without ACLEI oversight or management) or another Commonwealth Government agency for it to investigate; and
- » an agency in ACLEI's jurisdiction—with the Integrity Commissioner's knowledge and consent—continues an internal investigation into a corruption issue which is not identified as a significant corruption issue under the LEIC Act.

The Integrity Commissioner retains an interest in the progress and outcome of government agency investigations, and receives a report from the investigating agency at the conclusion of each investigation.

On receiving a final report following a government agency investigation, the Integrity Commissioner may make comments or recommendations to the head of the agency, on any matter relating to, or arising out of, the report or the investigation to which the report relates.

If the Integrity Commissioner were not satisfied with the response or proposed actions of an agency head, the Integrity Commissioner may provide his or her view, and reasons for this view, to the Minister. The Integrity Commissioner may also provide the material to the President of the Senate and the Speaker of the House of Representatives for presentation to each House of the Parliament.

Investigation powers

Officers who may be subject to investigation by the Integrity Commissioner are likely to be well-versed in law enforcement methods, and skilled at countering them to avoid scrutiny. As a consequence, the Integrity Commissioner may use a range of special powers and methods in order to investigate corrupt conduct, including:

- » ‘notices to produce’ information, documents or things;
- » summons to attend an information-gathering hearing, answer questions and give sworn evidence, and/or to produce documents or things;
- » covert investigation methods:
 - telecommunications interception and data access;
 - electronic and physical surveillance;
 - controlled operations;
 - assumed identities;
 - scrutiny of financial transactions; and
 - access to specialised information databases for law enforcement purposes;
- » integrity testing (for corruption issues in the ACC, ACBPS and AFP);
- » search warrants;
- » right of entry to law enforcement premises and associated search and seizure powers; and
- » arrest (relating to the investigation of a corruption issue).

It is an offence not to comply with notices, not to answer questions—and not to answer truthfully—in hearings, or otherwise to be in contempt of ACLEI. A person who is in contempt of a proceeding under the LEIC Act may be brought before a court for the contempt to be dealt with by that court.

In addition, the Integrity Commissioner may issue directions to prevent disclosure, by any witness summonsed to a hearing, any other person present, or any recipient of a ‘notice to produce’, about the nature and existence of ACLEI investigations. This measure is designed to avoid collusion between witnesses and prevent other forms of compromise that may arise, were the existence of an ACLEI investigation to become known prematurely. Non-disclosure directions are also one of the means by which the Integrity Commissioner can protect whistleblowers.

Reporting

The LEIC Act establishes the means by which the Integrity Commissioner may report to the Minister or to members of the public about issues related to the performance of his or her functions. When the Integrity Commissioner provides the Minister with a report into an investigation—in most circumstances—a copy of the report is also provided to the head of the law enforcement agency concerned.

A report made to the Minister may be published by the Integrity Commissioner when the Integrity Commissioner considers that to do so would be in the public interest. If a public inquiry were requested by the Minister, or if a public hearing were held as part of an investigation, the Minister must cause the Integrity Commissioner's report to be laid before each House of the Parliament.

The Integrity Commissioner's reports on investigations must include findings and the evidence or material on which those findings are based. In addition, the Integrity Commissioner may express opinions and make recommendations regarding, for example, disciplinary or other management action concerning a member of a law enforcement agency.

The LEIC Act also encourages the Integrity Commissioner to consider measures that would remedy any practices which may give rise to corrupt conduct, or which could hamper its detection. The Integrity Commissioner is authorised to explore such issues in reports and to make recommendations accordingly.

The Integrity Commissioner's annual report is required to include a summary of each investigation completed during the year, and any recommendations made (see Chapter 6—*Reports to the Minister*).

Prosecutions, civil actions and disciplinary actions

If the Integrity Commissioner, through investigating a corruption issue, discovers admissible evidence of an offence, a liability to civil penalty, or evidence that would be admissible in a proceeding under the *Proceeds of Crime Act 2002* (Cth)—or a State or Territory equivalent—the evidence must be given to the relevant prosecution authority or police force.

The Integrity Commissioner must also bring to an agency head's notice any evidence of a breach of duty or misconduct by a staff member. This requirement arises when the Integrity Commissioner is satisfied that the evidence may justify terminating the staff member's employment or initiating disciplinary proceedings against the staff member and that the evidence is, in all the circumstances, of sufficient force to justify his or her doing so.

If the Integrity Commissioner requires a person to give information or to produce documents or things that may incriminate him or her, the information is not admissible in evidence against that person in criminal proceedings or proceedings for the imposition or recovery of a penalty.

This privilege against self-incrimination does not apply to:

- » disciplinary proceedings;
- » confiscation proceedings under the *Proceeds of Crime Act*;
- » proceedings for an offence of disclosure under the LEIC Act; or
- » proceedings for an offence under the *Criminal Code* that relates to the LEIC Act—namely, dealing with false or misleading information or documents or the obstruction of Commonwealth public officials.

DETECTION

Collection and analysis

As similar operating environments may have similar corruption risks and vulnerabilities, ACLEI makes strategic use of its investigations to inform corruption detection and prevention activities. For instance, ACLEI examines whether corruption indicators observed in one operational environment may be present also in other—related—environments. For this purpose, ACLEI collects and analyses information about corruption risk factors so that the Integrity Commissioner can decide what action should be taken.

Receiving and disseminating information about corrupt conduct

A feature of the LEIC Act is that it requires the head of an agency in ACLEI's jurisdiction to notify the Integrity Commissioner of any information or allegation that raises a corruption issue in his or her agency.

The LEIC Act also enables any other person—including a member of the public—other government agency or the Minister, to refer a corruption issue to the Integrity Commissioner. Special legislative arrangements also make it lawful for staff members of the law enforcement agencies in the Integrity Commissioner's jurisdiction to provide information about corruption direct to ACLEI.

Further, ACLEI is authorised under the *Telecommunications (Interception and Access) Act 1979* to receive information about any corruption issue—involving an agency within the LEIC Act jurisdiction—that may be identified by other integrity agencies or law enforcement agencies as a result of their telecommunications interception activities.

The Integrity Commissioner may disclose information to the head of a law enforcement agency, or other government agency, if satisfied that, having regard to the functions of the agency concerned, it is appropriate to do so.

The Integrity Commissioner is exempt from the operation of the *Privacy Act 1988*, reflecting the importance of ACLEI's information collection and intelligence-sharing role.

Providing information to ACLEI

ACLEI uses the term 'informant' to refer to a person, including a member of the public or a whistleblower from within an agency, who provides information to the Integrity Commissioner about possible corrupt conduct.

The Integrity Commissioner acknowledges the need to take account of the personal interest of people who approach ACLEI, and of the circumstances and frame of mind in which they may come forward. Accordingly, ACLEI's staff endeavour to be sensitive and helpful to informants. However, ACLEI does not have a complaint-handling role and ACLEI's investigations are not oriented specifically to achieving a personal remedy or resolution for an informant.

ACLEI takes care to protect the identities of whistleblowers and other informants. Each case is managed carefully, including consultation with informants about issues that may affect them. In addition, the LEIC Act contains provisions to protect whistleblowers and other informants from victimisation or harassment.

‘Two-level’ approach

One of the corruption risks in law enforcement is that organised criminal networks may seek to employ infiltration and compromise tactics to facilitate unlawful activities. The staff members of law enforcement agencies are attractive targets of such attempts. The Integrity Commissioner uses the phrase ‘the corruption handshake’ to describe the potential relationship between organised crime and a corrupt or compromised law enforcement official who may facilitate criminal activity.

Law enforcement agencies and ACLEI investigate ‘the corruption handshake’ from complementary perspectives. Law enforcement agencies lead the collection of intelligence about organised crime, and this information can provide insights about corrupt conduct and corruption risk. Likewise, integrity investigations, by examining the conduct of possibly corrupt law enforcement officers, can yield new information about the activities and methods of criminal groups.

Accordingly, ACLEI engages with the operational ‘core business’ areas of the agencies in the Integrity Commissioner’s jurisdiction, as well as with their professional standards units, to share information about organised crime operations and to work together to counter threats to law enforcement integrity.

STRENGTHENING INTEGRITY

ACLEI’s broad purpose is to maintain and strengthen integrity in Commonwealth law enforcement agencies. This purpose is achieved through ACLEI’s corruption prevention function, its contribution to anti-corruption policy and through cooperation with a wide range of agencies.

Corruption prevention

By virtue of their law enforcement functions and attractiveness to organised crime, the agencies in the LEIC Act jurisdiction share a number of similar corruption risks. ACLEI works with these agencies to prevent corrupt conduct by assisting them to strengthen their integrity frameworks and to build resistance to corruption. For this purpose, ACLEI develops corruption prevention tools, provides advice on corruption detection and deterrence measures, contributes to education programs and awareness-raising activities, and works with agencies to identify areas of corruption risk or vulnerability and effective mitigation strategies. For example, ACLEI convenes the *Community of Practice for Corruption Prevention* for the corruption prevention practitioners in the agencies in ACLEI’s jurisdiction. ACLEI also endeavours to keep up to date with relevant research to maintain expertise in corruption prevention and provide a high standard of assistance to its integrity partners.

Anti-corruption cooperation

Cooperative arrangements with other integrity and law enforcement agencies, and with other Federal, State and Territory Government agencies, are necessary for ACLEI to achieve its aims. Accordingly, ACLEI devotes time and effort to establishing and maintaining productive relationships with key partners in Australia’s integrity system. ACLEI is also part of the international community of anti-corruption agencies—with a particular focus on the Asia-Pacific region—and makes an active contribution in this sphere.

Policy initiatives

ACLEI contributes insights—gained from its operational experience—about corruption risk and deterrence measures to assist the development of Commonwealth anti-corruption policy. This contribution to broader policy development aligns with ACLEI’s investigation, intelligence and corruption prevention responsibilities.

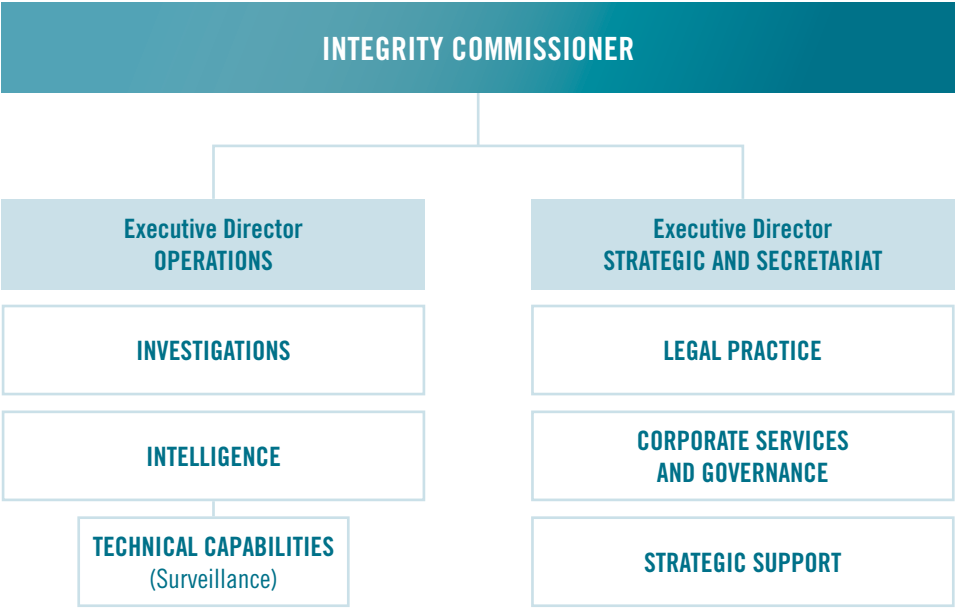
More information about ACLEI’s contribution to strengthening integrity can be found in Chapter 4—*Strengthening integrity systems*.

ORGANISATIONAL STRUCTURE

As at 30 June 2013, ACLEI had ongoing funding for an average staffing level of 29 people, including the Integrity Commissioner.

ACLEI’s organisational structure is shown in Figure One.

FIGURE ONE: ACLEI’s organisational structure as at 30 June 2013



More information about ACLEI’s staffing and organisational structure can be found in Chapter 8—*Corporate management*.

PART TWO

Progress towards outcomes

- CHAPTER 3** Performance overview
- CHAPTER 4** Strengthening integrity systems
- CHAPTER 5** Assessments and investigations
- CHAPTER 6** Reports to the Minister
- CHAPTER 7** Patterns and trends

CHAPTER 3 | Performance overview

This chapter summarises ACLEI's performance against objective measures set by government and gives an overview of ACLEI's financial resources.

FACTORS INFLUENCING PERFORMANCE

The reason for the sustained high tempo of operations in 2012–13 was the joint investigation of suspected corrupt conduct by Commonwealth law enforcement officials at Sydney International Airport.

ACLEI Operation Heritage – AFP Operation Marca drew on resources and specialist capabilities from a range of agencies, including the pilot surveillance capability provided by the ACC under a memorandum of understanding. ACLEI and partner agencies used a combination of investigation techniques during the operation to disrupt the criminal network that was the subject of investigation.

Outcomes from Operation Heritage–Marca extended beyond the investigation itself. ACLEI also provided support to the subsequent ACBPS reform process, including to the Customs Reform Board. Together with these efforts, in 2012–13, the Integrity Commissioner gave the Minister an interim report into this investigation and four other reports into completed investigations.

Another aspect of performance in 2012–13 was ACLEI's investment of resources to assist AUSTRAC, CrimTrac, and the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture) to prepare for their addition to the Integrity Commissioner's jurisdiction from July 2013. At the invitation of each agency, ACLEI made sixteen awareness-raising presentations to AUSTRAC and Agriculture staff across Australia, and to CrimTrac staff in Canberra.

In 2012–13, additional funding of \$0.750m per year was transferred from the ACBPS as a result of a recommendation from the *Review of the implementation of ACLEI's jurisdiction to deal with corruption issues within the Australian Customs and Border Protection Service*, which Mr Peter Hamburger PSM conducted in early 2012. This additional resourcing has been directed to improve information access for investigators, strengthen management structures, and enable ACLEI to contribute more strategically to law enforcement corruption awareness and prevention programs and related policy development.

In July 2012, the Integrity Commissioner established two branches in ACLEI: *Strategic and Secretariat*—to provide focussed attention on developing ACLEI's governance, corruption prevention and integrity policy capabilities—and *Operations*—to concentrate on the complex investigations which ACLEI is undertaking.

In 2012–13, ACLEI experienced delay in recruiting suitably qualified staff to investigations and intelligence positions. In 2013–14, ACLEI intends to change its recruitment approach by simplifying procedures for applicants. In addition—aware that a growing number of ACLEI's investigations concern law enforcement officers located in the States and Territories—the Integrity Commissioner is considering establishing an interstate office, which would also widen ACLEI's potential recruitment pool.

PLANNED OUTCOMES

Annual reporting by Australian Government agencies is based on the ‘outcome and programs’ structure set out in the Portfolio Budget Statements. The Statements, which are authorised by Ministers and published as part of the annual Federal Budget process (see www.budget.gov.au), specify the outcomes, strategy, program objectives and deliverables that government expects each agency to achieve in any given year.

By reporting performance against outcomes and program expectations, each agency demonstrates to the Parliament that the funding it has received has been spent effectively and efficiently to achieve the Government’s objectives.

ACLEI had one outcome, one program and one program objective in 2012–13, as follows:

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

Outcome strategy: Ensure that corruption issues brought to the attention of the Integrity Commissioner are assessed in a timely manner and, where appropriate, investigated. ACLEI will also assist law enforcement agencies to maintain the integrity of their staff by contributing to corruption detection and prevention initiatives.

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

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

The Portfolio Budget Statements also establish a set of ‘deliverables’ for each program administered.

ACLEI’s program deliverables in 2012–13 were:

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

PERFORMANCE SUMMARY

The Portfolio Budget Statements adopt a system of reporting performance information that is based on 'Key Performance Indicators' (KPIs), which link program objectives and deliverables. The LEIC Act and the *Law Enforcement Integrity Commissioner Regulations 2006* (the LEIC Regulations) also require comprehensive reporting about ACLEI's activities.

Accordingly, Chapters 4 to 7 and Appendices 1 and 2 of this report provide greater detail about ACLEI's performance and achievements during the year, including trend data when applicable. Cross-references to this more detailed information are provided in the KPI assessment in this chapter. In addition, a compliance index is at Part 6 of this report.

ACLEI largely met its KPIs for 2012–13. Priority was given to Operation Heritage–Marca, which contributed towards several KPIs—namely, the areas of investigation and strengthening the integrity framework. The outcomes of Operation Heritage–Marca also demonstrate the value of the Integrity Commissioner's *integrity partnership* model, through which ACLEI works with the AFP, ACBPS and the Customs Reform Board to achieve durable results.

The following pages provide an overview of ACLEI's performance in 2012–13, measured against the KPIs.

KPI ONE—The corruption notification and referral system is effective

Why does this measure matter?

If sound anti-corruption arrangements concerning law enforcement agencies are in place, public confidence in those agencies can be maintained.

The preparedness of the ACC, ACBPS and the AFP to notify corruption issues to the Integrity Commissioner—and to share other information concerning corruption risks and indicators—indicates healthy and positive agency cultures that resist corruption, and represents a commitment by agency heads to be accountable for the integrity of his or her agency. Similarly, the referral of corruption issues direct to ACLEI by members of the public, whistleblowers and other government agencies demonstrates confidence that there will be an appropriate response to information or concerns about integrity.

How did ACLEI meet this measure?

The notification and referral system remains an important source of information for ACLEI. The information received from notifications and referrals is complemented by intelligence gained through other means.

The effectiveness of the integrity system is demonstrated, in part, by the number of corruption issues notified by agency heads to the Integrity Commissioner. Since agency heads draw on a range of material—audits, intelligence and internal reports—the information provided to ACLEI tends to be high-quality and actionable by comparison with information from other sources. Fifty-six notifications were received in 2012–13, down from 73 in 2011–12.

There is no indication that this decline indicates a reticence to notify the Integrity Commissioner about corruption issues. It is too early to pinpoint a probable cause—which may, for instance, reflect a strengthening of deterrence measures. As a safeguard, ACLEI will emphasise the 'detection challenge' in 2013–14, and direct additional resources towards the discovery of corrupt conduct.

Diversity in the sources of information is also an indicator of effectiveness. The Integrity Commissioner was referred a total of 21 issues in 2012–13 (9 from individuals and 12 from other government agencies), compared to 38 referrals in 2011–12. ACLEI notes the significant variation in referrals that is experienced from year to year (see Figure Three, Chapter 5—*Assessments and investigations*).

TABLE ONE: Performance snapshot—effectiveness of the reporting system

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Law enforcement agencies notify ACLEI of corruption issues in a timely way.	<p>56 notifications (one of which was also the subject of a referral to the Integrity Commissioner by another agency) were received during the year.</p> <p>Agencies discuss possible notifications with ACLEI on a routine basis.</p> <p>The AFP provides ACLEI with online access to its Professional Standards case-handling system.</p> <p>During assessment of each corruption issue, ACLEI considers the length of time between an agency's becoming aware of a corruption issue and notifying it to ACLEI. In the reporting period, ACLEI had no concerns regarding the timeliness of agency notifications.</p> <p>Discussions with the agencies indicate high levels of confidence generally in the way ACLEI operates, and demonstrate close alignment with ACLEI's anti-corruption role in the LEIC Act framework.</p>	Chapter 5— <i>Assessments and investigations</i> (see <i>Where corruption information came from</i>)
Other agencies provide information about corruption issues to ACLEI.	<p>ACLEI received 12 referrals from a variety of other government agencies in 2012–13.</p> <p>ACLEI engaged with a range of law enforcement agencies to obtain information about corruption risk in LEIC Act agencies.</p> <p>ACLEI continued working with AUSTRAC to research money laundering methods that may be used if law enforcement corruption were occurring, and to identify any incidences involving LEIC Act agency staff.</p>	Chapter 5— <i>Assessments and investigations</i> (see <i>Where corruption information came from</i>)
ACLEI is seen as viable for reporting information about corruption.	Nine referrals from members of the public and other sources were received in 2012–13.	Chapter 5— <i>Assessments and investigations</i> (see <i>Where corruption information came from</i>)

KPI TWO—ACLEI assesses all notifications and referrals of corruption issues in a timely way**Why does this measure matter?**

Some assessments are time-critical because target identification and opportunities for real-time evidence collection may rely on a prompt response from ACLEI. Timeliness in completing these assessments is also important in order to allow the relevant agency to respond to any operational risks that may arise from corruption issues.

Timeliness in assessing information is also one measure that appropriate action is being taken, and is a basis for confidence in the integrity system.

How did ACLEI meet this measure?

The Integrity Commissioner allocates resources based on an objective assessment of priority. All information provided to ACLEI is given a preliminary assessment upon receipt, and action taken accordingly. Urgent work is prioritised ahead of work that is less time-critical. In this way, ACLEI applies a risk management framework to achieve its objectives within existing resources.

In 2012–13, ACLEI completed 77 assessments, with another 18 matters remaining under assessment at 30 June 2013. As a benchmark, ACLEI aims to complete 75% of all assessments within 90 days of receipt of a notification or referral. Fifty-eight (75%) of the 77 completed assessments were handled within the 90-day time frame—an improvement on the 63% result of 2011–12. These 58 matters included 17 issues carried over from the 2011–12 reporting period.

Of the 60 notifications and referrals that were both received and assessed in 2012–13, 92% were assessed within 90 days.

During assessments—in part as a result of a broader range of investigations and a developing intelligence picture—ACLEI is better able to recognise information relating to existing operations or to existing or emerging patterns and trends. Increasingly, corruption issues have been added to existing operations rather than triggering stand-alone investigations.

ACLEI intends to enhance its intelligence capability in 2013–14 to support detection of corrupt conduct within the LEIC Act jurisdiction. The assessment of notifications and referrals will complement the discovery of corruption issues through these means.

TABLE TWO: Performance snapshot—assessments are prioritised

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
<p>Upon receipt, ACLEI assesses information about corruption to determine how each issue should be dealt with.</p> <p>Credible information about corruption is prioritised.</p>	<p>All notifications and referrals are subject to initial assessment upon receipt, to determine each one's priority. ACLEI's assessment and prioritisation process includes such factors as: the reliability of information; susceptibility of the issue to investigation; opportunity for real-time evidence collection; and seriousness and impact of the issue.</p> <p>ACLEI's growing body of investigations informs its assessment of notifications and referrals. As ACLEI's intelligence holdings grow, it has more information available to support the assessment process.</p> <p>92% of all notifications and referrals, received in 2012–13, and for which assessments were completed in the reporting year, were done so within 90 days of receipt.</p> <p>At the close of the year, 18 assessments were in progress, of which ten were more than 90 days old.</p>	<p>Chapter 5—<i>Assessments and investigations (see How workload was dealt with)</i></p>
<p>Risks relating to the operating context of law enforcement agencies are taken into account and, in appropriate circumstances, mitigation strategies are agreed with the agencies concerned.</p>	<p>The assessment and prioritisation process considers the impact of the corruption issue on the operations of an agency. Issues with a clear potential to affect agency operations receive a higher priority.</p> <p>Operating risks relating to investigations—and any mitigation strategies—are discussed routinely between agency staff and ACLEI.</p> <p>When appropriate, ACLEI communicates with the agency concerned or disseminates information to assist it to manage operating risks while investigations continue. Various disseminations of information of this nature were made during the reporting period.</p>	<p>Chapter 5—<i>Assessments and investigations (see How workload was dealt with)</i></p>
<p>Decisions are communicated to affected agencies in a timely way.</p>	<p>ACLEI maintains open communication channels and holds regular meetings with LEIC Act agencies to allow urgent matters to be brought forward when necessary.</p>	<p>Chapter 5—<i>Assessments and investigations (see How workload was dealt with)</i></p>

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

Why does this measure matter?

Corrupt conduct can distort legitimate law enforcement objectives and undermine public confidence in the justice system. ACLEI is part of the Australian Government's integrity framework, and has a particular role in detecting and deterring possible corrupt conduct in Commonwealth law enforcement.

Independent assurance to the Australian Government about the integrity of Commonwealth law enforcement agencies and their staff is achieved primarily through investigation reports, which the Integrity Commissioner gives to the Minister, and through any briefings concerning sensitive issues. The purpose of investigation reports and briefings is to ensure that the Minister is informed about developing trends and any concerns about corrupt conduct that may challenge public confidence in law enforcement agencies or require a policy or legislative reaction.

The Integrity Commissioner's investigations also add value to the integrity system by providing an independent view of the corruption risks that an issue may illustrate, whether or not corrupt conduct is found. For this reason, investigation reports may contain recommendations or suggestions to strengthen an agency's resistance to corruption, or improve the law enforcement integrity framework more generally.

Fair practices, objective decision-making and high-quality products all foster confidence in ACLEI. As a result, ACLEI's investigations must be well managed, solutions-oriented and constructive, and aim to achieve sustained improvements to the integrity system. ACLEI also uses covert and intrusive investigation methods and has access to sensitive law enforcement information. Accordingly, careful management and evaluation of investigations ensure that these government resources are directed appropriately and efficiently.

How did ACLEI meet this measure?

ACLEI's Executive Director Operations provides advice to the Integrity Commissioner about the allocation of ACLEI's operational resources, including the governance and progress of investigations.

ACLEI's Legal Practice provides advice to the Integrity Commissioner and investigators relating to the lawful use of powers, authorisations, surveillance and telecommunications interception. ACLEI also maintains a dedicated position to provide guidance and on-the-job training to staff on the accountable use of these powers, and to manage the functional aspects.

In 2012–13, ACLEI continued its governance arrangements for investigations conducted jointly with other agencies. Accordingly, Joint Management Committees—involving senior officers from ACLEI and partner agencies—coordinated operations for major investigations and taskforces.

The Executive Director Operations advises the Integrity Commissioner about the possible discontinuation of investigations, when warranted. The Integrity Commissioner's review and reconsideration function allows ACLEI to maintain a focus on serious and systemic corruption issues. Accordingly, in 2012–13, the Integrity Commissioner reconsidered and discontinued five ACLEI investigations, the same number as in 2011–12. In each instance, consideration was given to disseminating collected evidence to relevant agencies, in accordance with the LEIC Act and other applicable legislation.

In early 2012, in anticipation of a growing need to handle evidence in-house, ACLEI commissioned a review of its existing framework and arrangements. In 2012–13, ACLEI acted on the preliminary findings and strengthened its exhibit management operating procedures. This project will continue in 2013–14.

In 2012–13, ACLEI employed a number of strategies to ensure that investigative resources added value to the integrity system. Drawing on observations from ACLEI's investigations, these measures included:

- » together with the AFP, and assisted by the ACC, a corruption vulnerabilities assessment relating to Sydney International Airport;
- » ACLEI's policy contribution to developing the *Law Enforcement Integrity Legislation Amendment Act 2012*;
- » the Integrity Commissioner's participation in meetings of the Customs Reform Board, and a written submission in which integrity reforms were canvassed;
- » dissemination of evidence to law enforcement and prosecuting agencies, to deal with breach of duty and instances of misconduct; and
- » participating in agency risk assessments and the Australian Public Service Commission's capability review of the ACBPS.

In addition, all of the Integrity Commissioner's investigation reports during the reporting period considered corruption risks and suggested ways in which agencies could strengthen their integrity frameworks.

TABLE THREE: Performance snapshot—investigations add value to the integrity system

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Investigations adhere to the Integrity Commissioner's Investigation Guidelines.	<p>Investigations are governed by strategic and tactical investigation plans and are overseen by an Operations Committee, and the Integrity Commissioner.</p> <p>The Integrity Commissioner is involved at critical decision points in each investigation.</p> <p>In 2012–13, acting on the findings of an internal audit, ACLEI strengthened its exhibit management practices.</p> <p>'Practice Notes' and 'Production Guidelines' are published on ACLEI's website, to ensure that people who may be the subject of the exercise of the Integrity Commissioner's coercive powers are informed about their rights and obligations. The 'Practice Notes' were updated in September 2012.</p>	<p>Chapter 9—<i>Accountability</i> (see <i>Internal accountability</i>)</p> <p>Chapter 8—<i>Corporate management</i> (see <i>Governance practices</i>)</p>
ACLEI investigations are properly managed.	<p>The Integrity Commissioner and Executive Director Operations review the management of each investigation at key milestones, such as the exercise of powers, to ensure the effective use of intelligence and other resources, and adherence to operational policies.</p> <p>ACLEI maintained a dedicated staff position in 2012–13 to coordinate ACLEI's use of intrusive powers and other warrant-based activity.</p> <p>An enhanced case management system has strengthened ACLEI's ability to manage investigations more efficiently.</p> <p>For major joint investigations, the Integrity Commissioner convenes a management meeting with the heads of partner agencies, to receive operational briefings.</p> <p>ACLEI reviews regularly the deployment of investigation resources against strategic priorities. Of the 31 investigations active during the year, five were reconsidered and discontinued.</p> <p>Various disseminations of information were made while investigations continued—for example, to assist in managing operational risk, to provide criminal intelligence, or to enable disciplinary action concerning serious breaches of duty.</p>	<p>Chapter 5—<i>Assessments and investigations</i></p> <p>Chapter 9—<i>Accountability</i> (see <i>Internal accountability</i>)</p>
Investigation reports provided to the Minister are of high quality.	<p>A total of five investigation reports were given to the Minister in this period, including an interim report on Operation Heritage.</p> <p>All reports to the Minister contained recommendations or observations about corruption risk, or both. The agencies used the Integrity Commissioner's recommendations and observations to inform improvements to their anti-corruption frameworks.</p>	<p>Chapter 6—<i>Reports to the Minister</i></p>
Advice is provided to the Minister in a timely way.	<p>While the decisions of the Integrity Commissioner must remain free from political interference, the Integrity Commissioner kept the Minister and the Attorney-General's Department appropriately informed of matters relating to ACLEI and its investigations, to the extent that administrative action or legislative amendment may be required.</p> <p>All briefings to the Minister met appropriate standards and were provided within agreed time frames.</p> <p>The Integrity Commissioner—in collaboration with the AFP—provided the Minister with an in-confidence assessment of corruption vulnerabilities at Sydney International Airport, which subsequently informed integrity reform in the ACBPS.</p>	<p>Chapter 2—<i>Agency overview</i> (see <i>Independence</i>)</p> <p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Identifying corruption risks and vulnerabilities</i>)</p>

KPI FOUR—ACLEI monitors corruption investigations conducted by law enforcement agencies**Why does this measure matter?**

Under the LEIC Act framework, the Integrity Commissioner may refer corruption issues for internal investigation by the ACC, ACBPS or AFP, or—when a Commonwealth crime is evident—ask the AFP to investigate corruption issues relating to the other LEIC Act agencies. At the conclusion of such an investigation, the agency head provides a report to the Integrity Commissioner, who may make recommendations and comments concerning the investigation or outcome.

ACLEI's scrutiny of this investigation reports provides assurance that internal investigations are conducted properly, and is a safeguard to ensure that agencies engage with their responsibility for the integrity of their own staff. This process also enables agencies to keep ACLEI informed about corruption risks and allows ACLEI to focus its efforts on investigations where independence is required or the use of the Integrity Commissioner's powers under the LEIC Act would be necessary.

In these ways, ACLEI adds value to the agencies' own efforts to manage corruption risks.

How did ACLEI meet this measure?

In 2012–13, ACLEI investigation managers met on a regular basis with the professional standards units of the ACC, ACBPS and AFP to consider the progress of any corruption issues that the Integrity Commissioner had referred for agency investigation.

ACLEI received 38 reports of completed agency investigations during the period—one from the ACC, six from the ACBPS and 31 from the AFP. The Integrity Commissioner did not consider that any comments or recommendations were necessary, and accepted the reports' conclusions as appropriate.

At 30 June 2013, seventy-one agency investigations were in progress (73 had been in progress at the beginning of 2012–13, and 48 at the start of the previous year).

TABLE FOUR: Performance snapshot—law enforcement agency investigations

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
All agency corruption investigation reports provided to ACLEI for review are assessed for intelligence value and completeness.	<p>38 agency investigation reports were received and reviewed in the year (compared with 25 in 2011–12 and 18 in 2010–11).</p> <p>All agency investigation report conclusions were accepted and no comments or recommendations were necessary.</p> <p>Regular discussion with agencies in ACLEI’s jurisdiction helped to develop a mutual intelligence picture of corruption and corruption risk in the jurisdiction.</p>	Chapter 5— <i>Assessments and investigations</i> (see <i>Investigations conducted by other agencies</i>)
ACLEI liaises regularly with the agencies’ professional standards units.	<p>In 2012–13, ACLEI staff and agency professional standards units met regularly to discuss investigations.</p> <p>Senior ACLEI staff gave induction briefings to new AFP Professional Standards investigators and other staff.</p> <p>The Integrity Commissioner addressed an AFP Professional Standards muster of staff in May 2013.</p> <p>A number of officers from agency professional standards units were seconded to ACLEI during 2012–13, or worked with ACLEI in joint taskforce arrangements, and—when appropriate—members of AFP and ACBPS professional standards units attended ACLEI’s operations meetings.</p> <p>Professional standards staff of all agencies in the Integrity Commissioner’s jurisdiction attend the quarterly <i>Community of Practice for Corruption Prevention</i>, to ensure that investigations identify opportunities to strengthen integrity arrangements.</p>	<p>Chapter 5—<i>Assessments and investigations</i> (see <i>How workload was dealt with</i>)</p> <p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Raising awareness</i>)</p>

KPI FIVE—ACLEI contributes to policy development and law reform in accountability and corruption prevention relating to law enforcement

Why does this measure matter?

Government policy settings influence the corruption-deterrence environment, and may affect the threat environment—for instance, when new law enforcement methods or powers are introduced, new corruption risks or opportunities can arise.

Accordingly, an important function of the Integrity Commissioner—as the only Commonwealth agency head with a sole focus on corruption—is to advise the Australian Government and the Parliament about patterns and trends in corruption risks in law enforcement, and to recommend any changes to law and policy or to agency practices and procedures that may be desirable.

How did ACLEI meet this measure?

ACLEI uses insights drawn from investigations to inform corruption prevention advice to agencies and policy contributions to government and in other forums.

During 2012–13, ACLEI contributed to a number of important whole-of-government initiatives and reviews relating to law enforcement practice and accountability, and about integrity arrangements and anti-corruption policy generally. For example, ACLEI provided input to the Senate Standing Committee on Legal and Constitutional Affairs *Inquiry into the Law Enforcement Integrity Legislation Amendment Bill 2012*, and the Parliamentary Joint Committee on Law Enforcement's *Inquiry into the gathering and use of criminal intelligence*. In addition, the Integrity Commissioner made information available to the Customs Reform Board, to support the ACBPS reform process.

The *Community of Practice for Corruption Prevention*, which was initiated by ACLEI in June 2011, met four times during the reporting year. In March 2013, representatives from AUSTRAC, the CrimTrac Agency and the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture) joined this group. Their attendance at these meetings has enabled them to draw on the expertise and support of the existing LEIC Act agencies, and prepare for their inclusion in the LEIC Act jurisdiction from July 2013.

TABLE FIVE: Performance snapshot—improving resistance to corruption

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Each investigation addresses corruption risk and, where warranted, makes recommendations for improvement in corruption prevention or detection measures.	<p>In each of the investigation reports given to the Minister in 2012–13, the Integrity Commissioner made observations or recommendations to improve the resistance to corruption of law enforcement agencies.</p> <p>All recommendations were accepted by the heads of the agencies concerned. Agencies took steps to improve their anti-corruption frameworks based on the Integrity Commissioner's comments.</p> <p>The ACLEI and the AFP, assisted by the ACC, prepared for the Minister an in-confidence 'vulnerabilities' report describing factors which may have contributed to corrupt conduct at Sydney International Airport. This analysis has since informed integrity reforms in the ACBPS.</p>	<p>Chapter 6—<i>Reports to the Minister</i></p> <p>Chapter 4—<i>Strengthening integrity systems (see Identifying corruption risks and vulnerabilities and Adding to anti-corruption safeguards)</i></p>
Submissions that relate to corruption prevention or enhancing integrity may be made to government or in other relevant forums.	<p>ACLEI made public submissions to five Australian Government or Parliamentary inquiries and provided policy input to a number of other inquiries and initiatives, including to the Customs Reform Board.</p> <p>ACLEI remained in contact with stakeholders, researchers and State integrity counterparts, as a basis for confidence and currency in the advice ACLEI provides.</p>	<p>Chapter 4—<i>Strengthening integrity systems (see Adding to anti-corruption safeguards and Building partnerships against corruption)</i></p>

KPI SIX—Staff members of law enforcement agencies are made aware of ACLEI's role**Why does this measure matter?**

Raising awareness about ACLEI's role communicates to staff members of law enforcement agencies the Australian Government's commitment to building a corruption-resistant law enforcement culture, and helps to engage them and instil shared values.

This effort helps to create a law enforcement culture in which individuals, particularly supervisors and potential whistleblowers, are able to recognise the indicators of corrupt behaviour and are willing to report information appropriately.

How did ACLEI meet this measure?

ACLEI promotes itself specifically in law enforcement agencies, and more broadly, using a variety of strategies, including a web presence (www.aclei.gov.au), speeches, presentations and the distribution of a promotional pamphlet and other publications.

During 2012–13, the Integrity Commissioner, and ACLEI staff, addressed 46 selected domestic and international audiences (see Appendix 1—*Papers and presentations*). The purpose of these outreach activities is to draw attention to developments in ACLEI's role within the integrity framework and to build broad and diverse partnerships to further ACLEI's anti-corruption work.

The focus of outreach in 2012–13 was to support agencies' existing integrity initiatives, including by presenting at training for integrity staff of the ACBPS and AFP, and by assisting the ACC, ACBPS and the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture) to develop integrity e-learning products. Another important body of work during the year was to assist AUSTRAC, CrimTrac and the Department of Agriculture to raise awareness of their commencement in the Integrity Commissioner's jurisdiction from 1 July 2013.

TABLE SIX: Performance snapshot—awareness-raising

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Marketing and other awareness-raising activities are in place, including joint initiatives with other agencies.	<p>ACLEI's website and information pamphlet describe how the Integrity Commissioner and ACLEI detect, disrupt and deter corrupt conduct in Commonwealth law enforcement agencies, and provide information about how to report suspected corruption to the Integrity Commissioner.</p> <p>ACLEI updated the information pamphlet in 2012–13 to reflect the addition of AUSTRAC, CrimTrac and the Department of Agriculture to ACLEI's jurisdiction, and the introduction of integrity testing powers.</p> <p>Investigation reports—or, in some cases—a summary of a report and the Integrity Commissioner's speeches are made public on ACLEI's website.</p> <p>ACLEI contributed to e-learning packages produced by the ACC, the ACBPS and Agriculture that include information about corruption risk and how to report a corruption issue to ACLEI.</p>	<p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Raising awareness</i>)</p> <p>Appendix 1—<i>Papers and presentations</i></p>
Targeted presentations about integrity are made to diverse audiences.	<p>The Integrity Commissioner or ACLEI officers made 21 presentations to staff of agencies in ACLEI's jurisdiction to assist integrity training initiatives or to raise awareness of corruption risk.</p> <p>ACLEI conducted 17 awareness-raising sessions around Australia for staff of the agencies joining the Integrity Commissioner's jurisdiction from 1 July 2013.</p> <p>The Integrity Commissioner or senior ACLEI staff presented eight times to a range of domestic and international audiences during the year, including:</p> <ul style="list-style-type: none"> » a briefing by the Integrity Commissioner to the Commonwealth Integrity Agencies Forum, the Heads of Commonwealth Operational Law Enforcement Agencies and the heads of agencies in the Attorney-General's portfolio about how insights from the investigation into corrupt conduct at Sydney International Airport could inform anti-corruption arrangements more broadly; » a two-day roundtable on corruption prevention and investigation methods with the Corruption Eradication Commission (KPK) of the Republic of Indonesia, in Jakarta; » a speech to a graduating class of the Jakarta Centre for Law Enforcement Cooperation, in Semarang, Indonesia, in support of international cooperative anti-corruption efforts; » a course in Canberra for 80 Thai government and non-government leaders run by the National Anti-Corruption Commission of Thailand; and » the Integrity Commissioner represented the Australian Government and gave the Country Statement at the First Assembly of Parties of the International Anti-Corruption Academy in Vienna, Austria. 	<p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Raising awareness and engaging internationally</i>)</p> <p>Appendix 1—<i>Papers and presentations</i></p>

KPI SEVEN—ACLEI handles personal information appropriately**Why does this measure matter?**

ACLEI's detection and investigation roles rely on the collection of sensitive law enforcement and other information. Accordingly, ACLEI has been granted significant powers to gather information relating to possible corrupt conduct.

Since agencies and other informants are more willing to share information with ACLEI if they were confident that it would be handled appropriately, ACLEI needs to have in place robust security and integrity measures, to remain a trusted and effective guard against corruption.

How did ACLEI meet this measure?

The Integrity Commissioner publishes 'Information Guidelines' on the ACLEI website www.aclei.gov.au, under *Hearings, notices and information guidelines*, to provide information about how ACLEI obtains, handles, uses or disseminates information gathered through investigations.

ACLEI uses a number of strategies to protect information from accidental or unauthorised disclosure. For example, investigations are undertaken in a secure operations facility, where physical and technical features allow information to be stored, shared in private, and accounted for. Standard operating procedures are one of the means by which ACLEI communicates expectations to staff and provides guidance on information-handling, record-keeping and maintaining privacy and confidentiality.

ACLEI has arrangements for access to a number of law enforcement databases from ACLEI's secure operations facility. Such access is governed through memoranda of understanding or agreements. Regular audits are undertaken of access logs for ACLEI databases and those belonging to other agencies. For example, AUSTRAC audits the access to its systems by staff of other agencies, including ACLEI.

On advice from ACLEI's Audit Committee, regular internal audits are conducted to ensure that ACLEI continues to handle personal and sensitive information accountably and securely. Another audit of information-handling arrangements will commence in 2013–14, to take account of ACLEI's access to additional law enforcement information sources, and others in prospect.

TABLE SEVEN: Performance snapshot—handling personal information

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Regular privacy audits are undertaken to ensure compliance with legal obligations and better practice policy for information-handling.	<p>ACLEI handles information, including exhibits, within a secure environment, segmented into areas requiring different levels of access.</p> <p>A broad review of information-handling arrangements will commence in 2013–14.</p> <p>Access to other agencies' databases is governed through memoranda of understanding. Each ACLEI officer has a unique identifier and all access is logged. ACLEI has in place authorisation and audit mechanisms to satisfy the database owner's security requirements.</p> <p>There were no reported security incidents involving unauthorised release of information during the year.</p> <p>ACLEI's minimum security classification for ongoing staff remains at Negative Vetting Level 2 (Top Secret).</p> <p>ACLEI complies with the Australian Government Protective Security Policy Framework, which contains a classification system for controlling storage and access to official information and documents.</p>	<p>Chapter 8—<i>Corporate management</i> (see <i>Governance practices, Management of human resources, Information management and technology and Facilities management</i>)</p> <p>Chapter 9—<i>Accountability</i> (see <i>Internal accountability</i>)</p>

FINANCIAL PERFORMANCE

Financial Summary

As Table Eight shows, the original budgeted cost from appropriations for ACLEI in 2012–13 had been \$6.043m (up from \$5.579m the previous year), providing for an average staffing level of 29 people, including the Integrity Commissioner (up from 24 the previous year).

ACLEI's actual appropriation included new funds of \$0.750m per year, which were transferred to ACLEI from the ACBPS. These funds were transferred as a result of a recommendation from the 2012 *Review of the implementation of ACLEI's jurisdiction to deal with corruption issues within the Australian Customs and Border Protection Service*.

During the year, ACLEI also received additional funding from the Confiscated Assets Account, seized under the *Proceeds of Crime Act 2002*, for a two-year surveillance capability pilot project. Eighteen months' of these funds (January 2012 to June 2013) are recognised in Table Nine as section 31 receipts. Funding for the pilot project will end in December 2013.

Under the pilot project, ACLEI's surveillance capability is hosted by the ACC under a memorandum of understanding. The use of this shared resource is directed by ACLEI and the technical and human elements are managed by the ACC.

In 2012–13, ACLEI recorded an operating surplus, attributable to the agency, of \$0.262 million. Achieving accurate budget forecasting is an ongoing challenge for ACLEI, which has applied for an operating loss in four of its seven years of operation. This variation is due to the relatively small size of ACLEI's budget and the relatively high proportion allocated to salaries, and the unpredictability of factors associated with the investigations function. These factors include the prospect of legal challenge, the need for access to forensic services, and the contingency to deploy staff interstate.

As a prudent financial manager, ACLEI continues to look for efficiencies in its operations. As in the previous year, ACLEI continued to maintain a pool of experienced security-cleared staff who could work on a casual or part-time basis to meet fluctuations in workload, or to accommodate out-of-hours work associated with live monitoring of surveillance operations.

During 2012–13, through its *Enterprise Agreement 2012–2014*, ACLEI introduced arrangements to enable shift work and work outside of normal operating hours, to take account of the extended hours involved in some investigations. ACLEI anticipates that, while such measures may lead to modest cost savings, obtaining such flexibility will be of great value.

TABLE EIGHT: Resources available to ACLEI

	2011–12			2012–13			2013–14
	Estimated expenses ¹	Revised estimated expenses ²	Actual expenses ³	Estimated expenses ²	Revised estimated expenses ⁴	Actual expenses ³	Estimated expenses ⁴
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Resources	5,579	6,110	5,979 ⁵	6,043	8,180	6,004	7,615
Average staffing level	24	24	24	29	29	28.3	34

1 Budgeted estimates are based on Table 2.1: Budgeted expenses for Outcome 1, ACLEI, *Portfolio Budget Statements 2011–12, Budget Related Paper No. 1.2, Attorney-General's Portfolio*, p 75.

2 Budgeted estimates are based on Table 2.1: Budgeted expenses for Outcome 1, ACLEI, *Portfolio Budget Statements 2012–13, Budget Related Paper No. 1.2, Attorney-General's Portfolio*, p 74. Following the government-initiated *Review of the implementation of ACLEI's jurisdiction to deal with corruption issues within the ACBPS*, by Mr Peter Hamburger PSM, an additional resource transfer was approved in the 2012–13 Budget.

3 Actual expenses include Original Budget, Revenue from government, and Budgeted Operating Loss approvals made by the Minister for Finance and Deregulation on an annual basis.

4 Budgeted estimates are based on Table 2.1: Budgeted expenses for Outcome 1, ACLEI, *Portfolio Budget Statements 2013–14, Budget Related Paper No. 1.2, Attorney-General's Portfolio*, p 70. During 2012–13, ACLEI recognised the additional funds of \$2.56m, received over two calendar years, from the Confiscated Assets Account established under the *Proceeds of Crime Act 2002* to establish a Surveillance Capability Enhancement Pilot Project.

5 A variation in result of \$0.007 million is attributable to a change in estimated depreciation and amortisation expense between Budget Estimates and actual expense (see Table Ten in this chapter).

Performance

ACLEI's audited 2012–13 Financial Statements appear in Part 4 of this annual report.

The Integrity Commissioner again reports that ACLEI received an unmodified audit opinion from the Australian National Audit Office for these accounts. Some notable features of the accounts reflecting ACLEI's financial performance are summarised in this section.

Table Nine sets out the total resources available to ACLEI during the year, including:

- » unspent appropriations from previous years (which require permission from the Minister for Finance to be used in any year); and
- » unspent departmental non-operating equity injections from previous years.

TABLE NINE: Agency resource statement 2012–13

		Actual available appropriation for 2012–13 \$'000	Payments made 2012–13 \$'000	Balance remaining 2012–13 \$'000
		(a)	(b)	(a) – (b)
Ordinary Annual Services ¹				
Departmental appropriation ²		5,784	5,269	515
Previous years' outputs		4,032	-	4,032
Adjust previous years' outputs ³		892	-	892
s 31 Relevant agency receipts		2,118	2,118	-
Total ordinary annual services	A	12,826	7,387	5,439
Other services ⁴				
Equity injections		80	-	80
Total other services	B	80	-	80
Total Available Annual Appropriations and Payments		12,906	7,387	5,519
Total net resourcing and payments for ACLEI (A + B)		12,906	7,387	5,519

1 Appropriation Bill (No.1) 2012–13 and Appropriation Bill (No.3) 2012–13. This amount may also include Prior Year departmental appropriation and s 31 relevant agency receipts.

2 Includes an amount of \$0.070m in 2012–13 for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

3 Adjustment made to prior year appropriations to show total departmental appropriation available at 1 July 2012.

4 Prior year departmental non-operating equity injections.

Table Ten shows the net cost of ACLEI's Outcome and Program. As previously noted, the net result for ACLEI's output was an operating surplus of \$0.262 million (refer also to Note 16A of the Financial Statements, Net Cost of Outcome Delivery).

TABLE TEN: Expenses for Outcome One

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 ¹ 2012–13 \$'000	Actual Expenses 2012–13 \$'000	Variation 2012–13 \$'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 ²	7,711	7,442	269
Expenses not requiring appropriation in the Budget year	469	476	(7)
Total for Program 1.1	8,180	7,918	262
Total expenses for Outcome 1	8,180	7,918	262
Staffing	2011–12	2012–13	
Average Staffing Level (number)	24	28.3	

1 Full-year budget, including any subsequent adjustment made to the 2012–13 Budget.

2 Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 31)'.

CHAPTER 4 | Strengthening integrity systems

This chapter describes ACLEI's contribution to the law enforcement integrity framework.

An objective of the LEIC Act is to maintain and strengthen integrity in Commonwealth law enforcement agencies. Accordingly, ACLEI seeks to build resistance to corruption in these agencies by:

- » identifying corruption risks and vulnerabilities;
- » adding to anti-corruption safeguards by strengthening policy, practices and laws;
- » raising awareness about corruption and how to deal with it; and
- » building partnerships against corruption.

IDENTIFYING CORRUPTION RISKS AND VULNERABILITIES

The heads of the agencies in the Integrity Commissioner's jurisdiction need accurate information as a basis for anticipating and managing the prospect that corrupt conduct may occur in their agencies. By knowing where corrupt conduct is most likely to occur—and why—agencies may more effectively target anti-corruption interventions and detection efforts.

Accordingly, ACLEI provides external, objective advice and technical expertise to the task of analysing corruption risk and finding corruption vulnerabilities. For example in 2012–13, ACLEI:

- » provided technical advice on methodology to the ACBPS Program Integrity Risk Assessment process and was consulted on the findings;
- » drawing on its operational experience, provided comments on the ACBPS 2013 Fraud Control and Anti-Corruption Plan;
- » together with ACT Policing and AFP Professional Standards, completed a joint strategic assessment of corruption risk factors that may apply to community policing (Project Apex);
- » travelled to the AFP deployment in East Timor, to learn about the types of corruption risk that may be associated with overseas deployments in that location;
- » provided anti-corruption insights to the Australian Public Service Commission's Capability Review of the ACBPS;
- » in collaboration with the AFP, as part of Operation Heritage–Marca, prepared a corruption vulnerabilities assessment of Sydney International Airport; and
- » contributed background information and advice about corruption to the ACC, informing a number of ACC products—such as ongoing work related to the classified Organised Crime Threat Assessment—that are aimed at supporting the fight against serious and organised crime.

Chapter 7—*Patterns and Trends* discusses some of the risk factors identified by ACLEI during the year.

Operation Heritage—Marca—vulnerabilities assessment

Operation Heritage—Marca is a joint investigation, with the ACBPS and the AFP, of alleged corrupt conduct among officers at Sydney International Airport. As a consequence of that investigation, ACLEI and the AFP, with assistance from the ACC, prepared a corruption vulnerabilities assessment of Sydney International Airport.

The assessment—which also identifies possible remedial changes to procedures and other arrangements—was provided to the ACBPS CEO and to the Customs Reform Board, to inform the broad revision of program delivery and agency culture that presently is taking place (see *Integrity reform in the ACBPS*, later in this chapter).

The vulnerabilities assessment has not been made public. However, the analysis informed the Integrity Commissioner's *Interim Report into Operation Heritage* which summarises some of the factors that—in combination—may have contributed to some officers acting corruptly at Sydney International Airport. The Interim Report has been published in full on ACLEI's website www.aclei.gov.au under *Reports, submissions and speeches*, and a summary appears in Chapter 6—*Reports to the Minister*.

Project Apex—Strategic assessment of corruption risk factors in ACT Policing

The Integrity Commissioner's investigations of corrupt conduct also consider whether particular observed conduct is a 'one-off' event or indicative of a wider problem. For instance, external factors (such as the economy, organised crime, price of illicit drugs, changes in social norms) or internal factors (such as workplace culture or shortcomings in the integrity framework) may affect corruption risk within an agency.

With these factors in mind, during 2012–13, ACLEI, ACT Policing and AFP Professional Standards concluded a joint project examining current and emerging corruption risks associated with community policing in the ACT. The project—known as Project Apex—sought to establish what is in the ACT Policing 'basket of risks', and which (if any) of these issues might be a cause for concern. It also sought to identify how resilient the AFP's integrity framework is in withstanding the identified risks. The project report, which has not been made public, was provided in June 2013 to the Acting Chief Police Officer for the ACT and the Integrity Commissioner.

The project team's analysis confirmed that the ACT Policing culture—which is underpinned by the AFP's integrity framework—is robust and alert to the possibility of systemic corruption occurring across a range of integrity risks that arise from its law enforcement functions.

The Project Apex report observed that corruption risk—like organised crime—changes in response to its environment, and that new pressures for corrupt conduct will continue to emerge. As with comparable police forces across Australia, ACT Policing needs to maintain its vigilance against corruption, and continue to adapt, anticipate and respond to corruption risks.

During the project, ACLEI and ACT Policing developed and trialled various risk analysis methods and tools. ACLEI expects that some of these tools, and the experience gained in Project Apex, can be used to inform corruption-risk analyses in other environments.

ADDING TO ANTI-CORRUPTION SAFEGUARDS

ACLEI's strategic objective is to make it more difficult for corrupt conduct to occur, or to remain undetected. For this reason, ACLEI assists the agencies in the LEIC Act jurisdiction to strengthen their deterrence and detection mechanisms. In part, these goals are achieved through the *Community of Practice for Corruption Prevention*, which helps to influence the priority given by agencies to integrity matters. In addition, ACLEI engages with agencies to provide advice or expertise and contribute to the design of their integrity frameworks.

In 2012–13, ACLEI assisted agencies to build their resistance to corruption in the following ways.

- » Further to the strategic and technical advice provided in 2012 to the ACBPS internal review of its integrity framework and anti-corruption strategies, ACLEI continued to assist the ACBPS to enhance its integrity framework, including through observations from Operation Heritage–Marca and the vulnerabilities assessment. As part of this process, the Integrity Commissioner participated in meetings of the Customs Reform Board (see *Integrity reform in the ACBPS*, later in this section).
- » ACLEI has developed a checklist of internal corruption controls that are—or can be—used by law enforcement agencies. An early draft has been distributed for comment to corruption prevention practitioners in the agencies in the LEIC Act jurisdiction. This tool has already assisted these agencies to consider which measures may be most suited to their operational environments.
- » As recommended by the Parliamentary Joint Committee on ACLEI in its *Interim Report into the Inquiry into the operation of the LEIC Act* (February 2010), ACLEI provided comment to a review of the Categories of Conduct Determinations under section 40RM of the *Australian Federal Police Act 1979*.
- » The Integrity Commissioner's investigation reports (summarised in Chapter 6—*Reports to the Minister*) included recommendations and observations aimed at strengthening the capacity of agencies to detect, deal with, and deter corrupt conduct.
- » ACLEI provided advice and technical anti-corruption expertise to AUSTRAC, the CrimTrac Agency and the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture), to assist them to prepare for their July 2013 commencement under the Integrity Commissioner's jurisdiction.

ACLEI's contribution to anti-corruption policy

The Integrity Commissioner has a responsibility under the LEIC Act to make recommendations for changes to policies, practices and laws in relation to law enforcement integrity. Accordingly, ACLEI works with the LEIC Act agencies, the Attorney-General's Department and other agencies to develop or refine policy settings in order to strengthen the broader integrity environment and ensure that anti-corruption legislative tools remain matched to risk. As the only Commonwealth agency whose sole purpose is the defeat of corruption, ACLEI also participates in government consultations on matters relating to wider anti-corruption policy.

In 2012–13, the Integrity Commissioner and ACLEI contributed to policy development in relation to—for example:

- » intelligence-sharing between criminal and corruption investigations;
- » the value and use of information gained using covert investigation methods;
- » assessing corruption risk and the organised crime threat environment;
- » fraud control;
- » whistleblowing (public interest disclosures);
- » policy settings for law enforcement information in relation to freedom of information requests (the Hawke Review);
- » integrity testing powers;
- » matching measures to risks (in relation to the Integrity Commissioner's jurisdiction); and
- » other proposed changes to the LEIC Act and Regulations.

The Integrity Commissioner made five public submissions to Inquiries:

- » *Inquiry into the gathering and use of criminal intelligence*, Parliamentary Joint Committee on Law Enforcement—August 2012;
- » *Inquiry into potential reforms of National Security Legislation*, Parliamentary Joint Committee on Intelligence and Security—August 2012;
- » *Inquiry into the Law Enforcement Integrity Legislation Amendment Bill 2012*, Senate Standing Committee on Legal and Constitutional Affairs—October 2012;
- » *Inquiry into the Crimes Legislation Amendment (Serious Drugs, Identity Crime and Other Measures) Bill 2012*, Senate Standing Committee on Legal and Constitutional Affairs—October 2012; and
- » *Inquiry into performance measures and accountability of oversight agencies*, Parliament of NSW Joint Committee on the Ombudsman, the Police Integrity Commission and the NSW Crime Commission—February 2013.

The Integrity Commissioner's public submissions are available on ACLEI's website:

www.aclei.gov.au, under *Reports, submissions and speeches*. The outcomes of some of these Inquiries are reported in Appendix 3—*Changes in ACLEI's operating environment*.

Integrity reform in the ACBPS

In his 2011–12 Annual Report, the Integrity Commissioner described how ACLEI had provided strategic and technical advice to an ACBPS internal review of its integrity framework and anti-corruption strategies. That review was completed early in the reporting period.

A significant outcome of the ACBPS integrity review was the passage through the Parliament, in November 2012, of the *Law Enforcement Integrity Legislation Amendment Act 2012*, which introduced specific anti-corruption measures for the Service. The ACBPS has since worked with ACLEI to design and implement internal policies to put the new arrangements into place. For example, ACLEI has provided advice on mandatory integrity reporting, drug and alcohol testing, integrity testing and the creation of an Integrity Support and Referral Network to provide assistance to staff about integrity reporting obligations. The AFP also contributed operational perspectives on these topics.

In December 2012, the Integrity Commissioner and two officers travelled to the United Kingdom to study corruption risks and anti-corruption measures in law enforcement and border protection agencies. This visit, which also included key integrity agencies, has since informed ACLEI's approach to strengthening integrity in high corruption-risk agencies and the process of managing cultural reforms.

Between February and June 2013, the Integrity Commissioner and senior officers of the AFP participated in meetings of the Customs Reform Board and contributed observations and insights from Operation Heritage–Marca, including corruption vulnerabilities. At the Board's request, the Integrity Commissioner made a written submission about possible anti-corruption policy reforms that might strengthen the operating environment or that would assist the work of corruption investigators.

In this context, ACLEI has also participated in the development of the ACBPS *Blueprint for Reform: 2013–2018*. The Blueprint establishes three foundation 'reform tracks'—*People and Operating Model*; *Modernisation*; and *Integrity*—and outlines key areas of focus to transform culture, leadership and integrity in the ACBPS over the next five years. These measures include—for example—instituting a program of Corruption Impact Assessments, establishing a Special Integrity Adviser to assist the ACBPS CEO to discharge his or her integrity responsibilities, and further strengthening the Professional Standards capability. A link to the Blueprint can be found on the ACBPS website at www.customs.gov.au.

RAISING AWARENESS

ACLEI's awareness-raising activities have a number of strategic aims. First, members of the public and staff members of the agencies in the LEIC Act jurisdiction must be aware of—and have confidence in—the Integrity Commissioner and ACLEI for them to consider ACLEI as a viable avenue for reporting suspected corrupt conduct. Second, ACLEI takes steps to support agency efforts to maintain high-integrity cultures—based on shared professional standards—within which corrupt conduct would not be tolerated.

In addition, ACLEI aims to assist agencies to improve the ability of supervisors and staff members to recognise the visible indications that corrupt conduct may be occurring, and to know how to report any concerns appropriately.

ACLEI also makes use of opportunities presented by conferences and engagement with government and academics to raise awareness about corruption risks and vulnerabilities and to give prominence to integrity policy matters.

During 2012–13, ACLEI achieved these objectives in the following ways.

- » ACLEI's website and pamphlet describe how the Integrity Commissioner and ACLEI detect, disrupt and deter corrupt conduct in Commonwealth law enforcement agencies, and provides information about how to report suspected corruption to the Integrity Commissioner.
- » ACLEI provided advice to the ACC, ACBPS and the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture) for their development of integrity e-learning products, aimed at all staff in those agencies. The Integrity Commissioner also provided introductory messages for inclusion in the ACC and ACBPS packages, tailored to the needs of each agency.
- » ACLEI participated in training the new ACBPS Integrity Support and Referral Network, which was established in early 2013 to provide support and advice to staff members on integrity matters, and to be an approved alternative means for individuals to fulfil mandatory integrity reporting requirements.
- » The Integrity Commissioner and ACLEI officers made—in total—21 targeted awareness-raising presentations to staff members, managers, anti-corruption practitioners and operational audiences in the ACBPS and AFP. These presentations are listed at Appendix 1—*Papers and presentations*.
- » Between January and June 2013, the Integrity Commissioner and other ACLEI staff made 17 presentations to managers and staff of AUSTRAC, the CrimTrac Agency and the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture) in their workplaces across Australia, to assist those agencies to raise staff members' awareness of the Integrity Commissioner's extended jurisdiction from July 2013. The agencies used these opportunities to brief ACLEI about their local operations, possible integrity challenges and preparations for entering the LEIC Act jurisdiction.
- » The Integrity Commissioner made presentations to the Heads of Commonwealth Operational Law Enforcement Agencies, Heads of Commonwealth Integrity Agencies and Attorney-General's Portfolio Agency Heads about how the anti-corruption insights from Operation Heritage–Marca could apply to the broader law enforcement community and the Australian Public Service.

BUILDING PARTNERSHIPS AGAINST CORRUPTION

Resources for the Australian integrity framework are not vested solely in ACLEI. 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 be effective in combatting law enforcement corruption and to strengthen Australia's integrity arrangements more generally. Accordingly, ACLEI endeavours to establish and maintain productive relationships with key partners in Australia's integrity system.

Community of Practice for Corruption Prevention

As a consequence of their law enforcement functions and their close operational relationships, the agencies in the Integrity Commissioner's jurisdiction face broadly similar challenges to their integrity—for instance, the danger of infiltration or corrupt compromise by organised crime, the threat of bribes, and the theft of law enforcement information. ACLEI convenes the *Community of Practice for Corruption Prevention* to provide a forum for corruption prevention practitioners from the agencies in the Integrity Commissioner's jurisdiction to share good practice and experience, generate and test new ideas to prevent corrupt conduct, and to carry out joint projects.

The *Community of Practice* met four times during 2012–13 to discuss—for example—what anti-corruption measures may be effective in which circumstances, approaches to assessing corruption risk, and building ethical workplace cultures.

On occasion, the *Community of Practice* also invites academics and other presenters to discuss relevant research. Notably in 2012–13, KPMG audit staff made a presentation about the KPMG *2012 Fraud Control Survey* and Professor Adam Graycar, Director of the Research School of Social Sciences, Australian National University, discussed the *Perceptions of Corruption and Ethical Conduct Survey 2012*.

In anticipation of the July 2013 extension of the Integrity Commissioner's jurisdiction to include AUSTRAC, the CrimTrac Agency and prescribed aspects of the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture), ACLEI invited these three agencies to become members of the *Community of Practice* from March 2013. This measure made it possible for ACC, ACBPS and AFP corruption prevention practitioners to offer support and advice, as the three new agencies made preparations for the addition of the LEIC Act to their existing integrity arrangements.

State integrity agencies

The links between ACLEI and the State integrity agencies were maintained and strengthened in 2012–13. For instance, during the year, the Integrity Commissioner and other ACLEI staff continued to meet with the heads and operations staff of these agencies to exchange information about corruption risks and emerging patterns and trends.

- » Presently, the Integrity Commissioner is the chair of the *Australian Anti-Corruption Commissions Forum*, which includes the heads of anti-corruption agencies across Australia. The Forum aims to improve the effectiveness of individual organisations, identify strategic challenges, and work cooperatively to identify ways to deal with these challenges.
- » ACLEI participates in a number of multi-jurisdictional integrity agency professional networks—related to corruption research or investigation methods—that meet occasionally to discuss common issues and emerging trends, exchange ideas and information, and consider developments affecting each relevant discipline. These meetings are one way for integrity agencies in different jurisdictions to benefit from each other's experience.
- » In November 2013, ACLEI will again be a 'partner agency sponsor' of the biennial Australian Public Sector Anti-Corruption Conference (APSACC). Jointly with presenters from the ACBPS and AFP, the Integrity Commissioner will lead a discussion on the topic of *Integrity partnership in action—making investigations count in integrity reform*.

Supporting new anti-corruption arrangements

As opportunities arise, the Integrity Commissioner seeks to make linkages with new integrity agency heads and other organisations with responsibilities in this area.

For this purpose, in June 2013, the Integrity Commissioner visited the Independent Broad-based Anti-corruption Commission (IBAC) in Victoria, to meet with its inaugural Commissioner, Mr Stephen O'Bryan SC. Mr O'Bryan commenced as Commissioner of IBAC in January 2013.

In June 2013, the Integrity Commissioner met with the new Victorian Parliamentary Committee on the IBAC, established to monitor and review IBAC's performance of its functions and duties, and report to the Victorian Parliament. The Integrity Commissioner briefed the IBAC Committee members about the LEIC Act model, the corruption-threat environment, the role of the Parliamentary Joint Committee on ACLEI and how ACLEI measures its success, in terms of improving resistance to corruption.

Also in June, ACLEI hosted a visit by staff of the South Australian Attorney-General's Department, who were establishing the arrangements for the South Australian Independent Commissioner Against Corruption. Subsequently, ACLEI officers travelled to Adelaide for further consultations.

The *Law Enforcement Integrity Commissioner Regulations 2006* were amended with effect from July 2013 to include these new agencies in South Australia and Victoria and the Integrity Commission of Tasmania as integrity agencies for the purposes of the LEIC Act.

Commonwealth agencies

Many Commonwealth agencies share the responsibility for maintaining and contributing to the integrity of the Australian Public Service. The Integrity Commissioner participates actively as a member of this community and conveys lessons from ACLEI's work that may also apply to the wider Australian Public Service. As noted under *Raising awareness* in this chapter, the Integrity Commissioner made such presentations to the Heads of Commonwealth Operational Law Enforcement Agencies (HOCOLEA), the heads of Commonwealth Integrity Agencies (which, in 2012–13, was convened by the Australian Public Service Commissioner) and the Attorney-General's Portfolio agency heads.

The non-government anti-corruption community

The Integrity Commissioner and ACLEI staff members meet from time to time with researchers, academics, representatives of non-government organisations, and others with an interest in preventing corruption. These relationships allow ACLEI to engage in broader dialogue about addressing corruption risk and strengthening integrity systems. ACLEI acknowledges the positive contribution that these individuals and organisations make to public debate about how to counter corruption.

In 2012–13, ACLEI maintained its relationships with Transparency International (Australia), the Australian Federal Police Association, the Community and Public Sector Union and anti-corruption researchers at the Research School of Social Sciences, Australian National University and the Centre for Applied Philosophy and Public Ethics, Charles Sturt University.

ENGAGING INTERNATIONALLY

Around the world, organised crime makes use of corrupt connections to enable criminal activity, including in the trafficking of illicit goods and substances across international borders. Accordingly, combating corruption—like fighting organised crime—requires cooperative efforts across many countries.

ACLEI contributes to many of Australia's existing international anti-corruption efforts in partnership with the Attorney-General's Department, the AFP and the Department of Foreign Affairs. The Integrity Commissioner thanks these agencies for their assistance in keeping ACLEI informed of international developments in integrity arrangements and supporting ACLEI's contact with integrity agencies in other countries.

ACLEI also receives requests to provide briefings to international delegations with an interest in law enforcement corruption risk or in Australia's anti-corruption framework. ACLEI collaborates with the Anti-Corruption Section of the Attorney-General's Department in relation to such requests. During 2012–13, the Integrity Commissioner or senior ACLEI staff members provided briefings to the:

- » Chair of the Enforcement Agency Integrity Commission of Malaysia;
- » Inspection Bureau of the Ministry of Justice of the Republic of Korea;
- » Inspectorate Department, Ministry of Public Security, Vietnam;
- » Ministry of Justice, Finland;
- » New Zealand Customs Service;
- » Ombudsman of the Cook Islands; and
- » Ombudsman of the Republic of Vanuatu.

International treaties

The Attorney-General's Department coordinates policy relating to international treaties concerning transnational crime and corruption.

- » ACLEI participates in the Inter-Departmental Committee on Anti-Corruption, which is convened by the Attorney-General's Department to coordinate government agency responses to international anti-corruption treaties and mechanisms. Based on its operational experience, ACLEI contributes observations about corruption risks and the threat environment, and their implications for control arrangements.
- » Since 2008, ACLEI has contributed technical experts to each Australian Government delegation to the biennial Conference of States Parties to the *United Nations Convention against Corruption*. The next Conference of States Parties is scheduled for November 2013.

International Anti-Corruption Academy (IACA)

IACA was established in March 2011 as a joint initiative of the United Nations Office on Drugs and Crime, the Republic of Austria, the European Anti-Fraud Office and a number of other stakeholders. Australia ratified the *Agreement for the Establishment of the International Anti-Corruption Academy as an International Organization* on 18 June 2012.

In November 2012—with support from the Department of Foreign Affairs and the Attorney-General's Department—the Integrity Commissioner led the Australian delegation to the first Assembly of Parties of the IACA in Vienna, Austria. While in Vienna, the Integrity Commissioner received briefings from the United Nations Office of Drugs and Crime, concerning emerging patterns in the use of corruption as a facilitator of transnational crime.

A copy of Australia's Statement to the IACA Assembly—delivered by the Integrity Commissioner on behalf of the Australian Government—is available on ACLEI's website www.aclei.gov.au under *Reports, submissions and speeches*.

IACA is developing as an independent centre of excellence in the field of anti-corruption education, professional training, networking and cooperation, and awareness-raising about corruption and how to counter it. In July each year, it hosts a two-week *International Anti-Corruption Summer Academy*. With the aim of better linking the disciplines of corruption prevention and human resource management, the Integrity Commissioner provided a letter of support for the CrimTrac Director of Human Resources to attend the Summer Academy in July 2013.

The Integrity Commissioner intends that ACLEI will continue to engage with IACA, to build regional and international contacts, access current research and strengthen ACLEI's corruption prevention capacity.

Links with integrity agencies in other countries

Anti-corruption agencies around the world face broadly similar challenges in detecting and investigating corrupt conduct, and in converting lessons learned into lasting improvements to integrity systems. ACLEI engages with integrity agencies in other countries as opportunities arise in order to exchange knowledge about combating and preventing corruption.

The Integrity Commissioner's overarching strategy of international engagement has been to focus ACLEI's coordination efforts on the countries where agencies in the LEIC Act jurisdiction have a significant link or presence.

Accordingly, during the year ACLEI developed further its connections with anti-corruption agencies in the region, such as:

- » the Corruption Eradication Commission of the Republic of Indonesia (Komisi Pemberantasan Korupsi, or KPK);
- » the East Timor Anti-Corruption Commission; and
- » the National Anti-Corruption Commission of Thailand.

The Corruption Eradication Commission of the Republic of Indonesia (KPK)

The Integrity Commissioner, with the Attorney-General's Department and the Australian Public Service Commission, is a signatory to the *Memorandum of Understanding for bilateral cooperation on combating corruption* with the KPK.

ACLEI and the KPK also participate in the Australia-Indonesia Partnership for Justice (AIPJ), which—among other goals—aims to assist Indonesia's program to strengthen integrity systems, and create closer relationships in regional approaches to combating corruption.

In April 2013, the Integrity Commissioner, ACLEI staff members and KPK participated in a two-day practitioners' roundtable on corruption investigation and intervention techniques. The roundtable was funded, in part, by the AIPJ program. The roundtable, held in Jakarta, enabled practitioners from both agencies to share experiences, techniques and strategies in relation to corruption interventions, information-gathering and corruption prevention systems development.

Subsequently, the Integrity Commissioner visited the Jakarta Centre for Law Enforcement Cooperation at Semarang, in support of Australian and Indonesian joint efforts in law enforcement training and coordination.

CHAPTER 5 | Assessments and investigations

This chapter sets out information about the corruption issues dealt with by ACLEI during 2012–13.

NOTES ON RECORDING PRACTICES

Duplicate sources of information

Sometimes, the same or substantially similar information relating to an agency in ACLEI's jurisdiction is provided to the Integrity Commissioner from different sources. For example, ACLEI may be informed about a corruption issue from the agency concerned (a notification) and from another government agency (a referral). The phenomenon reflects:

- » the practice of law enforcement agencies to work together in joint arrangements or in the same operational environment, leading to additional opportunities for possible corrupt conduct to be revealed; and
- » a broadening awareness of ACLEI and its role in the Commonwealth law enforcement integrity framework.

This situation occurred once in 2012–13, and in eight instances in 2011–12. Accordingly, relevant tables in this chapter have been adjusted to avoid over-statement. ACLEI has removed duplicate notifications that correspond to a referral already made, or vice versa, as the case may be.

Since the LEIC Regulations prescribe reporting of a specific kind, the tables in Appendix 2—*Additional statistics* have not been amended in this way. Similarly, the Key Performance Indicator (KPI) report in Chapter 3—*Performance overview* uses the unmodified data as a basis for evaluation of the timeliness of ACLEI's assessment process (KPI Three).

'Out of jurisdiction' information

A number of approaches are made to ACLEI each year, primarily from members of the public, enquiring about ACLEI's jurisdiction or seeking assistance of other kinds.

Although ACLEI is not required to report about information received that is 'out of jurisdiction', these approaches are still recorded and evaluated. There were contacts from 96 individuals or groups during 2012–13, a number of whom contacted ACLEI on more than one occasion. One group contacted ACLEI 180 times about a single concern.

WHERE CORRUPTION INFORMATION CAME FROM

Table Eleven sets out the number of notifications and referrals about possible corrupt conduct that ACLEI received during the year, and the number of 'own-initiative' corruption issues identified. As noted above, the table also includes a correction factor to control for duplicate information provided to ACLEI from more than one source.

This year's new work of 78 corruption issues is fewer than the 106 issues received in 2011–12, and the 90 corruption issues received in 2010–11.

TABLE ELEVEN: Sources of information about corruption issues in 2012–13

		ACC	ACBPS	AFP	TOTAL
NOTIFICATIONS	Notification by law enforcement agency heads [s 19(1)]	3 (8)	27 (29)	26 (36)	56 (73)
	Minister [s 18]	0 (0)	0 (0)	0 (0)	0 (0)
REFERRALS	Other people or government agencies [s 23]	1 (1)	9 (14)	11 (23)	21 (38)
	ACLEI intelligence / 'own initiative' investigation [s 38(1)]	0 (0)	2 (0)	0 (3)	2 (3)
Subtotal		4 (9)	38 (43)	37 (62)	79 (114)
Less 'duplicates' (information provided by more than one source)		0 (0)	1 (8)	0 (0)	1 (8)
Total		4 (9)	37 (35)	37 (62)	78 (106)

Numbers in (brackets) are for the 2011–12 reporting year.

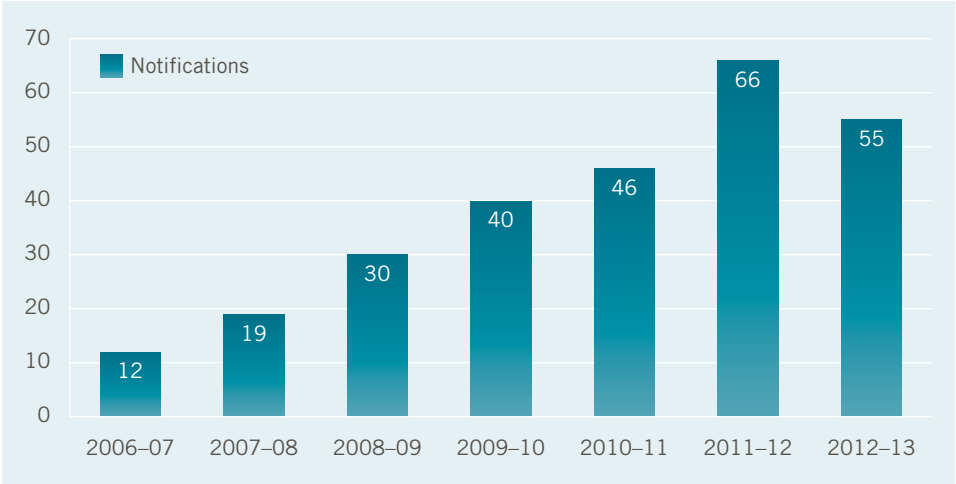
Notifications

Under the LEIC Act, the AFP Commissioner and the CEOs of the ACC and the ACBPS are required to notify the Integrity Commissioner of corruption issues that relate to their respective agencies.

ACLEI works closely with each agency to ensure that 'borderline' notifications can be discussed. This process assists agencies to meet their notification obligations and has helped to ensure that ACLEI is made aware of information that may illustrate corruption risk, or would otherwise inform ACLEI's intelligence picture.

In 2012–13, ACLEI received 56 notifications. One notification from the CEO of the ACBPS had already been received by ACLEI as a referral from another agency, and has been excluded from the data presented in this chapter. There had been eight of these 'duplicates' the year before. Figure Two, overleaf, shows the trend of the data since ACLEI's commencement in January 2007.

FIGURE TWO: Trends in notifications to ACLEI



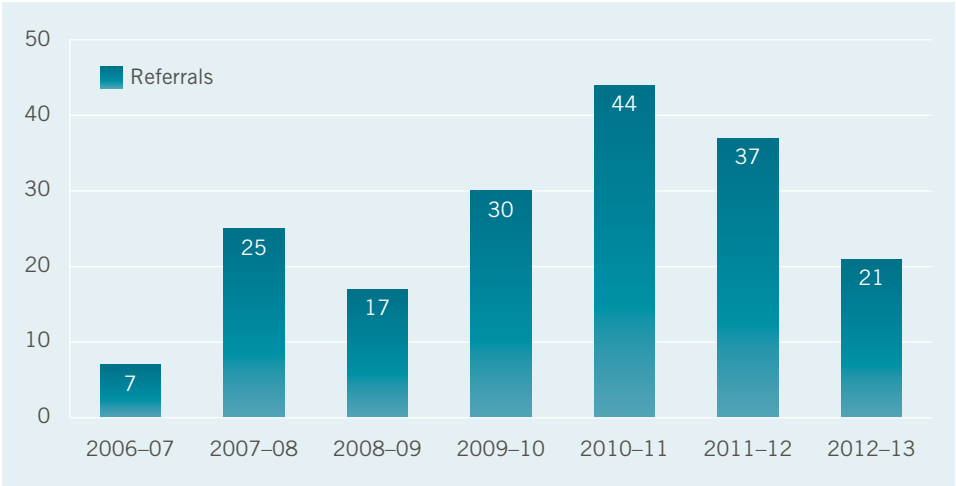
2006-07 figures are for the six-month period after ACLEI's commencement.
The ACBPS was added to the LEIC Act jurisdiction on 1 January 2011.

Referrals

The Minister may refer a corruption issue to the Integrity Commissioner. In addition, any other person, company or government agency may provide information to the Integrity Commissioner about possible corrupt conduct.

Figure Three charts the number of referrals received each year since ACLEI's commencement, and shows the variation in this information source from year to year.

FIGURE THREE: Trends in referrals to ACLEI

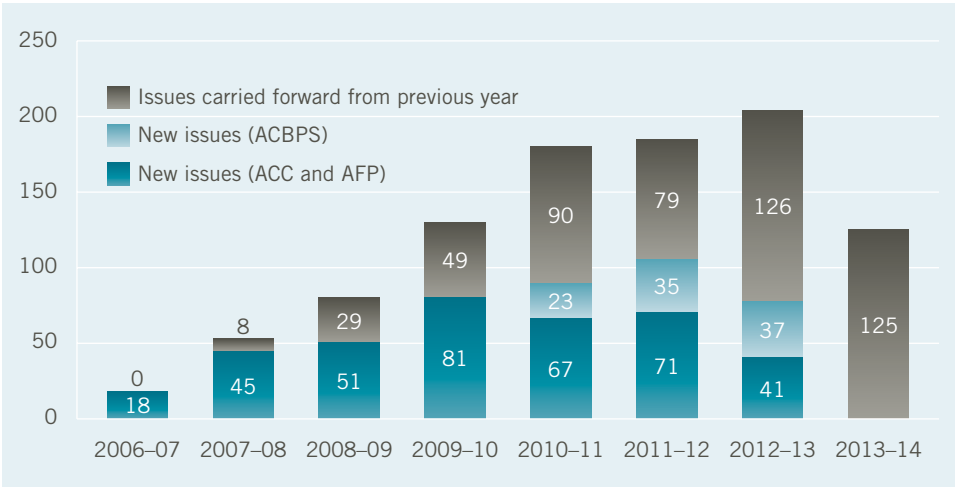


2006-07 figures are for the six-month period after ACLEI's commencement.
The ACBPS was added to the LEIC Act jurisdiction on 1 January 2011.

Total workload

In addition to the 55 notifications and 21 referrals made to the Integrity Commissioner, ACLEI's workload during 2012–13 included two 'own initiative' investigations (which were commenced in the reporting year) and 126 other corruption issues carried forward from previous years. Accordingly, ACLEI dealt with a total of 204 corruption issues during the reporting year. The trend in total workload is illustrated in Figure Four.

FIGURE FOUR: Trends in ACLEI's workload



2006–07 figures are for the six-month period after ACLEI's commencement.

The ACBPS was added to the LEIC Act jurisdiction on 1 January 2011.

HOW WORKLOAD WAS DEALT WITH

Table Twelve summarises the way in which ACLEI dealt with each of the 204 issues that were active in 2012–13:

- » Sub-Table 12A shows all issues that, due to a decision of the Integrity Commissioner, resulted in some form of investigation;
- » Sub-Table 12B summarises the way issues were concluded;
- » Sub-Table 12C shows the assessments in progress at 30 June 2013; and
- » Sub-Table 12D totals the number of notifications and referrals dealt with in 2012–13.

The information, trends and patterns shown in these Sub-Tables are discussed in the rest of this chapter.

TABLE TWELVE: Total workload—how notifications, referrals and ‘own initiative’ investigations were dealt with

SUB-TABLE 12A: Corruption issues under investigation during 2012–13

		ACC	ACBPS	AFP	SUB TOTAL	TOTAL
INVESTIGATED BY ACLEI	ACLEI investigation [s 26(1)(a)]	1 (1)	6 (2)	7 (7)	14 (10)	31 (28)
	ACLEI joint investigation [s 26(2)]	2 (3)	9 (8)	6 (7)	17 (18)	
	Public Inquiry at request of the Minister [s 71]	0 (0)	0 (0)	0 (0)	0 (0)	
SUPERVISED INVESTIGATIONS	Agency investigation managed by ACLEI [s 26(1)(b)(i) or 26(1)(d)]	0 (0)	0 (0)	0 (0)	0 (0)	2 (4)
	Agency investigation overseen by ACLEI [s 26(1)(b)(ii) or 26(1)(e)]	0 (0)	1 (1)	1 (3)	2 (4)	
UNSUPERVISED GOVERNMENT AGENCY INVESTIGATIONS, WITH OUTCOME TO BE REVIEWED BY ACLEI (IN MOST INSTANCES)	ACLEI satisfied that agency notifying a ‘significant’ issue should investigate (without supervision) [s 26(1)(b)(iii)]	4 (1)	30 (25)	43 (40)	77 (66)	107 (97)
	Referred to AFP for investigation (without supervision) [s 26(1)(c)(iii)]	0 (1)	1 (0)	N/A	1 (1)	
	ACLEI satisfied that agency notifying a ‘not significant’ issue should continue to investigate (without supervision) [s 22(1)]	2 (1)	4 (5)	23 (24)	29 (30)	
	State integrity agency to investigate conduct of a secondees [s 29(6)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	
Total		9 (7)	51 (41)	80 (81)	140 (129)	

SUB-TABLE 12B: Corruption issues concluded during 2012–13

B1: ACLEI INVESTIGATIONS FINALISED	ACC	ACBPS	AFP	TOTAL
ACLEI investigation finalised [s 55 report to Minister]	0 (0)	2 (0)	2 (2*)	4 (2)
ACLEI investigation discontinued [s 42 reconsideration]	1 (1)	2 (1)	2 (3)	5 (5)
Subtotal (B1)	1 (1)	4 (1)	4 (5)	9 (7)
B2: REVIEWS OR REFERRALS FINALISED	ACC	ACBPS	AFP	TOTAL
External reports accepted by ACLEI [s 66]	1 (1)	6 (2)	31 (22)	38 (25)
Government agency investigations discontinued by Integrity Commissioner [s 42 reconsideration]	0 (0)	0 (0)	0 (3)	0 (3)
Subtotal (B2)	1 (1)	6 (2)	31 (25)	38 (28)
B3: CONCLUDED FOLLOWING ASSESSMENT	ACC	ACBPS	AFP	TOTAL
Did not raise a corruption issue within the meaning of the LEIC Act	1 (0)	0 (2)	2 (8)	3 (10)
Decided to take no further action (after assessment) [s 31(2)(b) or 32(2)]	4 (4)	9 (4)	16 (6)	29 (14)
Has been, is, or will be, the subject of investigation by a law enforcement agency [s 31(4)(a)(i)]	0 (0)	0 (0)	0 (0)	0 (0)
Subtotal (B3)	5 (4)	9 (6)	18 (14)	32 (24)
Total concluded issues (B1 + B2 + B3)	7 (6)	19 (9)	53 (44)	79 (59)

SUB-TABLE 12C: Assessments in progress at 30 June 2013

	ACC	ACBPS	AFP	TOTAL
Issues under assessment at close of reporting year	0 (5)	20 (5)	12 (22)	32 (32)

SUB-TABLE 12D: Total workload in 2012–13

	ACC	ACBPS	AFP	TOTAL
(Sub-Tables A + B3 + C)	14 (16)	80 (52)	110 (117)	204 (185)

Numbers in (brackets) are for the 2011–12 reporting year.

* Report 01/2012 is a single report concerning two related corruption issues.

ACLEI INVESTIGATIONS

In general, an allegation or information which raises a corruption issue is accepted for investigation when assessment indicates that the information is reliable and able to be investigated, and when there is a public interest in the Integrity Commissioner's direct involvement. Section 27 of the LEIC Act sets out the criteria to which the Integrity Commissioner must have regard when deciding how to deal with a corruption issue.

The Integrity Commissioner may decide to investigate solely, or may engage with another government agency in a joint investigation. Accordingly, partners in joint investigations may be any of the agencies in the Integrity Commissioner's jurisdiction, or any Commonwealth, State or Territory Government agency.

As shown in Sub-Table Twelve A, ACLEI investigations into 31 corruption issues were active during the reporting period. Eleven of these investigations were commenced during 2012–13.

The Integrity Commissioner concluded four investigations during the year by way of reports to the Minister. In addition, one interim report was given to the Minister (Operation Heritage). These investigation reports are summarised in Chapter 6—*Reports to the Minister*.

As indicated in Sub-Table Twelve B, a further five investigations were reconsidered and closed, taking account of practical and public interest factors, such as the:

- » value of evidence gathered to date;
- » resources required to collect further evidence;
- » prospect of being able to reach a conclusion if evidence were available;
- » relative priority of the issue being examined; and
- » disruption or deterrent effect of an ACLEI investigation.

Accordingly, at 30 June 2013, there were 22 investigations in progress.

Joint investigations

ACLEI's ability to undertake joint investigations is an important part of the LEIC Act framework.

For example, this approach is used when:

- » an investigation is linked to a broader criminal investigation in which other agencies have an interest;
- » an investigation covers a range of misconduct and corruption issues that may require close management by the agency concerned; or
- » particular requirements exist to ensure that the law enforcement agency can maintain operational security and manage associated risks to its core business.

Joint investigation arrangements also enable the resources available to ACLEI to expand rapidly—for instance, in response to the challenges of real-time evidence collection or to enable rapid deployment to locations interstate. Another benefit is that investigators and analysts are able to come together in taskforce arrangements, thereby sharing and developing skills across the anti-corruption system.

Of the 11 investigations the Integrity Commissioner commenced during the year, three are being conducted jointly with other agencies. Of the 22 ACLEI-led investigations that are continuing into 2013–14, twelve are being conducted jointly with other agencies.

Nature of allegations

Table Thirteen sets out the nature of the corruption issues that led to the commencement of 11 investigations in 2012–13. Reflecting ACLEI's prioritisation model—which includes examination of possible links to organised crime—the dominant corruption issue category remains 'abuse of office'.

Further information is set out in Appendix 2 (see the table relating to Regulation 20) about the 22 investigations from previous reporting years that were also active during 2012–13.

TABLE THIRTEEN: Investigations (including joint investigations) commenced by ACLEI in 2012–13, by nature of allegation

	ACC	ACBPS	AFP	TOTAL
Abuse of office [s 6(1)(a)]	0 (0)	4 (4)	6 (4)	10 (8)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (0)	0 (0)	0 (0)
Corruption of any other kind [s 6(1)(c)]	0 (1)	1 (0)	0 (0)	1 (1)
Total	0 (1)	5 (4)	6 (4)	11 (9)

Numbers in (brackets) are for the 2011–12 reporting year.

INVESTIGATIONS CONDUCTED BY OTHER AGENCIES

When an allegation or information raises a corruption issue, one option available to the Integrity Commissioner is to refer the issue to another government agency for investigation.

A key principle that underpins the unique ACLEI model is that each agency head retains primary responsibility for the integrity of his or her agency. Accordingly, it is important that agencies have the capacity and appropriate capability to conduct investigations internally, proportionate to their risk.

The LEIC Act provides for the Integrity Commissioner to decide whether a corruption issue should be dealt with internally by an agency, or in another way. For instance, corruption issues can be referred to:

- » the ACC, the ACBPS, or to the AFP for an internal investigation relating to the conduct of each agency's own staff or appointees;
- » the AFP (for a criminal investigation, if the corruption issue does not relate to the AFP);
- » a State or Territory 'home agency' (concerning the conduct of a secondee from that agency);
- » a State or Territory integrity agency (concerning the conduct of a secondee in the jurisdiction of that agency to investigate); or
- » any other Commonwealth government agency (concerning a secondee from that agency).

In addition, under section 22(1) of the LEIC Act, a law enforcement agency may continue to investigate a corruption issue that is not designated as 'significant', unless the Integrity Commissioner decides to deal with the issue in a different way.

At the conclusion of any investigation of a corruption issue conducted by a Commonwealth government agency, a report must be provided to the Integrity Commissioner.

Management of the external workload

In 2012–13, as Table Fourteen shows, 109 corruption issues were being dealt with externally to ACLEI using the LEIC Act framework as a basis (compared with 101 in 2011–12).

These corruption issues—which at the close of the reporting year were in various stages of investigation or reporting by external government agencies—represent just over half (53%) of the 204 corruption issues dealt with during 2012–13. This result is comparable to previous years (55% in 2011–12; 41% in 2010–11).

At the end of the reporting period, 71 corruption issues were still being dealt with by other agencies, a similar number to the previous year (73 in 2011–12).

TABLE FOURTEEN: Corruption issues dealt with as internal investigations or as other government agency investigations during 2012–13

		INVESTIGATION IN PROGRESS			INVESTIGATION DISCONTINUED			REPORT RECEIVED AND REVIEWED			TOTAL
		ACC	ACBPS	AFP	ACC	ACBPS	AFP	ACC	ACBPS	AFP	
SUPERVISED AGENCY INVESTIGATIONS	Agency investigation managed by ACLEI [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)	0 (0)	0 (0)
	Agency investigation overseen by ACLEI [s 26(1)(b)(ii) or 26(1)(e)]	0 (0)	1 (1)	1 (1)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (2)	2 (4)
UNSUPERVISED AGENCY INVESTIGATIONS	Integrity Commissioner satisfied that agency notifying a 'significant' issue should investigate (without supervision) [s 26(1)(b)(iii)]	3 (1)	25 (24)	25 (29)	0 (0)	0 (0)	0 (3)	1 (0)	5 (1)	18 (8)	77 (66)
	Referred to AFP for investigation (without supervision) [s 26(1)(c)(iii)]	0 (0)	1 (0)	N/A	0 (0)	0 (0)	N/A	0 (1)	0 (0)	N/A	1 (1)
	Integrity Commissioner satisfied that agency notifying a 'not significant' issue should continue to investigate (without supervision) [s 22(1)]	2 (1)	3 (4)	10 (12)	0 (0)	0 (0)	0 (0)	0 (0)	1 (1)	13 (12)	29 (30)
	Another integrity agency, police force or relevant government agency to investigate conduct of a secondees (without supervision) [s 29(6)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Subtotal	5 (2)	30 (29)	36 (42)	0 (0)	0 (0)	0 (3)	1 (1)	6 (2)	31 (22)	109 (101)
Total		71 (73)			0 (3)			38 (25)			

Numbers in (brackets) are for the 2011–12 reporting year.

Section 66 reports

The Integrity Commissioner may comment on, or make recommendations about, any matter relating to or arising out of an investigation report which has been prepared by a Commonwealth government agency in accordance with section 66 of the LEIC Act. This arrangement:

- » allows the Integrity Commissioner to assure himself or herself that investigations external to ACLEI have been conducted appropriately;

- » enables ACLEI's intelligence holdings to be updated;
- » provides an opportunity and basis for the Integrity Commissioner to make suggestions to strengthen the integrity system against any systemic risk that may have been identified; and
- » facilitates transparency of process and enables an independent view to be reached about each outcome.

During the reporting year, ACLEI reviewed 38 reports (compared with 25 in 2011–12, 18 in 2010–11 and six in 2009–10) and found no cause to provide any formal comments to the investigating agencies.

What happens to issues in the jurisdiction of other integrity agencies?

When a corruption issue relates to the conduct of a State or Territory seconded to a law enforcement agency, the LEIC Act requires the Integrity Commissioner to inform the head of the seconded's home agency and the head of the relevant State or Territory integrity agency of the issue. The Integrity Commissioner has the option to investigate the corruption issue under the LEIC Act framework or may make arrangements for the home agency or other integrity agency to investigate.

On 26 June 2013, the Police Integrity Commission (NSW) published its investigation report into *Operation Binda*. In part, this report concerns allegations that a member of the NSW Police Force, had—while seconded to the AFP—attempted to misuse information about another person's credit card, which he had obtained in the course of his duties as a police officer.

The AFP Commissioner notified the Integrity Commissioner of this issue in 2011. The AFP continued to investigate the corruption issue under the LEIC Act framework and provided the Integrity Commissioner with a 'section 66' report on conclusion of the investigation. In keeping with his obligations under the LEIC Act, the Integrity Commissioner informed the NSW Police Commissioner and the Commissioner of the Police Integrity Commission about the corruption issue in early 2012. The AFP had previously also informed NSW Police Professional Standards.

The Police Integrity Commission found that the allegation—and several others—was established, and recommended that consideration should be given to the prosecution of the officer for a number of offences.

CONCLUDED ISSUES

A corruption issue is concluded when the Integrity Commissioner:

- » completes an investigation and gives a report to the Minister;
- » refers a corruption issue to another government agency for investigation under ACLEI management or oversight, and the investigation is subsequently completed;
- » receives a satisfactory final report relating to a corruption issue investigated by another government agency without ACLEI's management or oversight;
- » refers a corruption issue about a seconded to a non-Commonwealth agency for investigation, and does not retain an interest in the outcome; or
- » decides, either at first instance or upon reconsideration, that no investigation or further investigation is warranted.

Sub-Table Twelve B summarises the manner in which issues were concluded during the reporting year, and Figure Five shows the trend since ACLEI’s commencement. Seventy-nine corruption issues were concluded in these ways in 2012–13, compared with 59 in 2011–12 and 100 in the previous year.

This improvement in closure rate is the result of several factors, including:

- » decreased volume of corruption issues notified or referred to ACLEI in 2012–13;
- » normal fluctuation in the timing of when corruption issues were notified or referred to ACLEI, which influences the assessment task;
- » closer case management, including improvements in assessment practice;
- » a number of long-running investigations coming to a close; and
- » an increase in the number of investigations completed by external agencies.

FIGURE FIVE: Concluded issues—trend data



2006–07 figures are for the six-month period after ACLEI’s commencement.

Issues not investigated

Not all corruption issues notified or referred to the Integrity Commissioner are investigated.

Of the 204 corruption issues dealt with in 2012–13, thirty-two were not investigated. Three of these issues were concluded because assessment determined that they did not raise a corruption issue within the meaning of the LEIC Act (see Table Twelve B3). In these instances, ACLEI established that the issue either did not amount to corrupt conduct or did not involve members of agencies within ACLEI’s jurisdiction, or both.

In 28 other instances, after assessment, the Integrity Commissioner decided that investigation was not warranted, for example because the information was dated or lacked corroboration or there were no realistic lines of inquiry (and any investigation, therefore, was unlikely to lead to a conclusion being reached). In these circumstances, ACLEI retains the information as part of agency intelligence holdings.

One other corruption issue was not investigated, since it was considered preferable that the concern raised be tested as part of a related judicial process.

ASSESSMENTS PENDING

All allegations and information received by ACLEI are prioritised upon receipt to determine credibility, urgency, and the susceptibility of the issues to investigation. This prioritisation system assists ACLEI to manage its workflow and respond appropriately.

At the close of the reporting period, 32 corruption issues were in the assessment phase, as shown in Sub-Table Twelve C. Fourteen of these issues had received initial assessments as a prelude to formal decisions. A further 18 were undergoing initial assessment. Decisions about how these issues will be dealt with will be made during 2013–14.

ISSUES CARRIED FORWARD TO 2013–14

At the close of the reporting year, 125 corruption issues were carried forward to 2013–14 (one fewer than in the previous year). These issues were distributed as follows:

- » 22 investigations by ACLEI, including 12 investigations being conducted jointly with other government agencies;
- » 68 internal investigations being conducted by LEIC Act agencies, without supervision by ACLEI (ACC–6, ACBPS–28, AFP–34);
- » one ACBPS internal investigation, being overseen by ACLEI;
- » one AFP internal investigation, being overseen by ACLEI;
- » one AFP investigation relating to the ACBPS, without supervision by ACLEI; and
- » 32 notifications and referrals under assessment.

Table Fifteen shows in which year each of these 125 issues was notified or referred to the Integrity Commissioner, or when an 'own initiative' investigation was commenced, providing an indication of their duration. As shown, ACLEI's case-mix has a relatively young profile, which reflects an effort to close older cases and to give priority to investigations that have a high prospect of obtaining a conclusive outcome.

TABLE FIFTEEN: Age of corruption issues being carried forward to 2013–14

Year of origin	ACC	ACBPS	AFP	TOTAL
2008–09	1 (1)	N/A	0 (3)	1 (4)
2009–10	0 (1)	N/A	0 (9)	0 (10)
2010–11	1 (2)	10 (14)	6 (16)	17 (32)
2011–12	3 (6)	21 (29)	22 (45)	46 (80)
2012–13	3 (-)	30 (-)	28 (-)	61* (-)
Total	8 (10)	61 (43)	56 (73)	125 (126)

Numbers in (brackets) are for the 2011–12 reporting year.

* Includes 32 issues 'under assessment' at 30 June 2013.

USE OF INFORMATION-GATHERING POWERS

In investigating a corruption issue under section 26(1)(a) of the LEIC Act, or conducting a public inquiry under section 71, the Integrity Commissioner can use a range of investigative powers.

Coercive information-gathering powers

The Integrity Commissioner’s information-gathering powers are set out in Part 9 of the LEIC Act. These powers require a person to produce documentary evidence or appear as a witness at a hearing, answer questions and answer them truthfully. A ‘notice to produce’ or a summons to attend a hearing can be issued only in relation to ACLEI investigations or joint investigations.

It is an offence not to comply with a notice or summons, and not to answer questions, or not to answer truthfully. Such matters may also constitute a ‘contempt of ACLEI’, whereby the Integrity Commissioner may apply to the Federal Court of Australia or the Supreme Court of a State or Territory for a person to be dealt with in relation to the contempt. This power is more likely to be used when relevant information is required urgently, such as in time-sensitive investigations. The Integrity Commissioner did not make any applications in 2012–13 for a person to be dealt with in relation to contempt.

During 2012–13, the Integrity Commissioner exercised information-gathering powers in five investigations and held twenty hearings. The Integrity Commissioner also issued 28 ‘notices to produce’ information, documents or things, in relation to four investigations (including one investigation for which both notices and hearings were used). The three-year trend in the use of information-gathering powers is shown in Table Sixteen.

TABLE SIXTEEN: Use of coercive information-gathering powers—three-year trend

	2010–11	2011–12	2012–13
Notice to provide information or produce documents or things [s 75]	22	15	28
Summons to attend a hearing to give evidence and/ or produce documents or things [s 83]	10	13*	21**
Total	32	28	49

* In 2011–12, two of these summonses were revoked, and two were issued for hearings that were conducted in 2012–13.

** One summons was revoked, and two summonses were issued in 2012–13 for hearings that were to be conducted in 2013–14.

Intrusive information-gathering powers

The Integrity Commissioner has certain intrusive and covert powers for the purpose of investigating possible corrupt conduct. The decision to use a particular power or method is based on operational considerations, relating to which method may best fit an investigation plan. As may be seen in Table Seventeen, ACLEI used these information-gathering powers sixteen times in 2012–13, as part of investigation strategies relating to three investigations.

As in previous years, powers exercised under warrants obtained by other agencies in the context of joint investigations with ACLEI (such as Operation Heritage–Marca) are not reported here.

TABLE SEVENTEEN: Use of intrusive and covert information-gathering powers—three-year trend

	2010–11	2011–12	2012–13
Power of entry without warrant (section 105, LEIC Act)	0	0	0
Search warrant (Part 9, Division 4, LEIC Act)	7	1	0
Telecommunications (interception and access) warrant	4	9	10
Surveillance devices warrant (may include multiple devices)	0	7	6
Controlled operation authorisation (Part 1AB of the <i>Crimes Act 1914</i>)	0	0	0
Assumed identity authorisation (Part 1AC of the <i>Crimes Act 1914</i>)	0	0	0
Total	11	17	16

LEGAL PROCEEDINGS

Section 201 of the LEIC Act requires the Integrity Commissioner to record in the annual report particular information relating to legal proceedings in the reporting period. These items are detailed below.

Prosecutions

In April 2013, as a result of joint ACLEI Operation Heritage–AFP Operation Marca, an ACBPS officer was sentenced in the New South Wales District Court to seven years' jail with a four-year non-parole period. Other cases related to this investigation—including those of three other ACBPS officers and an employee of the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture)—are expected to be heard during 2013–14. A fifth ACBPS officer has been arrested since the end of the reporting period (see Report 02/2013 in Chapter 6—*Reports to the Minister*).

During 2012–13, the Integrity Commissioner also provided the Commonwealth Director of Public Prosecutions (CDPP) with evidence of possible offences relating to an ACBPS officer, who was the subject of a different investigation (Operation Pentax). At the close of the reporting period, that matter remains with the CDPP for decision. The officer has resigned (see Report 03/2013 in Chapter 6—*Reports to the Minister*).

Early in 2013–14, an appointee of the AFP (whose employment has since been terminated) was charged with offences against the *Criminal Code* (Cth) and the *Crimes Act 1914* (Cth). The Integrity Commissioner provided the CDPP a brief of evidence relating to this matter in 2010 (Operation Garan) (see Report 03/2012 in Chapter 6—*Reports to the Minister*).

Confiscation proceedings

No matters were commenced by ACLEI under the *Proceeds of Crime Act 2002* (Cth) during 2012–13.

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, or of any other court proceedings involving the Integrity Commissioner, were determined or otherwise disposed of in 2012–13.

CHAPTER 6 | Reports to the Minister

This chapter summarises the investigation reports given to the Minister during 2012–13, and records agency responses to the Integrity Commissioner’s recommendations.

INVESTIGATION REPORTS

The Integrity Commissioner’s investigations may culminate in a report to the Minister. In most circumstances, a copy must also be given to the head of the agency to which the investigation relates. If a corruption issue relates to the provision of policing services to the ACT, the *Law Enforcement Integrity Commissioner Regulations 2006* (Cth) require that a copy of the report must also be provided to the ACT Government Minister responsible for police matters.

Regulation 20(e) requires a summary of the outcomes of the investigations completed during the reporting period, together with any recommendations and any action taken as a result of the investigations, to be presented in the Integrity Commissioner’s annual report. In addition, Regulation 20(e) requires the annual report to record the commencement and outcomes of any disciplinary proceedings, criminal proceedings or civil penalty proceedings resulting from these investigations.

If the Integrity Commissioner decides to make public a report to the Minister, it is published on ACLEI’s website, www.aclei.gov.au, under *Reports, submissions and speeches*.

During 2012–13, the Integrity Commissioner provided four reports of concluded investigations to the Minister. In addition, the Integrity Commissioner provided the Minister with an interim report into Operation Heritage. Three of these five reports have been made public.

These reports are summarised in this chapter.

TABLE EIGHTEEN: Reports given to the Minister in 2012–13

Report number	Report title	Date given to the Minister
02/2012	An investigation into doubts raised about the integrity of senior managers in the Australian Customs and Border Protection Service	3 September 2012
03/2012	An investigation into the conduct of an Australian Federal Police appointee in relation to unauthorised disclosure of information and the giving of testimonials	17 October 2012
01/2013	An investigation into the conduct of an Australian Federal Police appointee in relation to a conflict of interest in procurement and official duties	10 May 2013
02/2013	Operation Heritage—A joint investigation of alleged corrupt conduct among officers of the Australian Customs and Border Protection Service at Sydney International Airport (Interim Report)	7 June 2013
03/2013	An investigation into the conduct of an Australian Customs and Border Protection Service officer in relation to unauthorised access to and disclosure of law enforcement information	28 June 2013

Report 02/2012 An investigation into doubts raised about the integrity of senior managers in the Australian Customs and Border Protection Service

A key role of the Integrity Commissioner is to assure the integrity of senior leadership of law enforcement agencies, and to investigate when there may be cause for doubt.

This investigation concerns anonymous allegations which suggested that there was corruption at senior levels in the ACBPS. The focus of this investigation was the suggestion that the then CEO had sought to ‘cover up’ possible corrupt conduct in the ACBPS, relating to a number of ‘missed detections’ of importations of illicit drugs. In the course of investigating this corruption issue, a number of other allegations were also tested.

The investigation revealed that the CEO did not become aware of the missed detections until after they had already been treated as a training issue. The documentary evidence demonstrates that the CEO did in fact notify the Integrity Commissioner of the corruption issue.

The Integrity Commissioner found that the evidence repudiates the allegation that the CEO or any other senior manager in the ACBPS engaged in corrupt conduct in relation to the missed detections.

The Integrity Commissioner recommended that the ACBPS formalise and keep up-to-date a guideline—informed by the current program of risk assessments—that would apply to all high corruption-risk operating environments, whereby corruption indicators (such as missed drug detections) are reported to the ACBPS Integrity and Professional Standards Branch for assessment and advice. This measure is designed to make better use of anti-corruption arrangements that are already in place, or in contemplation.

No criminal or civil penalty proceedings were commenced as a result of this investigation.

The Integrity Commissioner’s report into this investigation is available on ACLEI’s website, www.aclei.gov.au under *Reports, Submissions and Speeches*.

Australian Customs and Border Protection Service response

The ACBPS has since implemented a procedure providing for missed detections—and other failed interventions—to be referred for assessment to Integrity and Professional Standards.

Report 03/2012 *An investigation into the conduct of an Australian Federal Police appointee in relation to unauthorised disclosure of information and the giving of testimonials*

This investigation relates to the conduct of an AFP appointee, who was at the relevant time employed in a community liaison role that brought him into contact with a wide range of people. He was asked by some of these people, and other acquaintances, to do favours for them, and the investigation focussed on how he responded to these requests.

The actions considered by this investigation were:

- » improper access to and disclosure of information for reasons unrelated to the appointee's duties; and
- » the giving of testimonials (official character references) contrary to AFP requirements.

The investigation identified that the appointee had taken these actions, without authority and without reasonable excuse. Accordingly, the Integrity Commissioner found that the appointee had engaged in corrupt conduct.

The Integrity Commissioner recommended that the AFP Commissioner consider terminating the appointee's employment in accordance with the procedures of the AFP.

During the investigation, in accordance with section 142 of the LEIC Act, the Integrity Commissioner provided the Commonwealth Director of Public Prosecutions with evidence of possible offences against the criminal law. Charges were laid early in 2013–14. No civil penalty proceedings are planned.

The Integrity Commissioner's report into this investigation is available on ACLEI's website, www.aclei.gov.au under *Reports, Submissions and Speeches*.

Australian Federal Police response

In response to the findings of this investigation, the AFP Commissioner terminated the appointee's employment.

Report 01/2013 *An investigation into the conduct of an Australian Federal Police appointee in relation to a conflict of interest in procurement and official duties*

Public sector procurement and asset management are areas of high corruption risk, where an employee might misuse his or her public position to derive a private benefit. For this reason, and others, appointees of the AFP are required to declare potential conflicts of interest, and to seek permission for secondary employment. In these ways, any conflicts of interest may be avoided or otherwise properly managed.

This investigation concerned the possibility that an AFP appointee had abused his office to secure a benefit for a company in which a member of his family held a pecuniary interest.

The Integrity Commissioner found that the appointee did not take sufficient action to disclose the conflict of interest. On the available facts, the Integrity Commissioner considered that the appointee's actions did not amount to corrupt conduct. However, in the Integrity Commissioner's view, the appointee's judgement in these matters did not meet the standard expected of AFP appointees. Accordingly, the Integrity Commissioner recommended that the AFP Commissioner assess the appointee's suitability for continued employment.

In light of the issues raised by this investigation, the Integrity Commissioner recommended that the AFP Commissioner arrange for an independent audit to be conducted of practices and procedures in the area in which the appointee worked, including acquisition and disposal processes relating to specialised equipment.

The Integrity Commissioner also recommended that the AFP Commissioner consider placing a renewed emphasis on ensuring that AFP appointees comply with their conflict of interest declaration and secondary employment obligations.

No criminal or civil penalty proceedings were commenced as a result of this investigation.

Pending the AFP Commissioner's consideration of the issues identified in this investigation, the Integrity Commissioner has decided not to publish the report at this time.

Australian Federal Police response

The AFP Commissioner accepted the Integrity Commissioner's recommendations. At the end of the reporting period, an independent audit of practices and procedures had commenced, and an assessment of the appointee's suitability for continued employment was underway. The AFP has also ensured that obligations relating to conflicts of interest and secondary employment, together with other elements of the AFP Integrity Framework, are properly communicated and understood across the organisation.

Report 02/2013 *Operation Heritage—A joint investigation of alleged corrupt conduct among officers of the Australian Customs and Border Protection Service at Sydney International Airport (Interim Report)*

ACLEI Operation Heritage – AFP Operation Marca is an investigation into corrupt collaboration between ACBPS officers and others to import illicit drugs through Sydney International Airport. ACLEI investigated these issues jointly with the ACBPS and the AFP.

Between August 2012 and February 2013, four ACBPS officers were arrested, facing a range of charges for corruption-related offences, as well as conspiracy to import a commercial quantity of border-controlled precursors. One officer of the then Department of Agriculture, Fisheries and Forestry and 15 other people were also arrested, including a person who, at the relevant time, was a baggage handler at Sydney International Airport. At the time of the Integrity Commissioner's Interim Report, the AFP had seized 54 kilograms of pseudoephedrine, and had confiscated cash and assets to the value of approximately \$237,000.

During the investigation, the Integrity Commissioner disseminated information on various occasions to the ACBPS CEO. This information has enabled the ACBPS to commence disciplinary action against a number of officers.

ACLEI and the AFP, with assistance from the ACC, also prepared a corruption vulnerabilities assessment of Sydney International Airport. The assessment—which has not been made public—has informed the broad revision of program delivery and agency culture that presently is taking place.

At 30 June 2013, Operation Heritage–Marca had not concluded, and ACLEI and the AFP were continuing to gather evidence. Accordingly, the Interim Report made the following generalised comments about circumstances at Sydney International Airport that, together, may have contributed to some ACBPS officers engaging in corrupt conduct.

- » There was inadequate preparation for a change in corruption risk arising out of movements in the threat picture from transnational organised crime (on the one hand) and a new program delivery strategy (on the other).
- » Misplaced loyalties and deliberate compromise appears to have formed the basis for a corrupt network, linking some border officials with each other and with organised crime.
- » Poor standards and a 'currency of favours' between staff allowed officers to engage colleagues in their activities, without them becoming aware of the corrupt nature of the transactions.
- » A breakdown in supervision arrangements meant that concerns about suspicious conduct—when raised—were not adequately dealt with. In addition, no one area in the ACBPS had an overview of concerns being raised about individuals. This situation led to a lack of confidence amongst staff that wrongdoing would be noted or punished, and allowed poor standards of conduct to continue.

Operation Heritage–Marca illustrates what may happen when individuals take advantage of systemic vulnerabilities in a high-risk operating environment that lacks adequate safeguards.

The Integrity Commissioner's interim report into Operation Heritage is available on ACLEI's website, www.aclei.gov.au under *Reports, Submissions and Speeches*.

Australian Customs and Border Protection Service response

The CEO of the ACBPS has informed the Integrity Commissioner that the broad issues raised in the Operation Heritage Interim Report and the vulnerabilities assessment will guide the implementation of measures to ensure that such matters are managed appropriately in future.

The ACBPS *Blueprint for Reform: 2013—2018* describes ACBPS anti-corruption measures taken in 2012–13. The Blueprint establishes integrity as one of three foundation 'reform tracks' and outlines eight key areas of focus to transform culture, leadership and integrity in the ACBPS over the next five years. The ACBPS worked closely with the Customs Reform Board and ACLEI during this process (see also *Adding to anti-corruption safeguards* in Chapter 4—*Strengthening integrity systems*).

In April 2013, an ACBPS officer, who had already resigned, was sentenced in the NSW District Court to seven years' jail with a four-year non-parole period. Other cases related to Operation Heritage–Marca are expected to be heard during 2013–14 (see *Legal proceedings* in Chapter 5—*Assessments and investigations*).

Four other ACBPS officers implicated in the investigation, who were the subject of code of conduct processes during the year resigned before those processes were completed. At the close of the reporting period, an additional ACBPS officer was subject to a code of conduct process.

Another ACBPS officer, who resigned in August 2013, has since been arrested.

Report 03/2013 *An investigation into the conduct of an Australian Customs and Border Protection Service officer in relation to unauthorised access to and disclosure of law enforcement information*

In order to carry out its role at the border effectively, the ACBPS collects and holds information, often of a sensitive nature, and has access to other law enforcement databases. The management of such information requires stringent safeguards against improper access or disclosure.

This investigation relates to information suggesting that an ACBPS officer had disclosed sensitive law enforcement information to a known criminal or criminals.

The investigation established that the officer:

- » had undeclared associations with criminals which presented conflicts of interests with official duties;
- » without an official purpose, had accessed and read confidential records on law enforcement databases; and
- » without authority, had disclosed confidential information to a person not authorised to receive it.

Accordingly, the Integrity Commissioner found that the officer had engaged in corrupt conduct.

The Integrity Commissioner has provided to the Commonwealth Director of Public Prosecutions admissible evidence, obtained during the investigation, of possible offences against the criminal law.

The Integrity Commissioner has suggested to the ACBPS CEO that the Service's current Conflicts of Interest guideline, and related training, may be strengthened by including law enforcement-based examples that reflect the high corruption-risk of these activities. The Integrity Commissioner has noted the intelligence value to the ACBPS of establishing a centralised method by which certain classes of conflict of interest may be recorded.

The Integrity Commissioner's report into this investigation has not been made public.

Australian Customs and Border Protection Service response

In response to the issues investigated, the ACBPS is reviewing the supervisory arrangements, training and record-keeping requirements for staff who perform the type of intelligence-related duties that the officer occasionally performed. The CEO indicated that the Integrity Commissioner's other suggestions would be considered in the context of the anti-corruption reforms and initiatives that are planned or already underway.

Partly as a result of evidence obtained during the course of the investigation, the ACBPS suspended the officer from duty early in 2012. The officer resigned in June 2013.

PREVIOUS RECOMMENDATIONS

ACLEI takes an interest in how agencies respond to recommendations and suggestions made by the Integrity Commissioner. In 2012–13, there were no recommendations from previous years that had not already been implemented.

SPECIAL REPORTS UNDER SECTION 204 OF THE LEIC ACT

Section 204 of the LEIC Act provides that the Integrity Commissioner may, at any time, give the Minister a special report on the operations of the Integrity Commissioner or on any matter relating to, or arising in connection with, the performance of the Integrity Commissioner's functions or the exercise of the Integrity Commissioner's powers. The Minister is required to cause such a report to be laid before each House of the Parliament within fifteen sitting days after receiving it.

The Integrity Commissioner gave no special reports to the Minister during 2012–13.

CHAPTER 7 | Patterns and trends

This chapter summarises ACLEI's observations about the law enforcement corruption-risk environment.

The LEIC Act requires the Integrity Commissioner to report annually on the nature and scope of corruption in Australian Government law enforcement agencies, and any patterns and trends, which have come to his or her attention during the year.

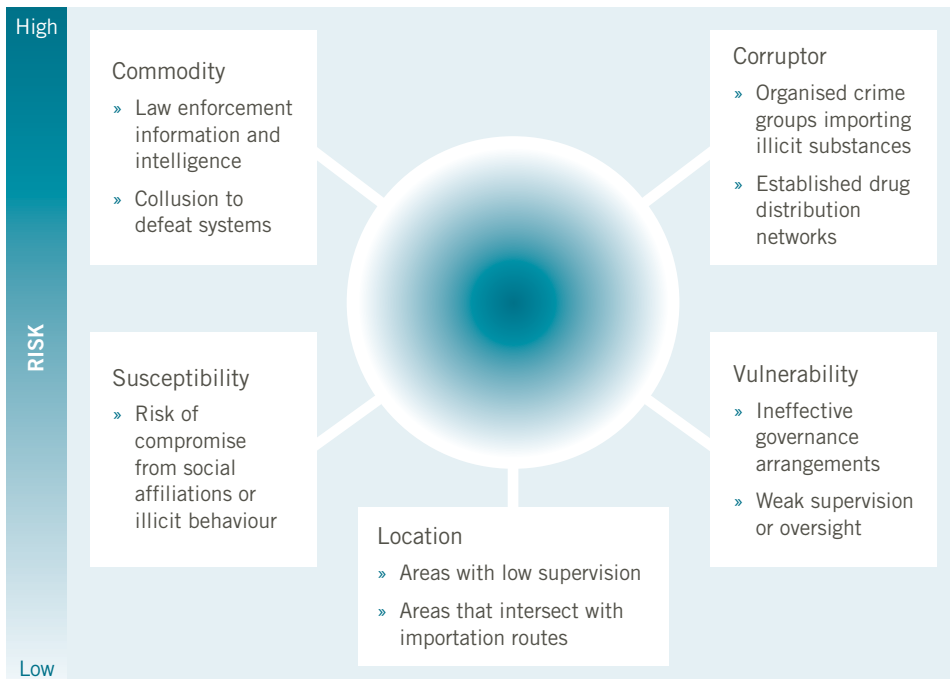
Four themes emerged in the course of ACLEI investigations during 2012–13, as follows:

- » systemic pressure on law enforcement agencies;
- » the increasing value to criminals and other corruptors of law enforcement information and intelligence;
- » risk of compromise through social networks and illicit behaviour; and
- » the importance of good governance.

These themes each provide examples of corruption risk factors, which can be viewed through one or more of ACLEI's five approaches to risk assessment—*Commodity*, *Location*, *Corruptor*, *Susceptibility* and *Vulnerability*—described in the *Integrity Commissioner's 2011–12 Annual Report* (at page 84).

Using drug law enforcement as an example, Figure Six illustrates how these factors may aggregate to create high-risk operating environments.

FIGURE SIX: Aggregation of law enforcement corruption risks—illicit drugs

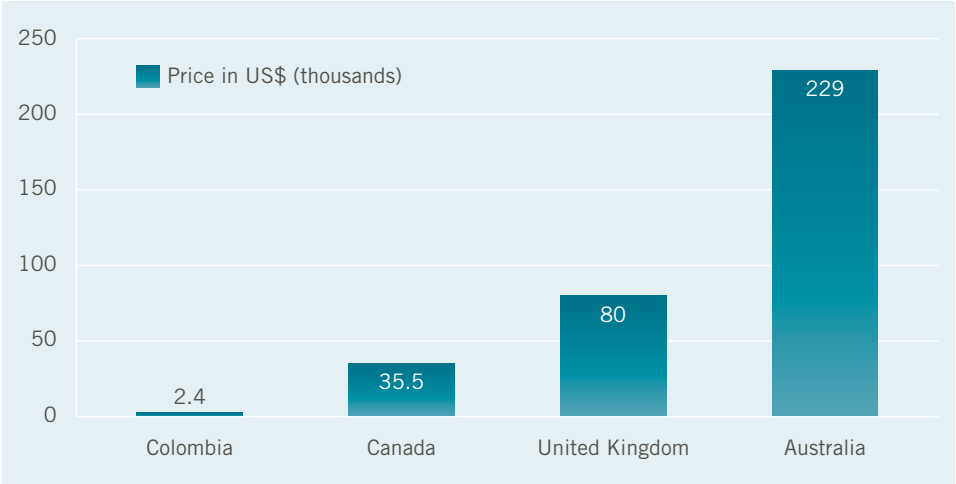


SYSTEMIC PRESSURE ON LAW ENFORCEMENT AGENCIES

Australia is a lucrative market for the international drug trade. The relatively high profitability of importing illicit substances into Australia is illustrated by a comparison against the price for cocaine sourced in Colombia—from which country the majority of cocaine seized by the AFP in Australia originates (ACC *Illicit Drug Data Report 2011–12*, p. 90).

According to the most recent open-source statistics available from the United Nations Office on Drugs and Crime, the typical wholesale price (in US Dollars) of a kilogram of cocaine in Colombia is approximately \$2500 (in 2010), compared to almost \$230,000 in Australia (in 2011). The Australian price is significantly higher than for other developed nations, including the United Kingdom (approximately \$80,000) and Canada (approximately \$35,000)—as shown in Figure Seven.

FIGURE SEVEN: 2011 comparison of in-country wholesale price for one kilogram of Colombian cocaine salts (US Dollars)



Source: World Drug Report 2013, United Nations Office on Drugs and Crime, available at <https://stats.unodc.org/>

Note: price data relates to cocaine salts—the manufactured form of cocaine, generally cocaine hydrochloride.

Note: Colombia price is for 2010, the latest year for which data is available.

This profitability places a significant pressure on agencies involved in border control, disruption of organised crime and drug enforcement. It leads also to other cognate pressures—for instance, criminal access to weapons, assistance with illicit importations and their distribution, and facilitating money laundering. These pressures may well manifest as corrupt conduct, cyber-attacks and criminal infiltration of government agencies.

The profitability of illicit substances was one factor contributing to the corrupt conduct uncovered in the aviation passenger environment through Operation Heritage–Marca. The same pressure applies to other aspects of border law enforcement—namely, as pertaining to air and sea cargo, and international mail.

THE VALUE OF INFORMATION AND INTELLIGENCE

The management of law enforcement information and criminal intelligence is an enduring corruption risk, and one that is difficult to manage. Paradoxically, the more effective intelligence-led law enforcement becomes, the more incentive there is to use corrupt methods and ‘inside information’ to defeat it.

The value of information and intelligence, and the potential for its misuse by criminal groups and other possible corruptors—which may include commercial interests—may not be recognised sufficiently by all the staff members who have legitimate access to that information. Staff members who lack this awareness would be less likely to understand the importance of information security standards. They may also underestimate the lengths to which a corruptor might be prepared to go, to obtain the information—including the use of sophisticated grooming—or the size of the bribes that may be offered.

In its May 2013 report for the *Inquiry into the gathering and use of criminal intelligence*, the Parliamentary Joint Committee on Law Enforcement considered the corruption risks arising from sharing criminal intelligence between agencies. Having regard to potential risk, the Committee recommended that the Parliamentary Joint Committee on ACLEI should consider enquiring into further extending ACLEI’s jurisdiction to Commonwealth agencies that are part of the Australian Criminal Intelligence Model (see Appendix 3—*Changes in ACLEI’s operating environment*).

RISK OF COMPROMISE THROUGH SOCIAL NETWORKS AND ILLICIT BEHAVIOUR

In 2012–13, several investigations again highlighted risks relating to personal susceptibility to compromise that may arise from social networks and personal associations, as described below.

Social networks—especially when they are long-established—are often characterised by trust and loyalty between its members. Such social networks can include former school groups, participation in similar lifestyles or activities (including body-building or ‘gym cultures’), or communities based on shared ethnicity or identity. However, such trust can be manipulated to create a misplaced loyalty, whereby an officer may abrogate his or her professional responsibilities, in favour of honouring perceived obligations to individuals or a sub-group (a conflict of obligation).

Joining in questionable or illicit behaviour adds to the risk of compromise associated with social networks. When law enforcement officers share in behaviour contrary to their professional standards—with illicit drug-taking as one example—the corruption risk associated with a social network is higher.

Casual attitudes towards certain types of drug-taking which exist in sections of the community are inconsistent with the high professional standards required of law enforcement officers. However, tolerance of, or participation in, illicit drug-taking is an emerging risk, and has been observed in some of ACLEI’s investigations. Drug-taking may also demonstrate an appetite for personal risk-taking, which may be an indication that an officer is susceptible to other risks, including engaging in corrupt conduct.

Obtaining illicit drugs for personal use—including cocaine, and performance and image-enhancing drugs (PIEDs)—requires personal or off-duty contact with criminals, which exposes a law enforcement officer to corrupt compromise. At the extreme, drug suppliers (who often are connected to organised crime groups, including Outlaw Motorcycle Gangs) could use knowledge of an officer’s illegal behaviour to blackmail or coerce the officer to facilitate their illegal activities.

THE IMPORTANCE OF GOOD GOVERNANCE

A number of the Integrity Commissioner's investigations in 2012–13, and in previous years, have dealt with issues relating to weak governance and deficiencies in supervision.

Good governance—comprising robust accountability systems, high professional standards and watchful supervision—helps to mitigate the risk that corrupt conduct will manifest in high-risk areas. Strong governance reduces opportunities to be corrupt, and increases the probability that corrupt conduct would be detected. Conversely, weak governance leaves an agency more vulnerable to both opportunistic and systemic forms of corruption. This phenomenon was observed, for example, in Operation Heritage–Marca.

Line managers and supervisors are well-placed to observe any indicators of corrupt conduct and to exercise control over the working environment. They are also key to setting the ethical tone of a work group and to building the trust that is necessary for staff members to bring forward any suspicions or concerns. In addition, managers and supervisors are an important source of information about corruption risks or vulnerabilities, and can contribute that knowledge to the design of integrity measures.

For these reasons, the Integrity Commissioner has said that managers and supervisors are the 'front line of corruption control', and places emphasis on raising supervisors' awareness of corruption risk and the indicators of corrupt conduct.

During the year, the Integrity Commissioner participated in the Australian Public Service Commission's *Capability Review of the ACBPS*. Among other observations, he contributed insights about matters relating to governance and supervision that were identified in Operation Heritage–Marca. The Integrity Commissioner also commented that there is a long lead time for investment in integrity measures to be effective, and that it can take perhaps a decade to embed an anti-corruption system that sustains a culture of performance and integrity.

PART THREE

Management and accountability

CHAPTER 8 Corporate management

CHAPTER 9 Accountability

CHAPTER 8 | Corporate management

This chapter provides an overview of ACLEI's corporate management and governance practices, financial and human resource frameworks, security arrangements and information technology infrastructure.

The Integrity Commissioner is the statutory head of ACLEI and is responsible for the agency's proper and accountable use of Australian Government resources. The Integrity Commissioner is also mindful that, as an integrity agency, ACLEI's own internal arrangements should set an example of effective governance.

MANAGEMENT OVERVIEW

Organisational review

Early in the reporting period, the Integrity Commissioner established a second Branch, headed by a Senior Executive Service (SES) Band One officer, to attend to ACLEI's developing governance, business improvement, corruption prevention, jurisdiction engagement and integrity policy responsibilities. The two-Branch structure also enables ACLEI to give greater executive focus to more complex investigations (which make up an increasing part of ACLEI's work).

The establishment of the two-branch structure in August 2012 was timely. In the following months, ACLEI geared up to the most active phase of Operation Heritage, calling on the skills and support of staff members across the whole agency. In addition, from December 2012, ACLEI commenced a significant program of engagement with AUSTRAC, the CrimTrac Agency and prescribed aspects of the Department of Agriculture, Fisheries and Forestry (now the Department of Agriculture), ahead of the July 2013 extension of the LEIC Act jurisdiction to include these agencies.

The new structure and increased management focus enabled ACLEI to respond flexibly and strategically to these challenges, and to make achievements in other areas. For instance, as indicated elsewhere in this annual report, the Integrity Commissioner provided four other investigation reports to the Minister, concluded 79 corruption issues, and contributed advice to the ACPBS and the Customs Reform Board.

Management structure

Accordingly, in 2012–13, the Integrity Commissioner was assisted by two SES officers, Mr Stephen Hayward, who occupies the position of Executive Director Operations, and Ms Tamsyn Harvey, who occupied the position of Executive Director Strategic and Secretariat from 6 August 2012 until 12 July 2013.

The Executive Director Operations is supported by the Directors of two sections:

- » Investigations; and
- » Intelligence.

The Executive Director Strategic and Secretariat is supported by the Directors of three sections:

- » Corporate Services and Governance;
- » Legal Practice; and
- » Strategic Support.

GOVERNANCE PRACTICES

Many of the key elements of the governance framework that apply to ACLEI are specified in the *Financial Management and Accountability Act 1997* (the FMA Act).

Supported by the Executive Director Strategic and Secretariat, and ACLEI's Corporate Services and Governance Section, the Integrity Commissioner has put in place a range of management controls to ensure compliance with these responsibilities. These controls include:

- » Chief Executive's Instructions (CEIs), that set out ACLEI's procedures for financial transactions and accountability;
- » financial delegations and authorisations, consistent with the CEIs;
- » a range of Agency Policy Advices, to guide staff on governance matters; and
- » an Audit Committee which scrutinises practices and performance, and provides advice to the Integrity Commissioner about corporate and financial management, risk management and governance.

The Integrity Commissioner meets weekly with the Executive Directors to discuss and oversee agency operations, budget, staff and resource allocation, risk management and strategic planning.

Audit Committee

The ACLEI Audit Committee is established in accordance with section 46 of the FMA Act and is an important component of ACLEI's governance arrangements.

The Audit Committee meets at least four times a year. The Audit Committee is appointed by—and is responsible to—the Integrity Commissioner for providing advice relating to:

- » ACLEI's systems of internal control and management of risk;
- » internal audit services and external audits undertaken by the Australian National Audit Office (ANAO);
- » review of financial reporting and control of public money and assets;
- » legislative and policy compliance; and
- » governance arrangements and performance reporting.

The Audit Committee may also advise the Integrity Commissioner on the exercise of executive powers and is authorised to obtain any information to perform its role from any employee or external party and to access any documents held by ACLEI.

During the year, the Audit Committee Chair, Mr Mark Hummerston, retired from the Australian Public Service, and the Committee. Mr Hummerston had been a member of the Committee since it was first established and became its Chair in 2008. The Integrity Commissioner records his appreciation for Mr Hummerston's significant service and contribution to building ACLEI's governance arrangements.

At the end of June 2013, ACLEI's Audit Committee comprises three external members, and one internal member. The Committee is chaired by one of the external members:

- » Mr Oliver Winder PSM (Chair);
- » Mr Anthony Coles, Assistant Secretary, Criminal Justice Division, Attorney-General's Department;
- » Ms Jenny Morison; and
- » Ms Tamsyn Harvey, Executive Director Strategic and Secretariat, ACLEI.

The Auditor-General is also invited to nominate a representative to attend each meeting.

The Audit Committee's oversight, largely coming from outside ACLEI, allows for the objective appraisal of the performance of ACLEI's accountability systems. The strong external representation also provides a breadth of experience in management and governance that would, ordinarily, not be available within an agency of ACLEI's size.

During 2012–13, the Audit Committee:

- » oversaw internal and external audit activity and monitored progress against previous audit recommendations;
- » scrutinised the 2011–12 Financial Statements;
- » reviewed the agency's financial performance and endorsed the Financial Statements Preparation Plan for 2012–13; and
- » reviewed ACLEI's risk management arrangements, financial compliance and performance management framework.

The Integrity Commissioner acknowledges the important work of the Audit Committee and thanks all members for their efforts during the reporting period.

Internal audit

ACLEI's Director of Corporate Services and Governance performs the role of Head of Internal Audit, reporting to the Audit Committee, and is accountable to the Integrity Commissioner for the efficient and effective operation of the function.

During the reporting year, as a productivity and effectiveness measure, the Audit Committee asked ACLEI to explore opportunities to be involved in relevant internal audits conducted by other agencies. ACLEI and the Attorney-General's Department—which already provides information and communications technology and records management services to ACLEI—have since entered into discussions about extending this arrangement to ensure closer alignment of internal audits. ACLEI's own internal audit activity will then focus on areas of risk specific to its functions.

In 2012–13, internal audits focused on ACLEI's arrangements for:

- » evidence handling; and
- » safety and security.

Internal audit of exhibit management

Appropriate and accountable handling of evidence is crucial to achieving sound investigative outcomes and successful prosecutions. In 2012, in anticipation of a growing need to handle evidence in-house, ACLEI contracted Deloitte Touche Tohmatsu Limited (Deloitte) to examine ACLEI's framework for managing evidence. Consistent with the objective of strengthening practice, Deloitte made sixteen recommendations to develop the exhibit management framework.

ACLEI accepted all the recommendations and revised its exhibit management operating procedures accordingly. A small number of recommendations—relating to training or with a longer-term focus—were still being implemented at the end of the reporting period. The Audit Committee has asked for this area of ACLEI's practice to remain under review.

Internal audit of safety and security

In May 2013, ACLEI engaged Forcefield Services Pty Ltd to conduct an internal audit of the agency's security and safety processes. Forcefield was asked to assess the effectiveness of physical security and protection measures. The audit report had not been finalised at the close of the reporting period.

Business planning

ACLEI held a staff planning day in February 2013 to discuss the work of the agency in the context of internal and external change. These annual events enable the Integrity Commissioner and staff members to exchange ideas so that ACLEI can meet its mandate—set out in the Portfolio Budget Statements—in effective and efficient ways. Weekly executive meetings and fortnightly all-staff meetings are other mechanisms used to refine or update plans to take account of changing circumstances.

Agency risk management

As with other Australian Government agencies, ACLEI's corporate risks include financial management, business continuity and fraud control. In addition, ACLEI faces particular risks arising from its role of investigating corrupt conduct in Australian Government law enforcement agencies.

Accordingly, ACLEI's system of management aims to scrutinise and strengthen agency compliance and performance with regard to—for example—appropriate and lawful use of powers, security of information, proper handling of evidence and operational safety. These management systems also focus on maintaining ACLEI's integrity (for instance by maintaining security processes to protect ACLEI against possible compromise or infiltration).

ACLEI's Risk Management Policy aims to achieve a structured and consistent approach to risk identification, analysis, and mitigation. ACLEI's Business Continuity Plan is designed to prepare ACLEI staff and systems to respond to a wide range of events, including loss of physical infrastructure or Information and Communications Technology capability. These arrangements are intended to ensure the retention and accessibility of information in the event of a disaster, and the subsequent resumption of business within appropriate time frames.

Fraud control

Drawing on ACLEI's knowledge about corruption prevention and control, ACLEI uses a number of strategies to identify and address fraud or corruption risks. ACLEI's approach is consistent with the requirements of the FMA Act and the Commonwealth Fraud Control Guidelines.

Every two years, ACLEI conducts a major review of its Fraud Control Plan, to ensure that the risk control framework remains appropriate. ACLEI's Fraud Risk Register and Risk Treatment Plans are reviewed more often—to take account of changing circumstances—most recently in February 2012. At the close of the year, preparatory work had commenced for an updated Plan, to be completed by December 2013, including a new assessment of risk using methods and tools developed by ACLEI for use by other agencies.

Observations from internal audits, together with suggestions made by the ANAO as part of its annual audit of financial statements, also inform continuous improvement of measures to strengthen the fraud and corruption control framework. For instance, during 2012–13, ACLEI strengthened a number of systems, including:

- » improved evidence-handling procedures (to guard against evidence tampering and theft);
- » automation of credit card reconciliation, thereby reducing the opportunity for data manipulation during manual entering (improving controls for expenditure on flight, accommodation, hire cars); and
- » increased sampling and strengthened substantiation requirements relating to high-risk, high-volume transactions, such as supplier invoices (to guard against inflated payment claims and collusive fraud).

Other improvements are being introduced in 2013–14, including 'Time Keeper', a Human Resource Management software product which links together recording of hours and leave applications (to guard against time sheet fraud and failures to apply for leave).

ACLEI's financial processes and systems of delegation, approval and acquittal are designed to minimise the risk of fraud occurring or—should it occur—of remaining undetected. ACLEI also has the in-house expertise to investigate fraud. In addition, the LEIC Act provides for the independent investigation of any suspected corrupt conduct—which may include some types of fraud—by a staff member of ACLEI (see Chapter 9—*Accountability*).

The Integrity Commissioner is satisfied that, for the 2012–13 reporting period, ACLEI had in place appropriate fraud control mechanisms which met the needs of the agency and complied with the Commonwealth Fraud Control Guidelines. The Integrity Commissioner's certification of compliance with the Guidelines appears in the letter of transmittal on page iii of this Annual Report.

No fraud was detected or alleged at ACLEI during 2012–13.

MANAGEMENT OF HUMAN RESOURCES

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.

ACLEI's productivity

ACLEI's *Enterprise Agreement 2012–2014* contains strategies to encourage continuous improvement in organisational and individual productivity and performance. These strategies include:

- » linking incremental salary advances to the achievement of performance targets under ACLEI's Program for Personal Performance (described under *Staff performance and development* in this chapter);
- » improving the alignment between business practices and processes, people management, information technology and the work environment;
- » encouraging a workplace culture that is respectful, supportive and efficient;
- » continuing to review work practices with the objective of streamlining processes;
- » supporting the digital transition strategy, which aims to improve agency efficiency and business continuity;
- » providing a range of flexible work practices to assist employees to balance their personal responsibilities and objectives with organisational priorities; and
- » introducing arrangements for shift work and work outside normal operating hours, to take account of the extended hours involved in some investigations.

In 2012–13, ACLEI again drew on external relationships and partnerships to achieve its corporate objectives and to make the most efficient use of its resources. For instance, staff of the Attorney-General's Department contributed advice, guidance and practical support in relation to information technology and information management projects, management of ACLEI's website, media monitoring, human resource advice and Ministerial and Parliamentary workflow. The Integrity Commissioner acknowledges the support provided by the Attorney-General's Department.

ACLEI uses flexible strategies to respond to fluctuations in workload and maintain or improve productivity. For example, ACLEI:

- » applies a 'concertina' model, in conjunction with partner agencies, to respond to fluctuations in investigative workload, drawing on external resources and skills to supplement its capabilities when needed:
 - by seconding assistance from other agencies to provide specialised or additional investigative or analytical capabilities for specific investigations; and
 - by drawing on the expertise of partner agencies in joint investigations or taskforces to assist with telecommunications interception and surveillance activities;
- » maintains a pool of skilled casual staff who can respond at short notice to work on specific projects or intermittent activities. This pool includes:
 - recently retired public servants with relevant experience; and
 - telecommunications interception and surveillance monitors;
- » outsources transcription services relating to hearings and surveillance recordings; and
- » engages consultants with specialist expertise, when needed.

As described in this chapter under *Electronic records management*, ACLEI's digital transition strategy also aims to improve agency efficiency and business continuity by introducing digital record-keeping.

Staffing profile and remuneration

During 2012–13, ACLEI had funding through appropriations for 29 full-time equivalent staff positions. One additional temporary position—created in January 2012—was funded from resources allocated to ACLEI to establish the *Surveillance Capability Enhancement Pilot Project*. These funds were made available from the Confiscated Assets Account, established under the *Proceeds of Crime Act 2002*. Accordingly, ACLEI ended the reporting period with funding for 30 full-time equivalent staff.

ACLEI concluded the reporting period with a total of 26 staff, including the statutory position of Integrity Commissioner, 20 ongoing staff, and six non-ongoing staff members. One staff member is employed on a part-time basis.

For different periods during the year, ACLEI seconded additional staff from other agencies to assist with specific investigations. ACLEI also employed several staff on a casual or temporary basis at various times.

All ACLEI staff are based in Canberra. During the year, one staff member was deployed temporarily to another capital city.

Table Nineteen sets out ACLEI's salary bands for each classification level, provides a breakdown of gender and employment types, and includes acting arrangements as at 30 June 2013. The table also provides comparative data from 30 June 2012. Casual and seconded staff, and staff on unpaid or workers' compensation leave, are not included in the table.

TABLE NINETEEN: Staffing profile at 30 June 2013

CLASSIFICATION	ONGOING		NON-ONGOING		TOTAL
	MALE	FEMALE	MALE	FEMALE	
Statutory Office Holder ¹	1 (1)	—	—	—	1 (1)
SES Band 1	1 (1)	—	—	1 (0)	2 (1)
EL 2 (\$113,006 – \$127,337)	4 (4+1 ²)	1+1 ² (1)	—	0 (1)	6 (7)
EL 1 (\$91,924 – \$111,711)	5 (5)	1 (4)	1(0)	3 (1 ²)	10 (10)
APS 6 (\$72,070 – \$82,790)	0 (1)	1 (1)	—	—	1 (2)
APS 5 (\$66,731 – \$70,759)	—	3 (1 +1 ²)	—	0 (1)	3 (3)
APS 4 (\$59,827 – \$64,960)	—	2 (1)	—	1 (1)	3 (2)
APS 3 (\$53,681 – \$57,936)	—	—	—	—	—
APS 2 (\$47,131 – \$52,262)	—	—	—	—	—
APS 1 (\$41,644 – \$46,026)	—	—	—	—	—
Total	11 (13)	9 (9)	1 (0)	5 (4)	26 (26)
	20 (22)		6 (4)		

Figures in (brackets) are for staffing numbers at 30 June 2012.

- 1 The Integrity Commissioner is an ongoing statutory position, occupied by an appointee for a maximum sum of appointments of seven years.
- 2 Higher duties or acting appointment.

Acting Integrity Commissioner

The LEIC Act provides that the Minister may appoint a person to act as the Integrity Commissioner when the Integrity Commissioner is absent from duty or from Australia, or is unable to perform the duties of the office.

The Minister appointed Mr Robert Cornall AO, who is a former Secretary of the Attorney-General's Department, to act as Integrity Commissioner for six weeks in October and November 2012, while the Integrity Commissioner was overseas. Mr Cornall's appointment enabled ACLEI to respond in a timely way to a range of matters, including investigations and proposed legislative amendments. The Integrity Commissioner thanks Mr Cornall for assisting ACLEI in this way.

Non-salary benefits

Benefits available to all ACLEI staff include an employee assistance program (providing free confidential counselling), free influenza vaccinations, a reimbursement program for spectacles, and conference and study leave (discussed further under *Staff performance and development*). ACLEI also offers financial assistance to staff for approved health and well-being activities and equipment.

Performance payments

ACLEI does not have a system of performance payments.

Senior Executive remuneration

As a statutory officer, the salary and allowances of the Integrity Commissioner are determined by the Remuneration Tribunal. The Tribunal's determinations are published on its website, www.remtribunal.gov.au.

Remuneration for SES positions in ACLEI is determined by the Integrity Commissioner, taking into account previous experience, qualifications and achievements, and comparisons with SES officers in other agencies. ACLEI's SES Remuneration Policy aids transparency in decisions about SES employment conditions. A salary range of \$155,825 – \$170,781 applied at the end of the reporting period.

Workplace agreements

The *ACLEI Enterprise Agreement 2012–2014*, which sets out many of ACLEI's employment conditions, covers all ACLEI staff below the level of SES. The Agreement, which commenced on 19 September 2012, is available on ACLEI's website, www.aclei.gov.au. Two staff members also had Individual Flexibility Arrangements in place, to take account of specific circumstances.

At 30 June 2013, ACLEI's two SES officers had employment agreements with ACLEI under section 24(1) and section 26 of the *Public Service Act 1999*.

Security requirements

All ACLEI positions are Designated Security Assessment Positions. Conscious of the sensitive information which ACLEI deals with, and having regard to the threat environment in which ACLEI and its partners operate, the Integrity Commissioner requires that the minimum clearance for all ongoing ACLEI staff is Negative Vetting Level 2 (Top Secret). All employment at ACLEI is contingent on obtaining and maintaining a satisfactory security assessment.

In some circumstances, staff may be permitted to commence duty with ACLEI with a lower clearance, pending completion of the vetting process to Negative Vetting Level 2. Non-ongoing staff may be engaged with a Negative Vetting Level 1 clearance, depending on the duties to be performed and the anticipated duration of their employment. Casual staff members and consultants require a security clearance appropriate to their task. Any person with a security clearance below Negative Vetting Level 2 may only access information classified to the level of his or her clearance.

Upon commencement, ACLEI staff members are also required to submit a Declaration of Private Interests and to update that declaration every year or more often as their personal circumstances change. This requirement ensures that any potential conflicts of interest associated with ACLEI employment are identified and appropriate action is taken.

Mandatory security awareness training is provided to new ACLEI staff and at least annually to all staff.

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 (PPP) is part of its staff development and retention strategy. The PPP provides the basis for managing the performance of staff, and for aligning individual efforts and development with the achievement of operational and business objectives. The PPP relates to Section business planning and links staff performance to incremental salary advancement.

Although no study leave was sought in 2012–13, staff members may be eligible for support under ACLEI's Studies Assistance Policy. The Policy provides for leave to undertake formal study which is consistent with the individual's work responsibilities or assists with career development.

ACLEI's Learning and Development Strategy includes a rolling program of mandatory training (based on generic needs and risk) and targeted courses (based on staff development needs identified in the PPP).

The mandatory training program—which supplements the induction training provided to new staff—reinforces staff awareness of Australian Public Service values, skills and competencies, including information management and security, staff security training, cultural awareness training (under the Reconciliation Action Plan) and workplace health and safety.

Under the Learning and Development Strategy, support for senior staff in management and leadership skills continued into 2012–13, with targeted training for senior staff and managers. For instance, ACLEI's Executive Director Operations commenced a Graduate Diploma of Executive Leadership (Policing and Emergency Services).

During the reporting period, ACLEI operations staff completed external training in the tools and technologies used by ACLEI for investigations and intelligence analysis. Staff of ACLEI's Legal Practice also attended specialised conferences and courses—for instance, in administrative law. In addition, ACLEI staff members across the agency received training or refresher courses in records and information management, administrative practice and policy development.

Work Health and Safety

The Corporate Services Section manages ACLEI's Health and Safety Management Arrangements in accordance with the *Work Health and Safety Act 2011* (the WHS Act). Under the Arrangements: a trained health and safety staff representative speaks for the health and safety interests of ACLEI staff; the Employee Assistance Program provider is available to staff for free confidential professional counselling; WHS is a standing item at regular all-staff meetings; and fire wardens and first aid officers are appointed to ensure staff safety and well-being.

In 2012–13, staff members were again provided with ergonomic workstation assessments and all recommended changes were implemented. WHS issues—such as personnel security and workstation design—are taken into account when, for operational reasons, staff must work irregular hours or are deployed to other locations.

ACLEI pays particular attention to the risks to health and safety that may arise from the nature of ACLEI's work or the exercise of the Integrity Commissioner's powers—for example, in executing warrants or in carrying out physical surveillance. ACLEI makes plans for the treatment and management of foreseeable risks to the health and safety of staff and others that may occur in such activities. The internal audit into safety and security, conducted during the year, also addressed these factors.

There were no notifiable WHS incidents and no WHS investigations during 2012–13 arising from ACLEI's activities. No notices were given to ACLEI under Part 10 of the WHS Act.

Reconciliation Action Plan

ACLEI's three-year Reconciliation Action Plan extends to March 2014. The goal of ACLEI's plan is to acknowledge the special place that Aboriginal and Torres Strait Islander people occupy as the first Australians and to put in place practical measures to increase awareness within the agency of Indigenous cultures. The plan also encourages Indigenous employment in ACLEI. For example, the *ACLEI Enterprise Agreement 2012–2014* contains provision to allow leave for fulfilling cultural, ceremonial and NAIDOC Week obligations. As a matter of course, rotations at ACLEI are an option available to Indigenous participants of the AFP Graduate Program.

MANAGEMENT OF FINANCIAL PROCESSES

As a measure to protect the public revenue, Australian Government agencies are required to be accountable for their financial practices. Accordingly, transparency measures and independent auditing are used to monitor ACLEI's adherence to guidelines and ensure that the agency's financial management arrangements are robust and conducted with propriety.

Financial Statements

ACLEI again achieved an unmodified audit finding for its 2012–13 Financial Statements, which are set out in Part Four of this annual report. ACLEI thanks the ANAO for overseeing the preparation of the 2012–13 Financial Statements.

Purchasing

The Commonwealth Procurement Rules, the Integrity Commissioner's Chief Executive's Instructions and the FMA Act provide the framework for ACLEI's decisions concerning the purchase of goods and services. ACLEI has reviewed its internal procurement policies and guidance to ensure continued compliance with the Commonwealth Procurement Rules, which came into effect on 1 July 2012.

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.

Staff members receive training in procurement on commencement at ACLEI to ensure that they are aware of their obligations in relation to the expenditure of public monies.

Consultants

Consultants are engaged when specialist skills are unavailable within ACLEI—or are not obtainable without diverting resources from higher priority tasks—or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations, or provide independent advice or information to assist in ACLEI's decision-making.

Prior to engaging consultants, ACLEI takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the FMA Act and related regulations, the Commonwealth Procurement Rules and relevant internal policies, including the Chief Executive's Instructions.

In 2012–13, ACLEI's total actual expenditure on consultancy contracts was \$135,100 (including GST). ACLEI entered into five new consultancy contracts involving total actual expenditure in 2012–13 of \$97,970 (including GST). Another three ongoing consultancy contracts were active during the year, involving total actual expenditure in 2012–13 of \$37,130 (including GST).

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of government contracts and consultancies is available on the AusTender website, www.tenders.gov.au.

Exempt contracts

Government agencies are required to report each year whether contracts have been exempted from publication in AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*. There were no such exemptions for ACLEI in 2012–13.

Australian National Audit Office Access Clauses

No contracts over \$100,000 were let that did not provide for the Auditor-General to have access to a contractor's premises.

Purchaser/provider arrangements

ACLEI does not use purchaser/provider arrangements to achieve its objectives.

Grant programs

ACLEI did not administer any grant programs during the reporting year.

Legal services expenditure

The Legal Services Directions 2005, issued by the Attorney-General under the *Judiciary Act 1903*, require agencies to report expenditure on legal services during the year. ACLEI's annual reports concerning legal services expenditure can be found at ACLEI's website, www.aclei.gov.au, under *Accountability*.

In summary, ACLEI's expenditure on external legal services in 2012–13 was \$19,995.77 (including GST). This expenditure was incurred on solicitors' fees. No costs were recovered. Internal legal employee expenses, comprising salaries and on-costs, are estimated to be \$455,678.96 (including GST).

INFORMATION MANAGEMENT AND TECHNOLOGY

ACLEI and the Attorney-General's Department have a Memorandum of Understanding relating to ACLEI's Information and Communications Technology (ICT) requirements. Under that arrangement, ACLEI procures and owns the necessary infrastructure and equipment, while the Department provides Help Desk services, technical expertise, file backup and system security management. In addition, the Department assists with ACLEI's electronic records management and hosts the ACLEI website.

This arrangement provides several advantages to ACLEI, including a high level of service at reasonable cost, access to the Department's full range of ICT expertise, access to computer applications which otherwise would be cost-prohibitive, data backup and business continuity, and assurance with regard to ICT security.

During 2012–13, with the assistance of the Department, ACLEI upgraded its financial management information and telephone systems, and continued work on its information management project.

Electronic records management

ACLEI uses a specially-created segmented version of the Attorney-General's Department's Electronic Document Management System, rated Protected.

ACLEI's digital transition strategy aims to improve efficiency by introducing digital record-keeping in compliance with the Australian Government Digital Transition Policy. For each of the three years between 2011 and 2013, all Australian Government agencies must assess their compliance with National Archives of Australia record-keeping and information management capability requirements.

ACLEI's September 2012 assessment showed a significant improvement over the previous twelve months in all three areas measured—namely, strategy, practice and digital records management. Overall, ACLEI's performance is rated in the top 20% of 163 agencies.

In 2012–13, ACLEI's information management project built on this result by:

- » ensuring all staff receive mandatory information management training on commencement and occasional Electronic Document Management refresher training; and
- » continuing the development of ACLEI's first Records Authority—at 30 June 2013, the draft Authority was with the National Archives of Australia for review and approval.

Access to law enforcement databases

ACLEI has arrangements—including memoranda of understanding, inter-agency agreements, and technical infrastructure—to enable authorised operational staff and taskforce members to access various law enforcement databases from ACLEI's secure operations facility. The development of ACLEI's operations support capacity in this way continues to be a focus for the agency.

FACILITIES MANAGEMENT

ACLEI endeavours to ensure that its facilities are matched to the type of high-end investigations which are the Integrity Commissioner's focus. ACLEI's infrastructure must support the use of the Integrity Commissioner's information-gathering powers, intelligence collection and analysis, and investigations that involve multi-agency taskforces.

During the reporting period, ACLEI concluded building works to remodel and expand its secure operations facility to keep pace with the increasing use of taskforces, and of a wide range of powers and covert law enforcement methods. This project added to ACLEI's existing facilities: a hearing room; a surveillance monitoring room; and expanded legal and taskforce suites. The then Minister formally opened the upgraded operations facility on 13 May 2013.

Facilities security

Due to the nature of ACLEI's work and the sensitivity of information it holds, ACLEI has physical security measures in place to protect ACLEI staff, information and assets. For example, mail items are scanned and opened in a contained environment before being brought onto ACLEI's premises. ACLEI's operations facility contains supplementary security measures, such as separate storage for personal electronic devices, and sound attenuation (so that classified information may be discussed securely), and is segmented into separate secure areas, with differing levels of access.

In accordance with the mandatory requirements of the Australian Government Protective Security Policy Framework, ACLEI has a range of protective security policies, procedures and measures in place. ACLEI's security risks and measures are assessed regularly as part of ACLEI's Risk Management Plan, and were audited in 2012–13 as part of the internal audit of safety and security.

OTHER CORPORATE ISSUES

Environmental performance

ACLEI's role and activities do not relate directly to ecologically sustainable development. However, ACLEI employs the following energy-saving methods to make the best use of resources, reduce energy consumption and promote sustainability.

- » *Purchasing decisions:* preference is given to environmentally-friendly products when purchasing or leasing office supplies, machines and equipment.
- » *Reducing paper consumption:* when possible, documents are printed or reproduced using both sides of the paper, and this setting is the default on all networked printers. Routine office procedures, such as leave approval and travel requisition, are performed electronically. A 'follow-me print' feature in ACLEI's printers allows users to nominate before printing which print requests may be deleted, thereby reducing waste. The digitisation of ACLEI's records is also projected to reduce paper consumption.

- » *Recycling arrangements:* the empty toner cartridges from the unclassified facsimile are recycled. All printer toner cartridges are recycled through the supplier. ACLEI uses waste recycling services for all unclassified paper waste. ACLEI also arranges to recycle as much waste material as possible (including plastics and foam packaging) during any construction works or ICT upgrades.
- » *Reducing energy consumption:* ACLEI's secure operations facility has low energy lighting installed throughout. Staff are required to power down ICT equipment at the end of each day.
- » *Staff arrangements:* secure storage for bicycles is provided for staff members who choose to ride to work. Staff members are also encouraged to participate in awareness-raising activities. For example, ACLEI registers for Earth Hour each year.

Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. Since 2010–11, departments and agencies have no longer been required to report on these functions in agency annual reports.

The National Disability Strategy 2010–2020, which replaces the Commonwealth Disability Strategy, sets out a ten-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports will be available in 2014, and will be available at www.fahcsia.gov.au.

The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular *How Australia is Faring* report and, if appropriate, in strategic change indicators in agency annual reports. For more detail, see www.socialinclusion.gov.au.

Advertising and market research

ACLEI did not conduct any general advertising, market research, polling, direct marketing or any other form of advertising campaign during the reporting period.

Internet presence

The ACLEI website, www.aclei.gov.au, provides information about ACLEI and the role of the Integrity Commissioner. Inquiries about ACLEI, including reporting a corruption issue, can be sent to ACLEI by email at contact@aclei.gov.au.



CHAPTER 9 | Accountability

This chapter describes ACLEI's internal and external accountability regimes.

ACLEI is expected by government, the public and the law enforcement agencies in the Integrity Commissioner's jurisdiction to achieve high standards of accountability and practice.

The powers and authority provided by Parliament to the Integrity Commissioner are substantial. A variety of safeguards ensure that these powers are used lawfully, fairly and appropriately. Some of these measures take the form of external checks, while others are administered by the Integrity Commissioner as the head of ACLEI.

PARLIAMENTARY JOINT COMMITTEE ON ACLEI

Part 14 of the LEIC Act establishes the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity (the Committee). The duties of the Committee are to:

- » monitor and review the Integrity Commissioner's performance of his or her functions;
- » report to both Houses of the Parliament, with such comments as it thinks fit, on any matter connected with the performance of the Integrity Commissioner's functions, or relating to ACLEI, that the Committee considers should be directed to the attention of Parliament;
- » examine each annual report, as well as any special reports, and report to the Parliament on any matter appearing in, or arising out of, any of those reports;
- » examine trends and changes in law enforcement in so far as they relate to corruption or integrity generally in Commonwealth Government agencies with law enforcement functions; and
- » report to the Parliament on any changes that the Committee thinks desirable to the Integrity Commissioner's functions or powers, the procedures followed by the Integrity Commissioner or ACLEI's structure.

With limited exception, the Integrity Commissioner must give the Committee information it requests about an investigation or about ACLEI's performance. With the agreement of the Committee, this information may be provided in private—for example, to avoid the compromise of an ongoing investigation or to protect the reputations of individuals against unfair criticism. During 2012–13, the Committee met once in private with the Integrity Commissioner, to receive a briefing about the joint ACLEI Operation Heritage – AFP Operation Marca.

Membership

The Committee consists of up to ten members of the Parliament, with five members appointed by the Senate and five members appointed by the House of Representatives.

At the end of 2011–12, the Committee's Chair was Ms Melissa Parke MP and the Deputy Chair was Senator Michaelia Cash. Other members included Senator Doug Cameron, Senator Stephen Parry, Senator the Hon. Lisa Singh, Mr Chris Hayes MP, Mr Russell Matheson MP, Mr Luke Simpkins MP and Mr Tony Zappia MP. One position on the Committee was unfilled, until Senator Christine Milne joined the Committee on 20 September 2012.

Following her appointment as Parliamentary Secretary, Ms Melissa Parke MP left the committee on 6 February 2013 and was replaced on 7 February 2013 by Mr Darren Cheeseman MP.

Accordingly, at the end of 2012–13, the committee comprised: Mr Darren Cheeseman MP (Chair), Senator Michaelia Cash (Deputy Chair), Senator Doug Cameron, Senator Christine Milne, Senator Stephen Parry, Senator the Hon. Lisa Singh, Mr Chris Hayes MP, Mr Russell Matheson MP, Mr Luke Simpkins MP and Mr Tony Zappia MP.

Inquiry into the integrity of overseas law enforcement operations

On 27 June 2013, the Committee tabled the report of its *Inquiry into the integrity of overseas law enforcement operations*. The Committee made five recommendations aimed at improving the Commonwealth's integrity framework for overseas deployments, including for officers returning from postings, travel or deployments overseas. A copy of the report and ACLEI's submission to the Inquiry can be found on the Committee's website at www.aph.gov.au.

Examination of the Integrity Commissioner's 2011–12 Annual Report

The Committee's examination each year of the Integrity Commissioner's annual report gives ACLEI a valuable external view of each year's efforts and achievements, and provides a basis to inform improvements to ACLEI's business.

On 5 December 2012, the Integrity Commissioner and other senior ACLEI staff members appeared as witnesses at a public hearing held in Melbourne as part of the Committee's examination of the 2011–12 Annual Report. The Committee's report was presented to the Parliament in March 2013.

In its report, the Committee noted that the extension of the Integrity Commissioner's appointment for two years (until July 2014) will consolidate and enhance ACLEI's work at a time when its jurisdiction and capacities are expanding. The Committee also observed that the 2011–12 Annual Report “*reflects the fact that ACLEI is now not only strongly embedded within the integrity landscape, but that its sphere of influence within the Commonwealth integrity and law enforcement environment continues to grow*”.

Taking note of other comments made by the Committee, this year's annual report presents more comparative information than in previous years.

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

SENATE ESTIMATES

Estimates of government expenditure are referred to Senate Committees as part of the annual Budget cycle. This opportunity to examine government administration is an important part of parliamentary scrutiny of the executive.

ACLEI, as part of the Attorney-General's portfolio, responds to the Senate Standing Committee on Legal and Constitutional Affairs. The Integrity Commissioner appeared and provided evidence to the Committee on 30 May 2013, and responded to subsequent Questions on Notice.

The proceedings of Senate Committee hearings and responses to Questions on Notice are published on the Parliament of Australia website, www.aph.gov.au.

Listing of file titles

ACLEI complies with Senate Order J.270, as amended on 3 December 1998 (J.265). Accordingly, ACLEI places indexed lists of file titles on the ACLEI website, excluding those file titles or parts of file titles that relate to internal administration or would disclose commercial-in-confidence, personal, law enforcement or national security matters.

The listings, produced twice yearly, are available at www.aclei.gov.au, under *Accountability*.

EXTERNAL ACCOUNTABILITY FOR THE USE OF POWERS

A range of checks and balances is in place to ensure that ACLEI is accountable for the use of particular law enforcement powers. In combination, these requirements ensure that the granting and use of powers is subject to a process that ensures their proper and appropriate use.

Authorisation

Many of the Integrity Commissioner's powers require prior approval by an external authority—usually a Judge, a Magistrate or a Member of the Administrative Appeals Tribunal—before they can be exercised. Examples include:

- » a search warrant (section 108 of the LEIC Act, Part 3–5 of the *Proceeds of Crime Act 2002* (the *Proceeds of Crime Act*), or Part IAA of the *Crimes Act 1914* (the *Crimes Act*));
- » a warrant to use a surveillance device (*Surveillance Devices Act 2004* (the *SD Act*));
- » a warrant to intercept telecommunications or to gain access to stored communications (*Telecommunications (Interception and Access) Act 1979* (the *TIA Act*));
- » an order that a person deliver his or her passport to the Integrity Commissioner (section 97 of the LEIC Act); or
- » an arrest warrant (section 100 of the LEIC Act).

Reporting and monitoring

The use of certain powers requires reports to be made to the Attorney-General or the Minister with responsibility for law enforcement, as appropriate, and in some cases to the Parliament. These reports are required under the following enactments:

- » the *SD Act*;
- » the *TIA Act*;
- » Part IAB of the *Crimes Act* (controlled operations);
- » Part IABA of the *Crimes Act* (integrity testing);
- » Division 6, Part IAC of the *Crimes Act* (assumed identities); and
- » Division 2, Part IACA of the *Crimes Act* (witness identity protection certificates).

With the exception of reports into integrity testing, which are not made public, the Integrity Commissioner's reports into the use of these powers can be found on ACLEI's website at www.aclei.gov.au, under *Accountability*.

Judicial review

The authorities and powers of the Integrity Commissioner and ACLEI are generally open to review before the courts, as with any other government agency exercising law enforcement powers. For instance, an application may be made under the *Administrative Decisions (Judicial Review) Act 1977* for orders of review in respect of a decision of an administrative character made by the Integrity Commissioner or ACLEI under Commonwealth legislation.

In addition, the admissibility of the evidence collected through the exercise of a power may be subject to review by a court in the course of a criminal proceeding.

There was no judicial review of an ACLEI decision or action during 2012–13.

COMMONWEALTH OMBUDSMAN

The Commonwealth Ombudsman contributes to ACLEI's accountability in three important ways—namely, independent investigation of complaints about ACLEI, 'own motion' investigation into matters of administration concerning ACLEI, and monitoring of ACLEI's compliance with legislation in relation to the use of certain powers.

Complaint handling

A person dissatisfied with a matter of administration concerning ACLEI can complain to the Integrity Commissioner. Should the matter remain unresolved, the person may refer his or her complaint to the Commonwealth Ombudsman who will decide how the matter will be handled. A person may also complain direct to the Ombudsman.

In 2012–13, the Ombudsman did not contact ACLEI in relation to any complaints.

Own motion investigations

The Ombudsman may decide to inquire into matters of administration on his or her own motion. During 2012–13, the Ombudsman did not inform the Integrity Commissioner of any such investigations.

Inspections and monitoring

ACLEI's records of its use of certain covert powers are subject to inspection by the Commonwealth Ombudsman. The Ombudsman is required to report annually to the Parliament on the comprehensiveness and adequacy of ACLEI's records relating to the use of these powers.

The records that are subject to inspection relate to powers exercised under the following legislation:

- » the SD Act;
- » the TIA Act; and
- » Part IAB of the Crimes Act (controlled operations).

During the year, the Ombudsman reported on ACLEI's telecommunications interception and surveillance devices records for the periods January–June 2012 and July–December 2012. In all four inspections, the Ombudsman found that ACLEI had complied with the record-keeping requirements of the TIA Act and SD Act and made no recommendations.

In addition, under section 218 of the LEIC Act, the Ombudsman is required at least once a year to provide a briefing to the Parliamentary Joint Committee on ACLEI about the Integrity Commissioner's involvement in controlled operations. The Committee meets in private for this purpose.

AUDITOR-GENERAL

The Auditor-General is responsible under the *Auditor-General Act 1997* for providing auditing services to the Parliament and public sector agencies such as ACLEI. The Australian National Audit Office (ANAO) supports the Auditor-General, who is an independent officer of the Parliament.

ACLEI's audited financial statements are presented in Part Four of this annual report.

As well as financial audits, the ANAO may conduct performance audits of selected areas of public administration. The ANAO has extensive powers of access to Commonwealth documents and information to support its role.

The Auditor-General did not undertake any performance audits relating to ACLEI during 2012–13.

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (the FOI Act) provides the legislative framework for access to information in the possession of the Australian Government and its agencies.

Agencies subject to the FOI Act are required to publish information as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the previous requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

ACLEI's IPS entry and FOI disclosure log can be accessed through icons on ACLEI's homepage at www.aclei.gov.au.

Freedom of Information statistics

In 2012–13, ACLEI received six valid requests under the FOI Act for access to documents, and no requests for amendment or annotation of personal records.

Further information and statistics about FOI administration in Australian Government agencies are published in the Australian Information Commissioner's annual report, which can be found at www.oaic.gov.au.

INTERNAL ACCOUNTABILITY

The Integrity Commissioner expects ACLEI staff members to maintain a high standard of investigation practice and accountability. This expectation guides ACLEI's development of policies and practices. In addition to the measures described in this section, Chapter 8 of this report summarises ACLEI's corporate and financial accountability controls.

Coercive powers

Any proposal to use coercive information-gathering powers is subject to the approval of the Integrity Commissioner. Each approval is accompanied by a record of the decision and the reasons for it.

As far as practicable, ACLEI seeks to assist and inform people who receive a summons to attend and provide evidence at a hearing or a 'notice to produce' documents, information or things. Accordingly, the Integrity Commissioner publishes notes and guidelines on ACLEI's website at www.aclei.gov.au, under *Hearings, notices and information guidelines*. These documents include:

- » 'Practice Notes', which set out the Integrity Commissioner's procedures for conducting coercive hearings, whether in private or in public, including the rights of witnesses and their legal counsel;
- » 'Production Guidelines', which are intended to inform a person, or their legal counsel, of their rights and obligations when they receive a 'notice to produce' under section 75 of the LEIC Act;
- » 'Information Guidelines', which describe some of the statutory and procedural considerations used when deciding how ACLEI obtains, handles, uses or disseminates information in the exercise of the Integrity Commissioner's information-gathering functions under the LEIC Act; and
- » guidance and forms for witnesses called before a coercive information-gathering hearing, who may be eligible for legal or financial assistance.

These documents are reviewed from time to time to ensure their currency and to take into account changes in legislation and in ACLEI's operating environment. ACLEI's Legal Practice also monitors relevant case law related to the use of coercive and other powers to ensure that ACLEI operates within legal precedent.

Information management

Information gathered through the use of the Integrity Commissioner's coercive, covert or intrusive investigation powers is sensitive. ACLEI staff members are required to manage such information accountably and securely. Standard operating procedures are one of the means by which ACLEI communicates these expectations to staff and provides guidance on information-handling, record-keeping and maintaining privacy and confidentiality.

ACLEI also has in place arrangements with a number of agencies for authorised operational staff and taskforce members to access various law enforcement databases from ACLEI's secure operations facility. ACLEI's access is governed through memoranda of understanding or agreements, setting out the terms under which access is provided by each agency. In addition, each ACLEI officer has a unique identifier and all access is logged. For each database, ACLEI has in place authorisation and audit mechanisms to satisfy the database owner's security requirements. Any material downloaded is stored on ACLEI's official files in accordance with security classification requirements.

On advice from ACLEI's Audit Committee, ACLEI conducts regular internal audits in order to ensure that ACLEI continues to handle personal and sensitive information accountably and securely. Under the auspices of the Audit Committee, a broad review of information-handling arrangements will commence in 2013–14.

Operational procedures

The Integrity Commissioner makes it a priority to establish clear policies and procedures to guide ACLEI's work, to set appropriate standards, and to communicate expectations.

Investigations are governed by the use of strategic and tactical investigation plans and are overseen by an Operations Committee comprising the Directors of the Investigations and Intelligence Sections and Legal Practice, and the Executive Director Operations. ACLEI's Legal Practice provides advice to investigators relating to the lawful use of powers, authorisations, surveillance and telecommunications interception. In late 2011–12, ACLEI established a dedicated position to manage ACLEI's exercise of covert information-gathering powers, and to provide guidance and on-the-job training to staff on the accountable use of these powers. In addition, the Integrity Commissioner and Executive Director Operations review the progress of each investigation at key milestones to ensure the effective use of intelligence and other resources, and adherence to operational policies.

A number of the Integrity Commissioner's investigations are undertaken jointly with other agencies. To ensure that each investigation is conducted in a coordinated and accountable way, ACLEI manages actively all joint investigations, convening regular meetings with operational and senior staff and receiving formal briefings as necessary. For significant matters, the Integrity Commissioner also meets with the head of the agency concerned. On major investigations involving several agencies, a management board—comprising the Integrity Commissioner and the heads of these agencies—meets to receive operational briefings.

Inculcating professional standards

ACLEI sets high standards with regard to operational security and ethical behaviour. Consistent with ACLEI's understanding of corruption prevention methods, a variety of means is employed to achieve such standards. These measures include technology-based assurance, background checking, supervision and reinforcement of values and obligations, as follows.

- » All ACLEI positions are Designated Security Assessment Positions (see Chapter 8—*Corporate management*).
- » The confidentiality requirements for ACLEI staff (section 207 of the LEIC Act), the relevant provisions of the *Public Service Act 1999* (including the Australian Public Service (APS) Values (section 10) and Code of Conduct (section 13)) and related misconduct procedures are brought to the attention of staff at the commencement of employment or secondment to ACLEI. These obligations and procedures are reinforced regularly. For instance, in June 2013, ACLEI staff were briefed on changes to the APS Values and Code of Conduct before they came into effect on 1 July 2013.
- » On commencing employment, ACLEI staff members are required to submit a Declaration of Private Interests—including financial and other interests—and to update that declaration at least annually or more often as their personal circumstances change. This measure provides the basis for ACLEI to manage risk arising from private interests or relationships that could—or could be seen to—affect staff members' actions or decisions.
- » Individual staff performance plans, developed under ACLEI's Program for Personal Performance, aim to ensure that each staff member adheres to APS values as well as to agency policies and performance standards.

- » A designated ethics officer in ACLEI acts as a point of contact for staff for the Australian Public Service Commission's Ethics Advisory Service and is available to provide assistance and advice, if required.
- » ACLEI issues a comprehensive set of Agency Policy Advices, designed to guide staff about the required standards. These Advices relate to topics such as conflicts of interest, harassment in the workplace, acceptance of gifts and benefits, breaches of the APS Code of Conduct, 'whistleblowing', outside employment, access to personal records, and approved use of ACLEI identity cards and badges. Agency Policy Advices are reviewed and updated every two years or when necessary.
- » Fraud control strategies, such as protections against misuse of ACLEI's corporate credit cards, are managed through the Chief Executive's Instructions.
- » The ACLEI Audit Committee scrutinises various practices and performance relating to accountability (see Chapter 8—*Corporate management*).

INTEGRITY ASSURANCE MEASURES

From time to time, there may be a need to investigate allegations or information that raise a corruption issue relating to a member of ACLEI's staff, or the Integrity Commissioner.

The LEIC Act enables the Minister to make arrangements to have these 'ACLEI corruption issues' dealt with by the Integrity Commissioner or independently by a Special Investigator. Under the LEIC Act, the Minister must not refer the ACLEI corruption issue to the Integrity Commissioner if it concerns the Integrity Commissioner (or an Assistant Integrity Commissioner). A Special Investigator can exercise the same powers as the Integrity Commissioner.

In order to ensure the independence of the investigation, the appointment of a Special Investigator is made by the Minister and any associated administration is provided by the Attorney-General's Department. When ACLEI bears the cost of a Special Investigation, that cost is disclosed in the Integrity Commissioner's annual report for reasons of transparency and accountability.

After completing an investigation into an ACLEI corruption issue, the Integrity Commissioner or Special Investigator must give the Minister a report containing findings, the evidence upon which those findings are based, and any recommendations, or—if the report is from the Integrity Commissioner—any actions that have been taken or are proposed.

The *Law Enforcement Integrity Commissioner Regulations 2006* (at Regulation 22) require particulars of ACLEI corruption issues, which are investigated or concluded during the year, to be published in the Integrity Commissioner's annual report (see Appendix 2).

No ACLEI corruption issues were concluded during 2012–13.

[illegible][illegible]

PART FOUR

Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Home Affairs and Justice

I have audited the accompanying financial statements of Australian Commission for Law Enforcement Integrity for the year ended 30 June 2013, which comprise: a Statement by the Integrity Commissioner and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Integrity Commissioner's Responsibility for the Financial Statements

The Integrity Commissioner is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and 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.

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 Australian Commission for Law Enforcement Integrity's preparation of the financial statements that give a true and fair view 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 Australian Commission for Law Enforcement Integrity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Integrity Commissioner of the Australian Commission for Law Enforcement Integrity, 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.

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19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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.

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Commission for Law Enforcement Integrity's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage
Audit Principal

Delegate of the Auditor-General

Canberra

12 September 2013

STATEMENT BY THE INTEGRITY COMMISSIONER AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Philip Moss
Integrity Commissioner

12 September 2013



Eve Kopec
Acting Chief Financial Officer

12 September 2013

STATEMENT OF COMPREHENSIVE INCOME for the Australian Commission for Law Enforcement Integrity
for the period ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
EXPENSES			
Employee benefits	3A	3,763	3,713
Suppliers	3B	3,675	1,888
Depreciation and amortisation	3C	476	402
Finance costs	3D	4	7
Total expenses		7,918	6,010
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Other revenue	4A	-	2
Sale of goods and rendering of services	4B	1,865	-
Total own-source revenue		1,865	2
Gains			
Other gains	4C	49	29
Total gains		49	29
Total own-source income		1,914	31
Net cost of services		6,004	5,979
Revenue from Government	4D	5,694	5,150
Surplus (Deficit) attributable to the Australian Government		(310)	(829)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit and loss			
Changes in asset revaluation surplus		-	1,053
Changes in make good provision revaluation surplus		-	57
Total other comprehensive income		-	1,110
Total comprehensive income (loss) attributable to the Australian Government		(310)	281

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

BALANCE SHEET for the Australian Commission for Law Enforcement Integrity
as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	136	11
Trade and other receivables	5B	5,443	5,155
Total financial assets		5,579	5,166
Non-Financial Assets			
Land and buildings	6A,C	1,071	1,300
Property, plant and equipment	6B,C	509	561
Intangibles	6D,E	53	65
Other non-financial assets	6F	23	285
Total non-financial assets		1,656	2,211
Total Assets		7,235	7,377
LIABILITIES			
Payables			
Suppliers	7A	191	154
Other payables	7B	1,107	1,169
Total payables		1,298	1,323
Provisions			
Employee provisions	8A	964	845
Other provisions	8B	158	154
Total provisions		1,122	999
Total liabilities		2,420	2,322
Net assets		4,815	5,055
EQUITY			
Parent Entity Interest			
Contributed equity		5,481	5,411
Reserves		1,110	1,110
Retained surplus (accumulated deficit)		(1,776)	(1,466)
Total parent entity interest		4,815	5,055
Total equity		4,815	5,055

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

STATEMENT OF CHANGES IN EQUITY for the Australian Commission for Law Enforcement Integrity
for the period ended 30 June 2013

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(1,466)	(637)	1,110	-	5,411	4,243	5,055	3,606
Adjusted opening balance	(1,466)	(637)	1,110	-	5,411	4,243	5,055	3,606
Comprehensive income								
Other comprehensive income	-	-	-	1,110	-	-	-	1,110
Surplus (Deficit) for the period	(310)	(829)	-	-	-	-	(310)	(829)
Total comprehensive income	(310)	(829)	-	1,110	-	-	(310)	281
of which:								
Attributable to the Australian Government	(310)	(829)	-	1,110	-	-	(310)	281
Transactions with owners								
Contributions by owners								
Departmental capital budget	-	-	-	-	70	1,168	70	1,168
Sub-total transactions with owners	-	-	-	-	70	1,168	70	1,168
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance as at 30 June	(1,776)	(1,466)	1,110	1,110	5,481	5,411	4,815	5,055
Closing balance attributable to the Australian Government	(1,776)	(1,466)	1,110	1,110	5,481	5,411	4,815	5,055

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

CASH FLOW STATEMENT for the Australian Commission for Law Enforcement Integrity
for the period ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		7,247	5,271
Net GST received		175	228
Sale of goods and rendering of services		1,894	755
Total cash received		9,316	6,254
Cash used			
Employees		(3,627)	(3,503)
Suppliers		(3,403)	(2,004)
Section 31 receipts transferred to the Official Public Account (FMA Act)		(2,118)	(808)
Total cash used		(9,148)	(6,315)
Net cash from (used by) operating activities	9	168	(61)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	-
Other		-	-
Total cash received		-	-
Cash used			
Purchase of property, plant and equipment		(170)	(702)
Purchase of intangibles		(13)	-
Other		-	-
Total cash used		(183)	(702)
Net cash from (used by) investing activities		(183)	(702)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		140	649
Other		-	-
Total cash received		140	649
Net cash from financing activities		140	649
Net increase (decrease) in cash held		125	(114)
Cash and cash equivalents at the beginning of the reporting period		11	125
Cash and cash equivalents at the end of the reporting period	5A	136	11

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

SCHEDULE OF COMMITMENTS for the Australian Commission for Law Enforcement Integrity
as at 30 June 2013

	2013 \$'000	2012 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments ¹	140	160
Total commitments receivable	<u>140</u>	<u>160</u>
Commitments payable		
Other commitments		
Operating leases ²	1,511	1,703
Other ³	32	56
Total other commitments	<u>1,543</u>	<u>1,759</u>
Total commitments payable	<u>1,543</u>	<u>1,759</u>
Net commitments by type	<u>1,403</u>	<u>1,599</u>
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	49	23
From one to five years	91	137
Over five years	-	-
Total other commitments receivable	<u>140</u>	<u>160</u>
Total commitments receivable	<u>140</u>	<u>160</u>
Commitments payable		
Operating lease commitments		
One year or less	516	225
From one to five years	995	1,478
Over five years	-	-
Total operating lease commitments	<u>1,511</u>	<u>1,703</u>
Other Commitments		
One year or less	23	24
From one to five years	9	32
Over five years	-	-
Total other commitments	<u>32</u>	<u>56</u>
Total commitments payable	<u>1,543</u>	<u>1,759</u>
Net commitments by maturity	<u>1,403</u>	<u>1,599</u>

Footnote:

1. Commitments are GST inclusive where relevant.
2. Operating leases included were effectively non-cancellable.

Lease for Office Accommodation

Each lease is individual and may be subject to automatic percentage increase depending on the terms of the agreement. The period of the accommodation lease is still current and an option to renew is not available.

Agreement for the provision of motor vehicles to senior executive officers

No contingent rental exists. There are no renewal or purchase options available to the Agency.

3. Other

Agreement for the provision of payroll services

Service payments are subject to annual CPI variation. The original contract period has lapsed and a new contract commenced during the reporting period. The contract may be extended for a term of 12 months upon notification from the Agency to the Service Provider not less than 3 months prior to the contract termination date.

Note: Commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes.

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Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Commission for Law Enforcement Integrity

The Australian Commission for Law Enforcement Integrity is an Australian Government controlled entity. It is a not for profit Agency. The role of the Australian Commission for Law Enforcement Integrity is to detect, investigate and prevent corrupt conduct in the Australian Crime Commission, the Australian Customs and Border Protection Service and the Australian Federal Police.

The Agency 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 Agency in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the Agency's administration and programs.

Agency activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Agency in its own right.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the Agency or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

During 2012–13 additional legal advice was received that indicated there could be breaches of Section 83 of the Constitution under certain circumstances with payments for long service leave, goods and services tax and payments under the determination of the Remuneration Tribunal. The Agency has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. The Agency has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the Agency. The Agency is not aware of any specific breaches of Section 83 in respect of these items.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Agency has made the following judgements that have the most significant impact on the amounts recorded in the financial

- the fair value of the land and building and property, plant and equipment has been taken to be the market value of similar assets or depreciated replacement value as determined by an independent valuer.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts or assets and liabilities within the next account period.

1.4 New Australian 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.

The new standards, amendment to standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the Agency.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations or amendments issued by the Australian Accounting Standards Board prior to the sign off date are expected to have no material financial impact on the Agency for future reporting periods.

AASB 9 *Financial Instruments* - September 2012 (Compilation)

AASB 13 *Fair Value Measurement* - December 2012 (Principal)

AASB 1055 *Budgetary Reporting* - March 2013 (Principal)

AASB 2010-07 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

1.5 Revenue

Revenue from Government

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

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains 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 (Refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

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

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.8 Employee Benefits

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 of 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 the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave 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 Agency 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 Agency'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 by using the shorthand calculation method as at 30 June 2013. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The Agency'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 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. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

The Agency 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 Agency accounts for the contributions as if they were contributions to defined contribution plans.

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

1.9 Leases

A distinction is made between finance leases 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 Agency has no finance leases.

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

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

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

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

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.12 Financial Assets

The Agency classifies its financial assets as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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 assets or, when 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.

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.

1.13 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 Agency has no Financial Liabilities at fair value through profit and loss.

Other Financial Liabilities

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).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. 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 Agency has no Contingent Liabilities and Contingent Assets (2012: nil).

1.15 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the 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.

1.16 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, 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 Agency where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Agency's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measurement
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Depreciated replacement cost

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

Revaluation adjustments were made on a class basis. Any revaluation increment was 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 previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed 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

Leasehold improvements are depreciated over a straight-line basis over the lesser of the useful life or improvements or the unexpired period of the lease, including any applicable lease option available.

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

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

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2013	2012
	Lower of useful life or lease term	Lower of useful life or lease term
Leasehold improvements		
Furniture	5 years	5 years
Infrastructure	5 years	5 years
Equipment	3 years	3 years

Impairment

All assets were assessed for impairment at 30 June 2013. When 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 Agency were deprived of the asset, its value in use is taken to be its depreciated 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.

1.17 Intangibles

The Agency'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 life of the Agency's software is 3 years (2012: 3 years).

All software assets were assessed for indications of impairment as at 30 June 2013.

1.18 Taxation / Competitive Neutrality

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Note 2: Events After the Reporting Period

On 1 July 2013 the *Statute Stocktake (Appropriations) Act 2013* received Royal Assent, repealing all annual Appropriations Acts from 1 July 1999 through to 30 June 2010. The Bill had not received Royal Assent at 30 June 2013 and is a non-adjusting event after the reporting date. The event had not been brought to account in these financial statements (refer Note 14 Table C).

On 18 March 2013, the Finance Minister determined a reduction in departmental appropriations as part of targeted savings. The amount determined under Appropriation Act (No.1) of 2012–13 was \$20,000 and has been formally reduced through the *Instrument to Reduce Appropriations (No. 1 of 2013-2014)* made on 5 August 2013.

Note 3: Expenses

	2013 \$'000	2012 \$'000
Note 3A: Employee Benefits		
Wages and salaries	2,779	2,839
Superannuation:		
Defined contribution plans	404	260
Defined benefit plans	201	216
Leave and other entitlements	379	398
Total employee benefits	3,763	3,713
Note 3B: Suppliers		
Goods and services:		
Business operating expenses	248	202
Information communication technology	327	371
Professional and legal	2,192	421
Travel and employee development	450	477
Other	43	20
Total goods and services	3,260	1,491
Goods and services are made up of:		
Provision of goods – related entities	21	-
Provision of goods – external parties	146	132
Rendering of services – related entities	2,032	452
Rendering of services – external parties	1,061	907
Total goods and services	3,260	1,491
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	398	380
Workers compensation expenses	17	17
Total other supplier expenses	415	397
Total supplier expenses	3,675	1,888
Note 3C: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	138	209
Buildings	313	189
Total depreciation	451	398
Amortisation:		
Intangibles	25	4
Total amortisation	25	4
Total depreciation and amortisation	476	402

Note 3: Expenses (continued)

	2013 \$'000	2012 \$'000
<u>Note 3D: Finance Costs</u>		
Unwinding of discount	4	7
Total finance costs	<u>4</u>	<u>7</u>

Note 4: Income

	2013 \$'000	2012 \$'000
OWN-SOURCE REVENUE		
<u>Note 4A: Other Revenue</u>		
Other	-	2
Total other revenue	<u>-</u>	<u>2</u>
<u>Note 4B: Sale of Goods and Rendering of Services</u>		
Rendering of services – related entities	1,865	-
Total sale of goods and rendering of services	<u>1,865</u>	<u>-</u>
<u>Note 4C: Other Gains</u>		
Resources received free of charge	49	29
Total other gains	<u>49</u>	<u>29</u>
REVENUE FROM GOVERNMENT		
<u>Note 4D: Revenue from Government</u>		
Appropriations:		
Departmental appropriation	5,694	5,150
Total revenue from Government	<u>5,694</u>	<u>5,150</u>

Note 5: Financial Assets

	2013 \$'000	2012 \$'000
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	136	11
Total cash and cash equivalents	136	11
Note 5B: Trade and Other Receivables		
Good and Services:		
Goods and services – related entities	3	48
Goods and services – external parties	19	-
Total receivables for goods and services	22	48
Appropriation receivable:		
For existing programs	4,518	3,953
For Departmental Capital Budget	844	914
Total appropriations receivable	5,362	4,867
Other receivables:		
GST receivable from the Australian Taxation Office	59	240
Total other receivables	59	240
Total trade and other receivables (gross)	5,443	5,155
Less impairment allowance account:		
Other	-	-
Total impairment allowance account	-	-
Total trade and other receivables (net)	5,443	5,155
Receivables are expected to be recovered in:		
No more than 12 months	5,443	5,155
More than 12 months	-	-
Total trade and other receivables (net)	5,443	5,155
Receivables are aged as follows:		
Not overdue	5,399	5,016
Overdue by:		
0 to 30 days	35	11
31 to 60 days	9	18
61 to 90 days	-	28
More than 90 days	-	82
Total receivables (gross)	5,443	5,155

Note 6: Non-Financial Assets

	2013 \$'000	2012 \$'000
Note 6A: Land and Buildings		
Leasehold improvements:		
Fair value	1,385	790
Work in progress	-	511
Accumulated depreciation	(314)	(1)
Total leasehold improvements	1,071	1,300
Total land and buildings	1,071	1,300

No indicators of impairment were found for land and buildings.

No leasehold improvements are expected to be revalued or disposed within the next 12 months.

Revaluations of non-financial assets

No revaluation increment for leasehold improvements was credited to the asset revaluation surplus by asset class and included in the equity section of the balance sheet (2012: \$750,000).

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 19 June 2012, the Australian Valuation Office conducted the revaluation of leasehold improvements.

Note 6B: Property, Plant and Equipment

Furniture:		
Fair value	245	180
Work in progress	-	65
Accumulated depreciation	(36)	-
Total furniture	209	245
Infrastructure:		
Fair value	231	227
Accumulated depreciation	(57)	-
Total infrastructure	174	227
Equipment:		
Fair value	172	90
Work in progress	-	-
Accumulated depreciation	(46)	(1)
Total equipment	126	89
Total property, plant and equipment	509	561

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

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

No revaluation increment for property, plant and equipment was credited to the asset revaluation surplus by asset class and included in the equity section of the balance sheet (2012: \$303,000).

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 19 June 2012, the Australian Valuation Office conducted the revaluation of property, plant and equipment.

Note 6: Non-Financial Assets**Note 6C: Reconciliation of the Opening and Closing Balances of Land and Buildings and Property, Plant and Equipment 2013**

	Leasehold Improvements \$'000	Furniture \$'000	Infrastructure \$'000	Equipment \$'000	Total \$'000
As at 1 July 2012					
Gross book value	1,301	245	227	90	1,863
Accumulated depreciation and impairment	(1)	-	-	(1)	(2)
Net book value 1 July 2012	1,300	245	227	89	1,861
Additions:					
By purchase	84	-	4	82	170
Depreciation expense	(313)	(36)	(57)	(45)	(451)
Net book value 30 June 2013	1,071	209	174	126	1,580
Net book value as of 30 June 2013 represented by:					
Gross book value	1,385	245	231	172	2,033
Accumulated depreciation and impairment	(314)	(36)	(57)	(46)	(453)
Net book value 30 June 2013	1,071	209	174	126	1,580

Note 6: Non-Financial Assets (continued)**Note 6C: Reconciliation of the Opening and Closing Balances of Land and Buildings and Property, Plant and Equipment 2012**

	Leasehold Improvements \$'000	Furniture \$'000	Infrastructure \$'000	Equipment \$'000	Total \$'000
As at 1 July 2011					
Gross book value	571	323	383	340	1,617
Accumulated depreciation and impairment	(382)	(205)	(275)	(221)	(1,083)
Net book value 1 July 2011	189	118	108	119	534
Additions:					
By purchase	39	41	-	16	96
Work in progress	511	65	-	-	576
Revaluations and impairments recognised in other comprehensive income	750	71	209	23	1,053
Depreciation expense	(189)	(50)	(90)	(69)	(398)
Net book value 30 June 2012	1,300	245	227	89	1,861
Net book value as of 30 June 2012 represented by:					
Gross book value	1,301	245	227	90	1,863
Accumulated depreciation and impairment	(1)	-	-	(1)	(2)
Net book value 30 June 2012	1,300	245	227	89	1,861

Note 6: Non-Financial Assets (continued)

	2013	2012
	\$'000	\$'000
<u>Note 6D: Intangibles</u>		
Computer software:		
Purchased—cost	162	147
Work in progress	-	2
Accumulated amortisation	(109)	(84)
Total computer software	53	65
Total intangibles	53	65

No indicators of impairment were found for intangible assets.

No revaluations were completed for intangibles during the reporting period.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 6: Non-Financial Assets (continued)**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2013**

	Computer software purchased \$'000	Total \$'000
As at 1 July 2012		
Gross book value	149	149
Accumulated amortisation and impairment	(84)	(84)
Net book value 1 July 2012	65	65
Additions:		
By purchase	13	13
Amortisation	(25)	(25)
Net book value 30 June 2013	53	53
Net book value as of 30 June 2013 represented by:		
Gross book value	162	162
Accumulated amortisation and impairment	(109)	(109)
Net book value 30 June 2013	53	53

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2012

	Computer software purchased \$'000	Total \$'000
As at 1 July 2011		
Gross book value	79	79
Accumulated amortisation and impairment	(79)	(79)
Net book value 1 July 2011	-	-
Additions:		
By purchase	67	67
Work in progress	2	2
Amortisation	(4)	(4)
Net book value 30 June 2012	65	65
Net book value as of 30 June 2012 represented by:		
Gross book value	149	149
Accumulated amortisation and impairment	(84)	(84)
Net book value 30 June 2012	65	65

Note 6: Non-Financial Assets (continued)

	2013 \$'000	2012 \$'000
Note 6F: Other Non-Financial Assets		
Prepayments	23	47
Lease incentive	-	238
Total other non-financial assets	23	285
Total other non-financial assets – are expected to be recovered in:		
No more than 12 months	23	285
More than 12 months	-	-
Total other non-financial assets	23	285

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

Note 7: Payables

	2013 \$'000	2012 \$'000
Note 7A: Suppliers		
Trade creditors and accruals	166	151
Operating lease rentals	25	3
Total supplier payables	191	154
Supplier payables expected to be settled within 12 months:		
Related entities – within 12 months	7	43
External parties – within 12 months	159	108
Related entities – greater than 12 months	-	-
External parties – greater than 12 months	25	3
Total	191	154
Total supplier payables	191	154

Settlement was usually made within 30 days.

Note 7B: Other Payables

Wages and salaries	102	95
Superannuation	18	16
Lease incentive	195	261
Prepayments received/unearned income	784	755
GST payable	1	8
Other	7	34
Total other payables	1,107	1,169
Total other payables are expected to be settled in:		
No more than 12 months	978	974
More than 12 months	129	195
Total other payables	1,107	1,169

Note 8: Provisions

	2013 \$'000	2012 \$'000
Note 8A: Employee Provisions		
Leave	964	845
Total employee provisions	964	845
Employee provisions are expected to be settled in:		
No more than 12 months	231	159
More than 12 months	733	686
Total employee provisions	964	845
Note 8B: Other Provisions		
Provision for restoration obligations	158	154
Total other provisions	158	154
Other provisions are expected to be settled in:		
No more than 12 months	-	-
More than 12 months	158	154
Total other provisions	158	154
	Provision for restoration	Total
	\$'000	\$'000
Carrying amount 1 July 2012	154	154
Additional provisions made	-	-
Unwinding of discount or change in discount rate	4	4
Closing balance 2013	158	158

The Agency currently has one (2012: 1) agreement for the lease of premises which has a provision requiring the Agency to restore the premises to their original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

Note 9: Cash Flow Reconciliation

	2013	2012
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	136	11
Balance sheet	136	11
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(6,004)	(5,979)
Add revenue from Government	5,694	5,150
Adjustments for non-cash items		
Depreciation / amortisation	476	402
Changes in assets / liabilities		
(Increase) / decrease in net receivables	(358)	(463)
(Increase) / decrease in other non-financial assets	262	(268)
Increase / (decrease) in employee provisions	119	172
Increase / (decrease) in supplier payables	37	(138)
Increase / (decrease) in other payable	(62)	1,056
Increase / (decrease) in other provisions	4	7
Net cash from (used by) operating activities	<u>168</u>	<u>(61)</u>

Note 10: Senior Executive Remuneration**Note 10A: Senior Executive Remuneration Expense for the Reporting Period**

	2013	2012
	\$	\$
Short-term employee benefits:		
Salary	651,077	474,290
Annual leave accrued	(15,166)	4,761
Other	37,115	39,992
Total short-term employee benefits	673,026	519,043
Post-employment benefits:		
Superannuation	116,796	69,640
Total post-employment benefits	116,796	69,640
Other long-term benefits:		
Long-service leave	(9,974)	28,109
Total other long-term benefits	(9,974)	28,109
Termination benefits:		
Termination benefits	-	-
Total termination benefits	-	-
Total senior executive remuneration expenses	779,848	616,792

Notes:

- Note 10A was prepared on an accrual basis and the Agency does not pay performance bonuses.
- Note 10A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$180,000.

Note 10: Senior Executive Remuneration (continued)**Note 10B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period****Average annual reportable remuneration paid to substantive senior executives in 2013**

	Substantive senior executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total \$
Average annual reportable remuneration¹						
Total remuneration (including part-time arrangements):						
\$180,000 to \$209,999	1	149,283	36,906	97	-	186,286
\$210,000 to \$239,999	1	185,913	35,336	146	-	221,395
\$360,000 to \$389,999	1	336,095	42,059	-	-	378,154
Total number of substantive senior executives	3					

Average annual reportable remuneration paid to substantive senior executives in 2012

	Substantive senior executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total \$
Average annual reportable remuneration¹						
Total remuneration (including part-time arrangements):						
\$210,000 to \$239,999	1	185,337	26,890	195	-	212,422
\$330,000 to \$359,999	1	306,790	44,348	-	-	351,138
Total number of substantive senior executives	2					

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
 - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - c) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average cost to the Agency for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowance paid as per the 'total allowances' line on the individuals' payment summaries.
5. 'Bonus paid' represents the average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing or leaving the entity during the financial year.

Note 10C: Other Highly Paid Staff

During the reporting period, there were no employees whose salary plus performance bonus were \$180,000 or more.

Note 11: Remuneration of Auditors

	2013 \$'000	2012 \$'000
Financial statement audit services by the Australian National Audit Office (ANAO) were provided free of charge to the Agency.		

Fair value of the services provided:

Financial Statement Audit	41	29
Total	41	29

No other services were provided by the ANAO.

Note 12: Financial Instruments

	2013 \$'000	2012 \$'000
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Note 12A: Categories of Financial Instruments**Financial Assets****Loans and receivables:**

Cash and cash equivalent	136	11
Trade and other receivables	22	48
Total	158	59
Carrying amount of financial assets	158	59

Financial Liabilities**At amortised cost:**

Trade creditors	191	154
Total	191	154
Carrying amount of financial liabilities	191	154

Note 12B: Net Income and Expense from Financial Assets

There is no net income/expense from financial assets in 2013.
(2012: No net income/expense from financial assets).

Note 12C: Net Income and Expense from Financial Liabilities

There is no net income/expense from financial liabilities in 2013.
(2012: No net income/expense from financial liabilities).

Note 12D: Fair Value of Financial Instruments

The Agency's aggregate net fair values of the identified financial instruments are the same as their carrying amounts (as disclosed in Note 12A).

Note 12: Financial Instruments (continued)**Note 12E: Credit Risk**

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

The carrying amount of financial assets, net of impairment losses, reported in the balance sheet represents the Agency's maximum exposure to risk.

The following table illustrates the Agency's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2013 \$'000	2012 \$'000
Financial assets		
Loans and receivables		
Cash and cash equivalents	136	11
Trade and other receivables	22	48
Total	158	59
Financial liabilities		
At amortised cost		
Trade creditors	191	154
Total	191	154

The Agency holds no collateral to mitigate against credit risk.

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

	Not past due nor impaired 2013 \$'000	Not past due nor impaired 2012 \$'000	Past due or impaired 2013 \$'000	Past due or impaired 2012 \$'000
Loans and receivables				
Cash and cash equivalents	136	11	-	-
Trade and other receivables	22	48	-	-
Total	158	59	-	-

Ageing of financial assets that were past due but not impaired for 2013

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	22	-	-	-	22
Total	22	-	-	-	22

Ageing of financial assets that were past due but not impaired for 2012

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	48	-	-	-	48
Total	48	-	-	-	48

Note 12: Financial Instruments (continued)**Note 12F: Liquidity Risk**

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

Maturities for non-derivative financial liabilities 2013

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
At amortised cost						
Trade creditors	191	-	-	-	-	191
Total	191	-	-	-	-	191

Maturities for non-derivative financial liabilities 2012

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
At amortised cost						
Trade creditors	154	-	-	-	-	154
Total	154	-	-	-	-	154

The entity had no derivative financial liabilities in either 2013 or 2012.

Note 12G: Market Risk

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

Note 13: Financial Assets Reconciliation

		2013	2012
		\$'000	\$'000
Financial Assets	Notes		
Total financial assets as per balance sheet		5,579	5,166
Less: non-financial instrument components			
Appropriation receivable	5B	5,362	4,867
Other receivables	5B	59	240
Total non-financial instrument components		5,421	5,107
Total financial assets as per financial instruments note		158	59

Note 14: Appropriations

Table A: Annual Appropriations (Recoverable GST exclusive)¹

	2013 Appropriations							Appropriation applied in 2013 (current and prior years) \$'000	Variance ³ \$'000
	Appropriation Act		FMA Act						
	Annual Appropriations \$'000	Appropriations reduced ¹ \$'000	AFM ² \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000	Total appropriation \$'000		
DEPARTMENTAL									
Ordinary annual services	5,784	-	-	-	2,118	-	7,902	(7,387)	515
Other services	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Total departmental	5,784	-	-	-	2,118	-	7,902	(7,387)	515

Notes:

1 Appropriations reduced under Appropriation Acts (No.1,3,5) 2012–13: sections 10, 11, 12 and 15 and under Appropriation Acts (No.2,4,6) 2012–13: sections 12,13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2012–13 there was no reduction in departmental appropriations.

In 2012–13 an adjustment of \$20,000 was made to reduce revenue (as per the recognition criteria in accordance with FMO Div 101), but at law the appropriations had not been amended before the reporting period.

2 Advance to the Finance Minister (AFM) - Appropriation Acts (No.1,3,5) 2012–13: section 13 and Appropriation Acts (No.2,4,6) 2012–13: section 15.

3 Ordinary annual services - variance represents the balance left from unspent annual appropriation, Departmental Capital Budget and section 31 receipts. (Refer Table C for total appropriation receivable balance at 30 June 2013).

	2012 Appropriations							Appropriation applied in 2012 (current and prior years) \$'000	Variance ³ \$'000
	Appropriation Act		FMA Act						
	Annual Appropriation \$'000	Appropriations reduced ¹ \$'000	AFM ² \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000	Total appropriation \$'000		
DEPARTMENTAL									
Ordinary annual services	6,318	-	-	78	825	-	7,221	(6,128)	1,093
Other services	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Total departmental	6,318	-	-	78	825	-	7,221	(6,128)	1,093

Notes:

1 Appropriations reduced under Appropriation Acts (No.1,3,5) 2011–12: sections 10, 11, 12 and 15 and under Appropriation Acts (No.2,4,6) 2011–12: sections 12,13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. No reduction to departmental appropriations were made during the 2011–12 financial year.

2 Advance to the Finance Minister (AFM) - Appropriation Acts (No.1,3,5) 2011–12: section 13 and Appropriation Acts (No.2,4,6) 2011–12: section 15.

3 Ordinary annual services - variance represents the balance left from unspent annual appropriation, Departmental Capital Budget and section 31 receipts. (Refer Table C for total appropriation receivable balance at 30 June 2012).

Note 14: Appropriations (continued)**Table B: Departmental Capital Budgets ('Recoverable GST exclusive')**

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013 (current and prior years)			
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	FMA Act		
					Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments \$'000
DEPARTMENTAL							
Ordinary annual services - Departmental Capital Budget ¹	70	-	-	70	140	-	140
Total departmental	70	-	-	70	140	-	140
							(70)

Notes:

- 1 Departmental Capital Budgets are appropriated through Appropriation Act (No. 1.3.5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, see Table A: Annual Appropriations.
- 2 Appropriations reduced under Appropriation Acts (No. 1.3.5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- 3 Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised and the capital repayment component of finance leases. Variance represents cash used from prior year unspent Departmental Capital Budgets (Refer Table C for total appropriation receivable balance at 30 June 2013).

	2012 Capital Budget Appropriations			Capital Budget Appropriations applied in 2012 (current and prior years)			
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	FMA Act		
					Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments \$'000
DEPARTMENTAL							
Ordinary annual services - Departmental Capital Budget ¹	1,168	-	-	1,168	649	-	649
Total departmental	1,168	-	-	1,168	649	-	649
							519

Notes:

- 1 Departmental Capital Budgets are appropriated through Appropriation Act (No. 1.3.5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, see Table A: Annual Appropriations.
- 2 Appropriations reduced under Appropriation Acts (No. 1.3.5) 2011-12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- 3 Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original and the capital repayment component of finance leases.

Note 14: Appropriations (continued)**Table C: Unspent Annual Appropriations ('Recoverable GST exclusive')**

Authority	2013 \$'000	2012 \$'000
DEPARTMENTAL		
Appropriations Act (No. 2) - Non Operating - Equity Injection 2005-06 ¹	75	75
Appropriations Act (No. 2) - Non Operating - Equity Injection 2008-09 ¹	5	5
Appropriations Act (No. 1) 2005-06 ¹	1,478	1,478
Appropriations Act (No. 1) 2006-07 ¹	324	324
Appropriations Act (No. 1) 2007-08 ¹	70	70
Appropriations Act (No. 1) 2008-09 ¹	401	401
Appropriations Act (No. 1) 2009-10 ¹	265	265
Appropriations Act (No. 1) 2010-11	213	213
Appropriations Act (No. 1) - Capital Budget (DCB) - Non Operating 2010-11	395	395
Appropriations Act (No. 1) 2011-12	436	1,123
Appropriations Act (No. 1) - Capital Budget (DCB) - Non Operating 2011-12	379	519
Appropriations Act (No. 1) 2012-13 ²	1,272	-
Appropriations Act (No. 1) - Capital Budget (DCB) - Non Operating 2012-13	70	-
Cash and cash equivalents	136	11
Total	5,519	4,879

¹ All unspent appropriations included in Appropriations Acts prior to 30 June 2010 were included in the *Statute Stocktake (Appropriations) Act 2013* (refer Note 2 Events After the Reporting Period).

² On 18 March 2013, the Finance Minister determined a reduction in departmental appropriations as part of targeted savings. The amount determined under Appropriation Act (No.1) of 2012-13 was \$20,000 and has been formally reduced through the *Instrument to Reduce Appropriations (No. 1 of 2013-2014)* made on 5 August 2013.

Note 15: Compensation and Debt Relief**Compensation and Debt Relief**

No 'Act of Grace payments' were expended during the reporting period (2012: No expenses).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2012: No waivers).

No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2012: No payments).

No ex-gratia payments were provided for during the reporting period (2012: No payments).

No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* during the reporting period (2012: No payments).

Note 16: Reporting of Outcomes

There is only one outcome for this Agency, as detailed in Note 1.1

Note 16A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Departmental				
Expenses	(7,918)	(6,010)	(7,918)	(6,010)
Own-source income	1,914	31	1,914	31
Net cost of outcome delivery	(6,004)	(5,979)	(6,004)	(5,979)

Outcome 1 is described in Note 1.1. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome.

Note 16B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

Outcome 1 is described in Note 1.1. Major classes of Departmental Expenses and Income are shown in the Comprehensive Income Statement and major classes of Departmental Assets and Liabilities are shown in the Balance Sheet.

Note 17: Net Cash Appropriation Arrangements

	2013 \$'000	2012 \$'000
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹	166	683
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(476)</u>	<u>(402)</u>
Total comprehensive income (loss) - as per the Statement of Comprehensive Income	<u>(310)</u>	<u>281</u>

Notes:

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. The Agency now receives a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required. Note 14, Table B: Departmental Capital Budgets, details the Agency's annual appropriation capital expenditure.

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Appendices

APPENDIX 1 Papers and presentations

APPENDIX 2 Additional statistics

APPENDIX 3 Changes in ACLEI's
operating environment

APPENDIX 1 | Papers and presentations

The following presentations were made during 2012–13 by the Integrity Commissioner, Mr Philip Moss, or on his behalf by ACLEI staff members:

SPECIAL INTEREST AUDIENCES	
National Anti-Corruption Commission of Thailand, Anti-corruption Course for Thai Government and non-government leaders—Canberra, Australia <i>ACLEI's role in strengthening law enforcement integrity systems</i>	16 August 2012*
First Assembly of Parties of the International Anti-Corruption Academy—Vienna, Austria <i>Australia's Statement to the First Session of the Assembly of Parties</i> (available on ACLEI's website: www.aclei.gov.au)	29 November 2012
The Corruption Eradication Commission (Komisi Pemberantasan Korupsi, or KPK) of the Republic of Indonesia—Jakarta, Indonesia <i>Practitioners' Roundtable—strengthening integrity systems together</i>	16–17 April 2013
Jakarta Centre for Law Enforcement Cooperation—Semarang, Indonesia—Joint training Indonesian money laundering investigations <i>Address and presentation of certificates to graduating class</i>	19 April 2013
AUSTRALIAN GOVERNMENT AUDIENCES	
Heads of Commonwealth Operational Law Enforcement Agencies <i>Law enforcement integrity measures</i>	21 March 2013
Heads of Commonwealth Integrity Agencies forum <i>Lessons from Operation Heritage</i>	29 April 2013
Attorney-General's Portfolio Agency Heads Meeting <i>Corruption prevention and preparedness</i>	25 March 2013
Formal opening of ACLEI Hearing Room <i>Value and nature of the Integrity Commissioner's hearings</i>	13 May 2013
THE AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE (ACBPS)	
ACBPS Senior Executive Service <i>The ACLEI and ACBPS integrity partnership: dealing with the changing risk environment</i> (delivered by the Acting Integrity Commissioner, Mr Robert Cornall AO)	27 November 2012
Integrity Support and Referral Network training <i>The role of the network and how corruption prevention works</i>	Two occasions*
Passengers Division Executive Conference <i>Introduction to corruption prevention</i>	21 March 2013*

THE AUSTRALIAN FEDERAL POLICE (AFP)	
Confidant Network Training workshop <i>Role of ACLEI</i>	Two occasions*
Professional Standards Induction program <i>Role of ACLEI</i>	Four occasions*
AFP Professional Standards Muster <i>The important role of Professional Standards in the ACLEI and AFP partnership</i>	23 May 2013
International Deployment Group <i>Corruption risk-awareness on deployment</i>	Six occasions*
Recruit Training—Federal Police Development Program (including one occasion at Sydney International Airport) <i>Corruption risk awareness-raising</i>	Three occasions*
Protective Service Officer Recruit Course <i>Corruption risk awareness-raising</i>	20 February 2013*
NEW JURISDICTION – EFFECTIVE 1 JULY 2013	
THE AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE (AUSTRAC)	
Staff and managers in Brisbane, Canberra, Melbourne and Sydney <i>Awareness-raising presentation: role of ACLEI</i>	Four occasions*
AUSTRAC Senior Executive Service, Sydney <i>Corruption-risk awareness: being vigilant</i>	29 January 2013
Australia Day achievement medallion presentation, Sydney	29 January 2013
THE CRIMTRAC AGENCY	
CrimTrac Executive Leadership Team, Canberra <i>Corruption risk and ACLEI's role</i>	14 February 2013
<i>Awareness-raising presentation: role of ACLEI</i>	5 June 2013*
THE DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY (now the Department of Agriculture)	
All-staff Security Week event <i>Securing Commonwealth interests by combatting corruption</i>	1 March 2013
Security Week program—Adelaide, Brisbane, Cairns, Darwin, Perth and Sydney <i>Awareness-raising presentation: role of ACLEI</i>	Six occasions*
Regional Managers' Conference <i>Awareness-raising presentation: role of ACLEI</i>	29 May 2013*
Audit Committee Meeting <i>Role of ACLEI and observations about corruption risk</i>	5 June 2013

*Presentations marked with an asterisk were made on behalf of the Integrity Commissioner by the Executive Directors or other ACLEI staff members.

APPENDIX 2 | Additional statistics

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.

Notes to the additional statistics

- 1. The statistics presented here represent corruption issues. Just because corruption issues have been brought to the Integrity Commissioner’s notice, it should not be inferred that each one will have substance.
- 2. The definition of the ACC in the following tables includes members and former members of the ACC who may also have been members of the former NCA.
- 3. Numbers appearing in (brackets) are for the previous reporting period, 1 July 2011 to 30 June 2012.
- 4. Data reported in Chapter 5—*Assessments and investigations* has been adjusted to disregard ‘duplicate’ notifications or referrals relating to the same corruption issue. To satisfy the requirements of the Regulations, the statistics presented in Appendix 2 have not been amended in this way.

REGULATION 17

Prescribed particulars relating to corruption issues notified to the Integrity Commissioner by heads of law enforcement agencies under section 19, during 2012–13.

Regulation 17(a), (b) and (c)

Type and number of corruption issues received during 2012–13, by corruption class, as assessed upon receipt

	ACC	ACBPS	AFP	TOTAL
Abuse of office [s 6(1)(a)]	3 (7)	26 (29)	24 (32)	53 (68)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (0)	0 (2)	0 (2)
Corruption of any other kind [s 6(1)(c)]	0 (1)	1 (0)	2 (2)	3 (3)
Total	3 (8)	27 (29)	26 (36)	56 (73)

Regulation 17(d) and (e)

Reasons for taking no further action

	ACC	ACBPS	AFP	TOTAL
Issue not identified as 'significant' under s 20: Integrity Commissioner satisfied that ACLEI involvement not warranted [s 22(1)]	1 (0)	0 (0)	7 (6)	8 (6)
Integrity Commissioner arranged for State integrity agency to investigate [s 29(6)(b)]	0 (0)	0 (0)	0 (0)	0 (0)
Integrity Commissioner satisfied that another agency should investigate [s 31(4)(a)]	0 (0)	0 (0)	0 (0)	0 (0)
Referral of allegation or information is frivolous or vexatious [s 31(4)(b)]	0 (0)	0 (0)	0 (0)	0 (0)
Conduct to which the issue relates has been, is or will be subject of proceedings before a court [s 31(4)(d)]	0 (0)	0 (0)	0 (0)	0 (0)
Investigation not warranted in all the circumstances [s 31(4)(e)]	1 (3)	5 (3)	2 (1)	8 (7)
After assessment, did not raise a corruption issue within the meaning of the LEIC Act	0 (0)	0 (0)	0 (0)	0 (0)
Total	2 (3)	5 (3)	9 (7)	16 (13)

Regulation 17(f)

Investigations managed by Integrity Commissioner

	ACC	ACBPS	AFP	TOTAL
Managed investigations [s 26(1)(b)(i) or 26(1)(d)]	0 (0)	0 (0)	0 (0)	0 (0)
Investigations undertaken by the AFP and managed by ACLEI [s 26(1)(c)(i)]	0 (0)	0 (0)	N/A	0 (0)
Total	0 (0)	0 (0)	0 (0)	0 (0)

Regulation 17(g)

Investigations overseen by Integrity Commissioner

	ACC	ACBPS	AFP	TOTAL
Investigations overseen [s 26(1)(b)(ii) or 26(1)(e)]	0 (0)	0 (1)	0 (2)	0 (3)
Investigations undertaken by the AFP and overseen by ACLEI [s 26(1)(c)(ii)]	0 (0)	0 (0)	N/A	0 (0)
Total	0 (0)	0 (1)	0 (2)	0 (3)

Other ways by which section 19 notifications were dealt with

	ACC	ACBPS	AFP	TOTAL
ACLEI investigation [s 26(1)(a)]	0 (1)	1 (0)	1 (1)	2 (2)
Joint investigation [s 26(2)]	0 (0)	0 (0)	1 (1)	1 (1)
Unsupervised investigation conducted by referring agency [s 26 (1)(b)(iii)]	1 (0)	6 (20)	8 (13)	15 (33)
Unsupervised investigation conducted by the AFP [s 26(1)(c)(iii)]	0 (0)	0 (0)	N/A	0 (0)
Direction to notifying agency to investigate [s 22(2a)]	0 (0)	0 (0)	0 (0)	0 (0)
Referrals to other government agencies (see Regulation 21)	0 (0)	0 (0)	0 (0)	0 (0)
Under assessment at close of reporting period	0 (4)	15 (5)	7 (12)	22 (21)
Total	1 (5)	22 (25)	17 (27)	40 (57)

REGULATION 18

Prescribed particulars relating to corruption issues raised by allegations or information referred to the Integrity Commissioner under section 18 (by the Minister) and section 23 (by other people) during 2012–13.

Regulation 18(a), (b) and (c)

Type and number of corruption issues received during 2012–13, by corruption class, as assessed upon receipt

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Abuse of office [s 6(1)(a)]	1 (1)	7 (13)	7 (20)	0 (0)	15 (34)
Pervert the course of justice [s 6(1)(b)]	0 (0)	1 (0)	3 (2)	0 (0)	4 (2)
Corruption of any other kind [s 6(1)(c)]	0 (0)	1 (1)	1 (1)	0 (0)	2 (2)
Total	1 (1)	9 (14)	11 (23)	0 (0)	21 (38)

Regulation 18(d) and (e)

Reasons for taking no further action

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Integrity Commissioner satisfied that another agency should investigate [s 31(4)(a)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Referral of allegation or information is frivolous or vexatious [s 31(4)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Conduct to which the issue relates has been, is or will be subject of proceedings before a court [s 31(4)(d)]	1 (0)	0 (0)	0 (0)	0 (0)	1 (0)
Investigation not warranted in all the circumstances [s 31(4)(e)]	0 (0)	2 (2)	4 (3)	0 (0)	6 (5)
After further assessment, did not raise a corruption issue within the meaning of the LEIC Act	0 (0)	0 (2)	0 (8)	0 (0)	0 (10)
Total	1 (0)	2 (4)	4 (11)	0 (0)	7 (15)

Other ways that section 18 and 23 referrals were dealt with

Investigations managed by Integrity Commissioner

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Managed investigations [s 26(1)(b)(i) or 26 (1)(d)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Investigations undertaken by AFP and managed by ACLEI [s 26(1)(c)(i)]	0 (0)	0 (0)	N/A	0 (0)	0 (0)
Total	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

Investigations overseen by Integrity Commissioner

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Investigations overseen [s 26(1)(b)(ii) or 26(1)(e)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Investigations undertaken by AFP and overseen by ACLEI [s 26(1)(c)(ii)]	0 (0)	0 (0)	N/A	0 (0)	0 (0)
Total	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

Other methods of handling

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
ACLEI investigation [s 26(1)(a)]	0 (0)	0 (1)	0 (0)	0 (0)	0 (1)
Joint investigation [s 26(2)]	0 (0)	1 (3)	1 (0)	0 (0)	2 (3)
Unsupervised investigation conducted by agency subject of referral [s 26(1)(b)(iii)]	0 (0)	0 (4)	1 (2)	0 (0)	1 (6)
Unsupervised investigation conducted by the AFP [s 26(1)(c)(iii)]	0 (0)	1 (0)	N/A	0 (0)	1 (0)
Referrals to other government agencies [see Regulation 21]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Under assessment at close of reporting period	0 (1)	5 (2)	5 (10)	0 (0)	10 (13)
Total	0 (1)	7 (10)	7 (12)	0 (0)	14 (23)

REGULATION 19

Own initiative investigations [s 38] carried forward to 2012–13

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Abuse of office [s 6(1)(a)]	0 (0)	0 (0)	3 (0)	0 (0)	3 (0)
Total	0 (0)	0 (0)	3 (0)	0 (0)	3 (0)

Own initiative investigations [s 38] commenced in 2012–13

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Abuse of office [s 6(1)(a)]	0 (0)	2 (0)	0 (3)	0 (0)	2 (3)
Total	0 (0)	2 (0)	0 (3)	0 (0)	2 (3)

REGULATION 20

Corruption issues investigated by the Integrity Commissioner (including joint investigations)

Regulation 20(a), (c) and (d)

Type and number of corruption issues investigated during 2012–13 (including joint investigations and investigations carried forward from previous years)

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
INVESTIGATIONS COMMENCED DURING 2012–13					
Abuse of office [s 6(1)(a)]	0	5	6	0	11
Pervert the course of justice [s 6(1)(b)]	0	0	0	0	0
Corruption of any other kind [s 6(1)(c)]	0	1	0	0	1
Subtotal	0	6	6	0	12
INVESTIGATIONS COMMENCED DURING 2011–12 AND ACTIVE IN 2012–13					
Abuse of office [s 6(1)(a)]	0	6	3	0	9
Pervert the course of justice [s 6(1)(b)]	0	0	0	0	0
Corruption of any other kind [s 6(1)(c)]	1	0	0	0	1
Subtotal	1	6	3	0	10
INVESTIGATIONS COMMENCED DURING 2010–11 AND ACTIVE IN 2012–13					
Abuse of office [s 6(1)(a)]	0	5	1	0	6
Pervert the course of justice [s 6(1)(b)]	0	0	0	0	0
Corruption of any other kind [s 6(1)(c)]	0	0	1	0	1
Subtotal	0	5	2	0	7
INVESTIGATIONS COMMENCED DURING 2009–10 AND ACTIVE IN 2012–13					
Abuse of office [s 6(1)(a)]	0	N/A	1	0	1
Pervert the course of justice [s 6(1)(b)]	0	N/A	0	0	0
Corruption of any other kind [s 6(1)(c)]	1	N/A	1	0	2
Subtotal	1	N/A	2	0	3
INVESTIGATIONS COMMENCED DURING 2008–09 AND ACTIVE IN 2012–13					
Abuse of office [s 6(1)(a)]	1	N/A	0	0	1
Pervert the course of justice [s 6(1)(b)]	0	N/A	0	0	0
Corruption of any other kind [s 6(1)(c)]	0	N/A	0	0	0
Subtotal	1	N/A	0	0	1
Total	3	17	13	0	33

Regulation 20(b)

Investigations concluded during 2012–13

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Investigations completed by the Integrity Commissioner during 2012–13 (reports to the Minister)	0 (0)	2 (0)	2 (2*)	0 (0)	4 (2)
Investigations discontinued after reconsideration [s 42]	1 (1)	2 (1)	2 (3)	0 (0)	5 (5)
Total	1 (1)	4 (1)	4 (5)	0 (0)	9 (7)

* Report 01/2012 is a single report concerning two related corruption issues.

REGULATION 21

Corruption issues referred to government agencies for investigation

Regulation 21(a), (e) and (f)

Referrals made to other government agencies during 2012–13

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Referral to 'home agency' [s 29(6)(a)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Referral to State or Territory integrity agency [s 29(6)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Total	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

Regulation 21(c) and (d)

Type and number of corruption issues referred to a government agency for investigation during 2012–13

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Abuse of office [s 6(1)(a)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Corruption of any other kind [s 6(1)(c)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Total	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

Regulation 21(b)

Number of government agency investigations completed during 2012–13

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Completed investigations	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

REGULATION 22

Part 12 of the LEIC Act provides for dealing with allegations or information raising corruption issues that relate to ACLEI staff, known as 'ACLEI corruption issues'.

Regulation 22(a), (c) and (d)

Type and number of ACLEI corruption issues concluded during 2012–13

	INVESTIGATED BY:		TOTAL
	INTEGRITY COMMISSIONER	SPECIAL INVESTIGATOR	
Abuse of office [s 6(3)(a)]	0 (0)	0 (2)	0 (2)
Pervert the course of justice [s 6(3)(b)]	0 (0)	0 (0)	0 (0)
Corruption of any other kind [s 6(3)(c)]	0 (0)	0 (0)	0 (0)
Total	0 (0)	0 (2)	0 (2)

Regulation 22(b)

Investigations of ACLEI corruption issues completed during 2012–13

	TOTAL
Investigations completed during 2012–13 (reports to the Minister)	0 (2)

REGULATION 23 – SECTION 149 CERTIFICATES

Section 149 certificates may be issued by the Attorney-General on the grounds that, if the information were disclosed, it would prejudice the security, defence or international relations of the Commonwealth, prejudice the effectiveness of law enforcement agencies, the proper performance of the ACC, an investigation, fair trial, a person's life or physical safety or disclose the identity of a confidential source, amongst other reasons (section 149, LEIC Act).

	TOTAL
Section 149 certificates issued by the Attorney-General in 2012–13	0 (0)

APPENDIX 3 | Changes in ACLEI's operating environment

ACLEI monitors developments in government policy, legislation, case law and administrative review that may affect the operating environment or agency practices and procedures. These matters are reported here.

DEVELOPMENTS IN THE INTEGRITY FRAMEWORK

Developments in State, national and international integrity arrangements can affect the framework within which ACLEI operates—for instance, increased community awareness about corruption and new ways in which to report suspicious conduct can have positive multiplier effects across jurisdictions. Similarly, new opportunities to share information and intelligence between jurisdictions can be created. Other developments can be aimed at strengthening specific areas of the national integrity framework.

Public Service Amendment Act 2012

The *Public Service Amendment Act 2012* received Royal Assent in February 2013 and commenced on 1 July 2013. The Act amends the *Public Service Act 1999* to revise the Australian Public Service (APS) values, provide for a set of APS Employment Principles, and clarify the roles and functions of the APS Commissioner (including in relation to Code of Conduct inquiries). The Act also makes a number of other changes to the framework for managing misconduct.

Public Interest Disclosure Act 2013

The Public Interest Disclosure Bill 2013 was passed by the Parliament on 26 June 2013 and received Royal Assent on 15 July 2013.

The measures in the *Public Interest Disclosure Act 2013* (the PID Act) aim to facilitate reporting of wrongdoing by officials in the Commonwealth public sector. It provides a framework to investigate public interest disclosures, strengthens existing protections for whistleblowers, and describes the circumstances in which a disclosure could be made outside of government. The PID Act—which commences on 15 January 2014—will have broad coverage across the Commonwealth public sector, including the Australian Public Service, statutory agencies, Commonwealth authorities, the Australian Defence Force, Parliamentary departments and contracted service providers for Commonwealth contracts. There is also provision for a review of the operation of the PID Act after two years.

ACLEI will work with the Department of the Prime Minister and Cabinet to align administrative aspects of the PID Act with the LEIC Act.

Inquiry into the integrity of overseas Commonwealth law enforcement operations

On 24 June 2013, the Parliamentary Joint Committee on ACLEI tabled its report into the *Inquiry into the integrity of overseas Commonwealth law enforcement operations*. The Committee made five recommendations intended to strengthen the corruption-resistance of Commonwealth law enforcement and public service agencies, in relation to the deployment of staff members to other countries. At the close of the reporting period, the Government was considering its response to the Committee's recommendations.

Public Governance, Performance and Accountability Act 2013

When this enactment commences (expected to be 1 July 2014), it will establish a single governance framework for all Commonwealth entities, aimed at ensuring the proper and sustainable use of public resources. Under the new framework, the duties of officials will include:

- » to act in good faith and for a proper purpose;
- » not to improperly use their position to gain a benefit or cause a detriment;
- » not to improperly use information they have obtained because they are an official; and
- » to disclose any material interest that relates to the affairs of the Commonwealth entity.

Victoria's integrity arrangements

Victoria's Independent Broad-based Anti-corruption Commission (IBAC) commenced on 1 July 2012, and on 1 January 2013, Mr Stephen O'Bryan SC commenced as the first IBAC Commissioner. Following proclamation of the *Independent Broad-based Anti-corruption Commission Amendment (Investigative Functions) Act 2012* (Vic), IBAC became fully operational from 10 February 2013.

IBAC's purpose is to strengthen the integrity of the Victorian public sector, and to enhance community confidence in public sector accountability. The agency has responsibility for identifying and preventing serious corrupt conduct across Victoria's public sector, including members of Parliament, the judiciary and State and local government. IBAC also has an oversight role in relation to police misconduct and an education function to assist public sector agencies to improve their systems and processes to prevent corrupt conduct.

South Australia's integrity arrangements

On 7 December 2012, the *Independent Commissioner Against Corruption Act 2012* (SA) received Royal Assent. The Act establishes the Independent Commissioner Against Corruption (ICAC) and an Office for Public Integrity (OPI), responsible to the Commissioner.

The Honourable Justice Bruce Lander took up the office of Commissioner on 1 September 2013, and the ICAC and OPI commenced on 2 September 2013.

The primary object of the ICAC is to identify and investigate serious or systemic corruption in public administration, and to refer or deal with serious or systemic misconduct or maladministration. A suite of coercive and intrusive information-gathering powers supports the ICAC's investigations, which also has prevention and education functions. The OPI receives complaints and reports about corruption, misconduct and maladministration in public administration, and makes recommendations to the ICAC about what action should be taken.

DEVELOPMENTS IN THE LAW ENFORCEMENT OPERATING ENVIRONMENT

Changes in the law enforcement operating environment may affect corruption risk, for example by increasing or reducing incentives or opportunities for criminal compromise to occur. Strengthened regulatory controls in programs or geographic areas may also cause a 'displacement effect', whereby criminal groups may look for vulnerabilities in less protected areas. Accordingly, ACLEI maintains an interest in changes that affect the operating environment of the agencies in the LEIC Act jurisdiction.

During the 2012–13 financial year, the Parliament introduced a number of measures to improve the law enforcement operating environment. Some of these measures are listed here.

Integrity at Australia's borders

The *Customs and AusCheck Legislation Amendment (Organised Crime and Other Measures) Act 2013* came into force on 29 May 2013. The Act contains a number of measures designed to improve security and corruption-resistance in the cargo supply chain at Australia's borders. For example, the Act:

- » places new obligations on cargo terminal operators and people who load and unload cargo, including mandatory reporting of unlawful activity and fit and proper person checks at the request of the ACBPS;
- » creates new offences for accessing restricted information to commit an offence or for unlawfully disclosing that information;
- » gives the CEO of the ACBPS the power to impose new licence conditions on cargo terminal operators, and makes it an offence to breach certain licensing conditions; and
- » amends the *AusCheck Act 2007* to enable Aviation or Maritime Security Identification Cards to be suspended when the cardholder has been charged with a prescribed offence.

DEVELOPMENTS IN ACLEI'S OPERATING ENVIRONMENT

Developments in legislation and government policy can have a direct impact on ACLEI. Relevant changes are set out in this section.

Inquiry into the gathering and use of criminal intelligence

On 15 May 2013, the Parliamentary Joint Committee on Law Enforcement tabled in the Parliament its report into the *Inquiry into the gathering and use of criminal intelligence*. The report makes 12 recommendations aimed at supporting a national approach to criminal intelligence collection, sharing and disseminations between law enforcement agencies.

The report notes that, of the Commonwealth agencies which have endorsed the Australian Criminal Intelligence Model and will gain access to sensitive information and intelligence, three are not subject to scrutiny by ACLEI. Accordingly, the Committee recommended that the feasibility of extending ACLEI's jurisdiction to include oversight of the Australian Securities and Investments Commission and the Australian Taxation Office be referred to the Parliamentary Joint Committee on ACLEI for inquiry and report.

At the close of the reporting period, the Government was considering its response to the Committee's recommendations.

Inquiry into potential reforms of Australia's national security legislation

On 24 June 2013, the Parliamentary Joint Committee on Intelligence and Security tabled its *Report of the Inquiry into Potential Reforms of Australia's National Security Legislation*. Among other topics, the Committee examined proposals to streamline and update Australia's telecommunications interception arrangements. The Committee made 18 recommendations aimed at improving the operation of the *Telecommunications (Interception and Access) Act 1979*. At the close of the reporting period, the Government was considering its response to the Committee's recommendations.

Legislative change affecting ACLEI

Legislation	Date of Commencement	Effect on ACLEI
Crimes Legislation Amendment (Serious Drugs, Identity Crime and Other Measures) Act 2012	29 November 2012	<ul style="list-style-type: none"> » Adds explicit corruption detection and prevention functions to the Integrity Commissioner's functions at section 15 of the LEIC Act. » Amends the LEIC Act to provide flexibility for dealing with ACLEI corruption issues by making it possible for the Minister, at his or her discretion, to refer for investigation an allegation of corrupt conduct relating to ACLEI staff—who are not also statutory officers—to a Special Investigator, or to the Integrity Commissioner. » Enables the Integrity Commissioner to delegate the power to hold a public hearing to an Assistant Integrity Commissioner.
Privacy Amendment (Enhancing Privacy Protection) Act 2012	12 December 2012	<ul style="list-style-type: none"> » Maintains the existing exemptions to the <i>Privacy Act 1988</i> for ACLEI. » Adds a definition of 'enforcement related activity' including surveillance, intelligence-gathering and other monitoring activities as well as protective or custodial activities. The definition more accurately reflects the range of activities that law enforcement agencies—and ACLEI—undertake in performing their legitimate and lawful functions.
Law Enforcement Integrity Legislation Amendment Act 2012	13 December 2012	<ul style="list-style-type: none"> » Introduces a new power to conduct integrity tests in relation to the ACC, ACBPS and AFP, thereby making available a new investigation method and creating a deterrence to corrupt conduct in those agencies.
	15 February 2013	<ul style="list-style-type: none"> » Introduces measures to strengthen integrity in the ACBPS, namely: <ul style="list-style-type: none"> — an ability for the CEO to issue certificates declaring that termination of employment was for reasons of serious misconduct (attracting modified appeal rights); — drug and alcohol testing; and — an ability for the CEO to issue Orders which are binding on the workforce, for example to require mandatory reporting of integrity concerns.
	1 July 2013	<ul style="list-style-type: none"> » Amends the LEIC Act to include AUSTRAC, CrimTrac and prescribed aspects of the Department of Agriculture in the Integrity Commissioner's jurisdiction.
Crimes Legislation Amendment (Law Enforcement Integrity, Vulnerable Witness Protection and Other Measures) Act 2013	29 June 2013	<ul style="list-style-type: none"> » Amends the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> to authorise AUSTRAC staff to provide AUSTRAC information to ACLEI with appropriate protection for that information (enabling AUSTRAC staff members to report suspected corrupt conduct direct to the Integrity Commissioner and to provide AUSTRAC information to ACLEI during investigations). » Amends the LEIC Act to enable ACLEI to second unsworn employees of the AFP and other police agencies, thereby providing more flexibility to support the 'concertina model'.

Prescription of ACLEI as an enforcement agency in NSW

Agencies in the Integrity Commissioner’s jurisdiction have staff members working around Australia. Accordingly, many of ACLEI’s investigations benefit from information shared with ACLEI by law enforcement and integrity agencies in the States and Territories. In April 2013, the New South Wales Government amended the *Criminal Records Regulation 2004* (NSW) to designate ACLEI as an enforcement agency for the purposes of the *Criminal Records Act 1991* (NSW).

Although ACLEI and the NSW Police Force already are—appropriately—able to exchange certain information on request, this measure enables the NSW Police Force to provide ACLEI with more convenient access to information and intelligence that may be relevant to the Integrity Commissioner’s investigations.

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 effect, are summarised in the table below.

Citation	Relevance to ACLEI
<i>R v Ross Edward Seller; R v Patrick David McCarthy</i> [2013] NSWCCA 42	<p>This case generally concerns the derivative use of material obtained under compulsion where the person who gave that evidence is, or may be, charged with an offence.</p> <p>The New South Wales Supreme Court found that two defendants in a matter would not receive a fair trial because self-incriminating information they had provided to the ACC under compulsion was subsequently provided to the Commonwealth Director of Public Prosecutions and to a witness in the matter.</p> <p>On appeal, the NSW Court of Criminal Appeal held that, when a person is compelled to give evidence in an ACC examination, abrogation of the privilege against self-incrimination (in return for use only immunity) permits only such derivative use of the evidence in a subsequent prosecution of the person as does not prejudice the fairness of the person’s trial. When derivative use has a prejudicial effect a court may exclude evidence or, in an extreme case, stay the prosecution. While the circumstances of each case will differ, generally speaking, use of compelled evidence to locate other, independently probative evidence would not cause unfairness, while disclosure to prosecuting authorities of the person’s likely defences could cause unfairness.</p> <p>This case will inform ACLEI’s use of coercive methods to obtain evidence and the operation of non-publication directions in respect of such evidence.</p>

Citation	Relevance to ACLEI
<p><i>Lee Do Young v R; Lee Seong Won v R</i> [2013] NSWCCA 68 (subject to appeal to the High Court)</p>	<p>The NSW Court of Criminal Appeal considered whether disclosure by the NSW Crime Commission to the prosecution authorities of compelled evidence from the accused had created such unfairness in their trial as would justify overturning their convictions. The Court found no evidence of unfairness and emphasised the need to demonstrate 'practical unfairness', noting that 'there is no authority for the proposition that merely because the prosecution has obtained inadmissible material potentially relevant to the defence of the accused, the trial will therefore be unfair'.</p> <p>This case sheds light on the way in which the principles set out in <i>Seller and McCarthy</i> operate in practice and reiterates the need to show that actual unfairness resulted in the circumstances, not just that a possibility of unfairness arose. It will provide useful guidance in determining when to make non-publication directions and how to frame them.</p>
<p><i>X7 v Australian Crime Commission</i> [2013] HCA 29</p>	<p>In this case, the High Court of Australia considered whether Division 2 of Part II of the <i>Australian Crime Commission Act 2002</i> (which is similar to Division 2 of Part 9 of the LEIC Act) confers on an ACC Examiner the power to question a person summoned as a witness about the subject matter of a charge that is pending against the person. By a majority of 3 to 2, the Court held that the Act does not confer this power.</p> <p>The majority argued that the right to silence is a key feature of the accusatorial process of criminal justice and hence part of the general system of law and that Parliament cannot be taken to have made such a fundamental change in the law merely by general words such as those by which the ACC Act confers powers of compulsory questioning on ACC Examiners.</p> <p>This case provides guidance on the interpretation of the corresponding LEIC Act provisions in a case where the Integrity Commissioner is considering questioning a person who has been charged with a criminal offence for the purposes of a corruption investigation under the LEIC Act.</p>

Citation	Relevance to ACLEI
<p><i>The Chief Examiner v Brown (a pseudonym)</i> [2013] VSCA 167</p>	<p>In this case, the Victorian Court of Appeal considered the obligation of an Examiner, under a provision of the <i>Major Crime (Investigative Powers) Act 2004</i> (Vic), similar to s 90 of the LEIC Act, to issue a non-publication order in relation to a witness, if disclosure of the witness's attendance or evidence might prejudice his or her safety.</p> <p>The witness had told an Examiner that she would fear for her safety if her evidence was disclosed to the target of the investigation. The Examiner made a non-publication order with an exception to allow disclosure of the evidence for the prosecution of the target—which would have resulted in disclosure of the evidence to the target.</p> <p>The Court found that the Examiner could not lawfully make an exception that would bring about the result that the non-publication order was meant to preclude, and that, in the circumstances, the evidence could only come before the Criminal Court at the request of that Court (under a procedure similar to that in s 90(4) and (5) of the LEIC Act). The Court also found the non-publication order was insufficiently specific as to the manner of publication that was permitted and stressed the need for officers exercising coercive information-gathering powers to be mindful of the legal limits of their power.</p> <p>This case provides guidance on the terms and substance of non-publication directions and on mechanisms for the disclosure of evidence given at a coercive hearing that is relevant to a criminal proceeding. In view of the similarities in the relevant legislation, the guidance is likely to be equally applicable to action taken under the LEIC Act.</p>
<p><i>Saraceni v Australian Securities and Investments Commission</i> [2013] FCAFC 42</p>	<p>This case considers natural justice obligations in the process of deciding whether to require a person to attend a coercive examination, in the context of ASIC authorising a person to apply to a court for a summons to a person for examination under s 596A of the <i>Corporations Act 2001</i> (Cth). The Full Federal Court of Australia held that, as a matter of construction, no natural justice obligations arise at the authorisation stage.</p> <p>While Corporations Act processes differ from those under the LEIC Act, this case may provide guidance if natural justice issues were to arise when the Integrity Commissioner is considering whether and how to deal with a corruption issue.</p>

PART SIX

Aids to access

Acronyms used in this Report

Glossary

Compliance index

Alphabetical index

ACRONYMS USED IN THIS REPORT

ACBPS	Australian Customs and Border Protection Service
ACC	Australian Crime Commission
ACLEI	Australian Commission for Law Enforcement Integrity
ACT	Australian Capital Territory
ACT Policing	Australian Capital Territory Policing
AFP	Australian Federal Police
AIPJ	Australia Indonesia Partnership for Justice
AO	Officer of the Order of Australia
ANAO	Australian National Audit Office
APS	Australian Public Service
APSACC	Australian Public Sector Anti-Corruption Conference
AUSTRAC	Australian Transaction Reports and Analysis Centre
CDPP	Commonwealth Director of Public Prosecutions
CEIs	Chief Executive's Instructions
CEO	Chief Executive Officer
CrimTrac	The CrimTrac Agency
Cth	Commonwealth
EL	Executive Level
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI	Freedom of Information (as in FOI Act)
GST	Goods and Services Tax
HOCOLEA	Heads of Commonwealth Operational Law Enforcement Agencies
IACA	International Anti-Corruption Academy
IBAC	Independent Broad-based Anti-corruption Commission (Victoria)
ICAC	Independent Commissioner Against Corruption (South Australia)
ICT	Information and Communications Technology
IPS	Information Publication Scheme
I&PS	ACBPS Integrity and Professional Standards
KPIs	Key Performance Indicators
KPK	Komisi Pemberantasan Korupsi—Corruption Eradication Commission of the Republic of Indonesia
LEIC Act	<i>Law Enforcement Integrity Commissioner Act 2006</i>
LEIC Regulations	<i>Law Enforcement Integrity Commissioner Regulations 2006</i>

NCA	[former] National Crime Authority
NSW	New South Wales
PID Act	<i>Public Interest Disclosure Act 2013</i>
PIEDs	Performance and Image-Enhancing Drugs
PPP	Program for Personal Performance
PRS	AFP Professional Standards
PSM	Public Service Medal
SA	South Australia
SD Act	<i>Surveillance Devices Act 2004</i>
SES	Senior Executive Service
TIA Act	<i>Telecommunications (Interception and Access) Act 1979</i>
UNCAC	United Nations Convention against Corruption
Vic	Victoria
WHS	Work Health and Safety (as in WHS Act)

GLOSSARY

Some terms in this 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 as to the use of each term.

TERM	MEANING
Common integrity platform	A concept, with the LEIC Act framework at its centre, which aligns the integrity arrangements of law enforcement agencies that share high inherent corruption risks or close operational relationships. The 'common integrity platform' is one of the measures which may protect against displacement of corruption risk, described below.
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 designated 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 'corruption issue' is defined in section 7 of the LEIC Act.</p>
Displacement (of corruption risk)	When an agency with a high level of inherent corruption risk strengthens its integrity arrangements, corruption risk may be displaced to another agency with which it has close operational relationships, as organised crime groups seek easier entry points to gain the information or advantage they require.
Informant	A person who makes an allegation about possible corrupt conduct or gives information about a corruption issue to the Integrity Commissioner. See Chapter 2 for more information.
Law enforcement agency	<p>An agency which is subject to the Integrity Commissioner's jurisdiction. From July 2013, these agencies are the ACC, ACBPS, the AFP, AUSTRAC, the CrimTrac Agency, prescribed aspects of the Department of Agriculture, and the former National Crime Authority. Other agencies may be added by regulation.</p> <p>The term 'law enforcement agency' is defined in section 5 of the LEIC Act.</p>
Notification (of a corruption issue to the Integrity Commissioner)	A corruption issue is 'notified' when an allegation or information that raises a corruption issue 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 'referred' 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).
Two-level approach	An approach to corruption detection whereby ACLEI engages with the operational areas of the agencies in the Integrity Commissioner's jurisdiction, as well as with their professional standards units, to share information about organised crime operations and to work together to counter threats to law enforcement integrity. See Chapter 2 for more information.

COMPLIANCE INDEX

This guide relates to the report's compliance with the Requirements for Annual Reports as provided by the Joint Committee of Public Accounts and Audit (June 2013) and the Law Enforcement Integrity Commissioner Act and Regulations.

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